

TINTIC SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

TINTIC SCHOOL DISTRICT
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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Tintic School District

November 23, 2022

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tintic School District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Tintic School District as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tintic School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tintic School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tintic School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tintic School District's basic financial statements.

The accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 23, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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

TINTIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

Management's Discussion and Analysis

As management of Tintic School District (the 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, 2022. We encourage readers to consider the information presented here in conjunction with this report and 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 *statement of Net Position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

Fund Financial Statements

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

TINTIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *capital projects fund*, and *debt service fund*, all of which are considered to be major funds. Data from the other 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 schedule has been provided for the general fund to demonstrate compliance with this budget on page 44 of this report.

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

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

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 16 to 40 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 45-53 of this report.

Government-Wide Financial Analysis (full accrual basis of accounting)

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$10,132,242 at June 30, 2022.

TINTIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

TINTIC SCHOOL DISTRICT NET POSITION

	Governmental Activities	
	2022	2021
Current and other assets	\$ 8,524,110	\$ 7,808,437
Capital assets	4,650,696	3,938,080
Total assets	<u>13,174,806</u>	<u>11,746,517</u>
Deferred outflows of resources	<u>610,332</u>	<u>374,594</u>
Current and other liabilities	738,372	366,735
Noncurrent liabilities	<u>719,000</u>	<u>1,540,529</u>
Total liabilities	<u>1,457,372</u>	<u>1,907,264</u>
Deferred inflows of resources	<u>2,195,524</u>	<u>1,359,093</u>
Net Position:		
Net investment in capital assets	3,931,696	3,148,080
Restricted	749,913	782,034
Unrestricted	<u>5,450,633</u>	<u>4,924,640</u>
Total net Position	<u>\$ 10,132,242</u>	<u>\$ 8,854,754</u>

The largest portion of the District's Net Position (39%) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's Net Position (7%) represents resources that are subject to external restrictions on how they may be used.

- **Committed for Undistributed Reserve**

As allowed by law, the District has established an *undistributed reserve* of \$50,000 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. 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, 2022, the District is able to report positive balances in all of the three categories of Net Position.

TINTIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

TINTIC SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for services	\$ 478,015	\$ 788,120
Grants and Contributions	2,273,459	2,031,952
General revenues:		
Property taxes	664,001	669,596
Federal and state aid not restricted to specific purposes	2,892,236	2,747,481
Earnings on Investments	33,784	27,653
Total revenues	<u>6,341,495</u>	<u>6,264,802</u>
Expenses:		
Instruction	3,038,536	2,728,431
Support services:		
Students	227,528	197,265
Instructional staff	161,353	120,597
District administration	313,416	300,755
School Administration	246,312	199,050
Business	200,786	259,252
Operation and maintenance of facilities	536,538	561,100
Transportation	169,997	138,526
School lunch services	149,737	131,555
Interest on long-term liabilities	19,804	20,715
Total expenses	<u>5,064,007</u>	<u>4,657,246</u>
Increase (decr) in net assets	1,277,488	1,607,556
Net position - beginning	8,854,754	7,247,198
Net position - ending	<u>\$ 10,132,242</u>	<u>\$ 8,854,754</u>

Financial Analysis of the District's Funds (modified accrual basis)

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

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

TINTIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

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, 2022, unassigned fund balance was \$5,943,451, while the total fund balance was \$6,839,380. The unassigned fund balance increased by \$57,891, while the total fund balance increased by \$57,891 during the fiscal year. Annual expenditures in the general fund were \$45,653 less than the final budgeted amounts, and annual revenues in the general fund were \$205,762 less than final budgeted amounts.

The ***debt service fund*** has a total fund balance of \$108,410, all of which is reserved for debt payments. The fund balance increased by \$18,653.

The ***capital projects fund*** has a total fund balance of \$382,512, all of which is reserved for acquisition of capital assets and related expenditures. The fund balance decreased by \$16,801.

The ***non K-12 programs special revenue fund*** has a total fund balance of \$100,021. This fund is restricted to non-kindergarten through twelfth grade programs and other community programs. The fund balance decreased by \$79,389.

The ***school lunch special revenue fund*** has a total fund balance of \$32,935. This fund is restricted to food service programs. The fund balance increased by \$14,936.

The ***student activity special revenue fund*** has a total fund balance of \$109,799. The fund is restricted to student programs. The fund balance decreased by \$16,017.

The ***Tintic Education Foundation special revenue fund*** has a fund balance of \$39,323. These assets are controlled by an independently organized nonprofit corporation under a Utah Charter.

Capital Assets and Debt Administration

A. Capital Assets

The capital projects fund is used primarily to account for costs incurred in acquiring, maintaining, 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.

TINTIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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

TINTIC SCHOOL DISTRICT'S CAPITAL ASSETS
(net of accumulated depreciation)

	<u>2022</u>	<u>2021</u>
Land, Buildings and Improvements	\$ 3,521,932	\$ 3,655,421
Furniture, and Equipment	161,726	187,558
Autos & Buses	172,582	58,101
Construction in Progress	<u>794,456</u>	<u>37,000</u>
Total Capital Assets	<u>\$ 4,650,696</u>	<u>\$ 3,938,080</u>

B. 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, 2022, was \$2,641,587, while the general obligation debt at that date was \$719,000 resulting in a legal debt margin of \$1,851,587. This debt was reduced by principal payments, of \$71,000 during the fiscal year. The District's balance of bonds and notes is as follows:

	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 719,000	\$ 790,000
Total Bonds and Notes Payable	<u>\$ 719,000</u>	<u>\$ 790,000</u>

Additional information on the District's long-term liabilities can be found in Note 7 to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of Tintic 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, Tintic School District, Eureka, Utah 84628.

BASIC FINANCIAL STATEMENTS

TINTIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Cash and investments	\$ 7,093,852
Receivables:	
Property taxes	647,636
Other	390,603
Inventories	4,647
Net Pension Asset	387,372
Capital assets:	
Capital assets, net of accumulated depreciation	4,650,696
Total assets	<u>13,174,806</u>
 Deferred Outflows of Resources	
Resources related to pensions	<u>610,332</u>
 Liabilities:	
Accounts payable	407,585
Accrued interest	793
Accrued salaries	327,709
Unearned revenue:	-
Other governments	2,285
Noncurrent liabilities:	
Due within one year	73,000
Due in more than one year	646,000
Total liabilities	<u>1,457,372</u>
 Deferred Inflows of Resources	
Resources related to pensions	1,566,507
Property taxes levied for future year	629,017
Total deferred inflows of resources	<u>2,195,524</u>
 Net Position:	
Invested in capital assets	3,931,696
Restricted for:	
Student activity	109,799
School Lunch	27,422
Non K-12	83,240
Foundation	39,323
Debt service	108,410
Capital projects	381,719
Unrestricted	5,450,633
Total net position	<u><u>\$ 10,132,242</u></u>

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

TINTIC SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
					Total
					Governmental
					Activities
Governmental activities:					
Instructional services	\$ 3,038,536	\$ 473,550	\$ 1,889,054	\$ 200,000	\$ (475,932)
Supporting services:					
Students	227,528	-	-	-	(227,528)
Instructional staff	161,353	2,700	-	-	(158,653)
District administration	313,416	-	-	-	(313,416)
School administration	246,312	-	-	-	(246,312)
Business	200,786	-	-	-	(200,786)
Operation and maintenance of facilities	536,538	-	-	-	(536,538)
Transportation	169,997	-	67,924	-	(102,073)
School lunch services	149,737	1,765	116,481	-	(31,491)
Interest on long-term liabilities	19,804	-	-	-	(19,804)
Total school district	<u>\$ 5,064,007</u>	<u>\$ 478,015</u>	<u>\$ 2,073,459</u>	<u>\$ 200,000</u>	<u>(2,312,533)</u>
General revenues:					
Property taxes levied for:					
General purposes					411,113
Recreation					-
Debt service					109,457
Capital outlay					143,431
Federal and state aid not restricted to specific purposes					2,892,236
Earnings on investments					33,784
Total general revenues					<u>3,590,021</u>
Change in net assets					1,277,488
Net position - beginning					<u>8,854,754</u>
Net position - ending					<u>\$ 10,132,242</u>

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

TINTIC SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 6,008,570	\$ 106,313	\$ 706,813	\$ 272,156	\$ 7,093,852
Receivables:					
Property taxes	448,536	113,705	85,395	-	647,636
Other receivables	382,074	-	-	8,529	390,603
Inventory	200	-	-	4,447	4,647
Total assets	<u>\$ 6,839,380</u>	<u>\$ 220,018</u>	<u>\$ 792,208</u>	<u>\$ 285,132</u>	<u>\$ 8,136,738</u>
Liabilities:					
Liabilities:					
Accounts payable	\$ 79,765	\$ -	\$ 327,051	\$ 769	\$ 407,585
Accrued salaries	327,709	-	-	-	327,709
Unearned revenue:					
USDA Commodities	-	-	-	2,285	2,285
Total liabilities	<u>407,474</u>	<u>-</u>	<u>327,051</u>	<u>3,054</u>	<u>737,579</u>
Deferred Inflows of Resources:					
Unavailable property tax revenue	2,557	652	482	-	3,691
Property taxes levied for future year	435,898	110,956	82,163	-	629,017
Total Deferred Inflows of Resources	<u>438,455</u>	<u>111,608</u>	<u>82,645</u>	<u>-</u>	<u>632,708</u>
Fund Balances:					
Restricted for:					
Food Services	-	-	-	3,248	3,248
Capital outlay			382,512		382,512
Debt service	-	108,410	-	-	108,410
Foundation	-	-	-	39,323	39,323
Committed for:					
Undistributed reserve	50,000	-	-	-	50,000
Schools		-	-	109,799	109,799
Other	-	-	-	100,021	100,021
Unassigned for:					
General fund	5,943,451	-	-	-	5,943,451
Other	-	-	-	29,687	29,687
Total fund balances	<u>5,993,451</u>	<u>108,410</u>	<u>382,512</u>	<u>282,078</u>	<u>6,766,451</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,839,380</u>	<u>\$ 220,018</u>	<u>\$ 792,208</u>	<u>\$ 285,132</u>	<u>\$ 8,136,738</u>

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

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

Total fund balances for governmental funds	\$ 6,766,451
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Total net position reported for governmental activities in the statement of net position is different because:

Net Pension Asset	387,372
Deferred Pension Costs	610,332

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

Buildings and improvements, net of \$8,570,682 accumulated depreciation	\$ 4,316,388	
Furniture and equipment, net of \$1,609,185 accumulated depreciation	161,726	
Autos and Buses, net of \$659,929 accumulated depreciation	172,582	4,650,696

Long-term assets applicable to the School District's governmental activities not available to pay for expenditures of the current period are therefore, deferred in the governmental fund balance sheet

Delinquent Property Taxes	3,691
Deferred Pension Costs	(1,566,507)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(793)
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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 position. Balances at year-end are:

Bond Payable	(719,000)	
Note Payable	-	
Net Pension Liability	0	(719,000)

Total net position of governmental activities	\$ 10,132,242
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TINTIC SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 525,948	\$ 109,457	\$ 143,431	\$ -	\$ 778,836
Earnings on investments	33,750	-	-	34	33,784
School lunch sales	-	-	-	1,765	1,765
Other local sources	99,502	-	-	394,529	494,031
State aid	4,547,685	-	200,000	62,386	4,810,071
Federal aid	232,353	-	-	105,490	337,843
Total revenues	5,439,238	109,457	343,431	564,204	6,456,330
Expenditures:					
Current:					
Instructional services	2,729,340	-	-	533,353	3,262,693
Supporting services:					
Students	236,916	-	-	-	236,916
Instructional staff	172,164	-	-	-	172,164
District administration	347,569	-	-	-	347,569
School administration	306,958	-	-	-	306,958
Business	251,790	-	-	-	251,790
Operation and maintenance of facilities	617,962	-	-	-	617,962
Transportation	278,648	-	-	-	278,648
School lunch services	-	-	-	153,310	153,310
Capital outlay	-	-	716,630	-	716,630
Debt service:					
Principal retirement	-	71,000	-	-	71,000
Interest and fiscal charges	-	19,804	-	-	19,804
Bond Issuance Costs	-	-	-	-	-
Total expenditures	4,941,347	90,804	716,630	686,663	6,435,444
Excess (deficiency) of revenues over (under) expenditures	497,891	18,653	(373,199)	(122,459)	20,886
Other financing sources (uses)					
Transfers In	-	-	390,000	50,000	440,000
Transfers Out	(440,000)	-	-	-	(440,000)
Bond Proceeds	-	-	-	-	-
Total other financing sources and (uses)	(440,000)	-	390,000	50,000	-
Net change in fund balances	57,891	18,653	16,801	(72,459)	20,886
Fund balances - beginning	5,935,560	89,757	365,711	354,537	6,745,565
Fund balances - ending	<u>\$ 5,993,451</u>	<u>\$ 108,410</u>	<u>\$ 382,512</u>	<u>\$ 282,078</u>	<u>\$ 6,766,451</u>

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

TINTIC 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, 2022

Net change in fund balances-total governmental funds \$ 20,886

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 \$500 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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 957,740	
Depreciation expense	<u>(245,124)</u>	712,616

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues and are deferred in the funds. However, in the statement of activities, revenues are reported when earned.

Delinquent Property Taxes	(114,835)
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of 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:

Bond proceeds	-	
Repayment of note principal	-	
Repayment of bond principal	71,000	
Accrued interest	<u>-</u>	71,000
Pension related costs		<u>587,821</u>

Change in net position of governmental activities	<u>\$ 1,277,488</u>
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TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Tintic 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 principals. The more significant accounting policies of the District are described below.

Organization – Tintic School District (District) operates under a board/superintendent form of government and provides public education to the residents in the District boundaries.

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

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.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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 funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for the accumulation of resources and payment of general obligation bond principal and interest. Financing is provided by an annual property tax levy.
- 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. Financing is provided by an annual property tax. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

The District reports the following special revenue funds:

- The *School Lunch Fund* is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low-cost nutritionally balanced meals.
- The *Non K-12 Fund* is used to account for programs that are not part of the basic educational program of kindergarten, elementary, and secondary students. These areas include adult education and preschool for disabled students. This fund is also used to account for costs to provide community educational and recreational activities. Financing is provided primarily by a recreation tax levy and student fees. This annual property tax levy is authorized by Utah Code 11-2-7 and does not have a maximum statutory rate. Fees charged to the user provide additional funds as necessary.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- The *Tintic Education Foundation* is used to account for assets controlled by an independently organized nonprofit corporation under a Utah Charter. The Foundation is overseen by a Board of Trustees: a member of the Tintic School District Board of Education, the superintendent of the District, and two non-voting employees of the School District. All Board of Trustees members are elected by the current members of the Board of Trustees. The Board of Trustees has exclusive care, custody, and control of the Foundation's properties and exercises all of the powers granted by the laws of the State of Utah, its Articles of Incorporation, and its Bylaws.
- The *Student Activity Fund* is comprised of revenue and expenditures from school-based operations.

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 is 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. Budgets are adopted on a District level for the student activities agency fund. All annual appropriations lapse at the fiscal year-end except for those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- 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, 2022, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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 funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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).

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, 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 \$500 for land, furniture, and equipment, and \$100,000 for buildings and improvements with an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended 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	30
Building Improvements	30
Furniture	10-20
Machinery and Equipment	3-10
Buses	10
Lunch Equipment	8-15
Musical Instruments	10
Licensed Vehicles	10
Computers	5-8
Audio Video Equipment	5-8

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated sick days to a maximum of 20 days.

All sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured.

Long-term Obligations – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. 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 asset (liability), deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the Utah State Retirement Systems (URS), and additions to/deductions from the URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are at fair value.

Deferred Outflows/Inflows of Resources—In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District has one source that qualifies for reporting in this category:

- Deferred outflows of resources related to pensions – includes (a) net difference between projected and actual earnings on pension plan investments and (b) District contributions subsequent to the measurement date of December 31, 2021.

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.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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

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

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

- Property taxes levied for future year – property taxes levied on January 1, 2022, for the following school year.

Net position/Fund Balance –The District implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*. 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. The District's governmental funds beginning balances have been restated to reflect the below classifications. 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.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- **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 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.

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

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, the District’s custodial credit risk for deposits were as follows the District considers the PTIF to be cash equivalents:

	<u>Carrying Amount</u>	<u>Bank Amount</u>	<u>Insured Amount</u>
Tintic School District	\$554,175	\$690,339	\$372,073
Tintic School District Foundation	<u>39,323</u>	<u>39,323</u>	<u>-</u>
	<u>\$593.498</u>	<u>\$729,662</u>	<u>\$372,073</u>

B. Investments

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

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

The District’s investments are managed through participation in the State Public Treasurer’s Investment Fund. Investments are stated at amortized cost, which approximates fair values, the difference is considered immaterial. As of June 30, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers’ Investment Fund	62 days average	<u>\$6,539,677</u>

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

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements;

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (*Continued*)

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

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

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

Fair value of Investments

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

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

At June 30, 2022, the District had the only one investment which is the PTIF. The PTIF measures the fair value using level two of the fair value hierarchy.

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

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (*Continued*)

Investments – Credit Risk – The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-trade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The PTIF is unrated. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

Investments – Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's entire \$6,396,055 of underlying securities are held by the investment's counterparty, not in the name of the District, and are not insured. The District does not have an investment policy for custodial credit risk.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Juab 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.

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

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

4. RECEIVABLES

The District had the following receivables as of June 30, 2022:

	General	Debt Service	Capital Projects	School Lunch	Non K-12	Total
Receivables:						
Local Sources						
Property Tax	\$ 448,536	\$ 113,705	\$ 85,395	\$ -	\$ -	\$ 647,636
Other	60,843	-	-	-	-	60,843
Federal	260,326	-	-	-	7,238	267,564
State	60,904	-	-	1,292	-	62,196
	<u>\$ 830,609</u>	<u>\$ 113,705</u>	<u>\$ 85,395</u>	<u>\$ 1,292</u>	<u>\$ 7,238</u>	<u>\$ 1,038,239</u>

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TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 12,274	\$ -	\$ -	\$ 12,274
Construction in progress	37,000	757,456	-	794,456
Total capital assets, not being depreciated	49,274	757,456	-	806,730
Capital assets, being depreciated:				
Buildings and improvements	12,213,832	45,950	-	12,259,782
Furniture and equipment	1,896,743	10,259	-	1,907,002
Autos & Buses	718,030	144,075	-	862,105
Total capital assets, being depreciated	14,828,605	200,284	-	15,028,889
Accumulated depreciation for:				
Buildings and improvements	(8,570,685)	(179,439)	-	(8,750,124)
Furniture and equipment	(1,709,185)	(36,091)	-	(1,745,276)
Autos & Buses	(659,929)	(29,594)	-	(689,523)
Total accumulated depreciation	(10,939,799)	(245,124)	-	(11,184,923)
Total capital assets, being depreciated, net	3,888,806	(44,840)	-	3,843,966
Governmental activities capital assets, net	<u>\$ 3,938,080</u>	<u>\$ 712,616</u>	<u>\$ -</u>	<u>\$ 4,650,696</u>

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

Governmental activities:	
Instructional services	\$ 204,176
Supporting services:	
District administration	3,155
School administration	3,155
Business	350
Operation and maintenance of facilities	2,908
Transportation	29,255
School lunch services	2,124
Total depreciation expense, governmental activities	<u>\$ 245,124</u>

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

6. INTERFUND RECEIVABLES, PAYABLES, TRANSFERS AND DEFERRED REVENUE

During the year, the fund transfers were made as normal course of operations and cash flows of the District. These transfers were eliminated at the entity-wide statements. A summary of the transfers is as follows:

Fund	Transfer Out	Transfer In
General Fund	\$ 440,000	\$ -
Capital Projects	-	390,000
School Lunch	-	50,000
Total Fund Transfers	<u>\$ 440,000</u>	<u>\$ 440,000</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Commodities (school lunch fund)	\$ -	\$ 2,285
Property taxes receivable (governmental funds)	629,017	629,017
Delinquent Property Taxes (governmental funds)	3,691	-
Total deferred/unearned revenue for governmental funds	<u>\$ 632,708</u>	<u>\$ 631,302</u>

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

7. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation bond 2016	790,000	-	71,000	719,000	73,000
Bus Loan	-	-	-	-	-
Total bonds payable, net	790,000	-	71,000	719,000	73,000
Net Pension Liability	750,529	-	750,529	-	-
Total governmental activity long-term liabilities	<u>\$ 1,540,529</u>	<u>\$ -</u>	<u>\$ 821,529</u>	<u>\$ 719,000</u>	<u>\$ 73,000</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments.

General Obligation Bonds - The District issues general obligation bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities.

The District issued a \$1,190,000 general obligation bond to refinance the existing bonds. This bond carries variable interest rate ranging from 1% to 3.6% and requires annual principal and semi-annual interest payments from March 2016 through June 2031.

General Obligation Bonds Payable at June 30, 2022, is as follows:

	Principal	Interest	Total
2023	\$ 73,000	\$ 18,276	\$ 91,276
2024	73,000	17,108	90,108
2025	74,000	15,830	89,830
2026	76,000	14,350	90,350
2027	78,000	12,716	90,716
2028-2031	345,000	29,696	374,696
Total	<u>\$ 719,000</u>	<u>\$107,976</u>	<u>\$ 826,976</u>

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

7. LONG-TERM LIABILITIES (*Continued*)

Interest on Long-term Debt

Interest paid on debt of \$19,804 was reported as a separate line on the statement of activities and was not included in the functional expenses.

8. STATE RETIREMENT PLANS

Description of plans – Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

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

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Contributory System) is a multiple employer, cost sharing, public employee retirement system.

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

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, UT 84102.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS (*Continued*)

Benefits provided – URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service required and /or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	up to 2.5%

* With actuarial reductions

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

Contribution Rate Summary

As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022 are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Rate 401K Plan
Contributory System			
112-State and School Division Tier 2	N/A	19.40%	0.62%
Noncontributory Sytem			
16-State and School Division Tier 1	N/A	22.19%	1.50%
Tier 2 DC Only			
212 State and School	N/A	10.02%	10.00%

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

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS (Continued)

For fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory Sytem	\$ 325,769	N/A
Tier 2 Public Employees System	90,737	-
Tier 2 DC Only System	14,732	N/A
Total Contributions	<u>\$ 431,238</u>	<u>\$ -</u>

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – Combined

At June 30, 2022, the District reported a net pension asset of \$387,372 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory Sytem	\$ 378,444	\$ -	0.0553893%	0.0560981%	0.0007088%
Tier 2 Public Employees System	8,928	-	0.0021094%	0.0185867%	0.0025070%
Total Net Pension Asset / Liability	<u>\$ 387,372</u>	<u>\$ -</u>			

The net pension asset and liability were measured as of December 31, 2020, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2020 and rolled forward using generally accepted actuarial procedures. The District's proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022, the District recognized pension expense of \$(156,697).

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS (*Continued*)

At June 30, 2022, 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	\$ 231,343	\$ 1,150
Changes in Assumptions	155,891	84
Net differences between projected and actual earnings on pension plan investments	-	1,548,363
Changes in proportion and differences between contributions and proportionate share of contributions	5,791	16,910
Contributions subsequent to the measurement date	217,308	-
Total Net Pension Asset / Liability	<u>\$ 610,333</u>	<u>\$ 1,566,507</u>

The \$217,308 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. 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:

Combined Year Ended December 31	Deferred Outflows (Inflows) of Resources
2022	\$ (190,972)
2023	(382,724)
2024	(354,363)
2025	(255,903)
2026	1,797
Thereafter	8,683

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS (Continued)

Pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – Noncontributory System

For the year ended June 30, 2022, the District recognized pension expense of \$(187,750)

At June 30, 2022, 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	\$ 227,006	\$ -
Changes in Assumptions	147,567	-
Net differences between projected and actual earnings on pension plan investments	-	1,526,304
Changes in proportion and differences between contributions and proportionate share of contributions	-	16,910
Contributions subsequent to the measurement date	162,178	-
Total Net Pension Asset / Liability	<u>\$ 536,751</u>	<u>\$ 1,543,214</u>

The \$162,178 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ended December 31	Deferred Outflows (Inflows) of Resources
2022	\$ (186,880)
2023	(377,463)
2024	(350,561)
2025	(253,736)
2026	-
Thereafter	-

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS *(Continued)*

Pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – Tier 2 Public Employees System

For the year ended June 30, 2021, the District recognized pension expense of \$31,053.

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	\$ 4,337	\$ 1,150
Changes in Assumptions	8,324	84
Net differences between projected and actual earnings on pension plan investments	-	22,059
Changes in proportion and differences between contributions and proportionate share of contributions	5,791	-
Contributions subsequent to the measurement date	55,129	-
Total Net Pension Asset / Liability	<u>\$ 73,581</u>	<u>\$ 23,293</u>

The \$55,129 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ended December 31	Deferred Outflows (Inflows) of Resources
2022	(4,092)
2023	(5,261)
2024	(3,802)
2025	(2,167)
2026	1797
Thereafter	8,683

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS (Continued)

Actuarial assumptions – The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25-9.75 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates for retired educators were developed from actual experience, based on gender, occupation, and age, as appropriate, with adjustments for mortality improvements based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37%	6.58%	2.43%
Debt securities	20%	0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	98.50%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	1.01%	0.00%
Totals	100%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

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

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. STATE RETIREMENT PLANS (Continued)

Discount rate – The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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

System	1% Decrease (5.85%)	Discount Rate 6.85%	1% Increase 7.85%
Noncontributory Sytem	\$ 1,359,124	\$ (378,444)	\$ (1,831,064)
Tier 2 Public Employees System	53,193	(8,928)	(56,623)
Total	<u>\$ 1,412,317</u>	<u>\$ (387,372)</u>	<u>\$ (1,887,687)</u>

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the 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. Tintic School District participates in the following Defined Contribution Savings Plans for Fiscal year ended June 30, 2022, were as follows:

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
401(k) Plan			
Employer Contributions	\$ 39,798	\$ 38,969	\$ 34,820
Employee Contributions	\$ 44,954	\$ 27,584	\$ 33,496
 Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 41,060	\$ 30,755	\$ 20,535

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

9. 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 three fiscal years.

10. COMMITTED FOR UNDISTRIBUTED RESERVE

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

11. GRANTS

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

12. LITIGATION

The District is a defendant in certain legal actions and pending actions or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. District management is of the opinion that the final outcome of the cases will not have an adverse material effect on the District's financial statements.

TINTIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

13. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 23, 2022, the date the financial statements were available to be issued.

14. LEGAL COMPLIANCE

All funds reported a positive fund balance for the fiscal year 2022.

REQUIRED SUPPLEMENTARY INFORMATION

TINTIC SCHOOL DISTRICT
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
JUNE 30, 2022
Last 10 Fiscal Years*

	<u>Fiscal Year</u>	<u>Proportion of the net liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Noncontributory System						
	2015	0.0495222%	\$ 1,244,259	\$ 612,182	203.20%	87.20%
	2016	0.0523118%	1,643,263	1,473,373	111.53%	84.50%
	2017	0.0536775%	1,739,643	1,541,145	112.88%	84.90%
	2018	0.0540802%	1,322,457	1,533,240	86.25%	89.20%
	2019	0.5271970%	1,961,445	1,510,153	129.88%	84.10%
	2020	0.0560384%	1,245,006	1,492,325	83.43%	90.10%
	2021	0.0560981%	747,856	1,517,488	49.28%	94.30%
	2022	0.0538930%	(378,444)	1,513,298	-25.01%	102.70%
Tier 2 Public Employees Retirement System						
	2015	0.0109880%	(333)	18,722	1.80%	103.50%
	2016	0.5231180%	(9)	27,204	-0.03%	100.20%
	2017	0.0056748%	633	46,539	1.36%	95.10%
	2018	0.0125126%	1,103	122,943	0.90%	97.40%
	2019	0.0158851%	6,803	186,170	3.65%	90.80%
	2020	0.0190972%	4,295	266,059	1.61%	96.50%
	2021	0.0185867%	2,673	297,884	0.90%	98.30%
	2022	0.0210937%	(8,928)	392,884	-2.27%	103.80%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

TINTIC SCHOOL DISTRICT

Required Supplementary Information

Schedule of Contributions

JUNE 30, 2022

Last 10 Fiscal Years**

	Fiscal year ended June 30,	Actuarial Determined Contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll
Noncontributory System	2014	\$ 285,620	\$ 285,620	\$ -	\$ 1,429,435	19.98%
	2015	319,909	314,909	-	1,429,589	22.03%
	2016	338,319	338,319	-	1,524,644	22.19%
	2017	341,675	341,675	-	1,539,419	22.20%
	2018	343,305	343,305	-	1,547,116	22.19%
	2019	324,020	324,020	-	1,460,206	22.20%
	2020	336,467	336,467	-	1,516,299	22.19%
	2021	338,467	338,467	-	1,525,314	22.19%
	2022	325,769	325,769	-	1,468,090	22.19%
Tier 2 Public Employees Systems	2014	7,162	7,162	-	43,043	16.64%
	2015	13,760	13,760	-	99,377	13.85%
	2016	1,747	1,747	-	14,404	12.13%
	2017	11,828	11,828	-	64,847	18.24%
	2018	25,408	25,408	-	137,895	18.43%
	2019	47,202	47,202	-	250,389	18.85%
	2020	53,381	53,381	-	283,052	18.86%
	2021	62,273	62,273	-	325,698	19.12%
	2022	90,737	90,737	-	468,587	19.36%
Tier 2 Public Employees DC Only System	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	4,054	4,054	-	40,463	10.02%
	2017	11,479	11,479	-	86,714	13.24%
	2018	4,683	4,683	-	46,737	10.02%
	2019	4,993	4,993	-	49,826	10.02%
	2020	8,807	8,807	-	87,899	10.02%
	2021	13,183	13,183	-	131,572	10.02%
	2022	14,732	14,732	-	147,026	10.02%

* Contributions in Tier 2 include an amortization rate to help the unfunded liabilities in the Tier 1 systems
Tier 2 systems were created effective July 1, 2011.

** The amounts presented were determined for the Calendar year January 1-December 31. In accordance with
GASB 68, until a full 10-year trend is compiled, information is presented for those years for which
information is available.

TINTIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

NOTE 1: CHANGES IN ASSUMPTIONS

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability of as December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 385,000	\$ 500,000	\$ 525,948	\$ 25,948
Earnings on investments	-	-	33,750	33,750
Other local sources	250,000	215,000	99,502	(115,498)
State aid	4,339,091	4,795,000	4,547,685	(247,315)
Federal aid	267,170	135,000	232,353	97,353
Total revenues	5,241,261	5,645,000	5,439,238	(205,762)
Expenditures:				
Current:				
Instructional services	2,702,000	2,702,000	2,729,340	(27,340)
Supporting services:	-			
Students	200,000	235,000	236,916	(1,916)
Instructional staff	106,000	175,000	172,164	2,836
District administration	315,000	365,000	347,569	17,431
School administration	241,000	310,000	306,958	3,042
Business support services	255,000	255,000	251,790	3,210
Operation and maintenance of facilities	600,000	675,000	617,962	57,038
Transportation	125,000	270,000	278,648	(8,648)
Total expenditures	4,544,000	4,987,000	4,941,347	45,653
Excess (deficiency) of revenues over (under)	697,261	658,000	497,891	(160,109)
Other financing sources and (uses)				
Transfers out	(50,000)	(75,000)	(440,000)	(365,000)
Total other financing sources and (uses)	(50,000)	(75,000)	(440,000)	(365,000)
Net change in fund balances	647,261	583,000	57,891	(525,109)
Fund balances - beginning	5,935,560	5,935,560	5,935,560	-
Fund balances - ending	\$ 6,582,821	\$ 6,518,560	\$ 5,993,451	\$ (525,109)

SUPPLEMENTARY INFORMATION

TINTIC SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

Nonmajor Governmental Funds

Special Revenue Funds

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

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary, and secondary students. These areas include: adult education and preschool for disabled students. This fund is also used to account for costs to provide community educational and recreational activities. Financing is provided primarily by a recreation tax levy and student fees. This annual property tax levy is authorized by Utah Code 11-2-7 and does not have a maximum statutory rate. Fees charged to the user provide additional funds as necessary.

Tintic Education Foundation – This fund is used to account for assets controlled by an independently organized nonprofit corporation under a Utah Charter. The Foundation is overseen by a Board of Trustees: one a member of the Tintic School District Board of Education, one the superintendent of the District, and two non-voting employees of the School District. All Board of Trustees members are elected by the current members of the Board of Trustees. The Board of Trustees has exclusive care, custody, and control of the Corporation's properties and exercises all of the powers granted by the laws of the State of Utah, its Articles of Incorporation, and its Bylaws.

Student Activity Fund – This fund is comprised of revenues and expenditures from school-based operations. The revenues received from student fees and fundraisers. The expenditures support curricular and extra-curricular activities.

TINTIC SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue				Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Tintic School District Foundation	Student Activity	
Assets:					
Cash and investments	\$ 29,482	\$ 93,552	\$ 39,323	109,799	\$ 272,156
Receivables:					
Other governments	1,291	7,238	-	-	8,529
Inventory	4,447	-	-	-	4,447
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 35,220</u>	<u>\$ 100,790</u>	<u>\$ 39,323</u>	<u>\$ 109,799</u>	<u>\$ 285,132</u>
Liabilities:					
Accounts payable	\$ -	\$ 769	\$ -	\$ -	\$ 769
Unearned revenue:					
Other governments -USDA Commodities	2,285	-	-	-	2,285
Due to other funds	-	-	-	-	-
Total liabilities	<u>2,285</u>	<u>769</u>	<u>-</u>	<u>-</u>	<u>3,054</u>
Fund balances:					
Restricted for:					
Food Services	3,248	-	-	-	3,248
Foundation	-	-	39,323	-	39,323
Committed for:					
Schools	-	-	-	109,799	109,799
Other	-	100,021	-	-	100,021
Unassigned	29,687	-	-	-	29,687
Total fund balances	<u>32,935</u>	<u>100,021</u>	<u>39,323</u>	<u>109,799</u>	<u>282,078</u>
Total liabilities and fund balances	<u>\$ 35,220</u>	<u>\$ 100,790</u>	<u>\$ 39,323</u>	<u>\$ 109,799</u>	<u>\$ 285,132</u>

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

	Special Revenue				Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Tintic Educational Foundation	Student Activity	
Revenues:					
Student fees	\$ -	\$ 2,700	\$ -	\$ 389,479	\$ 392,179
Lunch sales	1,765	-	-	-	1,765
Earnings on investments	-	-	34	-	34
Other local revenues	-	-	2,350	-	2,350
State aid	14,428	47,958	-	-	62,386
Federal aid	102,053	3,437	-	-	105,490
Total revenues	<u>118,246</u>	<u>54,095</u>	<u>2,384</u>	<u>389,479</u>	<u>564,204</u>
Expenditures:					
Current:					
Instructional services	-	126,484	1,373	405,496	533,353
School lunch services	<u>153,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,310</u>
Total expenditures	<u>153,310</u>	<u>126,484</u>	<u>1,373</u>	<u>405,496</u>	<u>686,663</u>
Excess of revenues over expenditures	(35,064)	(72,389)	1,011	(16,017)	(122,459)
Other financing sources					
Transfer in	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	14,936	(72,389)	1,011	(16,017)	(72,459)
Fund balances - beginning	<u>17,999</u>	<u>172,410</u>	<u>38,312</u>	<u>125,816</u>	<u>354,537</u>
Fund balances - ending	<u>\$ 32,935</u>	<u>\$ 100,021</u>	<u>\$ 39,323</u>	<u>\$ 109,799</u>	<u>\$ 282,078</u>

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances
Tintic Education Foundation
Nonmajor Special Revenue Fund
Year Ended June 30, 2022

	<u>2022</u>
Revenues:	
Local sources:	
Earnings on investments	\$ 34
Other Local Revenue	2,350
Total revenues	<u>2,384</u>
Expenditures:	
Current:	
Scholarships	<u>1,373</u>
Total expenditures	<u>1,373</u>
Excess (deficiency) of revenues over (under) expenditures	1,011
Other financing sources (uses):	
Net change in fund balances	<u>1,011</u>
Fund balances - beginning	<u>38,312</u>
Fund balances - ending	<u><u>\$ 39,323</u></u>

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tintic Educational Foundation
Year Ended June 30, 2022

	2022		Variance with
	Final Budgeted Amounts	Actual Amounts	Final Budget - Positive (Negative)
Revenues:			
Local sources:			
Earning on Investments	\$ 50	\$ 34	\$ (16)
Other	2,450	2,350	(100)
Total local sources	2,500	2,384	(116)
Total revenues	2,500	2,384	(116)
Expenditures:			
Current:			
Instructional Services	1,000	1,373	(373)
Total expenditures	1,000	1,373	(373)
Excess (deficiency) of revenues over (under) expenditures	1,500	1,011	(489)
Net change in fund balances	1,500	1,011	(489)
Fund balance - beginning	38,312	38,312	-
Fund balance - ending	<u>\$ 39,812</u>	<u>\$ 39,323</u>	<u>\$ (489)</u>

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2022

	2022		Variance with
	Final Budgeted Amounts	Actual Amounts	Final Budget - Positive (Negative)
Revenues:			
Local sources:			
Lunch sales - children	\$ -	\$ 83	\$ 83
Lunch Sales - adult	1,000	1,682	682
Total local sources	1,000	1,765	765
State sources:			
State lunch program	12,000	14,428	2,428
Total state sources	12,000	14,428	2,428
Federal sources:			
Federal lunch program	62,000	102,053	40,053
Free and reduced assistance	-	-	-
Breakfast program	-	-	-
Total federal sources	62,000	102,053	40,053
Total revenues	75,000	118,246	43,246
Expenditures:			
Current:			
Salaries	50,750	50,658	92
Employee benefits	8,000	7,955	45
Purchased services	100	55	45
Food	93,500	92,840	660
Equipment	1,000	991	9
Other	1,000	811	189
Total expenditures	154,350	153,310	1,040
Excess (deficiency) of revenues over (under) expenditures	(79,350)	(35,064)	44,286
Other financing sources and (uses)			
Transfers in	75,000	50,000	(25,000)
Total other financing sources and (uses)	75,000	50,000	(25,000)
Net change in fund balances	(4,350)	14,936	19,286
Fund balances - beginning	17,999	17,999	-
Fund balances - ending	<u>\$ 13,649</u>	<u>\$ 32,935</u>	<u>\$ 19,286</u>

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2022

	2022		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources:			
Property Taxes	\$ -	\$ -	\$ -
Community school fees	2,000	2,700	700
Total local sources	2,000	2,700	700
State sources:			
Preschool	47,958	-	(47,958)
Adult high school completion	-	47,958	47,958
Total state sources	47,958	47,958	-
Federal sources:			
Special education preschool grant	4,084	3,437	(647)
Total revenues	54,042	54,095	53
Expenditures:			
Current:			
Salaries	49,500	53,059	(3,559)
Employee benefits	30,500	26,174	4,326
Purchased services	7,700	60	7,640
Supplies	11,000	34,337	(23,337)
Property	22,000	12,854	9,146
Other	500	-	500
Total expenditures	121,200	126,484	(5,284)
Excess (deficiency) of revenues over (under) expenditures	(67,158)	(72,389)	(5,231)
Other financing sources and (uses)			
Total other financing sources and (uses)	-	-	-
Net change in fund balances	(67,158)	(72,389)	(5,231)
Fund balances - beginning	172,410	172,410	-
Fund balances - ending	\$ 105,252	\$ 100,021	\$ (5,231)

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activities Fund
Year Ended June 30, 2022

	2022		Variance with
	Final Budgeted Amounts	Actual Amounts	Final Budget - Positive (Negative)
Revenues:			
Local sources:			
Student Activities	\$ 260,000	\$ 390,519	\$ 130,519
Less Student Fee Waivers	-	(1,040)	(1,040)
Total local sources	260,000	389,479	129,479
Total revenues	260,000	389,479	129,479
Expenditures:			
Current:			
Instructional Services	260,000	405,496	(145,496)
Total expenditures	260,000	405,496	(145,496)
Excess (deficiency) of revenues over (under) expenditures	-	(16,017)	(16,017)
Net change in fund balances	-	(16,017)	(16,017)
Fund balance - beginning	125,816	125,816	-
Fund balance - ending	<u>\$ 125,816</u>	<u>\$ 109,799</u>	<u>\$ (16,017)</u>

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2022

	2022		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Property tax	\$ 90,804	\$ 109,457	\$ 18,653
Total revenues	90,804	109,457	18,653
Expenditures:			
Debt service:			
Bond interest	19,341	19,341	-
Bond principal	71,000	71,000	-
Paying agent fees	463	463	-
Total expenditures	90,804	90,804	-
Excess (deficiency) of revenues over (under) expenditures	-	18,653	18,653
Other financing sources (uses)			
Bond proceeds	-	-	\$ -
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	18,653	18,653
Fund balance - beginning	89,757	89,757	-
Fund balance - ending	<u>\$ 89,757</u>	<u>\$ 108,410</u>	<u>\$ 18,653</u>

TINTIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2022

	2022		Variance with
	Final Budgeted Amounts	Actual Amounts	Final Budget - Positive (Negative)
Revenues:			
Local sources:			
Property taxes	\$ 110,771	\$ 143,431	\$ 32,660
Other	-	-	-
Total local sources	110,771	143,431	32,660
State sources:			
Other	200,000	200,000	-
Total state sources	200,000	200,000	-
Total revenues	310,771	343,431	32,660
Expenditures:			
Facilities:			
Construction and remodeling	389,581	716,630	(327,049)
Equipment:			
Autos and Buses		-	-
Other		-	-
Debt service:			
Loan Principal	-	-	-
Loan Interest	-	-	-
Bond Issuance Costs		-	-
Total expenditures	389,581	716,630	(327,049)
Excess (deficiency) of revenues over (under) expenditures	(78,810)	(373,199)	(294,389)
Other financing sources and (uses)			
Transfers in	-	390,000	390,000
Transfers out	-	-	-
Debt Proceeds	-	-	-
Total other financing sources and (uses)	-	390,000	390,000
Net change in fund balances	(78,810)	16,801	95,611
Fund balance - beginning	365,711	365,711	-
Fund balance - ending	<u>\$ 286,901</u>	<u>\$ 382,512</u>	<u>\$ 95,611</u>



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

Board of Education
Tintic School District
Eureka, UT

November 23, 2022

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tintic School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Tintic School District's basic financial statements, and have issued our report thereon dated November 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tintic School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tintic School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tintic School District's internal control.

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

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

Tintic School District's response to the findings identified in our audit is described in the accompanying schedule of findings and in a separate letter to management. Tintic School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tintic School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed immaterial instances of noncompliance or other matters. We have communicated those issues with management in a separate letter dated November 23, 2022.

Tintic School District's Response to Findings

Tintic School District's response to the findings identified in our audit is described in the accompanying schedule of findings and in a separate letter to management. Tintic School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
Provo, Utah



GILBERT & STEWART

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

Board of Education
Tintic School District
Eureka, UT

November 23, 2022

Report On Compliance

We have audited Tintic School District's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor that could have a direct and material effect on the District for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022 in the following areas:

- Budgetary Compliance
- Fund Balance
- Cash Management
- Fraud Risk Assessment
- Government Fees
- Public Treasurer's Bond
- Utah Retirement Systems
- Internal Control Systems
- Public Education Programs

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated November 23, 2022 as item 22-1. Our opinion on compliance is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying our letter to management dated November 23 2022 as item 22-1. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Gilbert & Stewart

GILBERT & STEWART

Certified Public Accountants

Provo, Utah