SOUTH SUMMIT SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2026

SOUTH SUMMIT SCHOOL DISTRICT
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FINANCIAL SECTION

Independent Auditor's Report

Board of Education
South Summit School District

Report on the Basic Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Summit School District (the District) as of and for the year ended June 30, 2026, 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 accompanying 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 the District as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 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 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, the budgetary comparison schedule – *general fund*, the schedules of the District's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of District contributions – Utah Retirement Systems, the schedule of changes in the District's retirement pension liability and related ratios, and the related notes to the required supplementary information 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2026, 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.

Squire & Company, PC

Orem, Utah
October 9, 2026

South Summit School District
Management's Discussion and Analysis (MD&A)

As management of the South Summit School District (the District), we offer the readers of the District's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the District for the fiscal year ended June 30, 2026, focusing on why amounts changed from the prior year.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

The *statement of net position* presents financial information on all the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 District's net position changed during the most recent 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 expenses are reported 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 governmental activities of the District include instruction, supporting services, nutrition services, and community services. These functions are principally supported by taxes and intergovernmental revenues.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 are classified as governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five 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* and *capital projects fund*, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the governmental funds is provided in the combining and individual statements and schedules section of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. The District presents budgetary comparison schedules for the *general fund* and information concerning the District's proportional share of the unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems and its progress in funding obligations to provide pension benefits to its employees.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons and pensions.

Financial Summary and Detailed Analysis

Government-wide Statement of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $88.9 million, at the close of the most recent fiscal year.

SOUTH SUMMIT SCHOOL DISTRICT'S Net Position
(in millions of dollars)
June 30, 2026 and 2025

	Governmental activities		Total change
	2026	2025	2026-2025
Current and other assets	$ 73.9	$ 69.8	$ 4.1
Capital assets	50.1	52.4	(2.3)
Total assets	124.0	122.2	1.8
Deferred outflows of resources	4.0	4.7	(0.7)
Current and other liabilities	4.0	5.9	(1.9)
Long-term liabilities outstanding	6.4	8.3	(1.9)
Total liabilities	10.4	14.2	(3.8)
Deferred inflows of resources	28.7	24.8	3.9
Net position:			
Net investment in capital assets	49.3	51.5	(2.2)
Restricted	18.9	16.5	2.4
Unrestricted	20.7	19.9	0.8
Total net position	$ 88.9	$ 87.9	$ 1.0

The District has three classifications of net position: net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets*—The largest portion of the District's net position, $49.3 million, reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, and subscription assets), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide a variety of services to the community. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- *Restricted*—A portion of the District's net position, $18.9 million, is resources that are subject to external restrictions on how they may be used.

- *Unrestricted*—The remaining net position, $20.7 million, is unrestricted. This balance is net of the District's proportionate share of net pension liabilities and related deferred outflows and inflows of resources of the defined benefits pension plans administered by Utah Retirement Systems.

The District experienced the following changes in the statement of net position:

- *Current and Other Assets*—Current and other assets increased by $4.1 million, or 5.9 percent, compared with the prior year. This increase was primarily due to higher year-end cash and investment balances and an increase in property taxes levied for the future year.

- *Current and Other Liabilities*—Current and other liabilities decreased by $1.9 million, or 32.2 percent, compared to the prior year. This decrease was primarily due to decreases in accounts payable.

- *Long-Term Liabilities Outstanding*—Long-term liabilities outstanding decreased by $1.9 million, or 22.9 percent, compared with the prior year. This decrease was primarily due to a decrease in the net state retirement pension liability.

- *Deferred Inflows of Resources*—Deferred inflows of resources increased by $3.9 million, or 15.7 percent, compared with the prior year. This increase was primarily due to an increase in property taxes levied for the future year and increases in amounts related to state retirement pensions.

Government-wide Statement of Activities

The District's overall net position increased by $1.6 million from the prior fiscal year. The reasons for this overall increase are discussed in the following section.

SOUTH SUMMIT SCHOOL DISTRICT'S Changes in Net Position
(in millions of dollars)
Years Ended June 30, 2026 and 2025

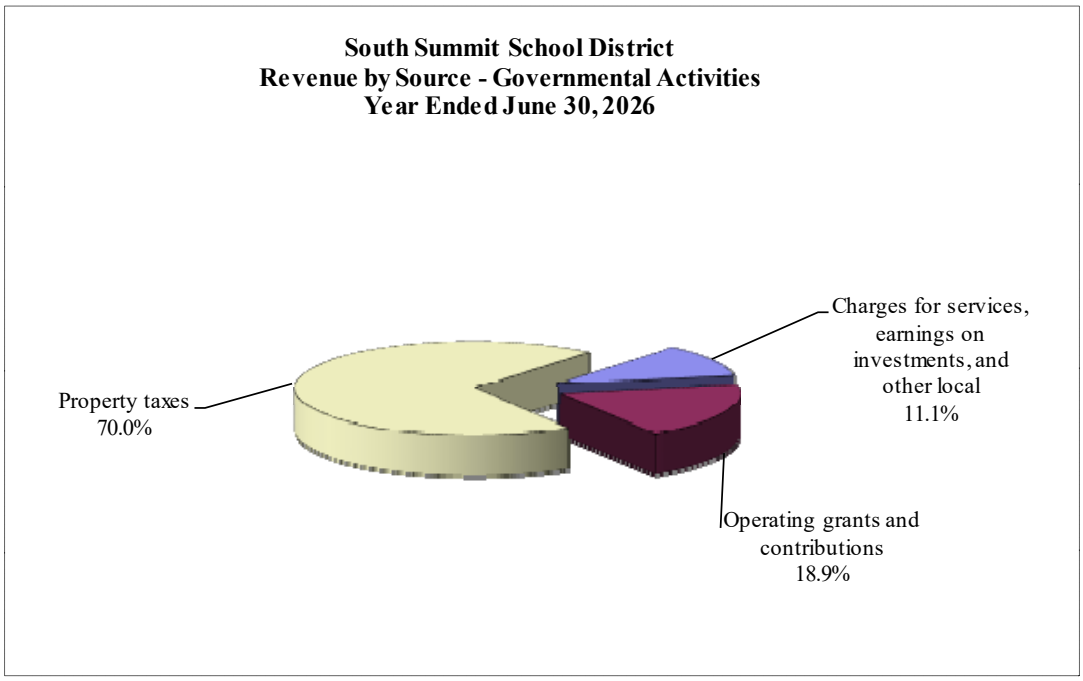
	Governmental activities		Total change
	2026	2025	2026-2025
Revenues:			
Program revenues:			
Charges for services	$ 2.0	$ 2.1	$ (0.1)
Operating grants and contributions	7.5	7.2	0.3
General revenues:			
Property taxes	27.7	26.2	1.5
Federal and state aid not restricted to specific purposes	-	0.1	(0.1)
Earnings on investments	1.9	2.0	(0.1)
Other local	0.5	0.3	0.2
Total revenues	39.6	37.9	1.7
Expenses:			
Instruction	23.0	18.3	4.7
Supporting services:			
Students	2.1	2.1	-
Instructional staff	1.8	1.7	0.1
General administration	1.2	1.2	-
School administration	2.1	2.0	0.1
Central	1.0	1.0	-
Operation and maintenance of facilities	3.2	3.2	-
Student transportation	1.4	1.1	0.3
School lunch services	0.8	0.8	-
Community services	1.4	1.4	-
Total expenses	38.0	32.8	5.2
Change in net position	1.6	5.1	(3.5)
Net position - beginning, as previuosly reported	87.9	82.8	5.1
Change in financial reporting entity	(0.6)	-	(0.6)
Net position - beginning, as restated	87.3	82.8	4.5
Net position - ending	$ 88.9	$ 87.9	$ 1.0

- *Property Taxes*—Property tax revenues increased by 5.7 percent in 2026 to $27.7 million as a result of a combination of an increase in the taxable value of property and a decrease in the overall tax rate. The District contributed $0.2 million of property taxes to other governments.

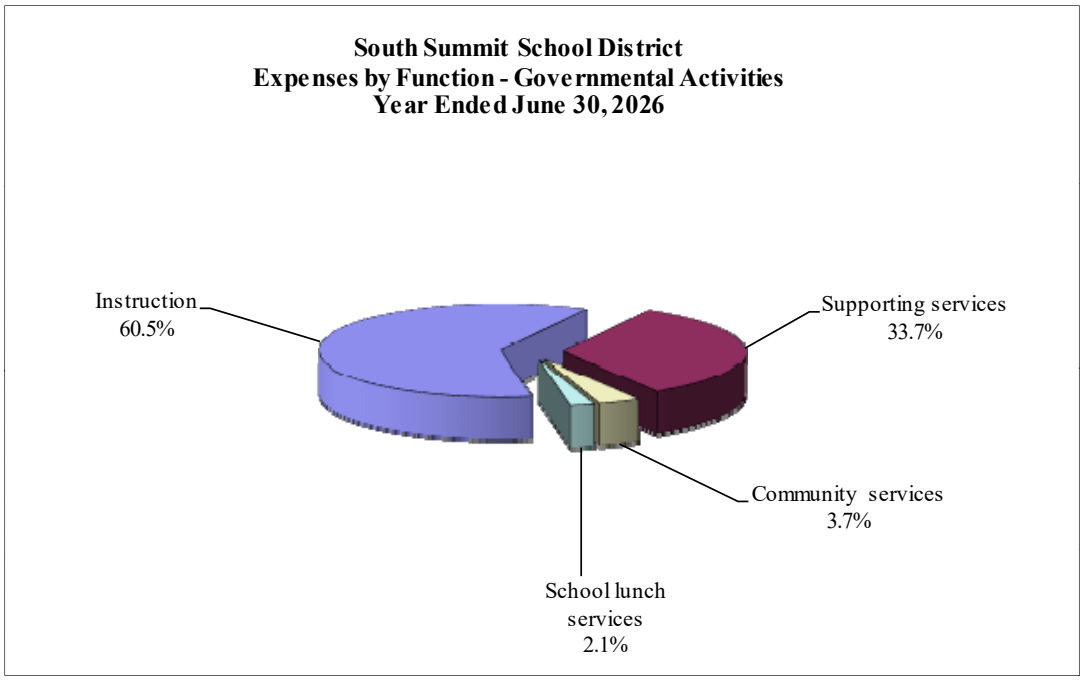
- *Operating Grants and Contributions* and *Federal and State Aid Not Restricted to Specific Purposes*—State revenues increased by $0.3 million. State revenue is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards us one WPU. Certain students receive a weighting greater than one. The state guarantees that if taxes collected from the basic levy do not provide money equal to the WPU, the state will make up

the difference with state funding. The value of the WPU increased by 4.0 percent during the year ended June 30, 2026 ($4,674 during 2026 as compared to $4,494 in 2025). The combination of an increase in the value of the WPU and a decrease in student membership resulted in a minimal increase of state WPU-based program revenue compared to the prior year.

Federal revenues decreased by $0.1 million. This decrease was primarily a result of the changes in funding the District received for the Medical Assistance Program.



- *Instruction*—Instruction expense increased by 25.7 percent in 2026 to $23.0 million. This increase was primarily a result of increases in salaries and related benefits and repairs and maintenance costs on facilities used for instruction.



Governmental Funds

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

Governmental funds report the differences between their assets, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes endowments, inventories, and prepaid items that are not expected to be converted to cash. *Restricted* includes net fund resources that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the general fund and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the general fund are all other available net fund resources.

The District reports two major funds individually in the governmental fund financial statements: *general fund* and *capital projects fund*.

- *General Fund*—The *general fund* is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the *general fund* was $18.6 million, while total fund balance increased to $23.9 million. As a measure of the *general fund's* liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total *general fund* expenditures. Unassigned fund balance represents 65.2 percent of total *general fund* expenditures, while total fund balance represents 83.9 percent of that same amount.

  The fund balance of the District's *general fund* increased by $2.5 million during the current fiscal year. This increase in fund balance is similar to the increase in the prior year. The discussion of property tax revenue, state and federal revenue, and instruction expenses in the analysis of governmental activities applies to the general fund.

- *Capital Projects Fund*—The *capital projects fund* reported a fund balance of $18.2 million, a $2.3 million increase from the prior year. This increase in fund balance was caused mainly by the collection of property taxes and earnings on investments exceeding capital expenditure needs in the current year.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2026 amounts to $50.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and buses, and subscription assets. The total decrease in capital assets for the current year was $2.3 million or 4.3 percent.

SOUTH SUMMIT SCHOOL DISTRICT'S Capital Assets
(net of accumulated depreciation, in millions of dollars)
June 30, 2026 and 2025

	Governmental activities		Total change
	2026	2025	2026-2025
Land and construction in progress	$ 7.0	$ 9.2	$ (2.2)
Buildings and improvements	39.8	40.7	(0.9)
Furniture and equipment	3.2	2.4	0.8
Subscription assets	0.1	0.1	-
Total capital assets	$ 50.1	$ 52.4	$ (2.3)

Additions to capital assets during the current fiscal year included construction in progress and computer equipment.

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-term Financing

At the end of the current fiscal year, the District had total long-term financing liabilities of $0.8 million, which was composed of notes payable from direct borrowing. During the current year, long-term financing liabilities increased by $0.8 million.

SOUTH SUMMIT SCHOOL DISTRICT'S Outstanding Debt
(net of accumulated amortization, in millions of dollars)
June 30, 2026 and 2025

	Governmental activities		Total change
	2026	2025	2026-2025
Note payable from direct borrowing	$ 0.8	$ -	$ 0.8

Additional information on the District's long-term financing can be found in Note 8 of this report.

Currently Known Facts, Decisions, or Conditions

The District is aware of the following items that will impact future finances and were considered in developing the following fiscal year budget.

- *State Revenue*—During the 2026 General Session, the Utah Legislature increased the value of the Weighted Pupil Unit (WPU) by 4.2 percent, from $4,674 in fiscal year 2026 to $4,870 in fiscal year 2027. The increase is expected to increase state funding available to the District, although the ultimate impact will depend on enrollment and other WPU funding factors.

- *Enrollment*—The District anticipates student membership to remain relatively constant for the foreseeable future. The following enrollment information is based on the annual October 1 count:

SOUTH SUMMIT SCHOOL DISTRICT'S Enrollment
October 1 Count

School Year	Enrollment	Change
2025-26	1,516	(3.62)%
2024-25	1,573	(3.62)%
2023-24	1,632	(2.22)%
2022-23	1,669	0.91 %
2021-22	1,654	1.16 %

Requests for Information

This financial report is designed to provide citizens, taxpayers, students, and investors and creditors with a general overview of South Summit School District's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Business Administrator, South Summit School District, 285 E 400 S, Kamas, UT 84036.

Basic Financial Statements

SOUTH SUMMIT SCHOOL DISTRICT
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets:	
Cash and investments	$ 45,916,970
Receivables:	
Property taxes	27,262,900
Other local	1,924
State	637,355
Federal	76,930
Inventories and prepaid items	14,138
Capital assets:	
Land and construction in progress	7,043,650
Depreciable, net of accumulated depreciation	43,106,332
Total assets	124,060,199
Deferred outflows of resources:	
Related to state retirement pensions	3,702,533
Related to district retirement pension	267,338
Total deferred outflows of resources	3,969,871
Liabilities:	
Accounts payable	306,580
Accrued salaries and benefits	2,465,154
Accrued expenses	8,279
Unearned revenue:	
State	1,267,074
Federal	3,601
Noncurrent liabilities:	
Due and payable within one year	533,841
Due and payable after one year	5,883,805
Total liabilities	10,468,334
Deferred inflows of resources:	
Property taxes levied for future year	25,893,865
Related to state retirement pensions	2,735,234
Related to district retirement pension	79,335
Total deferred inflows of resources	28,708,434
Net position:	
Net investment in capital assets	49,310,678
Restricted for:	
Capital projects	18,401,199
School lunch services	157,514
Other purposes	238,937
Unrestricted	20,744,974
Total net position	$ 88,853,302

The accompanying notes are an integral part of this financial statement.

SOUTH SUMMIT SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2026

Activities and Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:				
Instruction	$ 22,994,867	$ 900,503	$ 5,078,418	$ (17,015,946)
Supporting services:				
Students	2,126,409	-	657,754	(1,468,655)
Instructional staff	1,819,539	-	453,835	(1,365,704)
General administration	1,168,721	-	1,249	(1,167,472)
School administration	2,135,460	-	261,982	(1,873,478)
Central	1,025,883	-	3,962	(1,021,921)
Operation and maintenance of facilities	3,214,467	244,132	98,659	(2,871,676)
Student transportation	1,383,708	-	362,955	(1,020,753)
School lunch services	781,279	244,063	381,750	(155,466)
Community services	1,363,481	648,088	87,978	(627,415)
Total school district	$ 38,013,814	$ 2,036,786	$ 7,388,542	(28,588,486)

General revenues:	
Property taxes levied for:	
Basic	10,590,207
Voted local	3,692,071
Board local	7,917,180
Capital local	5,228,474
Pass-through taxes	227,360
Total property taxes	27,655,292
Federal and state aid not restricted to specific purposes	47,217
Earnings on investments	1,865,612
Other local	501,097
Total general revenues	30,069,218
Change in net position	1,480,732
Net position - beginning, as previously reported	87,899,275
Change in financial reporting entity	(526,705)
Net position - beginning, as restated	87,372,570
Net position - ending	$ 88,853,302

The accompanying notes are an integral part of this financial statement.

SOUTH SUMMIT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2026

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Assets:				
Cash and investments	$ 27,002,540	$ 18,292,476	$ 621,954	$ 45,916,970
Receivables:				
Property taxes	21,899,672	5,158,131	205,097	27,262,900
Other local	1,874	-	50	1,924
State	502,459	85,005	49,891	637,355
Federal	76,930	-	-	76,930
Inventories and prepaid items	6,810	-	7,328	14,138
Total assets	$ 49,490,285	$ 23,535,612	$ 884,320	$ 73,910,217
Liabilities:				
Accounts payable	$ 70,411	$ 236,169	$ -	$ 306,580
Accrued salaries and benefits	2,464,039	-	1,115	2,465,154
Accrued expenses	8,279	-	-	8,279
Unearned revenue:				
State	1,267,074	-	-	1,267,074
Federal	3,601	-	-	3,601
Total liabilities	3,813,404	236,169	1,115	4,050,688
Deferred inflows of resources:				
Unavailable property taxes	988,558	232,828	6,817	1,228,203
Property taxes levied for future year	20,797,341	4,898,244	198,280	25,893,865
Total deferred inflows of resources	21,785,899	5,131,072	205,097	27,122,068
Fund balances:				
Nonspendable:				
Inventories and prepaid items	6,810	-	7,328	14,138
Restricted for:				
Capital projects	-	18,168,371	-	18,168,371
School lunch services	-	-	150,186	150,186
Other	238,937	-	-	238,937
Committed to:				
Economic stabilization	672,498	-	-	672,498
Employee and retiree benefits	2,293,447	-	-	2,293,447
Community recreation	2,071,960	-	-	2,071,960
Student activities	-	-	520,594	520,594
Assigned to:				
Programs	49,505	-	-	49,505
Unassigned	18,557,825	-	-	18,557,825
Total fund balances	23,890,982	18,168,371	678,108	42,737,461
Total liabilities, deferred inflows of resources, and fund balances	$ 49,490,285	$ 23,535,612	$ 884,320	$ 73,910,217

The accompanying notes are an integral part of this financial statement.

SOUTH SUMMIT SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds		$ 42,737,461
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 6,918,471	
Construction in progress	125,179	
Buildings, net of $34,401,521 accumulated depreciation	39,927,798	
Furniture and equipment, net of $5,388,074 accumulated depreciation	3,174,563	
Subscription assets, net of $49,639 accumulated depreciation	3,971	50,149,982
Some of the District's property taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		
Unavailable property taxes		1,228,203
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities; these accounts are reported in the statement of net position.		
Note payable		(839,304)
Long-term employee benefit obligations and related deferrals are not due and payable in the current period and therefore are not reported in the funds; these accounts are reported in the statement of net position.		
Deferred outflows of resources related to state retirement pensions	3,702,533	
Deferred outflows of resources related to District retirement pension	267,338	
Net pension liability	(3,876,091)	
District retirement liability	(466,018)	
Healthcare related termination benefit liability	(109,493)	
Compensated absences	(1,126,740)	
Deferred inflows of resources related to state retirement pensions	(2,735,234)	
Deferred inflows of resources related to District retirement pension	(79,335)	(4,423,040)
Total net position of governmental activities		$ 88,853,302

The accompanying notes are an integral part of this financial statement.

SOUTH SUMMIT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2026

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Revenues:				
Local sources:				
Property taxes	$ 21,900,119	$ 5,213,586	$ 227,360	$ 27,341,065
Earnings on investments	1,061,408	804,195	9	1,865,612
Other local sources	1,064,732	223,066	1,109,197	2,396,995
State	6,559,476	85,005	181,760	6,826,241
Federal	367,188	-	242,330	609,518
Total revenues	30,952,923	6,325,852	1,760,656	39,039,431
Expenditures:				
Current:				
Instruction	15,440,124	1,566,128	676,542	17,682,794
Supporting services:				
Students	2,083,628	-	-	2,083,628
Instructional staff	1,736,114	-	-	1,736,114
General administration	1,059,436	-	-	1,059,436
School administration	2,035,711	6,042	-	2,041,753
Central	1,001,646	2,124	-	1,003,770
Operation and maintenance of facilities	3,021,486	45,442	-	3,066,928
Student transportation	986,306	168,856	-	1,155,162
School lunch services	7,608	-	750,538	758,146
Community services	1,118,976	-	227,360	1,346,336
Capital outlay	-	3,511,475	-	3,511,475
Total expenditures	28,491,035	5,300,067	1,654,440	35,445,542
Excess of revenues over expenditures	2,461,888	1,025,785	106,216	3,593,889
Other financing source:				
Proceeds from sale of capital assets	2,143	149,317	-	151,460
Issuance of note payable	-	1,138,697	-	1,138,697
Total other financing sources	2,143	1,288,014	-	1,290,157
Net change in fund balances	2,464,031	2,313,799	106,216	4,884,046
Fund balances - beginning, as previously reported	21,426,951	15,854,572	1,098,597	38,380,120
Change in financial reporting entity	-	-	(526,705)	(526,705)
Fund balances - beginning, as restated	21,426,951	15,854,572	571,892	37,853,415
Fund balances - ending	$ 23,890,982	$ 18,168,371	$ 678,108	$ 42,737,461

The accompanying notes are an integral part of this financial statement.

SOUTH SUMMIT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2026

Net change in fund balances-total governmental funds		$ 4,884,046
The change in net position reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than $5,000 for land and equipment and $100,000 for buildings and related improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.		
Capital outlays	$ 506,508	
Proceeds from sale of capital assets	(151,460)	
Gain on disposal of capital assets	140,888	
Depreciation expense	(2,617,612)	(2,121,676)
Property taxes are recognized when levied (when claim to resources is established) rather than when available. The portion not available soon enough to pay for the current periods expenditures is recognized as a deferred inflow of resources in the funds.		314,227
The issuance of debt provides current financial resources to governmental funds, while the repayment of the principal of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal on notes payable from direct borrowings	299,393	
Issuance of note payable	(1,138,697)	(839,304)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds; long-term employee benefit obligations are reported as expenditures in the governmental funds when paid.		
Compensated absences	(80,337)	
State retirement pension expense	(693,524)	
District retirement pension expense	(16,221)	
Healthcare related termination benefit expense	33,521	(756,561)
Change in net position of governmental activities		$ 1,480,732

The accompanying notes are an integral part of this financial statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The District is not a component unit of any other primary government.

Government-wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the government (the District). These statements include the financial activities of the overall District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds, including its blended component unit. Separate statements for each fund category (governmental and proprietary) 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 general government, except those required to be accounted for in another fund.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year end. 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 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.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when cash is received by the District.

Budgetary Data

The District operates within the budget requirements for school districts as specified by state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.

- 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 30 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 additional data is available to set the 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, 2026, 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.

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. Investments of the District 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.

Inventories

Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are recorded as revenue when received. Inventories reported in the governmental funds are equally offset by a nonspendable portion of fund balance, indicating they are not expected to be converted to cash.

Prepaid Items

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

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 for land and equipment and $100,000 for buildings. 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 an asset or significantly extend the asset’s life 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 equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15 to 50
Furniture and equipmenet	5 to 10
Subscription assets	>1

Subscription-based Information Technology Arrangements

The District has entered into non-cancellable Subscription-Based Information Technology Arrangements (SBITA) contracts for right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. The subscription asset is measured as the sum of the initial subscription liability amount, the payments made to the SBITA vendor before commencement of the subscription term, and the capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The District recognizes all subscription liabilities regardless of amount. If amounts are prepaid and no future payments are required under the contract, then the District reports no subscription liabilities. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

Key estimates and judgments related to SBITAs include how the District determines (a) the discount rate it uses to discount the expected subscription payments to present value, (b) subscription term, and (c) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.

- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the Subscription payable are composed of fixed payments and other payments the government is reasonably certain will be required to be made to the SBITA vendor.

Unearned Revenue

Unearned revenue for the District represents amounts received on grants whose purpose restrictions have not been met. Revenue is recognized on restricted grants only when all restrictions on those funds are satisfied.

Compensated Absences

The District recognized liabilities for compensated absences for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or paid out upon termination or retirement.

The District permits eligible employees to accumulate earned, but unused sick leave benefits. When an employee terminates or retires the District compensates the employee up to 25 percent of their accumulated sick leave.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah 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 the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

For purposes of measuring the District's retirement pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, the District recognized benefit payments when due and payable in accordance with benefit terms. The District's retirement pension liability is an actuarially determined amount.

Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable statement of net position and include note payable from direct borrowing, compensated absences, state and district retirement pension liabilities, and healthcare related termination benefit liability.

In the fund financial statements, governmental funds usually recognizes expenditures when paid; long-term obligations are not reported as liabilities in the governmental funds.

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources

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

Net Position/Fund Balances

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

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

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

Fund balance classifications are summarized as follows:

Nonspendable – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to prepaid items and inventories 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 unspent tax revenue for specific purposes (capital projects), amounts in other governmental funds (*school lunch fund*), and amounts with external restrictions for other specified purposes.

Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

- As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of g*eneral 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" and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and the Utah State Auditor.

- The District has committed general fund resources for employee and retiree benefits.

- The District has committed general fund resources for community recreation programs.

- The District has committed other governmental fund resources to support District student activities at schools including athletics, textbooks, field trips, music programs, book fairs, and school plays.

Assigned – The District has assigned resources held in the *general fund* that the District intends to be used for a specific purpose but are neither restricted nor committed. Unlike commitments, assignments generally only exist temporarily.

Unassigned – Residual balances in the *general fund* are classified as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

Net position – It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

Fund balance – It is the District's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2026, as shown on the financial statements, is as follows:

Carrying amount of deposits	$	1,943,240
Carrying amount of investments		43,973,730
Total deposits and investments	$	45,916,970

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

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. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits

At June 30, 2026, the District has the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
South Summit School District	$ 1,943,240	$ 2,336,921	$ 250,000

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2026, the District's bank deposits were uncollateralized nor is it required by law.

Investments

At June 30, 2026, the District has $43,973,730 invested with Utah Public Treasurers' Fund (PTIF). The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state's name by the state's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of 90 days of less. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single non-governmental issuer. The reported value of the pool is the same as the fair value of the pool shares and is not required to be reported in the fair value hierarchy.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules.

NOTE 3 – PROPERTY TAXES

District Property Tax Revenue

The property tax revenue of the District is collected and distributed by the Summit County (the 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 (the legal lien date) 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 2.5% penalty, with a $10 minimum penalty. If delinquent taxes and penalties are not paid by January 31 of the following year, these delinquent taxes, including penalties, are subject to an interest charge; the interest period is from January 1 until date paid.

An annual uniform fee based on the value of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Legislation requires motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2026, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2026 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.

Pass-Through Taxes

Per *Utah Code* 53F-2-703, a portion of the District's board local levy is paid to the statewide charter school levy account. The portion is based on the number of charter school students residing within the District's boundaries. In 2026, the amount collected by the County and paid directly to the State was $227,360; this amount was reported in other governmental funds (in the *pass-through taxes fund*).

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 6,918,471	$ -	$ -	$ 6,918,471
Construction in progress	2,270,653	335,333	(2,480,807)	125,179
Total capital assets, not being depreciated	9,189,124	335,333	(2,480,807)	7,043,650
Capital assets, being depreciated:				
Buildings and improvements	73,278,744	1,050,575	-	74,329,319
Furntiture and equipment	8,626,523	1,500,525	(1,564,411)	8,562,637
Subscription assets	53,610	-	-	53,610
Total capital assets, being depreciated	81,958,877	2,551,100	(1,564,411)	82,945,566
Accumulated depreciation for:				
Buildings and improvements	(32,460,530)	(1,940,991)	-	(34,401,521)
Furntiture and equipment	(6,273,234)	(668,679)	1,553,839	(5,388,074)
Subscription assets	(41,697)	(7,942)	-	(49,639)
Total accumulated depreciation	(38,775,461)	(2,617,612)	1,553,839	(39,839,234)
Total capital assets being depreciated, net	43,183,416	(66,512)	(10,572)	43,106,332
Governmental activities capital assets, net	$ 52,372,540	$ 268,821	$ (2,491,379)	$ 50,149,982

For the year ended June 30, 2026, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	$ 2,135,971
Supporting services:	
Students	5,235
Instructional staff	36,647
District administration	83,764
School administration	26,176
Operation and maintenance of facilities	104,704
Student transportation	212,027
School lunch services	13,088
Total depreciation expense, governmental activities	$ 2,617,612

NOTE 5 – STATE RETIREMENT PLANS

Description of Plans

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

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

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

Defined Contribution Plans (individual account plans):

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

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

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

The plans are established and governed by the respective sections of Title 49 of the Utah Code. The plans are amended statutorily by the Utah State Legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits Provided

The URS provides retirement, disability, and death benefits to participants in the pension plans.

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

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions

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

For the year ended June 30, 2026, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan	Totals
	District Contribution *	Amortization of UAAL **	Employee Contribution		
Tier 1 Noncontributory System	12.25%	8.94%	-	1.50%	22.69%
Tier 2 Contributory System	10.08%	8.94%	0.81%	-	19.83%
Tier 2 Defined Contribution Plan	0.08%	8.94%	-	10.00%	19.02%

* District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.
** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

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

For the year ended June 30, 2026, District and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	$ 1,801,071	$ -
Tier 2 Contributory System	924,346	38,401
Tier 2 Defined Contribution Plan	97,011	-
401(k) Plan	364,669	484,614

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

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

At June 30, 2026, the District reported an asset of zero and a liability of $3,876,091 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	$ -	$ 3,522,735
Tier 2 Contributory System	-	353,356
Total	$ -	$ 3,876,091

The net pension liability (asset) was measured as of December 31, 2025, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2025, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of its actual contributions compared to the total of all employer contributions during the plan year.

The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2025 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2025	Change
Tier 1 Noncontributory System	0.2823344 %	0.0006404 %
Tier 2 Contributory System	0.1433209 %	0.0042244 %

For the year ended June 30, 2026, the District recognized pension expense for the plans as follows:

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	$ 3,021,016
Tier 2 Contributory System	490,532
Total	$ 3,511,548
Defined contribution plans:	
Tier 2 Defined Contribution Plan	$ 97,011
401(k) Plan	364,669
Total	$ 461,680

At June 30, 2026, the District reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	$ 1,828,232	$ 245,748	$ 2,073,980
Changes of assumptions	-	125,844	125,844
Changes in proportion and differences between District contributions and proportionate share of contributions	16,613	72,070	88,683
Contributions subsequent to the measurement date	902,386	511,640	1,414,026
Total	$ 2,747,231	$ 955,302	$ 3,702,533

At June 30, 2026, the District reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	$ -	$ 1,759	$ 1,759
Net difference between projected and actual earnings on pension plan investments	2,589,901	128,228	2,718,129
Changes in proportion and differences between District contributions and proportionate share of contributions	11,476	3,870	15,346
Total	$ 2,601,377	$ 133,857	$ 2,735,234

The $1,414,026 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2025 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2027. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2027	$ 1,916,897	$ 47,989	$ 1,964,886
2028	(857,853)	4,673	(853,180)
2029	(941,847)	12,349	(929,498)
2030	(873,729)	13,185	(860,544)
2031	-	50,031	50,031
Thereafter	-	181,578	181,578

Actuarial Assumptions

The total pension liability (asset) in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% to 9.50%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2025 valuation were based on an experience study for the period ending December 31, 2022.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	35%	2.34%
Debt securities	20%	0.41%
Real assets	18%	0.95%
Private equity	12%	1.18%
Absolute return	15%	0.59%
Cash and cash equivalents	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability (asset) 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 from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' 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 (asset).

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	$ 16,340,239	$ 3,522,735	$ (1,992,328)
Tier 2 Contributory System	1,239,027	353,356	(226,296)
Total	$ 17,579,266	$ 3,876,091	$ (2,218,624)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2026, the District reported payables of $681,556 for contributions to defined benefit pension plans.

NOTE 6 – DISTRICT RETIREMENT PENSION PLAN

Description of Plan

The district retirement pension plan provides retirement income to all employees who qualify for state retirement and have been employed by the District for fifteen or more years of full-time service and an equal amount of years of eligibility in the state retirement plan. The district retirement pension plan is a single-employer defined benefit pension plan offered and administered by the Board of the District under its own authority. No assets are accumulated in a trust that meets the criteria of generally accepted accounting principles.

Benefits Provided

Any benefit eligible employee, who is eligible for retirement benefits and desires to retire, will be given the following retirement stipend incentive:

Years of Eligible Service	Licensed Employees	Classified Employees
15 to 19	$ 7,000	$ 7,000
20 to 24	12,000	12,000
25 to 29	15,000	15,000
30 +	18,000	18,000

Employees Covered by Benefit Terms

At June 30, 2026, 147 active employees and 9 retirees were covered by the benefit terms.

Total District Retirement Pension Liability

At June 30, 2026, the District recorded a total district retirement pension liability of $466,018 (see Note 8 for long-term liabilities), determined by an actuarial valuation as of July 1, 2026. The District has established resources for the obligation by committing fund balance in the *general fund*.

Actuarial Methods and Assumptions

The total district retirement pension liability in the June 30, 2026 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	3.00% to 8.50%
Discount rate	4.63%

The discount rate was based on a yield or index rate of 20 tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The plan has not had a formal actuarial experience study performed.

Changes in the District Retirement Pension Liability

Service cost	$	24,974
Interest		15,947
Effect of assumption changes or inputs		(2,265)
Effect of economic/ demographic gains or losses		166,248
Benefits payments		(40,641)
Net change in district retirement pension liability		164,263
District retirement pension liablity - beginning of year		301,755
District retirement pension liablity - end of year	$	466,018

No plan changes of benefit terms occurred in 2026. The discount rate assumption decreased from 5.20% to 4.63% in 2026.

Sensitivity of the District Retirement Pension Liability to Changes in the Discount Rate

The following presents the District's total district retirement pension liability calculated using the discount rate of 4.63% as well as what the District's total district retirement pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.63%) or one percentage point higher (5.63%) than the current discount rate:

	1% Decrease (3.63%)	Discount Rate (4.63%)	1% Increase (5.63%)
District retirement pension liability	$ 490,708	$ 466,018	$ 441,896

Pension Expense and Deferred Outflows and Inflows of Resources Related to the District Retirement Pension Plan

For the year ended June 30, 2026, the District recognized pension expense of $56,862 related to the district retirement pension plan. At June 30, 2026, the District reported deferred inflows of resources and deferred inflows of resources related to district retirement pension plan from the following sources:

	Deferred Ouflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 266,162	$ -
Effect of assumption changes or inputs	1,176	79,335
Total	$ 267,338	$ 79,335

The amounts reported as deferred outflows of resources and deferred inflows of resources related to district retirmeent pension plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2027	$ 15,941
2028	15,941
2029	15,941
2030	15,941
2031	16,023
Thereafter	108,216

NOTE 7 – RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to $10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a $1,000 deductible; automobile physical damage is insured to actual value with a $350 deductible; other liability is limited to the lesser of $10 million or the statutory limit. The Fund is a public entity risk pool operated

by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to $25 million per location. This is a pooled arrangement where the participants pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.
The Utah Local Governments Trust covers all District employees for workers' compensation. Unemployment insurance is covered by the District on a pay-as-you-go basis; settled claims for the past three years have been insignificant.

NOTE 8 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable from direct borrowing	$ -	$ 1,138,697	$ (299,393)	$ 839,304	$ 265,740
Compensated absences payable *	1,046,403	80,337	-	1,126,740	191,546
Net state retirement pension liability	6,787,098	9,747,057	(12,658,064)	3,876,091	-
District retirement pension liability	301,755	207,169	(42,906)	466,018	46,602
Healthcare related termination benefit	143,014	-	(33,521)	109,493	29,953
Total governmental activity long-term liabilities	$ 8,278,270	$ 11,173,260	$ (13,033,884)	$ 6,417,646	$ 533,841

* The changes in the compensated absences are netted as additions or deletions for this schedule.

Note Payable from Direct Borrowing

In 2026, the District issued a note payable from direct borrowing to help finance the acquisition of equipment. Proceeds from the note totaled $1,138,697; the note bears an interest rate of 5.2%. The note is payable in annual installments of $309,260 for 4 years with a final maturity in July 2028. The note contain a provisions that in an event of default, the financing institution may take possession of and sublease the equipment to another entity. The financing institution may hold the District liable for the difference between the payments due on the note and rents received.

Healthcare Related Termination Benefit

The District provides group health, accident, and life insurance on the retiree and spouse for up to five years or until the individual becomes eligible for Medicare, whichever occurs first. To be eligible for insurance, an employee must have twenty or more years of full-time service in the District and at least twenty-five years of service in the Utah Retirement System (URS). The District will cover an employee and, if applicable, his or her spouse. At June 30, 2026, the District has 2 retirees covered by the benefit terms. The District payments for these benefits totaled paid $33,521 for the year ended June 30, 2026. Future retirement payments on behalf of eligible individuals who have elected early retirement are recognized on an accrual basis as an expense in the government-wide financial statements in the year of retirement. The liability is paid from the fund from which the employee retires.

NOTE 9 – LITIGATION AND COMPLIANCE

At certain times, claims or lawsuits are pending in which the District is involved. The District's counsel and insurance carriers estimate that the District's potential obligations resulting from such claims or litigation would not materially affect the financial statements of the District.

All fund balances are positive at June 30, 2026. Fund expenditures are within budgeted amounts during the year ended June 30, 2026.

NOTE 10 – 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 fund. Based on prior experience, District administration believes such disallowance, if any, would be insignificant.

NOTE 11 – RESTATEMENT

During the year ended June 30, 2026, changes were made to South Summit School District Foundation (the Foundation) purpose, structure, and governance. As a result of these changes, the Foundation no longer meets criteria to be reported as a blended component unit of the District and has been removed from the District's financial statements. Beginning fund balance and net position have been restated as follows:

	Foundation	Governmental Activities
Fund balance / net position - beginning, as previously reported	$ 526,705	$ 87,899,275
Changes within financial reporting entity	(526,705)	(526,705)
Fund balance / net position - beginning, as restated	$ -	$ 87,372,570

Required Supplementary Information

SOUTH SUMMIT SCHOOL DISTRICT
Budgetary Comparison Schedule – *General Fund*
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Local:					
Property taxes	$ 21,046,020	$ 21,241,299	$ 195,279	$ 21,900,119	$ 658,820
Earnings on investments	600,000	799,653	199,653	1,061,408	261,755
Other local	1,025,212	731,175	(294,037)	1,064,732	333,557
State	6,867,012	7,120,098	253,086	6,559,476	(560,622)
Federal	384,405	358,030	(26,375)	367,188	9,158
Total revenues	29,922,649	30,250,255	327,606	30,952,923	702,668
Expenditures:					
Current:					
Instruction	16,204,557	16,181,268	(23,289)	15,440,124	741,144
Supporting services:					
Student	2,116,293	2,119,251	2,958	2,083,628	35,623
Instructional staff	1,792,567	1,774,348	(18,219)	1,736,114	38,234
General administration	1,130,333	1,106,211	(24,122)	1,059,436	46,775
School administration	2,049,982	2,056,451	6,469	2,035,711	20,740
Central	1,094,314	1,045,159	(49,155)	1,001,646	43,513
Operation and maintenance of facilities	3,223,410	3,329,519	106,109	3,021,486	308,033
Student transportation	1,032,104	1,081,498	49,394	986,306	95,192
School lunch services	7,322	7,607	285	7,608	(1)
Community services	1,276,767	1,226,187	(50,580)	1,118,976	107,211
Total expenditures	29,927,649	29,927,499	(150)	28,491,035	1,436,464
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(5,000)	322,756	327,756	2,461,888	2,139,132
Other financing sources:					
Proceeds from sale of capital assets	5,000	2,144	(2,856)	2,143	(1)
Net change in fund balances	-	324,900	324,900	2,464,031	2,139,131
Fund balances - beginning	21,426,951	21,426,951	-	21,426,951	-
Fund balances - ending	$ 21,426,951	$ 21,751,851	$ 324,900	$ 23,890,982	$ 2,139,131

SOUTH SUMMIT SCHOOL DISTRICT

Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) − Utah Retirement Systems

Last Ten Plan (Calendar) Years

	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2025	0.2823344 %	$ 3,522,735	$ 8,592,979	41.00 %	95.9 %
2024	0.2816940 %	6,372,258	8,620,501	73.92 %	92.1 %
2023	0.2710879 %	5,554,555	7,943,590	69.92 %	92.5 %
2022	0.2688366 %	5,804,922	7,586,510	76.52 %	91.6 %
2021	0.2660940 %	(1,818,072)	7,380,115	(24.63)%	102.7 %
2020	0.2469974 %	3,292,776	6,533,408	50.40 %	94.3 %
2019	0.2475504 %	5,499,832	6,393,563	86.02 %	90.1 %
2018	0.2181100 %	8,114,820	5,965,015	136.04 %	84.1 %
2017	0.2172948 %	5,313,645	5,906,589	89.96 %	89.2 %
2016	0.2042651 %	6,620,062	5,575,147	118.74 %	84.9 %
Tier 2 Contributory System:					
2025	0.1433209 %	$ 353,356	$ 4,628,055	7.64 %	91.6 %
2024	0.1390965 %	414,840	4,151,137	9.99 %	87.4 %
2023	0.1283709 %	249,859	3,323,087	7.52 %	89.6 %
2022	0.1158125 %	126,108	2,540,057	4.96 %	92.3 %
2021	0.1058595 %	(44,804)	1,973,812	(2.27)%	103.8 %
2020	0.1139252 %	16,386	1,826,320	0.90 %	98.3 %
2019	0.1199917 %	26,987	1,670,510	1.62 %	86.5 %
2018	0.1758260 %	50,358	1,384,371	3.64 %	90.8 %
2017	0.1091818 %	9,625	1,071,017	0.90 %	97.4 %
2016	0.1068816 %	11,923	876,513	1.36 %	95.1 %

SOUTH SUMMIT SCHOOL DISTRICT

Schedules of District Contributions − Utah Retirement Systems

Last Ten Reporting (Fiscal) Years

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2026	$ 1,801,071	$ 1,801,071	$ -	$ 8,696,252	20.71 %
2025	1,835,414	1,835,414	-	8,643,999	21.23 %
2024	1,838,552	1,838,552	-	8,437,684	21.79 %
2023	1,661,275	1,661,275	-	7,646,453	21.73 %
2022	1,638,412	1,638,412	-	7,524,313	21.77 %
2021	1,521,554	1,521,554	-	6,981,776	21.79 %
2020	1,400,543	1,400,543	-	6,374,137	21.97 %
2019	1,365,262	1,365,262	-	6,209,245	21.99 %
2018	1,299,824	1,299,824	-	5,923,709	21.94 %
2017	1,257,315	1,257,315	-	5,712,627	22.01 %
Tier 2 Contributory System:					
2026	$ 924,346	$ 924,346	$ -	$ 4,840,557	19.10 %
2025	870,836	870,836	-	4,449,883	19.57 %
2024	753,886	753,886	-	3,817,206	19.75 %
2023	578,713	578,713	-	2,927,211	19.77 %
2022	425,203	425,203	-	2,197,696	19.35 %
2021	346,614	346,614	-	1,814,140	19.11 %
2020	351,288	351,288	-	1,851,550	18.97 %
2019	275,963	275,963	-	1,466,479	18.82 %
2018	237,592	237,592	-	1,290,139	18.42 %
2017	163,738	163,738	-	897,687	18.24 %
Tier 2 Defined Contribution Plan:					
2026	$ 97,011	$ 97,011	$ -	$ 1,180,192	8.22 %
2025	79,508	79,508	-	828,862	9.59 %
2024	77,635	77,635	-	774,801	10.02 %
2023	63,580	63,580	-	634,531	10.02 %
2022	60,587	60,587	-	604,659	10.02 %
2021	64,338	64,338	-	642,097	10.02 %
2020	36,502	36,502	-	364,293	10.02 %
2019	39,455	39,455	-	393,763	10.02 %
2018	32,352	32,352	-	322,869	10.02 %
2017	31,690	31,690	-	313,314	10.11 %

SOUTH SUMMIT SCHOOL DISTRICT

Schedule of the Changes in the District's Retirement Pension Liability and Related Ratios

Last Ten Plan (Calendar) Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	$ 24,974	$ 22,806	$ 22,035	$ 24,808	$ 28,480	$ 23,478	$ 21,419	$ 22,062	$ 18,073	$ 17,378
Interest	15,947	14,380	14,999	17,755	9,935	10,582	17,655	17,915	21,075	22,230
Efffect on economic and demographic (gains) losses	166,248	-	34,733	-	125,161	-	29,906	-	(24,700)	-
Effect on assumption changes and inputs	(2,265)	(22,614)	1,548	(3,105)	(41,208)	(22,969)	(50,152)	-	11,862	-
Benefit payments	(40,641)	(105,320)	(138,210)	(116,620)	(38,415)	(31,500)	(38,771)	(54,249)	(60,653)	(76,058)
Net change in district retirement pension liability	164,263	(90,748)	(64,895)	(77,162)	83,953	(20,409)	(19,943)	(14,272)	(34,343)	(36,450)
District retirement pension liability - beginning of year	301,755	392,503	457,398	534,560	450,607	471,016	490,959	505,231	539,574	576,024
District retirement pension liability - end of year	$ 466,018	$ 301,755	$ 392,503	$ 457,398	$ 534,560	$ 450,607	$ 471,016	$ 490,959	$ 505,231	$ 539,574
Covered-employee payroll	$ 11,405,518	$ 11,019,824	$ 10,647,173	$ 10,287,124	$ 9,891,465	$ 8,259,477	$ 8,259,477	$ 7,178,569	$ 7,017,174	$ 6,309,612
Total district retirement pension liability as a percentage of covered-employee payroll	4.09%	2.74%	3.69%	4.45%	5.40%	5.46%	5.70%	6.84%	7.20%	8.55%

SOUTH SUMMIT SCHOOL DISTRICT
Notes to Required Supplementary Information

NOTE A – BUDGETARY COMPARISONS

Original Budget to Final Budget – *General Fund*

The difference between the *general fund* original budget and the final budget for total revenues was an increase of $0.3 million. This increase was primarily a result of increases in property taxes, earnings on investments, and state revenue. These increases were partially offset by reductions in budgeted other local revenues.

The *general fund* original budget and the final budget for total expenditures remained relatively unchanged. Budget amendments during the year primarily reflected reallocations among expenditure categories rather than a change in total budgeted expenditures.

Final Budget to Actual – *General Fund*

Actual *general fund* revenues were $0.7 million higher than the final budget. This difference is primarily a result of higher property taxes, earnings on investments, and other local revenue offset by lower state revenue.

Actual *general fund* expenditures were $1.4 million lower than the final budget. This difference is primarily a result of lower than anticipated salaries and related benefits and purchased services.

NOTE B – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

The information presented was determined as part of actuarial valuations performed. Over time the actuarial assumptions are periodically changed. Amounts reported in the current and prior plan years include the following significant actuarial assumption changes:

Plan Year	Discount Rate	Payroll Growth Rate	Wage Inflation Rate	Inflation Rate
2025	6.85%	2.90%	3.50 to 9.50%	2.50%
2024	6.85%	2.90%	3.50 to 9.50%	2.50%
2023	6.85%	2.90%	3.50 to 9.50%	2.50%
2022	6.85%	2.90%	3.25 to 9.25%	2.50%
2021	6.85%	2.90%	3.25 to 9.25%	2.50%
2020	6.95%	2.90%	3.25 to 9.25%	2.50%
2019	6.95%	3.00%	3.25 to 9.25%	2.50%
2018	6.95%	3.00%	3.25 to 9.25%	2.50%
2017	6.95%	3.00%	3.25 to 9.25%	2.50%
2016	7.20%	3.25%	3.35 to 9.35%	2.60%

NOTE C – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

NOTE D – SCHEDULES OF THE CHANGES IN THE DISTRICT'S RETIREMENT PENSION LIABILITY AND RELATED RATIOS

The information presented was determined as part of actuarial valuations performed. Over time the actuarial assumptions are periodically changed. Amounts reported in the current and prior plan years include the following significant actuarial assumption changes:

Plan Year	Discount Rate	Salary Increases	Inflation Rate
2026	4.63%	3.50 to 8.50%	2.30%
2025	5.20%	3.50 to 8.50%	2.30%
2024	3.96%	3.50 to 8.50%	2.30%
2023	3.65%	3.25 to 8.25%	2.30%
2022	3.54%	3.25 to 8.25%	2.30%
2021	2.16%	3.25 to 8.25%	2.20%
2020	2.21%	3.25 to 8.25%	2.20%
2019	3.50%	3.25 to 8.25%	2.30%
2018	4.00%	3.25 to 8.25%	2.30%
2017	4.00%	3.35 to 8.35%	2.30%

Combining and Individual Fund Statements and Schedules

SOUTH SUMMIT SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *General Fund*

Year Ended June 30, 2026 with Comparative Totals for 2025

	2026			2025
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	$ 21,241,299	$ 21,900,119	$ 658,820	$ 20,634,960
Earnings on investments	799,653	1,061,408	261,755	1,129,421
Other local	731,175	1,064,732	333,557	1,284,761
State	7,120,098	6,559,476	(560,622)	6,236,519
Federal	358,030	367,188	9,158	498,187
Total revenues	30,250,255	30,952,923	702,668	29,783,848
Expenditures:				
Current:				
Salaries	17,241,297	16,718,171	523,126	16,020,182
Employee benefits	7,355,751	7,244,522	111,229	6,970,668
Purchased services	2,461,480	2,037,386	424,094	1,796,303
Supplies	2,365,224	2,136,501	228,723	1,965,364
Property	373,565	243,459	130,106	435,808
Other objects	130,182	110,996	19,186	117,576
Total expenditures	29,927,499	28,491,035	1,436,464	27,305,901
Excess of revenues over expenditures	322,756	2,461,888	2,139,132	2,477,947
Other financing sources:				
Proceeds from sale of capital assets	2,144	2,143	1	1,136
Net change in fund balances	324,900	2,464,031	2,139,133	2,479,083
Fund balances - beginning	21,426,951	21,426,951	-	18,947,868
Fund balances - ending	$ 21,751,851	$ 23,890,982	$ 2,139,133	$ 21,426,951

SOUTH SUMMIT SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Capital Projects Fund

Year Ended June 30, 2026 with Comparative Totals for 2025

	2026			2025
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	$ 5,201,282	$ 5,213,586	$ 12,304	$ 4,922,809
Earnings on investments	848,411	804,195	(44,216)	884,583
Other local	71,231	223,066	151,835	141,787
State	-	85,005	85,005	131,417
Total revenues	6,120,924	6,325,852	204,928	6,080,596
Expenditures:				
Current:				
Purchased services	4,973,570	3,308,594	1,664,976	5,296,205
Property	909,981	1,991,473	(1,081,492)	102,994
Total expenditures	5,883,551	5,300,067	583,484	5,399,199
Excess of revenues over expenditures	237,373	1,025,785	788,412	681,397
Other financing sources:				
Proceeds from sale of capital assets	149,317	149,317	-	7,080
Issuance of note payable	-	1,138,697	(1,138,697)	-
Total other financing sournces	149,317	1,288,014	(1,138,697)	7,080
Net change in fund balances	386,690	2,313,799	(350,285)	688,477
Fund balances - beginning	15,854,572	15,854,572	-	15,166,095
Fund balances - ending	$ 16,241,262	$ 18,168,371	$ (350,285)	$ 15,854,572

SOUTH SUMMIT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2026

	School Lunch	Student Activities	Pass-Through Taxes	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	$ 101,360	$ 520,594	$ -	$ 621,954
Receivables:				
Property taxes	-	-	205,097	205,097
Other local	50	-	-	50
State	49,891	-	-	49,891
Inventories and prepaid items	7,328	-	-	7,328
Total assets	$ 158,629	$ 520,594	$ 205,097	$ 884,320
Liabilities:				
Accrued salaries and benefits	$ 1,115	$ -	$ -	$ 1,115
Deferred inflows of resources:				
Unavailable property taxes	-	-	6,817	6,817
Property taxes levied for future years	-	-	198,280	198,280
Total deferred inflows of resources	-	-	205,097	205,097
Fund balances:				
Restricted for:				
Inventories and prepaid items	7,328	-	-	7,328
Restricted for:				
School lunch services	150,186	-	-	150,186
Committed to:				
Student activities	-	520,594	-	520,594
Total fund balances	157,514	520,594	-	678,108
Total liabilities, deferred inflows of resources, and fund balances	$ 158,629	$ 520,594	$ 205,097	$ 884,320

SOUTH SUMMIT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2026

	School Lunch	Foundation	Student Activities	Pass-Through Taxes	Total Nonmajor Governmental Funds
Revenues:					
Local sources:					
Property taxes	$ -	$ -	$ -	$ 227,360	$ 227,360
Earnings on investments	-	-	9	-	9
Lunch sales	244,063	-	-	-	244,063
Other local	-	-	865,134	-	865,134
State	134,543	-	47,217	-	181,760
Federal	242,330	-	-	-	242,330
Total revenues	620,936	-	912,360	227,360	1,760,656
Expenditures:					
Current:					
Instruction	-	-	676,542	-	676,542
School lunch services	750,538	-	-	-	750,538
Community services	-	-	-	227,360	227,360
Total expenditures	750,538	-	676,542	227,360	1,654,440
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(129,602)	-	235,818	-	106,216
Fund balances - beginning, as previously reported	287,116	526,705	284,776	-	1,098,597
Change in financial reporting entity	-	(526,705)	-	-	(526,705)
Fund balances - beginning, as restated	287,116	-	284,776	-	571,892
Fund balances - ending	$ 157,514	$ -	$ 520,594	$ -	$ 678,108

SOUTH SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *School Lunch*
Nonmajor Special Revenue Fund
Year Ended June 30, 2026 with Comparative Totals for 2025

	2026			2025
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Lunch sales	$ 242,845	$ 244,063	$ 1,218	$ 208,928
State	88,550	134,543	45,993	136,318
Federal	186,844	242,330	55,486	240,321
Total revenues	518,239	620,936	102,697	585,567
Expenditures:				
Current:				
Salaries	334,195	321,967	12,228	324,442
Benefits	134,066	132,712	1,354	130,605
Purchased services	9,127	7,027	2,100	14,401
Supplies	286,269	284,035	2,234	285,203
Property	4,432	4,432	-	690
Other objects	1,425	365	1,060	4,208
Total expenditures	769,514	750,538	18,976	759,549
Excess (deficiency) of revenues over (under) expenditures / net changes in fund balances	(251,275)	(129,602)	121,673	(173,982)
Fund balances - beginning	287,116	287,116	-	461,098
Fund balances - ending	$ 35,841	$ 157,514	$ 121,673	$ 287,116

SOUTH SUMMIT SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *Student Activities*

Nonmajor Special Revenue Fund

Year Ended June 30, 2026 with Comparative Totals for 2025

	2026			2025
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Other local	$ 829,638	$ 865,134	$ 35,496	$ 773,678
Earnings on investments	8	9	1	2
State	53,240	47,217	(6,023)	-
Total revenues	882,886	912,360	29,474	773,680
Expenditures:				
Current:				
Purchased services	200,860	195,711	5,149	236,984
Supplies	487,477	446,473	41,004	501,435
Property	20,744	10,744	10,000	15,682
Other objects	22,429	23,614	(1,185)	18,354
Total expenditures	731,510	676,542	54,968	772,455
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	151,376	235,818	(25,494)	1,225
Fund balances - beginning	284,776	284,776	-	283,551
Fund balances - ending	$ 436,152	$ 520,594	$ (25,494)	$ 284,776

SOUTH SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *Pass-Through Taxes*
Nonmajor Special Revenue Fund
Year Ended June 30, 2026 with Comparative Totals for 2025

	2026			2025
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	$ 223,874	$ 227,360	$ 3,486	$ 137,136
Expenditures:				
Other objects	223,874	227,360	(3,486)	137,136
Excess of revenues over expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Compliance Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
South Summit School District

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 South Summit School District (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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 or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
October 9, 2026

Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Education
South Summit School District

Report on Compliance

Opinion on Compliance

We have audited South Summit School District's (the District) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2026:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Debt Limits
Tax Levy Revenue Recognition
Open and Public Meetings Act
Internal Control Systems
Public Education Program

In our opinion, South Summit School District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2026.

Basis for Opinion on Compliance

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,* issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Public education program – The District did not consistently comply with the requirements of Utah Administrative Rule R277-613 related to procedures for addressing reported incidents of bullying and related prohibited conduct.

Views of responsible officials – The District will review its policies and internal controls and ensure timely action is taken when noncompliance is identified.

Report on Internal Control over Compliance

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

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

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

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

Squire & Company, PC

Orem, Utah
October 9, 2026