

BOX ELDER SCHOOL DISTRICT

**Basic Financial Statements
with Supplementary Information**

Year Ended June 30, 2024

BOX ELDER SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2024

Page

FINANCIAL SECTION:

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements:

Balance Sheet - Governmental Funds 14

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 15

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 16

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - *General Fund* 18

Statement of Fiduciary Net Position - Custodial Fund 19

Statement of Changes in Fiduciary Net Position - Proprietary Fund 20

Notes to the Basic Financial Statements 21

Required Supplementary Information

Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) - Utah Retirement Systems 42

Schedules of District Contributions - Utah Retirement Systems 43

Schedule of the Changes in the District's Retirement Pension Liability and Related Ratios 44

Notes to Required Supplementary Information 45

Combining and Individual Fund Statements and Schedules:

Major funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - *General Fund* 46

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - *Debt Service Fund* 47

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - *Capital Projects Fund* 48

BOX ELDER SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2024

Page

FINANCIAL SECTION (Continued):

Nonmajor Special Revenue Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	50
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>School Lunch</i>	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Foundation</i>	52
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Student Activities</i>	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Pass-Through Taxes</i>	54

FINANCIAL SECTION



Independent Auditor's Report

Board of Education
Box Elder 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 Box Elder School District (the District) as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 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 total retirement liability and related ratios, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 November 7, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
November 7, 2024

Management's Discussion and Analysis

This section of Box Elder School District's (District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2024.

Financial Highlights

- The District's total net position was \$186.0 million at the close of the most recent year, the largest portion of which is invested in capital assets.
- The District is dependent on revenues from property taxes and state and federal grants. Property tax revenues totaled \$53.3 million in 2024, an increase of \$3.8 million compared to the prior year. State and federal revenues totaled \$107.9 million in 2024, an increase of \$10.5 million compared to the prior year.
- During the year, expenses were \$11.1 million less than the \$175.3 million generated in taxes and other revenues from governmental activities.
- Student enrollment decreased by 70 students to a total of 12,268 students for fiscal year 2024.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements of the District are reported as *governmental activities*. The District's basic services are included here, such as instruction, various supporting services, food services, community services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

The government-wide financial statements include not only the District itself but also the Box Elder School District Foundation (the Foundation) and Municipal Building Authority of Box Elder School District (the Building Authority), legally separate entities for which the District is financially accountable. The

Foundation and the Building Authority function for all practical purposes as activities of the District, and therefore have been included as integral parts of the District.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

Fiduciary funds – Fiduciary funds are those used to account for resources, which (although held by the District) are for the benefit of other entities and individuals. Since these are resources that cannot be used for District programs, they are not included in the government-wide statements. The District reports one custodial fund. The fiduciary fund financial statements can be found on pages 19 through 20 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 through 41 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s progress in funding its obligations to provide pension and other postemployment benefits to its employees and retirees. Required supplementary information can be found on pages 42 through 45 of this report.

The combining and individual statements and schedules referred to earlier in connection with governmental funds can be found on pages 46 through 54 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$186.0 million at the close of the most recent fiscal year.

BOX ELDER SCHOOL DISTRICT'S Net Position

(in millions of dollars)
June 30, 2024 and 2023

	Governmental activities		Total change
	2024	2023	2024-2023
Current and other assets	\$ 124.9	\$ 110.6	\$ 14.3
Capital assets	171.7	174.4	(2.7)
Total assets	296.6	285.0	11.6
Deferred outflows of resources	24.7	23.3	1.4
Current and other liabilities	14.4	12.0	2.4
Long-term liabilities outstanding	76.6	79.0	(2.4)
Total liabilities	91.0	91.0	(0.0)
Deferred inflows of resources	44.3	42.4	1.9
Net position:			
Net investment in capital assets	144.3	142.8	1.5
Restricted	37.7	33.1	4.6
Unrestricted	4.0	(1.0)	5.0
Total net position	\$ 186.0	\$ 174.9	\$ 11.1

The key elements of the District’s net position at June 30, 2024 are as follows:

- The largest portion of the District’s net position (\$144.3 million) reflects its investment in capital assets (e.g., land, water shares, construction in progress, building and improvements, and furniture and equipment net of accumulated depreciation) less any related debt (general obligation and lease revenue bonds payable and notes payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- An additional portion of the District’s net position (\$37.7 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining net position (\$4.0 million) is unrestricted. This balance is net of the District’s proportionate share of net pension assets and related deferred outflows and inflows of resources of the defined benefit pension plans administered by the Utah Retirement Systems.
- The District’s net position increased by \$11.1 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

BOX ELDER SCHOOL DISTRICT'S Changes in Net Position

(in millions of dollars)

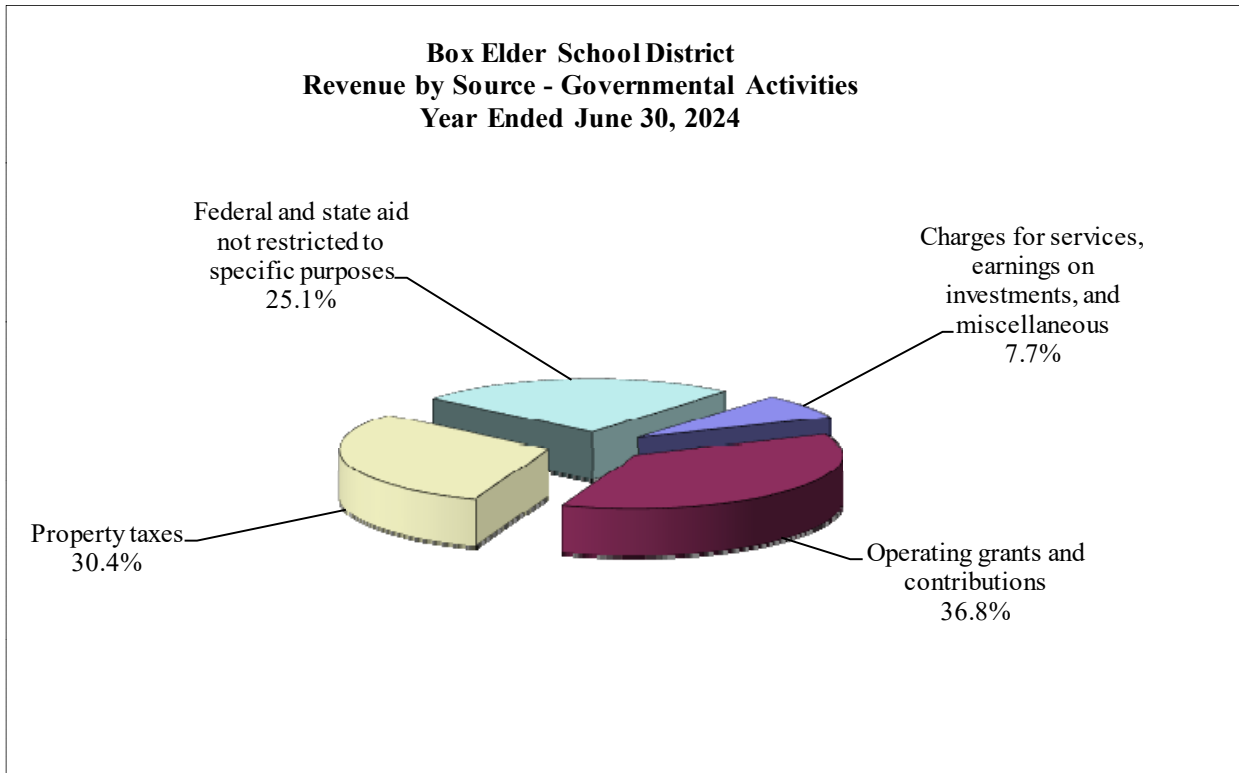
Years Ended June 30, 2024 and 2023

	<u>Governmental activities</u>		Total
	<u>2024</u>	<u>2023</u>	<u>change</u> <u>2024-2023</u>
Revenues:			
Program revenues:			
Charges for services	\$ 7.1	\$ 6.1	\$ 1.0
Operating grants and contributions	64.5	58.4	6.1
General revenues:			
Property taxes	53.3	49.5	3.8
Federal and state revenues not restricted to specific purposes	44.0	39.4	4.6
Earnings on investments	3.7	2.1	1.6
Miscellaneous	2.7	1.8	0.9
Total revenues	<u>175.3</u>	<u>157.3</u>	<u>18.0</u>
Expenses:			
Instruction	107.3	93.6	13.7
Supporting services:			
Students	6.5	6.2	0.3
Instructional staff	3.3	3.0	0.3
General administration	1.4	1.3	0.1
School administration	7.3	6.9	0.4
Central	1.2	1.3	(0.1)
Operation and maintenance of facilities	16.7	15.0	1.7
Student transportation	7.7	6.9	0.8
School lunch services	6.2	6.0	0.2
Community services	5.7	5.1	0.6
Interest on long-term liabilities	0.9	1.1	(0.2)
Total expenses	<u>164.2</u>	<u>146.4</u>	<u>17.8</u>
Change in net position	11.1	10.9	0.2
Net position - beginning	<u>174.9</u>	<u>164.0</u>	<u>10.9</u>
Net position - ending	<u>\$ 186.0</u>	<u>\$ 174.9</u>	<u>\$ 11.1</u>

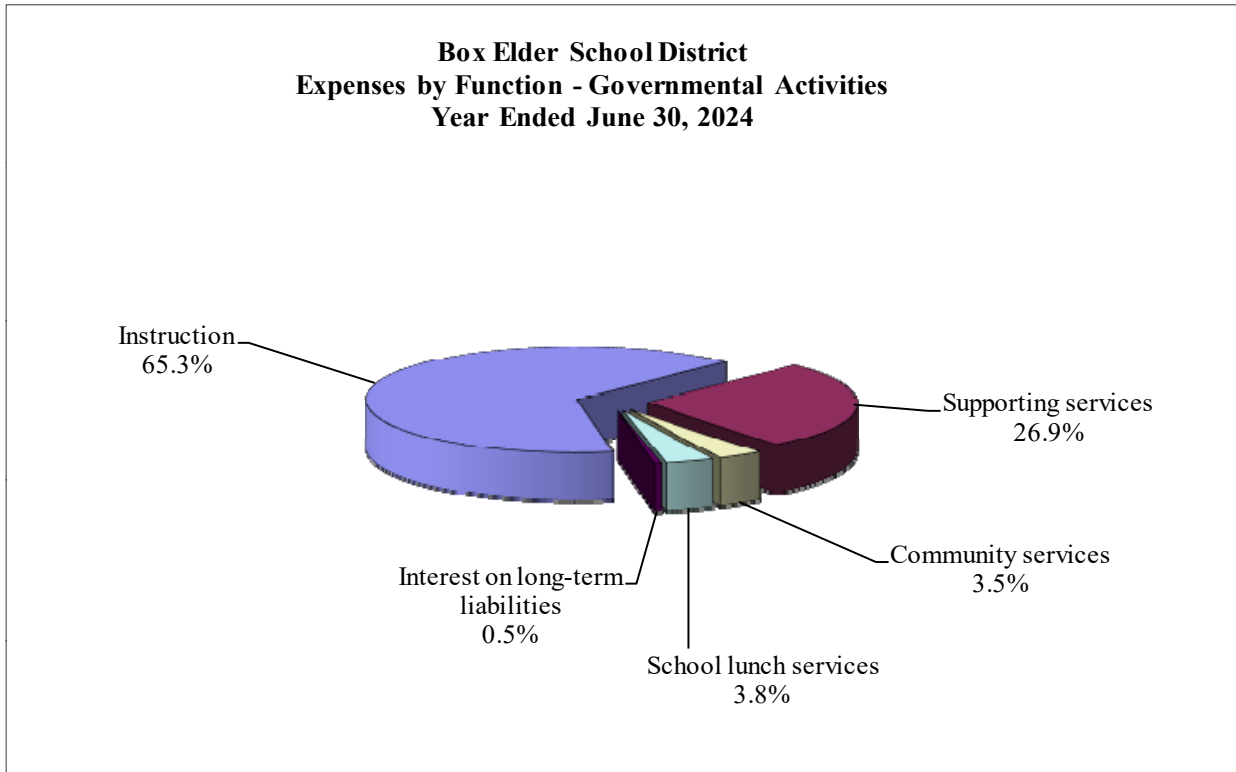
Governmental Activities

The key elements of the increase in the District’s net position for the year ended June 30, 2024 are as follows:

- Property taxes increased \$3.8 million. This increase was a result of the combination of an increase in taxable value of property and a decrease in overall tax rate.
- State revenues increased by \$10.7 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 the District one WPU. Certain students receive a weighting greater than one. The state guarantees that, if local taxes do not provide money equal to the amount generated by the WPU, it will make up the difference with state funding. The value of the WPU increased by 6.0% during the year ended June 30, 2024 (\$4,280 during 2024 as compared to \$4,038 in 2023).
- Federal revenue decreased by \$0.2 million.



- Instruction represents the largest dollar portion of expenses of \$107.3 million primarily for teacher salaries and related benefits.



Financial Analysis of the District’s Funds

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

Governmental Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$61.2 million, \$10.0 million more than the previous year primarily due to an increase in the fund balance of the *general fund* and *capital projects fund*. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$133.5 million, an increase of 7.5% during the current fiscal year. Instruction represents 67.0% of *general fund* expenditures.
- *General fund* salaries totaled \$82.7 million while the associated employee benefits of retirement, social security, and insurance added \$32.4 million to arrive at 86.2% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories that are not expected to be converted to cash. *Restricted* includes net fund resources of the District 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 and unassigned portions. *Committed* balances reflect the District’s 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. At June 30, 2024, the District’s combined governmental fund balance is \$61.2 million (\$0.2 million in nonspendable, \$36.5 million in restricted, \$7.7 million in committed, \$13.3 million in assigned, and \$3.5 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District’s budget. Budget amendments were to reflect changes in programs and related funding. Final budgeted expenditures were more than the original budgetary estimates by \$2.5 million or 1.8%. The increase primarily reflects higher expenditures in instruction than anticipated.

Actual expenditures were \$7.7 million less than final budgeted amounts. The most significant positive variance was \$8.4 million in instruction. Revenues were \$7.0 million more than final budgeted amounts primarily due to a positive variance in revenue from property taxes and state and federal grants.

Capital Asset and Debt Administration

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$171.7 million (net of accumulated depreciation). This investment in capital assets includes land, water shares, construction in progress, buildings and improvements, and furniture and equipment. The total decrease in capital assets for the current year was \$2.7 million or 1.6% primarily due to depreciation. Capital assets at June 30, 2024 and 2023 are outlined below:

BOX ELDER SCHOOL DISTRICT'S Capital Assets
 (net of accumulated depreciation, in millions of dollars)
 June 30, 2024 and 2023

	Governmental activities		Total change
	2024	2023	2024-2023
Land, water shares, construction in progress	\$ 22.9	\$ 50.8	\$ (27.9)
Buildings and improvements	141.1	115.7	25.4
Furniture and equipment	7.7	7.9	(0.2)
Total capital assets	<u>\$ 171.7</u>	<u>\$ 174.4</u>	<u>\$ (2.7)</u>

Additional information on the District’s capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

At June 30, 2024 and 2023, the outstanding balances of debt is summarized as follows:

BOX ELDER SCHOOL DISTRICT'S Outstanding Debt
(net of accumulated amortization, in millions of dollars)
June 30, 2024 and 2023

	<u>Governmental activities</u>		Total
	<u>2024</u>	<u>2023</u>	<u>change</u>
Net general obligation bonds	\$ 17.6	\$ 20.5	\$ (2.9)
Lease revenue bonds payable	0.4	0.6	(0.2)
Note payable	10.8	12.2	(1.4)
Total outstanding debt	<u>\$ 28.8</u>	<u>\$ 33.3</u>	<u>\$ (4.5)</u>

Additional information on the District's long-term debt can be found in Note 9 to the basic financial statements.

Enrollment

We anticipate student membership to remain relatively constant for the foreseeable future. The following enrollment information is based on the annual October 1 count:

BOX ELDER SCHOOL DISTRICT'S Enrollment
October 1 Count

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2023-24	12,268	(0.57)%
2022-23	12,338	0.33 %
2021-22	12,297	3.93 %
2020-21	11,832	(0.69)%
2019-20	11,914	2.08 %

The District's enrollment for the 2023-2024 school year decreased by 70 students to a total of 12,268 students.

Requests for Information

This financial report is designed to provide a general overview of the Box Elder School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Box Elder School District, 960 South Main, Brigham City, UT 84302.

Basic Financial Statements

BOX ELDER SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets:	
Cash and investments	\$ 69,561,553
Receivables:	
Property taxes	49,981,588
Other local	10,816
State	863,777
Federal	4,128,638
Inventories	211,382
Other assets	10,000
Capital assets:	
Land, water shares, and construction in progress	22,875,731
Buildings and equipment, net of accumulated depreciation	148,845,364
Total assets	<u>296,488,849</u>
Deferred outflows of resources:	
Deferred charge on refunding	1,440,200
Related to pensions	23,293,413
Total deferred outflows of resources	<u>24,733,613</u>
Liabilities:	
Accounts payable	2,241,174
Accrued salaries and benefits	8,326,303
Accrued expenses	138,962
Accrued interest	279,239
Unearned revenue:	
State	3,414,635
Noncurrent liabilities:	
Due and payable within one year	6,860,672
Due and payable after one year	69,709,089
Total liabilities	<u>90,970,074</u>
Deferred inflows of resources:	
Property taxes levied for future year	44,052,071
Related to pensions	217,607
Total deferred inflows of resources	<u>44,269,678</u>
Net position:	
Net investment in capital assets	144,290,359
Restricted for:	
Debt service	8,624,567
Capital projects	23,342,066
School lunch services	5,133,182
Other purposes	632,909
Unrestricted	3,959,627
Total net position	<u>\$ 185,982,710</u>

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

BOX ELDER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2024

Activities and Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 107,320,323	\$ 5,275,225	\$ 42,021,593	\$ (60,023,505)
Supporting services:				
Students	6,540,740	279,845	4,244,865	(2,016,030)
Instructional staff	3,290,184	-	2,182,989	(1,107,195)
General administration	1,423,780	-	33,339	(1,390,441)
School administration	7,320,972	-	303,328	(7,017,644)
Central	1,152,769	-	-	(1,152,769)
Operation and maintenance of facilities	16,668,388	89,511	3,520,235	(13,058,642)
Student transportation	7,719,567	36,960	7,232,821	(449,786)
School lunch services	6,208,710	1,466,005	4,481,973	(260,732)
Community services	5,674,380	-	414,008	(5,260,372)
Interest on long-term liabilities	892,143	-	-	(892,143)
Total school district	<u>\$ 164,211,956</u>	<u>\$ 7,147,546</u>	<u>\$ 64,435,151</u>	<u>(92,629,259)</u>
General revenues:				
Property taxes levied for:				
Basic				11,906,043
Voted local				16,131,586
Board local				3,946,099
Debt service				3,810,611
Capital local				12,939,141
Pass-through taxes				4,561,690
Total property taxes				53,295,170
Federal and state revenues not restricted to specific purposes				44,046,929
Earnings on investments				3,712,674
Other local				2,677,687
Total general revenues				103,732,460
Change in net position				11,103,201
Net position - beginning				174,879,509
Net position - ending				<u>\$ 185,982,710</u>

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

BOX ELDER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 28,084,911	\$ 8,506,693	\$ 23,497,883	\$ 9,472,066	\$ 69,561,553
Receivables:					
Property taxes	30,534,427	3,303,541	9,579,493	6,564,127	49,981,588
Other local	10,816	-	-	-	10,816
State	704,657	-	-	159,120	863,777
Federal	4,104,339	-	-	24,299	4,128,638
Inventories	-	-	-	211,382	211,382
Other assets	10,000	-	-	-	10,000
Total assets	<u>\$ 63,449,150</u>	<u>\$ 11,810,234</u>	<u>\$ 33,077,376</u>	<u>\$ 16,430,994</u>	<u>\$ 124,767,754</u>
Liabilities:					
Accounts payable	\$ 869,050	\$ -	\$ 1,325,080	\$ 47,044	\$ 2,241,174
Accrued salaries and benefits	8,254,200	-	-	72,103	8,326,303
Accrued expenses	-	-	-	138,962	138,962
Unearned revenue:					
State	3,414,635	-	-	-	3,414,635
Total liabilities	<u>12,537,885</u>	<u>-</u>	<u>1,325,080</u>	<u>258,109</u>	<u>14,121,074</u>
Deferred inflows of resources:					
Unavailable property taxes	3,303,078	356,959	1,032,918	723,037	5,415,992
Property taxes levied for future year	26,894,323	2,906,428	8,410,230	5,841,090	44,052,071
Total deferred inflows of resources	<u>30,197,401</u>	<u>3,263,387</u>	<u>9,443,148</u>	<u>6,564,127</u>	<u>49,468,063</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	-	211,382	211,382
Restricted for:					
Debt service	-	8,546,847	-	-	8,546,847
Capital projects	-	-	22,309,148	-	22,309,148
School lunch services	-	-	-	4,921,800	4,921,800
Scholarships	-	-	-	512,462	512,462
Programs	-	-	-	120,447	120,447
Committed to:					
Economic stabilization	3,900,000	-	-	-	3,900,000
Foundation	-	-	-	311,796	311,796
Student activities	-	-	-	3,530,871	3,530,871
Assigned to:					
Employee and retiree benefits	4,500,000	-	-	-	4,500,000
Programs	8,807,158	-	-	-	8,807,158
Unassigned	3,506,706	-	-	-	3,506,706
Total fund balances	<u>20,713,864</u>	<u>8,546,847</u>	<u>22,309,148</u>	<u>9,608,758</u>	<u>61,178,617</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,449,150</u>	<u>\$ 11,810,234</u>	<u>\$ 33,077,376</u>	<u>\$ 16,430,994</u>	<u>\$ 124,767,754</u>

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

BOX ELDER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds \$ 61,178,617

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	\$ 14,132,457	
Water shares	75,000	
Construction in progress	8,668,274	
Buildings and improvements, net of \$98,536,520 accumulated depreciation	141,108,495	
Furniture and equipment, net of \$16,797,107 accumulated depreciation	<u>7,736,869</u>	171,721,095

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		5,415,992
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds; these accounts are reported in the statement of net position.

General obligation bonds payable	(16,335,000)	
Unamortized bond issuance premiums	(1,314,898)	
Unamortized deferred charge on refunding	1,440,200	
Lease revenue bonds payable	(430,000)	
Note payable from direct borrowing	(10,791,038)	
Accrued interest	<u>(279,239)</u>	(27,709,975)

Long-term employee benefit obligations and related deferrals are not due and payable in the current 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.

Compensated absences payable	(410,116)	
Retirement benefits payable	(13,728,035)	
Net pension liability	(33,560,674)	
Deferred outflows of resources related to pensions	23,293,413	
Deferred inflows of resources related to pensions	<u>(217,607)</u>	<u>(24,623,019)</u>

Total net position of governmental activities		\$ 185,982,710
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The accompanying notes are an integral part of this financial statement.

BOX ELDER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Local sources:					
Property taxes	\$ 32,194,261	\$ 3,835,694	\$ 13,024,312	\$ 4,561,690	\$ 53,615,957
Earnings on investments	2,170,032	428,549	1,114,093	-	3,712,674
Other local sources	2,670,638	-	102,033	7,035,695	9,808,366
State	91,543,932	-	1,711,119	1,417,063	94,672,114
Federal	10,172,704	-	15,084	3,064,910	13,252,698
Total revenues	<u>138,751,567</u>	<u>4,264,243</u>	<u>15,966,641</u>	<u>16,079,358</u>	<u>175,061,809</u>
Expenditures:					
Current:					
Instruction	89,367,245	-	-	5,289,785	94,657,030
Supporting services:					
Students	6,652,920	-	-	-	6,652,920
Instructional staff	3,228,850	-	-	-	3,228,850
General administration	1,175,876	-	-	-	1,175,876
School administration	7,269,407	-	-	120,418	7,389,825
Central	1,172,732	-	-	-	1,172,732
Operation and maintenance of facilities	16,310,273	-	121,593	79,697	16,511,563
Student transportation	7,156,330	-	3,078	-	7,159,408
School lunch services	-	-	-	6,205,638	6,205,638
Community services	1,126,785	-	-	4,561,690	5,688,475
Capital outlay	-	-	10,964,781	-	10,964,781
Debt service:					
Principal retirement	-	2,585,000	1,644,337	-	4,229,337
Interest and other charges	-	668,398	262,434	-	930,832
Total expenditures	<u>133,460,418</u>	<u>3,253,398</u>	<u>12,996,223</u>	<u>16,257,228</u>	<u>165,967,267</u>
Excess (deficiency) of revenues over (under) expenditures	5,291,149	1,010,845	2,970,418	(177,870)	9,094,542
Other financing source:					
Proceeds from sale of capital assets	-	-	942,606	-	942,606
Net change in fund balances	5,291,149	1,010,845	3,913,024	(177,870)	10,037,148
Fund balances - beginning	<u>15,422,715</u>	<u>7,536,002</u>	<u>18,396,124</u>	<u>9,786,628</u>	<u>51,141,469</u>
Fund balances - ending	<u>\$ 20,713,864</u>	<u>\$ 8,546,847</u>	<u>\$ 22,309,148</u>	<u>\$ 9,608,758</u>	<u>\$ 61,178,617</u>

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

BOX ELDER 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, 2024

Net change in fund balances-total governmental funds \$ 10,037,148

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 is as follows:

Capital outlays	\$ 5,798,236	
Proceeds from sale of capital assets	(942,606)	
Gain on disposal of capital assets	574,135	
Depreciation expense	<u>(8,124,984)</u>	(2,695,219)

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. (320,787)

The issuance of bonds provides current financial resources to governmental funds, while the repayment of the principal of bonds 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.

Principal payments on bonds and note payable	4,229,337	
Interest expense	59,573	
Amortization of bond premium	219,150	
Amortization of deferred charge on refunding	<u>(240,034)</u>	4,268,026

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	(194,299)	
Early retirement benefits	(2,204,912)	
Pension expense	<u>2,213,244</u>	<u>(185,967)</u>

Change in net position of governmental activities \$ 11,103,201

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

BOX ELDER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local:				
Property taxes	\$ 30,805,458	\$ 30,805,458	\$ 32,194,261	\$ 1,388,803
Earnings on investments	850,000	850,000	2,170,032	1,320,032
Other local	5,066,376	5,066,376	2,670,638	(2,395,738)
State	85,974,937	85,974,937	91,543,932	5,568,995
Federal	9,050,189	9,050,189	10,172,704	1,122,515
Total revenues	<u>131,746,960</u>	<u>131,746,960</u>	<u>138,751,567</u>	<u>7,004,607</u>
Expenditures:				
Current:				
Instruction	94,484,657	97,741,259	89,367,245	8,374,014
Supporting services:				
Student	6,083,689	5,591,580	6,652,920	(1,061,340)
Instructional staff	3,125,864	3,069,848	3,228,850	(159,002)
General administration	1,320,801	1,320,801	1,175,876	144,925
School administration	7,746,461	7,164,767	7,269,407	(104,640)
Central	1,397,203	1,397,203	1,172,732	224,471
Operation and maintenance of facilities	16,632,377	17,034,505	16,310,273	724,232
Student transportation	6,814,037	6,814,037	7,156,330	(342,293)
Community services	1,054,388	1,062,388	1,126,785	(64,397)
Total expenditures	<u>138,659,477</u>	<u>141,196,388</u>	<u>133,460,418</u>	<u>7,735,970</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(6,912,517)	(9,449,428)	5,291,149	14,740,577
Fund balances - beginning	<u>15,422,715</u>	<u>15,422,715</u>	<u>15,422,715</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,510,198</u>	<u>\$ 5,973,287</u>	<u>\$ 20,713,864</u>	<u>\$ 14,740,577</u>

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

BOX ELDER SCHOOL DISTRICT
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2024

Assets:

Cash and investments	\$	32,358
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Liabilities:

Accounts payable		<u>-</u>
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Net position, restricted for other individuals and organizations	\$	<u>32,358</u>
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The accompanying notes are an integral part of this financial statement.

BOX ELDER SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Custodial Fund
Year Ended June 30, 2024

Additions:	
Collections for other individuals and organizations	\$ 28,517
Deductions:	
Payments to other individuals and organizations	37,540
Change in net position	(9,023)
Net position - beginning	<u>41,381</u>
Net position - ending	<u><u>\$ 32,358</u></u>

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

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Box Elder 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.

As required by GAAP, these financial statements present the activities of the District and its component units, the Box Elder School District Foundation (the Foundation) and the Municipal Building Authority of the Box Elder School District (the Building Authority), for which the District is financially accountable. The District is not a component unit of any other primary government. Although legally separate entities, blended component units are, in substance, part of the District's operations.

- The Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation exclusively services the District. The Foundation is reported with the governmental funds of the District.
- The Building Authority has the same board as the District and provides financing services exclusively to the District. The District has committed resources to service debt obligations of the Building Authority. The Building Authority is reported with the governmental funds of the District.

Government-wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the primary government (the District) and its blended component units, but exclude its fiduciary fund. 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.

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

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

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund type:

- The *custodial fund* (a fiduciary fund) accounts for resources held by the District as a custodian for other organizations or individuals. Custodial funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The District's custodial fund includes resources held for the Northern Utah Curriculum Consortium as well as other organizations and individuals.

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.

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

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, 2024, 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, as well as for its component unit, 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.

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

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:

<u>Assets</u>	<u>Years</u>
Buildings, portable classrooms, and remodels	15 to 50
Furniture and fixtures	10
Equipment	5 to 10
Vehicles and buses	7 to 10

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

Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days.

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

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.

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as refunding costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as an other financing use.

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

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

through constitutional provisions or enabling legislation. Restricted fund balance amounts include unspent tax revenue for specific purposes (debt service and capital projects), amounts in other governmental funds (*school lunch fund*), and amounts restricted by donors to the Foundation.

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 *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” 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 other governmental fund resources to the Box Elder School District Foundation to be used for fund raising, operations, schools, and other purposes.
- 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.

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2024, as shown on the financial statements, is as follows:

Carrying amount of deposits	\$ 15,061,122
Carrying amount of investments	54,532,789
Total deposits and investments	<u>\$ 69,593,911</u>
Cash and investments - governmental funds, balance sheet	\$ 69,561,553
Cash and investments - custodial fund, statement of fiduciary net position	32,358
Total cash and investments	<u>\$ 69,593,911</u>

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.

Rules of the Council allow the Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

Deposits

At June 30, 2024, the District and Foundation have the following deposits with financial institutions:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Amount Insured</u>
District	\$ 14,799,659	\$ 18,287,630	\$ 250,000
Foundation	261,463	268,839	250,000
	<u>\$ 15,061,122</u>	<u>\$ 18,556,469</u>	<u>\$ 500,000</u>

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2024, the District’s bank deposits were uncollateralized nor is it required by law.

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

Investments

At June 30, 2024, the District and Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Weighted Average Maturity (Years)
District:		
Utah Public Treasurers' Investment Fund (PTIF)	\$ 41,044,432	0.18
Corporate bonds	12,729,774	1.88
Foundation:		
Utah Public Treasurers' Investment Fund (PTIF)	<u>758,583</u>	0.18
Total investments	<u><u>\$ 54,532,789</u></u>	

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 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. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.

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

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

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian.

NOTE 3 – FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2024:

- Corporate bonds are valued using a matrix pricing model based on quoted prices for comparable bonds (Level 2 inputs).

NOTE 4 – PROPERTY TAXES

District Property Tax Revenue

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

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

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, 2024, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2024 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

In addition to property taxes the District levies for its own purposes, the District levies property taxes for redevelopment agencies (located within the boundaries of the District) in accordance with the Community Development and Renewal Agencies Act (Utah Code 17C-1). These taxes are forwarded directly by the county to the redevelopment agencies as these taxes are collected by the county.

Property tax revenue (or incremental taxes) from increased assessed values within project areas are earmarked to finance urban renewal, economic development, and community development projects managed by the redevelopment agencies for the duration of the projects.

During the year ended June 30, 2024, incremental taxes levied by the District for the redevelopment agencies totaling \$4,165,261 were recorded as revenue with an equivalent amount of expenditure for community services in the other governmental funds (in the *pass-through taxes fund*).

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 2024, the amount collected by the County and paid directly to the State was \$396,429; this amount was reported in other governmental funds (in the *pass-through taxes fund*).

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 13,800,535	\$ 373,522	\$ (41,600)	\$ 14,132,457
Water shares	75,000	-	-	75,000
Construction in progress	36,967,437	4,090,094	(32,389,257)	8,668,274
Total capital assets, not being depreciated	50,842,972	4,463,616	(32,430,857)	22,875,731
Capital assets, being depreciated:				
Buildings and improvements	209,257,049	32,389,257	(2,001,291)	239,645,015
Furniture and equipment	24,525,436	1,334,620	(1,326,080)	24,533,976
Total capital assets, being depreciated	233,782,485	33,723,877	(3,327,371)	264,178,991
Accumulated depreciation for:				
Buildings and improvements	(93,610,518)	(6,613,625)	1,687,623	(98,536,520)
Furniture and equipment	(16,598,625)	(1,511,359)	1,312,877	(16,797,107)
Total accumulated depreciation	(110,209,143)	(8,124,984)	3,000,500	(115,333,627)
Total capital assets being depreciated, net	123,573,342	25,598,893	(326,871)	148,845,364
Governmental activities capital assets, net	\$ 174,416,314	\$ 30,062,509	\$ (32,757,728)	\$ 171,721,095

For the year ended June 30, 2024, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 6,629,987
Supporting services:	
Students	16,250
Instructional staff	113,750
District administration	259,999
School administration	81,250
Operation and maintenance of facilities	324,999
Student transportation	658,124
School lunch services	40,625
Total depreciation expense, governmental activities	\$ 8,124,984

BOX ELDER SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 6 – 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)
- *Public Employees Contributory Retirement System* (Tier 1 Contributory System)
- *Tier 2 Hybrid Public Employees Contributory Retirement System* (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

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

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

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.

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

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, 2024, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				Totals
	District Contribution *	Amortization of UAAL **	Paid by District for Employee	District Rates for 401(k) Plan	
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	5.00%	-	22.70%
Tier 2 Contributory System	8.93%	9.94%	-	1.15%	20.02%
Tier 2 Defined Contribution Plan	0.08%	9.94%	-	10.00%	20.02%

* 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, 2024, District and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	\$ 9,105,267	\$ -
Tier 1 Contributory System	17,598	5,964
Tier 2 Contributory System	5,587,971	-
Tier 2 Defined Contribution Plan	678,701	-
401(k) Plan	2,849,570	1,022,410

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

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

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

At June 30, 2024, the District reported a net pension asset of zero and a net pension liability of \$33,560,674 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 31,449,704
Tier 1 Contributory System	-	170,352
Tier 2 Contributory System	-	1,940,618
Total	<u>\$ -</u>	<u>\$ 33,560,674</u>

The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2022, 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, 2023 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2023	Change
Tier 1 Noncontributory System	1.5348909 %	0.0177638 %
Tier 1 Contributory System	1.8343805 %	0.4483114 %
Tier 2 Contributory System	0.9970390 %	0.0403239 %

For the year ended June 30, 2024, the District recognized pension expense for the plans as follows:

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 10,672,238
Tier 1 Contributory System	(42,408)
Tier 2 Contributory System	<u>2,535,242</u>
Total	<u>\$ 13,165,072</u>
Defined contribution plans:	
Tier 2 Defined Contribution Plan	\$ 678,701
401(k) Plan	<u>2,849,570</u>
Total	<u>\$ 3,528,271</u>

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

At June 30, 2024, 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	Tier 1	Tier 2	Total
	Noncontributory System	Contributory System	Contributory System	
Differences between expected and actual experience	\$ 6,122,462	\$ -	\$ 621,566	\$ 6,744,028
Changes of assumptions	3,015,221	-	1,110,800	4,126,021
Net difference between projected and actual earnings on pension plan investments	3,998,228	84,738	219,140	4,302,106
Changes in proportion and differences between District contributions and proportionate share of contributions	150,646	-	264,824	415,470
Contributions subsequent to the measurement date	4,532,678	8,947	3,164,163	7,705,788
Total	\$ 17,819,235	\$ 93,685	\$ 5,380,493	\$ 23,293,413

At June 30, 2024, 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	Tier 1	Tier 2	Total
	Noncontributory System	Contributory System	Contributory System	
Differences between expected and actual experience	\$ -	\$ -	\$ 31,780	\$ 31,780
Changes of assumptions	-	-	1,534	1,534
Changes in proportion and differences between District contributions and proportionate share of contributions	140,978	-	43,315	184,293
Total	\$ 140,978	\$ -	\$ 76,629	\$ 217,607

The \$7,705,788 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2023 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2025. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
2025	\$ 3,274,153	\$ (123,740)	\$ 183,749	\$ 3,334,162
2026	3,840,425	6,999	261,042	4,108,466
2027	7,723,122	253,209	447,906	8,424,237
2028	(1,692,122)	(51,730)	147,245	(1,596,607)
2029	-	-	200,513	200,513
Thereafter	-	-	899,247	899,247

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

Actuarial Assumptions

The total pension liability (asset) in the January 1, 2023 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, 2023 valuation were based on an experience study of the demographic for the period ending December 31, 2022. The wage inflation assumption increased by 0.25% to a range of 3.50% to 9.50% from the prior measurement date.

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%	2.40%
Debt securities	20%	0.31%
Real assets	18%	0.98%
Private equity	12%	1.18%
Absolute return	15%	0.58%
Cash and cash equivalents	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions 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).

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

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	\$ 83,354,438	\$ 31,449,704	\$ (12,058,522)
Tier 1 Contributory System	1,164,132	170,352	(689,153)
Tier 2 Contributory System	<u>6,667,686</u>	<u>1,940,618</u>	<u>(1,725,223)</u>
Total	<u>\$ 91,186,256</u>	<u>\$ 33,560,674</u>	<u>\$ (14,472,898)</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2024, the District reported payables of \$1,166,982 for contributions to defined benefit pension plans.

NOTE 7 – DISTRICT RETIREMENT PENSION PLAN

Description of Plan

The District provides a retirement benefits payment to eligible employees’ URS 401(k) account upon retirement. Eligibility is restricted to employees who qualify for and accept URS retirement benefits. 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

Upon retirement qualifying employees will receive a sick leave payout at 2 percent multiplied by the number of years the employee worked for the District (up to a maximum of 60 percent) multiplied by the current value of the retiree’s accumulated sick leave. In addition, qualifying employees will receive a retirement bonus payment of 30 percent multiplied by the number of years the employee worked for the District (up to a maximum of 900 percent) multiplied by the base weighted pupil unit value, adjusted annually for change in the consumer price index.

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

Employees Covered by Benefit Terms

At June 30, 2024, 1,243 active employees are covered by the benefit terms.

Total District Retirement Pension Liability

At June 30, 2024, the District recorded a total district retirement pension liability of \$13,728,035 (see Note 9 for long-term liabilities), determined by an actuarial valuation as of June 30, 2024. The District has established resources for a portion of the obligation by committing fund balance in the *General Fund*.

Actuarial Methods and Assumptions

The total District retirement pension liability in the June 30, 2024 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%
Discount rate	3.93%

The discount rate was based on a based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2024.

Changes in the District Retirement Pension Liability

Service cost	\$ 3,257,560
Interest	452,858
Benefits payments	<u>(1,505,506)</u>
Net change in district retirement pension liability	2,204,912
District retirement pension liability - beginning of year	<u>11,523,123</u>
District retirement pension liability - end of year	<u><u>\$ 13,728,035</u></u>

No plan changes of benefit terms occurred in 2024.

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 3.93% 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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
District retirement pension liability	\$ 14,540,446	\$ 13,728,035	\$ 12,944,455

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

Pension Expense Related to the District Retirement Pension Plan

For the year ended June 30, 2024, the District recognized pension expense of \$2,204,912 related to the district retirement pension plan.

NOTE 8 – 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 9 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 18,920,000	\$ -	\$ (2,585,000)	\$ 16,335,000	\$ 2,720,000
Bond premium	1,534,048	-	(219,150)	1,314,898	-
Net general obligation bonds payable	20,454,048	-	(2,804,150)	17,649,898	2,720,000
Lease revenue bonds payable	645,000	-	(215,000)	430,000	215,000
Note payable from direct borrowing	12,220,375	-	(1,429,337)	10,791,038	1,456,351
Compensated absences payable	215,817	598,137	(403,838)	410,116	410,116
Retirement benefits payable	11,523,123	3,710,418	(1,505,506)	13,728,035	2,059,205
Net pension liability	33,981,851	49,563,211	(49,984,388)	33,560,674	-
Total governmental activity long-term liabilities	<u>\$ 79,040,214</u>	<u>\$ 53,871,766</u>	<u>\$ (56,342,219)</u>	<u>\$ 76,569,761</u>	<u>\$ 6,860,672</u>

Payments on the general obligation bonds are made by the *debt service fund* from property taxes levied for debt service and earnings on investments. The District will make annual payments on the lease revenue bonds to the Building Authority from the *capital projects fund*. The District will make annual payments on the note payable from the *capital projects fund*. Compensated absences and retirement benefits payable will be paid primarily from the *general fund*.

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

General Obligation Bonds

In February 2015, the District issued \$28,950,000 of general obligation refunding bonds. The bonds were issued with interest rates from 1.0% to 5.0% and will mature on July 15, 2026.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2024, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 2,720,000	\$ 533,250	\$ 3,253,250
2026	2,840,000	394,250	3,234,250
2027	2,985,000	278,475	3,263,475
2028	3,045,000	188,025	3,233,025
2029	3,150,000	95,100	3,245,100
2030	1,595,000	23,925	1,618,925
Total	<u>\$ 16,335,000</u>	<u>\$ 1,513,025</u>	<u>\$ 17,848,025</u>

Lease Revenue Bonds

In June 2011, the Building Authority of Box Elder School District issued \$3,000,000 of lease revenue bonds. The bonds were issued at an effective interest rate of 5.0% and will mature on May 15, 2026.

The annual requirements to amortize all lease revenue bonds outstanding as of June 30, 2024, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 215,000	\$ 21,328	\$ 236,328
2026	215,000	5,332	220,332
Total	<u>\$ 430,000</u>	<u>\$ 26,660</u>	<u>\$ 456,660</u>

Note Payable from Direct Borrowing

In November 2020, the District issued a note payable from direct borrowing to help finance the construction of an elementary school. Proceeds from the note totaled \$15,000,000; the note bears an interest rate of 1.9%. The note is payable in annual installments of \$1,660,302 for 10 years with a final maturity in November 2030. The note contains a provision that in an event of default, the financing institution may take possession of and sublease the property to another entity. The financing institution may hold the District liable for the difference between the payments due on the note and rents received from sublease.

BOX ELDER SCHOOL DISTRICT
Notes to the Financial Statements

The payment schedule for this note is as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,456,351	\$ 208,951	\$ 1,665,302
2026	1,483,876	176,426	1,660,302
2027	1,511,921	148,381	1,660,302
2028	1,540,497	119,805	1,660,302
2029	1,569,612	90,690	1,660,302
2030-2031	3,228,781	91,822	3,320,603
Total	<u>\$ 10,791,038</u>	<u>\$ 836,075</u>	<u>\$ 11,627,113</u>

NOTE 10 – 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, 2024. Fund expenditures are within budgeted amounts during the year ended June 30, 2024, except expenditures in the *Foundation Fund* and *Student Activities Fund* which exceeded budgeted appropriations by \$24,367 and \$773,720, respectively.

NOTE 11 – GRANTS

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

Required Supplementary Information

BOX ELDER SCHOOL DISTRICT

Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –

Utah Retirement Systems

Last Ten Plan (Calendar) Years

	<u>District's Proportion of Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Tier 1 Noncontributory System:					
2023	1.5348909 %	\$ 31,449,704	\$ 40,530,940	77.59 %	92.5 %
2022	1.5171271 %	32,758,948	38,835,800	84.35 %	91.6 %
2021	1.5555351 %	(10,628,105)	39,945,820	(26.61)%	102.7 %
2020	1.5423604 %	20,561,543	39,164,346	52.50 %	94.3 %
2019	1.5183087 %	33,732,292	38,120,109	88.49 %	90.1 %
2018	1.3418377 %	49,923,302	36,032,098	138.55 %	84.1 %
2017	1.2885468 %	31,509,636	34,424,731	91.53 %	89.2 %
2016	1.2523865 %	31,509,636	34,424,731	91.53 %	84.9 %
2015	1.2340989 %	38,766,581	33,506,050	115.70 %	84.5 %
2014	1.2591214 %	31,635,786	34,856,456	90.76 %	87.2 %
Tier 1 Contributory System:					
2023	1.8343805 %	\$ 170,352	\$ 95,244	178.86 %	98.5 %
2022	1.3860691 %	181,142	91,009	199.04 %	97.9 %
2021	1.1609392 %	(1,045,427)	98,266	(1063.87)%	114.1 %
2020	1.1514826 %	(273,867)	111,052	(246.61)%	103.7 %
2019	0.9539238 %	65,857	106,424	61.88 %	98.9 %
2018	0.4864327 %	345,369	94,404	365.84 %	91.4 %
2017	0.3669324 %	24,146	83,487	28.92 %	99.2 %
2016	0.3310938 %	181,425	88,755	204.41 %	93.4 %
2015	0.6854591 %	429,000	216,863	197.82 %	92.4 %
2014	0.8712488 %	95,531	320,187	29.84 %	98.7 %
Tier 2 Contributory System:					
2023	0.9970390 %	\$ 1,940,618	\$ 25,793,403	7.52 %	89.6 %
2022	0.9567151 %	1,041,761	21,012,387	4.96 %	92.3 %
2021	0.9207283 %	(389,686)	17,165,439	(2.27)%	103.8 %
2020	0.8778684 %	126,262	14,067,343	0.90 %	98.3 %
2019	0.8769273 %	197,228	12,213,751	1.61 %	96.5 %
2018	0.8209890 %	351,612	9,651,183	3.64 %	90.8 %
2017	0.7411140 %	65,342	7,277,392	0.90 %	97.4 %
2016	0.6541755 %	72,973	5,364,766	1.36 %	95.1 %
2015	0.6166209 %	(1,346)	3,981,680	(0.03)%	100.2 %
2014	0.6081591 %	(18,430)	2,976,735	(0.62)%	103.5 %

BOX ELDER SCHOOL DISTRICT
Schedules of District Contributions – Utah Retirement Systems
Last Ten Reporting (Fiscal) Years

	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Tier 1 Noncontributory System:					
2024	\$ 9,105,267	\$ 9,105,267	\$ -	\$ 41,631,257	21.87 %
2023	8,677,093	8,677,093	-	39,503,142	21.97 %
2022	8,577,088	8,577,088	-	39,044,554	21.97 %
2021	8,762,111	8,762,111	-	39,772,053	22.03 %
2020	8,563,111	8,563,111	-	38,881,960	22.02 %
2019	8,163,716	8,163,716	-	37,144,440	21.98 %
2018	7,731,622	7,731,622	-	35,044,987	22.06 %
2017	7,465,135	7,465,135	-	33,845,059	22.06 %
2016	7,463,884	7,463,884	-	33,855,607	22.05 %
2015	7,434,531	7,434,531	-	34,166,196	21.76 %
Tier 1 Contributory System:					
2024	\$ 17,598	\$ 17,598	\$ -	\$ 99,421	17.70 %
2023	16,514	16,514	-	93,297	17.70 %
2022	15,636	15,636	-	88,342	17.70 %
2021	19,509	19,509	-	110,218	17.70 %
2020	19,366	19,366	-	109,415	17.70 %
2019	18,245	18,245	-	103,080	17.70 %
2018	15,285	15,285	-	86,356	17.70 %
2017	14,174	14,174	-	80,078	17.70 %
2016	22,257	22,257	-	125,746	17.70 %
2015	50,793	50,793	-	292,083	17.39 %
Tier 2 Contributory System:					
2023	\$ 5,587,971	\$ 5,587,971	\$ -	\$ 28,179,921	19.83 %
2023	4,654,218	4,654,218	-	23,539,618	19.77 %
2022	3,642,501	3,642,501	-	18,842,179	19.33 %
2021	2,941,932	2,941,932	-	15,407,405	19.09 %
2020	2,478,757	2,478,757	-	13,066,205	18.97 %
2019	2,088,830	2,088,830	-	11,106,821	18.81 %
2018	1,546,643	1,546,643	-	8,408,932	18.39 %
2017	1,113,579	1,113,579	-	6,104,760	18.24 %
2016	877,944	877,944	-	4,810,085	18.25 %
2015	673,537	673,537	-	3,733,499	18.04 %
Tier 2 Defined Contribution Plan:					
2024	\$ 678,701	\$ 678,701	\$ -	\$ 6,766,305	10.03 %
2023	501,932	501,932	-	5,004,615	10.03 %
2022	429,635	429,635	-	4,287,886	10.02 %
2021	398,239	398,239	-	3,974,437	10.02 %
2020	328,277	328,277	-	3,276,180	10.02 %
2019	250,095	250,095	-	2,495,872	10.02 %
2018	206,885	206,885	-	2,064,714	10.02 %
2017	183,810	183,810	-	1,828,051	10.05 %
2016	127,439	127,439	-	1,271,365	10.02 %
2015	93,012	93,012	-	889,399	10.46 %

BOX ELDER SCHOOL DISTRICT
Schedule of the Changes in the District's Retirement Pension Liability and Related Ratios
 Last Plan (Calendar) Years

	<u>2024</u>
Service cost	\$ 3,166,838
Interest	543,580
Benefit payments	<u>(1,505,506)</u>
Net change in district retirement pension liability	2,204,912
District retirement pension liability - beginning of year	<u>11,523,123</u>
District retirement pension liability - end of year	<u>\$ 13,728,035</u>
Covered payroll	\$ 74,530,744
Total district retirement pension liability as a percentage of covered payroll	18.42%

BOX ELDER SCHOOL DISTRICT
Notes to Required Supplementary Information

NOTE A – 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:

<u>Plan Year</u>	<u>Discount Rate</u>	<u>Payroll Growth Rate</u>	<u>Wage Inflation Rate</u>	<u>Inflation Rate</u>
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%
2015	7.50%	3.25%	3.50 to 9.50%	2.75%
2014	7.50%	3.50%	3.75 to 9.75%	2.75%

NOTE B – 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 C – SCHEDULES OF THE CHANGES IN THE DISTRICT’S RETIREMENT PENSION LIABILITY AND RELATED RATIOS

Schedule is intended to show information for ten years; prior year information is not available. Additional years will be displayed as they become available. No changes have been made to assumptions or benefit terms.

**Combining and Individual Fund
Statements and Schedules**

BOX ELDER SCHOOL DISTRICT

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

Year Ended June 30, 2024 with Comparative Totals for 2023

	2024			2023
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 30,805,458	\$ 32,194,261	\$ 1,388,803	\$ 29,305,304
Earnings on investments	850,000	2,170,032	1,320,032	1,200,094
Other local	5,066,376	2,670,638	(2,395,738)	2,319,022
State	85,974,937	91,543,932	5,568,995	79,395,786
Federal	9,050,189	10,172,704	1,122,515	9,854,070
Total revenues	<u>131,746,960</u>	<u>138,751,567</u>	<u>7,004,607</u>	<u>122,074,276</u>
Expenditures:				
Current:				
Salaries	83,997,594	82,659,674	1,337,920	73,536,955
Employee benefits	30,309,005	32,360,276	(2,051,271)	28,643,848
Purchased services	7,379,098	6,464,157	914,941	8,727,153
Supplies	14,757,390	7,759,596	6,997,794	11,717,636
Property	3,981,291	3,297,208	684,083	745,316
Other objects	772,009	919,507	(147,498)	730,082
Total expenditures	<u>141,196,387</u>	<u>133,460,418</u>	<u>7,735,969</u>	<u>124,100,990</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(9,449,427)	5,291,149	14,740,576	(2,026,714)
Fund balances - beginning	<u>15,422,715</u>	<u>15,422,715</u>	<u>-</u>	<u>17,449,429</u>
Fund balances - ending	<u>\$ 5,973,288</u>	<u>\$ 20,713,864</u>	<u>\$ 14,740,576</u>	<u>\$ 15,422,715</u>

BOX ELDER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2024 with Comparative Totals for 2023

	2024		2023	
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 3,600,000	\$ 3,835,694	\$ 235,694	\$ 3,682,041
Earnings on investments	125,000	428,549	303,549	145,767
Total revenues	<u>3,725,000</u>	<u>4,264,243</u>	<u>539,243</u>	<u>3,827,808</u>
Expenditures:				
Principal retirement	2,177,150	2,585,000	(407,850)	2,460,000
Interest and other charges	<u>1,242,468</u>	<u>668,398</u>	<u>574,070</u>	<u>795,477</u>
Total expenditures	<u>3,419,618</u>	<u>3,253,398</u>	<u>166,220</u>	<u>3,255,477</u>
Excess of revenues over expenditures / net change in fund balances	305,382	1,010,845	705,463	572,331
Fund balances - beginning	<u>7,536,002</u>	<u>7,536,002</u>	-	<u>6,963,671</u>
Fund balances - ending	<u><u>\$ 7,841,384</u></u>	<u><u>\$ 8,546,847</u></u>	<u><u>\$ 705,463</u></u>	<u><u>\$ 7,536,002</u></u>

BOX ELDER SCHOOL DISTRICT

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

Year Ended June 30, 2024 with Comparative Totals for 2023

	2024			2023
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 12,105,000	\$ 13,024,312	\$ 919,312	\$ 10,988,589
Earnings on investments	147,080	1,114,093	967,013	629,047
Other local	62,000	102,033	40,033	116,016
State	1,810,000	1,711,119	(98,881)	3,754,297
Federal	125,000	15,084	(109,916)	40,224
Total revenues	<u>14,249,080</u>	<u>15,966,641</u>	<u>1,717,561</u>	<u>15,528,173</u>
Expenditures:				
Current:				
Purchased services	6,314,043	3,099,310	3,214,733	6,192,921
Supplies	962,517	1,370,084	(407,567)	1,504,494
Property	6,466,124	6,619,269	(153,145)	5,064,433
Other objects	-	789	(789)	1,061
Debt service:				
Principal retirement	1,704,273	1,644,337	59,936	1,617,823
Interest and other charges	303,345	262,434	40,911	299,868
Total expenditures	<u>15,750,302</u>	<u>12,996,223</u>	<u>2,754,079</u>	<u>14,680,600</u>
Excess (deficiency) of revenues over (under) expenditures	(1,501,222)	2,970,418	4,471,640	847,573
Other financing sources:				
Proceeds from sale of capital assets	165,000	942,606	(777,606)	24,990
Net change in fund balances	(1,336,222)	3,913,024	3,694,034	872,563
Fund balances - beginning	<u>18,396,124</u>	<u>18,396,124</u>	<u>-</u>	<u>17,523,561</u>
Fund balances - ending	<u>\$ 17,059,902</u>	<u>\$ 22,309,148</u>	<u>\$ 3,694,034</u>	<u>\$ 18,396,124</u>

BOX ELDER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	<u>School Lunch</u>	<u>Foundation</u>	<u>Student Activities</u>	<u>Pass-Through Taxes</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:					
Cash and investments	\$ 4,842,887	\$ 1,020,046	\$ 3,609,133	\$ -	\$ 9,472,066
Receivables:					
Property taxes	-	-	-	6,564,127	6,564,127
State	159,120	-	-	-	159,120
Federal	24,299	-	-	-	24,299
Inventories	211,382	-	-	-	211,382
Total assets	<u>\$ 5,237,688</u>	<u>\$ 1,020,046</u>	<u>\$ 3,609,133</u>	<u>\$ 6,564,127</u>	<u>\$ 16,430,994</u>
Liabilities:					
Accounts payable	\$ 32,403	\$ 14,641	\$ -	\$ -	\$ 47,044
Accrued expenses	-	60,700	78,262	-	138,962
Accrued salaries and benefits	72,103	-	-	-	72,103
Total liabilities	<u>104,506</u>	<u>75,341</u>	<u>78,262</u>	<u>-</u>	<u>258,109</u>
Deferred inflows of resources:					
Unavailable property taxes	-	-	-	723,037	723,037
Property taxes levied for future years	-	-	-	5,841,090	5,841,090
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,564,127</u>	<u>6,564,127</u>
Fund balances:					
Nonspendable:					
Inventories	211,382	-	-	-	211,382
Restricted for:					
School lunch services	4,921,800	-	-	-	4,921,800
Scholarships	-	512,462	-	-	512,462
Programs	-	120,447	-	-	120,447
Committed to:					
Foundation	-	311,796	-	-	311,796
Student activities	-	-	3,530,871	-	3,530,871
Total fund balances	<u>5,133,182</u>	<u>944,705</u>	<u>3,530,871</u>	<u>-</u>	<u>9,608,758</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,237,688</u>	<u>\$ 1,020,046</u>	<u>\$ 3,609,133</u>	<u>\$ 6,564,127</u>	<u>\$ 16,430,994</u>

BOX ELDER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

	<u>School Lunch</u>	<u>Foundation</u>	<u>Student Activities</u>	<u>Pass-Through Taxes</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 4,561,690	\$ 4,561,690
Other local	1,466,005	557,268	5,012,422	-	7,035,695
State	1,417,063	-	-	-	1,417,063
Federal	3,064,910	-	-	-	3,064,910
Total revenues	<u>5,947,978</u>	<u>557,268</u>	<u>5,012,422</u>	<u>4,561,690</u>	<u>16,079,358</u>
Expenditures:					
Current:					
Instruction	-	316,180	4,973,605	-	5,289,785
Supporting services:					
School administration	-	-	120,418	-	120,418
Operation and maintenance of facilities	-	-	79,697	-	79,697
School lunch services	6,205,638	-	-	-	6,205,638
Community services	-	-	-	4,561,690	4,561,690
Total expenditures	<u>6,205,638</u>	<u>316,180</u>	<u>5,173,720</u>	<u>4,561,690</u>	<u>16,257,228</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(257,660)	241,088	(161,298)	-	(177,870)
Fund balances - beginning	<u>5,390,842</u>	<u>703,617</u>	<u>3,692,169</u>	<u>-</u>	<u>9,786,628</u>
Fund balances - ending	<u>\$ 5,133,182</u>	<u>\$ 944,705</u>	<u>\$ 3,530,871</u>	<u>\$ -</u>	<u>\$ 9,608,758</u>

BOX ELDER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2024 with Comparative Totals for 2023

	2024			2023
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Earnings on investments	\$ 3,500	\$ -	\$ (3,500)	\$ 82,431
Other local	12,000	1,466,005	1,454,005	1,291,897
State	800,000	1,417,063	617,063	772,140
Federal	3,340,000	3,064,910	(275,090)	3,596,581
Total revenues	<u>4,155,500</u>	<u>5,947,978</u>	<u>1,792,478</u>	<u>5,743,049</u>
Expenditures:				
Current:				
Salaries	2,310,040	2,018,215	291,825	1,973,817
Benefits	588,838	557,849	30,989	561,333
Purchased services	137,933	98,212	39,721	118,599
Supplies	3,528,299	3,132,602	395,697	3,015,072
Property	41,000	98,507	(57,507)	38,994
Other objects	326,330	300,253	26,077	312,351
Total expenditures	<u>6,932,440</u>	<u>6,205,638</u>	<u>726,802</u>	<u>6,020,166</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(2,776,940)	(257,660)	2,519,280	(277,117)
Fund balances - beginning	<u>5,390,842</u>	<u>5,390,842</u>	<u>-</u>	<u>5,667,959</u>
Fund balances - ending	<u>\$ 2,613,902</u>	<u>\$ 5,133,182</u>	<u>\$ 2,519,280</u>	<u>\$ 5,390,842</u>

BOX ELDER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Foundation
Nonmajor Special Revenue Fund
Year Ended June 30, 2024 with Comparative Totals for 2023

	<u>2024</u>			<u>2023</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local:				
Contributions	\$ 300,000	\$ 557,268	\$ 257,268	\$ 352,510
Expenditures:				
Current:				
Instruction	291,813	316,180	(24,367)	312,513
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	8,187	241,088	281,635	39,997
Fund balances - beginning	<u>703,617</u>	<u>703,617</u>	<u>-</u>	<u>663,620</u>
Fund balances - ending	<u>\$ 711,804</u>	<u>\$ 944,705</u>	<u>\$ 281,635</u>	<u>\$ 703,617</u>

BOX ELDER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Student Activities
Nonmajor Special Revenue Fund
Year Ended June 30, 2024 with Comparative Totals for 2023

	2024			2023
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Other local	\$ 4,400,000	\$ 5,012,422	\$ 612,422	\$ 4,264,553
Expenditures:				
Current:				
Purchased services	509,114	679,081	(169,967)	546,362
Supplies	3,889,753	4,492,912	(603,159)	3,564,834
Property	-	594	(594)	41,310
Other objects	1,133	1,133	-	-
Total expenditures	4,400,000	5,173,720	(773,720)	4,152,506
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	(161,298)	(161,298)	112,047
Fund balances - beginning	3,692,169	3,692,169	-	3,580,122
Fund balances - ending	<u>\$ 3,692,169</u>	<u>\$ 3,530,871</u>	<u>\$ (161,298)</u>	<u>\$ 3,692,169</u>

BOX ELDER 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, 2024 with Comparative Totals for 2023

	<u>2024</u>			<u>2023</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local:				
Property taxes	\$ 4,600,000	\$ 4,561,690	\$ (38,310)	\$ 4,099,456
Expenditures:				
Other objects	4,600,000	4,561,690	38,310	4,099,456
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOX ELDER SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2024

TABLE OF CONTENTS

	Page
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
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 <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5
Summary Schedule of Prior Audit Findings	8
Schedule of Findings and Questioned Costs	9
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance Required by the <i>State Compliance Audit Guide</i>	10

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	District's Program Number	Passed Through to Subrecipients	Beginning Receivable (Unearned)	Receipts	Expenditures	Ending Receivable (Unearned)
U.S. DEPARTMENT OF AGRICULTURE:								
Passed through Utah State Board of Education:								
<i>Child Nutrition Cluster:</i>								
School Breakfast Program	10.553	SBP	8000	\$ -	\$ 5,724	\$ 359,814	\$ 354,279	\$ 189
National School Lunch Program	10.555	NSLF, NSLP, SCA	8000	-	49,431	2,248,089	2,222,769	24,111
National School Lunch Program (Donated Commodities)	10.555	N/A	8000	-	-	432,192	432,192	-
Total child nutrition cluster				-	55,155	3,040,095	3,009,240	24,300
Local Food for Schools Cooperative Agreement Program	10.185	LFS	8000	-	-	30,293	30,293	-
Child Nutrition Discretionary Grants Limited Availability (Equipment)	10.579	EQUF	8000	-	-	22,121	22,121	-
COVID-19 Pandemic EBT Administrative Costs	10.649	PEBT	8000	-	-	3,256	3,256	-
Passed through Box Elder County:								
<i>Forest Service Schools and Roads Cluster:</i>								
Schools and Roads - Grants to States	10.665	N/A	7101	-	-	43,938	43,938	-
Total U.S. Department of Agriculture				-	55,155	3,139,703	3,108,848	24,300
U.S. DEPARTMENT OF EDUCATION:								
Passed through Utah State Board of Education:								
<i>Special Education Cluster (IDEA):</i>								
Special Education Grants to States	84.027	FTFL, STAC	7524, 7551	-	1,470,039	2,037,453	2,365,868	1,798,454
COVID-19 Special Education Grants to States	84.027	ARPI	7525	-	-	283,386	283,386	-
Special Education Preschool Grants	84.173	PRE	7522	-	126,965	255,958	128,993	-
Total special education cluster (IDEA)				-	1,597,004	2,576,797	2,778,247	1,798,454
Education Stabilization Fund (ESF):								
COVID-19 Governor's Education Relief Fund	84.425C	GEER	7230	-	2,940	8,349	5,409	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	ARPF	7225	-	735,124	3,186,429	3,302,563	851,258
Total Education Stabilization Fund (ESF)				-	738,064	3,194,778	3,307,972	851,258
Title I Grants to Local Educational Agencies	84.010	T1FT, T1SF	7511, 7801	-	523,691	791,088	1,015,499	748,102
Migrant Education State Grant Program	84.011	MGFT	7548	-	15,703	30,691	25,053	10,065
Career and Technical Education - Basic Grants to States	84.048	FLEA, LDSP, FHE	7035, 7400, 7401	607,804	823,849	1,225,628	986,864	585,085
English Language Acquisition State Grants	84.365	ELFT	7880	-	-	41,553	41,553	-
Supporting Effective Instruction State Grants	84.367	2FT, 2SL	7860, 5295	-	83,214	216,896	222,121	88,439
Student Support and Academic Enrichment Program	84.424	4AFT	7905	-	-	125,283	148,218	22,935
Total U.S. Department of Education				607,804	3,781,525	8,202,714	8,525,527	4,104,338
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:								
Passed through Utah Department of Health and Human Services:								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	n/a	7699	-	-	678,421	678,421	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	2227000816	7250	-	6,304	106,057	99,753	-
Total U.S. Department of Health and Human Services				-	6,304	784,478	778,174	-
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:								
Passed Through Ogden School District:								
AmeriCorps	94.006	N/A	7355	-	-	21,109	21,109	-
TOTAL FEDERAL AWARDS				\$ 607,804	\$ 3,842,984	\$ 12,148,004	\$ 12,433,658	\$ 4,128,638

The accompanying notes are an integral part of this schedule.

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS FOR PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Box Elder School District (the District) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Donated food commodities are recorded at acquisition value in the District’s *food services fund* as an inventory asset and federal revenue when received totaling \$432,192 for the year ended June 30, 2024. Donated food commodity inventories are recorded as expenditures in the *food services fund* when they are consumed by the schools; for purposes of the Schedule, donated food commodities are also recorded as expenditures when received.

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – RELATIONSHIP TO DISTRICT’S FINANCIAL STATEMENTS

A reconciliation of federal revenue reported on the District’s basic financial statements and the Schedule for the year ended June 30, 2024 is as follows:

General fund	\$ 10,172,704
Capital projects fund	15,084
Other governmental funds:	
School lunch fund	<u>3,064,910</u>
Total governmental funds	13,252,698
Interest rate subsidy	(15,084)
Universal Service Program for Schools and Libraries (E-Rate)	<u>(803,956)</u>
Total federal revenue reported on the schedule of expenditures of federal awards	<u>\$ 12,433,658</u>



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
Box Elder 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 Box Elder School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 7, 2024.

Report on 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.

Report on 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

November 7, 2024



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Education
Box Elder School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Box Elder School District (the District)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Box Elder School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the governmental activities, each major fund, and the aggregate remaining fund information of Box Elder School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 7, 2024, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Squire & Company, PC

Orem, Utah
November 7, 2024

BOX ELDER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2024

No matters were reported in prior year.

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified	No
Significant deficiency identified	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of Major Federal Programs

Name of Federal Program (Assistance Listing Number)

Education Stabilization Fund:
 Governor’s Emergency Education Relief (GEER) Fund (84.425C)
 American Rescue Plan – Elementary and Secondary School Emergency Relief (84.425U)

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



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

Board of Education
Box Elder School District

Report on Compliance

We have audited the compliance of Box Elder School District (the District) 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, 2024.

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Utah Retirement Systems
- Public Treasurer’s Bond
- Internal Control Systems
- Public Education Programs

In our opinion, Box Elder School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2024.

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.

Budgetary compliance – Utah Code 53G-7-36 requires that expenditures not be in excess of the total budgeted amounts. For the year ended June 30, 2024, the District exceeded budgeted expenditures in the *Student Activities Fund* and *Foundation Fund*.

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

Government Auditing Standards requires the auditor to perform limited procedures on District’s response to the noncompliance findings identified in our compliance audit described previously. The District’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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
November 7, 2024