

Northeastern Utah Educational Services (NUES)

Regional Service Center Application

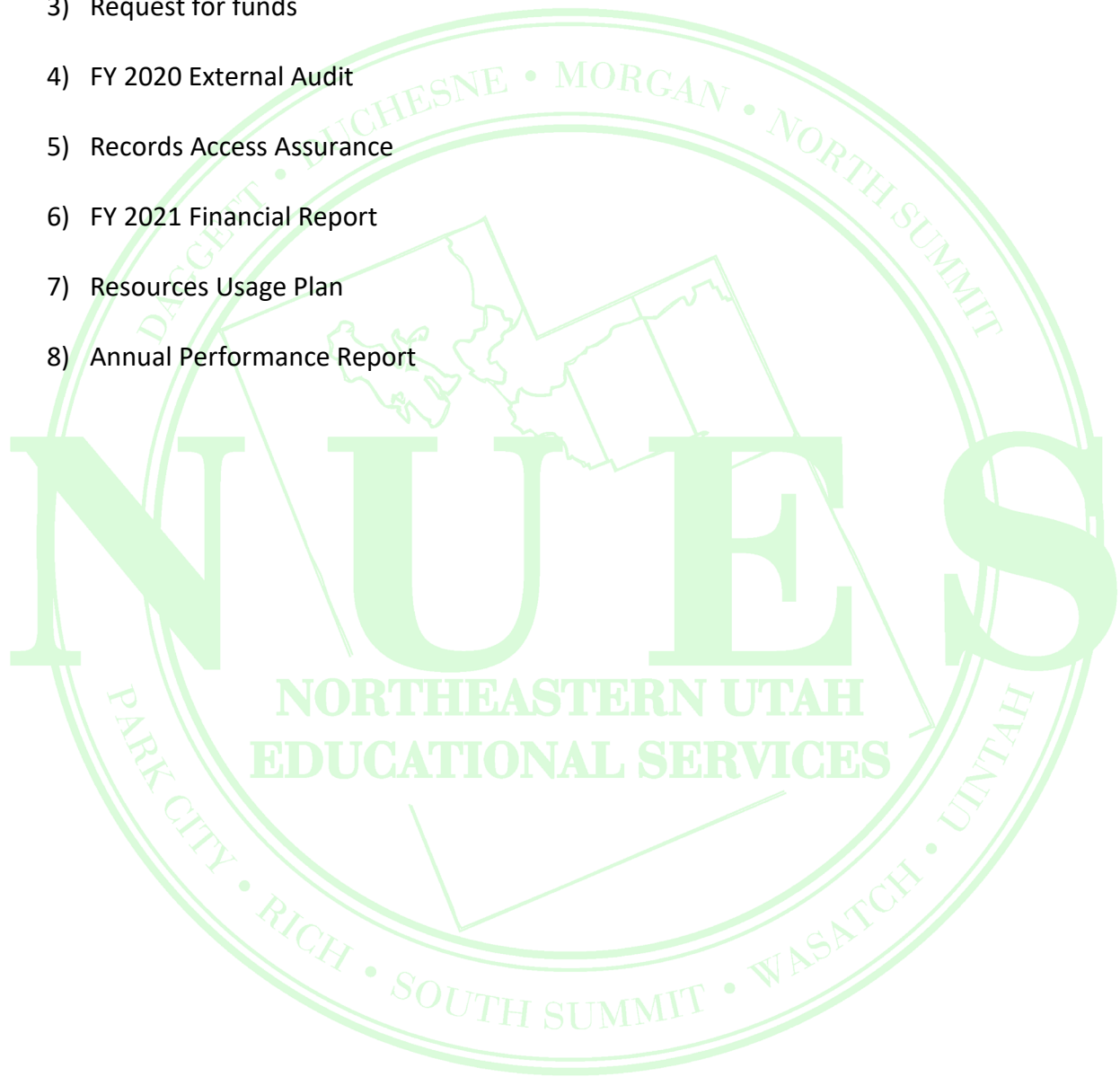


FY 2022

June 30, 2021

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Section 1 – NUES Interlocal Agreement



INTERLOCAL COOPERATIVE AGREEMENT NORTHEASTERN UTAH EDUCATIONAL SERVICES

This Interlocal Cooperative Agreement is entered into by the following school districts/local boards of education: the Board of Education of Daggett School District, the Board of Education of Duchesne School District, the Board of Education of Morgan School District, the Board of Education of North Summit School District, the Board of Education of Park City School District, the Board of Education of Rich School District, the Board of Education of South Summit School District, the Board of Education of Uintah School District, and the Board of Education of Wasatch School District (collectively referred to herein as the “Parties”), each a political subdivision of the State of Utah, as of the 1st day of July, 2011, for the purpose of establishing Northeastern Utah Educational Services as an interlocal entity under the Utah Interlocal Cooperation Act, in order to facilitate and assist Northeastern Utah Educational Services in continuing to provide services to these school districts and their patrons.

RECITALS

WHEREAS, the Northeastern Utah Educational Services Center was originally established pursuant to Utah Code §§ 53-7-16(a)(10) and 53-7-18 (1969) to provide services to the school districts in northeastern Utah; and

WHEREAS, since its establishment the Northeastern Utah Educational Services Center has functioned to provide a variety of services to its member school districts, and continues to so function; and

WHEREAS, the Utah Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated (1953, as amended) (the “Act”), permits local governmental units including school districts/local boards of education as political subdivisions of the State of Utah to make the most efficient use of their powers by enabling them to cooperate with other public agencies on the basis of mutual advantage and are authorized to enter into written agreements with one another for joint or cooperative action and to create interlocal entities through such agreements; and

WHEREAS, Utah Code § 53A-3-429, enacted in 2011, expressly authorizes school districts/local boards of education to form regional service centers as interlocal entities under the Interlocal Cooperation Act, and further expressly authorizes school districts/local boards of education to enter into interlocal agreements under the Interlocal Cooperation Act to formalize and confirm regional service centers in operation prior to July 1, 2011; and

WHEREAS, the parties to this Agreement are school districts/local boards of education; and

WHEREAS, the establishment of Northeastern Utah Educational Services as an interlocal entity of the Parties under the Utah Interlocal Cooperation Act will serve to confirm and formalize the existence of Northeastern Utah Educational Services as an interlocal entity under that Act, thereby facilitating its operations and clarifying its legal status; and

WHEREAS, the Parties are committed to efficiently and effectively providing services to their patrons, employees, and officers; and

WHEREAS, Northeastern Utah Educational Services furthers the interest of and provides a vehicle for the Parties to efficiently and effectively provide various services to the Parties' patrons, employees, and officers;

NOW, THEREFORE, the Parties hereby express their commitments and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1. Meanings and Constructions. The terms defined in this section, for all purposes of this Interlocal Cooperative Agreement and any amendments hereto, shall have the meanings herein set forth:

- (a) "Act" shall mean the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated (1953, as amended).
- (b) "Interlocal Cooperative Agreement" or "this Agreement" shall mean this Interlocal Cooperative Agreement and any amendments and supplements hereto.
- (c) "NUES" shall mean Northeastern Utah Educational Services.

Section 1.2. Interpretations. This Agreement, except where the context by clear implication herein otherwise requires, shall be construed as follows:

- (a) definitions include both singular and plural;
- (b) pronouns include both singular and plural and cover both genders; and
- (c) the captions or heading of this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, article, or section of this Agreement.

ARTICLE II

ESTABLISHMENT OF NORTHEASTERN UTAH EDUCATIONAL SERVICES

Section 2.1. Interlocal Entity Created. Northeastern Utah Educational Services is hereby established and created as a separate interlocal entity under Section 11-13-203 of the Act.

ARTICLE III

PURPOSES AND POWERS

Section 3.1. Purposes. The purposes of NUES are as follows:

1. To develop, operate, participate in and/or supervise selected educational programs and services.
2. To provide any such program or services to any public agency, other than a member, or to any other person, to the extent any of the members could provide such programs or services, individually, at a cost thereof as determined by NUES.
3. To allow the member school districts/local boards of education to cooperate and share certain programs and services which they collectively may implement. Such programs and services may include, but are not limited to, curriculum development, pupil personnel services, professional development, instructional materials and multi-media services, purchasing and financial management, needs assessment, computer utilization, and research and development.
4. To purchase, construct, lease, improve, manage, sell, dispose of and otherwise deal in property, including real, personal or mixed property, of every kind and character whatsoever.
5. To finance the purchase, improvement, development and construction of land and buildings belonging to or to be acquired by NUES.

Section 3.2. Powers. In carrying out such purposes, NUES shall have the following powers:

1. To acquire, by gift, grant, purchase, lease, or otherwise, and to hold and dispose of, real and personal property.
2. To sue and be sued;
3. To adopt, amend, and repeal bylaws, policies, and procedures for the regulation of the affairs and conduct of its business;
4. To employ instructional, supervisory and other personnel and to contract for other services.
5. To budget, account for, collect and disburse funds.
6. To apply for, accept, utilize, disburse and expend loans, grants and aid from the state or federal governments.

7. To enter into, assume the obligations of and to enforce contractual obligations and to charge and collect the costs of any program or services rendered by NUES, including, but not limited to, billing for services rendered in accordance with the criteria established by NUES's Board of Directors.
8. To apply for such state and federal grants as are approved by NUES's Board of Directors.
9. To implement, with respect to any program or services, any applicable ruling, regulation, policy, directive, ordinance, plan or program promulgated by any duly authorized administrative or other unit of the federal or Utah state government, including the Utah State Board of Education, and to make and file any report or reports required to any such unit, and to make periodic operational reports to the members or public agencies and such other reports as may be appropriate.
10. To enter into agreements and contracts with the members or public agencies and to acquire or purchase property, facilities or services therefrom.
11. To act in the capacities possessed by natural persons and to do everything necessary, advisable or convenient for the accomplishment of any of the purposes set forth above, or which shall at any time appear conducive for the protection or benefit of NUES, and to do all other things incidental to the exercise of these powers.
12. To account for State funds as required by the Utah State Board of Education.
13. Without limiting any of the foregoing powers, the power to have, exercise and enjoy in furtherance of the purposes set forth above, all of the general rights, privileges and powers granted to interlocal entities by the Act, as it now exists or as amended.

ARTICLE IV

DISTRIBUTION OF POWERS: ORGANIZATION, COMPOSITION AND NATURE OF NUES

Section 4.1. Board of Directors. NUES shall be governed, directed, and managed by a Board of Directors composed of the Superintendents of each school district/local board of education which is a Party to this Agreement.

Section 4.2. Legislative Body. The Board of Directors shall be a body which is legislative in nature and as such may function only as a whole, with no member designated with individual authority except as set forth herein with respect to its officers.

Section 4.3. Powers of the Board of Directors. The Board of Directors shall have the authority to exercise all of the powers of NUES, as set forth above in Section 3.2 or as permitted by law. Such authority includes, but is not be limited to, the following:

1. To select from its membership those persons who shall constitute NUES's officers.
2. To review, and, as necessary, to amend the terms of this Agreement, subject to the limitations set forth herein for such amendments.
3. To review the evaluation procedures and results to assure that the objectives of NUES are being met in an efficient and economical manner.
4. To consider and approve NUES's budget and programs.
5. To approve any changes in the operational procedures for the following year.
6. To employ an Executive Director who is appropriately qualified and set his or her salary.
7. To employ such other licensed and non-licensed personnel and establish salaries, fringe benefits, and other conditions of employment as it deems necessary to carry out the function of NUES.
8. To establish policies, programs, procedures and controls with respect to the administration and general operation of NUES, and any program or service operated by or under the supervision of NUES.
9. To approve the acquisition of real and personal property (including facilities), supplies, and the hiring of personnel and other services, as it deems necessary to carry out the function of NUES.
10. To establish criteria to bill each participating school district/local board of education for the services rendered by NUES.
11. To determine the amount of charges for any program or service, provided such charges shall be on a uniform basis to each member for similar participation and to adjust such charges from time to time.
12. To invest any funds for NUES not needed for immediate cash flow in securities authorized for investment by political subdivisions or municipal corporations under applicable law.
13. To review periodically, at least quarterly, the process and development of existing services and programs.
14. To make appointments to fill any officer vacancies on the Board of Directors that may arise, as set forth herein.
15. To take any other action necessary or desirable to carry out the work of NUES.

16. To delegate, by resolution, policy, or procedure, authority to take action on behalf of NUES to its Executive Director, including, but not limited to, the hiring or firing of personnel or other persons and the awarding of contracts after complying with all bidding requirements.

17. To appoint any standing or special committee to facilitate the management of NUES.

Such authority shall, however, be limited by the terms of this Agreement, any policy or rule of the Board of Directors, and any applicable statute or regulation validly issued pursuant thereto.

Section 4.4. Approval for Payment. Upon approval of this Agreement by each member District's Board of Education, each member has granted approval for payment of its proportionate share of the services of NUES.

Section 4.5. Meetings of the Board of Directors. The Board of Directors shall meet monthly or as appropriate and as determined by the Board of Directors. The Board of Directors may also call special meetings at such other times during the year as necessary for policy consideration and/or other matters deemed beneficial to operation of the member districts, their schools, or NUES.

1. Notice of each regular meeting and each special meeting of the Board of Directors shall be given to each member of the Board in writing a minimum of ten (10) days prior to the meeting date. Such public notice as is required by law, including the Utah Open and Public Meetings Act, shall also be given.

2. At all meetings of the Board of Directors, a quorum shall consist of the majority of the members of the Board of Directors. Passage of any motion, ordinance or resolution or conduct of any business must be by a vote of the majority of the quorum of members of the Board of Directors who are then present and voting.

3. Meetings of the Board of Directors shall be conducted in accordance with Robert's Rules of Order and in accordance with requirements of law, including the Utah Open and Public Meetings Act.

4. Record of the meetings of the Board of Directors shall be kept as required by law, including the Utah Open and Public Meetings Act.

Section 4.6. Officers of the Board of Directors. The officers of the Board of Directors shall be a Chair and a Chair-Elect. These officers shall be elected by the Board of Directors annually at the Board's June meeting, and shall be selected from the members of the Board of Directors.

1. Chair. The Chair shall have the usual powers of a chairperson. The Chair shall conduct all meetings, shall cause official minutes of each meeting to be recorded and filed

which contain motions and votes of the Board of Directors. The Chair shall also have the authority to act upon emergency items and requests when operating within general policy guidelines, subject to ratification at a future meeting of the Board of Directors.

2. Chair-Elect. The Chair-Elect shall assume the duties of the Chair in the absence of the Chair.

3. Each of the officers of the Board of Directors shall be elected for a one (1) year term at the June Board meeting.

4. The Executive Director of NUES shall serve as the executive officer of the Board of Directors.

Section 4.7. Board Officer Vacancies. When a vacancy in the offices of Chair or Chair-Elect occurs by reason of the death of a member, the resignation of a member, or a Board member no longer being employed as superintendent by a school district/local board of education, the Board of Directors, by a majority vote of its remaining members, shall make an appointment to fill such vacancy for its unexpired term.

Section 4.8. NUES Executive Director The Board of Directors shall employ and appoint an Executive Director who shall be chief administrative officer of NUES. The Director is the chief executive officer with the authority to manage and direct the affairs of NUES under the policies and regulations established by the Board of Directors. It is the duty of the Executive Director to administer the policies of the Board of Directors and to provide leadership for NUES. The Director is the professional consultant to the Board of Directors and submits recommendations regarding the operation of NUES to the Board for consideration. The Director coordinates the functions of NUES and its personnel, makes decisions regarding functions and actions of NUES, appraises the progress of NUES and the work of its personnel, serves as an innovator and resource person for the improvement of the program and sets an image for NUES as an education leader. The delegation of responsibility and authority for the operation of NUES is one of the Executive Director's prime duties. The direct responsibility to the Board of Directors for all functions of NUES rests with the Executive Director. Under the direction of the Board, the Executive Director shall be responsible for carrying out all policies, programs, and activities developed, formulated and approved by it. The Executive Director, by direction of the Board, shall have the authority to hire, promote or remove employees or persons on the staff of NUES and to exercise such other authority as shall be delegated by the Board of Directors, all subject to its rules and regulations.

ARTICLE V

OPERATIONS, FINANCE, EMPLOYMENT AND SUPPLY

Section 5.1. Method of Operation. The programs and services, if any, supervised by NUES shall be provided in one of three different methods: by NUES for all members, by NUES through contract with a limited number of participating members, or by a member under an agreement between the member and other participating members. Any other method not

mentioned in this section must be approved by a simple majority of the entire Board of Directors.

Section 5.2. Budgets for Programs and Services. NUES shall adopt a budget for each program or service, if any, operated by NUES which, in the case of an ongoing activity, shall be based on a fiscal or calendar year. Such programs or activities need not serve all the members of NUES. The income to support the budget shall include appropriations from the State of Utah and its agencies, grants, and/or charges to the participating members, which charges shall be on a uniform basis to each member for similar services, and any other income. The budget for any program or service shall be approved by the Board of Directors. The Board of Directors shall specify the time or times of payment of the charges and the amount of charges in connection with providing programs or services as set forth by the terms of this Agreement.

Section 5.3. Financing. In addition to the monies appropriated by the State of Utah and its agencies, each participating school district/local board of education may be billed based on the services that the participating school district/local board of education utilizes and requests as determined by the Board of Directors.

Section 5.4. Property of NUES. All of the funds and property currently held by the Northeastern Utah Educational Services Center shall be transferred to and become the property and assets of the newly created Northeastern Utah Educational Services interlocal entity.

All property or any interest hereafter acquired by NUES shall be its sole property and not the property of any member. Neither the voluntary withdrawal nor the expulsion of any member shall entitle it to any claim, interest or ownership therein. Any member district may provide property or an interest in property for the use of NUES while retaining ownership of the property or may contribute and transfer ownership of property to NUES. In either case, the minutes of the Board of Directors shall set forth the ownership of the property and the terms and conditions, if any, of its use by NUES.

Section 5.5. Damage to NUES Property. Each participating school district/local board of education will insure or otherwise be financially responsible for any and all NUES media and equipment while in its possession or custody. Should any NUES media equipment be lost, stolen, or damaged beyond repair while in the possession or custody of the participating member, payment will be made to NUES to cover the cost of replacement. Should any NUES media or equipment be damaged while in the possession or custody of a participating district, payment will be made to NUES to cover the cost of repairs or replacement, whichever is less. The extent of damage and liability for such damage shall be determined by the Executive Director.

Section 5.6. Collection of Charges and Obligations of Members. The parties to this Agreement shall include in their respective appropriations any charges to which they are obligated under this Agreement, and the parties agree to provide the information required by the Board of Directors and to observe the validly adopted rules of the Board of Directors.

Section 5.7. Other Financial Provisions. Contracts for the purchase of property, supplies, construction of public works and employment of personnel shall be made in accordance with applicable law by the board or official of NUES given the power under this Agreement to

make such contract. Sales of property shall be made in accordance with applicable Utah law and the terms of this Agreement. The Board of Directors may authorize any conveyance to be executed by the Executor Director. NUES shall use generally accepted accounting procedures and shall make all financial information available upon request to members of the Board of Directors and the Utah State Board of Education.

ARTICLE VI

PARTIAL AND COMPLETE TERMINATION OF NUES

Section 6.1. Withdrawal. Any school district/local board of education which does not wish to continue as a member of NUES shall submit written notice of such intent to the Board of Directors. In order to establish a minimum 1-year notice period before withdrawal is effective, notice of withdrawal must be delivered to the Chair of the Board, or, in his absence, to the Chair Elect before July 1 of the fiscal year prior to the fiscal year when the withdrawal will be effective. A withdrawing school district/local board of education shall be liable for its pro rata share of NUES's budget, as approved pursuant to this Agreement, for the fiscal year in which such withdrawal is effective and termination of participation occurs. It is understood that until such time as a member withdraws, its monetary obligation shall continue through the end of the fiscal year in which such termination is effective and shall be enforceable by action of the Board of Directors or its designee. Upon withdrawal of a school district/local board of education, any contractual obligations or indebtedness NUES owes or has towards the withdrawing school district/local board of education shall be satisfied in accordance with any previously agreed upon terms. If NUES is dissolved within 5 years of a school district/local board of education withdrawing, the school district/local board of education shall, notwithstanding the prior withdrawal, be entitled to a prorated share of the asset distribution.

Section 6.2. Duration of NUES. Northeastern Utah Educational Services shall continue to exist as an interlocal entity under the Act for 50 years after the date this Agreement is initially effective or after the most recent amendment of this Agreement, unless terminated sooner as provided for below.

Section 6.3. Dissolution of NUES. NUES shall be dissolved upon any of the following events: (1) upon unanimous vote of the Board of Directors; (2) upon the mutual written consent of all, or of all but one, of the parties to this Agreement; (3) in the event, through withdrawal, the number of members in NUES is reduced to one; or (4) in the event its existence becomes contrary to law.

Section 6.4. Distribution of Property. Upon dissolution of NUES, its property shall be distributed in an equitable manner based on a base plus student enrollment formula approved by the Board at the time of dissolution, but first taking into consideration the issue of existing indebtedness. For purposes of making such distribution, the Board of Directors shall cause the fair market value of all such property to be fixed by appraisal and shall, insofar as possible, distribute the property thus appraised so that each member receives its distributive share in-kind. Any property not distributable or reasonably saleable shall be distributed to the State of Utah. The determination of the Board of Directors in connection with such distribution shall be final

unless it is arbitrary and capricious.

ARTICLE VII

GENERAL PROVISIONS

Section 7.1. Principal Office. The principal office of NUES will be located at 3111 College Way, Heber City, Utah 84032, but notwithstanding such designation in this Agreement, the location of the principal office may be changed by the Board of Directors.

Section 7.2. Fiscal Year. The fiscal year of NUES shall be July 1 through June 30 of each year unless and until such time is changed by resolution of the Board of Directors of NUES.

Section 7.3. Fiscal Agent District. Subject to its consent to doing so, Wasatch School District/Board of Education shall remain as the fiscal agent district for NUES. If Wasatch School District/Board of Education determines to relinquish that responsibility, the Board of Directors shall select one of the other member school districts/local boards of education as the fiscal agent for NUES. It is expressly understood and agreed that persons employed by NUES are not employees of the fiscal agent district or of any member school district/board of education.

Section 7.4. Amendment. Amendments may be made to the Agreement provided the proposed amendment is distributed to all members of the Board of Directors at least thirty (30) days prior to the Board taking action on the proposed amendment. The proposed amendment must be approved by a two-thirds majority of the Board, by resolution approved and duly entered in the minute book of each of the member school districts/local boards of education, and a copy of the amended document must be provided to each of the members within thirty (30) days of the amendment being approved.

Section 7.5. Severability. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or application of this Agreement which can be given effect without the invalid provision or application, and to this end, the provisions of this Agreement are declared to be severable.

Section 7.6. Construction of Statutes and Rules. Where any statute or rule is referred to in this Agreement, it shall include such statute or rule as it is from time to time amended, supplemented, recodified or replaced.

Section 7.7. Effective Date. NUES shall come into existence upon the following:

1. The adoption of a resolution by the Board of Education of each member school district/local board of education approving this Agreement as required by the Act and authorizing its execution on its behalf by the parties to this Agreement;
2. The review and approval of this agreement by legal counsel authorized to represent each district/local board of education, as required by the Act;

3. The execution of this Agreement by each of the members;
4. The filing of this Agreement with the keeper of records for each member school district/local board of education, as required by the Act; and
5. The issuance of a certificate of creation by the lieutenant governor as provided for in Section 11-13-204(4) of the Act.

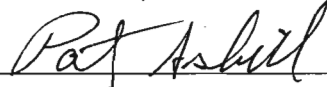
Section 7.8. Effect of this Agreement on Members' Obligations. Neither this Agreement, nor any program or service performed or furnished hereunder, if any, shall relieve any of the parties to this Agreement of any obligation or responsibility imposed upon it by law except to the extent that such performance constitutes a satisfaction of such obligation or responsibility.

Section 7.9. Execution of Agreement. This Agreement is executed for and on behalf of the Board of Education of each of the participating school districts/local boards of education by its respective Board President. The Board President certifies that the Board of Education has, by resolution, agreed to the terms of this Agreement, has duly entered that action in the minutes of the local board of education, and has authorized execution of this agreement.

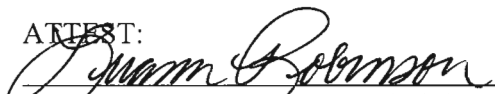
IN WITNESS WHEREOF, the parties have signed and executed this Interlocal Cooperation Agreement, after resolutions duly and lawfully passed, on the dates listed below:

BOARD OF EDUCATION OF DAGGETT
SCHOOL DISTRICT

By: Pat Asbill, Board President



ATTEST:



Luann Robinson, Business Administrator

BOARD OF EDUCATION OF
DUCHESNE COUNTY SCHOOL
DISTRICT

By: Kim Harding, Board President

ATTEST:

Dee E. Miles, Business Administrator

3. The execution of this Agreement by each of the members;
4. The filing of this Agreement with the keeper of records for each member school district/local board of education, as required by the Act; and
5. The issuance of a certificate of creation by the lieutenant governor as provided for in Section 11-13-204(4) of the Act.

Section 7.8. Effect of this Agreement on Members' Obligations. Neither this Agreement, nor any program or service performed or furnished hereunder, if any, shall relieve any of the parties to this Agreement of any obligation or responsibility imposed upon it by law except to the extent that such performance constitutes a satisfaction of such obligation or responsibility.

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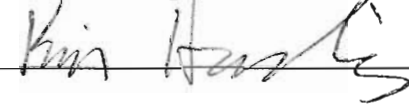
By: Pat Asbill, Board President

ATTEST:

Luann Robinson, Business Administrator

BOARD OF EDUCATION OF
DUCHESNE COUNTY SCHOOL
DISTRICT

By: Kim Harding, Board President




ATTEST:



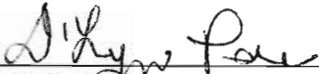
Dee E. Miles, Business Administrator

BOARD OF EDUCATION OF MORGAN
SCHOOL DISTRICT

By: Joey Skinner, Board President



ATTEST:



D'Lynn A. Poll, Business Administrator

BOARD OF EDUCATION OF NORTH
SUMMIT SCHOOL DISTRICT

By: Mark Marsh, Board President

ATTEST:

Rex J. Smith, Business Administrator

BOARD OF EDUCATION OF PARK
CITY SCHOOL DISTRICT

By: Maurice Hickey, Board President

ATTEST:

Patricia Murphy, Business Administrator

BOARD OF EDUCATION OF RICH
SCHOOL DISTRICT

By: Blair Francis, Board President

ATTEST:

Brandee Johnson, Business Administrator

BOARD OF EDUCATION OF MORGAN
SCHOOL DISTRICT

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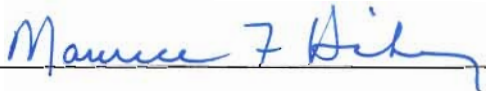
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Blair R. Francis

ATTEST:

Brandee J. Johnson

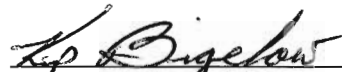
Brandee Johnson, Business Administrator

BOARD OF EDUCATION OF SOUTH
SUMMIT SCHOOL DISTRICT

By: Matt Flinders, Board President



ATTEST:



Kip Bigelow, Business Administrator

BOARD OF EDUCATION OF UINTAH
COUNTY SCHOOL DISTRICT

By: Allen Huber, Board President

ATTEST:

Randy Upton, Business Administrator

BOARD OF EDUCATION OF WASATCH
COUNTY SCHOOL DISTRICT

By: Ann Horner, Board President

ATTEST:

Keith Johansen, Business Administrator

APPROVED AS TO FORM: Utah State Office of Education Attorney

Carol Lear

BOARD OF EDUCATION OF SOUTH
SUMMIT SCHOOL DISTRICT

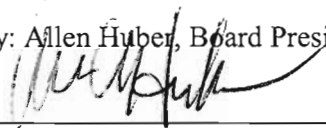
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APPROVED AS TO FORM: Utah State Office of Education Attorney

Carol Lear

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By: Ann Horner, Board President



ATTEST:



Keith Johansen, Business Administrator

APPROVED AS TO FORM: Utah State Office of Education Attorney

Carol Lear

BOARD OF EDUCATION OF SOUTH
SUMMIT SCHOOL DISTRICT

By: Matt Flinders, Board President

ATTEST:

Kip Bigelow, Business Administrator

BOARD OF EDUCATION OF UINTAH
COUNTY SCHOOL DISTRICT

By: Allen Huber, Board President

ATTEST:

Randy Upton, Business Administrator

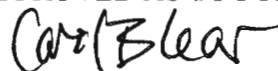
BOARD OF EDUCATION OF WASATCH
COUNTY SCHOOL DISTRICT

By: Ann Horner, Board President

ATTEST:

Keith Johansen, Business Administrator

APPROVED AS TO FORM: Utah State Office of Education Attorney



Carol Lear

Section 2 – NUES Proposed FY 2022 Budget



**NORTHEASTERN UTAH EDUCATIONAL SERVICES
 BUDGET OF REVENUES AND EXPENDITURES
 GENERAL FUND
 FY22 APPROVED BUDGET**

REVENUES	Approved Budget FY22
State Funding	500,000
Local School District	410,772
Other Revenue (Grant)	900,000
Other Revenue	217,800
UEN	160,304
Interest Earned	6,500
Proceeds from Sale of Capital Assets	10,000
TOTAL REVENUE	2,205,376
EXPENDITURES	
Audit Services	8,000
Auto Maintenance	6,300
Auto Purchase	55,000
Board Expense	3,000
Building Maintenance	5,200
Custodial Services	1,600
Equipment Maintenance	13,750
Equipment Purchase	30,300
Indirect Costs	9,987
Inservice Activities	5,800
Insurance	132,227
Legal/Professional Fees	106,302
Marketing	2,000
Media Supplies	4,000
Office Supplies	42,327
Payroll Taxes	290
Postage	24,500
Professional Development	2,400
Professional Organizations	1,700
Property Insurance	1,079,670
Region Programs	127,335
Retirement	553,289
Salaries/Wages	8,500
Telephone	20,500
Travel	6,000
Utilities	2,249,977
TOTAL EXPENDITURES	
 Previous Year Carryover Usage	 44,600
Carryover Usage	
State One-time-Funding	
 REVENUES OVER OR (UNDER)	 0

Section 3 – NUES Request for funds





NORTHEASTERN UTAH EDUCATIONAL SERVICES (NUES)

All Students Achieving their Potential

EXECUTIVE DIRECTOR
PARKER K. MOSSMAN

June 21, 2021

BUSINESS MANAGER
AMY DAVIS

BOARD OF DIRECTORS

E. BRUCE NORTHCOTT
DAGGETT

DAVID BROTHERTON
DUCHESNE

DOUGLAS JACOBS
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CASSIE HAYS
TERRA ACADEMY

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BRITTANY LUCK
UINTAH RIVER HS

PAUL SWEAT
WASATCH

STEVE WILLIAMS
WEILENMANN

TESS MINER-FARRA
WINTER SPORTS SCHOOL

Utah State Board of Education
C/O Superintendent Sydnee Dickson
PO Box 144200
Salt Lake City, UT 84114-4200

Dear Utah State Board of Education Members and Superintendent Dickson:

The Board of Directors for Northeastern Utah Educational Services (NUES) is applying for consideration as a Regional Education Service Agency (RESA) and requesting operational funds as required by rule 277-706 – Regional Education Service Agencies.

The amount of funding requested is \$500,000.00 as approved by the Utah State Legislature during the 2021 legislative session for fiscal year 2022. We respectfully request to provide an annual report to the Utah State Board of Education at a future study session.

Requests for additional information should be directed to Duke Mossman, Executive Director, at 435-671-6152. Thank you for your consideration and support.

Sincerely,

Mr. David Brotherton
FY 2021 Chair
Superintendent, Duchesne School District

Mr. Bruce Northcott
FY 2022 Chair-elect
Superintendent, Daggett School District

Section 4 – NUES FY20 External Audit



NORTHEASTERN UTAH EDUCATIONAL SERVICES

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2020

NORTHEASTERN UTAH EDUCATIONAL SERVICES

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Independent Auditor's Report

Board of Directors
Northeastern Utah Educational Services

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund (a major fund) of Northeastern Utah Educational Services (NUES) as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise NUES's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of Northeastern Utah Educational Services as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NUES's basic financial statements. The other information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020 on our consideration of NUES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NUES's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
September 17, 2020

NORTHEASTERN UTAH EDUCATIONAL SERVICES

Management's Discussion and Analysis

The management of Northeastern Utah Educational Services (NUES) offers readers of its financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and related notes.

Financial Highlights

- The assets of NUES exceeded its liabilities at the close of the most recent fiscal year by \$416,983 (net position).
- NUES's net position decreased during this past fiscal year by \$71,162.
- NUES receives most of its revenue from other governments. State funding totaled \$726,983. NUES received local funding of \$365,989 for services provided to its members. NUES also received local funding of \$123,676, primarily for teacher endorsement and sterling scholar programs.

Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to NUES's basic financial statements. NUES's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of two separate statements, which are similar to a private-sector business.

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

The *statement of activities* presents information showing how NUES's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods (e.g., long-term obligations).

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. NUES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating NUES's near-term financing requirements.

NORTHEASTERN UTAH EDUCATIONAL SERVICES

Management's Discussion and Analysis

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 NUES's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

NUES 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 governmental fund financial statements and reconciliations can be found on pages 10 through 14 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 this report.

Additional Information

To provide comparative data, selected financial information is provided as other information. This other information can be found on pages 21 through 24 of this report.

Government-wide Financial Analysis

NUES is one of four regional service centers established to assist school districts and charter schools in providing equitable and cost-effective services and programs for students in rural Utah to match those offered to students on Utah's urban Wasatch Front. NUES serves nine school districts and five charter schools. NUES began operations in July 1967. Net position at June 30, 2020 totaled \$416,983.

A portion of NUES's net position (or \$316,272) reflects its investment in capital assets (e.g., buildings, office furniture, vehicles, computer and office equipment, and other equipment) net of accumulated depreciation. NUES uses these capital assets to provide services to the participating school districts and charter schools; consequently, these assets are not available for future spending.

The remaining net position of \$100,711 is unrestricted. This balance represents the residual of available resources net of a liability to Wasatch County School District (the District) which is NUES's portion of the District's proportionate share of the unfunded net pension liability of the Utah Retirement Systems.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Management's Discussion and Analysis

Northeastern Utah Educational Services
Governmental Activities - Net Position
June 30, 2020 and 2019

	2020	2019	Total change 2020-2019
Current and other assets	\$ 496,389	\$ 486,540	\$ 9,849
Capital assets, net	316,272	314,192	2,080
Total assets	812,661	800,732	11,929
Current and other liabilities	102,546	105,728	(3,182)
Long-term liabilities	293,132	206,859	86,273
Total liabilities	395,678	312,587	83,091
Investment in capital assets	316,272	314,192	2,080
Unrestricted	100,711	173,953	(73,242)
Total net position	<u>\$ 416,983</u>	<u>\$ 488,145</u>	<u>\$ (71,162)</u>

NUES's net position decreased by \$71,162 during the current year. The following discussion and analysis on governmental activities focuses on this decrease:

Northeastern Utah Educational Services
Governmental Activities - Change in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019	Total change 2020-2019
Revenues:			
Program revenues:			
Charges for services	\$ 489,663	\$ 650,013	\$ (160,350)
Operating grants and contributions	226,983	193,899	33,084
General revenues:			
State revenue not restricted to specific purposes	500,000	500,000	-
Interest	5,111	6,334	(1,223)
Total revenues	1,221,757	1,350,246	(128,489)
Expenses:			
Programs	967,741	991,708	(23,967)
Administrative	325,178	281,565	43,613
Total expenses	1,292,919	1,273,273	19,646
Change in net position	(71,162)	76,973	(148,135)
Net position – beginning	<u>488,145</u>	<u>411,172</u>	<u>76,973</u>
Net position – ending	<u>\$ 416,983</u>	<u>\$ 488,145</u>	<u>\$ (71,162)</u>

NUES's total revenues were \$1,221,757 for the year ended June 30, 2020, which is a decrease of \$128,489 compared to the prior year, primarily due to a decrease of \$160,350 in charges for services. Total expenses increased \$19,646 during the current year compared to the prior year, bringing current year expenses to \$1,292,919. This increase is a result of an increase in administration expenses due to increased wages and benefits, including the change in the liability to the District which is NUES's portion

NORTHEASTERN UTAH EDUCATIONAL SERVICES

Management's Discussion and Analysis

of the District's proportionate share of the unfunded net pension liability of the Utah Retirement Systems. Program expenses decreased \$23,967 compared to the prior year. This decrease was due to a decrease of participants in the teacher endorsement program and a decrease in the cost of providing regional programs.

Governmental Fund Financial Analysis

NUES completed the year with a *general fund* balance of \$393,843, an increase of \$13,031 during the year. Of the current year balance, \$101,328 is assigned for programs and salaries and benefits; the remaining \$292,515 is unassigned, meaning that it is available for future appropriation for services provided by NUES.

General fund revenues totaled \$1,221,759 for the year, which is a decrease over the prior year of 9.5%. The revenues were comprised of \$726,983 of state funding, \$365,989 for services provided to its members, and \$128,787 of other revenues and interest.

General fund expenditures totaled \$1,216,828 for the year, which is a decrease of 2.5% from the prior year. Expenditures in 2020 are reflective of services provided for continuing programs. Of the expenditures, 51.8% is for salaries and benefits and 41.3% for other purchased services.

General Fund Budgetary Highlights

The Board of Directors amended NUES's budget primarily to reflect slight increases in revenues and expenditures. Actual revenues were \$1,182 more than budgeted amounts and actual expenditures were \$87,897 less than budgeted amounts.

Capital Assets

NUES acquired capital assets (computer and office equipment) totaling \$46,718 during the year ended June 30, 2020. All acquisitions were funded with state revenues.

Refer to Note 4 to the basic financial statements for additional information regarding capital assets.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Management’s Discussion and Analysis

Student Enrollment

Student enrollment in the nine school districts and five charter schools served by NUES is summarized in the following schedule:

	Student Membership - Fall Enrollment			
	2019	2018	2017	2016
School Districts:				
Daggett	189	178	163	183
Duchesne	5,164	5,183	5,103	5,009
Morgan	3,194	3,178	3,069	2,994
North Summit	1,014	1,044	1,048	1,042
Park City	4,757	4,780	4,816	4,891
Rich	498	507	494	497
South Summit	1,701	1,694	1,650	1,574
Uintah	6,989	7,069	6,986	7,034
Wasatch	7,146	7,040	6,826	6,605
Charter Schools:				
Soldier Hollow	324	312	318	266
Terra Academy	632	635	622	616
Uintah River High	75	69	72	76
Weilenmann School	563	591	598	605
Winter Sports School	109	114	110	113
	<u>32,355</u>	<u>32,394</u>	<u>31,875</u>	<u>31,505</u>

Contacting NUES Management

This financial report is designed to provide a general overview of NUES’s finances and to demonstrate NUES’s accountability for the money it receives. If you have any questions about this report or need additional information, contact the executive director at Northeastern Utah Educational Services, 35 South Main Street, Heber, Utah 84032 or by calling (435) 654-1921.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets:	
Cash and investments	\$ 400,091
Receivables:	
State	292
Local	96,006
Capital assets, net of accumulated depreciation	<u>316,272</u>
Total assets	812,661
Liabilities:	
Accounts payable	102,546
Long-term liabilities:	
Compensated absences	11,952
Payable to Wasatch County School District	<u>281,180</u>
Total liabilities	395,678
Net position:	
Investment in capital assets	316,272
Unrestricted	<u>100,711</u>
Total net position	<u><u>\$ 416,983</u></u>

The accompanying notes are an integral part of these financial statements.

NORTHEASTERN UTAH EDUCATIONAL SERVICES

Statement of Activities

Year Ended June 30, 2020

<u>Activities and Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Total Governmental Activities</u>
Governmental activities:				
Programs:				
Art show	\$ 897	\$ 800	\$ -	\$ (97)
BCBA	99,125	-	-	(99,125)
Crisis counselor	116,831	-	71,348	(45,483)
Driver's education	9,050	11,208	-	2,158
eBooks	42,284	32,284	-	(10,000)
Edgenuity	212,450	212,450	-	-
Endorsement	36,757	32,955	-	(3,802)
Media	42,548	35,933	-	(6,615)
Networking	121,373	-	74,982	(46,391)
Regional programs	41,239	30,452	-	(10,787)
Special education	300	-	-	(300)
Sterling scholar	71,994	84,000	-	12,006
Surplus	1,940	-	-	(1,940)
Trainers	136,358	-	80,653	(55,705)
Wasatch back conference	34,595	28,147	-	(6,448)
Administrative	325,178	21,434	-	(303,744)
	<u>\$ 1,292,919</u>	<u>\$ 489,663</u>	<u>\$ 226,983</u>	<u>(576,273)</u>
General revenues:				
				500,000
				5,111
				<u>505,111</u>
				(71,162)
				<u>488,145</u>
				<u>\$ 416,983</u>

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

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Balance Sheet – Governmental Fund
June 30, 2020

	<u>General Fund</u>
Assets:	
Cash and investments	\$ 400,091
Accounts receivable:	
State	292
Local	96,006
	<u>96,006</u>
Total assets	<u>\$ 496,389</u>
 Liabilities and fund balances:	
Liabilities:	
Accounts payable	\$ 102,546
 Fund balances:	
Assigned to:	
Employee salaries and benefits	16,265
Repairs and media	1,536
Sterling scholar	23,873
Driver's education	26,166
Endorsements	21,536
Compensated absences	11,952
Unassigned	292,515
	<u>292,515</u>
Total fund balances	<u>393,843</u>
Total liabilities and fund balances	<u>\$ 496,389</u>

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

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
June 30, 2020

Total fund balances for the governmental fund \$ 393,843

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

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

Building, net of \$131,660 accumulated depreciation	\$ 247,980	
Computer and office equipment, net of \$72,732 accumulated depreciation	19,202	
Other equipment, net of \$60,496 accumulated depreciation	11,672	
Office furniture, net of \$17,796 accumulated depreciation	5,149	
Vehicles, net of \$83,641 accumulated depreciation	<u>32,269</u>	316,272

Long-term obligations are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net position. Balances at year end are:

Compensated absences	(11,952)	
Payable to Wasatch County School District	<u>(281,180)</u>	<u>(293,132)</u>
Total net position of governmental activities		<u><u>\$ 416,983</u></u>

The accompanying notes are an integral part of these financial statements.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Statement of Revenues, Expenditures, and Change in Fund Balances –
Governmental Fund
Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
Local:	
Member school districts and charter schools	\$ 365,989
Other	123,676
Interest	5,111
State	<u>726,983</u>
Total revenues	1,221,759
Expenditures:	
Programs:	
Art show	897
BCBA	89,397
Crisis counselor	79,399
Driver's education	9,050
eBooks	42,284
Edgenuity	212,450
Endorsement	36,758
Media	37,544
Networking	118,112
Regional programs	41,239
Special education	300
Sterling scholar	71,994
Surplus	8,100
Trainers	127,437
Wasatch back conference	34,595
Administrative	<u>307,272</u>
Total expenditures	<u>1,216,828</u>
Excess of revenues over expenditures	4,931
Other financing source - Proceeds from sale of capital assets	<u>8,100</u>
Net change in fund balances	13,031
Fund balances – beginning	<u>380,812</u>
Fund balances – ending	<u><u>\$ 393,843</u></u>

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

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund
Balances of the Governmental Fund to the Statement of Activities
Year Ended June 30, 2020

Net change in fund balances – governmental fund \$ 13,031

The change in net position for governmental activities in the statement of activities is different because:

The governmental fund reports capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 for equipment and vehicles and \$10,000 for buildings are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays and depreciation of capital assets for the current period are:

Capital outlays	\$ 46,178	
Proceeds from sale of capital asset	(8,100)	
Gain on sale of capital asset	8,100	
Depreciation expense	(44,098)	2,080

In the statement of activities, certain operating expenses (compensated absences and pension benefits) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Changes in long-term obligation balances during the year are:

Compensated absence expense	(3,755)	
Pension benefit expense	(82,518)	(86,273)

Change in net position of governmental activities \$ (71,162)

The accompanying notes are an integral part of these financial statements.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Change in Fund Balances – Budget and Actual –
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local:				
Member school districts and charter schools	\$ 325,149	\$ 322,594	\$ 365,989	\$ 43,395
Other	162,800	164,500	123,676	(40,824)
Interest	6,500	6,500	5,111	(1,389)
State	655,635	726,983	726,983	-
Total revenues	1,150,084	1,220,577	1,221,759	1,182
Expenditures:				
Current:				
Salaries and wages	360,236	407,206	405,119	2,087
Employee benefits	226,506	219,316	225,263	(5,947)
Purchased professional services	40,050	44,450	24,653	19,797
Purchased property services	3,300	3,700	3,828	(128)
Other purchased services	515,599	525,273	473,663	51,610
Supplies	3,600	4,400	2,710	1,690
Property	111,950	96,650	79,908	16,742
Other	3,570	3,730	1,684	2,046
Total expenditures	1,264,811	1,304,725	1,216,828	87,897
Excess (deficiency) of revenues over (under) expenditures	(114,727)	(84,148)	4,931	89,079
Other financing source:				
Proceeds from sale of capital assets	8,000	8,000	8,100	100
Net change in fund balances	(106,727)	(76,148)	13,031	89,179
Fund balances – beginning	380,812	380,812	380,812	-
Fund balances – ending	<u>\$ 274,085</u>	<u>\$ 304,664</u>	<u>\$ 393,843</u>	<u>\$ 89,179</u>

The accompanying notes are an integral part of these financial statements.

NORTHEASTERN UTAH EDUCATIONAL SERVICES

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Northeastern Utah Educational Services (NUES) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of NUES are described below.

The Reporting Entity

NUES is a local government operating as a regional service center established to assist nine school districts and four charter schools in northeastern Utah. Regional service centers are organized to assist school districts and charter schools in providing equitable and cost-effective services and programs for students in rural Utah to match those offered to students on Utah's urban Wasatch Front. NUES is one of Utah's four regional service centers.

The Board of Directors (Board), comprised of the superintendents of member school districts and the executive directors of member charter schools, is NUES's primary governing authority. The Board establishes NUES policies, approves the budget, appoints an executive director with responsibilities for administering educational activities, and appoints a business administrator with responsibilities for fiscal matters. The Board is not dependent on any other unit of local government. All funds, including all financial activities over which the Board has governance, are included in the report.

Wasatch County School District (the District), one of the member school districts served by NUES, provides certain fiscal and personnel services to NUES (refer to Note 5).

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the government and include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of NUES's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expenses for capital assets that can specifically be identified with a function are included in its direct expenses. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about NUES's *general fund*, a major governmental fund. It accounts for all current financial resources of NUES.

Fund Balance Classifications

The governmental fund financial statement presents 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 NUES is bound to honor them.

NORTHEASTERN UTAH EDUCATIONAL SERVICES NOTES TO THE BASIC FINANCIAL STATEMENTS

NUES first determines and reports nonspendable balances, then restricted, then committed, then assigned, and finally unassigned. Fund balance classifications are summarized as follows:

Assigned – This category includes *general fund* balance amounts that NUES intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of NUES's administration. NUES received a lump-sum amount from the state for salary and benefits increases (with a remaining balance of \$16,265). Amounts for other purposes have also been reported as assigned fund balance amounts at June 30, 2020.

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

When both restricted and unrestricted resources are available for use, it is NUES's policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

Measurement Focus and Basis of Accounting

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which NUES receives value without directly giving equal value in exchange, include grants and contributions. On an accrual basis, revenue from grants and contributions 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. NUES considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures generally are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgetary Data

The statement of revenues, expenditures, and change in fund balance – budget and actual has been prepared on the modified accrual basis of accounting.

Expenditure-driven grants are included in the original budget at their full amounts. Such grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Accounts Receivable

Accounts receivable as of June 30, 2020 for NUES represent amounts owed to NUES from the state and member school districts and charter schools. All amounts are considered collectible; accordingly, no allowance for doubtful accounts has been established.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Assets

NUES’s capital assets consist of building, equipment, furniture, and vehicles and are reported in the government-wide financial statements. NUES defines capital assets as assets with an initial, individual cost of more than \$500 for equipment and vehicles and \$10,000 for buildings. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets’ lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

<u>Asset Classification</u>	<u>Years</u>
Building	20
Office furniture	10
Other equipment	10 to 15
Vehicles	5 to 7
Computer and office equipment	3 to 5

Compensated Absences

NUES provides certain benefits for its eligible employees. Compensated absences include personal and sick leave earned by full-time employees at the rate of one day per contracted month. Unused compensated absences can accrue up to a maximum of 120 days. At retirement, unused personal and sick leave are paid out at 15.0% of the employees’ salary rate in effect at that time.

Payable to Wasatch County School District

NUES reports in its government-wide financial statements a liability to Wasatch County School District (the District) for its portion of the District’s net pension liability of the Utah Retirement Systems (URS) (refer to Notes 5 and 7 to the basic financial statements). This liability is based on each entity’s contributions to URS.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2020 appear in the financial statements as summarized below:

Carrying amount of deposits	\$ 182,762
Investment in Public Treasurers' Investment Fund	<u>217,329</u>
Total cash and investments	<u><u>\$ 400,091</u></u>

NUES 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. NUES funds are deposited in qualified depositories as defined by the Act. The Act also authorizes NUES to invest in the Utah Public Treasurers’ Investment Fund (the PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker’s acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

NORTHEASTERN UTAH EDUCATIONAL SERVICES

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Deposits

NUES's carrying amount of bank deposits at June 30, 2020 is \$182,762 and the bank balance is \$183,016, all of which is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

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. NUES manages this risk by complying with the Act and related Rules.

Investments

At June 30, 2020, NUES's investment balance of \$217,329 was held in the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. 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 primarily consists of money market securities held by the state or in the state's name by the state's custodial banks, including first-tier corporate bonds and notes; money market mutual funds; first-tier commercial paper; and certificates of deposit. The portfolio has a weighted average maturity of 40 days. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NUES manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments not exceed the period of availability of the funds invested.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. NUES's policy for reducing its exposure to credit risk is to comply with the Act and related rules.

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. NUES's policy for managing this risk is to comply with the Act and related rules.

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. NUES's policy for managing this risk is to comply with the Act and related rules.

NORTHEASTERN UTAH EDUCATIONAL SERVICES
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE MEASUREMENTS

NUES 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.

NUE has the following recurring fair value measurements as of June 30, 2020:

- Public Treasurers’ Investment Fund of \$217,329 is valued at NUES’s position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Building	\$ 375,202	\$ 4,438	\$ -	\$ 379,640
Computer and office equipment	82,030	9,904	-	91,934
Other equipment	66,013	6,515	(360)	72,168
Office furniture	22,945	-	-	22,945
Vehicles	113,160	25,321	(22,571)	115,910
Accumulated depreciation	(345,158)	(44,098)	22,931	(366,325)
Governmental activity capital assets, net	<u>\$ 314,192</u>	<u>\$ 2,080</u>	<u>\$ -</u>	<u>\$ 316,272</u>

For the year ended June 30, 2020, depreciation expense was charged to functions of NUES as follows:

Governmental activities:	
Programs:	
Media	\$ 5,545
Networking	6,927
Surplus	1,940
Trainers	841
Crisis counselor	194
BCBA	332
Administrative	28,319
Total depreciation expense, governmental activities	<u>\$ 44,098</u>

**NORTHEASTERN UTAH EDUCATIONAL SERVICES
NOTES TO THE BASIC FINANCIAL STATEMENTS**

NOTE 5 – RELATED PARTY TRANSACTIONS

The employees of NUES are considered employees of Wasatch County School District (the District). NUES paid \$630,382 to the District for payroll and related benefits for the year ended June 30, 2020. At June 30, 2020, NUES reports a payable to the District of \$281,180 which estimates its portion of the District’s proportionate share of the unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems (refer to Note 7). More information regarding the District’s proportionate share is available in the District’s annual financial report.

NOTE 6 – RISK MANAGEMENT

NUES maintains insurance coverage for general, personal injury, errors and omissions, and malpractice liability up to \$2,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. NUES pays an annual premium to the Utah State Risk Management Fund.

The employees of NUES are covered by workers compensation insurance. NUES pays unemployment claims as they occur.

No insurance claims have occurred during the three-year period ended June 30, 2020.

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows (compensated absence obligations are expected to be paid in the following year):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Compensated absences	\$ 8,197	\$ 4,136	\$ (381)	\$ 11,952
Payable to Wasatch County School District	198,662	174,881	(92,363)	281,180
	<u>\$ 206,859</u>	<u>\$ 179,017</u>	<u>\$ (92,744)</u>	<u>\$ 293,132</u>

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Comparative Statements of Net Position (Accrual Basis) – Governmental Activities
Last Five Fiscal Years

	2020	2019	2018	2017	2016
Assets:					
Cash and investments	\$ 400,091	\$ 455,585	\$ 321,011	\$ 260,617	\$ 202,548
Receivables:					
Federal	-	20,595	-	1,963	-
State	292	1,080	-	2,000	21,270
Local	96,006	9,280	7,953	7,125	39,422
Capital assets, net of accumulated depreciation	316,272	314,192	350,950	358,837	393,273
Total assets	812,661	800,732	679,914	630,542	656,513
Liabilities:					
Accounts payable	102,546	105,728	50,499	52,451	8,130
Long-term liabilities:					
Compensated absences	11,952	8,197	6,707	7,841	7,983
Payable to Wasatch County School District	281,180	198,662	211,536	222,249	220,076
Unearned revenue	-	-	-	-	60,761
Total liabilities	395,678	312,587	268,742	282,541	296,950
Net position:					
Investment in capital assets	316,272	314,192	350,950	358,837	393,273
Unrestricted	100,711	173,953	60,222	(10,836)	(33,710)
Total net position	<u>\$ 416,983</u>	<u>\$ 488,145</u>	<u>\$ 411,172</u>	<u>\$ 348,001</u>	<u>\$ 359,563</u>

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Comparative Statements of Activities (Accrual Basis) – Governmental Activities
Last Five Fiscal Years

	2020	2019	2018	2017	2016
Expenses:					
Programs:					
Art show	\$ 897	\$ 3,089	\$ -	\$ -	\$ -
BCBA	99,125	33,813	93,363	106,298	105,641
Crisis counselor	116,831	-	-	-	-
Driver's education	9,050	10,378	8,813	14,806	53,622
eBooks	42,284	37,604	32,819	32,283	36,000
Edgenuity	212,450	234,590	143,913	57,964	47,900
Endorsement	36,757	91,021	51,106	31,874	50,145
Media	42,548	38,676	37,408	35,873	13,864
Networking	121,373	124,830	106,763	102,016	96,729
Regional programs	41,239	142,217	137,068	36,037	27,475
Special education	300	41,501	1,219	-	-
Sterling scholar	71,994	86,333	46,959	50,329	31,436
Surplus	1,940	1,940	1,814	425	4,425
Trainers	136,358	109,945	94,464	110,686	111,418
Wasatch back conference	34,595	35,771	30,922	-	-
Administrative	325,178	281,565	275,047	257,132	244,841
Total expenses	1,292,919	1,273,273	1,061,678	835,723	823,496
Program revenues:					
Programs:					
Art show	800	800	-	-	-
BCBA	-	-	-	456	-
Crisis counselor	71,348	-	-	-	-
Driver's education	11,208	12,389	11,574	20,595	55,615
eBooks	32,284	19,604	17,819	32,283	36,000
Edgenuity	212,450	227,090	143,913	57,964	47,900
Endorsement	32,955	93,140	53,063	45,841	42,714
Media	35,933	32,440	34,491	29,708	35,904
Networking	74,982	73,299	71,511	70,109	68,734
Regional programs	30,452	140,120	136,873	35,980	13,437
Special education	-	41,095	-	-	-
Sterling scholar	84,000	97,550	47,362	45,000	-
Trainers	80,653	79,505	79,832	77,507	33,877
Wasatch back conference	28,147	21,732	23,219	-	-
Administrative	21,434	5,148	654	387	82,917
Total program revenues	716,646	843,912	620,311	415,830	417,098
Net (expense) revenues	(576,273)	(429,361)	(441,367)	(419,893)	(406,398)
General revenues:					
Federal and state aid not restricted to specific purposes	500,000	500,000	501,639	406,476	399,880
Interest	5,111	6,334	2,899	1,855	1,214
Total general revenues	505,111	506,334	504,538	408,331	401,094
Change in net position	(71,162)	76,973	63,171	(11,562)	(5,304)
Net position – beginning	488,145	411,172	348,001	359,563	364,867
Net position – ending	\$ 416,983	\$ 488,145	\$ 411,172	\$ 348,001	\$ 359,563

NORTHEASTERN UTAH EDUCATIONAL SERVICES
Comparative Balance Sheets (Modified Accrual Basis) – General Fund
Last Five Fiscal Years

	2020	2019	2018	2017	2016
Assets:					
Cash and investments	\$ 400,091	\$ 455,585	\$ 321,011	\$ 260,617	\$ 202,548
Accounts receivable:					
Federal	-	20,595	-	1,963	-
State	292	1,080	-	2,000	21,270
Local	96,006	9,280	7,953	7,125	39,422
Total assets	<u>\$ 496,389</u>	<u>\$ 486,540</u>	<u>\$ 328,964</u>	<u>\$ 271,705</u>	<u>\$ 263,240</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 102,546	\$ 105,728	\$ 50,499	\$ 52,451	\$ 8,130
Unearned revenue	-	-	-	-	60,761
Total liabilities	102,546	105,728	50,499	52,451	68,891
Fund balances:					
Assigned to:					
Employee salaries and benefits	16,265	20,765	29,765	39,165	49,065
Repairs and media	1,536	2,647	3,118	1,850	1,729
Sterling scholar	23,873	11,867	650	247	5,576
Driver's education	26,166	24,008	21,997	-	-
Endorsements	21,536	25,339	23,220	-	-
Compensated absences	11,952	8,197	6,707	7,841	7,983
Unassigned	292,515	287,989	193,008	170,151	129,996
Total fund balances	<u>393,843</u>	<u>380,812</u>	<u>278,465</u>	<u>219,254</u>	<u>194,349</u>
Total liabilities and fund balances	<u>\$ 496,389</u>	<u>\$ 486,540</u>	<u>\$ 328,964</u>	<u>\$ 271,705</u>	<u>\$ 263,240</u>

NORTHEASTERN UTAH EDUCATIONAL SERVICES

**Comparative Statements of Revenues, Expenditures, and Change in Fund Balances (Modified Accrual Basis) –
General Fund**

Last Five Fiscal Years with Anticipated Budget for 2021

	Anticipated Budget 2021	2020	2019	2018	2017	2016
Revenues:						
Local:						
Member school districts and charter schools	\$ 299,911	\$ 365,989	\$ 439,475	\$ 370,079	\$ 171,754	\$ 121,397
Other	258,800	123,676	210,537	100,609	82,922	95,143
Interest	6,500	5,111	6,334	2,899	1,855	1,214
State	759,378	726,983	652,804	651,262	552,630	564,438
Federal	-	-	41,095	-	15,000	36,000
Total revenues	<u>1,324,589</u>	<u>1,221,759</u>	<u>1,350,245</u>	<u>1,124,849</u>	<u>824,161</u>	<u>818,192</u>
Expenditures:						
Programs:						
Art show	3,414	897	3,089	-	-	-
BCBA	113,965	89,397	53,391	103,596	106,176	105,881
Crisis counselor	122,100	79,399	-	-	-	-
Driver's education	13,000	9,050	10,378	8,813	14,806	53,622
eBooks	42,355	42,284	37,604	32,819	32,283	36,000
Edgenuity	211,640	212,450	234,590	143,913	57,964	47,900
Endorsement	80,000	36,758	91,021	51,106	34,198	55,137
Media	38,292	37,544	32,911	33,722	30,187	36,077
Networking	124,825	118,112	110,777	98,597	93,159	95,911
Regional programs	116,500	41,239	142,217	137,068	36,037	27,475
Special education	1,000	300	41,501	1,219	-	-
Sterling scholar	85,000	71,994	86,333	46,959	50,329	31,437
Surplus	8,000	8,100	-	7,577	-	4,000
Trainers	129,995	127,437	105,705	110,221	107,207	111,648
Wasatch back conference	-	34,595	35,771	30,922	-	-
Administrative	<u>301,825</u>	<u>307,272</u>	<u>262,610</u>	<u>266,683</u>	<u>236,910</u>	<u>237,625</u>
Total expenditures	<u>1,391,911</u>	<u>1,216,828</u>	<u>1,247,898</u>	<u>1,073,215</u>	<u>799,256</u>	<u>842,713</u>
Excess (deficiency) of revenues over (under) expenditures	(67,322)	4,931	102,347	51,634	24,905	(24,521)
Other financing source						
Proceeds from sale of capital assets	<u>8,000</u>	<u>8,100</u>	<u>-</u>	<u>7,577</u>	<u>-</u>	<u>4,000</u>
Net change in fund balances	(59,322)	13,031	102,347	59,211	24,905	(20,521)
Fund balances – beginning	<u>393,843</u>	<u>380,812</u>	<u>278,465</u>	<u>219,254</u>	<u>194,349</u>	<u>214,870</u>
Fund balances – ending	<u>\$ 334,521</u>	<u>\$ 393,843</u>	<u>\$ 380,812</u>	<u>\$ 278,465</u>	<u>\$ 219,254</u>	<u>\$ 194,349</u>

Notes: The 2021 anticipated budget is from the proposed budget approved by the Board in June 2020.



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 Directors
Northeastern Utah Educational Services

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 and the general fund of Northeastern Utah Educational Services (NUES), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise NUES's basic financial statements, and have issued our report thereon dated September 17, 2020.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NUES's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 NUES's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NUES's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squin & Company, PC

Orem, Utah
September 17, 2020



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

Board of Directors
Northeastern Utah Educational Services

Report on Compliance

We have audited the compliance of Northeastern Utah Educational Services (NUES) 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, 2020:

- Budgetary Compliance
- Fund Balance
- Open and Public Meetings Act

Management's Responsibility

Compliance with the state compliance requirements referred to above is the responsibility of NUES's management.

Auditor's Responsibility

Our responsibility is to express an opinion on NUES's compliance based on our audit.

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

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

Opinion on Compliance

In our opinion, Northeastern Utah Educational Services complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

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

Fund Balance

As stated in *Utah Code 11-13-512-(2)*, “The accumulation of fund balance in the interlocal entity general fund may not exceed...25% of the interlocal entity general fund revenues...”

At June 30, 2020, the fund balance of NUES exceeded the 25% limit by \$88,403.

Management’s Response – We are hoping to hire two additional mental health employees this year on a grant that only covers salary and benefits, and we will help support the operating costs of the program through our unrestricted fund balance.

NUES’s response to the noncompliance findings identified in our audit is described above. NUES’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of NUES is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit, we considered NUES’s internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those applicable state compliance requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NUES’s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control 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
September 17, 2020

Section 5 – NUES Records Access Assurance





NORTHEASTERN UTAH EDUCATIONAL SERVICES (NUES)

All Students Achieving their Potential

EXECUTIVE DIRECTOR
PARKER K. MOSSMAN

June 21, 2021

BUSINESS MANAGER
AMY DAVIS

BOARD OF DIRECTORS

E. BRUCE NORTHCOTT
DAGGETT

Utah State Board of Education
C/O Superintendent Sydnee Dickson
PO Box 144200

DAVID BROTHERSON
DUCHESNE

Salt Lake City, UT 84114-4200

DOUG JACOBS
MORGAN

JERRE HOLMES
NORTH SUMMIT

Dear Utah State Board of Education Members and Superintendent Dickson:

JILL Gildea
PARK CITY

The Board of Directors for Northeastern Utah Educational Services (NUES) assures that the Utah State Office of Education shall have access to any and all records of the NUES Regional Education Service Agency (RESA) upon their request.

DALE LAMBORN
RICH

JAMIE BENNION
SOLDIER HOLLOW

STEVE HIRASE
SOUTH SUMMIT

Records requests or requests for additional information should be directed to Duke Mossman, Executive Director, at 435-671-6152. Thank you for your support.

CASSIE HAYS
TERRA ACADEMY

RICK WOODFORD
UINTAH

Sincerely,

BRITTANY LUCK
UINTAH RIVER HS

PAUL SWEAT
WASATCH

Mr. David Brotherson
FY 2021 Chair
Superintendent, Duchesne School District

STEVE WILLIAMS
WEILENMANN

TESS MINER-FARRA
WINTER SPORTS SCHOOL

Mr. Bruce Northcott
FY 2022 Chair-elect
Superintendent, Daggett School District

Section 6 – NUES FY 2021 Financial Report



NORTHEASTERN UTAH EDUCATIONAL SERVICES (NUES)

Profit & Loss

06/18/21

July 1, 2020 through June 18, 2021

Accrual Basis

	<u>Jul 1, '20 - Jun 18, 21</u>
Ordinary Income/Expense	
Income	
Carryover	393,843.27
District/School	407,543.53
Grant Revenue	345,679.39
Interest	1,133.98
Other Income	360,056.77
State	458,333.33
Transfer In	0.00
UEN	185,635.00
Total Income	<u>2,152,225.27</u>
Gross Profit	2,152,225.27
Expense	
General & Adm Expenses	
Audit	7,800.00
Board Mtg Expenses	1,163.21
Custodial Services	1,200.00
Indirect Costs	308.40
Inservice	321.14
Marketing	98.00
Office Supplies	2,245.37
Postage	228.60
Professional Development	2,341.71
Professional Organizations	1,064.00
Region Programs	1,119,352.91
Telephone	4,980.93
Utilities	3,768.63
Total General & Adm Expenses	<u>1,144,872.90</u>
Insurance	
Property and Casualty	474.21
Total Insurance	474.21
Maintenance and Operation	
Building/Facilities	4,237.96
Equipment	15,213.18
Vehicles	4,258.65
Total Maintenance and Operat...	<u>23,709.79</u>
Payroll Expenses	
FICA Expenses	35,856.48
Health & Accident Insurance	103,867.50
Industrial Insurance	1,398.49
Life Insurance	2,025.50
Retirement Contributions	106,754.32
Salaries/Wages	468,712.04
Total Payroll Expenses	<u>718,614.33</u>
Purchases	
Office Equipment	20,338.44
Vehicle	47,617.00
Total Purchases	<u>67,955.44</u>
Travel Expenses	
Travel	8,857.63
Total Travel Expenses	<u>8,857.63</u>
Total Expense	<u>1,964,484.30</u>

NORTHEASTERN UTAH EDUCATIONAL SERVICES (NUES)

Profit & Loss

July 1, 2020 through June 18, 2021

	<u>Jul 1, '20 - Jun 18, 21</u>
Net Ordinary Income	<u>187,740.97</u>
Net Income	<u><u>187,740.97</u></u>

NORTHEASTERN UTAH EDUCATIONAL SERVICES (NUES)

06/18/21

Balance Sheet

Accrual Basis

As of June 18, 2021

	Jun 18, 21
ASSETS	
Current Assets	
Checking/Savings	
Utah St Treasures Pool	218,332.44
Zions Checking	93,200.53
Total Checking/Savings	311,532.97
Accounts Receivable	
Accounts Receivable	
Dist/School A/R	2,371.98
Other A/R	953.59
Total Accounts Receivable	3,325.57
Total Accounts Receivable	3,325.57
Other Current Assets	
Inventory Asset	
Media/Computer Supplies	-0.12
Repair Parts & Supplies	0.12
Total Inventory Asset	0.00
Undeposited Funds	78.00
Total Other Current Assets	78.00
Total Current Assets	314,936.54
Fixed Assets	
Office Equipment	72.99
Total Fixed Assets	72.99
TOTAL ASSETS	315,009.53
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	
Center Operations A/P	23,318.26
Sterling Scholar A/P	103,950.00
Total Accounts Payable	127,268.26
Total Accounts Payable	127,268.26
Other Current Liabilities	
Unearned Revenue	-0.45
Total Other Current Liabilities	-0.45
Total Current Liabilities	127,267.81
Total Liabilities	127,267.81
Equity	
Assigned Fund Balance-Endors...	21,536.00
Assigned Fund Balance - Dr. Ed.	26,166.00
Desig Fund Bal Compensated Ab	11,952.00
Desig Fund Bal Sterling Scholar	23,873.00
Designated Fund Bal Salaries	16,265.00
Designated Fund Bal. Reg. Prog.	1,536.00
Opening Bal Equity	-0.25
Pyr Unreserved/Undesignated	351,611.00
Retained Earnings	-452,938.00
Net Income	187,740.97

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NORTHEASTERN UTAH EDUCATIONAL SERVICES (NUES)

06/18/21

Balance Sheet

Accrual Basis

As of June 18, 2021

	<u>Jun 18, 21</u>
Total Equity	<u>187,741.72</u>
TOTAL LIABILITIES & EQUITY	<u><u>315,009.53</u></u>

Section 7 – NUES Resources Usage Plan



Resources Usage Plan

NUES is requesting \$500,000 from the Utah State Office of Education to provide various services to the nine rural school districts in their regional consortium. The requested funds will be utilized for the following:

Department	Amount	Usage
Administration	346,127.26	Two FTE (Executive Director & Executive Secretary/Business Manager), Maintenance and operations (M & O) for the agency
Region Behavior Analyst	1,483.62	Supplement Mental Health Grant funding for operations budget (Region BCBA)
Region Crisis Counselor/PBIS	7,951.91	Supplement Mental Health Grant funding for operations budget (Region Crisis Counselor)
Region School Psychologist	13,400.00	Supplement Mental Health Grant funding for operations budget (Region School Psychologist)
Network Engineer (UEN)	66,394.87	Supplement UEN funding for One FTE (Network Engineer)
Technology Training (UEN)	44,642.34	Supplement UEN funding for One FTE (Technology Trainer)
Region Programs	20,000.00	Region eBook Library Expansion and WBack Conference
Total	\$500,000.00	

NORTHEASTERN UTAH
EDUCATIONAL SERVICES

PARK CITY • RICH • SOUTH SUMMIT • WASATCH • UINTAH

Section 8 – NUES Annual Performance Report



Annual Performance Report

FY 2021

- 1) Delivery of Utah Education Network Services: NUES continued to receive funding from the Utah Education Network during FY 2021 to partially fund two positions: Network Engineer (Mark Houtz) and Technology Trainer (Jason Snow).

Mark Houtz was involved in numerous region projects during the 2020-21 school year. Some of those projects include:

- Maintained the Alio financial information systems for five districts. Performed the various upgrades needed to keep the software up to date and replaced the server hardware.
- **129** on-site visits to the region districts to assist with and troubleshoot various technology projects. He also made **1,221** virtual visits to manage issues via distance technology.
- Performed infrastructure upgrades to 10G and configured network switches for region districts.
- Assisted districts with migrations to active directory.
- Improved wireless coverage in the districts by installing new wireless access points.
- Currently conducting a region RFP for firewall renewals.
- Created an off-site back up system for NUES and region LEAs.
- Cloned computer labs.
- Assisted LEAs in wiring new schools and facilities.
- Currently working with districts to further secure their networks after completing security and Nessus training with UEN.
- Implemented Eduroam across the region for transparent internet access.

Jason was involved in numerous professional development projects during the 2020-21 school year. Some of those projects include:

- Training teachers on the Canvas Learning Management System, Zoom, Google and Adobe products were the most popular trainings requested.
- Jason trained **864** region teachers with **173** school visits during the 2020-21 school year.
- Jason provided multiple virtual trainings to assist teachers in delivering their curriculum during the Covid closures and quarantines.

NUES also coordinates a region technology meeting monthly where UEN and the region LEAs meet to discuss various technology issues and projects.

- 2) Delivery of Higher Education Services: NUES continued its professional development partnership with Southern Utah University during FY 2021 by running an educator

reading endorsement program. During FY 2021 one Reading Level I cohort was completed and a new Reading Level II cohort was started.

Completed a Reading Level I Endorsement Cohort, May 2021

- **55** teachers participated in the 2020 Reading Level I endorsement program from **16** districts/charter schools.
- **534** credits were generated.

Began a Reading Level II Endorsement Cohort, June 2021

- **10** teachers are participating in the 2021 Reading Level II endorsement program from **8** districts/charter schools.

ESL

- NUES partners with CUES to participate in a statewide ESL endorsement program.

Technology

- A region technology endorsement program was approved by USOE in 2016. Jason Snow currently offers the technology endorsement training.

Master's Program

- Teachers who earn endorsements through the NUES program with SUU are eligible to participate in the SUU Master's program and can include 12 credits of 5000 level endorsement courses towards a Master's degree in Education.

See the attached NUES Year in Review for additional information.

3) Coordination of Public and Higher Education Services: NUES continued to coordinate various services for the region districts. Some of those services include:

- Cooperative Purchasing & RFPs
- Equipment Recycling
- Region eBook System (OverDrive/Sora)
- On-line Curriculum (Edgenuity)
- Grant Writing
- Professional Development
- Hosting Various meetings
- Region Sterling Scholar Competition
- Concurrent Enrollment Advocacy
- WBack Conference
- Utah Rural Schools Conference
- NUES Region Art Show
- On-line Driver's Education
- See the NUES Year in Review for additional information.

NUES currently coordinates the educator endorsement program and the master's degree through Southern Utah University. NUES has also been involved in helping the districts improve the number of course offerings available to their students through concurrent enrollment.

NUES began an On-line Driver's Education program in 2014 at the request of USOE to handle the students in the region who were previously accessing the Electronic High School's program. During the current year **988** students registered for the program, and as of June 15, **809** have completed, **97** dropped the course.

In 2015 and 2016, NUES wrote grants on behalf of the region totaling \$50,000 to purchase an on-line eBook system. The grants were approved, and on August 24, 2015 the NUES Region eBook system was launched for students' grades 5-12. As of 6/15/21, **107,120** (up from 66,137) titles have been checked out by students and staff during the FY21 school year. Elementary titles, picture books, read-alongs, audio books and Spanish titles have also been added to assist teachers with struggling readers.

NUES hosts and conducts various professional development activities. Professional development was provided by Jason Snow as mentioned above on technology topics. Katie Clark, our Behavior Analyst, also aided the LEAs by conducting workshops and trainings on dealing with student behavior. Holly Todd, our Crisis Counselor and PBIS/MTSS Specialist, mentored region counselors, provided crisis support and consulted region LEAs in policy development for crisis management. Through the mental health grant NUES was also able to contract with a virtual school psychologist to assist region LEAs with various assessments and consultations.

In addition to the Region Technology Director's meetings, NUES hosts regular meetings for the region's Special Education Directors. The meetings have proven to be very beneficial in coordinating joint efforts and initiatives. The Special Education directors have collaborated on numerous region projects and assisted in hiring our mental health staff.

NUES hosted its fourth annual region Art Show this year. Due to the pandemic, the show was held virtually. Entries were submitted from the region LEAs who could participate. Awards were announced on May 12, 2021. The results are posted on the [NUES Website](#).

NUES coordinates the Region Sterling Scholar competition for the Northeast region in partnership with Deseret News, KSL, Utah Valley University and the Larry H and Gail Miller Foundation. The competition included **130** students from **13** high schools this year. The results are posted on the [NUES Website](#).

NUES also participates in and advocates on behalf of region districts at various State meetings and during the legislative session.

Please see the “Year in Review” for more information.



NUES Year in Review

2020-21

NUES Operations:

- Board:
 - Welcomed **Steve Williams** from Weilenmann School of Discovery, **Steve Hirase** from South Summit School District and **Dean Wilson** from Terra Academy to the Board.
- Staff:
 - No staff changes for FY21 but adding four additional staff members (School Psychologist and 3 PreK3 Early Literacy Coaches for FY22).
- Legislation:
 - Education Funding: Attended weekly meetings with legislators during the session to promote the needs of public education.
- Facility:
 - Finished the door and security upgrades to the building. Upgraded wireless access points.

Grants:

- Utah State Board of Education: Obtained a **\$450,000** Mental Health (HB373) grant to provide mental health services.
- Utah State Board of Education: Obtained a **\$14,820** K12 Coronavirus Relief grant to provide support for region LEAs.
- Utah State Board of Education: Obtained a **\$227,394** High School Testing CRG grant to assist region LEAs in Covid Testing.
- Utah State Board of Education: Obtained a **\$450,000** Early Learning Coaches for Rural Utah grant for FY22.

Media:

- **107,102** eBooks borrowed, up from 66,137 - Dawn Roberts is coordinating the NUES Region eBook system with the region media specialists. **34** Titles and Kits Borrowed with **1,214** students engaged.

Professional Development and Mental Health Services:

- Endorsement Programs:
 - FY21 – Completed a Reading Level I Endorsement cohort May 2021. **55** teachers participated (4 completers) representing **16** LEAs and completing **534** credits.
 - FY21 – Began a Reading Level II Endorsement cohort June 2021. To date, the first of three courses has begun with **10** teachers attending representing **8** LEAs.
 - FY22 - Participating in an ESL endorsement cohort through the CUES region, in Elementary Math and Coaching endorsement cohorts through the SEDC region.
- Technology Training – **864** Teachers (**1,554** Participation Hours) trained with **173** school visits.
 - Trainings on Canvas, Nearpod, assessment tools, and the Google suite were the most requested.
 - Promoting science probes and robot kits to the teachers.
- Mental Health Services – NUES shifted gears in 2019 and made two new hires to provide mental health services to region LEAs.
 - Region Behavior Analyst (BCBA) – Katie Clark
 - **161** Teachers trained (**458** Participation Hours), **116** students observed with **126** school visits.
 - Provided RBT mentoring and supervision along with student observations and consultations.
 - Region Crisis Counselor and PBIS/MTSS Specialist – Holly Todd
 - **145** Counselors mentored, **30** crisis response visits, **242** individual crisis meetings, **76** consultation visits, and assisted in policy and protocol development for **14** region LEAs
 - Virtual Psychology Services – **271** hours of contracted services provided to region LEAs. **20** assessments and **3** consultations.

Technology Programs:

- Alio FIS – Hosting and supporting **4** region and **1** non-region (Grand) district's Financial Information System servers. Upgraded the systems to the latest software versions.
- Implemented Eduroam across the region to provide secure wireless connectivity and helped quickly roll out iBoss cloud web filtering at the onset of Covid 19 to assist LEAs and upgraded region wireless access points.
- Provided planning, implementation, and security assessments for network infrastructure upgrades and maintenance for fiber and copper cabling, switches, access points and firewalls.
- On-line Curriculum (EdGenuity) – Twelve region LEAs are using the product. Conducted an RFP with Davis school district and the CUES region. A new contract is now in place through 2023 with **22+** LEAs across the State. **590** concurrent licenses were purchased reducing the per license cost from \$350 to \$275.
- District Technical Support Visits – **129** with **999** support hours and **1,221** virtual visits.

Other Services:

- Equipment Recycling – **2** loads of equipment were recycled through pick up service at NUES.
- Cooperative Purchasing – eBook System, Lear & Lear Legal Services, EdGenuity, Palo Alto Firewalls, Alio, Sophos, Etc.
- Hosted Region Meetings – NUES Board, Legislator, Region Technology Directors, Sterling Scholar, WBack Conference, and Region Special Education Director meetings.
- Region Art Show – Hosted the fourth annual Northeast Region High School Art Show virtually.
- WBack Conference – Assisted in coordinating the 2021 WBack Conference.
- Rural District Events – Assisted in planning the Utah Rural Schools Conference and attended Utah Rural Schools Association meetings.
- Student Services – On-line Driver's Education, and Sterling Scholar Coordination Judging and Finances. **809** students completed the online Driver's Education program and **130** students competed in the Sterling Scholar competition that was held virtually.