



WEBER SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2013

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WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

November 6, 2013

To President Richardson, 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 ended June 30, 2013.

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, and combining and individual fund statements and schedules.
- Statistical section and notes – 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. Wiggins & Co., P.C. 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, 2013 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 unqualified opinion that the District’s financial statements for the fiscal year ended June 30, 2013 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 Single Audit Report.

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 2012-2013, the District services four traditional high schools, nine junior high schools, and twenty nine elementary schools. The District also offers various special purpose programs. One of these special programs includes an alternative high school. The District serves approximately 30,732 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 reserve. During May of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th. 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 2013 balances and projected revenue are sufficient to meet the fiscal 2014 budget as presented to the public in June of 2013.

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 FY 2008-09, 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 FY 2008-09 were cut by nearly \$3 Million. In addition, state funds were cut for FY 2009-2010 and again for FY 2010-2011 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.” What was unknown was how long the recovery would take until state revenue reaches levels that existed prior to the economic downturn. In its Annual Economic Report to the Governor published by the Governor’s Office of Planning and Budget (GOPB) for 2012, analysts were quite optimistic:

Historically Utah grows more rapidly than the nation, with the broader national business cycle governing local recessions and expansions. The current recession and recovery track this general course. Both Utah and the U.S. began growing during the summer of 2009, but unemployment has remained well above pre-recession levels. Over the past two years as the recovery has progressed, both employment and income in Utah have grown more rapidly than in the U.S. the state has especially benefited from its position as a logistical hub for production and distribution to the west coast, and, more recently, the entire U.S. Utah’s economic growth has accelerated during each of the years since the recession ended, but is expected to plateau near the long-term average during 2013.

Although the recession is over, the recovery has been very slow. State-wide, unemployment is still above levels that existed before the downturn. Additional state revenue over FY 2012 levels is not expected to be great. Lastly, the United States Congress stepped in and appropriated stimulus funds for local school districts to help lessen the impact of the recession. These funds helped the state and local school districts for FY 2008-09, FY 2009-10 and FY 2010-2011. As the recovery continues to take hold, rising revenue is replacing the one-time funding help from the federal government. According to the GOPB, Utah is in a good position to realize 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.

After three straight years of no change in the value of the weighted pupil unit (WPU), for FY 2012, the state increased the value of the WPU to \$2,816. Then for FY 2013, another increase in the value of the WPU occurred to \$2,842. District taxable property values in tax year 2012 decreased by 2.19%. Preliminary taxable property values for tax year 2013 provided by the Weber County Clerk Auditor indicated a 2.55% increase. This increase is attributable the recovery and rising demand in the housing industry. It is projected that land values will continue to steadily rise.

Student growth and facilities. The Governor’s Office of Planning and Budget estimates strong 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 the average, over 300 students will be added to the 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. Over the next five years, additional classroom space will be added as four older elementary schools will be replaced by three new elementary schools. In addition a larger replacement junior high school will be completed and a targeted remodeling project will occur at another junior high school to expand its capacity to house additional students. All these projects are designed to provide more space for students and instruction.

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 has deposits, repurchase agreements, and other investments with varying maturity dates. Over the past few years, interest rates plummeted as did investment income. At the end of FY 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 out-side of the state pool. Working with our investment advisor, nearly \$53 million dollars have been invested in funds approved by the Utah Money Management Act. These alternate investments have a return that averages 100 basis points more than the pool. This has helped offset the losses 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 treasurer's 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.

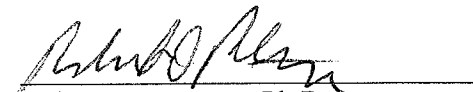
Risk management. The District is self-insured for workers' compensation. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled arrangement 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.

Post employment benefits. Certain employees are eligible to receive post employment healthcare benefits and early retirement incentive stipends. These are considered termination benefits by the district. Seven years ago, the district implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 47 which relates to termination benefits. The District finances these benefits primarily as premiums and stipends are paid. The District is actively striving to fund these obligations in advance or designating 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 department 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

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Weber School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District, State of Utah, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weber School Foundation, which represents 100 percent of discretely presented component unit. The financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors. 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 of 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, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weber School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity 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 and budgetary comparison information on pages 8 through 15 and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Wiggins & Co., PC

Ogden, UT
November 6, 2013

Management's Discussion and Analysis

This section of Weber School District's Basic Financial Statements presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2013. Please read it in conjunction with the transmittal letter and the District's financial statements, which follow this section.

Financial Highlights

- Changes in unassigned fund balances were positive for the Maintenance and Operation Fund and the Capital Outlay Fund. Fund balances for the Debt Service Fund, Child Nutrition Fund and Student Activity Fund were down.
- The Utah State Retirement Rate for Tier 1 employees increased from 18.36% to 20.26%. This is the third rate increase in three years.
- GASB 47 liabilities for termination benefits are fully funded.
- During the year, the combined fund balance increased when compared to prior years. A significant part of this is a result of the issuance of bonds for capital projects.
- District enrollment growth from October 1, 2011 to October 1, 2012 increased by 309 or 1.02%.
- On June 26, 2012 voters approved \$65 million in General Obligation bonds for the construction of four new schools and two major remodeling projects and various other improvements. Construction on two of these schools (Wahlquist JHS and North Park Elementary) started at the beginning of the fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

- **Agency fund.** The District uses an agency fund to account for resources held for student activities and groups.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

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 exceeded liabilities and deferred inflows by \$109.7 million at the close of the most recent fiscal year.

- A significant portion of the District's net position (53.16%) 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 (27.16%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of unrestricted net position (19.68%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the 2013 fiscal year, the District is able to report positive balances in all three categories of net position. The same is true for the prior fiscal year.

The District's net position increased by \$2.61 million during the current year; the following discussion and analysis on governmental activities examine this increase:

WEBER SCHOOL DISTRICT'S NET POSITION
June 30, 2013 and 2012

	<u>Governmental Activities</u>			Total Change 2013-2012
	2013	% of Total	2012	
Current and other assets	\$ 142,910,414	45.89%	\$ 134,823,896	\$ 8,086,518
Capital assets	168,524,456	54.11%	156,118,941	12,405,515
Total assets	<u>311,434,870</u>	<u>100.00%</u>	<u>290,942,837</u>	<u>20,492,033</u>
Current and other liabilities	50,134,017	24.68%	92,707,951	(42,573,934)
Long-term liabilities outstanding	106,227,381	52.28%	92,585,303	13,642,078
Total Liabilities	<u>156,361,398</u>	<u>76.96%</u>	<u>185,293,254</u>	<u>28,931,856</u>
Deferred inflows of resources	46,810,429	23.04%	46,641,397	(169,032)
Total liabilities and deferred inflows	<u>203,171,827</u>	<u>100.00%</u>	<u>231,934,651</u>	<u>28,762,824</u>
Net position:				
Net investment in capital assets	57,815,096	53.40%	65,056,807	(7,241,711)
Restricted	28,845,352	26.64%	19,972,560	8,872,792
Unrestricted	21,602,595	19.95%	20,620,216	982,379
Total net position	<u>\$ 108,263,043</u>	<u>100.00%</u>	<u>\$ 105,649,583</u>	<u>\$ 31,207,252</u>
Net position - beginning	\$ 105,649,583			
Change in net position	\$ 2,613,460			

Governmental activities. Increases in overall expenses (see Financial Analysis chart below) were primarily a result of increased spending on capital projects. The increase in instructional expenses for FY 2013 over FY 2012 was due in large part to a retirement rate increase. An encouraging development for the positive net position figure is the districts continued emphasis on complying with the provisions of Governmental Accounting Standards Board (GASB) Statement 47. GASB 47 addresses district liabilities with regards to termination benefits. When employees retire, and if they meet certain eligibility requirements, they may receive termination benefits. With the GASB 47 mandate, the district recognized the coming year's liability for added termination benefits. Sufficient funds have been set aside to fully fund this liability. Following is a further analysis of changes in revenue and expenses over last year.

- The percent change for the collections of local taxes (1.4%) continues to be positive despite lower overall property values. When values decline, rates go up. Board local levies went up from 0.003899 to 0.004077. The change in the State Basic Rate from 0.001591 to 0.001651 was set by the Utah State Legislature.
- Federal Aid dropped as the last of one-time stimulus funds was spent.
- State Revenue went up as a result of enrollment increases and the increase in the value of the WPU. Much of these increases went to fund the retirement rate increase.

WEBER SCHOOL DISTRICT
Changes in Net Position
Years Ended June 30, 2013 and 2012

	Governmental Activities		Total Change
	2013	2012	2013-2012
Revenues:			
Program revenues:			
Charges for services	\$ 5,411,997	\$ 5,678,789	\$ (266,792)
Operating grants and contributions	56,932,242	57,831,442	(899,200)
Capital grants and contributions	-	429,949	(429,949)
General revenues:			
Property taxes	56,347,770	55,570,368	777,402
Federal and state aid not restricted to specific purposes	90,531,350	87,945,784	2,585,566
Earnings on investments	1,016,271	740,767	275,504
Gain on sale of assets	713,783	256,435	457,348
Miscellaneous	7,613,216	6,767,168	846,048
Total revenues	<u>218,566,629</u>	<u>215,220,702</u>	<u>3,345,927</u>
Expenses:			
Instructional services	144,616,248	141,918,644	2,697,604
Supporting services			
Students	6,567,505	6,314,231	253,274
Instructional staff	2,684,098	2,915,558	(231,460)
District administration	5,535,260	5,380,832	154,428
School administration	12,111,695	11,932,851	178,844
Operation and maintenance of facilities	16,040,770	15,422,411	618,359
Transportation	8,012,220	7,712,518	299,702
Central	3,334,678	2,660,654	674,024
School lunch services	12,962,061	13,257,990	(295,929)
Interest on long-term liabilities	4,088,634	3,608,902	479,732
Total expenses	<u>215,953,169</u>	<u>211,124,591</u>	<u>4,828,578</u>
Change in net position	2,613,460	4,096,111	(1,482,651)
Net position - beginning	105,649,583	101,553,472	4,096,111
Net position - ending	<u>\$ 108,263,043</u>	<u>\$ 105,649,583</u>	<u>\$ 2,613,460</u>

- As a result of the sluggish economy, interest rates and earnings on investments remain much lower than what was earned a few years ago.
- Capital outlay, which is included in the instructional services line in the above chart, and maintenance expenditures rose dramatically as spending on new projects occurred. On-going capital expenses were flat when compared to the prior year. On-going capital budgets are still much lower than they were a few years ago due to both statutory changes in the state capital outlay formula and reductions in state appropriations.
- Instructional expenses increased as the retirement rate increased from 18.36 to 20.26 which led to the gains in instructional expenses. The value of the WPU from \$2,816 to \$2,842. Also for the fourth straight year, increases for health insurance were passed along to employees. The district continued with its funding of Health Reimbursement Accounts (HRA) for administrators and classified employees. Funds will be deposited by the district into employee HRAs to help them offset future and current health related expenses.
- Funding student transportation continues to be a challenge. State policy requires that all elementary students (grades K-6) living more than 1.5 miles from their assigned school be eligible for transportation. In addition, secondary students (grades 7-12) are eligible for school transportation if they live more than two miles from their assigned school. State funding is inadequate to accomplish the required transportation standards. As a result, over \$1.4 million of district funding is required for transportation. Over the last few years, the district implemented aggressive cost cutting measures in transportation; unfortunately, these were countered by a rapid rise in diesel fuel required to operate busses, a rise in employee benefit costs, and growth in the number of students eligible for transportation.
- Cost of utilities has a significant impact on the District. Anticipating these costs, the District has continued a very aggressive energy savings program in all schools and locations.

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 \$52.46 million; \$5.2 million more than the previous year (see chart below).

WEBER SCHOOL DISTRICT
Governmental Funds Balance Summary
 June 30, 2013

	General	Debt Service	Capital Projects	Other Govt. Funds	Total Funds
Revenues	\$ 180,451,370	\$ 10,702,172	\$ 28,677,809	\$ 19,331,903	\$ 239,163,254
Expenditures	178,985,451	10,810,935	25,561,835	19,548,866	234,907,087
Net change in fund balance	1,465,919	(108,763)	3,115,974	(216,963)	4,256,167
Fund balances - beginning	27,095,143	2,396,981	10,538,030	7,220,350	47,250,504
Fund balances - ending	\$ 28,561,062	\$ 2,288,218	\$ 13,654,004	\$ 7,003,387	\$ 51,506,671

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into non-spendable, restricted, and unrestricted portions. *Non-spendable* includes inventories and prepaid expenditures that are expected to be converted to cash. *Restricted* includes net fund resources of the district that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, 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, 2013, the District' combined governmental fund balance is \$52.46 million (\$2.5 million in non-spendable, \$16.54 million in restricted, \$11.5 million in committed, \$11.28 million in assigned, and \$10.64 million in unassigned fund balances).

**WEBER SCHOOL DISTRICT
FUND BALANCES
June 30, 2013**

	General	Debt Service	Capital Projects	Other Govt. Funds	Total Funds
<u>Non-spendable</u>					
Inventories	\$ 696,338	\$ -	\$ -	\$ 736,651	\$ 1,432,989
Prepaid Expenses	94,998		2,992	5,401	103,391
<u>Restricted for:</u>					
Debt Service		2,288,218			2,288,218
Capital Projects			13,651,012		13,651,012
School Lunch				601,380	601,380
<u>Committed to:</u>					
Economic Stabilization	4,000,000				4,000,000
Employee Benefit Obligations	1,610,884				1,610,884
Student Activity				5,649,840	5,649,840
Other Purposes	233,351				233,351
<u>Assigned to:</u>					
Early Retirement Benefit Programs	10,000,000				10,000,000
	1,276,438				1,276,438
<u>Unassigned:</u>					
	10,649,053				10,649,053
Total Fund Balances	<u>\$28,561,062</u>	<u>\$ 2,288,218</u>	<u>\$ 13,654,004</u>	<u>\$ 6,993,272</u>	<u>\$ 51,496,556</u>

- *Designation Economic Stabilization.* As allowed by state law (limited to 5% of general fund expenditures), the District has established an economic stabilization balance 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.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were made to reflect changes in programs and related funding. Actual expenditures were less than final budgeted revenue amounts.

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 in our district boundaries. Prior to FY 2008, District enrollment growth had been slow. However, enrollment growth from FY 2007 to FY 2008 was at a historic high of 965 students. Then two new charter schools were added and the enrolment from FY 2008 to FY 2009 dropped by 218 students. Then growth jumped up again from FY 2009 to FY 2010 by 538 students to a new historic total enrollment high of 30,417. Then in FY 2011 two new charter schools were approved by the State Charter School Board resulting in a decline of 70 students. Currently, no new charter schools are slated for our school district. However, enrollment caps for existing Charter Schools have been raised. It is anticipated that steady consistent growth will continue for the next few years.

WEBER SCHOOL DISTRICT Enrollment History

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-2013
Elementary	16,504	16,399	16,725	16,382	16,213	16,339
Junior High	6,662	6,702	6,863	7,078	7,249	7,374
High School	6,696	6,544	6,624	6,571	6,609	6,709
Regular Sub-Total	29,862	29,645	30,212	30,031	30,071	30,422
Special Schools	235	234	205	316	352	310
Total Enrollment	30,097	29,879	30,417	30,347	30,423	30,732
Change over prior year	965	(218)	538	(70)	76	309

Capital Asset and Debt Administration

Capital Assets. 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 million in General Obligation bonds for the construction of four new replacement schools, two major remodeling projects and various other improvements.

At the start of the prior fiscal year, the district had an aging bus fleet. Through a capital lease (with very competitive interest rates) the district acquired 20 new busses to replace our twenty oldest busses. This lease will be paid off by FY 2014. In addition, during FY 11, the Board approved an increase in the Transportation Levy with the proceeds to go to the purchase of new busses.

Debt Administration. The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2013 is \$466.19 million. General obligation debt at June 30, 2013 is \$102.63 million, resulting in a legal debt margin of \$363.56 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 2032.

Requests for Information

This financial report is designed to provide a general overview of the Weber School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Weber School District, 5320 Adams Avenue Parkway, Ogden, UT 84405.

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WEBER SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities	Component Unit
Assets:		
Cash and investments	\$ 90,554,925	\$ 2,283,240
Receivables:		
Property taxes	42,489,736	-
Other governments	6,736,762	-
Other, net of allowance for bad debt - \$14,000	481,897	16,692
Prepays	103,391	6,041
Inventories	1,432,989	
Bond issuance costs, net	793,948	-
Other assets	316,766	6,000
Capital assets:		
Land, and construction-in-progress	31,362,223	-
Other capital assets, net of depreciation	137,162,233	11,158
Total assets	<u>311,434,870</u>	<u>2,323,131</u>
Liabilities:		
Accounts payable	6,181,280	-
Accrued interest	183,005	-
Accrued liabilities	426,634	-
Accrued salaries	26,448,838	-
Termination benefits	9,508,907	-
Unearned revenue:		
Other governments	7,355,034	-
Local sources	30,319	-
Noncurrent liabilities:		
Due within one year	8,373,710	-
Due in more than one year	97,853,671	-
Total liabilities	<u>156,361,398</u>	<u>-</u>
Deferred Inflows of Resources:		
Property taxes levied for future year	46,810,429	-
Net Position:		
Net investment in capital assets	57,815,096	-
Restricted for:		
School lunch	1,343,432	-
Non K-12 programs	-	-
Student activity	5,649,840	
Foundation	-	2,323,131
Debt service	2,105,213	-
Capital projects	19,746,867	-
Unrestricted	21,602,595	-
Total net position	<u>\$ 108,263,043</u>	<u>\$ 2,323,131</u>

WEBER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2013

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Instructional services	\$ 144,616,248	\$ 741,031	\$ 40,795,426	\$ -	\$ (103,079,791)	\$ -
Supporting services:						
Students	6,567,505	-	1,884,093	-	(4,683,412)	-
Instructional staff	2,684,098	-	347,207	-	(2,336,891)	-
District administration	5,535,260	-	347,139	-	(5,188,121)	-
School administration	12,111,695	-	233,026	-	(11,878,669)	-
Operation and maintenance of facilities	16,040,770	-	556,777	-	(15,483,993)	-
Transportation	8,012,220	509,615	3,867,222	-	(3,635,383)	-
Central	3,334,678	-	303,574	-	(3,031,104)	-
School lunch services	12,962,061	4,161,351	8,597,778	-	(202,932)	-
Interest on long-term liabilities	4,088,634	-	-	-	(4,088,634)	-
Total school district	\$ 215,953,169	\$ 5,411,997	\$ 56,932,242	\$ -	(153,608,930)	-
Component Unit:						
Foundation	\$ 1,048,309	\$ -	\$ 532,867	\$ -	-	(515,442)
General revenues:						
Property taxes levied for:						
General purposes					37,995,498	-
Debt service					10,702,172	-
Capital outlay					7,650,100	-
Federal and state aid not restricted to specific purposes					90,531,350	-
Contributions not restricted to specific programs					-	783,429
Earnings on investments					1,016,271	56,648
Gain on sale of assets					713,783	-
Miscellaneous					7,613,216	-
Total general revenues					156,222,390	840,077
Change in net position					2,613,460	324,635
Net position - beginning					105,649,583	1,998,496
Net position - ending					\$ 108,263,043	\$ 2,323,131

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

WEBER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 63,646,895	\$ 3,108,868	\$ 17,562,806	\$ 6,236,356	\$ 90,554,925
Receivables:					
Property taxes	28,650,978	8,070,105	5,768,653	-	42,489,736
Other governments	5,728,134	-	-	1,008,628	6,736,762
Other receivables, net of allowance for bad debt - \$14,000	466,332	-	15,565	-	481,897
Prepaid expenses	94,998	-	2,992	5,401	103,391
Inventory	696,338	-	-	736,651	1,432,989
Other assets	316,766	-	-	-	316,766
Total assets	\$ 99,600,441	\$ 11,178,973	\$ 23,350,016	\$ 7,987,036	\$ 142,116,466
Liabilities:					
Accounts payable	\$ 3,127,124	\$ 17	\$ 3,048,759	\$ 5,380	\$ 6,181,280
Accrued salaries	25,529,088	-	40,772	878,978	26,448,838
Accrued liabilities	175,408	-	251,226	-	426,634
Termination benefits	3,257,970	-	-	109,406	3,367,376
Unearned revenue:					
Other governments	7,355,034	-	-	-	7,355,034
Local sources	30,319	-	-	-	30,319
Total liabilities	39,474,943	17	3,340,757	993,764	43,809,481
Deferred Inflows of Resources:					
Property taxes levied for future year	31,564,436	8,890,738	6,355,255	-	46,810,429
Total deferred inflows of resources	31,564,436	8,890,738	6,355,255	-	46,810,429
Fund Balances:					
Nonspendable:					
Inventories	696,338	-	-	736,651	1,432,989
Prepaid expenses	94,998	-	2,992	5,401	103,391
Restricted for:					
Debt service	-	2,288,218	-	-	2,288,218
Capital projects	-	-	13,651,012	-	13,651,012
School lunch	-	-	-	601,380	601,380
Committed to:					
Economic stabilization	4,000,000	-	-	-	4,000,000
Employee benefit obligations	1,610,884	-	-	-	1,610,884
Student activity	-	-	-	5,649,840	5,649,840
Other purposes	233,351	-	-	-	233,351
Assigned to:					
Early retirement benefit	10,000,000	-	-	-	10,000,000
Programs	1,276,438	-	-	-	1,276,438
Unassigned	10,649,053	-	-	-	10,649,053
Total fund balances	28,561,062	2,288,218	13,654,004	6,993,272	51,496,556
Total liabilities, deferred inflows of resources and fund balances	\$ 99,600,441	\$ 11,178,973	\$ 23,350,016	\$ 7,987,036	\$ 142,116,466

WEBER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Total fund balances for governmental funds \$ 51,496,556

Total net assets reported for governmental activities differs from the statement of net assets as follows:

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

Land	\$	17,991,293	
Construction-in-progress		13,370,930	
Buildings and improvements, net of \$131,807,184 accumulated depreciation		128,979,217	
Furniture and equipment, net of \$18,178,776 accumulated depreciation		8,183,016	168,524,456

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$169,771 and accrued interest for obligations under capital leases is \$13,233. (183,005)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$1,174,632 and accumulated amortization is \$380,684. 793,948

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end follow:

Bonds payable	\$	(102,630,000)	
Unamortized premiums		(2,273,238)	
Deferred amounts on refunding		1,352,323	
Accrued vacation		(1,610,884)	
Obligations under capital leases		(482,351)	
Notes payable		(583,231)	
Termination benefits		(6,141,531)	(112,368,912)

Total net position of governmental activities \$ 108,263,043

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 37,995,498	\$ 10,702,172	\$ 7,650,100	\$ -	\$ 56,347,770
Earnings on investments	845,942	-	170,329	-	1,016,271
School lunch sales	-	-	-	4,190,160	4,190,160
Other local sources	2,715,071	-	289,801	6,543,964	9,548,836
State aid	127,535,040	-	-	2,070,924	129,605,964
Federal aid	11,330,773	-	-	6,526,855	17,857,628
Total revenues	<u>180,422,324</u>	<u>10,702,172</u>	<u>8,110,230</u>	<u>19,331,903</u>	<u>218,566,629</u>
Expenditures:					
Current:					
Instructional services	126,645,971	-	-	7,041,815	133,687,786
Supporting services:					
Students	6,549,798	-	-	-	6,549,798
Instructional staff	2,676,267	-	-	-	2,676,267
District administration	5,469,192	-	-	-	5,469,192
School administration	11,600,702	-	-	-	11,600,702
Operation and maintenance					
of facilities	15,698,957	-	-	-	15,698,957
Transportation	7,279,827	-	-	-	7,279,827
Central	3,064,737	-	-	-	3,064,737
School lunch services	-	-	-	12,517,166	12,517,166
Capital outlay	-	-	25,561,835	-	25,561,835
Debt service:					
Principal retirement	-	6,700,000	-	-	6,700,000
Interest and fiscal charges	-	4,110,935	-	-	4,110,935
Total expenditures	<u>178,985,451</u>	<u>10,810,935</u>	<u>25,561,835</u>	<u>19,558,981</u>	<u>234,917,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,436,873</u>	<u>(108,763)</u>	<u>(17,451,605)</u>	<u>(227,078)</u>	<u>(16,350,573)</u>
Other financing sources (uses):					
Bond proceeds	-	-	20,000,000	-	20,000,000
Loan proceeds	-	-	158,306	-	158,306
Bond premium	-	-	848,058	-	848,058
Bond issuance costs	-	-	(175,726)	-	(175,726)
Note payments	-	-	(250,197)	-	(250,197)
Note interest	-	-	(15,409)	-	(15,409)
Sale of capital assets	29,046	-	2,547	-	31,593
Total other financing sources (uses)	<u>29,046</u>	<u>-</u>	<u>20,567,579</u>	<u>-</u>	<u>20,596,625</u>
Net change in fund balances	<u>1,465,919</u>	<u>(108,763)</u>	<u>3,115,974</u>	<u>(227,078)</u>	<u>4,246,052</u>
Fund balances - beginning	<u>27,095,143</u>	<u>2,396,981</u>	<u>10,538,030</u>	<u>7,220,350</u>	<u>47,250,504</u>
Fund balances - ending	<u>\$ 28,561,062</u>	<u>\$ 2,288,218</u>	<u>\$ 13,654,004</u>	<u>\$ 6,993,272</u>	<u>\$ 51,496,556</u>

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, 2013

Net change in fund balances-total governmental funds \$ 4,246,052

Amounts reported for governmental activities differ from the statement of activities as follows:

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 furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 19,417,385	
Accumulated depreciation adjustment for retired fixed assets	1,411,282	
Furniture and equipment retirements	(1,193,613)	
Depreciation expense	<u>(7,229,540)</u>	12,405,514

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Principal payments of capital leases	\$ 463,890	
Interest expense - capital leases	<u>12,717</u>	476,607

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bond proceeds	\$ (20,000,000)	
Loan proceeds	(158,306)	
Bond premium	(848,058)	
Bond issuance costs	175,726	
Repayment of bond principal	6,700,000	
Repayment of loan principal	250,197	
Interest expense - general obligation bonds	(12,920)	
Amortization of bond deferred charges	(165,281)	
Amortization of bond issuance costs	(72,776)	
Amortization of bond premium	<u>203,195</u>	(13,928,223)

In the statement of activities, compensated absences (vacations), and termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid or to be paid in the following year). During this year, accrued vacation increased by \$87,715 and termination benefits increased by \$498,775.

(586,490)

Change in net assets of governmental activities \$ 2,613,460

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 36,917,770	\$ 37,925,077	\$ 37,995,498	\$ 70,421
Earnings on investments	300,000	600,000	845,942	245,942
Other local sources	1,500,000	1,500,000	2,715,071	1,215,071
State aid	125,516,331	127,252,403	127,535,040	282,637
Federal aid	10,509,049	12,783,887	11,330,773	(1,453,114)
Total revenues	<u>174,743,150</u>	<u>180,061,367</u>	<u>180,422,324</u>	<u>360,957</u>
Expenditures:				
Current:				
Instructional services	126,862,495	132,355,962	126,645,971	5,709,991
Supporting services:				
Students	6,631,873	7,132,249	6,549,798	582,451
Instructional staff	2,898,297	3,577,549	2,676,267	901,282
District administration	5,771,298	5,819,122	5,469,192	349,930
School administration	11,640,550	12,045,925	11,600,702	445,223
Operation and maintenance of facilities	18,334,738	18,087,459	15,698,957	2,388,502
Transportation	7,305,355	7,555,798	7,279,827	275,971
Central	3,121,502	2,992,989	3,064,737	(71,748)
Total expenditures	<u>182,566,108</u>	<u>189,567,053</u>	<u>178,985,451</u>	<u>10,581,602</u>
Excess of expenditures over revenues	<u>(7,822,958)</u>	<u>(9,505,686)</u>	<u>1,436,873</u>	<u>10,942,559</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	29,046	29,046
Transfer in (out)	(800,000)	(400,000)	-	400,000
Net change in fund balances	<u>(8,622,958)</u>	<u>(9,905,686)</u>	<u>1,465,919</u>	<u>11,371,605</u>
Fund balances - beginning	<u>8,622,958</u>	<u>27,095,143</u>	<u>27,095,143</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 17,189,457</u>	<u>\$ 28,561,062</u>	<u>\$ 11,371,605</u>

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

WEBER SCHOOL DISTRICT
Statement of Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Fund</u>
Assets:	
Cash and investments	<u>\$ 131,388</u>
Net position:	
Net position held for agency fund	<u>\$ 131,388</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Weber School District (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.

In June 1999, the Governmental Accounting Standards board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements.

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. The District is not a component unit of any other primary government.

- *Discrete component unit.* The Weber School District Foundation is a nonprofit organization established in Utah, under Internal Revenue Service regulations as a 501(c)(3), as a conduit for tax-deductible donations to the District. It is governed by a Board of Directors made up of 21 individuals. The Foundation is considered to be a component unit of the District because the purpose of the Foundation is to exclusively service the District. The Foundation has an audit performed annually, separate from the District. A copy of that report can be obtained at the Foundation's administrative office located at 5320 Adams Ave Parkway, Ogden, Utah.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net position and the statement of changes in net position) display information about the primary government (the District) and its discrete component unit. These statements include the financial activities of the overall government, except for fiduciary activities. 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 school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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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, excluding its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* account for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- *Special Revenue*
- *Agency Fund (a fiduciary fund)* accounts for monies held on behalf of student groups.

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

- *Nonspendable*. This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures are classified as nonspendable.
- *Restricted*. This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, and K-3 reading program).

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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- b) Remaining fund balances in the School Lunch Fund.
- *Committed.* This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amount for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not be used "in the negotiation or settlement of contract salaries for school district employees."
 - b) The District's compensated absences liability includes amounts for accrued vacation and sick leave incentive totaling \$1,610,884.
 - c) Contractual obligations of \$233,351 at June 30, 2013 are expected to be completed in 2014. Accordingly, a portion of the General Fund balance has been committed to meet these obligations.
 - *Assigned.* This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by approval by the District's business administrator. The business administrator has assigned fund balance amounts for the following purposes:
 - a) The District will also be obligated to pay early retirement benefits to eligible employees. The District has assigned \$10,000,000 of its General Fund balance for this future obligation.
 - b) The District has allowed directors to carry over remaining balances in the programs that they have stewardship over to the new year.
 - *Unassigned.* Residual balances in the General Fund are classified as unassigned.

Fund balance flow assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 the resources are considered to be applied. It is the government'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.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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Deferred outflows/inflows of resources - In addition to assets, the statement of financial position 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 no deferred outflows of resources.

In addition to liabilities, the statement of financial position 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 government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net position flow assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond 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 fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the Weber School District Foundation or the trust and agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. 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 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd 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 when 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, 2013, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pooled 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 credited to the funds.

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

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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than when purchased. Donated food commodities are reported in the governmental funds and are recorded as revenue when received and as an expense when consumed.

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

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

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

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

Accrued Wages Payable – Wages payable result from unpaid employee service at the balance sheet date. This amount arises from employee contracts which spread payment for nine months of service over a twelve-month period.

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 met. 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.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of net position represent tentative plans for future use of financial resources that are subject to change.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2013, as shown on the financial statements is as follows:

Carrying amount of cash	\$ 15,053,882
Carrying amount of investments	75,501,043
Total cash and investments	\$ 90,554,925
Governmental funds cash and investments	\$ 90,554,925
Internal service fund cash and investments	-
Statement of net assets cash and investments	\$ 90,554,925
Agency fund cash and investments	131,388
Total cash and investments	\$ 90,686,313

Deposits and investments for the District are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, “the Act”) and by the rules of the Utah Money Management Council (“the Council”). District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurer’s Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US 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 and actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Following are discussions of risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be recovered. The District’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

As of June 30, 2013, \$21,655,154 of the District's bank balance of \$22,501,921 was uninsured and uncollateralized.

Credit Risk

Investments. Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk is to comply with the Utah Money Management Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements and in corporate bonds. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains, and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balances.

At June 30, 2013, the District had investments in the PTIF and in corporate bonds as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	Less than 2	Less than 3
Utah Public Treasurers' Investment Fund (PTIF)	\$ 22,729,560	\$ 22,729,560	\$ -	\$ -
Corporate bonds	52,771,483	24,663,722	11,128,308	16,979,453
Total investments	<u>\$ 75,501,043</u>	<u>\$ 47,393,282</u>	<u>\$11,128,308</u>	<u>\$ 16,979,453</u>

The majority of the District's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date, which is quarterly.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested. In addition, variable-rate securities may not have a remaining term to final maturity exceeding three years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investment in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation at the time of purchase. The District has no investment policy that would further limit its investment choices. As of June 30, 2013, the District has the following investments subject to credit risk:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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Investment Type	Fair Value	Credit Quality Ratings		
		A or Higher	B Rated	Unrated
Utah Public Treasurers' Investment Fund (PTIF)	\$ 22,729,560	\$ -	\$ -	\$ 22,729,560
Corporate bonds	52,771,483	50,095,667	2,675,816	-
Total investments	\$ 75,501,043	\$ 50,095,667	\$ 2,675,816	\$ 22,729,560

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 District has 39% invested in the financial industry. The District places no other limits on the amount it may invest in any one issuer.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Weber County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

Motor vehicles are subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as revenue when the county collects them.

As of June 30, 2013, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2013. It is expected that all assessed taxes will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and deferred inflows of property taxes levied for future year at June 30, 2013 are summarized as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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Fund description	Property Taxes	
	Receivable	Deferred Inflows
General	\$ 28,650,978	\$ 31,564,436
Debt service	5,768,653	6,355,255
Capital projects	8,070,105	8,890,738
Total	<u>\$ 42,489,736</u>	<u>\$ 46,810,429</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 16,678,669	\$ 1,318,074	\$ (5,450)	\$ 17,991,293
Construction in progress	434,144	12,936,786	-	13,370,930
Total capital assets, not being depreciated	<u>17,112,813</u>	<u>14,254,860</u>	<u>(5,450)</u>	<u>31,362,223</u>
Capital assets, being depreciated:				
Buildings and improvements	257,750,571	3,325,656	(289,826)	260,786,401
Furniture and equipment	25,423,258	2,132,146	(1,193,612)	26,361,792
Total capital assets, being depreciated	<u>283,173,829</u>	<u>5,457,802</u>	<u>(1,483,438)</u>	<u>287,148,193</u>
Accumulated depreciation for:				
Buildings and improvements	(126,359,352)	(5,737,658)	289,826	(131,807,184)
Furniture and equipment	(17,808,349)	(1,491,883)	1,121,456	(18,178,776)
Total accumulated depreciation	<u>(144,167,701)</u>	<u>(7,229,541)</u>	<u>1,411,282</u>	<u>(149,985,960)</u>
Total capital assets, being depreciated, net	<u>139,006,128</u>	<u>(1,771,739)</u>	<u>(72,156)</u>	<u>137,162,233</u>
Governmental activities capital assets, net	<u>\$ 156,118,941</u>	<u>\$12,483,121</u>	<u>\$ (77,606)</u>	<u>\$168,524,458</u>

For the year ended June 30, 2013, depreciation expense was charged to functions of the District as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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Governmental activities:

Instructional services	\$ 5,064,325
Supporting services:	
District administration	59,447
School administration	405,692
Operation and maintenance of facilities	290,606
Transportation	716,582
Central	264,055
School lunch services	428,834
Total depreciation expense, governmental activities	\$ 7,229,541

The District started preliminary work on three projects and has incurred the following costs at June 30, 2013:

Project	Costs to Date
Wahlquist Jr. High	\$ 10,221,323
North Park Elementary	2,915,754
Rocky Mountain Jr. High	770,060
	\$ 13,907,137

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the Public Employees’ Contributory Retirement System Tier 1 and 2 and Public Employees’ Noncontributory Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and Schools Contributory Retirement System and State and Schools Noncontributory Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Public Employees’ Contributory Retirement System Tier 1 are required to contribute 6.00% of their annual covered salary (5% paid by the employer for the employee) and the District is required to contribute 14.27% of their annual covered salary. In the Public Employees’ Contributory Retirement System Tier 2 there are no employee contributions and the School District contributes 15.06% of eligible salary. In the Public Employees’ Noncontributory Retirement System, the District is required to contribute 18.76% of their annual covered salary. The contribution rates are the

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The District's contributions to the Public Employees' Contributory Retirement System Tier 1 and 2 for the years ended June 30, 2013, 2012, and 2011, were \$389,788, \$229,848, and \$67,561, respectively; and for the Public Employees' Noncontributory Retirement System the contributions for June 30, 2013, 2012, and 2011 were \$18,195,248, \$18,107,041, and \$17,280,350 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans - The District also participates in the Utah Retirement System 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributions for the years ending June 30, 2013, 2012, and 2011 were \$1,750,883, \$1,890,516, and \$1,901,432, respectively; the employee contributions for the years ending June 30, 2013, 2012, and, 2011, were \$1,794,045, \$2,059,531, and, \$2,161,218, respectively. The District also participates in the Educators Mutual Insurance Association 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributed \$67,581 in 2013 and employee contributions were \$33,384.

The District also offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 403(b). The plans, available to all full-time employees, permit them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$290,230 for 2013. This plan is administered by the Utah Retirement Systems and VALIC, which is a third party administrator. Employee contributions to the Section 403(b) plans totaled \$436,189. These plans are administered by AXA Equitable and VALIC, third party administrators.

6. RISK MANAGEMENT

The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$350 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

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Notes to Basic Financial Statements
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7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 89,330,000	\$ 20,000,000	\$ (6,700,000)	\$ 102,630,000	\$ 6,240,000
Deferred amounts for issuance premium	1,628,375	848,058	(203,195)	2,273,238	-
Deferred amounts on refunding	(1,517,604)	-	165,281	(1,352,323)	-
Total bonds payable, net	89,440,771	20,848,058	(6,737,914)	103,550,915	6,240,000
Obligations under capital leases	946,240	-	(463,889)	482,351	482,351
Notes Payable	675,123	158,306	(250,198)	583,231	40,475
Accrued vacation	1,523,169	1,458,567	(1,370,852)	1,610,884	1,610,884
Total governmental activity					
long-term liabilities	<u>\$ 92,585,303</u>	<u>\$ 22,464,931</u>	<u>\$ (8,822,853)</u>	<u>\$ 106,227,381</u>	<u>\$ 8,373,710</u>
Termination benefits	<u>\$ 9,010,132</u>	<u>\$ 3,366,624</u>	<u>\$ (2,867,849)</u>	<u>\$ 9,508,907</u>	<u>\$ 3,367,376</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013, including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 6,240,000	\$ 4,074,508	\$ 10,314,508
2015	5,185,000	3,849,589	9,034,589
2016	5,395,000	3,637,726	9,032,726
2017	5,140,000	3,404,176	8,544,176
2018	5,745,000	3,210,226	8,955,226
2019 - 2023	35,710,000	12,089,994	47,799,994
2024 - 2028	31,155,000	4,854,233	36,009,233
2029 - 2032	8,060,000	654,512	8,714,512
	<u>\$ 102,630,000</u>	<u>\$ 35,774,964</u>	<u>\$ 138,404,964</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2013, with their outstanding balance are comprised of the following individual issues:

\$7,775,000 - 2005 general obligation refunding bonds, due in annual installments of \$400,000 to \$430,000, interest rate ranging from 4.00% to 4.50%	\$ 1,240,000
\$22,890,000 - 2006 A general obligation refunding bonds, due in annual installments of \$1,875,000 to \$3,425,000, interest rate ranging from 4.00% to 4.50%	20,675,000
\$22,500,000 - 2006 B general obligation school building bonds, due in annual installments of \$725,000 to \$2,235,000, interest rate ranging from 4.125% to 4.75%	21,345,000
\$13,480,000 - 2007 general obligation refunding bonds, due in annual installments of \$650,000 to \$700,000, interest rate ranging from 4.00% to 5.00%	2,020,000
\$33,000,000 - 2008 general obligation school building bonds, due in annual installments of \$100,000 to \$3,125,000, interest rate ranging from 3.125% to 4.30%	24,250,000
\$9,500,000 - 2009 general obligation school building bonds, due in annual installments of \$290,000 to \$520,000, interest rate ranging from 3.00% to 4.50%	6,260,000
\$11,450,000 - 2011 general obligation school building bonds, due in annual installments of \$350,000 to \$3,075,000, interest rate ranging from 2.00% to 4.00%	7,450,000
\$20,000,000 - 2012 general obligation school building bonds, due in annual installments of \$250,000 to \$2,000,000, interest rate ranging from 2.00% to 4.00%	19,390,000
	<u>\$ 102,630,000</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, 2013, is \$466,192,885. General obligation debt at June 30, 2013 is \$102,630,000, resulting in a legal debt margin of \$363,562,885.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District has two notes payable, both of which are with the Federal Government. One note is interest free and the other one has a stated interest rate of two percent. The annual requirements to amortize the notes payable outstanding as of June 30, 2013, including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 48,390	\$ 269	\$ 48,659
2015	72,136	2,771	74,907
2016	72,136	2,138	74,274
2017	72,136	1,505	73,641
2018	72,136	871	73,007
2018-2024	246,297	238	246,535
	<u>\$ 583,231</u>	<u>\$ 7,792</u>	<u>\$ 591,023</u>

Capital Leases – In September and November 2009, the District entered into four capital leases to purchase buses in the amount of \$2,317,523 in the capital projects fund.

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

	<u>Year Ending June 30,</u>	
	2014	<u>\$ 501,554</u>
Total minimum lease payments		501,554
Amount representing interest		(19,203)
Present value of minimum lease payments		<u>\$ 482,351</u>

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WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

8. OPERATING LEASES

The District has entered into operating leases for computers and copy machines. The terms of the agreements range from three to six years in length. At the end of the lease, the equipment can be purchased at the fair market value. The lease expense for this fiscal year was \$1,706,669. The annual lease payments outstanding as of June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2014	\$ 2,145,559
2015	1,672,288
2016	1,359,223
2017	681,200
2018	317,830
	<u>\$ 6,176,100</u>

9. TERMINATION BENEFITS

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 System. 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 System. 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 Weber School District prior to age 55 and qualify to retire under the Utah State Retirement System. At June 30, 2013 there were 214 retirees eligible to receive health coverage. During the year, the District paid \$801,518 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$5,829,773. This figure is based on a four percent discount rate and a health care trend rate which starts at 8.80% and ratably decreases to 4.30% in the year 2084. 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 System, 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 \$1,710,535 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$3,679,134. This figure is based on a four percent discount rate used in the calculation. The early retirement incentives are financed on a pay-as-you-go basis.

10. DESIGNATED FOR UNDISTRIBUTED RESERVE

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

11. LITIGATION

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

12. GRANTS

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

13. VOLUNTARY DENTAL PROGRAM

The school district provides or makes available a variety of insurance products to benefit employees. Most of these products are fully-insured and paid in full or in-part by the district. Teachers and classified employees are given the opportunity to participate in a dental program. This program is voluntary on the employee's part and is not supported financially by the district. Currently this voluntary dental program is self-funded and reserves as of June 30, 2013 are \$301,684. Reserves are used to help with premium adjustments. Premiums are set by the employee insurance committee.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

14. SUBSEQUENT EVENT

On September 26, 2013, the District issued Series 2013 General Obligation School Building Bonds in the amount of \$25,000,000 to pay for part of the cost of constructing two school buildings and other projects in the District. The authorization for \$65,000,000 of bonds was approved at the election held on June 26, 2012.

During the year, the District purchased land from Roy City in order to construct a new elementary building. In the agreement, the land and building of the North Park Elementary building was traded to the City and the District leased the building back until the new building is completed. After completion of the new building, the District has agreed to pay for the demolition of the old building.

Subsequent events have been evaluated through the auditor's date, which is the date the financial statements were to be issued. Except as noted above, there were no subsequent events to disclose.

WEBER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue		Total Nonmajor Governmental Funds
	School Lunch	Student Activity	
Assets:			
Cash and investments	\$ 586,516	\$ 5,649,840	\$ 6,236,356
Receivables:			
Property taxes	-	-	-
Other governments	1,008,628	-	1,008,628
Prepaid expenses	5,401	-	5,401
Inventory	736,651	-	736,651
Total assets	<u>\$ 2,337,196</u>	<u>\$ 5,649,840</u>	<u>\$ 7,987,036</u>
Liabilities:			
Accounts payable	\$ 5,380	\$ -	\$ 5,380
Accrued wages	878,978	-	878,978
Termination benefits	109,406	-	109,406
Total liabilities	<u>993,764</u>	<u>-</u>	<u>993,764</u>
Fund balances:			
Nonspendable:			
Inventories	736,651	-	736,651
Prepays	5,401	-	5,401
Restricted for:			
School lunch	601,380	-	601,380
Recreation	-	-	-
Committed to:			
Students	-	5,649,840	5,649,840
Unassigned	-	-	-
Total fund balances	<u>1,343,432</u>	<u>5,649,840</u>	<u>6,993,272</u>
Total liabilities and fund balances	<u>\$ 2,337,196</u>	<u>\$ 5,649,840</u>	<u>\$ 7,987,036</u>

WEBER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue		Total Nonmajor Governmental Funds
	School Lunch	Student Activity	
Revenues:			
Property tax	\$ -	\$ -	\$ -
Student fees	-	6,543,964	6,543,964
Lunch sales	4,190,160	-	4,190,160
Other local revenues	-	-	-
State aid	2,070,924	-	2,070,924
Federal aid	6,526,855	-	6,526,855
Total revenues	<u>12,787,939</u>	<u>6,543,964</u>	<u>19,331,903</u>
Expenditures:			
Instructional services	-	7,041,815	7,041,815
School lunch services	12,517,166	-	12,517,166
Total expenditures	<u>12,517,166</u>	<u>7,041,815</u>	<u>19,558,981</u>
Excess of expenditures over revenues	270,773	(497,851)	(227,078)
Other financing sources:			
Transfer in	-	-	-
Net change in fund balances	270,773	(497,851)	(227,078)
Fund balances - beginning	<u>1,072,659</u>	<u>6,147,691</u>	<u>7,220,350</u>
Fund balances - ending	<u>\$ 1,343,432</u>	<u>\$ 5,649,840</u>	<u>\$ 6,993,272</u>

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

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, 2013
With Comparative Totals for 2012

	2013		Variance with Final Budget - Positive (Negative)	2012
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 4,700,000	\$ 4,190,160	\$ (509,840)	\$ 4,533,768
Total local sources	4,700,000	4,190,160	(509,840)	4,533,768
State sources:				
State lunch program	1,800,000	2,070,924	270,924	1,893,980
Total state sources	1,800,000	2,070,924	270,924	1,893,980
Federal sources:				
Federal lunch program	6,540,000	6,526,855	(13,145)	6,443,589
Total federal sources	6,540,000	6,526,855	(13,145)	6,443,589
Total revenues	13,040,000	12,787,939	(252,061)	12,871,337
Expenditures:				
Current:				
Employee salaries and benefits	6,537,039	5,466,318	1,070,721	6,016,542
Purchased services	786,676	379,305	407,371	636,676
Supplies	475,980	1,117,850	(641,870)	325,980
Food	6,548,677	5,493,592	1,055,085	5,826,141
Equipment	164,287	60,101	104,186	83,174
Total expenditures	14,512,659	12,517,166	1,995,493	12,888,513
Other financing sources:				
Transfer in	400,000	-	(400,000)	-
Net change in fund balances	(1,072,659)	270,773	1,343,432	(17,176)
Fund balances - beginning	1,072,659	1,072,659	-	1,089,835
Fund balances - ending	\$ -	\$ 1,343,432	\$ 1,343,432	\$ 1,072,659

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

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity
Nonmajor Special Revenue Fund
Year Ended June 30, 2013

	2013		Variance with Final Budget - Positive (Negative)	2012
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Student fees	\$ 5,500,000	\$ 6,543,964	\$ 1,043,964	\$ 6,152,267
Total local sources	<u>5,500,000</u>	<u>6,543,964</u>	<u>1,043,964</u>	<u>6,152,267</u>
Total revenues	<u>5,500,000</u>	<u>6,543,964</u>	<u>1,043,964</u>	<u>6,152,267</u>
Expenditures:				
Supplies	<u>11,647,691</u>	<u>7,041,815</u>	<u>4,605,876</u>	<u>6,256,940</u>
Total expenditures	<u>11,647,691</u>	<u>7,041,815</u>	<u>4,605,876</u>	<u>6,256,940</u>
Other financing sources:				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(6,147,691)</u>	<u>(497,851)</u>	<u>5,649,840</u>	<u>(104,673)</u>
Fund balances - beginning	<u>6,147,691</u>	<u>6,147,691</u>	<u>-</u>	<u>6,252,364</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,649,840</u>	<u>\$ 5,649,840</u>	<u>\$ 6,147,691</u>

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2013
With Comparative Totals for 2012

	2013		Variance with Final Budget - Positive (Negative)	2012
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property tax	\$ 10,682,336	\$ 10,702,172	\$ 19,836	\$ 10,922,143
Earnings on investments	-	-	-	-
Total revenues	<u>10,682,336</u>	<u>10,702,172</u>	<u>19,836</u>	<u>10,922,143</u>
Expenditures:				
Debt service:				
Bond principal	6,700,000	6,700,000	-	7,010,000
Bond interest	6,129,317	4,102,650	2,026,667	3,851,924
Paying agent fees	250,000	8,285	241,715	24,028
Total expenditures	<u>13,079,317</u>	<u>10,810,935</u>	<u>2,268,382</u>	<u>10,885,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,396,981)</u>	<u>(108,763)</u>	<u>2,288,218</u>	<u>36,191</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	-	11,450,000
Bond premium	-	-	-	852,719
Bond refunding issuance costs	-	-	-	(119,637)
Payment to refunded bond escrow agent	-	-	-	(12,183,082)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,396,981)</u>	<u>(108,763)</u>	<u>2,288,218</u>	<u>36,191</u>
Fund balance - beginning	<u>2,396,981</u>	<u>2,396,981</u>	<u>-</u>	<u>2,360,790</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,288,218</u>	<u>\$ 2,288,218</u>	<u>\$ 2,396,981</u>

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2013
With Comparative Totals for 2012

	2013		Variance with Final Budget - Positive (Negative)	2012
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 7,635,922	\$ 7,650,100	\$ 14,178	\$ 7,441,371
Other local revenue	-	289,801	289,801	-
Earnings on investments	200,000	170,329	(29,671)	125,553
Other	-	-	-	-
Total local sources	<u>7,835,922</u>	<u>8,110,230</u>	<u>274,308</u>	<u>7,566,924</u>
State sources:				
Capital outlay foundation	100,000	-	(100,000)	126,250
Total state sources	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>126,250</u>
Federal sources:				
ARRA	-	-	-	429,949
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,949</u>
Total revenues	<u>7,935,922</u>	<u>8,110,230</u>	<u>174,308</u>	<u>8,123,123</u>
Expenditures:				
Land and buildings:				
Purchased services	105,000	1,085,287	(980,287)	488,007
Salaries and benefits	1,140,144	1,464,394	(324,250)	1,106,936
Land purchases	100,000	1,936,563	(1,836,563)	512,592
Building purchases	25,751,056	17,066,217	8,684,839	3,089,804
Building improvements	4,724,682	581,867	4,142,815	348,637
Total land and buildings	<u>31,820,882</u>	<u>22,134,328</u>	<u>9,686,554</u>	<u>5,545,976</u>
Equipment and Textbooks:				
Equipment support departments	2,000,000	1,092,163	907,837	1,658,215
Computer purchase	1,800,000	219,913	1,580,087	737,658
Computer software	200,000	327,935	(127,935)	-
Other instructional equipment	1,010,000	52	1,009,948	19,044
Textbooks	500,000	227,203	272,797	-
Buses	1,371,128	1,371,128	-	1,353,903
Other vehicles	200,000	189,113	10,887	307,082
Total equipment	<u>7,081,128</u>	<u>3,427,507</u>	<u>3,653,621</u>	<u>4,075,902</u>
Total expenditures	<u>38,902,010</u>	<u>25,561,835</u>	<u>13,340,175</u>	<u>9,621,878</u>
Excess (deficiency) of revenues over (under) expenditures	(30,966,088)	(17,451,605)	13,514,483	(1,498,755)
Other Financing Sources (Uses):				
General obligation bond proceeds	20,000,000	20,000,000	-	-
Loan payable proceeds	-	158,306	158,306	23,676
Bond premium	848,058	848,058	-	-
Bond issuance costs	(180,000)	(175,726)	4,274	-
Note payments	(200,000)	(250,197)	(50,197)	(182,900)
Note interest	(40,000)	(15,409)	24,591	(13,265)
Transfer out	-	-	-	-
Bus capital leases	-	-	-	-
Sale of capital assets	-	2,547	2,547	321,094
Total other financing sources (uses)	<u>20,428,058</u>	<u>20,567,579</u>	<u>139,521</u>	<u>148,605</u>
Net change in fund balances	(10,538,030)	3,115,974	13,654,004	(1,350,150)
Fund balance - beginning	10,538,030	10,538,030	-	11,888,180
Fund balance - ending	<u>\$ -</u>	<u>\$ 13,654,004</u>	<u>\$ 13,654,004</u>	<u>\$ 10,538,030</u>

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

WEBER SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Student Activities Agency Fund
Year Ended June 30, 2013

	<u>Agency Fund</u>
Additions:	
Contributions:	
Student fees	\$ 338,604
Total additions	<u>338,604</u>
Deductions:	
Total deductions	<u>331,291</u>
Change in net position	7,313
Net position - beginning	124,075
Net position - ending	<u><u>\$ 131,388</u></u>

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

Table 1 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Outstanding General Obligation Debt (As of June 30, 2013)

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
2012	School Building	\$ 20,000,000	June 15, 2032	\$ 19,390,000
2011	Refunding	11,450,000	June 15, 2023	7,450,000
2009	School Building	9,500,000	June 15, 2029	6,260,000
2008	School Building	33,000,000	June 15, 2028	24,250,000
2007	Refunding	13,480,000	June 15, 2016	2,020,000
2006B	School Building	22,500,000	June 15, 2026	21,345,000
2006A	Refunding	22,890,000	June 15, 2021	20,675,000
2005	Building	7,775,000	June 15, 2016	1,240,000
Total direct obligation bonded indebtedness				<u><u>\$ 102,630,000</u></u>

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Table 2 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
 General Obligation Overlapping Indebtedness (As of June 30, 2013)

Entity	2012 Taxable Value	District's Portion of Assessment	Entity's Percent	General Obligation Debt	Overlapping Debt
Weber County	\$ 11,480,475,794	\$ 7,901,074,430	68.8%	\$ 9,875,000	\$ 6,796,156
Cities:					
Farr West City	356,651,585	356,651,585	100.0%	-	-
Harrisville	234,242,134	234,242,134	100.0%	-	-
North Ogden City	708,709,791	708,709,791	100.0%	-	-
Washington Terrace	327,476,786	327,476,786	100.0%	2,970,000	2,970,000
Other Districts:					
Weber Basin Water Conservancy District	38,946,263,914	7,486,274,078	19.2%	25,333,790	4,869,676
North Davis County Sewer District	8,234,924,404	1,319,291,648	16.0%	39,746,000	6,367,583
Hooper Water Imp. District	630,778,838	634,601,860	100.6%	-	-
West Warren Water Imp. District	43,479,709	43,479,709	100.0%	-	-
Total overlapping general obligation debt					21,003,415
Total direct general obligation bonded indebtedness					102,630,000
Total direct and overlapping general obligation debt					<u>\$ 123,633,415</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 3 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Ratios**

	To 2012 Taxable Value	To Adjusted Fair Market Value	Per Capita Debt Ratio
Direct general obligation debt	1.30%	0.88%	676.95
Direct and overlapping general obligation debt	1.56%	1.06%	815.49

-
- 1 Based on the State of Utah's December 31, 2012 taxable value for Weber School District of: \$ 7,901,074,430
 2 Based on the State of Utah's December 31, 2012 adjusted fair market value for the District of: \$ 11,965,128,134
 3 Based on the U.S. Bureau of the Census estimate for Weber County of 234,420 less Ogden City's population estimate of 82,814. (Ogden City does not lie within the District's boundaries) therefore, Weber School District's 2011 population estimate is 151,606.

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Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

Fiscal Year Ending 6/30	Series 2005			Series 2006A			Series 2006B			Series 2007		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2014	\$ 400,000	\$ 51,750		\$ 1,875,000	\$ 873,062		\$ 725,000	\$ 955,980		\$ 650,000	\$ 94,500	
2015	410,000	35,750		2,075,000	798,062		1,055,000	927,075		670,000	68,500	
2016	430,000	19,350		2,150,000	704,687		1,400,000	882,237		700,000	35,000	
2017	-	-		2,250,000	607,937		1,465,000	822,738		-	-	
2018	-	-		2,350,000	517,937		1,530,000	760,475		-	-	
2019	-	-		3,200,000	423,938		1,600,000	693,538		-	-	
2020	-	-		3,350,000	287,938		1,675,000	621,538		-	-	
2021	-	-		3,425,000	145,563		1,750,000	546,163		-	-	
2022	-	-		-	-		1,840,000	467,413		-	-	
2023	-	-		-	-		1,930,000	384,613		-	-	
2024	-	-		-	-		2,020,000	297,763		-	-	
2025	-	-		-	-		2,120,000	206,862		-	-	
2026	-	-		-	-		2,235,000	106,162		-	-	
2027	-	-		-	-		-	-		-	-	
TOTAL	\$ 1,240,000	\$ 106,850		\$ 20,675,000	\$ 4,359,124		\$ 21,345,000	\$ 7,673,557		\$ 2,020,000	\$ 198,000	

Fiscal Year Ending 6/30	Series 2008			Series 2009			Series 2011			Series 2012		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2014	\$ 250,000	\$ 1,019,563		\$ 290,000	\$ 244,726		\$ 1,200,000	\$ 269,500		\$ 850,000	\$ 564,425	
2015	100,000	1,011,750		300,000	236,026		-	233,500		575,000	538,925	
2016	400,000	1,008,500		315,000	227,026		-	233,500		-	527,425	
2017	500,000	995,000		325,000	217,576		350,000	233,500		250,000	527,425	
2018	600,000	977,500		335,000	207,014		650,000	223,000		280,000	524,300	
2019	1,300,000	956,500		350,000	195,288		-	210,000		260,000	520,100	
2020	1,350,000	901,250		365,000	182,164		-	210,000		280,000	516,200	
2021	1,400,000	843,875		375,000	167,564		-	210,000		375,000	512,000	
2022	1,450,000	784,375		390,000	152,564		3,075,000	210,000		415,000	504,500	
2023	2,525,000	722,750		405,000	136,964		2,175,000	87,000		450,000	496,200	
2024	2,625,000	615,438		420,000	120,764		-	-		1,510,000	487,200	
2025	2,750,000	503,875		440,000	103,544		-	-		1,570,000	441,900	
2026	2,875,000	387,000		455,000	85,394		-	-		1,625,000	379,100	
2027	3,000,000	263,375		475,000	66,056		-	-		1,685,000	330,350	
2028	3,125,000	134,375		500,000	45,275		-	-		1,725,000	279,800	
2029	-	-		520,000	23,400		-	-		1,785,000	236,675	
2030	-	-		-	-		-	-		1,845,000	187,587	
2031	-	-		-	-		-	-		1,910,000	136,850	
2032	-	-		-	-		-	-		2,000,000	70,000	
TOTAL	\$ 24,250,000	\$ 11,125,126		\$ 6,260,000	\$ 2,411,345		\$ 7,450,000	\$ 2,120,000		\$ 19,390,000	\$ 7,780,962	

Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

	Totals		
	Total Principal	Total Interest	Total Debt Service
2014	6,240,000	4,074,506	10,314,506
2015	5,185,000	3,849,588	9,034,588
2016	5,395,000	3,637,725	9,032,725
2017	5,140,000	3,404,176	8,544,176
2018	5,745,000	3,210,226	8,955,226
2019	6,710,000	2,999,364	9,709,364
2020	7,020,000	2,719,090	9,739,090
2021	7,325,000	2,425,165	9,750,165
2022	7,170,000	2,118,852	9,288,852
2023	7,485,000	1,827,527	9,312,527
2024	6,575,000	1,521,165	8,096,165
2025	6,880,000	1,256,181	8,136,181
2026	7,190,000	957,656	8,147,656
2027	5,160,000	659,781	5,819,781
2028	5,350,000	459,450	5,809,450
2029	2,305,000	260,075	2,565,075
2030	1,845,000	187,587	2,032,587
2031	1,910,000	136,850	2,046,850
2032	2,000,000	70,000	2,070,000
TOTAL	\$ 102,630,000	\$ 35,774,964	\$ 138,404,964

**Table 5 Financial Information
WEBER SCHOOL DISTRICT
Taxable and Fair Market Value**

Including Fee in Lieu Valuation

<u>Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2012	\$ 7,901,074,430	\$ 11,654,822,135
2011	8,096,519,157	11,965,128,134
2010	8,560,214,355	12,439,716,275
2009	9,108,313,783	11,611,143,607
2008	8,937,458,465	12,999,678,302

Excluding Fee in Lieu Valuation

<u>Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2012	\$ 7,592,275,751	\$ 11,346,023,456
2011	7,784,906,222	11,538,653,927
2010	7,892,164,695	11,653,515,199
2009	8,395,354,296	12,071,737,301
2008	8,212,445,717	12,274,665,554

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

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

**Table 6 Financial Information
WEBER SCHOOL DISTRICT
Significant Taxpayers in the District**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>December 31, 2012 Taxable Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Great Salt Lake Minerals	Manufacturing	\$ 145,749,150	1.84%
Pacificorp	Electric Utility	130,936,702	1.66%
Kimberly-Clark Corporation	Manufacturing	61,622,624	0.78%
Questar Gas	Natural Gas Utility	51,000,727	0.65%
Union Pacific Railroad Co	Transportaion	50,451,142	0.64%
America First Credit Union	Banking	49,721,411	0.63%
Associated/Fresh Markets Inc.	Groceries	44,355,991	0.56%
Westinghouse/W. Zirconium	Manufacturing	42,814,201	0.54%
Columbia Ogden Medical Center	Medical	38,795,895	0.49%
DDR Riverdale South Corp	Developer	34,071,812	0.43%
Wal-Mart, Inc	Retail	33,600,205	0.43%
DDR Riverdale South Corp	Developer	33,494,640	0.42%
Totals		\$ 716,614,500	9.07%

1 - Based on the District's 2012 taxable value of: \$ 7,901,074,430
Source: Office of Weber County Treasurer

**Table 7 Financial Information
WEBER SCHOOL DISTRICT
Summary of Taxable Value**

	<u>2012 Taxable Value</u>	<u>Percent of 2011</u>	<u>2011 Taxable Value</u>
Centrally assessed values:	\$ 414,590,784	5.12%	\$ 388,462,878
Real property:			
Primary residential	4,571,725,814	56.47%	4,711,632,688
Other residential	645,150,005	7.97%	686,806,068
Commercial and industrial	1,504,793,573	18.59%	1,527,116,240
FAA	19,962,470	0.25%	19,729,049
Unimproved non FAA	58,123,773	0.72%	70,853,462
Total real property	<u>6,799,755,635</u>	<u>84.00%</u>	<u>7,016,137,507</u>
Personal property:			
Primary and secondary mobile homes	16,188,048	0.20%	16,667,173
Other business personal	361,741,284	4.47%	363,638,664
Total personal property	<u>377,929,332</u>	<u>4.67%</u>	<u>380,305,837</u>
Fee-in-lieu property (F-I-L):	<u>308,798,679</u>	<u>3.81%</u>	<u>311,612,935</u>
Total assessed properties:	<u>\$ 7,901,074,430</u>	<u>97.60%</u>	<u>\$ 8,096,519,157</u>

Source: Utah State Tax Commission

**Tables 8, 9 & 10 Financial Information
WEBER SCHOOL DISTRICT**

Tax Collection Record of the District

Tax Year End 12/31	Total Taxes Levied	Current Collections	Percent Current Collections	Collections for Prior Years	Total Collections	Percent of Total Collections
2012	\$ 51,543,848	\$ 48,881,374	94.83%	\$ 2,388,261	\$ 51,269,635	99.47%
2011	50,923,174	48,014,304	94.29%	2,449,604	50,463,908	99.10%
2010	53,903,732	50,664,251	93.99%	1,915,416	52,579,667	97.54%
2009	51,057,371	48,144,868	94.30%	2,244,820	50,389,688	98.69%
2008	48,348,720	44,217,465	91.46%	1,663,335	45,880,800	94.90%

Schedule of Property Tax Rates

	Tax Year Ended December 31,				
	2012	2011	2010	2009	2008
State required	0.001651	0.001591	0.001495	0.001433	0.001250
Voted leeway	0.001091	0.001123	0.001091	0.000943	0.000918
Board leeway	0.002026	0.000419	0.000406	0.000365	0.000355
Transportation	0.000000	0.000264	0.000167	0.000150	0.000146
Recreation	0.000000	0.000114	0.000110	0.000099	0.000096
Tort liability	0.000000	0.000041	0.000040	0.000036	0.000035
Capital outlay	0.000960	0.000915	0.000887	0.000797	0.000775
Debt service	0.001343	0.001343	0.001343	0.001343	0.001343
10% Additional	0.000000	0.000873	0.000848	0.000431	0.000419
Tax comm judge	0.000000	0.000007	0.000000	0.000000	0.000000
Board reading levy	0.000000	0.000143	0.000139	0.000124	0.000121
Total	0.007071	0.006833	0.006526	0.005721	0.005458

Historical Property Tax Collections by Fund

Fiscal Year Ending 6/30	Total Funds	General Fund	Special Revenue Programs	Capital Projects	Debt Service
2012-2013	\$ 56,347,770	\$ 37,995,498	\$ -	\$ 7,650,100	\$ 10,702,172
2011-2012	55,570,368	36,279,732	927,122	7,441,371	10,922,143
2010-2011	53,091,302	34,054,580	894,889	7,216,056	10,925,777
2009-2010	50,221,778	26,783,192	869,071	10,779,994	11,789,521
2008-2009	46,747,931	24,196,209	822,243	10,226,645	11,502,835
2007-2008	44,243,690	23,073,407	786,415	9,822,319	10,561,549

Table 11 Financial Information
WEBER SCHOOL DISTRICT
 Five Year General Fund Financial Summary

Five-Year Financial Summary

	2013	2012	2011	2010	2009
REVENUES:					
Local revenue:					
Property tax	\$ 37,995,498	\$ 36,279,732	\$ 34,054,580	\$ 26,783,192	\$ 24,196,209
Earnings from investments	845,942	615,214	550,116	627,296	1,289,036
Other	2,715,071	1,693,377	1,869,411	1,478,437	1,945,614
State	127,535,040	124,651,741	124,749,962	125,700,268	130,537,918
Federal	11,330,773	12,661,666	17,463,958	18,978,341	19,961,961
Total revenues	<u>180,422,324</u>	<u>175,901,730</u>	<u>178,688,027</u>	<u>173,567,534</u>	<u>177,930,738</u>
EXPENDITURES:					
Instruction	126,645,971	124,927,043	122,538,945	122,765,549	120,422,380
Support services					
Students	6,549,798	6,367,704	6,240,651	6,292,906	6,246,437
Instructional staff	2,676,267	2,944,221	2,800,367	2,513,838	3,507,188
District general administration	5,469,192	5,401,049	5,319,266	5,723,288	5,911,120
School administration	11,600,702	11,485,959	11,025,558	11,408,824	11,115,485
Operations and maintenance	15,698,957	15,191,982	16,525,792	16,127,093	16,693,174
Student transportation	7,279,827	7,109,513	6,828,610	6,512,368	6,561,513
Central	3,064,737	2,476,525	2,499,597	2,468,762	2,841,768
Total expenditures	<u>178,985,451</u>	<u>175,903,996</u>	<u>173,778,786</u>	<u>173,812,628</u>	<u>173,299,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,436,873</u>	<u>(2,266)</u>	<u>4,909,241</u>	<u>(245,094)</u>	<u>4,631,673</u>
Other financing sources (uses):					
Sale of capital assets	29,046	9,584	-	-	-
Interfund transfer	-	(69,246)	(67,969)	2,285,801	2,049,115
Total other financing sources	<u>29,046</u>	<u>(59,662)</u>	<u>(67,969)</u>	<u>2,285,801</u>	<u>2,049,115</u>
Excess(deficiency) of revenues and other financing sources (uses) over (under) expenditures	1,465,919	(61,928)	4,841,272	2,040,707	6,680,788
Fund balance, beginning of year, as restated	<u>27,095,143</u>	<u>27,157,071</u>	<u>22,315,799</u>	<u>20,275,092</u>	<u>13,594,304</u>
Fund balance, end of year	<u>\$ 28,561,062</u>	<u>\$ 27,095,143</u>	<u>\$ 27,157,071</u>	<u>\$ 22,315,799</u>	<u>\$ 20,275,092</u>

Source: The District's Basic financial statements.

**Table 12 Financial Information
WEBER SCHOOL DISTRICT
Balance Sheet - General Fund**

Five-Year Financial Summary

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS:					
Cash and investments	\$ 63,646,895	\$ 58,193,688	\$ 59,727,117	\$ 55,725,317	\$ 57,238,519
Accounts receivable:					
Property taxes	28,650,978	28,929,795	27,866,287	21,035,121	25,409,176
Other	6,194,466	10,583,536	7,973,668	7,312,618	233,432
Inventory, at cost or fair value	696,338	558,841	511,467	579,930	822,490
Prepaid expenses	94,998	76,582	97,679	28,885	68,105
Other assets	316,766	285,373	259,236	210,326	68,764
Total assets	<u>\$ 99,600,441</u>	<u>\$ 98,627,815</u>	<u>\$ 96,435,454</u>	<u>\$ 84,892,197</u>	<u>\$ 83,840,486</u>
LIABILITIES:					
Account payable	\$ 3,127,124	\$ 3,432,764	\$ 3,655,058	\$ 3,652,438	\$ 3,462,258
Accrued wages payable	25,704,496	23,906,917	23,481,617	23,162,348	22,347,947
Termination benefits	3,257,970	3,257,970	3,257,970	3,251,495	3,593,137
Unearned revenue					
Other governments	7,355,034	7,935,041	8,672,828	9,655,537	11,323,730
Local sources	30,319	80,031	125,248	64,458	54,572
Total liabilities	<u>39,474,943</u>	<u>38,612,723</u>	<u>39,192,721</u>	<u>39,786,276</u>	<u>40,781,644</u>
DEFERRED INFLOWS OF RESOURCES:					
Property taxes levied for future year	31,564,436	32,919,949	30,085,662	22,790,122	22,783,750
Total deferred inflows of resources	<u>31,564,436</u>	<u>32,919,949</u>	<u>30,085,662</u>	<u>22,790,122</u>	<u>22,783,750</u>
FUND BALANCES:					
Nonspendable:					
Inventories	696,338	558,841	511,467	579,930	822,490
Prepaid expenses	94,998	76,582	97,679	28,885	68,105
Committed to:					
Economic stabilization	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Employee benefit obligations	1,610,884	1,523,169	1,389,944	2,069,356	1,508,092
Student activity					
Other purchases	233,351	226,163	431,063	483,950	492,386
Assigned to:					
Early retirement benefit	10,000,000	10,000,000	10,000,000	8,500,000	7,500,000
Programs	1,276,438	65,336	274,713	195,533	253,436
Unassigned	10,649,053	10,645,052	10,452,205	6,458,145	5,630,583
Total fund balance	<u>28,561,062</u>	<u>27,095,143</u>	<u>27,157,071</u>	<u>22,315,799</u>	<u>20,275,092</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 99,600,441</u>	<u>\$ 98,627,815</u>	<u>\$ 96,435,454</u>	<u>\$ 84,892,197</u>	<u>\$ 83,840,486</u>

Source: The District's Basic financial statements.

