

**WEBER SCHOOL DISTRICT**

**Financial Statements**

Year Ended June 30, 2017

**WEBER SCHOOL DISTRICT**  
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WEBER SCHOOL DISTRICT  
5320 Adams Avenue Parkway  
Ogden, Utah 84405

November 30, 2017

To President Ritchie, Members of the Board of Education, and  
Citizens of Weber School District:

State law requires that school districts publish, within five months of the close of each year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants 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 of the United States. Pursuant to that requirement, we hereby issue the basic financial statements of the Weber School District for the fiscal year ending June 30, 2017.

Designed to meet the needs of a broad spectrum of readers of financial statements, its basic financial statements are divided into three major sections:

- Introductory section – Introduces the reader to the report and includes this transmittal letter.
- Financial section – Consists of the independent auditor’s report, management’s discussion and analysis, the basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
- Other information – Contains substantial selected financial information, but presents tables that differ from financial statements in that they present non-accounting data.

**Internal controls.** This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To ensure the validity of this report, management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

**Independent audits.** Squire and Company, PC, a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the year ending June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District’s separately issued compliance reports.

**Management’s discussion and analysis.** GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District’s MD&A can be found immediately following the report of the independent auditors.

**District profile.** The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting budgets, levying taxes, incurring bonded debt, supervising committees, and hiring both the Superintendent and Business Administrator. The Superintendent and Business Administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Weber County, Utah. To accomplish this purpose, for the school year 2016-2017, the District services four traditional high schools, nine junior high schools, and twenty-nine elementary schools. The District also offers various special purpose programs. These special programs include an alternative high school and Weber Innovations Center. The District serves approximately 31,445 students.

**Budgetary control.** The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance commitment. During May of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August or September when data is available to set rates. The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund. The District’s fiscal 2017 balances and projected 2018 revenue are sufficient to meet the fiscal 2018 budgeted expenditures as presented to the public in June of 2017.

**Economic condition and outlook.** The economic outlook of the District is dependent on state aid. The state of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. However, in the first part of 2009, the state and national economy took an abrupt downturn and entered

into a recession. In September and October of 2008, the financial markets plummeted along with job growth, and economic activity. In the forty-five day general session of the Utah State Legislature that is held every year from January to March, state funds for the District for 2009 were cut by nearly \$3 million. In addition, state funds were cut for 2010 and again for 2011 by a combined total of \$14 million. In response to these cuts, the district aggressively slashed non-compensation spending. In addition, discretionary social security and retirement monies that were slated for certain state programs were diverted to the shortfall. Sufficient surpluses in the affected state programs covered this deficit.

At the very end of the FY 2009 and the start of FY 2010, many economists asserted that the “bottom of the recession had been reached.” It is now 2017; the recovery from the recession was very slow. State revenues in many programs are still not at pre-recession levels. However, there is reason for optimism because economic indicators in the State are showing a strong recovered economy. Zions Bank, a major Utah financial institution, said the following about the economic outlook in Utah:

In May, the CoreLogic Home Price Index (HPI) for Utah—which measures home price appreciation—experienced a 5.7% year-over-year increase. Nationally, the HPI increased 6.8% during the same period. Utah’s unemployment rate held steady at 3.5% in June, while the national unemployment rate decreased 0.2 percentage points to 5.3% in June. The Zions Bank Utah Consumer Price Index increased 1.3% from May to June for a trailing 12-month inflation of 1.4%. In the same period, the U.S. CPI increased 0.4% for a trailing 12-month inflation of 0.1% (Zions Bank, *The Current: Real Time Indicators of Utah’s Economic Outlook*, September 2015).

As the recovery continues to take hold, rising state revenue is helping to replace revenue lost during the recession. According to the Governor’s Office of Planning and Budget (GOPB), Utah has realized a full recovery. The state’s industrial structure continues to be well-balanced and diversified, with a broad base of businesses and a solid technology and transportation infrastructure. Combined with continued population growth and a young highly educated workforce, the state is positioned well for positive long-term growth.

Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum level for each student enrolled. The value of the WPU increased by 3% to \$3,184 in 2017 from \$3,092 in 2016. Additionally, The overall taxable value of property within the District increased by 8.6% to \$9.5 billion while the overall tax rate decreased by 0.4% to 0.006373.

**Student growth and facilities.** The Governor’s Office of Planning and Budget estimates steady student growth in Utah schools over the next few years. This growth is expected to impact Weber School District. However, new charter schools that have opened and expanded in Weber County have had an impact on the District’s enrollment. Notwithstanding, the addition and expansion of charter schools, steady growth is expected to continue for the next five years in the District. This means that on average, over 100 students are expected to be added to the District’s enrollment every year.

Student growth brings additional state aid. However, student growth also adds fixed operational costs to the District. Accordingly, the District has made effective use of boundary changes and portable classroom units to manage the shifting student enrollments. In addition, on June 26, 2012, voters approved a \$65 million bond authorization to construct new facilities and expand current space. Construction was completed on the final project in 2017. Since the passage of the bond election, construction of four new replacement schools, two major remodeling projects and various other improvements were completed to add capacity and replace aging facilities.

As the District continues to grow, student counts will be carefully monitored so that available financing resources will have the greatest impact. Current projections indicate most of the growth in the north and west areas of the District.

**Audit committee.** The District's independent auditor uses the District's audit committee to communicate certain matters to upper management and the Board. The audit committee includes three members of the Board, the District superintendent, and the business administrator. The three members of the Board report audit findings and other financial considerations to the Board. The Board is responsible for the oversight of the financial reporting process.

**Cash management and investments.** The District maintains a cash and investment pool that is available for use by all funds. This pool invests in corporate notes and other securities with varying maturity dates. Over the past few years, interest rates plummeted as did investment income. At the end of fiscal 2007, interest rates in the investment pool were at about 5.25%. Since that time interest rates in the pool have declined to less than 1.0%. In response to this situation, the Board authorized investments outside of the state pool. Working with our investment advisor, nearly \$40 million dollars have been invested in funds approved by the Utah Money Management Act. These alternate investments have a return that averages 2.0% more than the state pool. This has helped offset the declines in investment income.

The State of Utah Money Management Act with the State Money Management Council governs the District's investment policies and provides a measure of depository protection. The Council issues a list of qualified depositories to public treasurers each calendar quarter and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

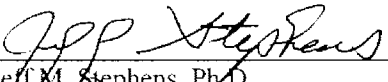
The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

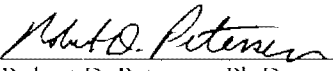
**Risk management.** The District is self-insured for workers' compensation. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

**Early retirement benefits.** Certain employees are eligible to receive healthcare and stipend benefits upon early retirement. These are considered termination benefits by the District. The District finances these benefits primarily as premiums and stipends are paid. The District is actively striving to fund these obligations in advance or assigning fund balances to provide for this obligation.

The efficient and dedicated staff of the business and payroll departments helped accomplish the preparation of this report. We would like to express appreciation to all members of the departments who assisted in the preparation of this report. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,

  
\_\_\_\_\_  
Jeff M. Stephens, Ph.D.  
Superintendent of Schools

  
\_\_\_\_\_  
Robert D. Petersen, Ph.D.  
Business Administrator





## Independent Auditor's Report

Board of Education  
Weber School District

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District (the District) as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Basic 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District as of June 30, 2017, 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 the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability (asset) - Utah Retirement Systems, the schedules of District contributions - Utah Retirement Systems, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

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

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

The transmittal letter and other information have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Agui & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah  
November 30, 2017

## Management's Discussion and Analysis

This section of the annual financial report of Weber School District (the District) presents our discussion and analysis of the District's financial performance during the year that ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Financial Highlights

- The District's total net position improved over the course of this year's operations by \$10.2 million. Federal and state funding increased by \$6.8 million and property tax revenue increased by \$5.2 million compared to the prior year to contribute to this improvement.
- On June 26, 2012 voters approved \$65.0 million in general obligation bonds for the construction of four new replacement schools and two major remodeling projects and various other improvements. Construction was completed in 2017 on the final project (the North Ogden Junior High remodel).
- The District refunded \$4.3 million of general obligation bonds in 2017 to reduce total debt service payments over the next 12 years by \$1.1 million.
- The unassigned fund balance in the *general fund* increased by \$1.1 million to \$12.0 million (or 5.7% of *general fund* budgeted expenditures) while the fund balance committed to economic stabilization increased by \$0.3 million.
- District enrollment increased by 247 students or 0.8% from October 1, 2015 to October 1, 2016.

### Overview of the Financial Statements

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are *governmental fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The governmental fund financial statements tell how District services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, this annual report includes a section with *individual schedules* that compare fund activities with budgets and the prior year and *combining statements* that provide details about the nonmajor governmental funds, each of which are added together and presented in a single column in the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements report information about the District as a whole, using an accrual basis of accounting and economic resources measurement focus. Consequently, the *statement of net position* includes all of the District's assets and liabilities, as well as deferred inflows and outflows of resources. All of the current year's revenues and expenses are accounted for in the *statement of activities* regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—essentially the difference between the District's assets and liabilities—is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the number of students enrolled.

**Fund financial statements.** The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending on particular programs. All of the funds of the District are governmental funds.

The District's basic services are included in the governmental funds, which focus on 1) how cash and other current financial assets flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided after the governmental funds statements that explains the relationship (or differences) between them.

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

### **Government-wide Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34.2 million at the close of the most recent fiscal year (see chart in next page):

- A significant portion of the District's net position (\$88.0 million) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment net of accumulated depreciation) less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position (\$13.4 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital outlay.
- The remaining balance of net position (a deficit of \$67.2 million) is unrestricted. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than presently available resources. Specifically, the unrestricted net position balance includes the District's proportionate share of the unfunded obligation of the defined benefit plans administered by the Utah Retirement Systems (URS). In 2017, the District, reported a net pension liability plus deferred outflows/inflows of resources related to pensions of \$87.2 million in the government-wide statement of net position at year end. As the defined benefit plans of the URS reach their goal of becoming fully funded, this liability will decline.

**WEBER SCHOOL DISTRICT'S Net Position**  
**June 30, 2017 and 2016**  
(in millions of dollars)

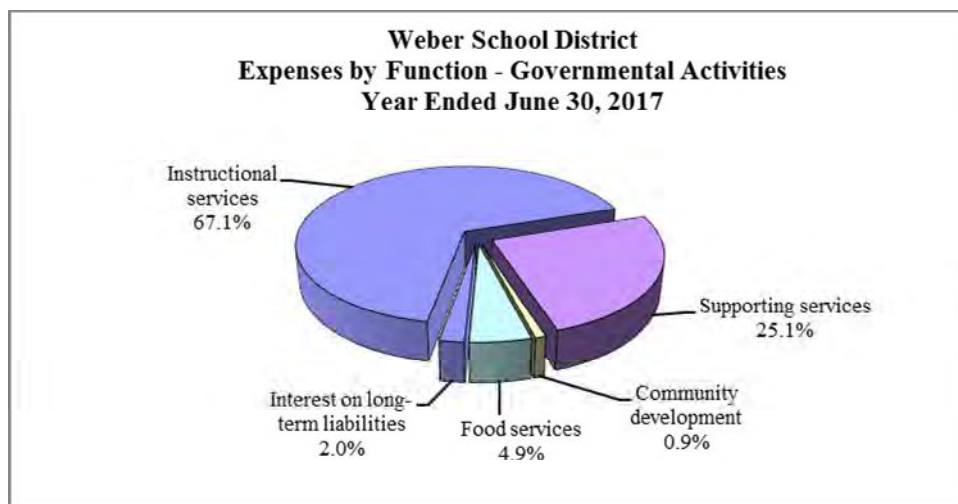
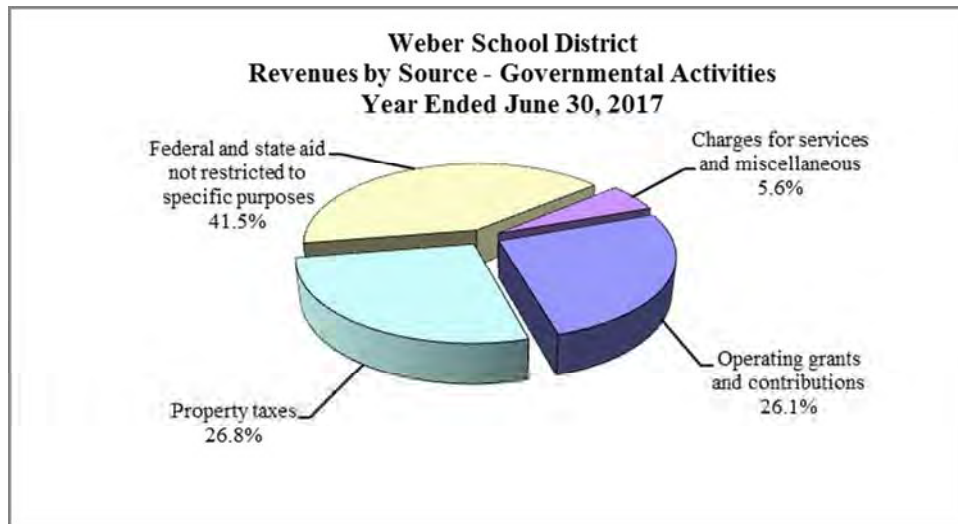
	<b>Governmental activities</b>		<b>Total change 2017-2016</b>
	<b>2017</b>	<b>2016</b>	
Other assets	\$ 163.1	\$ 166.9	\$ (3.8)
Capital assets	210.8	213.5	(2.7)
Total assets	373.9	380.4	(6.5)
Deferred outflows of resources	52.3	44.9	7.4
Other liabilities	44.2	51.8	(7.6)
Long-term liabilities outstanding	267.3	275.3	(8.0)
Total liabilities	311.5	327.1	(15.6)
Deferred inflows of resources	80.5	74.2	6.3
Net position:			
Net investment in capital assets	88.0	80.6	7.4
Restricted	13.4	11.4	2.0
Unrestricted	(67.2)	(68.0)	0.8
Total net position	<u>\$ 34.2</u>	<u>24.0</u>	<u>\$ 10.2</u>

**Changes in Net Position.** The District's total revenues increased by 7.2% to \$255.3 million (see chart on next page). About 67.4% of the District's revenue comes from federal and state funding and 26.7% from property taxes. The total cost of all programs and services increased by \$9.2 million, or 3.9%. The District's expenses cover a range of services, primarily instructional and related support. The majority of the increase in expenses as compared to the previous year can be attributed to increases in salaries, benefits, and supplies reflecting increases in the cost of living and serving more students.

- Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum level for each student enrolled. The value of the WPU increased by 3.0% to \$3,184 in 2017 from \$3,092 in 2016.
- Property tax revenue is the result of applying tax rates to taxable property. The overall taxable value of property within the District increased by 8.6% to \$9.5 billion while the overall tax rate decreased by 0.4% to 0.006373.
- The total cost of all governmental activities this year was \$245.1 million. Personnel costs increased by 5.0% due mainly from increases in base salaries and insurance costs.

**WEBER SCHOOL DISTRICT'S Changes in Net Position**  
**Years Ended June 30, 2017 and 2016**  
(in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2017</u>	<u>2016</u>	<u>2017-2016</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 12.7	\$ 8.4	\$ 4.3
Operating grants and contributions	66.5	62.1	4.4
General revenues:			
Property taxes	68.1	62.9	5.2
Federal and state aid not restricted to specific purposes	105.6	103.2	2.4
Earnings on investments	1.2	0.9	0.3
Miscellaneous	1.2	0.6	0.6
Total revenues	<u>255.3</u>	<u>238.2</u>	<u>17.1</u>
<b>Expenses:</b>			
Instructional services	164.2	155.5	8.7
Supporting services:			
Students	7.4	7.0	0.4
Instructional staff	3.3	3.5	(0.2)
District administration	4.1	4.1	(0.0)
School administration	12.3	12.5	(0.2)
Central	5.4	5.6	(0.2)
Operation and maintenance of facilities	18.8	18.9	(0.1)
Transportation	10.1	9.2	0.9
Community development	2.6	2.3	0.3
Food services	12.0	12.1	(0.1)
Interest on long-term liabilities	4.9	5.1	(0.2)
Total expenses	<u>245.1</u>	<u>235.9</u>	<u>9.2</u>
Increase in net position	10.2	2.3	7.9
<b>Net position - beginning</b>	<u>24.0</u>	<u>21.7</u>	<u>2.3</u>
<b>Net position - ending</b>	<u>\$ 34.2</u>	<u>\$ 24.0</u>	<u>\$ 10.2</u>



**Governmental funds.** The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$52.2 million; \$0.8 million more than the previous year (see chart below).

**WEBER SCHOOL DISTRICT'S Change in Fund Balances - Governmental Funds  
June 30, 2017  
(in millions of dollars)**

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
Revenues	\$ 205.5	\$ 13.1	\$ 14.4	\$ 23.1	\$ 256.1
Expenditures	(204.1)	(13.8)	(18.3)	(22.6)	(258.8)
Other financing sources (uses)	(2.7)	-	5.9	0.3	3.5
Net change in fund balances	(1.3)	(0.7)	2.0	0.8	0.8
Fund balances - beginning	34.7	2.0	7.4	7.3	51.4
Fund balances - ending	<u>\$ 33.4</u>	<u>\$ 1.3</u>	<u>\$ 9.4</u>	<u>\$ 8.1</u>	<u>\$ 52.2</u>

The governmental funds report the differences between their assets and liabilities and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable*



includes inventories. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2017, the District's combined governmental fund balance is \$52.2 million (\$1.2 million in nonspendable, \$14.9 million in restricted, \$10.6 million in committed, \$13.5 million in assigned, and \$12.0 million in unassigned fund balances).

**WEBER SCHOOL DISTRICT'S Fund Balances - Governmental Funds**  
**June 30, 2017**  
(in millions of dollars)

	Major Funds			Other Governmental Funds	Total
	General	Debt Service	Capital Projects		
Nonspendable	\$ 0.7	\$ -	\$ -	\$ 0.5	\$ 1.2
Restricted	-	1.3	9.4	4.2	14.9
Committed to:					
Economic stabilization	4.8	-	-	-	4.8
Employee vacation benefit	1.9	-	-	-	1.9
Students	-	-	-	3.4	3.4
Other purposes	0.5	-	-	-	0.5
Assigned to:					
Early retirement benefit	10.2	-	-	-	10.2
Other programs	3.3	-	-	-	3.3
Unassigned	12.0	-	-	-	12.0
Total fund balances	\$ 33.4	\$ 1.3	\$ 9.4	\$ 8.1	\$ 52.2

- As allowed by state law (limited to 5% of *general fund* budgeted expenditures), the District has committed resources to economic stabilization within the *general fund*. This amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aa2 given by Moody's Investor Service.
- The District has committed *general fund* resources toward economic stabilization; \$250,000 was added to the commitment during 2017.

**General Fund Budgetary Highlights**

During the year, the Board amended the District's budget to reflect changes in anticipated property tax revenue and changes in state and federal programs. Actual revenues were more than what was budgeted by \$2.3 million and actual expenditures were less than the amount budgeted by \$7.7 million. Variances between budgets and actual amounts primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized when qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than amounts budgeted.

**Enrollment Highlights**

State and federal funding is highly dependent on enrollment. Since state and federal sources comprise the majority of total revenue, projecting enrollment growth and trends is a critical part of the budget process. Complicating this

process has been the addition by the State Charter School Board of new charter schools within the District's boundaries. Prior to 2008, District enrollment growth had been slow. However, enrollment growth from 2007 to 2008 was at a historic high of 965 students. Then two new charter schools were added and the enrollment from 2008 to 2009 dropped by 218 students. Then growth jumped again from 2009 to 2010 by 538 students to a new historic total enrollment high of 30,417. In 2011, two new charter schools were approved by the State Charter School Board resulting in a decline of 70 students. From 2012 to 2015, enrollment growth increased at a slow but steady rate. One new charter school opened within the District's boundaries in 2016. At the same time, enrollment caps for existing charter schools have been raised. With these changes, District enrollment growth from 2015 to 2016 was minimal. Enrollment from 2016 to 2017 grew to a new historic high of 31,445. Going forward, it is estimated that steady growth will continue for the next few years.

**WEBER SCHOOL DISTRICT's Enrollment History**  
**Years Ended June 30, 2011 through 2017**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Regular schools:							
Elementary	16,382	16,213	16,354	16,517	16,564	16,441	16,490
Junior high	7,078	7,249	7,374	7,380	7,373	7,314	7,503
High	6,887	6,961	7,004	7,131	7,248	7,443	7,452
Total enrollment	<u>30,347</u>	<u>30,423</u>	<u>30,732</u>	<u>31,028</u>	<u>31,185</u>	<u>31,198</u>	<u>31,445</u>
Change from prior year	(70)	76	309	296	157	13	247

**Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$210.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and furniture and equipment. The total decrease in capital assets for the current year was \$2.7 million or 1.3%.

**WEBER SCHOOL DISTRICT'S Capital Assets**  
**June 30, 2017 and 2016**  
(net of accumulated depreciation, in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2017</u>	<u>2016</u>	<u>2017-2016</u>
Land	\$ 17.4	\$ 17.4	\$ -
Construction in progress	-	1.8	(1.8)
Buildings and improvements	183.8	185.1	(1.3)
Furniture and equipment	9.6	9.2	0.4
Total capital assets	<u>\$ 210.8</u>	<u>\$ 213.5</u>	<u>\$ (2.7)</u>

The *capital projects fund* is used to account for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. On June 26, 2012, voters approved \$65.0 million in general obligation bonds for the construction of four new replacement schools, two major remodeling projects and various other improvements. Construction was completed in 2017 on the final project (the North Ogden Junior High remodel).

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

**Long-term Debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$124.2 million (net of unamortized amounts for bond premiums). Payment of the debt is backed by the full faith and

credit of the District's taxpayers as well as the state of Utah under provisions of The Guaranty Act. The District's total debt decreased by \$10.6 million, or 7.2%, during the current year.

During 2017, The District refunded \$4.3 million of existing bonds to reduce total debt service payments over the next 12 years by \$1.1 million.

**WEBER SCHOOL DISTRICT'S Outstanding Debt**

**June 30, 2017 and 2016**

(net of accumulated amortization, in millions of dollars)

	<b>Governmental activities</b>		<b>Total change</b>
	<b>2017</b>	<b>2016</b>	<b>2017-2016</b>
General obligation bonds	\$ 115.8	\$ 124.3	\$ (8.5)
Unamortized amounts for bond issuance premiums	8.4	9.3	(0.9)
Net bonds payable	124.2	133.6	(9.4)
Obligations under capital leases	10.0	10.9	(0.9)
Notes payable	1.7	2.0	(0.3)
Total outstanding debt	<u>\$ 135.9</u>	<u>\$ 146.5</u>	<u>\$ (10.6)</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2017 is \$365.9 million. General obligation debt at June 30, 2017 is \$124.2 million, resulting in a legal debt margin of \$241.7 million.

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2034.

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Office of the Business Administrator, Weber School District, 5320 Adams Avenue Parkway, Ogden, UT 84405.

**WEBER SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2017

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Cash and investments	\$ 87,840,951
Receivables:	
Property taxes	66,411,641
Local	360,336
State	1,704,831
Federal	5,027,937
Note receivable	512,500
Inventories and prepaid items	1,194,061
Capital assets:	
Land	17,377,984
Buildings and other capital assets, net of accumulated depreciation	<u>193,473,399</u>
Total assets	373,903,640
<b>Deferred outflows of resources:</b>	
Deferred charges on bond refunding	3,591,737
Amounts related to pensions	<u>48,743,578</u>
Total deferred outflows of resources	52,335,315
<b>Liabilities:</b>	
Accounts and contracts payable	1,643,814
Accrued salaries and employee benefits	32,102,961
Accrued interest	449,049
Unearned revenue:	
State	8,653,312
Federal	1,368,823
Noncurrent liabilities:	
Due and payable within one year	17,171,957
Due and payable in more than one year	<u>250,173,376</u>
Total liabilities	311,563,292
<b>Deferred inflows of resources:</b>	
Property taxes levied for future year	64,971,393
Amounts related to pensions	<u>15,548,917</u>
Total deferred inflows of resources	80,520,310
<b>Net position:</b>	
Net investment in capital assets	87,936,112
Restricted for:	
Food services	296,983
Students	2,179,626
Debt service	1,211,885
Capital outlay	9,736,130
Unrestricted	<u>(67,205,383)</u>
Total net position	<u><u>\$ 34,155,353</u></u>

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

**WEBER SCHOOL DISTRICT**  
**Statement of Activities**  
Year Ended June 30, 2017

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Revenue and Changes in Net Assets</b>
				<b>Total Governmental Activities</b>
<b>Governmental activities:</b>				
Instructional services	\$ 164,200,883	\$ 7,977,465	\$ 48,881,491	\$ (107,341,927)
Supporting services:				
Students	7,402,737	-	2,520,302	(4,882,435)
Instructional staff	3,327,220	-	227,158	(3,100,062)
District administration	4,081,764	-	494,267	(3,587,497)
School administration	12,284,053	-	294,544	(11,989,509)
Central	5,418,361	-	21,020	(5,397,341)
Operation and maintenance of facilities	18,793,066	-	606,952	(18,186,114)
Transportation	10,088,965	545,608	4,644,633	(4,898,724)
Contributions to other governments	2,598,977	-	-	(2,598,977)
Food services	12,009,332	4,120,259	8,824,711	935,638
Interest on long-term liabilities	4,865,222	-	-	(4,865,222)
Total school district	<u>\$ 245,070,580</u>	<u>\$ 12,643,332</u>	<u>\$ 66,515,078</u>	<u>(165,912,170)</u>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes				38,431,726
Debt service				13,756,345
Capital outlay				13,336,382
Community development (incremental taxes)				<u>2,598,977</u>
Total property taxes				68,123,430
Federal and state aid not restricted to specific purposes				105,581,925
Earnings on investments				1,151,434
Miscellaneous				<u>1,190,595</u>
Total general revenues				<u>176,047,384</u>
Change in net position				10,135,214
<b>Net position - beginning</b>				<u>24,020,139</u>
<b>Net position - ending</b>				<u>\$ 34,155,353</u>

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

**WEBER SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2017

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>		
<b>Assets:</b>					
Cash and investments	\$ 69,434,499	\$ 1,272,857	\$ 9,908,648	\$ 7,224,947	\$ 87,840,951
Receivables:					
Property taxes	36,673,295	13,466,671	13,041,368	3,230,307	66,411,641
Local	117,358	91,082	-	151,896	360,336
State	739,555	-	-	965,276	1,704,831
Federal	4,935,442	-	-	92,495	5,027,937
Note receivable	512,500	-	-	-	512,500
Inventories and prepaid items	693,337	-	-	500,724	1,194,061
Total assets	<u>\$ 113,105,986</u>	<u>\$ 14,830,610</u>	<u>\$ 22,950,016</u>	<u>\$ 12,165,645</u>	<u>\$ 163,052,257</u>
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 1,060,960	\$ -	\$ 457,622	\$ 125,232	\$ 1,643,814
Accrued salaries and employee benefits	31,391,096	-	8,255	703,610	32,102,961
Unearned revenue:					
State	8,653,312	-	-	-	8,653,312
Federal	1,368,823	-	-	-	1,368,823
Total liabilities	42,474,191	-	465,877	828,842	43,768,910
<b>Deferred inflows of resources:</b>					
Unavailable revenue from sale of land	512,500	-	-	-	512,500
Unavailable property tax revenue	850,169	312,388	302,386	74,781	1,539,724
Property taxes levied for future year	35,874,404	13,181,758	12,759,705	3,155,526	64,971,393
Total deferred inflows of resources	37,237,073	13,494,146	13,062,091	3,230,307	67,023,617
<b>Fund balances:</b>					
Nonspendable:					
Inventories and prepaid items	693,337	-	-	500,724	1,194,061
Restricted for:					
Debt service	-	1,336,464	-	-	1,336,464
Capital projects	-	-	9,422,048	-	9,422,048
Food services	-	-	-	2,060,835	2,060,835
Students	-	-	-	2,165,903	2,165,903
Committed to:					
Economic stabilization	4,750,000	-	-	-	4,750,000
Employee vacation benefit	1,888,560	-	-	-	1,888,560
Students	-	-	-	3,379,034	3,379,034
Other purposes	522,416	-	-	-	522,416
Assigned to:					
Early retirement benefit	10,250,000	-	-	-	10,250,000
Other programs	3,286,513	-	-	-	3,286,513
Unassigned	12,003,896	-	-	-	12,003,896
Total fund balances	<u>33,394,722</u>	<u>1,336,464</u>	<u>9,422,048</u>	<u>8,106,496</u>	<u>52,259,730</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 113,105,986</u>	<u>\$ 14,830,610</u>	<u>\$ 22,950,016</u>	<u>\$ 12,165,645</u>	<u>\$ 163,052,257</u>

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

**WEBER SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2017

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**Total fund balances for governmental funds** \$ 52,259,730

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

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

Land	\$ 17,377,984	
Buildings and improvements, net of \$158,251,391 accumulated depreciation	183,830,904	
Furniture and equipment, net of \$20,991,892 accumulated depreciation	<u>9,642,495</u>	210,851,383

Some of the District's revenue will be collected after year-end, but will not be available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 2,052,224

Long-term liabilities, including bonds payable and the net pension liability, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. These and related balances at year end are:

General obligation bonds payable	(115,790,000)	
Bond premiums, net of \$2,880,533 accumulated amortization	(8,416,111)	
Deferred charges on bond refunding, net of \$1,532,625 accumulated amortization	3,591,737	
Accrued interest	(449,049)	
Obligations under capital leases	(9,965,611)	
Notes payable	(1,697,368)	
Net pension liability	(120,352,188)	
Deferred outflows of resources related to pensions	48,743,578	
Deferred inflows of resources related to pensions	(15,548,917)	
Early retirement obligation	(9,235,494)	
Accrued vacation	<u>(1,888,561)</u>	<u>(231,007,984)</u>

**Total net position of governmental activities** \$ 34,155,353

**WEBER SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2017

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>		
<b>Revenues:</b>					
Property taxes	\$ 38,821,746	\$ 13,126,286	\$ 13,468,371	\$ 2,598,977	\$ 68,015,380
Earnings on investments	710,126	-	240,954	200,354	1,151,434
School lunch sales	-	-	-	4,120,259	4,120,259
Local	3,421,176	-	-	7,351,113	10,772,289
State	150,414,509	-	683,334	2,324,199	153,422,042
Federal	12,174,449	-	-	6,500,512	18,674,961
Total revenues	<u>205,542,006</u>	<u>13,126,286</u>	<u>14,392,659</u>	<u>23,095,414</u>	<u>256,156,365</u>
<b>Expenditures:</b>					
Current:					
Instructional services	144,571,977	-	-	7,670,265	152,242,242
Supporting services:					
Students	7,443,929	-	-	-	7,443,929
Instructional staff	3,343,179	-	-	-	3,343,179
District administration	4,005,214	-	-	-	4,005,214
School administration	11,825,070	-	-	-	11,825,070
Central	5,164,663	-	-	-	5,164,663
Operation and maintenance					
of facilities	18,738,762	-	-	-	18,738,762
Transportation	8,975,715	-	-	-	8,975,715
Food services	-	-	-	12,329,466	12,329,466
Contributions to other governments	-	-	-	2,598,977	2,598,977
Capital outlay	-	-	14,335,116	-	14,335,116
Debt service:					
Principal retirement	-	8,927,000	3,588,520	-	12,515,520
Interest and fiscal charges	-	4,879,327	362,585	-	5,241,912
Bond issuance costs	-	32,063	-	-	32,063
Total expenditures	<u>204,068,509</u>	<u>13,838,390</u>	<u>18,286,221</u>	<u>22,598,708</u>	<u>258,791,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,473,497</u>	<u>(712,104)</u>	<u>(3,893,562)</u>	<u>496,706</u>	<u>(2,635,463)</u>
<b>Other financing sources (uses):</b>					
Proceeds from general obligation bonds issued	-	4,792,000	-	-	4,792,000
Payment to refunded bond escrow agent	-	(4,760,518)	-	-	(4,760,518)
Capital leases	-	-	2,441,517	-	2,441,517
Proceeds from sale of capital assets	8,000	-	917,229	-	925,229
Transfers	(2,771,409)	-	2,520,000	251,409	-
Total other financing sources (uses)	<u>(2,763,409)</u>	<u>31,482</u>	<u>5,878,746</u>	<u>251,409</u>	<u>3,398,228</u>
Net change in fund balances	(1,289,912)	(680,622)	1,985,184	748,115	762,765
<b>Fund balances - beginning</b>	<u>34,684,634</u>	<u>2,017,086</u>	<u>7,436,864</u>	<u>7,358,381</u>	<u>51,496,965</u>
<b>Fund balances - ending</b>	<u>\$ 33,394,722</u>	<u>\$ 1,336,464</u>	<u>\$ 9,422,048</u>	<u>\$ 8,106,496</u>	<u>\$ 52,259,730</u>

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



**WEBER SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
Year Ended June 30, 2017

**Net change in fund balances-total governmental funds** \$ 762,765

Amounts reported for governmental activities in the statement of activities as different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land and furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.

Capital outlays	\$ 6,848,849	
Proceeds from sale of capital assets	(925,229)	
Gain on sale of capital assets	1,121,338	
Depreciation expense	<u>(9,273,811)</u>	(2,228,853)

Property taxes and proceeds from the sale of land collected several months after the District's fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred inflows of resources at year end. They are, however, recorded as revenues in the statement of activities when levied.

108,050

The issuance of bonds and other debt provides current financial resources to governmental funds, while the repayment of the principal of bonds consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of debt and related items is as follows:

Proceeds from general obligation bonds issued	(4,792,000)	
Payment to bond escrow agent	4,760,518	
Principal payments of bond principal	8,927,000	
Principal payments of notes payable	262,062	
Accrued interest	21,374	
Amortization of bond refunding costs	(440,318)	
Amortization of bond premiums	795,634	
Capital leases	(2,441,517)	
Principal payments of capital leases	<u>3,326,458</u>	10,419,211

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds; long-term employee benefit obligations are reported as expenditures in the governmental funds when paid.

Pension expense	966,964	
Early retirement benefits expense	113,269	
Vacation benefits expense	<u>(6,192)</u>	1,074,041

**Change in net position of governmental activities** \$ 10,135,214

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

**WEBER SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 37,242,350	\$ 39,227,396	38,821,746	\$ (405,650)
Earnings on investments	700,000	850,000	710,126	(139,874)
Local	2,600,000	2,500,000	3,421,176	921,176
State	147,752,458	147,110,161	150,414,509	3,304,348
Federal	13,124,208	13,595,040	12,174,449	(1,420,591)
Total revenues	<u>201,419,016</u>	<u>203,282,597</u>	<u>205,542,006</u>	<u>2,259,409</u>
<b>Expenditures:</b>				
Current:				
Instructional services	144,357,315	142,300,000	144,571,977	(2,271,977)
Supporting services:				
Students	7,506,259	7,405,000	7,443,929	(38,929)
Instructional staff	4,042,619	3,912,000	3,343,179	568,821
District administration	5,207,156	5,221,500	4,005,214	1,216,286
School administration	13,575,991	14,500,000	11,825,070	2,674,930
Central	5,424,911	8,180,000	5,164,663	3,015,337
Operation and maintenance of facilities	20,137,093	21,477,000	18,738,762	2,738,238
Transportation	8,235,343	8,755,000	8,975,715	(220,715)
Total expenditures	<u>208,486,687</u>	<u>211,750,500</u>	<u>204,068,509</u>	<u>7,681,991</u>
Excess (deficiency) of revenues over (under) expenditures	(7,067,671)	(8,467,903)	1,473,497	9,941,400
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	-	8,000	8,000
Transfers	(3,000,000)	(2,000,000)	(2,771,409)	(771,409)
Total other financing sources (uses)	<u>(3,000,000)</u>	<u>(2,000,000)</u>	<u>(2,763,409)</u>	<u>(763,409)</u>
Net change in fund balances	(10,067,671)	(10,467,903)	(1,289,912)	9,177,991
<b>Fund balances - beginning</b>	<u>22,175,958</u>	<u>34,684,634</u>	<u>34,684,634</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 12,108,287</u>	<u>\$ 24,216,731</u>	<u>\$ 33,394,722</u>	<u>\$ 9,177,991</u>

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity** – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Weber School District Foundation, for which the District is considered to be financially accountable. The District is not a component unit of any other primary government. A blended component unit, although a legally separate entity, is in substance part of the District’s operations.

The Weber School District Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The voting majority of the Foundation’s board is appointed by the Board of Education. The Foundation exclusively services the District. The Foundation is reported as a special revenue fund (a blended component unit) of the District.

**Government-wide and Fund Financial Statements** – The *government-wide financial statements* (the statement of net position and the statement of activities) report on all the activities of the primary government (the District) and its blended component unit. The effect of interfund activity has been eliminated from the government-wide financial statements.

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

The *fund financial statements* provide information about the District’s funds, including its blended component unit. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of land, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the *school lunch*, *student activities*, the *Weber School District Foundation*, and *pass-through taxes funds* as special revenue funds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to early retirement and pension benefits and compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

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

**Budgetary Data** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds except for the *Weber School District Foundation* special revenue fund. Budgets are not adopted on a District level for the *Weber School District Foundation* special revenue fund. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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- Copies of the proposed budget are made available for public inspection and review by the patrons of the District by June 1.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2017 have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted amounts at the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations.

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

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

**Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either "due to/from other funds."

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Inventories and Prepaid Items** – Inventories are valued at cost or, if donated, at acquisition value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue when received. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Capital Assets** – Capital assets (which include land, buildings and improvements, furniture, and equipment) are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$5,000 for land and furniture and equipment and \$100,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or significantly extend the lives of the assets is not capitalized.

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

Land and construction in progress are not depreciated. Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements and portable classrooms	20
Maintenance equipment	15
Buses	10
Furniture	10
Office equipment	10
Vehicles	8
Computer equipment	3

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

**Compensated Absences** – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days. Accumulated sick leave is also reimbursed to employees that retire, but is dependent on certain criteria being meet. The criteria are defined in each employee groups’ handbook. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as refunding costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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

**Deferred Outflows of Resources** – In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following sources that qualify for reporting in this category; these items are reported in the statement of net position:

- Deferred charges on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources related to pensions – includes 1) changes in assumptions in the measurement of the net pension liability (asset), 2) net difference between projected and actual earnings on pension plan investments, 3) changes in proportion and differences between contributions and proportionate share of contributions, and 4) District contributions subsequent to the measurement date of December 31, 2016.

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

The following item arises only under a modified accrual basis of accounting and are reported in the governmental funds balance sheet; this item is deferred and recognized as an inflow of resources in the period that the amount becomes available:

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

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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The following source is reported in both the statement of net position and the governmental funds balance sheet:

- Property taxes levied for future year – property taxes levied on January 1, 2017 for the following school year.

The following source is reported in the statement of net position:

- Deferred inflows of resources related to pensions – includes 1) differences between expected and actual experience, 2) changes of assumptions in the measurement of the net pension liability (asset), 3) net difference between projected and actual earnings on pension plan investments, and 4) changes in proportion and differences between contributions and proportionate share of contributions.

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

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

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

Fund balance classifications are summarized as follows:

- Nonspendable – This category includes fund balance amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid items are classified as nonspendable.
- Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either 1) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
  - 1) Unspent tax revenues levied for specific purposes, such as, capital projects and debt service.
  - 2) Balances remaining for nutrition services.
  - 3) Donations held by the Weber School District Foundation for schools.
- Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that



**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Board of Education has resolved to commit fund balance amounts in the governmental funds to the following purposes:

- 1) Economic stabilization. As defined in Utah law as an “undistributed reserve,” the District maintains for economic stabilization up to 5% of *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and Utah State Auditor.
  - 2) Employee vacation benefit for unpaid compensated absences.
  - 3) Contractual obligations that will be completed after June 30, 2017.
  - 4) Amounts held in other governmental funds for students.
- Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the business administrator to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District has assigned fund resources that are to be used for the early retirement benefit and other programs.

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

**Net Position Flow Assumption** – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted tax revenue or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**Fund Balance Flow Assumption** – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned fund balance) resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**2. DEPOSITS AND INVESTMENTS**

Deposits and investments are carried at fair value. A summary of cash and investments at June 30, 2017 as reported on the financial statements is as follows:

Carrying amount of deposits	\$ 6,574,463
Carrying amount of investments	<u>81,266,488</u>
Total cash and investments	<u><u>\$ 87,840,951</u></u>

The District complies with the State Money Management Act (*Utah Code*, Section 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, 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.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

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

**Deposits** – At June 30, 2017, the District's carrying amount of cash deposits is \$6,207,016, of which about \$1 million is covered by federal depository insurance; the difference is uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute. At June 30, 2017, the Foundation's carrying amount of cash deposits is \$367,447, of which \$250,000 is covered by federal depository insurance.

- **Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

**Investments** – At June 30, 2017, the District has investments in the PTIF of \$38,912,317. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes (77%), money market mutual funds (11%), top-rated commercial paper (9%), and other securities (3%). The portfolio has

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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a weighted average maturity of 55 days. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

A portion of the District's investments are in corporate debt securities and government agencies. At June 30, 2017, the par value of these investments was \$39,885,000. The Foundation's investments are in mutual funds holding equity and debt securities. The maturities of these investments as of June 30, 2017 are as follows:

Investment Type	Fair Value	Maturity (in years)			
		Less than 1	Less then 2	Less than 3	Less than 4
<b>Weber School District:</b>					
Corporate bonds	\$ 33,885,000	\$ 15,000,000	\$ 10,885,000	\$ 8,000,000	\$ -
Government agencies	6,000,000	-	-	3,325,000	2,675,000
Public Treasurers'					
Investment Fund	38,912,317	38,912,317	-	-	-
<b>Weber School District Foundation:</b>					
Marketable securities	2,469,171	2,469,171	-	-	-
Total investments	<u>\$ 81,266,488</u>	<u>\$ 56,381,488</u>	<u>\$ 10,885,000</u>	<u>\$ 11,325,000</u>	<u>\$ 2,675,000</u>

- **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates and will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments do not exceed the period of availability of the funds invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 15 months or less. Variable-rate securities may not have a remaining term to final maturity exceeding three years. In addition, government agencies may not have a remaining term to final maturity exceeding five years. The District has no investment policy that would further limit its interest rate risk.
- **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first-tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's. The District has no investment policy that would further limit its investment choices.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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**3. FAIR VALUE MEASUREMENTS**

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

The District has the following recurring fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Total</u>	<u>Input Level</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Weber School District:</b>				
Corporate bonds	\$ 33,885,000	\$ -	\$ 33,885,000	\$ -
Government agencies	6,000,000	6,000,000	-	-
Public Treasurers' Investment Fund	38,912,317	-	38,912,317	-
<b>Weber School District Foundation:</b>				
Marketable securities	<u>2,469,171</u>	<u>2,469,171</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 81,266,488</u>	<u>\$ 8,469,171</u>	<u>\$ 72,797,317</u>	<u>\$ -</u>

**4. PROPERTY TAXES**

**District Property Tax Revenue** – The property tax revenue of the District is collected and distributed by the county treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The lien date for real property in the State of Utah is the annual date on which the county assessor’s office must establish the owner of record and assessed values of the property to be taxed. The lien date is January 1. The county assessor’s office is required to complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30.

An annual uniform fee based on the age of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicles fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2017, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2017 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

**Incremental Taxes** – In addition to property taxes the District levies for its own purposes, the District levies property taxes for redevelopment agencies (located within the boundaries of the District) in accordance with the Community Development and Renewal Agencies Act (*Utah Code 17C-1*). These taxes

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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are forwarded directly by the county to the redevelopment agencies as these taxes are collected by the county.

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

During the year ended June 30, 2017, incremental taxes levied by the District for the redevelopment agencies totaling \$2,598,977 were recorded as revenue with an equivalent amount of expenditure for community development in the other governmental funds (in the *pass-through taxes* special revenue fund).

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 17,402,225	\$ -	\$ (24,241)	\$ 17,377,984
Construction in progress	1,824,106	4,294,594	(6,118,700)	-
Total capital assets, not being depreciated	19,226,331	4,294,594	(6,142,941)	17,377,984
Capital assets, being depreciated:				
Buildings and improvements	335,963,595	6,118,700	-	342,082,295
Furniture and equipment	31,544,841	2,554,255	(3,464,709)	30,634,387
Total capital assets, being depreciated	367,508,436	8,672,955	(3,464,709)	372,716,682
Accumulated depreciation for:				
Buildings and improvements	(150,838,052)	(7,413,339)	-	(158,251,391)
Furniture and equipment	(22,303,979)	(1,860,472)	3,172,559	(20,991,892)
Total accumulated depreciation	(173,142,031)	(9,273,811)	3,172,559	(179,243,283)
Total capital assets, being depreciated, net	194,366,405	(600,856)	(292,150)	193,473,399
Governmental activities capital assets, net	<u>\$ 213,592,736</u>	<u>\$ 3,693,738</u>	<u>\$ (6,435,091)</u>	<u>\$ 210,851,383</u>

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

For the year ended June 30, 2017, depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Instructional services	\$ 6,597,209
Supporting services:	
District administration	65,418
School administration	526,986
Central	282,650
Operation and maintenance of facilities	108,649
Transportation	1,149,747
Food services	543,152
Total depreciation expense, governmental activities	\$ 9,273,811

**6. STATE RETIREMENT PLANS**

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

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

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

Defined Contribution Plans (individual account plans):

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

District employees qualify for membership in the retirement systems if 1) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, 2) the employee is a classified school employee whose employment normally requires an average of 20 or more hours per week regardless of benefits, 3) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or 4) the employee is an appointed officer.

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

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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

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

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

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

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

For the year ended June 30, 2017, District required contribution rates for the plans were as follows:

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

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

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

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

Employees can make additional contributions to defined contribution plans, up to applicable plan and Internal Revenue Code limits.

For the year ended June 30, 2017, District and employee contributions to the plans were as follows:

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 22,643,632	\$ -
Tier 1 Contributory System	561	32
Tier 2 Contributory System	3,023,201	-
Tier 2 Defined Contribution Plan	286,834	-
401(k) Plan	2,260,379	1,739,464
457 Plan and other individual plans	-	309,811

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

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** – At June 30, 2017, the District reported an asset of zero and a liability of \$120,352,188 for its proportionate share of the net pension liability (asset) for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 120,129,793
Tier 1 Contributory System	-	25,893
Tier 2 Contributory System	-	196,502
Total	<u>\$ -</u>	<u>\$ 120,352,188</u>

The net pension liability (asset) and was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2016 and the change in its proportion since the prior measurement date for each plan:



**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

	<b>Proportionate Share</b>	
	<b>2016</b>	<b>Change</b>
Tier 1 Noncontributory System	3.7066607%	-0.0382207%
Tier 1 Contributory System	0.0472535%	-0.0699296%
Tier 2 Contributory System	1.7615740%	-0.0029215%

For the year ended June 30, 2017, the District recognized pension expense of \$24,974,206 for the defined benefit pension plans and pension expense of \$2,260,379 for the defined contribution plans. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 6,643,685
Changes of assumptions	12,864,143	1,507,874
Net difference between projected and actual earnings on pension plan investments	22,590,860	6,483,940
Changes in proportion and differences between contributions and proportionate share of contributions	141,192	913,418
District contributions subsequent to the measurement date	13,147,383	-
Total	<b>\$ 48,743,578</b>	<b>\$ 15,548,917</b>

The \$13,147,383 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2016 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ 6,011,128
2019	6,324,777
2020	8,544,742
2021	(898,819)
2022	5,488
Thereafter	59,962

**Actuarial Assumptions** – The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary increases	3.35% to 10.35%, average, including inflation	
Investment rate of return	7.20%, net of pension plan investment expense, including inflation	

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include adjustments for inflation, salary increases, payroll growth, post retirement mortality, preretirement mortality, and certain demographics to more closely reflect actual experience.

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

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		<u>5.23%</u>
Inflation			<u>2.60%</u>
Expected arithmetic nominal return			<u>7.83%</u>

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60% and a real return of 4.60% that is net of investment expense.

**Discount rate** – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was not changed from the prior measurement date.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 220,260,154	\$ 120,129,793	\$ 36,210,775
Tier 1 Contributory System	63,657	25,893	(6,179)
Tier 2 Contributory System	1,337,525	196,502	(671,531)
Total	\$ 221,661,336	\$ 120,352,188	\$ 35,533,065

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

**Payables to the pension plans** – At June 30, 2017, the District reported payables of \$5,711,012 for contributions to defined benefit pension plans and \$528,334 for contributions to defined contribution plans.

**7. EARLY RETIREMENT BENEFIT**

**Retiree Health Coverage** – In accordance with Board of Education policy, the District provides health coverage to certain retirees who are not yet eligible for Medicare. Retirees receiving this benefit must contribute the same out-of-pocket premium percentage required by active employees. Teachers may receive up to ten years of single coverage and seven years of couple or family coverage. To receive this benefit, a teacher must have ten years of service in the District and qualify for retirement under the Utah State Retirement Systems. Administrators may receive family, couple, or single coverage from their retirement until they are eligible for Medicare. To receive this benefit, a retiring administrator must have ten years of service in the District and qualify for retirement under the Utah State Retirement Systems. Retired classified employees may also receive health benefits. Most classified employees may receive up to seven years of couple or single coverage until they become Medicare eligible. Generally speaking, a typical classified employee must be employed with the District prior to age 55 and qualify to retire under the Utah State Retirement Systems. At June 30, 2017 there were 210 retirees eligible to receive health coverage. During the year, the District paid \$1,302,460 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$4,536,603. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Stipends** – In accordance with Board of Education policy, the District provides early retirement incentive stipends to certain retirees. All employees are eligible for these stipends if they meet certain criteria. To receive a stipend an employee must have ten years of service in the District, qualify to retire under the Utah State Retirement Systems, and meet specified age requirements. Retirees will then receive a stipend each year up to four years based upon a percentage of final salary as it pertains to their employee classification. During the year, the District paid \$2,096,528 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$4,698,891. The early retirement incentives are financed on a pay-as-you-go basis.

**8. RISK MANAGEMENT**

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (the Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$500 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within Utah. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The Fund reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

**9. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due and Payable Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 124,270,000	\$ 4,792,000	\$ (13,272,000)	\$ 115,790,000	\$ 9,540,000
Unamortized bond premiums	9,268,873	-	(852,762)	8,416,111	-
Net bonds payable	133,538,873	4,792,000	(14,124,762)	124,206,111	9,540,000
Net pension liability	117,710,882	28,582,476	(25,941,170)	120,352,188	-
Obligations under capital leases	10,850,552	2,441,517	(3,326,458)	9,965,611	2,894,052
Notes payable	1,959,430	-	(262,062)	1,697,368	267,552
Early retirement obligation	9,348,763	3,285,719	(3,398,988)	9,235,494	2,770,648
Accrued vacation	1,882,369	87,073	(80,881)	1,888,561	1,699,705
Total governmental activity long-term liabilities	<u>\$ 275,290,869</u>	<u>\$ 39,188,785</u>	<u>\$ (47,134,321)</u>	<u>\$ 267,345,333</u>	<u>\$ 17,171,957</u>

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**General Obligation Bonds** – General obligation school building bonds payable at June 30, 2017, with their outstanding balances, are comprised of the following individual issues:

Series	Purpose	Original Amount	Remaining Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2008	School building	\$ 33,000,000	3.50%	June 15, 2018	\$ 600,000
2009	School building	9,500,000	3.50% to 3.75%	June 15, 2019	685,000
2011	Refunding	11,450,000	2.00% to 4.00%	June 15, 2023	5,900,000
2012	School building	20,000,000	1.50% to 4.00%	June 15, 2032	17,715,000
2013	School building	25,000,000	3.50% to 5.00%	June 15, 2033	22,560,000
2014	School building and bond refunding	37,785,000	2.00% to 5.00%	June 15, 2034	33,415,000
2015	Refunding	16,000,000	2.00% to 5.00%	June 15, 2021	10,875,000
2016	Refunding	20,835,000	2.00% to 5.00%	June 15, 2028	20,835,000
2016B	Refunding	4,792,000	1.15% to 1.30%	June 15, 2019	3,205,000
Total general obligation bonds payable as of June 30, 2017					<u><u>\$ 115,790,000</u></u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017, including interest payments, are listed as follows:

Years Ending June 30,	Principal	Interest	Total
2018	\$ 9,540,000	\$ 4,297,763	\$ 13,837,763
2019	9,305,000	3,924,918	13,229,918
2020	6,695,000	3,602,868	10,297,868
2021	6,970,000	3,349,168	10,319,168
2022	7,485,000	3,083,168	10,568,168
2023-2027	40,255,000	10,301,143	50,556,143
2028-2032	28,350,000	4,377,921	32,727,921
2033-2034	7,190,000	329,087	7,519,087
Total	<u><u>\$ 115,790,000</u></u>	<u><u>\$ 33,266,036</u></u>	<u><u>\$ 149,056,036</u></u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. For legal debt limit purposes under state law, the outstanding direct general obligation debt is increased by the premiums associated with debt issued. As of June 30, 2017, the total unamortized amount of bond issuance premiums is \$8,416,111, resulting in total outstanding net direct debt of \$124,206,111. The legal debt limit at June 30, 2017 is \$365,910,569. The legal debt limit less net direct debt equals an estimated additional debt incurring capacity of \$241,704,458.

**Advance Refunding** – In December 2016, the District issued \$4,792,000 of general obligation refunding bonds. The bonds were issued with interest rates ranging from 3.3% to 3.8% and will mature June 2019. The District issued the bonds to advance refund \$4,345,000 of outstanding Series 2009 general obligation school building bonds. The District deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2009 general obligation school building bonds. As a result, that portion of the 2009 general obligation school building bonds is considered defeased, and the District has removed the liability from its accounts.

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

The advance refunding reduced total debt service payments over the next 12 years by \$1,094,630. This results in an economic gain (difference between present value of debt service payments on the old and new debt) of \$682,102.

**Servicing Long-term Liabilities** – Payments on the general obligation bonds are made by the *debt service fund* from property taxes and earnings on investments. Compensated absences and early retirement benefits will be paid by the fund in which the employee worked, including the *general fund* and other governmental funds.

**Obligation Under Capital Leases** – The District has entered into several capital leases to purchase buses and computer equipment.

Future minimum lease obligations relating to the equipment leases in the *capital projects fund* are as follows:

Year Ending June 30,	Lease Payments
2018	\$ 4,032,758
2019	2,624,430
2020	2,003,649
2021	1,011,492
2022	342,738
Thereafter	741,445
Total minimum lease payments	10,756,512
Amount representing interest	(790,901)
Present value of minimum lease payments	\$ 9,965,611

**Notes Payable** – The District has three notes payable. Two of the notes are with the federal government, of which one note is interest free and the other one has a stated interest rate of 2.00% percent. The third note payable is with a financial institution with a stated interest rate of 2.87%. The annual requirements to amortize the notes payable outstanding as of June 30, 2017 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 267,552	\$ 38,803	\$ 306,355
2019	257,370	32,561	289,931
2020	247,352	26,629	273,981
2021	253,332	20,649	273,981
2022	259,485	14,496	273,981
2023 - 2024	412,277	9,817	422,094
Total	\$ 1,697,368	\$ 142,955	\$ 1,840,323

**WEBER SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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**9. LITIGATION AND COMPLIANCE**

There are several lawsuits pending in which the District is involved. The District's legal counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not significantly affect the financial statements of the District.

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would not be significant.

**10. INTERFUND BALANCES AND TRANSFERS**

During 2017, the District transferred \$2,520,000 from the *general fund* to the *capital projects fund* to help finance current construction projects of the District and \$251,409 from the *general fund* to the Foundation to cover administrative costs of the Foundation.



**WEBER SCHOOL DISTRICT**  
**Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)**  
**Utah Retirement Systems**  
Last Three Plan (Calendar) Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Tier 1 Noncontributory System:</b>			
District's proportion of the net pension liability (asset)	3.7066607%	3.7448814%	3.7382783%
District's proportionate share of the net pension liability (asset)	\$ 120,129,793	\$ 117,637,449	\$ 93,925,314
District's covered-employee payroll	\$ 103,264,794	\$ 103,427,458	\$ 105,232,505
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	116.33%	113.74%	89.26%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	84.5%	87.2%
<b>Tier 1 Contributory System:</b>			
District's proportion of the net pension liability (asset)	0.0472535%	0.1171831%	0.2285232%
District's proportionate share of the net pension liability (asset)	\$ 25,893	\$ 73,433	\$ 25,057
District's covered-employee payroll	\$ 12,667	\$ 37,121	\$ 84,377
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	204.41%	197.82%	29.70%
Plan fiduciary net position as a percentage of the total pension liability	93.4%	92.4%	98.7%
<b>Tier 2 Contributory System:</b>			
District's proportion of the net pension liability (asset)	1.7645740%	1.7644955%	1.7058098%
District's proportionate share of the net pension liability (asset)	\$ 196,502	\$ (3,852)	\$ (51,694)
District's covered-employee payroll	\$ 14,446,694	\$ 11,393,880	\$ 8,345,525
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.36%	-0.03%	-0.62%
Plan fiduciary net position as a percentage of the total pension liability	95.1%	100.2%	103.5%

\* These schedules are intended to present information for 10 years; prior-year information is not available. Additional information will be displayed as it comes available.

**WEBER SCHOOL DISTRICT**  
**Schedules of District Contributions**  
**Utah Retirement Systems**  
Last Three Reporting Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Tier 1 Noncontributory System:</b>			
Contractually required contribution	\$ 22,643,632	\$ 22,601,840	\$ 22,477,461
Contributions in relation to the contractually required contribution	<u>(22,643,632)</u>	<u>(22,601,840)</u>	<u>(22,477,461)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 103,353,852	\$ 103,387,123	\$ 104,131,499
Contributions as a percentage of covered-employee payroll	21.91%	21.86%	21.59%
<b>Tier 1 Contributory System:</b>			
Contractually required contribution	\$ 561	\$ 3,347	\$ 11,450
Contributions in relation to the contractually required contribution	<u>(561)</u>	<u>(3,347)</u>	<u>(11,450)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,167	\$ 18,944	\$ 66,261
Contributions as a percentage of covered-employee payroll	17.71%	17.67%	17.28%
<b>Tier 2 Contributory System:</b>			
Contractually required contribution	\$ 3,023,201	\$ 2,351,304	\$ 1,798,368
Contributions in relation to the contractually required contribution	<u>(3,023,201)</u>	<u>(2,351,304)</u>	<u>(1,798,368)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,548,171	\$ 12,880,505	\$ 9,958,803
Contributions as a percentage of covered-employee payroll	18.27%	18.25%	18.06%
<b>Tier 2 Defined Contribution Plan:</b>			
Contractually required contribution	\$ 286,834	\$ 233,923	\$ 188,382
Contributions in relation to the contractually required contribution	<u>(286,834)</u>	<u>(233,923)</u>	<u>(188,382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,862,509	\$ 2,333,584	\$ 1,916,593
Contributions as a percentage of covered-employee payroll	10.02%	10.02%	9.83%

\* These schedules are intended to present information for 10 years; prior-year information is not available. Additional information will be displayed as it comes available.

**WEBER SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
Year Ended June 30, 2017

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**A. CHANGES IN ASSUMPTIONS-UTAH RETIREMENT SYSTEMS**

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation rate was decreased from 2.75% to 2.60%.
- With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The rate of salary increases assumption for most groups was modified.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- The post retirement mortality assumption for female educators showed an improvement.
- Minor adjustments to the preretirement mortality assumption were made.
- Certain demographic assumptions were changed that generally resulted in 1) an increase in members anticipated to terminate employment prior to retirement, 2) a slight decrease in members expected to become disabled, and 3) a slight increase in the expected age of retirement.

**B. SCHEDULES OF DISTRICT CONTRIBUTIONS-UTAH RETIREMENT SYSTEMS**

Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2017  
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 39,227,396	\$ 38,821,746	\$ (405,650)	\$ 35,791,896
Earnings on investments	850,000	710,126	(139,874)	779,757
Local	2,500,000	3,421,176	921,176	2,490,355
State	147,110,161	150,414,509	3,304,348	143,176,198
Federal	13,595,040	12,174,449	(1,420,591)	13,304,146
Total revenues	<u>203,282,597</u>	<u>205,542,006</u>	<u>2,259,409</u>	<u>195,542,352</u>
<b>Expenditures:</b>				
Current:				
Salaries	135,650,000	129,928,310	5,721,690	123,777,617
Employee benefits	55,080,000	54,902,305	177,695	52,215,225
Purchased professional services	8,265,000	8,307,915	(42,915)	8,096,853
Purchased property services	1,298,000	(19,596)	1,317,596	1,277,078
Other purchased services	887,000	768,458	118,542	692,117
Supplies	6,170,000	6,917,506	(747,506)	5,679,866
Property	4,110,500	2,942,591	1,167,909	2,955,329
Other	290,000	321,020	(31,020)	(397,876)
Total expenditures	<u>211,750,500</u>	<u>204,068,509</u>	<u>7,681,991</u>	<u>194,296,209</u>
Excess (deficiency) of revenues over (under) expenditures	(8,467,903)	1,473,497	9,941,400	1,246,143
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	8,000	8,000	-
Transfers	(2,000,000)	(2,771,409)	(771,409)	(205,533)
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,763,409)</u>	<u>(763,409)</u>	<u>(205,533)</u>
Net change in fund balances	(10,467,903)	(1,289,912)	9,177,991	1,040,610
<b>Fund balances - beginning</b>	<u>34,684,634</u>	<u>34,684,634</u>	<u>-</u>	<u>33,644,024</u>
<b>Fund balances - ending</b>	<u>\$ 24,216,731</u>	<u>\$ 33,394,722</u>	<u>\$ 9,177,991</u>	<u>\$ 34,684,634</u>

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Debt Service Fund**  
Year Ended June 30, 2017  
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 13,263,442	\$ 13,126,286	\$ (137,156)	\$ 12,253,000
<b>Expenditures:</b>				
Debt service:				
Principal retirement	8,927,000	8,927,000	-	6,935,000
Interest and other charges	4,876,275	4,879,327	(3,052)	5,067,951
Bond issuance costs	300,000	32,063	267,937	253,925
Total expenditures	<u>14,103,275</u>	<u>13,838,390</u>	<u>264,885</u>	<u>12,256,876</u>
Deficiency of revenues under expenditures	(839,833)	(712,104)	127,729	(3,876)
<b>Other financing sources (uses):</b>				
Proceeds from general obligation bonds issued	-	4,792,000	4,792,000	36,835,000
Premium on bonds issued	-	-	-	4,447,843
Payment to refunded bond escrow agent	-	(4,760,518)	(4,760,518)	(41,029,485)
Total other financing sources (uses)	<u>-</u>	<u>31,482</u>	<u>31,482</u>	<u>253,358</u>
Net change in fund balance	(839,833)	(680,622)	159,211	249,482
<b>Fund balances - beginning</b>	<u>2,017,086</u>	<u>2,017,086</u>	<u>-</u>	<u>1,767,604</u>
<b>Fund balance - ending</b>	<u><u>\$ 1,177,253</u></u>	<u><u>\$ 1,336,464</u></u>	<u><u>\$ 159,211</u></u>	<u><u>\$ 2,017,086</u></u>

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund**  
Year Ended June 30, 2017  
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 13,609,102	\$ 13,468,371	\$ (140,731)	\$ 12,563,203
Earnings on investments	250,000	240,954	(9,046)	156,342
Local	983,731	-	(983,731)	1,294,714
State revenue	783,612	683,334	(100,278)	81,821
Total revenues	<u>15,626,445</u>	<u>14,392,659</u>	<u>(1,233,786)</u>	<u>14,096,080</u>
<b>Expenditures:</b>				
Capital outlay:				
Land and buildings:				
Buildings	1,955,411	6,002,305	(4,046,894)	15,791,667
Land and improvements	3,500,000	91,868	3,408,132	2,355,987
Salaries and benefits	1,352,000	1,043,264	308,736	1,092,147
Purchased services	700,000	200,620	499,380	132,325
Supplies and materials	1,000,000	746,435	253,565	582,149
Total land and buildings	<u>8,507,411</u>	<u>8,084,492</u>	<u>422,919</u>	<u>19,954,275</u>
Equipment and textbooks:				
School buses	1,700,000	1,976,635	(276,635)	1,093,220
Vehicles	150,000	184,170	(34,170)	106,009
Software	500,000	609,371	(109,371)	345,418
Textbooks	2,000,000	165,216	1,834,784	280,316
Other instructional equipment	10,705,898	3,315,232	7,390,666	6,055,925
Total equipment and textbooks	<u>15,055,898</u>	<u>6,250,624</u>	<u>8,805,274</u>	<u>7,880,888</u>
Total capital outlay	<u>23,563,309</u>	<u>14,335,116</u>	<u>9,228,193</u>	<u>27,835,163</u>
Debt service:				
Principal retirement	3,000,000	3,588,520	(588,520)	3,150,779
Interest and fiscal charges	450,000	362,585	87,415	343,951
Bond issuance costs	350,000	-	350,000	-
Total debt service	<u>3,800,000</u>	<u>3,951,105</u>	<u>(151,105)</u>	<u>3,494,730</u>
Total expenditures	<u>27,363,309</u>	<u>18,286,221</u>	<u>9,077,088</u>	<u>31,329,893</u>
Deficiency of revenues under expenditures	(11,736,864)	(3,893,562)	7,843,302	(17,233,813)
<b>Other financing sources:</b>				
Capital leases	2,800,000	2,441,517	(358,483)	5,431,321
Proceeds from sale of capital assets	-	917,229	917,229	713,391
Transfers	2,000,000	2,520,000	520,000	-
Total other financing sources	<u>4,800,000</u>	<u>5,878,746</u>	<u>1,078,746</u>	<u>6,144,712</u>
Net change in fund balances	(6,936,864)	1,985,184	8,922,048	(11,089,101)
<b>Fund balances - beginning</b>	<u>7,436,864</u>	<u>7,436,864</u>	<u>-</u>	<u>18,525,965</u>
<b>Fund balances - ending</b>	<u>\$ 500,000</u>	<u>\$ 9,422,048</u>	<u>\$ 8,922,048</u>	<u>\$ 7,436,864</u>

**WEBER SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2017

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>School Lunch</b>	<b>Student Activities</b>	<b>Foundation</b>	<b>Pass-Through Taxes</b>	
<b>Assets:</b>					
Cash and investments	\$ 1,724,455	\$ 2,614,812	\$ 2,885,680	\$ -	\$ 7,224,947
Receivables:					
Property taxes	-	-	-	3,230,307	3,230,307
Local	-	-	151,896	-	151,896
State	965,276	-	-	-	965,276
Federal	92,495	-	-	-	92,495
Inventories and prepaid items	487,001	-	13,723	-	500,724
Total assets	<u>\$ 3,269,227</u>	<u>\$ 2,614,812</u>	<u>\$ 3,051,299</u>	<u>\$ 3,230,307</u>	<u>\$ 12,165,645</u>
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 17,791	\$ 101,936	\$ 5,505	\$ -	\$ 125,232
Accrued salaries and employee benefits	703,600	10	-	-	703,610
Total liabilities	721,391	101,946	5,505	-	828,842
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	-	-	-	74,781	74,781
Property taxes levied for future year	-	-	-	3,155,526	3,155,526
Total deferred inflows of resources	-	-	-	3,230,307	3,230,307
<b>Fund Balances:</b>					
Nonspendable:					
Inventories and prepaid items	487,001	-	13,723	-	500,724
Restricted for:					
Food services	2,060,835	-	-	-	2,060,835
Students	-	-	2,165,903	-	2,165,903
Assigned to:					
Students	-	2,512,866	866,168	-	3,379,034
Total fund balances	<u>2,547,836</u>	<u>2,512,866</u>	<u>3,045,794</u>	<u>-</u>	<u>8,106,496</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,269,227</u>	<u>\$ 2,614,812</u>	<u>\$ 3,051,299</u>	<u>\$ 3,230,307</u>	<u>\$ 12,165,645</u>

**WEBER SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2017

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>School Lunch</b>	<b>Student Activities</b>	<b>Foundation</b>	<b>Pass-Through Taxes</b>	
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 2,598,977	\$ 2,598,977
Earnings on investments	-	3,537	196,817	-	200,354
Contributions	-	4,989,282	1,456,009	-	6,445,291
Tuition	-	305,647	-	-	305,647
Student fees	-	600,175	-	-	600,175
Lunch sales	4,120,259	-	-	-	4,120,259
State	2,324,199	-	-	-	2,324,199
Federal	6,500,512	-	-	-	6,500,512
<b>Total revenues</b>	<b>12,944,970</b>	<b>5,898,641</b>	<b>1,652,826</b>	<b>2,598,977</b>	<b>23,095,414</b>
<b>Expenditures:</b>					
Current:					
Instructional services	-	6,198,121	1,472,144	-	7,670,265
Food services	12,329,466	-	-	-	12,329,466
Contributions to other governments	-	-	-	2,598,977	2,598,977
<b>Total expenditures</b>	<b>12,329,466</b>	<b>6,198,121</b>	<b>1,472,144</b>	<b>2,598,977</b>	<b>22,598,708</b>
Excess (deficiency) of revenues over (under) expenditures	615,504	(299,480)	180,682	-	496,706
<b>Other financing sources:</b>					
Transfers	-	-	251,409	-	251,409
<b>Net change in fund balances</b>	<b>615,504</b>	<b>(299,480)</b>	<b>432,091</b>	<b>-</b>	<b>748,115</b>
<b>Fund balances - beginning</b>	<b>1,932,332</b>	<b>2,812,346</b>	<b>2,613,703</b>	<b>-</b>	<b>7,358,381</b>
<b>Fund balances - ending</b>	<b>\$ 2,547,836</b>	<b>\$ 2,512,866</b>	<b>\$ 3,045,794</b>	<b>\$ -</b>	<b>\$ 8,106,496</b>



**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*School Lunch*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2017  
With Comparative Totals for 2016

	2017			2016
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
<b>Revenues:</b>				
Lunch sales	\$ 3,820,845	\$ 4,120,259	\$ 299,414	\$ 3,783,015
State	2,282,506	2,324,199	41,693	2,216,025
Federal	6,727,475	6,500,512	(226,963)	6,531,529
Total revenues	12,830,826	12,944,970	114,144	12,530,569
<b>Expenditures:</b>				
Current:				
Salaries	4,487,932	3,974,120	513,812	4,005,441
Employee benefits	1,844,950	1,372,787	472,163	1,563,004
Purchased services	150,000	138,724	11,276	139,006
Supplies and materials	700,000	796,108	(96,108)	733,353
Food	5,700,000	4,873,921	826,079	4,963,670
Equipment	159,809	335,811	(176,002)	362,238
Other	1,220,467	837,995	382,472	-
Total expenditures	14,263,158	12,329,466	1,933,692	11,766,712
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(1,432,332)	615,504	2,047,836	763,857
<b>Fund balances - beginning</b>	1,932,332	1,932,332	-	2,019,164
<b>Fund balances - ending</b>	\$ 500,000	\$ 2,547,836	\$ 2,047,836	\$ 2,783,021

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Student Activities*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2017  
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Earnings on investments	\$ 20,000	\$ 3,537	\$ (16,463)	\$ 185,772
Tuition	-	305,647	305,647	225,139
Local	980,000	4,989,282	4,009,282	1,559,781
Student fees	<u>5,500,000</u>	<u>600,175</u>	<u>(4,899,825)</u>	<u>689,793</u>
Total revenues	6,500,000	5,898,641	(601,359)	2,660,485
<b>Expenditures:</b>				
Current:				
Salaries and benefits	850,000	670,834	179,166	514,916
Purchased services	400,000	724,616	(324,616)	387,062
Supplies	5,000,000	4,596,252	403,748	3,575,974
Equipment	200,000	145,237	54,763	161,938
Other	<u>50,000</u>	<u>61,182</u>	<u>(11,182)</u>	<u>35,188</u>
Total expenditures	<u>6,500,000</u>	<u>6,198,121</u>	<u>301,879</u>	<u>4,675,078</u>
Deficiency of revenues under expenditures	-	(299,480)	(299,480)	(2,014,593)
<b>Fund balances - beginning</b>	<u>2,812,346</u>	<u>2,812,346</u>	<u>-</u>	<u>4,826,939</u>
<b>Fund balances - ending</b>	<u><u>\$ 2,812,346</u></u>	<u><u>\$ 2,512,866</u></u>	<u><u>\$ (299,480)</u></u>	<u><u>\$ 2,812,346</u></u>

**WEBER SCHOOL DISTRICT**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances**  
*Weber School District Foundation*  
**Nonmajor Special Revenue Fund**  
Years Ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>		
Earnings on investments	\$ 196,817	\$ (188,195)
Contributions	1,456,009	1,126,680
Total revenues	1,652,826	938,485
<b>Expenditures:</b>		
Current:		
Salaries	171,809	140,796
Employee benefits	68,941	56,037
Purchased services	36,977	16,250
Supplies	1,193,272	893,606
Other	1,145	1,215
Total expenditures	1,472,144	1,107,904
Excess (deficiency) of revenues over (under) expenditures	180,682	(169,419)
<b>Other financing sources:</b>		
Transfers	251,409	205,533
Net change in fund balances	432,091	36,114
<b>Fund balances - beginning</b>	2,613,703	2,577,589
<b>Fund balances - ending</b>	\$ 3,045,794	\$ 2,613,703

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Pass-Through Taxes*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2017  
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 3,000,000	2,598,977	\$ (401,023)	\$ 2,282,847
Total revenues	3,000,000	2,598,977	(401,023)	2,282,847
<b>Expenditures:</b>				
Current:				
Contributions to other governments	3,000,000	2,598,977	401,023	2,282,847
Total expenditures	3,000,000	2,598,977	401,023	2,282,847
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	-	-	-	-
<b>Fund balances - beginning</b>	-	-	-	-
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Table 1**

**WEBER SCHOOL DISTRICT**  
**General Obligation Overlapping Indebtedness**  
June 30, 2017

<u>Entity</u>	<u>2016 Taxable Value</u>	<u>District's Portion of Assessment</u>	<u>District's Percent</u>	<u>General Obligation Debt</u>	<u>Overlapping Debt</u>
Weber County	\$ 14,011,764,228	\$ 9,854,617,992	70.3%	\$ 39,818,015	\$ 28,004,420
Cities:					
Washington Terrace	335,111,646	335,111,646	100.0%	1,802,000	1,802,000
Other Districts:					
Weber Basin Water Conservancy District	56,227,076,388	9,388,010,044	16.7%	21,139,452	3,529,570
North Davis County Sewer District	9,254,367,084	1,393,800,632	15.1%	26,790,000	4,034,843
Total overlapping general obligation debt					37,370,833
Total direct general obligation bonded indebtedness					115,790,000
Total direct and overlapping general obligation debt					<u>\$ 153,160,833</u>

1 Weber Basin Water Conservancy District ("WBWCD") covers all of Morgan County, most of Davis and Weber Counties, and a portion of Box Elder and Summit Counties. Principal and interest on WBWCD bonds are paid primarily from sales of water. WBWCD bonds are shown as overlapping but are self-supporting except for a minimum 0.000200 tax rate.

2 Cities or districts marked with 100% are contained entirely within the District. Other Cities or districts contain territory partly within and partly outside the district. The percentage shown represents the portion of the District's taxable value as compared to the total taxable value of the entity.

Note: The State of Utah general obligations debt is not included in the calculation of Total Direct and Overlapping General Obligation Debt because the State currently levies no property tax for payment of general obligation bonds.

**Table 2**

**WEBER SCHOOL DISTRICT  
Debt Ratios - General Obligation Bonds**

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	<u>To 2016 Taxable Value</u>	<u>To Adjusted Fair Market Value</u>	<u>Per Capita Debt Ratio</u>
Direct general obligation debt	1.17%	0.79%	719.82
Direct and overlapping general obligation debt	1.55%	1.04%	952.14

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1 Based on the State of Utah's December 31, 2016 taxable value for Weber School District of: \$ 9,854,617,992

2 Based on the State of Utah's December 31, 2016 adjusted fair market value for the District of: \$ 14,744,055,546

3 Based on the U.S. Bureau of the Census estimate for Weber County of 247,560 less Ogden City's population estimate of 86,701. Ogden City does not lie within the District's boundaries therefore, Weber School District's 2016 population estimate is 160,859.

**Table 3**

**WEBER SCHOOL DISTRICT**  
**Debt Service Schedule of Outstanding Bonds (By Year)**  
 June 30, 2017

Year Ending June 30,	Series 2008		Series 2009		Series 2011		Series 2012		Series 2013			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2018	\$ 600,000	\$ 21,000	\$ 335,000	\$ 24,850	\$ 650,000	\$ 223,000	\$ 280,000	\$ 524,300	\$ 890,000	\$ 958,568		
2019	-	-	350,000	13,125	-	210,000	260,000	520,100	300,000	914,068		
2020	-	-	-	-	-	210,000	280,000	516,200	280,000	899,068		
2021	-	-	-	-	-	210,000	375,000	512,000	280,000	885,068		
2022	-	-	-	-	3,075,000	210,000	415,000	504,500	750,000	871,068		
2023	-	-	-	-	2,175,000	87,000	450,000	496,200	750,000	833,568		
2024	-	-	-	-	-	-	1,510,000	487,200	1,115,000	796,068		
2025	-	-	-	-	-	-	1,570,000	441,900	1,110,000	757,044		
2026	-	-	-	-	-	-	1,625,000	379,100	1,130,000	718,194		
2027	-	-	-	-	-	-	1,685,000	330,350	1,235,000	572,994		
2028	-	-	-	-	-	-	1,725,000	279,800	1,280,000	600,994		
2029	-	-	-	-	-	-	1,785,000	236,676	1,740,000	572,394		
2030	-	-	-	-	-	-	1,845,000	187,588	2,325,000	502,794		
2031	-	-	-	-	-	-	1,910,000	136,850	2,380,000	406,888		
2032	-	-	-	-	-	-	2,000,000	70,000	2,425,000	308,712		
2033	-	-	-	-	-	-	-	-	4,570,000	205,650		
2034	-	-	-	-	-	-	-	-	-	-		
	<u>\$ 600,000</u>	<u>\$ 21,000</u>	<u>\$ 685,000</u>	<u>\$ 37,975</u>	<u>\$ 5,900,000</u>	<u>\$ 1,150,000</u>	<u>\$ 17,715,000</u>	<u>\$ 5,622,764</u>	<u>\$ 22,560,000</u>	<u>\$ 10,803,140</u>		

Year Ending June 30,	Series 2014		Series 2015		Series 2016		Series 2016B		Totals		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 2,205,000	\$ 1,287,425	\$ 3,000,000	\$ 401,250	\$ -	\$ 818,075	\$ 1,580,000	\$ 39,295	\$ 9,540,000	\$ 4,297,763	\$ 13,837,763
2019	2,320,000	1,177,175	3,125,000	251,250	1,325,000	818,075	1,625,000	21,125	9,305,000	3,924,918	13,229,918
2020	2,370,000	1,130,775	2,375,000	95,000	1,390,000	751,825	-	-	6,695,000	3,602,868	10,297,868
2021	2,490,000	1,012,275	2,375,000	47,500	1,450,000	682,325	-	-	6,970,000	3,349,168	10,319,168
2022	2,620,000	887,775	-	-	625,000	609,825	-	-	7,485,000	3,083,168	10,568,168
2023	2,760,000	756,775	-	-	1,665,000	578,575	-	-	7,800,000	2,752,118	10,552,118
2024	2,905,000	618,775	-	-	2,630,000	495,325	-	-	8,160,000	2,397,368	10,557,368
2025	3,060,000	473,525	-	-	2,775,000	363,825	-	-	8,515,000	2,036,294	10,551,294
2026	3,145,000	400,850	-	-	2,925,000	225,075	-	-	8,825,000	1,723,219	10,548,219
2027	1,050,000	322,225	-	-	2,985,000	166,575	-	-	6,955,000	1,392,144	8,347,144
2028	1,090,000	280,225	-	-	3,065,000	91,950	-	-	7,160,000	1,252,969	8,412,969
2029	1,135,000	236,625	-	-	-	-	-	-	4,660,000	1,045,695	5,705,695
2030	1,180,000	191,225	-	-	-	-	-	-	5,350,000	881,607	6,231,607
2031	1,215,000	155,825	-	-	-	-	-	-	5,505,000	699,563	6,204,563
2032	1,250,000	119,375	-	-	-	-	-	-	5,675,000	498,087	6,173,087
2033	1,290,000	81,875	-	-	-	-	-	-	5,860,000	287,525	6,147,525
2034	1,330,000	41,562	-	-	-	-	-	-	1,330,000	41,562	1,371,562
	<u>\$ 33,415,000</u>	<u>\$ 9,174,287</u>	<u>\$ 10,875,000</u>	<u>\$ 795,000</u>	<u>\$ 20,835,000</u>	<u>\$ 5,601,450</u>	<u>\$ 3,205,000</u>	<u>\$ 60,420</u>	<u>\$ 115,790,000</u>	<u>\$ 33,266,036</u>	<u>\$ 149,056,036</u>

**Table 4**

**WEBER SCHOOL DISTRICT**  
**Taxable and Fair Market Value**  
 Last Five Tax (Calendar) Years

**Including Fee in Lieu Valuation**

<u>Tax Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2016	\$ 9,854,617,992	\$ 14,744,055,546
2015	9,130,234,035	13,625,639,989
2014	8,448,670,470	12,557,995,295
2013	8,090,784,419	11,949,325,120
2012	7,901,074,430	11,654,822,135

**Excluding Fee in Lieu Valuation**

<u>Tax Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2016	\$ 9,512,304,657	\$ 14,401,742,217
2015	8,803,257,251	13,298,663,205
2014	8,144,787,395	12,254,092,220
2013	7,779,791,910	11,638,332,612
2012	7,592,275,751	11,346,023,456

(Source: Property Tax Division, Utah State Tax Commission)

1 - These valuation figures include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property.



**Table 5**

**WEBER SCHOOL DISTRICT**  
**Significant Taxpayers in the District**  
December 31, 2016

<b>Taxpayer</b>	<b>Type of Business</b>	<b>December 31, 2016 Taxable Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Compass Minerals	Manufacturing	\$ 279,052,725	2.83%
Pacificorp	Electric Utility	144,377,908	1.47%
Union Pacific Railroad Co	Transportation	70,169,690	0.71%
Kimberly-Clark Corporation	Manufacturing	67,260,267	0.68%
America First Credit Union	Banking	65,396,868	0.66%
Questar Gas	Natural Gas Utility	64,592,943	0.66%
Associated/Fresh Markets Inc.	Groceries	51,057,785	0.52%
Columbia Ogden Medical Center	Medical	43,942,549	0.45%
Westinghouse Electric	Manufacturing	41,886,470	0.43%
Riverdale Center Owner	Retail	39,820,052	0.40%
Totals		<u>\$ 867,557,257</u>	<u>8.81%</u>

1 - Based on the District's 2016 taxable value of: \$ 9,854,617,992

Source: Office of Weber County Treasurer

**Table 6**

**WEBER SCHOOL DISTRICT**  
**Summary of Taxable Value**  
December 31, 2016 and 2015

	<u>2016</u> <u>Taxable Value</u>	<u>Percent of</u> <u>2016</u>	<u>2015</u> <u>Taxable Value</u>
Centrally assessed values:	\$ 579,828,745	6.35%	\$ 507,646,159
Real property:			
Primary residential	5,962,657,262	65.31%	5,480,574,589
Other residential	686,796,936	7.52%	662,074,532
Commercial and industrial	1,782,861,124	19.53%	1,668,105,931
FAA	18,160,446	0.20%	18,197,647
Unimproved non FAA	<u>59,035,190</u>	<u>0.65%</u>	<u>58,150,039</u>
Total real property	8,509,510,958	93.21%	7,887,102,738
Personal property:			
Primary and secondary mobile homes	13,321,971	0.15%	13,810,466
Other business personal	<u>409,642,988</u>	<u>4.49%</u>	<u>394,697,888</u>
Total personal property	<u>422,964,959</u>	<u>4.64%</u>	<u>408,508,354</u>
Fee-in-lieu property:	<u>342,313,329</u>	<u>3.75%</u>	<u>326,976,784</u>
Total assessed properties:	<u><u>\$ 9,854,617,991</u></u>	<u><u>107.95%</u></u>	<u><u>\$ 9,130,234,035</u></u>

Source: Utah State Tax Commission

Tables 7, 8 and 9

**WEBER SCHOOL DISTRICT**  
**Tax Collection Record of the District**

<u>Year Ended December 31,</u>	<u>Total Taxes Levied</u>	<u>Current Collections</u>	<u>Percent Current Collections</u>	<u>Collections for Prior Years</u>	<u>Total Collections</u>	<u>Percent of Total Collections</u>
2016	\$ 60,834,951	\$ 53,339,600	87.68%	\$ 1,295,052	\$ 54,634,652	89.81%
2015	55,766,306	54,213,009	97.21%	1,279,767	55,492,776	99.51%
2014	53,305,882	50,727,500	95.16%	1,862,158	52,589,658	98.66%
2013	51,914,184	49,301,176	94.97%	2,306,565	51,607,741	99.41%
2012	51,543,848	48,881,374	94.83%	2,388,261	51,269,635	99.47%

**Schedule of Property Tax Rates**

	<u>Tax Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
State required	0.001677	0.001736	0.001419	0.001535	0.001651
Voted leeway	0.001124	0.000958	0.001010	0.001083	0.001091
Board leeway	0.001169	0.001764	0.001866	0.002006	0.002026
Transportation	0.000000	0.000000	0.000000	0.000000	0.000000
Recreation	0.000000	0.000000	0.000000	0.000000	0.000000
Tort liability	0.000000	0.000000	0.000000	0.000000	0.000000
Capital outlay	0.001379	0.000842	0.000888	0.000953	0.000960
Debt service	0.001344	0.001343	0.001343	0.001343	0.001343
10% Additional	0.000000	0.000000	0.000000	0.000000	0.000000
Judgment levy	0.000000	0.000000	0.000000	0.000000	0.000000
Board reading levy	0.000000	0.000000	0.000000	0.000000	0.000000
Total	<u>0.006693</u>	<u>0.006643</u>	<u>0.006526</u>	<u>0.006920</u>	<u>0.007071</u>

**Historical Property Tax Collections by Fund**

<u>Year Ended June 30,</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>
2017	\$ 68,015,380	\$ 38,821,746	\$ 13,126,286	\$ 13,468,371	\$ 2,598,977
2016	62,890,946	35,791,896	12,253,000	12,563,203	2,282,847
2015	57,176,050	36,279,852	11,344,042	7,500,752	2,051,404
2014	56,541,836	37,781,712	10,973,365	7,786,759	-
2013	56,347,770	37,995,498	10,702,172	7,650,100	-

**Table 10**

**WEBER SCHOOL DISTRICT**  
**Five Year General Fund Financial Summary**  
 Years Ending 2017 through 2013

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>					
Property tax	\$ 38,821,746	\$ 35,791,896	\$ 36,279,852	\$ 37,781,712	\$ 37,995,498
Earnings from investments	710,126	779,757	474,106	764,726	845,942
Local	3,421,176	2,490,355	2,693,427	2,021,253	2,715,071
State	150,414,509	143,176,198	137,246,612	132,151,205	127,535,040
Federal	12,174,449	13,304,146	12,139,642	11,973,096	11,330,773
Total revenues	<u>205,542,006</u>	<u>195,542,352</u>	<u>188,833,639</u>	<u>184,691,992</u>	<u>180,422,324</u>
<b>Expenditures:</b>					
Instruction	144,571,977	135,181,868	132,077,653	127,829,436	126,645,971
Support services					
Students	7,443,929	7,109,418	6,721,162	6,613,916	6,549,798
Instructional staff	3,343,179	3,539,515	3,148,960	2,509,097	2,676,267
District administration	4,005,214	3,841,976	3,865,284	4,401,624	5,469,192
School administration	11,825,070	12,010,081	12,238,374	12,089,094	11,600,702
Central	5,164,663	5,349,486	4,907,261	3,931,078	3,064,737
Operations and maintenance	18,738,762	19,044,682	18,248,638	17,888,671	15,698,957
Student transportation	8,975,715	8,219,183	7,463,312	7,307,044	7,279,827
Total expenditures	<u>204,068,509</u>	<u>194,296,209</u>	<u>188,670,644</u>	<u>182,569,960</u>	<u>178,985,451</u>
Excess of revenues over expenditures	<u>1,473,497</u>	<u>1,246,143</u>	<u>162,995</u>	<u>2,122,032</u>	<u>1,436,873</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	8,000	-	17,088	56,330	29,046
Transfers	<u>(2,771,409)</u>	<u>(205,533)</u>	<u>(2,986,261)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,763,409)</u>	<u>(205,533)</u>	<u>(2,969,173)</u>	<u>56,330</u>	<u>29,046</u>
Net change in fund balance	(1,289,912)	1,040,610	(2,806,178)	2,178,362	1,465,919
<b>Fund balances, beginning of year, as restated</b>	<u>34,684,634</u>	<u>33,644,024</u>	<u>36,450,202</u>	<u>28,561,062</u>	<u>27,095,143</u>
<b>Fund balances, end of year</b>	<u>\$ 33,394,722</u>	<u>\$ 34,684,634</u>	<u>\$ 33,644,024</u>	<u>\$ 30,739,424</u>	<u>\$ 28,561,062</u>

1 - The 2015 year was restated by increasing beginning fund balance by \$5,710,778 to reflect a change in recognizing certain revenues and expenditures

Source: The District's basic financial statements.

**Table 11**

**WEBER SCHOOL DISTRICT**  
**Balance Sheet - General Fund**  
 June 30, 2017 through 2013

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>					
Cash and investments	\$ 69,434,499	\$ 69,153,613	\$ 67,452,769	\$ 70,497,293	\$ 63,646,895
Receivables:					
Property taxes	36,673,295	36,575,941	33,873,834	29,171,837	28,650,978
Local	117,358	205,697	333,009	9,917,048	6,194,466
State	739,555	795,173	742,689	-	-
Federal	4,935,442	11,807,815	8,676,078	-	-
Note receivable	512,500	-	-	-	-
Due from other funds	-	-	188,589	-	-
Other assets	-	-	-	540,966	316,766
Inventories and prepaid items	693,337	674,058	625,246	530,079	791,336
Total assets	<u>\$ 113,105,986</u>	<u>\$ 119,212,297</u>	<u>\$ 111,892,214</u>	<u>\$ 110,657,223</u>	<u>\$ 99,600,441</u>
<b>Liabilities:</b>					
Account and contracts payable	\$ 1,060,960	\$ 3,065,613	\$ 3,052,843	\$ 2,965,704	\$ 3,127,124
Accrued salaries and employee benefits	31,391,096	34,563,263	33,309,893	32,346,829	25,704,496
Termination benefits	-	-	-	3,257,970	3,257,970
Unearned revenue					
Local	-	-	37,785	27,935	30,319
Other governments	-	-	-	7,836,023	7,355,034
State	8,653,312	8,854,740	7,568,380	-	-
Federal	1,368,823	1,597,922	588,028	-	-
Total liabilities	<u>42,474,191</u>	<u>48,081,538</u>	<u>44,556,929</u>	<u>46,434,461</u>	<u>39,474,943</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue from sale of land	512,500	-	-	-	-
Unavailable property tax revenue	850,169	814,885	849,484	-	-
Property taxes levied for future year	35,874,404	35,631,240	32,841,777	33,483,338	31,564,436
Total deferred inflows of resources	<u>37,237,073</u>	<u>36,446,125</u>	<u>33,691,261</u>	<u>33,483,338</u>	<u>31,564,436</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories and prepaid items	693,337	674,058	625,246	530,079	791,336
Committed to:					
Economic stabilization	4,750,000	4,500,000	4,000,000	4,000,000	4,000,000
Employee vacation benefit	1,888,560	1,882,369	1,627,420	1,753,367	1,610,884
Other purchases	522,416	303,816	564,290	664,647	233,351
Assigned to:					
Early retirement benefit	10,250,000	10,250,000	10,250,000	10,000,000	10,000,000
Other programs	3,286,513	6,206,513	5,806,513	3,069,629	1,276,438
Unassigned	12,003,896	10,867,878	10,770,555	10,721,702	10,649,053
Total fund balances	<u>33,394,722</u>	<u>34,684,634</u>	<u>33,644,024</u>	<u>30,739,424</u>	<u>28,561,062</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 113,105,986</u>	<u>\$ 119,212,297</u>	<u>\$ 111,892,214</u>	<u>\$ 110,657,223</u>	<u>\$ 99,600,441</u>