

MILLARD COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

MILLARD COUNTY SCHOOL DISTRICT

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MILLARD SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Millard County School District
Delta, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Millard County School District, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Millard County School District, as of June 30, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
November 24, 2021

MILLARD COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

As management of the Millard 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 ending June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The District maintains 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*, *capital projects fund*, *debt service fund*, and *charter school fund*, all of which are

**MILLARD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund statements can be found on pages 12 to 15 of this report.

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

The District uses a fiduciary fund to account for resources held for other groups. The basic fiduciary fund financial statement can be found on page 16 of this report.

Notes to the Financial Statements

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

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 44 to 52 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 and deferred inflows of resources by \$28,716,249 at June 30, 2021. Below is a summary of the District's assets, liabilities, and net position.

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**MILLARD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

MILLARD COUNTY SCHOOL DISTRICT'S NET POSTION

	Governmental Activities		Change
	2021	2020	2021-20
Current and other assets	\$ 33,094,670	\$ 30,463,755	\$ 2,630,915
Capital assets	41,137,239	41,161,385	(24,146)
Total assets	74,231,909	71,625,140	2,606,769
Deferred outflows of resources	3,400,163	2,696,378	703,785
Current and other liabilities	3,354,890	3,628,943	(274,053)
Noncurrent liabilities	14,618,803	21,006,314	(6,387,511)
Total liabilities	17,973,693	24,635,257	(6,661,564)
Deferred inflows of resources	25,051,275	20,970,012	4,081,263
Net Postion			
Net investment			
in capital assets	32,924,804	31,172,385	1,752,419
Restricted	5,889,648	4,273,193	1,616,455
Unrestricted	(4,207,348)	(6,729,329)	2,521,981
Total net position	\$ 34,607,104	\$ 28,716,249	\$ 5,890,855

The largest portion of the District's positive net position (85%) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's positive net position (15%) represents resources that are subject to external restrictions on how they may be used. The remainder of net position if positive may be used to meet the District's ongoing obligations to students, employees, and creditors. However, the unrestricted net asset amount has been earmarked for the following purposes:

- Committed to Undistributed Reserve

As allowed by law, the District has established an *undistributed reserve* of \$200,000 of general fund budgeted revenues within the general fund which is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of contract salaries, and \$300,000 is set aside for employee benefit obligations. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating of Aaa (Underlying Rating: Baa1) given by Moody's Investor Service.

As of June 30, 2021 the District is able to report positive balances in two categories of net position, both for the District as a whole and for its separate governmental activities. The same situation held true for the prior fiscal period.

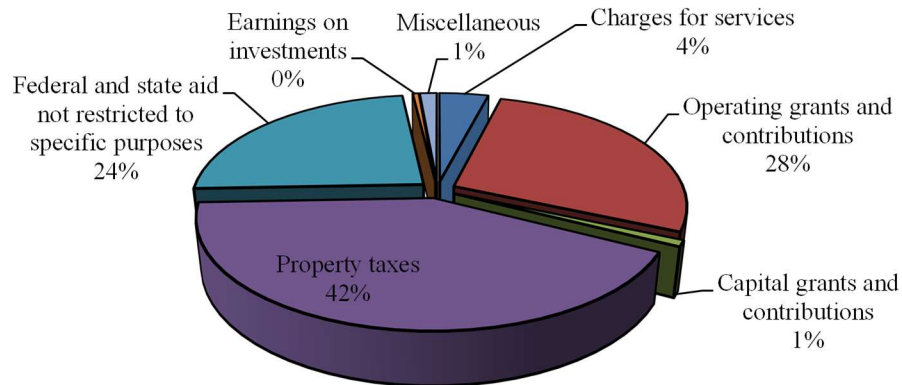
**MILLARD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

MILLARD COUNTY SCHOOL DISTRICT'S CHANGES IN NET POSITION

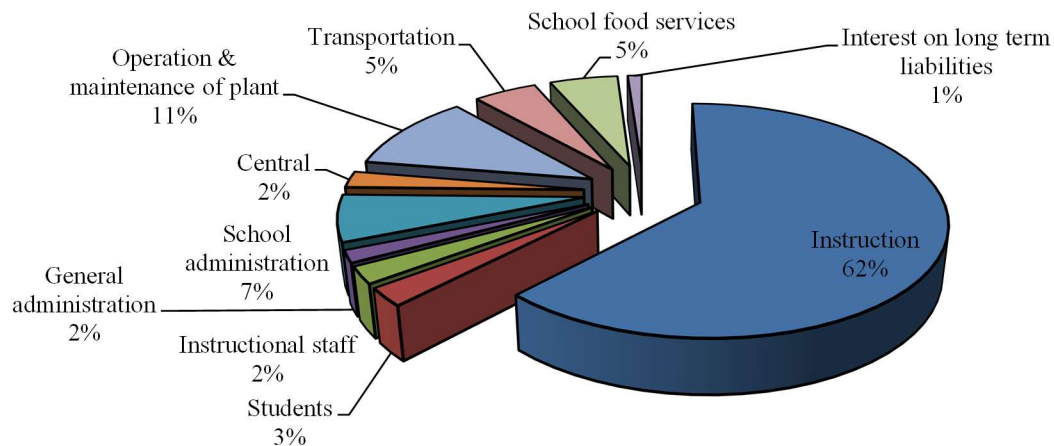
	Governmental Activities		Change
	2021	2020	2021-20
Revenues:			
Program revenues:			
Charges for services	\$ 1,663,139	\$ 2,073,965	\$ (410,826)
Operating grants and contributions	11,367,623	8,120,254	3,247,369
Capital grants and contributions	370,556	327,174	43,382
General Revenues:			
Property taxes	17,258,142	17,426,266	(168,124)
Federal and state aid not restricted to specific purposes	9,766,744	10,760,342	(993,598)
Earnings on investments	205,321	185,800	19,521
Miscellaneous	577,337	888,906	(311,569)
Total revenues	<u>41,208,862</u>	<u>39,782,707</u>	<u>1,426,155</u>
Expenses:			
Instruction	21,984,839	26,927,447	(4,942,608)
Support services:			
Students	894,255	920,564	(26,309)
Instructional staff	834,484	1,206,878	(372,394)
District administration	592,871	666,269	(73,398)
School administration	2,305,334	2,461,316	(155,982)
Central	803,982	781,813	22,169
Operation & maint. of plant	3,840,866	3,456,040	384,826
Transportation	1,769,615	1,740,064	29,551
School food services	1,899,604	1,944,416	(44,812)
Interest on long term liabilities	392,157	431,664	(39,507)
Total expenses	<u>35,318,007</u>	<u>40,536,471</u>	<u>(5,218,464)</u>
Changes in net position	5,890,855	(753,764)	6,644,619
Net position, beginning	28,716,249	29,470,013	(753,764)
Net position, ending	<u>\$ 34,607,104</u>	<u>\$ 28,716,249</u>	<u>\$ 5,890,855</u>

**MILLARD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

**Millard School District
Revenue by Source - Governmental Activities
Year Ended June 30, 2021**



**Millard School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2021**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

MILLARD COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The *general fund* is the chief operating fund of the District. At June 30, 2021, the unassigned fund balance was \$3,482,713 while the total fund balance was \$4,295,027. The unassigned fund balance increased by \$334,223, and the total fund balance increased by \$320,550, during the fiscal year. Annual expenditures in the general fund were \$771,180 less than the final budgeted amounts.

The *capital projects fund* has a total fund balance of \$3,869,352, all of which is restricted for acquisition of capital assets and related expenditures. The fund balance increased by \$1,481,549 during the fiscal year.

The *debt service fund* has a total fund balance of \$3,931, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased by \$19 during the fiscal year.

The *school food service special revenue fund* has a total fund balance of \$445,437. This balance is within the total allowed by state guidelines and is restricted to food service programs. The fund balance increased by \$25,657 during the fiscal year.

The *student activity special revenue fund* has a total fund balance of \$636,680. This balance is within the total allowed by state guidelines and is restricted to food service programs. The fund balance decreased by \$3,436 during the fiscal year.

The *Millard School Foundation special revenue fund* has a total fund balance of \$995,976. This balance is within the total allowed by state guidelines and is restricted. The fund balance increased by \$106,633 during the fiscal year.

The *Municipal Building Authority special revenue fund* has a total fund balance of zero at year end. The District no longer accounts for the Authority in a separate fund. All Authority activity is accounted for in the capital projects fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

MILLARD COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Capital assets at June 30, 2021 are outlined below:

(Net of Accumulated Depreciation)		
MILLARD COUNTY SCHOOL DISTRICT'S CAPITAL ASSETS		
	2021	2020
Land	\$ 1,077,692	\$ 1,077,692
Water stock	54,814	54,814
Construction in progress	-	-
Buildings	36,072,018	37,082,940
Furniture and equipment	3,932,715	2,945,939
	<u>\$ 41,137,239</u>	<u>\$ 41,161,385</u>

Debt Administration

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2021 was approximately \$79,000,000 while the general obligation debt at that date was \$0, resulting in a legal debt margin of \$79,000,000. See Note 7 for additional information regarding revenue bonds outstanding and lease purchase agreements outstanding.

CHANGES IN STUDENT ENROLLMENT

State and federal funding is highly dependent on student enrollment numbers and composition. Since state and federal dollars comprise a large portion of the annual revenues, enrollment growth and trends is a critical part of the budgetary and planning process. District enrollment has remained relatively steady. The following table shows enrollment trends for the last several years.

School Year	Elementary Schools	Middle Schools	High Schools	Special Schools	Total Enrollment	Change
2020-21	1,232	793	948		2,973	7.8%
2019-20	1,156	798	803		2,757	-5.4%
2018-19	1,344	707	862	-	2,913	1.0%
2017-18	1,336	692	856	-	2,884	1.5%
2016-17	1,228	760	852	-	2,840	1.3%
2015-16	1,225	735	844	-	2,804	-1.3%
2014-13	1,102	860	879	-	2,841	2.3%
2013-14	1,060	843	875	-	2,778	-1.2%
2012-13	1,048	857	908	-	2,813	-0.5%
2011-12	1,066	878	882	-	2,826	0.2%
2010-11	1,071	844	905	-	2,820	-1.5%
2009-10	1,191	722	916	35	2,864	-1.0%
2008-09	1,188	734	942	28	2,892	-1.3%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Millard School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Office of the Business Administrator, Millard School District, 285 East 450 North, Delta, Utah 84624. Phone #435-864-1000.

BASIC FINANCIAL STATEMENTS

MILLARD COUNTY SCHOOL DISTRICT**Statement of Net Position**

June 30, 2021

	Governmental Activities
Assets:	
Cash and investments	\$ 13,614,845
Receivables:	
Property taxes	18,028,836
Other governments	868,097
Other	9,615
Inventories	322,490
Net pension asset	250,787
Capital assets:	
Land, construction in progress, and water stock	1,132,506
Other capital assets, net of accumulated depreciation	40,004,733
Total assets	<u>74,231,909</u>
Deferred Outflows of Resources:	
Pension related	<u>3,400,163</u>
Liabilities:	
Accounts payable and accrued salaries	1,155,228
Accrued interest	61,728
Accrued salaries	1,885,695
Unearned revenue:	
Other governments	252,239
Noncurrent liabilities:	
Due within one year	1,804,229
Due in more than one year	12,814,574
Total liabilities	<u>17,973,693</u>
Deferred Inflows of Resources:	
Pension related	7,435,845
Property taxes levied for future year	17,615,430
Total deferred inflows of resources	<u>25,051,275</u>
Net Position:	
Net investment in capital assets	32,924,804
Restricted for:	
School food service	445,437
Student activity	636,680
Foundation	995,976
Debt service	3,931
Capital projects	3,807,624
Unrestricted	(4,207,348)
Total net position	<u>\$ 34,607,104</u>

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

MILLARD COUNTY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2021

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Instructional services	\$ 21,984,839	\$ 1,552,903	\$ 7,758,611	\$ -	\$ (12,673,325)
Supporting services:					
Students	894,255	-	-	-	(894,255)
Instructional staff	834,484	-	-	-	(834,484)
General administration	592,871	-	-	-	(592,871)
School administration	2,305,334	-	1,062,757	-	(1,242,577)
Central	803,982	-	-	-	(803,982)
Operation and maintenance of facilities	3,840,866	-	-	-	(3,840,866)
Transportation	1,769,615	-	1,052,802	-	(716,813)
School lunch services	1,899,604	110,236	1,493,453	-	(295,915)
Interest on long-term liabilities	392,157	-	-	370,556	(21,601)
Total school district	<u>\$ 35,318,007</u>	<u>\$ 1,663,139</u>	<u>\$ 11,367,623</u>	<u>\$ 370,556</u>	<u>(21,916,689)</u>
General revenues:					
Property taxes levied for:					
General purposes					12,458,950
Capital outlay					4,799,192
Federal and state aid not restricted to specific purposes					9,766,744
Earnings on investments					205,321
Miscellaneous					577,337
Total general revenues					<u>27,807,544</u>
Change in net position					5,890,855
Net position - beginning					<u>28,716,249</u>
Net position - ending					<u>\$ 34,607,104</u>

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

MILLARD COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
Assets:				
Cash and investments	\$ 7,710,984	\$ 4,223,762	\$ 1,680,099	\$ 13,614,845
Receivables:				
Property taxes	13,000,003	5,000,807	28,026	18,028,836
Other governments	810,637	-	57,460	868,097
Other receivables	1,959	-	7,656	9,615
Inventory	-	-	322,490	322,490
Total assets	<u>\$ 21,523,583</u>	<u>\$ 9,224,569</u>	<u>\$ 2,095,731</u>	<u>\$ 32,843,883</u>
Liabilities:				
Accounts payable	\$ 1,169,547	\$ -	\$ (14,319)	\$ 1,155,228
Accrued salaries	1,885,695	-	-	1,885,695
Unearned revenue:				
Other governments	252,239	-	-	252,239
Local sources	-	-	-	-
Total liabilities	<u>3,307,481</u>	<u>-</u>	<u>(14,319)</u>	<u>3,293,162</u>
Deferred Inflows of Resources:				
Unavailable property tax revenues	1,219,777	469,111	-	1,688,888
Property taxes levied for future year	12,701,298	4,886,106	28,026	17,615,430
Total deferred inflows of resources	<u>13,921,075</u>	<u>5,355,217</u>	<u>28,026</u>	<u>19,304,318</u>
		-		
Fund Balances:				
Nonspendable:				
Inventories and prepaids	-	-	322,490	322,490
Endowments	-	-	417,865	417,865
Restricted for:				
Capital outlay	-	3,869,352	-	3,869,352
Food services	-	-	122,947	122,947
Debt service	-	-	3,931	3,931
Other	-	-	578,111	578,111
Committed to:				
Undistributed reserve	200,000	-	-	200,000
Employee benefit obligations	300,000	-	-	300,000
Schools	-	-	636,680	636,680
Assigned to:				
Program balances	312,314	-	-	312,314
Unassigned:				
General fund	<u>3,482,713</u>	<u>-</u>	<u>-</u>	<u>3,482,713</u>
Total fund balances	<u>4,295,027</u>	<u>3,869,352</u>	<u>2,082,024</u>	<u>10,246,403</u>
Total liabilities and fund balances	<u>\$ 21,523,583</u>	<u>\$ 9,224,569</u>	<u>\$ 2,095,731</u>	<u>\$ 32,843,883</u>

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

MILLARD COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds	\$ 10,246,403
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Total net position reported for governmental activities in the statement of net assets is different because:

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

Land	\$ 1,077,692	
Water stock	54,814	
Buildings and improvements, net of \$38,588,037 accumulated depreciation	36,072,018	
Furniture and equipment, net of \$6,277,297 accumulated depreciation	3,932,715	41,137,239

The net pension asset is not an available resource and therefore is not reported in the governmental funds.	250,787
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Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	1,688,888
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$37,799 and accrued interest for obligations under capital leases is \$23,929.	(61,728)
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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	(5,738,000)	
Net pension liability	(6,406,368)	
Deferred outflows of resources pension related	3,400,163	
Deferred inflows of resources pension related	(7,435,845)	
Obligations under capital leases	(2,474,435)	(18,654,485)

Total net position of governmental activities	\$ 34,607,104
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The notes to the financial statements are an integral part of this statement.

MILLARD COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
Revenues:				
Property taxes	\$ 12,557,231	\$ 4,832,545	\$ 28,026	\$ 17,417,802
Earnings on investments	32,495	16,080	156,746	205,321
School lunch sales	-	-	110,236	110,236
Other local sources	869,160	31,890	1,229,190	2,130,240
State aid	16,627,247	-	354,853	16,982,100
Federal aid	2,658,814	370,556	1,493,453	4,522,823
Total revenues	<u>32,744,947</u>	<u>5,251,071</u>	<u>3,372,504</u>	<u>41,368,522</u>
Expenditures:				
Current:				
Instructional services	21,590,770	-	1,310,695	22,901,465
Supporting services:				
Students	941,477	-	-	941,477
Instructional staff	905,317	-	-	905,317
District administration	484,593	-	-	484,593
School administration	2,251,499	-	-	2,251,499
Business	863,265	-	-	863,265
Operation and maintenance of facilities	3,806,699	-	-	3,806,699
Transportation	1,580,777	-	-	1,580,777
Lease payment	-	-	-	-
School lunch services	-	-	1,932,936	1,932,936
Capital outlay	-	1,594,332	-	1,594,332
Debt service:				
Principal retirement	-	1,777,000	-	1,777,000
Interest and fiscal charges	-	398,190	-	398,190
Total expenditures	<u>32,424,397</u>	<u>3,769,522</u>	<u>3,243,631</u>	<u>39,437,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>320,550</u>	<u>1,481,549</u>	<u>128,873</u>	<u>1,930,972</u>
Other financing sources (uses):				
Payments to refunding bond agent	-	(2,474,435)	-	(2,474,435)
Proceeds from lease purchase agreement	-	2,474,435	-	2,474,435
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>320,550</u>	<u>1,481,549</u>	<u>128,873</u>	<u>1,930,972</u>
Fund balances - beginning	<u>3,974,477</u>	<u>2,387,803</u>	<u>1,953,151</u>	<u>8,315,431</u>
Fund balances - ending	<u>\$ 4,295,027</u>	<u>\$ 3,869,352</u>	<u>\$ 2,082,024</u>	<u>\$ 10,246,403</u>

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

MILLARD 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, 2021

Net change in fund balances-total governmental funds	\$ 1,930,972
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	\$ 2,366,820	
Loss on disposal of capital assets	39,958	
Depreciation expense	(2,430,924)	(24,146)

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

Procees from issuane of lease purchase agreement	(2,474,435)	
Payment to refunded bond escrow agent	2,474,435	
Repayment of bond principal	4,251,000	
Interest expense - general obligation bonds and lease purchase agreement	6,033	
Amortization of bond premium	-	4,257,033

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 decreased this year.	(159,660)
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In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement) and pension related expenses - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year pension related expenses resulted in an expense of \$2,361,091.

2,361,091

Change in net positon of governmental activities	\$ 5,890,855
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MILLARD COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Postion
Fiduciary Fund
June 30, 2021

	<u>Fiduciary Fund</u>
Assets:	
Cash and investments	<u>\$ 52,202</u>
Net Position	
Restricted for:	
Student groups - FFA lab	<u>\$ 52,202</u>

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

MILLARD COUNTY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2021

Additions:

Interest	\$253
Other revenues	7,500
	<u>7,753</u>

Total additions

7,753

Deductions:

Technical services	2,300
Purchased services	572
Supplies	5,618
	<u>8,490</u>

Total deductions

8,490

Net increase (decrease) in fiduciary net position

(737)

Net position - beginning

52,939

Net position - ending

\$52,202

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The District reports the following major governmental fund:

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

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

- The *municipal building authority fund* is a blended component unit and accounts for bond proceeds received for construction and remodel of buildings and for the repayment of lease revenue bonds.

The District reports the following non-major governmental fund:

- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.

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

- The *school food services fund* accounts for preparation and service of school lunches and breakfasts.
- The *non K-12 fund* accounts for preschool, adult education, recreation and other non K-12 programs.
- The *student activity fund* accounts for fees and revenues associated with student activities at the school level.
- The *Millard School Foundation* accounts for donations and contributions for school projects and scholarships.

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

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

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

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds except the Millard County Foundation for Excellence special revenue fund. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2021, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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

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

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

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

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 interfund loans) or "advances from/to other funds" (i.e., the noncurrent portion of interfund loans).

MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	15
Furniture	10
Portable Classrooms	20
Machinery and Equipment	10
Buses	10
Lunch Equipment	12
Musical Instruments	10
Licensed Vehicles	10
Computers	5
Audio Video Equipment	7

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days to a maximum of 20 days. No reimbursement or accrual is made for unused sick leave.

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

Long-term Obligations – In the government-wide financial statements and internal service fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the

MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments, 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 item arises only under a modified accrual basis of accounting and is reported in the governmental funds balance sheet; this item is 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.

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

- Deferred inflow of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset and c) changes in proportion and differences between contributions and proportionate share of contributions.
- Property taxes levied for future year – property taxes levied on January 1, 2021 for the following school year

MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - b) Remaining fund balances in the School Lunch Fund.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees."
 - b) Resources held by schools in the other governmental funds.
 - c) Employee obligations related to the phase out of early retirement stipends.
- **Assigned.** This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the

MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

District's administration comprised of superintendent, assistant superintendents, and business administrator. This category also includes the remaining positive fund balance for other governmental funds. The District has assigned General Fund resources that are to be used for textbooks, supplies, and other unrestricted school programs.

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

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

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

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2021, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 1,540,649
Carrying amount of investments	<u>12,126,398</u>
Total cash and investments	<u>\$ 13,667,047</u>
Governmental funds cash and investments	\$ 13,614,845
Fiduciary fund cash and investments	<u>52,202</u>
Total cash and investments	<u>\$ 13,667,047</u>

The District complies with the State Money Management Act (Utah Code Section 51, Chapter 7) (Act) and related Rules of the Money Management Council (Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. Rules of the Council allow Millard School District Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions. All of the District's investments are with the PTIF. The Foundation has deposits separate from the District and invests some private funds through a broker.

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Deposits – At June 30, 2021, the District and the Foundation have the following deposits with financial institutions:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Amount Insured</u>
Millard School District	\$ 1,400,611	\$ 2,398,975	\$250,000
Millard School District Foundation	<u>140,038</u>	<u>140,038</u>	<u>140,038</u>
Total Deposits	<u>\$ 1,951,163</u>	<u>\$ 2,539,013</u>	<u>\$390,038</u>

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2021, the uninsured amount of the District's and Foundation's bank deposits was uncollateralized.

Investments – At June 30, 2021, the District and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 To 5	5 To 10	More Than 10
Millard School District:					
Utah Public Treasurer's Investment Fund (PTIF)	\$ 11,270,460	\$ 11,270,460	\$ -	\$ -	\$ -
Millard School District Foundation, component unit:					
Investment Fund (PTIF)	832,778	832,778			
Equity security	23,160	23,160	-	-	-
Total investments	\$ 12,126,398	\$ 12,126,398	\$ -	\$ -	\$ -

- Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.
- Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices.

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

At June 30, 2021, the District and the Foundation have the following fair value measurements:

Investment Type	Fair Value	Fair Value Measurement Level		
		Level 1	Level 2	Level 3
Millard School District				
Utah Public Treasurer's Investment Fund (PTIF)	\$11,270,460	\$ -	\$ 11,270,460	\$ -
Millard School District Foundation:				
Investment Fund (PTIF)	832,778	-	832,778	-
Corporate equity	23,160	23,160	-	-

- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and/or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by the custodian.

3. PROPERTY TAXES

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

MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

As of June 30, 2021, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2021 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.

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,077,692	\$ -	\$ -	\$ 1,077,692
Water stock	54,814	-	-	54,814
Total capital assets, not being depreciated	1,132,506	-	-	1,132,506
Capital assets, being depreciated:				
Buildings and improvements	73,931,417	728,638	-	74,660,055
Furniture and equipment	8,961,351	1,638,182	(389,521)	10,210,012
Total capital assets, being depreciated	82,892,768	2,366,820	(389,521)	84,870,067
Accumulated depreciation for:				
Buildings and improvements	(36,848,477)	(1,739,560)	-	(38,588,037)
Furniture and equipment	(6,015,412)	(691,364)	429,479	(6,277,297)
Total accumulated depreciation	(42,863,889)	(2,430,924)	429,479	(44,865,334)
Total capital assets, being depreciated, net	40,028,879	(64,104)	39,958	40,004,733
Governmental activities capital assets, net	\$ 41,161,385	\$ (64,104)	\$ 39,958	\$ 41,137,239

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

For the year ended June 30, 2021, depreciation expense was charged to functions of the District as follows:

Governmental activities:

Instructional services	\$ 1,642,592
Supporting services:	
District administration	155,500
School administration	195,500
Business	11,550
Operation and maintenance of facilities	105,000
Transportation	283,282
School food services	<u>37,500</u>
Total depreciation expense, governmental activities	<u><u>\$ 2,430,924</u></u>

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**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

5. STATE RETIREMENT PLANS

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

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

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

Defined Contribution Plans (individual account plans):

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

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

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

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

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

Retirement benefits are determined from 1.50% 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 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

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

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

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended June 30, 2021. The District required contributions for the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan	Totals
	District Contribution	Amortization of UAAL *	Paid by District for Employee		
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	5.00%	-	22.70%
Tier 2 Contributory System **	8.30%	9.94%	-	1.78%	20.02%
Tier 2 Defined Contribution Plan **	0.08%	9.94%	-	10.00%	20.02%

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

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

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

For the year ended June 30, 2021, District and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	\$ 2,726,450	\$ -
Tier 1 Contributory System	13,134	4,452
Tier 2 Contributory System	934,759	-
Tier 2 DC System Only	85,393	-

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2021, the District reported a net pension asset of \$250,787 and a net pension liability of \$6,406,368 for its proportionate share of the net pension liability (asset) for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 6,369,481
Tier 1 Contributory System	250,787	-
Tier 2 Contributory System	-	36,887
Total	<u>\$ 250,787</u>	<u>\$ 6,406,368</u>

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability was determined by an actuarial valuation as of January 1, 2020, 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, 2020 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2020	Change
Tier 1 Noncontributory System	0.4777869%	-0.0111715%
Tier 1 Contributory System	1.0544418%	-0.3537471%
Tier 2 Contributory System	0.2564657%	0.0034841%

For the year ended June 30, 2021, the District recognized pension expense of \$1,396,691 for the plans. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows 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	\$ 732,505	\$ 16,891
Changes of assumptions	647,470	1,342
Net difference between projected and actual earnings on pension plan investments	-	7,013,006
Changes in proportion and differences between District contributions and proportionate share of contributions	54,852	404,606
District contributions subsequent to the measurement date	1,965,336	-
Total	<u>\$ 3,400,163</u>	<u>\$ 7,435,845</u>

The \$1,965,337 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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:

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2021	\$ (1,810,532)
2022	(727,639)
2023	(2,388,547)
2024	(1,146,179)
2025	12,358
Thereafter	(59,521)

Actuarial assumptions – The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2020. 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:

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Expected Return Arithmetic Basis			
Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		4.84%
Inflation			2.50%
Expected arithmetic nominal return			7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 6.95%. 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.

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 6.95%, 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 (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	\$ 20,419,117	\$ 6,369,481	\$ (5,377,933)
Tier 1 Contributory System	680,696	(250,787)	(792,079)
Tier 2 Contributory System	620,696	36,887	(409,712)
Total	<u>\$ 21,720,509</u>	<u>\$ 6,155,581</u>	<u>\$ (6,579,724)</u>

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Defined Contribution Savings Plans.

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

	2021	2020	2019
401(k) Plan			
Employer Contributions	\$ 311,916	\$ 302,792	\$ 279,825
Employee Contributions	\$ 379,102	\$ 371,980	\$ 345,119
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 751	\$ 3,384	\$ 3,152
Roth IRA Plan			
Employer Contributions	n/a	n/a	n/a
Employee Contributions	\$ 44,591	\$ 44,471	\$ 39,146

6. RISK MANAGEMENT

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

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Lease revenue bonds	\$ 9,989,000	\$ -	\$ (4,251,000)	\$ 5,738,000	\$ 573,000
Total bonds payable, net	9,989,000	-	(4,251,000)	5,738,000	573,000
Obligations under capital leases	-	2,474,435	-	2,474,435	1,231,229
Net pension liability	11,017,314	(853,164)	(3,757,782)	6,406,368	
Total governmental activity long-term liabilities	<u>\$ 21,006,314</u>	<u>\$ 1,621,271</u>	<u>\$ (8,008,782)</u>	<u>\$ 14,618,803</u>	<u>\$ 1,804,229</u>

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**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

During the fiscal year ended June 30, 2012 the Municipal Building Authority for Millard County School District issued \$9,749,000 QCSB School Construction Lease Revenue Bonds. These bonds fully mature in the year 2030 and bear interest with an average coupon of 5.27%. These bonds carry a QCSB feature that enables the MBA to receive an interest subsidy each year from the Federal government that pays the interest due on the bonds. The debt service requirements on the bonds are as follows:

Fiscal Year Ending June 30	\$9,749,000 Series 2011		Federal Interest Subsidy (1)	Total Payment Required for Debt Service
	Principal	Interest		
2022	\$ 573,000	\$ 287,294	\$ (287,294)	\$ 573,000
2023	573,000	257,097	(257,097)	573,000
2024	574,000	226,873	(226,873)	574,000
2025	574,000	226,873	(226,873)	574,000
2026	574,000	196,623	(196,623)	574,000
2027	574,000	166,374	(166,374)	574,000
2028	574,000	136,125	(136,125)	574,000
2029	574,000	75,625	(75,625)	574,000
2030	574,000	45,375	(45,375)	574,000
2031	574,000	15,125	(15,125)	574,000
Totals	<u>\$ 5,738,000</u>	<u>\$ 1,633,384</u>	<u>\$ (1,633,384)</u>	<u>\$ 5,738,000</u>

(1) Assumes interest due will be paid from the federal interest rate subsidy up to 5.27%

During the fiscal year ended June 30, 2021 the District entered into a lease purchase agreement with Zions Bank Corporation to borrow funds and retire the Municipal Building Authority 2012 Lease Revenue Bonds and the Municipal Building Authority 2013 Lease Revenue Bonds. This Lease Purchase Agreement matures in 2023 and bears interest at .98% per annum. The debt service requirements on the lease purchase agreement are as follows:

Fiscal Year Ending June 30	\$2,474,435 Lease Purchase Agreement 2021		Total Payment Required for Debt Service
	Principal	Interest	
2022	\$ 1,231,229	\$ 24,047	1,255,276
2023	1,243,206	12,183	1,255,389
Totals	<u>\$ 2,474,435</u>	<u>\$ 36,230</u>	<u>\$ 2,510,665</u>

**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Combined debt service requirements for the lease revenue bonds and lease purchase agreement is as follows:

Fiscal Year Ending June 30	All Lease Revenue Bonds		Total Payment Required for Debt Service
	Principal	Interest	
2022	\$ 1,804,229	\$ 311,341	\$ 2,115,570
2023	1,816,206	269,280	2,085,486
2024	574,000	226,873	800,873
2025	574,000	226,873	800,873
2026	574,000	196,623	770,623
2027	574,000	166,374	740,374
2028	574,000	136,125	710,125
2029	574,000	75,625	649,625
2030	574,000	45,375	619,375
2031	574,000	15,125	589,125
Totals	<u>\$ 8,212,435</u>	<u>\$ 1,669,614</u>	<u>\$ 9,882,049</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2021 is approximately \$79,000,000. There was no general obligation debt at June 30, 2021, resulting in a legal debt margin of \$79,000,000.

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**MILLARD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. COMMITTED TO UNDISTRIBUTED RESERVE

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

9. GRANTS

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

10. ECONOMIC DEPENDENCY

The assessed and collected property taxes for Millard County School District were \$17,735,721. Of this amount approximately 49% were taxes assessed to a single taxpayer, the Intermountain Power Agency (IPA).

11. INTER FUND TRANSFERS, RECEIVABLES, PAYABLES, AND UNEARNED REVENUES

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

Type	Unavailable	Unearned
Property Tax Receivable - General Fund	\$ 12,701,298	\$ 1,219,777
Property Tax Receivable - Capital Projects Fund	4,886,106	469,111
Property Tax Receivable - Tax Increment Financing Fund	28,026	
Other - General Fund	-	252,239
	<u> </u>	<u> </u>
Total deferred/unearned revenue for gov'tl funds	<u>\$ 17,615,430</u>	<u>\$ 1,941,127</u>

REQUIRED SUPPLEMENTARY INFORMATION

MILLARD COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	\$ 12,527,263	\$ 12,468,827	\$ 12,557,231	\$ 88,404
Earnings on investments	79,000	34,000	32,495	(1,505)
Other local sources	660,879	731,439	869,160	137,721
State aid	16,121,830	16,898,311	16,627,247	(271,064)
Federal aid	1,515,561	2,549,019	2,658,814	109,795
Total revenues	30,904,533	32,681,596	32,744,947	63,351
Expenditures:				
Current:				
Instructional services	19,885,636	21,968,381	21,590,770	377,611
Supporting services:				
Students	924,221	937,009	941,477	(4,468)
Instructional staff	1,287,938	1,174,060	905,317	268,743
General administration	502,967	486,225	484,593	1,632
School administration	2,258,060	2,311,091	2,251,499	59,592
Central services	756,362	836,914	863,265	(26,351)
Operation and maintenance of facilities	3,306,465	3,713,233	3,806,699	(93,466)
Transportation	1,661,731	1,768,664	1,580,777	187,887
Total expenditures	30,583,380	33,195,577	32,424,397	771,180
Excess of revenues over expenditures	321,153	(513,981)	320,550	834,531
Other financing sources (uses):				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
	-	-	-	-
Net change in fund balances	321,153	(513,981)	320,550	834,531
Fund balances - beginning	3,974,477	3,974,477	3,974,477	-
Fund balances - ending	\$ 4,295,630	\$ 3,460,496	\$ 4,295,027	\$ 834,531

MILLARD COUNTY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
Last Seven Plan (Calendar) Years *

	2020	2019	2018	2017	2016	2015	2014
Tier 1 Noncontributory System:							
District's proportion of the net pension liability (asset)	0.4777869%	0.4889584%	0.4637851%	0.4691621%	0.4695629%	0.4728189%	0.4592905%
District's proportionate share of the net pension liability (asset)	\$ 6,369,481	\$ 10,863,198	\$ 17,255,204	\$ 11,472,713	\$ 15,218,143	\$ 14,852,596	\$ 11,539,806
District's covered-employee payroll	\$ 12,311,854	\$ 12,469,604	\$ 12,633,640	\$ 12,757,137	\$ 12,958,489	\$ 12,995,891	\$ 12,821,080
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.7%	87.1%	136.6%	89.9%	117.4%	114.3%	90.0%
Plan fiduciary net position as a percentage of the total pension liability	94.3%	90.1%	84.1%	89.2%	84.9%	84.5%	87.2%
Tier 1 Contributory System:							
District's proportion of the net pension liability (asset)	1.0544418%	1.4081889%	0.9305180%	0.7464813%	0.6530674%	0.6770692%	0.6419728%
District's proportionate share of the net pension liability (asset)	\$ (250,787)	\$ 97,219	\$ 660,671	\$ 49,122	\$ 357,853	\$ 424,287	\$ 70,391
District's covered-employee payroll	\$ 101,693	\$ 157,104	\$ 180,589	\$ 169,846	\$ 175,066	\$ 214,480	\$ 234,878
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-246.6%	61.9%	365.8%	28.9%	204.4%	197.8%	30.0%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	98.9%	91.4%	99.2%	93.4%	92.4%	98.7%
Tier 2 Contributory System:							
District's proportion of the net pension liability (asset)	0.2564657%	0.2529816%	0.2644433%	0.2540760%	0.2295997%	0.2117907%	0.1911889%
District's proportionate share of the net pension liability (asset)	\$ 36,887	\$ 56,897	\$ 113,255	\$ 22,401	\$ 25,612	\$ (462)	\$ (5,794)
District's covered-employee payroll	\$ 4,107,128	\$ 3,522,681	\$ 3,108,919	\$ 2,492,874	\$ 1,882,902	\$ 1,367,850	\$ 936,672
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.9%	1.6%	3.6%	0.9%	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	98.3%	96.5%	90.8%	97.4%	95.1%	100.2%	103.5%

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

MILLARD COUNTY SCHOOL DISTRICT
Schedule of District Contributions
Utah Retirement Systems
Last Seven Reporting Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tier 1 Noncontributory System:							
Contractually required contribution	\$ 2,726,450	\$ 2,783,241	\$ 2,741,465	\$ 3,075,946	\$ 2,822,753	\$ 2,907,886	\$ 2,817,326
Contributions in relation to the contractually required contribution	<u>(2,726,450)</u>	<u>(2,783,241)</u>	<u>(2,741,465)</u>	<u>(3,075,946)</u>	<u>(2,822,753)</u>	<u>(2,907,886)</u>	<u>(2,817,326)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,297,233	\$ 12,549,027	\$ 12,359,526	\$ 13,881,847	\$ 12,723,965	\$ 13,108,089	\$ 12,852,656
Contributions as a percentage of covered-employee payroll	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	21.9%
Tier 1 Contributory System:							
Contractually required contribution	\$ 13,134	\$ 23,743	\$ 31,997	\$ 34,031	\$ 29,015	\$ 34,777	\$ 49,837
Contributions in relation to the contractually required contribution	<u>(13,134)</u>	<u>(23,743)</u>	<u>(31,997)</u>	<u>(34,031)</u>	<u>(29,015)</u>	<u>(34,777)</u>	<u>(49,837)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 74,205	\$ 134,329	\$ 180,773	\$ 192,263	\$ 163,924	\$ 194,822	\$ 275,277
Contributions as a percentage of covered-employee payroll	17.7%	17.7%	17.7%	17.7%	17.7%	17.9%	18.1%
Tier 2 Contributory System:							
Contractually required contribution	\$ 920,152	\$ 778,255	\$ 686,731	\$ 613,169	\$ 408,123	\$ 306,238	\$ 215,281
Contributions in relation to the contractually required contribution	<u>(920,152)</u>	<u>(778,255)</u>	<u>(686,731)</u>	<u>(613,169)</u>	<u>(408,123)</u>	<u>(306,238)</u>	<u>(215,281)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,731,022	\$ 4,460,186	\$ 3,904,274	\$ 3,475,106	\$ 2,317,616	\$ 1,767,852	\$ 1,207,288
Contributions as a percentage of covered-employee payroll	16.1%	17.4%	17.6%	17.6%	17.6%	17.3%	17.8%

* These schedules only present information for the District's 2015 and subsequent reporting periods; prior-year information is not available.

MILLARD COUNTY SCHOOL DISTRICT
Notes to Required Supplementary Information
JUNE 30, 2021

1. CHANGES IN ASSUMPTIONS –UTAH RETIREMENT SYSTEMS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

2. SCHEDULES OF DISTRICT’S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY (ASSET)–UTAH RETIREMENT SYSTEMS

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

3. SCHEDULES OF DISTRICT CONTRIBUTIONS –UTAH RETIREMENT SYSTEMS

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MILLARD COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2021

	Special Revenue					Total Nonmajor Governmental Funds
	School Food Services	Tax Increment Financing	Student Activity	Millard School District Foundation	Debt Service	
Assets:						
Cash and investments	\$ 57,831	\$ -	\$ 622,361	\$ 995,976	\$ 3,931	\$ 1,680,099
Receivables:						
Property taxes	-	28,026	-	-	-	28,026
Other local	7,656	-	-	-	-	7,656
Other governments	57,460	-	-	-	-	57,460
Prepaid expenditures	-	-	-	-	-	-
Inventory	322,490	-	-	-	-	322,490
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 445,437</u>	<u>\$ 28,026</u>	<u>\$ 622,361</u>	<u>\$ 995,976</u>	<u>\$ 3,931</u>	<u>\$ 2,095,731</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ (14,319)	\$ -	\$ -	\$ (14,319)
Due to other funds	-	-	-	-	-	-
Unearned revenues:						
Other governments	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>(14,319)</u>	<u>-</u>	<u>-</u>	<u>(14,319)</u>
Deferred Inflows of Resources:						
Property taxes levied for future year		28,026				28,026
Fund balances:						
Nonspendable:						
Inventories	322,490	-	-	-	-	322,490
Endowments	-	-	-	417,865	-	417,865
Restricted for:						
Debt service	-	-	-	-	3,931	3,931
Food services	122,947	-	-	-	-	122,947
Other	-	-	-	578,111	-	578,111
Committed to:						
Schools	-	-	636,680	-	-	636,680
Other	-	-	-	-	-	-
Unassigned:	-	-	-	-	-	-
Total fund balances	<u>445,437</u>	<u>-</u>	<u>636,680</u>	<u>995,976</u>	<u>3,931</u>	<u>2,082,024</u>
Total liabilities and fund balances	<u>\$ 445,437</u>	<u>\$ 28,026</u>	<u>\$ 622,361</u>	<u>\$ 995,976</u>	<u>\$ 3,931</u>	<u>\$ 2,095,731</u>

MILLARD COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue					Total Nonmajor Governmental Funds
	School Food Services	Tax Increment Financing	Student Activity	Millard School District Foundation	Debt Service	
Revenues:						
Property Taxes	\$ -	\$ 28,026	\$ -	\$ -	\$ -	\$ 28,026
Student fees	-	-	1,225,064	-	-	1,225,064
Lunch sales	110,236	-	-	-	-	110,236
Earnings on investments	51	-	114	156,562	19	156,746
Other local revenues	-	-	-	4,126	-	4,126
State aid	354,853	-	-	-	-	354,853
Federal aid	1,493,453	-	-	-	-	1,493,453
Total revenues	1,958,593	28,026	1,225,178	160,688	19	3,372,504
Expenditures:						
Current:						
Instructional services	-	28,026	1,228,614	54,055	-	1,310,695
Bond principal	-	-	-	-	-	-
Bond interest	-	-	-	-	-	-
School lunch services	1,932,936	-	-	-	-	1,932,936
Total expenditures	1,932,936	28,026	1,228,614	54,055	-	3,243,631
Excess of revenues over expenditures	25,657	-	(3,436)	106,633	19	128,873
Other financing sources:						
Transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	25,657	-	(3,436)	106,633	19	128,873
Fund balances - beginning	419,780	-	640,116	889,343	3,912	1,953,151
Fund balances - ending	\$ 445,437	\$ -	\$ 636,680	\$ 995,976	\$ 3,931	\$ 2,082,024

MILLARD 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, 2021

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Lunch sales - students	\$ 63,595	\$ 64,591	\$ 996	\$ 343,344
Lunch sales - adult	20,000	18,517	(1,483)	20,936
Earnings on investments	-	51	51	-
Other local sales	32,800	27,128	(5,672)	19,063
Total local sources	116,395	110,287	(6,108)	383,343
State sources:				
State lunch program	275,000	354,853	79,853	343,403
Total state sources	275,000	354,853	79,853	343,403
Federal sources:				
Federal child nutrition program	1,263,405	1,397,092	133,687	1,089,108
Other	145,000	96,361	(48,639)	123,956
Total federal sources	1,408,405	1,493,453	85,048	1,213,064
Total revenues	1,799,800	1,958,593	158,793	1,939,810
Expenditures:				
Current:				
Salaries	768,345	813,007	(44,662)	745,355
Employee benefits	387,059	372,859	14,200	410,155
Purchased services	30,431	26,563	3,868	20,704
Food and supplies	821,868	710,401	111,467	701,551
Equipment	6,362	3,862	2,500	648
Other	5,850	6,244	(394)	2,105
Total expenditures	2,019,915	1,932,936	86,979	1,880,518
Other Financing Sources (Uses):				
Transfer in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(220,115)	25,657	245,772	59,292
Fund balances - beginning	419,780	419,780	-	360,488
Fund balances - ending	\$ 199,665	\$ 445,437	\$ 245,772	\$ 419,780

MILLARD COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tax Increment Financing
Nonmajor Special Revenue Fund
Year Ended June 30, 2021

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property Taxes	\$ 28,310	\$ 28,026	\$ (284)	\$ 34,348
Miscellaneous revenues	-	-	-	-
Total local sources	28,310	28,026	(284)	34,348
Total revenues	28,310	28,026	(284)	34,348
Expenditures:				
Current:				
Payment to other taxing entities	28,310	28,026	284	34,348
Total expenditures	28,310	28,026	284	34,348
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing Sources:				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MILLARD COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity
Nonmajor Special Revenue Fund
Year Ended June 30, 2021

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Student fee and service activities	\$ 1,614,875	\$ 1,225,064	\$ (389,811)	\$ 1,396,165
Earnings on investments	-	114	114	473
Total revenues	<u>1,614,875</u>	<u>1,225,178</u>	<u>(389,697)</u>	<u>1,396,638</u>
Expenditures:				
Current:				
Purchased services	-	-	-	346
Supplies and materials	<u>1,546,450</u>	<u>1,228,614</u>	<u>317,836</u>	<u>1,348,672</u>
Total expenditures	<u>1,546,450</u>	<u>1,228,614</u>	<u>317,836</u>	<u>1,349,018</u>
Excess (deficiency) of revenues over (under) expenditures	68,425	(3,436)	(71,861)	47,620
Other financing sources:				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	68,425	(3,436)	(71,861)	47,620
Fund balances - beginning	<u>640,116</u>	<u>640,116</u>	<u>-</u>	<u>592,496</u>
Fund balances - ending	<u><u>\$ 708,541</u></u>	<u><u>\$ 636,680</u></u>	<u><u>\$ (71,861)</u></u>	<u><u>\$ 640,116</u></u>

MILLARD COUNTY SCHOOL DISTRICT
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
Millard School District Foundation
Nonmajor Special Revenue Fund
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Local sources:		
Contributions	\$ 4,126	\$ 317,497
Earnings on investments	156,562	15,519
Total revenues	<u>160,688</u>	<u>333,016</u>
Expenditures:		
Current:		
Scholarships and other expenditures	<u>54,055</u>	<u>53,180</u>
Total expenditures	<u>54,055</u>	<u>53,180</u>
Excess (deficiency) of revenues over (under) expenditures	106,633	279,836
Other financing sources (uses):		<u>-</u>
Net change in fund balances	106,633	279,836
Fund balances - beginning	<u>889,343</u>	<u>609,507</u>
Fund balances - ending	<u><u>\$ 995,976</u></u>	<u><u>\$ 889,343</u></u>

MILLARD COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Fund
Year Ended June 30, 2021
With Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ -
Earnings on investments	15	19	4	75
Total revenues	15	19	4	75
Expenditures:				
Debt service:				
Bond principal	-	-	-	-
Bond interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	15	19	4	75
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	15	19	4	75
Fund balance - beginning	3,912	3,912	-	3,837
Fund balance - ending	<u>\$ 3,927</u>	<u>\$ 3,931</u>	<u>\$ 4</u>	<u>\$ 3,912</u>

MILLARD COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2021
With Comparative Totals for 2020

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 4,796,587	\$ 4,832,545	\$ 35,958	\$ 4,819,128
Earnings on investments	12,500	16,080	3,580	53,570
Other local revenue	31,890	31,890	-	37,000
Total local sources	4,840,977	4,880,515	39,538	4,909,698
Federal sources:				
Other	300,309	370,556	70,247	327,174
Total state sources	300,309	370,556	70,247	327,174
Total revenues	5,141,286	5,251,071	109,785	5,236,872
Expenditures:				
Supplies	198,811	66,757	132,054	204,757
Facilities:				
Construction and remodeling	812,435	580,243	232,192	1,513,288
Equipment:				
Maintenance and custodial	747,800	653,608	94,192	446,260
Machinery, equipment and furniture	33,000	35,150	(2,150)	1,346,354
Buses	270,824	258,574	12,250	270,861
Total supplies, facilities and equipment	2,062,870	1,594,332	468,538	3,781,520
Debt service:				
Interest	397,940	398,190	(250)	442,489
Redemption of principal	1,777,000	1,777,000	-	1,760,000
Total debt service	2,174,940	2,175,190	(250)	2,202,489
Total expenditures	4,237,810	3,769,522	468,288	5,984,009
Excess (deficiency) of revenues over (under) expenditures	903,476	1,481,549	578,073	(747,137)
Other Financing Sources (Uses):				
Proceeds from bank loan	-	-	-	-
Transfers (net)	-	-	-	-
Capital lease	-	2,474,435	2,474,435	-
Payment to bonding agent	-	(2,474,435)	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	2,474,435	-
Net change in fund balances	903,476	1,481,549	3,052,508	(747,137)
Fund balance - beginning	2,387,803	2,387,803	-	3,134,940
Fund balance - ending	<u>\$ 3,291,279</u>	<u>\$ 3,869,352</u>	<u>\$ 3,052,508</u>	<u>\$ 2,387,803</u>