

WEBER SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2018

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WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

October 12, 2018

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

State law requires that school districts publish, within five months of the close of each year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the basic financial statements of the Weber School District (District) for the fiscal year ending June 30, 2018.

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 – Contains substantial selected financial information, but presents tables that differ from financial statements in that they present non-accounting data.

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

Independent audits. Squire & Company, PC, a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the year ending June 30, 2018 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 District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued compliance reports.

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

District profile. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting budgets, levying taxes, incurring bonded debt, supervising committees, and hiring both the Superintendent and Business Administrator. The Superintendent and Business Administrator are responsible for carrying out the policies of the Board of Education and overseeing 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 2017-2018, the District services four traditional high schools, nine junior high schools, and twenty-nine elementary schools. The District also offers various special purpose programs. These special programs include an alternative high school and Weber Innovations Center. The District serves approximately 31,957 students.

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

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

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August or September when data is available to set tax 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 2018 balances and projected revenue are sufficient to meet the fiscal 2019 budget as presented to the public in June of 2018.

Economic condition and outlook. The economic outlook of the District is largely dependent on state aid. The state of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. According to the 2018 Economic Report to the Governor prepared by the Utah Economical Council, every major industrial sector in Utah expanded in 2017. Utah's annual employment growth rate was among the strongest in the nation boasting a growth rate of 3%. The strongest growth rate came from the construction sector with a 5.4% growth rate which was fueled by robust residential and commercial activity. Utah boasted the third fastest population growth in the nation during 2017. The consensus forecast predicts moderate job and wage growth, low unemployment, and net in-migration in calendar year 2018.

The state's industrial structure continues to be well-balanced and diversified, with a broad base of businesses and a solid technology and transportation infrastructure. Combined with continued population growth and a young, highly-educated workforce, the state is positioned well for positive long-term growth.

Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum amount for each student enrolled. The value of the WPU increased by 4% to \$3,311 in 2018 from \$3,184 in 2017. Additionally, the overall taxable value of property within the District increased by 8.6% to \$10.7 billion while the overall tax rate decreased by 4.8% to 0.006393.

Student growth and facilities. The Governor's Office of Planning and Budget estimates steady student growth in Utah schools over the next few years. This growth is expected to impact Weber School District. However, new charter schools that have opened and expanded in Weber County have had an impact on the District's enrollment. Notwithstanding the addition and expansion of charter schools, steady growth is expected to continue for the next five years in the District. This means that on the average, over 100 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 November 2017, voters approved a \$97 million bond authorization to construct new facilities and expand current space. Since the passage of the bond election, the construction of two new elementary schools and a remodel of Fremont High School has commenced. Additionally, Roy Junior High School will be rebuilt, and an expansion of Weber Innovation High School will add capacity and replace aging facilities.

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

Audit committee. The District's independent auditor uses the District's audit committee to communicate certain matters to upper management and the Board. The audit committee includes three members of the Board, the 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. The District invests in corporate bonds, government agencies, and the Public Treasurers' Investment Fund.

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

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

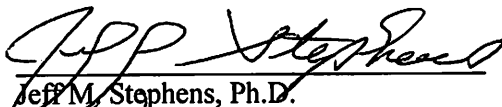
Risk management. The District is self-insured for workers' compensation. Unemployment compensation is handled on a cost-of-benefits-reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a

pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.


Early retirement benefits. Certain employees are eligible to receive healthcare and stipend benefits upon early retirement. These are considered termination benefits by the District. Nine 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 has assigned resources in its General Fund 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



Independent Auditor's Report

Board of Education
Weber School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District (the District) as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Orem, Utah
October 12, 2018

Management's Discussion and Analysis

This section of the annual financial report of Weber School District (the District) presents our discussion and analysis of the District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's total net position improved over the course of this year's operations by \$8.1 million. Federal and state funding increased by \$9.6 million and property tax revenue increased by \$1.1 million compared to the prior year to contribute to this improvement.
- In November 2017, voters approved \$97.0 million in general obligation bonds for the construction of two new elementary schools, a new replacement junior high, and two major remodeling projects. In February 2018, the District issued \$27,000,000 in general obligation bonds (with a premium of \$1.5 million) to help finance construction costs.
- The unassigned fund balance in the *general fund* increased by \$0.9 million to \$12.9 million (or 6.0% of *general fund* budgeted expenditures) while the fund balance assigned to economic stabilization increased by \$0.3 million to \$5.0 million.
- District enrollment increased by 512 students or 1.6% from October 1, 2016 to October 1, 2017.

Overview of the Financial Statements

This annual report consists of three sections—introductory, financial, and other information. The financial section contains the basic financial statements, required supplementary information, and combining and individual fund statements and schedules.

The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

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

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

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

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

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42.3 million at the close of the most recent fiscal year (see chart in next page):

- A significant portion of the District's net position (\$89.8 million) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment net of accumulated depreciation) less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position (\$17.0 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital outlay.
- The remaining balance of net position (a deficit of \$64.5 million) is unrestricted. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than presently available resources. Specifically, the unrestricted net position balance includes the District's proportionate share of the unfunded obligation of the defined benefit plans administered by the Utah Retirement Systems (URS). In 2018, the District, reported a net pension liability plus deferred outflows/inflows of resources related to pensions of \$84.4 million in the government-wide statement of net position at year end. As the defined benefit plans of the URS reach their goal of becoming fully funded, this liability will decline.

WEBER SCHOOL DISTRICT'S Net Position
June 30, 2018 and 2017
(in millions of dollars)

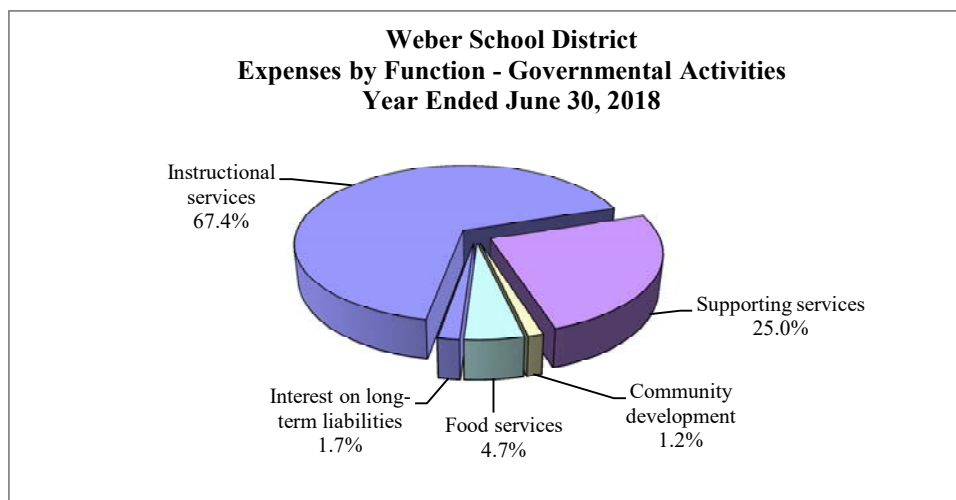
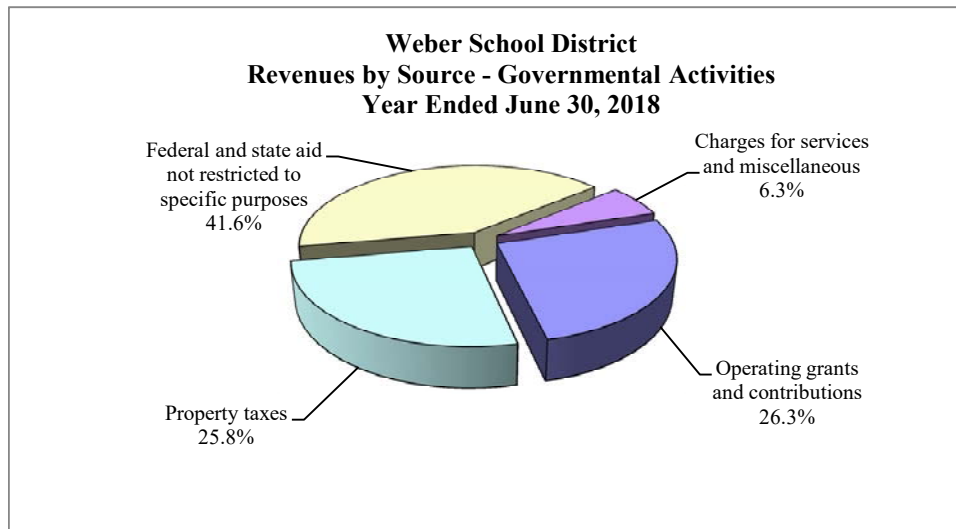
	Governmental activities		Total change 2018-2017
	2018	2017	
Other assets	\$ 191.7	\$ 163.0	\$ 28.7
Capital assets	<u>220.9</u>	<u>210.9</u>	<u>10.0</u>
Total assets	412.6	373.9	38.7
Deferred outflows of resources	56.3	52.3	4.0
Other liabilities	48.4	44.2	4.2
Long-term liabilities outstanding	<u>259.6</u>	<u>267.3</u>	<u>(7.7)</u>
Total liabilities	308.0	311.5	(3.5)
Deferred inflows of resources	118.6	80.5	38.1
Net position:			
Net investment in capital assets	89.8	87.4	2.4
Restricted	17.0	15.6	1.4
Unrestricted	<u>(64.5)</u>	<u>(68.8)</u>	<u>4.3</u>
Total net position	<u>\$ 42.3</u>	<u>34.2</u>	<u>\$ 8.1</u>

Changes in Net Position. The District's total revenues increased by 5.2% to \$267.8 million (see chart on next page). Of the District's revenue, 67.9% comes from federal and state funding and 25.8% from property taxes. The total cost of all programs and services increased by \$15.3 million, or 6.3%. The District's expenses cover a range of services, primarily instructional and related support. The majority of the increase in expenses as compared to the previous year can be attributed to increases in personnel costs within instructional services.

- Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum level for each student enrolled. The value of the WPU increased by 4.0% to \$3,311 in 2018 from \$3,184 in 2017.
- Property tax revenue is the result of applying tax rates to taxable property. The overall taxable value of property within the District increased by 8.6% to \$10.7 billion while the overall tax rate decreased by 4.8% to 0.006373.
- The total cost of all governmental activities this year was \$259.7 million. Personnel costs increased by 6.1% due mainly to increases in base salaries and insurance costs.

WEBER SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2018 and 2017
(in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
Revenues:			
Program revenues:			
Charges for services	\$ 13.3	\$ 12.6	\$ 0.7
Operating grants and contributions	70.3	66.5	3.8
General revenues:			
Property taxes	69.2	68.1	1.1
Federal and state aid not restricted to specific purposes	111.5	105.6	5.9
Earnings on investments	2.1	1.2	0.9
Miscellaneous	1.4	0.6	0.8
Total revenues	<u>267.8</u>	<u>254.6</u>	<u>13.2</u>
Expenses:			
Instructional services	174.7	163.5	11.2
Supporting services:			
Students	7.8	7.4	0.4
Instructional staff	3.2	3.3	(0.1)
District administration	4.6	4.1	0.5
School administration	13.0	12.3	0.7
Central	5.9	5.4	0.5
Operation and maintenance of facilities	19.4	18.8	0.6
Transportation	11.1	10.1	1.0
Contributions to other governments	3.2	2.6	0.6
Food services	12.3	12.0	0.3
Interest on long-term liabilities	4.5	4.9	(0.4)
Total expenses	<u>259.7</u>	<u>244.4</u>	<u>15.3</u>
Increase in net position	8.1	10.2	(2.1)
Net position - beginning	<u>34.2</u>	<u>24.0</u>	<u>10.2</u>
Net position - ending	<u><u>\$ 42.3</u></u>	<u><u>\$ 34.2</u></u>	<u><u>\$ 8.1</u></u>



Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$68.2 million or \$16.0 million more than the previous year (see chart below).

**WEBER SCHOOL DISTRICT'S Change in Fund Balances - Governmental Funds
Year Ended June 30, 2018
(in millions of dollars)**

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
Revenues	\$ 216.5	\$ 14.1	\$ 14.2	\$ 24.8	\$ 269.6
Expenditures	(215.2)	(14.1)	(35.3)	(25.2)	(289.8)
Other financing sources (uses)	(0.2)	-	36.2	0.2	36.2
Net change in fund balances	1.1	-	15.1	(0.2)	16.0
Fund balances - beginning	33.4	1.3	9.4	8.1	52.2
Fund balances - ending	<u>\$ 34.5</u>	<u>\$ 1.3</u>	<u>\$ 24.5</u>	<u>\$ 7.9</u>	<u>\$ 68.2</u>

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

includes inventories. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2018, the District's combined governmental fund balance is \$68.2 million (\$1.3 million in nonspendable, \$30.1 million in restricted, \$10.4 million in committed, \$13.5 million in assigned, and \$12.9 million in unassigned fund balances).

WEBER SCHOOL DISTRICT'S Fund Balances - Governmental Funds
June 30, 2018
(in millions of dollars)

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
Nonspendable	\$ 0.7	\$ -	\$ -	\$ 0.6	\$ 1.3
Restricted	-	1.3	24.5	4.3	30.1
Committed to:					
Economic stabilization	5.0	-	-	-	5.0
Employee vacation benefit	2.0	-	-	-	2.0
Students	-	-	-	3.0	3.0
Other purposes	0.4	-	-	-	0.4
Assigned to:					
Early retirement benefit	10.2	-	-	-	10.2
Other programs	3.3	-	-	-	3.3
Unassigned	12.9	-	-	-	12.9
Total fund balances	<u>\$ 34.5</u>	<u>\$ 1.3</u>	<u>\$ 24.5</u>	<u>\$ 7.9</u>	<u>\$ 68.2</u>

- As allowed by state law (limited to 5% of *general fund* budgeted expenditures), the District has committed resources to economic stabilization within the *general fund*. This amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aa2 given by Moody's Investor Service.
- The District has assigned *general fund* resources toward economic stabilization; an additional \$250,000 was assigned during 2018.

General Fund Budgetary Highlights

During the year, the Board amended the District's budget to reflect changes in anticipated property tax revenue and changes in state and federal programs. Actual revenues were more than what was budgeted by \$3.6 million and actual expenditures were less than the amount budgeted by \$1.6 million. Variances between budgets and actual amounts primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized when qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than amounts budgeted.

Enrollment Highlights

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

process has been the addition by the State Charter School Board of new charter schools within the District's boundaries. Prior to 2008, District enrollment growth had been slow. However, enrollment growth from 2007 to 2008 was at a historic high of 965 students. Then two new charter schools were added and the District's enrollment from 2008 to 2009 dropped by 218 students. Growth jumped again from 2009 to 2010 by 538 students to 30,417. In 2011, two new charter schools were approved by the State Charter School Board resulting in a decline in District enrollment of 70 students. From 2012 to 2015, enrollment growth increased at a slow but steady rate. One new charter school opened within the District's boundaries in 2016. At the same time, enrollment caps for existing charter schools have been raised. With these changes, District enrollment growth from 2015 to 2016 was minimal. Enrollment from 2016 to 2017 grew by 247 to 31,445. District enrollment from 2017 to 2018 grew by 512 students to a historic high of 31,957 in the 2017-2018 school year. Going forward, it is estimated that steady growth will continue for the next few years.

**WEBER SCHOOL DISTRICT'S Enrollment History
Years Ended June 30, 2012 through 2018**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Regular schools:							
Elementary	16,213	16,354	16,517	16,564	16,441	16,490	16,687
Junior high	7,249	7,374	7,380	7,373	7,314	7,503	7,646
High	6,961	7,004	7,131	7,248	7,443	7,452	7,624
Total enrollment	<u>30,423</u>	<u>30,732</u>	<u>31,028</u>	<u>31,185</u>	<u>31,198</u>	<u>31,445</u>	<u>31,957</u>
Change from prior year	76	309	296	157	13	247	512

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$220.9 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and furniture and equipment. The total increase in capital assets for the current year was \$10.0 million or 4.7%.

**WEBER SCHOOL DISTRICT'S Capital Assets
June 30, 2018 and 2017**

(net of accumulated depreciation, in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
Land	\$ 17.3	\$ 17.4	\$ (0.1)
Construction in progress	15.2	-	15.2
Buildings and improvements	176.8	183.9	(7.1)
Furniture and equipment	11.6	9.6	2.0
Total capital assets	<u>\$ 220.9</u>	<u>\$ 210.9</u>	<u>\$ 10.0</u>

The *capital projects fund* is used to account for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. In November of 2017, voters approved \$97.0 million in general obligation bonds for the construction of two new elementary schools, new replacement junior high, and two major remodeling projects. As of June 30, 2018, \$15.2 million of the bond proceeds of the \$27.0 million in bonds issued in 2018 have been spent on the construction projects.

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

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$142.4 million (net of unamortized amounts for bond premiums). Payment of the debt is backed by the full faith and credit of the District's taxpayers as well as the state of Utah under provisions of The Guaranty Act. The District's total debt increased by \$20.5 million, or 15.1%, during the current year.

During 2018, the District issued \$27.0 million in new bonds, with a premium of \$1.5 million. The District also issued capital lease obligations totaling \$6.8 million to acquire school buses and computer equipment.

WEBER SCHOOL DISTRICT'S Outstanding Debt
June 30, 2018 and 2017
(net of accumulated amortization, in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
General obligation bonds	\$ 133.3	\$ 115.8	\$ 17.5
Unamortized amounts for bond premiums	9.1	8.4	0.7
Net bonds payable	142.4	124.2	18.2
Obligations under capital leases	12.6	10.0	2.6
Notes payable	1.4	1.7	(0.3)
Total outstanding debt	<u>\$ 156.4</u>	<u>\$ 135.9</u>	<u>\$ 20.5</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, 2018 is \$643.8 million. General obligation debt at June 30, 2018 is \$142.4 million, resulting in a legal debt margin of \$501.4 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 2035.

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

Contacting the District's Financial Management

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

WEBER SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 110,910,471
Receivables:	
Property taxes	73,441,289
Local	180,306
State	1,628,581
Federal	3,718,226
Note receivable	467,794
Inventories and prepaid items	1,265,048
Capital assets:	
Land and construction in progress	32,564,450
Other capital assets, net of accumulated depreciation	<u>188,372,606</u>
Total assets	412,548,771
Deferred outflows of resources:	
Deferred charges on bond refunding	3,151,417
Amounts related to pensions	<u>53,144,378</u>
Total deferred outflows of resources	56,295,795
Liabilities:	
Accounts and contracts payable	6,707,163
Accrued salaries and employee benefits	33,333,560
Accrued interest	476,019
Unearned revenue:	
State	7,445,536
Federal	521,504
Noncurrent liabilities:	
Due and payable within one year	17,190,152
Due and payable in more than one year	<u>242,362,778</u>
Total liabilities	308,036,712
Deferred inflows of resources:	
Property taxes levied for future year	73,317,053
Amounts related to pensions	<u>45,233,119</u>
Total deferred inflows of resources	118,550,172
Net position:	
Net investment in capital assets	89,806,911
Restricted for:	
Debt service	1,146,971
Capital outlay	13,010,673
Students	2,324,398
Food services	456,722
Unrestricted	<u>(64,487,993)</u>
Total net position	<u><u>\$ 42,257,682</u></u>

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

WEBER SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2018

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental activities:				
Instructional services	\$ 174,676,125	\$ 8,581,706	\$ 52,524,728	\$ (113,569,691)
Supporting services:				
Students	7,755,111	-	2,602,431	(5,152,680)
Instructional staff	3,240,197	-	182,007	(3,058,190)
District administration	4,559,954	-	466,551	(4,093,403)
School administration	13,003,428	-	251,932	(12,751,496)
Central	5,890,204	-	-	(5,890,204)
Operation and maintenance of facilities	19,402,232	-	535,315	(18,866,917)
Transportation	11,109,572	563,339	5,076,096	(5,470,137)
Contributions to other governments	3,152,929	-	-	(3,152,929)
Food services	12,289,711	4,189,855	8,617,271	517,415
Interest on long-term liabilities	4,549,784	-	-	(4,549,784)
Total school district	<u>\$ 259,629,247</u>	<u>\$ 13,334,900</u>	<u>\$ 70,256,331</u>	(176,038,016)
General revenues:				
Property taxes levied for:				
General purposes				38,303,809
Debt service				14,074,422
Capital outlay				13,623,789
Other governments (pass-through)				3,152,929
Total property taxes				69,154,949
Federal and state aid not restricted to specific purposes				111,463,699
Earnings on investments				2,082,721
Miscellaneous				1,438,976
Total general revenues				184,140,345
Change in net position				8,102,329
Net position - beginning				34,155,353
Net position - ending				<u>\$ 42,257,682</u>

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

WEBER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 71,670,577	\$ 1,596,237	\$ 30,054,996	\$ 7,588,661	\$ 110,910,471
Receivables:					
Property taxes	42,253,462	15,283,167	13,439,628	2,465,032	73,441,289
Local	141,148	-	-	39,158	180,306
State	1,032,949	-	-	595,632	1,628,581
Federal	3,629,443	-	-	88,783	3,718,226
Note receivable	467,794	-	-	-	467,794
Inventories and prepaid items	682,815	-	-	582,233	1,265,048
Total assets	<u>\$ 119,878,188</u>	<u>\$ 16,879,404</u>	<u>\$ 43,494,624</u>	<u>\$ 11,359,499</u>	<u>\$ 191,611,715</u>
Liabilities:					
Accounts and contracts payable	\$ 1,211,451	\$ -	\$ 5,267,847	\$ 227,865	\$ 6,707,163
Accrued salaries and employee benefits	32,607,764	-	-	725,796	33,333,560
Unearned revenue:					
State	7,445,536	-	-	-	7,445,536
Federal	521,504	-	-	-	521,504
Total liabilities	41,786,255	-	5,267,847	953,661	48,007,763
Deferred inflows of resources:					
Unavailable revenue from sale of land	467,794	-	-	-	467,794
Unavailable property tax revenue	903,033	326,629	287,229	51,631	1,568,522
Property taxes levied for future year	42,210,240	15,267,532	13,425,880	2,413,401	73,317,053
Total deferred inflows of resources	43,581,067	15,594,161	13,713,109	2,465,032	75,353,369
Fund balances:					
Nonspendable:					
Inventories and prepaid items	682,815	-	-	582,233	1,265,048
Restricted for:					
Debt service	-	1,285,243	-	-	1,285,243
Capital projects	-	-	24,513,668	-	24,513,668
Food services	-	-	-	1,969,802	1,969,802
Students	-	-	-	2,310,675	2,310,675
Committed to:					
Economic stabilization	5,000,000	-	-	-	5,000,000
Employee vacation benefit	2,029,029	-	-	-	2,029,029
Contractual obligations	361,920	-	-	-	361,920
Students	-	-	-	3,078,096	3,078,096
Assigned to:					
Early retirement benefit	10,250,000	-	-	-	10,250,000
Other programs	3,286,513	-	-	-	3,286,513
Unassigned	12,900,589	-	-	-	12,900,589
Total fund balances	<u>34,510,866</u>	<u>1,285,243</u>	<u>24,513,668</u>	<u>7,940,806</u>	<u>68,250,583</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 119,878,188</u>	<u>\$ 16,879,404</u>	<u>\$ 43,494,624</u>	<u>\$ 11,359,499</u>	<u>\$ 191,611,715</u>

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

WEBER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds \$ 68,250,583

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

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

Land	\$ 17,329,346	
Construction in progress	15,235,104	
Buildings and improvements, net of \$165,351,095 accumulated depreciation	176,731,200	
Furniture and equipment, net of \$22,708,708 accumulated depreciation	<u>11,641,406</u>	220,937,056

Some of the District's revenue will be collected after year-end, but will not be available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 2,036,316

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

General obligation bonds payable	(133,250,000)	
Bond premiums, net of \$3,145,960 accumulated amortization	(9,068,090)	
Deferred charges on bond refunding, net of \$1,972,945 accumulated amortization	3,151,417	
Accrued interest	(476,019)	
Obligations under capital leases	(12,551,395)	
Notes payable	(1,429,816)	
Net pension liability	(92,282,587)	
Deferred outflows of resources related to pensions	53,144,378	
Deferred inflows of resources related to pensions	(45,233,119)	
Early retirement obligation	(8,942,013)	
Accrued vacation	<u>(2,029,029)</u>	<u>(248,966,273)</u>

Total net position of governmental activities \$ 42,257,682

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

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 38,287,094	\$ 14,068,282	\$ 13,617,846	\$ 3,152,929	\$ 69,126,151
Earnings on investments	1,244,609	-	411,575	426,537	2,082,721
School lunch sales	-	-	-	4,189,855	4,189,855
Local	3,981,244	-	78,874	8,419,826	12,479,944
State	160,807,847	-	125,823	2,335,304	163,268,974
Federal	12,169,089	-	-	6,281,967	18,451,056
Total revenues	216,489,883	14,068,282	14,234,118	24,806,418	269,598,701
Expenditures:					
Current:					
Instructional services	151,901,053	-	-	9,273,077	161,174,130
Supporting services:					
Students	7,874,762	-	-	-	7,874,762
Instructional staff	3,284,794	-	-	-	3,284,794
District administration	4,406,189	-	-	-	4,406,189
School administration	12,594,479	-	-	-	12,594,479
Central	5,901,495	-	-	-	5,901,495
Operation and maintenance					
of facilities	19,257,179	-	-	-	19,257,179
Transportation	9,922,984	-	-	-	9,922,984
Food services	-	-	-	12,816,650	12,816,650
Contributions to other governments	-	-	-	3,152,929	3,152,929
Capital outlay	-	-	30,335,124	-	30,335,124
Debt service:					
Principal retirement	-	9,540,000	4,502,294	-	14,042,294
Interest and fiscal charges	-	4,579,503	325,810	-	4,905,313
Bond issuance costs	-	-	140,594	-	140,594
Total expenditures	215,142,935	14,119,503	35,303,822	25,242,656	289,808,916
Excess (deficiency) of revenues over (under) expenditures	1,346,948	(51,221)	(21,069,704)	(436,238)	(20,210,215)
Other financing sources (uses):					
Proceeds from general obligation bonds issued	-	-	27,000,000	-	27,000,000
Premium on bonds issued	-	-	1,474,798	-	1,474,798
Capital leases	-	-	6,820,526	-	6,820,526
Proceeds from sale of capital assets	39,744	-	866,000	-	905,744
Transfers	(270,548)	-	-	270,548	-
Total other financing sources (uses)	(230,804)	-	36,161,324	270,548	36,201,068
Net change in fund balances	1,116,144	(51,221)	15,091,620	(165,690)	15,990,853
Fund balances - beginning	33,394,722	1,336,464	9,422,048	8,106,496	52,259,730
Fund balances - ending	<u>\$ 34,510,866</u>	<u>\$ 1,285,243</u>	<u>\$ 24,513,668</u>	<u>\$ 7,940,806</u>	<u>\$ 68,250,583</u>

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

WEBER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances-total governmental funds \$ 15,990,853

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

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

Capital outlay	\$	19,253,123	
Proceeds from sale of capital assets		(905,744)	
Gain on sale of capital assets		746,552	
Depreciation expense		<u>(9,052,964)</u>	10,040,967

Property taxes and proceeds from the sale of land collected several months after the District's fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred inflows of resources at year end. They are, however, recorded as revenues in the statement of activities when levied. 28,798

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

Proceeds from general obligation bonds issued		(27,000,000)	
Proceeds from bond premiums		(1,474,798)	
Principal payments of bond principal		9,540,000	
Principal payments of notes payable		267,552	
Accrued interest		(26,970)	
Amortization of bond refunding costs		(440,320)	
Amortization of bond premiums		822,819	
Capital leases issued		(6,820,526)	
Principal payments of capital leases		<u>4,234,742</u>	(20,897,501)

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

Pension expense		2,786,199	
Early retirement benefits expense		293,481	
Vacation benefits expense		<u>(140,468)</u>	2,939,212

Change in net position of governmental activities \$ 8,102,329

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

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 40,349,354	\$ 39,500,000	38,287,094	\$ (1,212,906)
Earnings on investments	850,000	1,100,000	1,244,609	144,609
Local	2,500,000	3,500,000	3,981,244	481,244
State	155,088,865	156,163,243	160,807,847	4,644,604
Federal	13,995,842	12,600,000	12,169,089	(430,911)
Total revenues	<u>212,784,061</u>	<u>212,863,243</u>	<u>216,489,883</u>	<u>3,626,640</u>
Expenditures:				
Current:				
Instructional services	146,352,500	153,037,201	151,901,053	1,136,148
Supporting services:				
Students	7,705,750	7,902,249	7,874,762	27,487
Instructional staff	4,026,500	3,698,572	3,284,794	413,778
District administration	5,410,250	4,276,140	4,406,189	(130,049)
School administration	15,144,000	12,567,152	12,594,479	(27,327)
Central	8,452,500	5,611,150	5,901,495	(290,345)
Operation and maintenance of facilities	22,082,000	20,165,520	19,257,179	908,341
Transportation	9,076,400	9,510,154	9,922,984	(412,830)
Total expenditures	<u>218,249,900</u>	<u>216,768,138</u>	<u>215,142,935</u>	<u>1,625,203</u>
Excess (deficiency) of revenues over (under) expenditures	(5,465,839)	(3,904,895)	1,346,948	5,251,843
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	39,744	39,744
Transfers	-	(1,300,000)	(270,548)	1,029,452
Total other financing sources (uses)	<u>-</u>	<u>(1,300,000)</u>	<u>(230,804)</u>	<u>1,069,196</u>
Net change in fund balances	(5,465,839)	(5,204,895)	1,116,144	6,321,039
Fund balances - beginning	<u>24,216,731</u>	<u>33,394,722</u>	<u>33,394,722</u>	<u>-</u>
Fund balances - ending	<u>\$ 18,750,892</u>	<u>\$ 28,189,827</u>	<u>\$ 34,510,866</u>	<u>\$ 6,321,039</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The District reports the following major governmental funds:

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of land, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the Superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2018 have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted amounts at the fund level.

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

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

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

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

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

Capital Assets – Capital assets (which include land, construction in progress, buildings and improvements, and furniture and equipment) are reported in the government-wide financial statements. The District defines

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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capital assets as assets with an initial individual cost of more than \$5,000 for land and furniture and equipment and \$100,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or significantly extend the lives of the assets is not capitalized.

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

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

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

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days. Accumulated sick leave is also reimbursed to employees that retire, but is dependent on certain criteria being 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, as well as refunding costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of bond premiums.

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

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

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

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

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

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

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

Fund balance classifications are summarized as follows:

- Nonspendable – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid items are classified as nonspendable.
- Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either 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:
 - 1) Unspent tax revenues levied for specific purposes, such as, capital projects and debt service.
 - 2) Balances remaining for nutrition services.
 - 3) Donations held by the Weber School District Foundation for schools.

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Notes to Basic Financial Statements
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- Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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

- 1) Economic stabilization. As defined in Utah law as an “undistributed reserve,” the District maintains for economic stabilization up to 5% of *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and Utah State Auditor.
 - 2) Employee vacation benefit for unpaid compensated absences.
 - 3) Contractual obligations that will be completed after June 30, 2018.
 - 4) Amounts held in other governmental funds for students.
- Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the Business Administrator to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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Fund Balance Flow Assumption – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned fund balance) resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A summary of cash and investments at June 30, 2018 as reported on the financial statements is as follows:

Carrying amount of deposits	\$ 5,332,018
Carrying amount of investments	<u>105,578,453</u>
Total cash and investments	<u><u>\$ 110,910,471</u></u>

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

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

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

Deposits – At June 30, 2018, the District’s carrying amount of cash deposits is \$5,332,018, of which about \$1 million was covered by federal depository insurance; the difference is uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute. At June 30, 2018, the Foundation’s carrying amount of cash deposits is \$128,162, all of which was covered by federal depository insurance.

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

Investments – At June 30, 2018, the District has investments in the PTIF of \$57,124,282. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes (87%), money market mutual funds (1%), top-rated commercial paper (10%), repurchase agreements (1%), and certificates of deposit (1%). The portfolio has a weighted average maturity of 52 days. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

A portion of the District's investments are in corporate debt securities and government agencies. At June 30, 2018, the par value of these investments was \$45,985,000. The Foundation's investments are in mutual funds holding equity and debt securities. The maturities of these investments as of June 30, 2018 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in years)</u>		
		<u>Less than 1</u>	<u>Less than 2</u>	<u>Less than 3</u>
Weber School District:				
Corporate bonds	\$ 39,985,000	\$ 6,385,000	\$ 13,500,000	\$ 20,100,000
Government agencies	6,000,000	-	3,325,000	2,675,000
Public Treasurers' Investment Fund	57,124,282	57,124,282	-	-
Weber School District Foundation:				
Marketable securities	2,469,171	2,469,171	-	-
Total investments	<u>\$ 105,578,453</u>	<u>\$ 65,978,453</u>	<u>\$ 16,825,000</u>	<u>\$ 22,775,000</u>

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties.

3. FAIR VALUE MEASUREMENTS

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

The District has the following recurring fair value measurements as of June 30, 2018:

<u>Investment Type</u>	<u>Total</u>	<u>Input Level</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Weber School District:				
Corporate bonds	\$ 39,985,000	\$ -	39,985,000	\$ -
Government agencies	6,000,000	6,000,000	-	-
Public Treasurers' Investment Fund	57,124,282	-	57,124,282	-
Weber School District Foundation:				
Marketable securities	2,469,171	2,469,171	-	-
Total investments	<u>\$ 105,578,453</u>	<u>\$ 8,469,171</u>	<u>\$ 97,109,282</u>	<u>\$ -</u>

4. PROPERTY TAXES

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

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

As of June 30, 2018, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2018 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

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Notes to Basic Financial Statements
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Pass-through Taxes – In addition to property taxes the District levies for its own purposes, the District levies property taxes for redevelopment agencies (located within the boundaries of the District) in accordance with the Community Development and Renewal Agencies Act (*Utah Code 17C-1*) and for students of charter schools residing within the District in accordance with the Minimum School Program (*Utah Code 53F-2 part 7*). These taxes are forwarded directly by the county to the redevelopment agencies or the state of Utah as these taxes are collected by the county.

Property tax revenue (or incremental taxes) from increased assessed values within project areas are earmarked to finance urban renewal, economic development, and community development projects managed by the redevelopment agencies for the duration of the projects. During the year ended June 30, 2018, incremental taxes levied by the District for the redevelopment agencies total \$2,399,891 recorded as revenue with an equivalent amount of expenditure as a contribution to other governments in the *pass-through taxes* special revenue fund.

Also during the year ended June 30, 2018, the charter school levy totals \$753,038 recorded as revenue with an equivalent amount of expenditure for contribution to other governments in the *pass-through taxes* special revenue fund.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 17,377,984	\$ -	\$ (48,638)	\$ 17,329,346
Construction in progress	-	15,235,104	-	15,235,104
Total capital assets, not being depreciated	17,377,984	15,235,104	(48,638)	32,564,450
Capital assets, being depreciated:				
Buildings and improvements	342,082,295	-	-	342,082,295
Furniture and equipment	30,634,387	4,018,019	(302,292)	34,350,114
Total capital assets, being depreciated	372,716,682	4,018,019	(302,292)	376,432,409
Accumulated depreciation for:				
Buildings and improvements	(158,251,391)	(7,099,704)	-	(165,351,095)
Furniture and equipment	(20,991,892)	(1,953,260)	236,444	(22,708,708)
Total accumulated depreciation	(179,243,283)	(9,052,964)	236,444	(188,059,803)
Total capital assets, being depreciated, net	193,473,399	(5,034,945)	(65,848)	188,372,606
Governmental activities capital assets, net	<u>\$ 210,851,383</u>	<u>\$ 10,200,159</u>	<u>\$ (114,486)</u>	<u>\$ 220,937,056</u>

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Notes to Basic Financial Statements
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For the year ended June 30, 2018, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 6,306,403
Supporting services:	
District administration	73,874
School administration	512,564
Central	72,625
Operation and maintenance of facilities	263,817
Transportation	1,292,606
Food services	<u>531,075</u>
Total depreciation expense, governmental activities	<u><u>\$ 9,052,964</u></u>

The District is obligated at June 30, 2018 under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Pleasant View Elementary	\$ 23,816,380	\$ 4,737,364	\$ 19,079,016
Remuda Elementary	26,235,778	7,030,027	19,205,751
Fremont Addition	<u>5,911,251</u>	<u>3,467,713</u>	<u>2,443,538</u>
	<u><u>\$ 55,963,409</u></u>	<u><u>\$ 15,235,104</u></u>	<u><u>\$ 40,728,305</u></u>

Costs to complete these projects will be financed with current and future bond proceeds and other resources accumulated in the *capital projects fund*.

6. STATE RETIREMENT PLANS

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

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

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

Defined Contribution Plans (individual account plans):

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

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

WEBER SCHOOL DISTRICT
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20 or more hours per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

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

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

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

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

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

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

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

For the year ended June 30, 2018, District required contribution rates for the plans were as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	<u>Defined Benefit Plans Rates</u>		<u>District Rates</u>	<u>Totals</u>
	<u>District Contribution</u>	<u>Amortization of UAAL *</u>	<u>for 401(k) Plan</u>	
Tier 1 Noncontributory System	12.25%	9.94%	1.50%	23.69%
Tier 2 Contributory System **	8.50%	9.94%	1.58%	20.02%
Tier 2 Defined Contribution Plan **	0.08%	9.94%	10.00%	20.02%

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

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

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

For the year ended June 30, 2018, District and employee contributions to the plans were as follows:

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 22,800,810	\$ -
Tier 2 Contributory System	3,805,782	-
Tier 2 Defined Contribution Plan	347,502	-
401(k) Plan	2,354,901	1,905,100
457 Plan and other individual plans	-	340,995

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2018, the District reported an asset of zero and a liability of \$92,282,587 for its proportionate share of the net pension liability (asset) for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 92,116,260
Tier 2 Contributory System	-	166,327
Total	<u>\$ -</u>	<u>\$ 92,282,587</u>

The net pension liability (asset) was measured as of December 31, 2017 and the total pension liability was determined by an actuarial valuation as of January 1, 2017, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year. The

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2017 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2017	Change
Tier 1 Noncontributory System	3.7669782%	0.0603175%
Tier 1 Contributory System	0.0000000%	-0.0472535%
Tier 2 Contributory System	1.8864876%	0.1249136%

For the year ended June 30, 2018, the District recognized pension expense of \$24,153,970 for the defined benefit pension plans and pension expense of \$2,354,901 for the defined contribution plans. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,227	\$ 5,491,649
Changes of assumptions	23,482,548	716,965
Net difference between projected and actual earnings on pension plan investments	15,163,203	38,399,051
Changes in proportion and differences between contributions and proportionate share of contributions	860,280	625,454
District contributions subsequent to the measurement date	13,632,120	-
Total	\$ 53,144,378	\$ 45,233,119

The \$13,632,120 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2017 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ 2,670,530
2020	4,929,177
2021	(5,119,156)
2022	(8,350,688)
2023	(35,338)
Thereafter	184,614

Actuarial Assumptions – The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include a decrease in the earnings assumptions from 7.20% to 6.95%, a decrease in the inflation assumption from 2.60% to 2.50%, and increases in life expectancy for most groups based on a new post retirement mortality table using actual experience. Additional changes of assumptions include a decrease to the wage inflation assumption from 3.35% to 3.25% and a decrease to the payroll growth assumption from 3.1% to 3.0%.

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		<u>4.75%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return			<u>7.25%</u>

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 201,128,766	\$ 92,116,260	\$ 1,003,743
Tier 2 Contributory System	<u>1,958,414</u>	<u>166,327</u>	<u>(1,215,630)</u>
Total	<u>\$ 203,087,180</u>	<u>\$ 92,282,587</u>	<u>\$ (211,887)</u>

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Payables to the pension plans – At June 30, 2018, the District reported payables of \$5,833,160 for contributions to defined benefit pension plans and \$609,496 for contributions to defined contribution plans.

7. EARLY RETIREMENT BENEFIT

Retiree Health Coverage – In accordance with Board of Education policy, the District provides health coverage to certain retirees who are not yet eligible for Medicare. Retirees receiving this benefit must contribute the same out-of-pocket premium percentage required by active employees. Teachers may receive up to ten years of single coverage and seven years of couple or family coverage. To receive this benefit, a teacher must have ten years of service in the District and qualify for retirement under the Utah State Retirement Systems. Administrators may receive family, couple, or single coverage from their retirement until they are eligible for Medicare. To receive this benefit, a retiring administrator must have ten years of service in the District and qualify for retirement under the Utah State Retirement Systems. Retired classified employees may also receive health benefits. Most classified employees may receive up to seven years of couple or single coverage until they become Medicare eligible. Generally speaking, a typical classified employee must be employed with the District prior to age 55 and qualify to retire under the Utah State Retirement Systems. At June 30, 2018, 166 retirees are eligible to receive health coverage. During the year, the District paid \$1,405,150 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$4,517,323. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

Stipends – In accordance with Board of Education policy, the District provides early retirement incentive stipends to certain retirees. All employees are eligible for these stipends if they meet certain criteria. To receive a stipend an employee must have ten years of service in the District, qualify to retire under the Utah State Retirement Systems, and meet specified age requirements. Retirees will then receive a stipend each year up to four years based upon a percentage of final salary as it pertains to their employee classification. During the year, the District paid \$1,802,086 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$4,424,690. The early retirement incentives are financed on a pay-as-you-go basis.

8. RISK MANAGEMENT

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Payable Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 115,790,000	\$ 27,000,000	\$ (9,540,000)	\$ 133,250,000	\$ 9,530,000
Unamortized bond premiums	8,416,111	1,474,798	(822,819)	9,068,090	-
Net bonds payable	124,206,111	28,474,798	(10,362,819)	142,318,090	9,530,000
Net pension liability	120,352,188	(1,129,432)	(26,940,169)	92,282,587	-
Obligations under capital leases	9,965,611	6,820,526	(4,234,742)	12,551,395	2,894,052
Notes payable	1,697,368	-	(267,552)	1,429,816	257,370
Early retirement obligation	9,235,494	2,913,755	(3,207,236)	8,942,013	2,682,604
Accrued vacation	1,888,561	235,941	(95,473)	2,029,029	1,826,126
Total governmental activity long-term liabilities	<u>\$ 267,345,333</u>	<u>\$ 37,315,588</u>	<u>\$ (45,107,991)</u>	<u>\$ 259,552,930</u>	<u>\$ 17,190,152</u>

General Obligation Bonds – General obligation school building bonds payable at June 30, 2018, with their outstanding balances, are comprised of the following individual issues:

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Remaining Interest Rate Range</u>	<u>Final Maturity Date</u>	<u>Current Outstanding Balance</u>
2009	School building	\$ 9,500,000	4.25%	June 15, 2019	\$ 350,000
2011	Refunding	11,450,000	4.00%	June 15, 2023	5,250,000
2012	School building	20,000,000	1.50% to 4.00%	June 15, 2032	17,435,000
2013	School building	25,000,000	3.50% to 5.00%	June 15, 2033	21,670,000
2014	School building and bond refunding	37,785,000	2.40% to 5.00%	June 15, 2034	31,210,000
2015	Refunding	16,000,000	2.00% to 5.00%	June 15, 2021	7,875,000
2016	Refunding	20,835,000	2.00% to 5.00%	June 15, 2028	20,835,000
2016B	Refunding	4,792,000	3.80%	June 15, 2019	1,625,000
2018	School building	27,000,000	2.50% to 5.00%	June 15, 2035	27,000,000
Total general obligation bonds payable as of June 30, 2018					<u>\$ 133,250,000</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments, are listed as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Year Ending June 30,	Principal	Interest	Total
2019	\$ 9,530,000	\$ 4,938,768	\$ 14,468,768
2020	8,595,000	4,605,468	13,200,468
2021	7,670,000	4,256,768	11,926,768
2022	7,735,000	3,955,768	11,690,768
2023	8,280,000	3,612,218	11,892,218
2024-2028	45,860,000	12,592,244	58,452,244
2029-2033	37,620,000	5,323,751	42,943,751
2034-2035	7,960,000	358,762	8,318,762
Total	<u>\$ 133,250,000</u>	<u>\$ 39,643,747</u>	<u>\$ 172,893,747</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. For legal debt limit purposes under state law, the outstanding direct general obligation debt is increased by the premiums associated with debt issued. As of June 30, 2018, the total unamortized amount of bond premiums was \$9,068,090, resulting in total outstanding net direct debt of \$142,318,090. The legal debt limit at June 30, 2018 was \$643,792,848. The legal debt limit less net direct debt equaled an estimated additional debt incurring capacity of \$501,474,758.

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

Obligation Under Capital Leases – The District has entered into several capital leases to purchase land, buses, and computer equipment. The total amount of leased assets included in capital assets at June 30, 2018 is \$2,197,526 (net of accumulated depreciation of \$136,130) of buses.

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

Year Ending June 30,	Lease Payments
2019	\$ 4,233,244
2020	3,612,463
2021	2,620,306
2022	1,951,552
2023	524,183
Thereafter	<u>556,085</u>
Total minimum lease payments	13,497,833
Amount representing interest	<u>(946,438)</u>
Present value of minimum lease payments	<u>\$ 12,551,395</u>

Notes Payable – The District has three notes payable. Two of the notes are with the federal government, of which one note is interest free and the other has a stated interest rate of 2.00% percent. The third note payable is with a financial institution with a stated interest rate of 2.87%. The annual requirements to

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

amortize the notes payable outstanding as of June 30, 2018, including interest payments, are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 257,370	\$ 32,561	\$ 289,931
2020	247,352	26,629	273,981
2021	253,332	20,649	273,981
2022	259,485	14,496	273,981
2023	265,815	8,165	273,980
2024	146,462	1,652	148,114
Total	<u>\$ 1,429,816</u>	<u>\$ 104,152</u>	<u>\$ 1,533,968</u>

9. LITIGATION AND COMPLIANCE

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

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

10. INTERFUND BALANCES AND TRANSFERS

During 2018, the District transferred \$270,548 from the *general fund* to the Foundation to cover administrative costs of the Foundation.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tier 1 Noncontributory System:				
District's proportion of the net pension liability (asset)	3.7669782%	3.7066607%	3.7448814%	3.7382783%
District's proportionate share of the net pension liability (asset)	\$ 92,116,260	\$ 120,129,793	\$ 117,637,449	\$ 93,925,314
District's covered payroll	\$ 103,839,781	\$ 103,264,794	\$ 103,427,458	\$ 105,232,505
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	88.71%	116.33%	113.74%	89.26%
Plan fiduciary net position as a percentage of the total pension liability	89.2%	84.9%	84.5%	87.2%
Tier 1 Contributory System:				
District's proportion of the net pension liability (asset)	0.0000000%	0.0472535%	0.1171831%	0.2285232%
District's proportionate share of the net pension liability (asset)	\$ -	\$ 25,893	\$ 73,433	\$ 25,057
District's covered payroll	\$ -	\$ 12,667	\$ 37,121	\$ 84,377
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		204.41%	197.82%	29.70%
Plan fiduciary net position as a percentage of the total pension liability		93.4%	92.4%	98.7%
Tier 2 Contributory System:				
District's proportion of the net pension liability (asset)	1.8648760%	1.7645740%	1.7644955%	1.7058098%
District's proportionate share of the net pension liability (asset)	\$ 166,327	\$ 196,502	\$ (3,852)	\$ (51,694)
District's covered payroll	\$ 18,535,638	\$ 14,446,694	\$ 11,393,880	\$ 8,345,525
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.90%	1.36%	-0.03%	-0.62%
Plan fiduciary net position as a percentage of the total pension liability	97.4%	95.1%	100.2%	103.5%

These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

WEBER SCHOOL DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Four Reporting Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tier 1 Noncontributory System:				
Contractually required contribution	\$ 22,800,810	\$ 22,643,632	\$ 22,601,840	\$ 22,477,461
Contributions in relation to the contractually required contribution	<u>(22,800,810)</u>	<u>(22,643,632)</u>	<u>(22,601,840)</u>	<u>(22,477,461)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 104,061,381	\$ 103,353,852	\$ 103,387,123	\$ 104,131,499
Contributions as a percentage of covered payroll	21.91%	21.91%	21.86%	21.59%
Tier 1 Contributory System:				
Contractually required contribution	\$ -	\$ 561	\$ 3,347	\$ 11,450
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(561)</u>	<u>(3,347)</u>	<u>(11,450)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ -	\$ 3,167	\$ 18,944	\$ 66,261
Contributions as a percentage of covered payroll		17.71%	17.67%	17.28%
Tier 2 Contributory System:				
Contractually required contribution	\$ 3,805,782	\$ 3,023,201	\$ 2,351,304	\$ 1,798,368
Contributions in relation to the contractually required contribution	<u>(3,805,782)</u>	<u>(3,023,201)</u>	<u>(2,351,304)</u>	<u>(1,798,368)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,594,182	\$ 16,548,171	\$ 12,880,505	\$ 9,958,803
Contributions as a percentage of covered payroll	18.48%	18.27%	18.25%	18.06%
Tier 2 Defined Contribution Plan:				
Contractually required contribution	\$ 347,502	\$ 286,834	\$ 233,923	\$ 188,382
Contributions in relation to the contractually required contribution	<u>(347,502)</u>	<u>(286,834)</u>	<u>(233,923)</u>	<u>(188,382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,468,151	\$ 2,862,509	\$ 2,333,584	\$ 1,916,593
Contributions as a percentage of covered payroll	10.02%	10.02%	10.02%	9.83%

These schedules only present information for the District's 2015 and subsequent reporting periods; prior-year information is not available.

WEBER SCHOOL DISTRICT
Notes to Required Supplementary Information
Year Ended June 30, 2018

A. CHANGES IN ASSUMPTIONS-UTAH RETIREMENT SYSTEMS

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%

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

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

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

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

B. SCHEDULES OF DISTRICT CONTRIBUTIONS-UTAH RETIREMENT SYSTEMS

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

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 39,500,000	\$ 38,287,094	\$ (1,212,906)	\$ 38,821,746
Earnings on investments	1,100,000	1,244,609	144,609	710,126
Local	3,500,000	3,981,244	481,244	3,421,176
State	156,163,243	160,807,847	4,644,604	150,414,509
Federal	12,600,000	12,169,089	(430,911)	12,174,449
Total revenues	<u>212,863,243</u>	<u>216,489,883</u>	<u>3,626,640</u>	<u>205,542,006</u>
Expenditures:				
Current:				
Salaries	137,532,583	137,280,344	252,239	129,928,310
Employee benefits	58,115,554	57,211,228	904,326	54,902,305
Purchased professional services	8,300,000	8,527,510	(227,510)	8,307,915
Purchased property services	1,363,000	1	1,362,999	(19,596)
Other purchased services	1,022,000	922,483	99,517	768,458
Supplies	7,095,000	7,710,171	(615,171)	6,917,506
Property	2,875,000	4,007,209	(1,132,209)	2,942,591
Other	465,000	(516,011)	981,011	321,020
Total expenditures	<u>216,768,137</u>	<u>215,142,935</u>	<u>1,625,202</u>	<u>204,068,509</u>
Excess (deficiency) of revenues over (under) expenditures	(3,904,894)	1,346,948	5,251,842	1,473,497
Other financing sources (uses):				
Proceeds from sale of capital assets	-	39,744	39,744	8,000
Transfers	(1,300,000)	(270,548)	1,029,452	(2,771,409)
Total other financing sources (uses)	<u>(1,300,000)</u>	<u>(230,804)</u>	<u>1,069,196</u>	<u>(2,763,409)</u>
Net change in fund balances	(5,204,894)	1,116,144	6,321,038	(1,289,912)
Fund balances - beginning	<u>33,394,722</u>	<u>33,394,722</u>	<u>-</u>	<u>34,684,634</u>
Fund balances - ending	<u>\$ 28,189,828</u>	<u>\$ 34,510,866</u>	<u>\$ 6,321,038</u>	<u>\$ 33,394,722</u>

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 13,956,600	\$ 14,068,282	\$ 111,682	\$ 13,126,286
Expenditures:				
Debt service:				
Principal retirement	9,540,000	9,540,000	-	8,927,000
Interest and other charges	4,573,756	4,579,503	(5,747)	4,879,327
Bond issuance costs	50,000	-	50,000	32,063
Total expenditures	<u>14,163,756</u>	<u>14,119,503</u>	<u>44,253</u>	<u>13,838,390</u>
Deficiency of revenues under expenditures	(207,156)	(51,221)	155,935	(712,104)
Other financing sources (uses):				
Proceeds from general obligation bonds issued	-	-	-	4,792,000
Payment to refunded bond escrow agent	-	-	-	(4,760,518)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,482</u>
Net change in fund balances	(207,156)	(51,221)	155,935	(680,622)
Fund balances - beginning	<u>1,336,464</u>	<u>1,336,464</u>	<u>-</u>	<u>2,017,086</u>
Fund balance - ending	<u><u>\$ 1,129,308</u></u>	<u><u>\$ 1,285,243</u></u>	<u><u>\$ 155,935</u></u>	<u><u>\$ 1,336,464</u></u>

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 13,738,400	\$ 13,617,846	\$ (120,554)	\$ 13,468,371
Earnings on investments	350,000	411,575	61,575	240,954
Local	150,000	78,874	(71,126)	-
State	1,060,000	125,823	(934,177)	683,334
Total revenues	<u>15,298,400</u>	<u>14,234,118</u>	<u>(1,064,282)</u>	<u>14,392,659</u>
Expenditures:				
Capital outlay:				
Land and buildings:				
Buildings	10,000,000	16,205,909	(6,205,909)	6,002,305
Land and improvements	3,500,000	1,374,073	2,125,927	91,868
Salaries and benefits	1,104,295	1,090,980	13,315	1,043,264
Purchased services	700,000	412,428	287,572	200,620
Supplies and materials	1,000,000	554,239	445,761	746,435
Total land and buildings	<u>16,304,295</u>	<u>19,637,629</u>	<u>(3,333,334)</u>	<u>8,084,492</u>
Equipment and textbooks:				
School buses	1,700,000	-	1,700,000	1,976,635
Vehicles	150,000	373,868	(223,868)	184,170
Software	500,000	432,551	67,449	609,371
Textbooks	2,000,000	2,299,503	(299,503)	165,216
Other instructional equipment	12,000,000	7,591,573	4,408,427	3,315,232
Total equipment and textbooks	<u>16,350,000</u>	<u>10,697,495</u>	<u>5,652,505</u>	<u>6,250,624</u>
Total capital outlay	<u>32,654,295</u>	<u>30,335,124</u>	<u>2,319,171</u>	<u>14,335,116</u>
Debt service:				
Principal retirement	3,000,000	4,502,294	(1,502,294)	3,588,520
Interest and fiscal charges	450,000	325,810	124,190	362,585
Bond issuance costs	350,000	140,594	209,406	-
Total debt service	<u>3,800,000</u>	<u>4,968,698</u>	<u>(1,168,698)</u>	<u>3,951,105</u>
Total expenditures	<u>36,454,295</u>	<u>35,303,822</u>	<u>1,150,473</u>	<u>18,286,221</u>
Deficiency of revenues under expenditures	(21,155,895)	(21,069,704)	86,191	(3,893,562)
Other financing sources:				
Proceeds from general obligation bonds issued	27,000,000	27,000,000	-	-
Premium on bonds issued	1,334,150	1,474,798	140,648	-
Capital leases issued	4,000,000	6,820,526	2,820,526	2,441,517
Proceeds from sale of capital assets	866,000	866,000	-	917,229
Transfers	1,000,000	-	(1,000,000)	2,520,000
Total other financing sources	<u>34,200,150</u>	<u>36,161,324</u>	<u>1,961,174</u>	<u>5,878,746</u>
Net change in fund balances	13,044,255	15,091,620	2,047,365	1,985,184
Fund balances - beginning	<u>9,422,048</u>	<u>9,422,048</u>	<u>-</u>	<u>7,436,864</u>
Fund balances - ending	<u>\$ 22,466,303</u>	<u>\$ 24,513,668</u>	<u>\$ 2,047,365</u>	<u>\$ 9,422,048</u>

WEBER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Lunch	Student Activities	Foundation	Pass-Through Taxes	
Assets:					
Cash and investments	\$ 2,096,418	\$ 2,752,833	\$ 2,739,410	\$ -	\$ 7,588,661
Receivables:					
Property taxes	-	-	-	2,465,032	2,465,032
Local	-	2,783	36,375	-	39,158
State	595,632	-	-	-	595,632
Federal	88,783	-	-	-	88,783
Inventories and prepaid items	568,510	-	13,723	-	582,233
Total assets	<u>\$ 3,349,343</u>	<u>\$ 2,755,616</u>	<u>\$ 2,789,508</u>	<u>\$ 2,465,032</u>	<u>\$ 11,359,499</u>
Liabilities:					
Accounts and contracts payable	\$ 94,421	\$ 124,068	\$ 9,376	\$ -	\$ 227,865
Accrued salaries and employee benefits	716,610	9,186	-	-	725,796
Total liabilities	811,031	133,254	9,376	-	953,661
Deferred inflows of resources:					
Unavailable property tax revenue	-	-	-	51,631	51,631
Property taxes levied for future year	-	-	-	2,413,401	2,413,401
Total deferred inflows of resources	-	-	-	2,465,032	2,465,032
Fund Balances:					
Nonspendable:					
Inventories and prepaid items	568,510	-	13,723	-	582,233
Restricted for:					
Food services	1,969,802	-	-	-	1,969,802
Students	-	-	2,310,675	-	2,310,675
Assigned to:					
Students	-	2,622,362	455,734	-	3,078,096
Total fund balances	<u>2,538,312</u>	<u>2,622,362</u>	<u>2,780,132</u>	<u>-</u>	<u>7,940,806</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,349,343</u>	<u>\$ 2,755,616</u>	<u>\$ 2,789,508</u>	<u>\$ 2,465,032</u>	<u>\$ 11,359,499</u>

WEBER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Lunch	Student Activities	Foundation	Pass-Through Taxes	
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 3,152,929	\$ 3,152,929
Earnings on investments	-	258,528	168,009	-	426,537
Contributions	-	5,990,055	1,142,240	-	7,132,295
Tuition	-	797,199	-	-	797,199
Student fees	-	490,332	-	-	490,332
Lunch sales	4,189,855	-	-	-	4,189,855
State	2,335,304	-	-	-	2,335,304
Federal	6,281,967	-	-	-	6,281,967
Total revenues	12,807,126	7,536,114	1,310,249	3,152,929	24,806,418
Expenditures:					
Current:					
Instructional services	-	7,426,618	1,846,459	-	9,273,077
Food services	12,816,650	-	-	-	12,816,650
Contributions to other governments	-	-	-	3,152,929	3,152,929
Total expenditures	12,816,650	7,426,618	1,846,459	3,152,929	25,242,656
Excess (deficiency) of revenues over (under) expenditures	(9,524)	109,496	(536,210)	-	(436,238)
Other financing sources:					
Transfers	-	-	270,548	-	270,548
Net change in fund balances	(9,524)	109,496	(265,662)	-	(165,690)
Fund balances - beginning	2,547,836	2,512,866	3,045,794	-	8,106,496
Fund balances - ending	\$ 2,538,312	\$ 2,622,362	\$ 2,780,132	\$ -	\$ 7,940,806

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, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Lunch sales	\$ 4,161,400	\$ 4,189,855	\$ 28,455	\$ 4,120,259
State	2,350,000	2,335,304	(14,696)	2,324,199
Federal	6,760,500	6,281,967	(478,533)	6,500,512
Total revenues	13,271,900	12,807,126	(464,774)	12,944,970
Expenditures:				
Current:				
Salaries	4,206,606	4,065,439	141,167	3,974,120
Employee benefits	1,453,095	1,399,069	54,026	1,372,787
Purchased services	150,000	127,431	22,569	138,724
Supplies and materials	1,200,000	851,749	348,251	796,108
Food	5,700,000	5,073,852	626,148	4,873,921
Equipment	350,000	309,785	40,215	335,811
Other	2,220,467	989,325	1,231,142	-
Total expenditures	15,280,168	12,816,650	2,463,518	11,491,471
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(2,008,268)	(9,524)	1,998,744	1,453,499
Fund balances - beginning	2,547,836	2,547,836	-	1,932,332
Fund balances - ending	\$ 539,568	\$ 2,538,312	\$ 1,998,744	\$ 3,385,831

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Student Activities
Nonmajor Special Revenue Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Earnings on investments	\$ 20,000	\$ 258,528	\$ 238,528	\$ 3,537
Tuition	-	797,199	797,199	305,647
Local	980,000	5,990,055	5,010,055	4,989,282
Student fees	<u>5,500,000</u>	<u>490,332</u>	<u>(5,009,668)</u>	<u>600,175</u>
Total revenues	6,500,000	7,536,114	1,036,114	5,898,641
Expenditures:				
Current:				
Salaries and benefits	850,000	770,580	79,420	670,834
Purchased services	400,000	678,492	(278,492)	724,616
Supplies	7,312,346	5,621,163	1,691,183	4,596,252
Equipment	200,000	257,776	(57,776)	145,237
Other	<u>50,000</u>	<u>98,607</u>	<u>(48,607)</u>	<u>61,182</u>
Total expenditures	<u>8,812,346</u>	<u>7,426,618</u>	<u>1,385,728</u>	<u>6,198,121</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(2,312,346)	109,496	2,421,842	(299,480)
Fund balances - beginning	<u>2,512,866</u>	<u>2,512,866</u>	<u>-</u>	<u>2,812,346</u>
Fund balances - ending	<u>\$ 200,520</u>	<u>\$ 2,622,362</u>	<u>\$ 2,421,842</u>	<u>\$ 2,512,866</u>

WEBER SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Weber School District Foundation
Nonmajor Special Revenue Fund
Years Ended June 30, 2018 and 2017

	2018	2017
Revenues:		
Earnings on investments	\$ 168,009	\$ 196,817
Contributions	1,142,240	1,456,009
Total revenues	1,310,249	1,652,826
Expenditures:		
Current:		
Salaries	186,163	171,809
Employee benefits	75,448	68,941
Purchased services	13,047	36,977
Supplies	1,570,789	1,193,272
Other	1,012	1,145
Total expenditures	1,846,459	1,472,144
Excess (deficiency) of revenues over (under) expenditures	(536,210)	180,682
Other financing sources:		
Transfers	270,548	251,409
Net change in fund balances	(265,662)	432,091
Fund balances - beginning	3,045,794	2,613,703
Fund balances - ending	\$ 2,780,132	\$ 3,045,794

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Pass-Through Taxes
Nonmajor Special Revenue Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 3,500,000	3,152,929	\$ (347,071)	\$ 2,598,977
Total revenues	3,500,000	3,152,929	(347,071)	2,598,977
Expenditures:				
Current:				
Contributions to other governments	3,500,000	3,152,929	347,071	2,598,977
Total expenditures	3,500,000	3,152,929	347,071	2,598,977
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Table 1

WEBER SCHOOL DISTRICT
General Obligation Overlapping Indebtedness
June 30, 2018

Entity	2017 Taxable Value	District's Portion of Assessment	District's Percent	General Obligation Debt	Overlapping Debt
Weber County	\$ 15,254,834,412	\$ 10,706,874,027	70.2%	\$ 47,381,904	\$ 33,255,823
Cities:					
Washington Terrace	402,222,574	402,222,574	100.0%	1,439,000	1,439,000
Other Districts:					
Weber Basin Water Conservancy District	59,023,437,942	10,462,470,231	17.7%	18,618,938	3,300,385
North Davis County Sewer District	11,117,672,657	1,499,248,086	13.5%	23,755,000	3,203,426
Total overlapping general obligation debt					41,198,634
Total direct general obligation bonded indebtedness					133,250,000
Total direct and overlapping general obligation debt					<u>\$ 174,448,634</u>

Notes:

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.

Cities or districts marked with 100% are contained entirely within the District. Other cities or districts contain territory partly within and partly without the district. The percentage shown represents the portion of the District's taxable value as compared to the total taxable value of the entity.

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

Table 2

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

	<u>To 2017 Taxable Value</u>	<u>To Adjusted Fair Market Value</u>	<u>Per Capita Debt Ratio</u>
Direct general obligation debt	1.33%	0.88%	\$ 863.91
Direct and overlapping general obligation debt	1.63%	1.08%	\$ 1,058.95

Notes:

Based on the State of Utah's December 31, 2017 taxable value for Weber School District of: \$ 10,706,874,027

Based on the State of Utah's December 31, 2017 adjusted fair market value for the District of: \$ 16,094,821,191

Based on the U.S. Bureau of the Census estimate for Weber County of 247,560 less Ogden City's population estimate of 86,701. Ogden City does not lie within the District's boundaries therefore, Weber School District's 2017 population estimate is 164,738.

Table 3

WEBER SCHOOL DISTRICT
Debt Service Schedule of Outstanding Bonds (By Year)
June 30, 2018

Year Ending June 30,	Series 2009		Series 2011		Series 2012		Series 2013		Series 2014		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 350,000	\$ 13,125	\$ -	\$ 210,000	\$ 260,000	\$ 520,100	\$ 300,000	\$ 914,068	\$ 2,320,000	\$ 1,177,175	
2020	-	-	-	210,000	280,000	516,200	280,000	899,068	2,370,000	1,130,775	
2021	-	-	-	210,000	375,000	512,000	280,000	885,068	2,490,000	1,012,275	
2022	-	-	3,075,000	210,000	415,000	504,500	750,000	871,068	2,620,000	887,775	
2023	-	-	2,175,000	87,000	450,000	496,200	750,000	833,568	2,760,000	756,775	
2024	-	-	-	-	1,510,000	487,200	1,115,000	796,068	2,905,000	618,775	
2025	-	-	-	-	1,570,000	441,900	1,110,000	757,044	3,060,000	473,525	
2026	-	-	-	-	1,625,000	379,100	1,130,000	718,194	3,145,000	400,850	
2027	-	-	-	-	1,685,000	330,350	1,235,000	572,994	1,050,000	322,225	
2028	-	-	-	-	1,725,000	279,800	1,280,000	600,994	1,090,000	280,225	
2029	-	-	-	-	1,785,000	236,676	1,740,000	572,394	1,135,000	236,625	
2030	-	-	-	-	1,845,000	187,588	2,325,000	502,794	1,180,000	191,225	
2031	-	-	-	-	1,910,000	136,850	2,380,000	406,888	1,215,000	155,825	
2032	-	-	-	-	2,000,000	70,000	2,425,000	308,712	1,250,000	119,375	
2033	-	-	-	-	-	-	4,570,000	205,650	1,290,000	81,875	
2034	-	-	-	-	-	-	-	-	1,330,000	41,562	
2035	-	-	-	-	-	-	-	-	-	-	
	<u>\$ 350,000</u>	<u>\$ 13,125</u>	<u>\$ 5,250,000</u>	<u>\$ 927,000</u>	<u>\$ 17,435,000</u>	<u>\$ 5,098,464</u>	<u>\$ 21,670,000</u>	<u>\$ 9,844,572</u>	<u>\$ 31,210,000</u>	<u>\$ 7,886,862</u>	
Year Ending June 30,	Series 2015		Series 2016		Series 2016B		Series 2018		Totals		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 3,125,000	\$ 251,250	\$ 1,325,000	\$ 818,075	\$ 1,625,000	\$ 21,125	\$ 225,000	\$ 1,013,850	\$ 9,530,000	\$ 4,938,768	\$ 14,468,768
2020	2,375,000	95,000	1,390,000	751,825	-	-	1,900,000	1,002,600	8,595,000	4,605,468	13,200,468
2021	2,375,000	47,500	1,450,000	682,325	-	-	700,000	907,600	7,670,000	4,256,768	11,926,768
2022	-	-	625,000	609,825	-	-	250,000	872,600	7,735,000	3,955,768	11,690,768
2023	-	-	1,665,000	578,575	-	-	480,000	860,100	8,280,000	3,612,218	11,892,218
2024	-	-	2,630,000	495,325	-	-	835,000	836,100	8,995,000	3,233,468	12,228,468
2025	-	-	2,775,000	363,825	-	-	860,000	794,350	9,375,000	2,830,644	12,205,644
2026	-	-	2,925,000	225,075	-	-	925,000	772,850	9,750,000	2,496,069	12,246,069
2027	-	-	2,985,000	166,575	-	-	2,250,000	749,725	9,205,000	2,141,869	11,346,869
2028	-	-	3,065,000	91,950	-	-	1,375,000	637,225	8,535,000	1,890,194	10,425,194
2029	-	-	-	-	-	-	3,430,000	568,475	8,090,000	1,614,170	9,704,170
2030	-	-	-	-	-	-	2,570,000	431,275	7,920,000	1,312,882	9,232,882
2031	-	-	-	-	-	-	1,870,000	357,387	7,375,000	1,056,950	8,431,950
2032	-	-	-	-	-	-	1,550,000	301,287	7,225,000	799,374	8,024,374
2033	-	-	-	-	-	-	1,150,000	252,850	7,010,000	540,375	7,550,375
2034	-	-	-	-	-	-	3,500,000	215,475	4,830,000	257,037	5,087,037
2035	-	-	-	-	-	-	3,130,000	101,725	3,130,000	101,725	3,231,725
	<u>\$ 7,875,000</u>	<u>\$ 393,750</u>	<u>\$ 20,835,000</u>	<u>\$ 4,783,375</u>	<u>\$ 1,625,000</u>	<u>\$ 21,125</u>	<u>\$ 27,000,000</u>	<u>\$ 10,675,474</u>	<u>\$ 133,250,000</u>	<u>\$ 39,643,747</u>	<u>\$ 172,893,747</u>

Table 4

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

Including Fee in Lieu Valuation

<u>Tax Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2017	\$ 10,706,874,027	\$ 16,094,821,191
2016	9,854,617,992	14,744,055,546
2015	9,130,234,035	13,625,639,989
2014	8,448,670,470	12,557,995,295
2013	8,090,784,419	11,949,325,120

Excluding Fee in Lieu Valuation

<u>Tax Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2017	\$ 10,365,638,668	\$ 15,753,585,832
2016	9,512,304,657	14,401,742,217
2015	8,803,257,251	13,298,663,205
2014	8,144,787,395	12,254,092,220
2013	7,779,791,910	11,638,332,612

Notes:

Source: Property Tax Division, Utah State Tax Commission

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

Table 5

WEBER SCHOOL DISTRICT
Significant Taxpayers in the District
December 31, 2017

Taxpayer	Type of Business	December 31, 2017 Taxable Valuation	Percentage of Total Assessed Valuation
Compass Minerals	Manufacturing	\$ 258,040,126	2.41%
Pacificorp	Electric Utility	158,935,761	1.48%
Union Pacific Railroad Co	Transportation	93,419,130	0.87%
Questar Gas	Natural Gas Utility	70,880,229	0.66%
Kimberly-Clark Corporation	Manufacturing	69,570,459	0.65%
America First Credit Union	Banking	69,337,260	0.65%
Associated/Fresh Markets Inc.	Groceries	53,155,788	0.50%
Columbia Ogden Medical Center	Medical	51,876,410	0.48%
Westinghouse Electric	Manufacturing	47,933,366	0.45%
Cole Mt Riverdale UT LLC	Retail	40,962,386	0.38%
Totals		<u>\$ 914,110,915</u>	<u>8.53%</u>

Notes:

Source: Office of Weber County Treasurer

Based on the District's 2017 taxable value of: \$ 10,706,874,027

Table 6

WEBER SCHOOL DISTRICT
Summary of Taxable Value
December 31, 2017 and 2016

	<u>2017</u> <u>Taxable Value</u>	<u>Percent of</u> <u>2017</u>	<u>2016</u> <u>Taxable Value</u>
Centrally assessed values:	\$ 632,152,236	6.41%	\$ 579,828,745
Real property:			
Primary residential	6,572,847,498	66.70%	5,962,657,262
Secondary residential	737,593,298	7.48%	686,796,936
Commercial and industrial	1,832,467,863	18.60%	1,729,915,955
FAA and agricultural	73,094,708	0.74%	71,105,615
Unimproved non FAA	81,428,078	0.83%	59,035,190
Total real property	<u>9,297,431,445</u>	<u>94.35%</u>	<u>8,509,510,958</u>
Personal property:			
Primary and secondary mobile homes	12,421,258	0.13%	13,321,971
Other business personal	423,633,729	4.30%	409,642,988
Total personal property	<u>436,054,987</u>	<u>4.43%</u>	<u>422,964,959</u>
Fee-in-lieu property	<u>341,235,359</u>	<u>3.46%</u>	<u>342,313,329</u>
Total assessed properties	<u>\$ 10,706,874,027</u>	<u>108.65%</u>	<u>\$ 9,854,617,991</u>

Source: Utah State Tax Commission

Tables 7, 8 and 9

WEBER SCHOOL DISTRICT
Tax Collection Record of the District

Year Ended December 31,	Total Taxes Levied	Current Collections	Percent Current Collections	Collections for Prior Years	Total Collections	Percent of Total Taxes Levied
2017	\$ 66,199,725	\$ 63,193,645	95.46%	\$ 1,427,544	\$ 64,621,189	97.62%
2016	63,644,707	60,855,287	95.62%	1,442,102	62,297,389	97.88%
2015	58,432,232	55,692,287	95.31%	1,227,254	56,919,541	97.41%
2014	53,305,882	50,727,500	95.16%	1,862,158	52,589,658	98.66%
2013	51,914,184	49,301,176	94.97%	2,306,565	51,607,741	99.41%

Schedule of Property Tax Rates

	Tax Year Ended December 31,				
	2017	2016	2015	2014	2013
State required	0.001568	0.001677	0.001736	0.001419	0.001535
Voted local	0.001060	0.001124	0.000958	0.001010	0.001083
Board local	0.001027	0.001169	0.001764	0.001866	0.002006
Charter school	0.000075	-	-	-	-
Capital local	0.001300	0.001379	0.000842	0.000888	0.000953
Debt service	0.001343	0.001344	0.001343	0.001343	0.001343
Total	<u>0.006373</u>	<u>0.006693</u>	<u>0.006643</u>	<u>0.006526</u>	<u>0.006920</u>

Historical Property Tax Collections by Fund

Year Ended June 30,	Total Funds	General Fund	Debt Service	Capital Projects	Other Governmental Funds
2018	\$ 69,126,151	\$ 38,287,094	\$ 14,068,282	\$ 13,617,846	\$ 3,152,929
2017	68,015,380	38,821,746	13,126,286	13,468,371	2,598,977
2016	62,890,946	35,791,896	12,253,000	12,563,203	2,282,847
2015	57,176,050	36,279,852	11,344,042	7,500,752	2,051,404
2014	56,541,836	37,781,712	10,973,365	7,786,759	-

Notes:

Table 7 excludes collections on fee-in-lieu property.

Levies, rates, and collections include amounts levied for and passed-through to other governments (redevelopment agencies and charter schools).

Table 10

WEBER SCHOOL DISTRICT
General Fund Financial Summary
 Years Ending June 30, 2014 through 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:					
Property tax	\$ 38,287,094	\$ 38,821,746	\$ 35,791,896	\$ 36,279,852	\$ 37,781,712
Earnings from investments	1,244,609	710,126	779,757	474,106	764,726
Local	3,981,244	3,421,176	2,490,355	2,693,427	2,021,253
State	160,807,847	150,414,509	143,176,198	137,246,612	132,151,205
Federal	12,169,089	12,174,449	13,304,146	12,139,642	11,973,096
Total revenues	<u>216,489,883</u>	<u>205,542,006</u>	<u>195,542,352</u>	<u>188,833,639</u>	<u>184,691,992</u>
Expenditures:					
Instruction	151,901,053	144,571,977	135,181,868	132,077,653	127,829,436
Support services					
Students	7,874,762	7,443,929	7,109,418	6,721,162	6,613,916
Instructional staff	3,284,794	3,343,179	3,539,515	3,148,960	2,509,097
District administration	4,406,189	4,005,214	3,841,976	3,865,284	4,401,624
School administration	12,594,479	11,825,070	12,010,081	12,238,374	12,089,094
Central	5,901,495	5,164,663	5,349,486	4,907,261	3,931,078
Operations and maintenance	19,257,179	18,738,762	19,044,682	18,248,638	17,888,671
Student transportation	9,922,984	8,975,715	8,219,183	7,463,312	7,307,044
Total expenditures	<u>215,142,935</u>	<u>204,068,509</u>	<u>194,296,209</u>	<u>188,670,644</u>	<u>182,569,960</u>
Excess of revenues over expenditures	<u>1,346,948</u>	<u>1,473,497</u>	<u>1,246,143</u>	<u>162,995</u>	<u>2,122,032</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	39,744	8,000	-	17,088	56,330
Transfers	(270,548)	(2,771,409)	(205,533)	(2,986,261)	-
Total other financing sources (uses)	<u>(230,804)</u>	<u>(2,763,409)</u>	<u>(205,533)</u>	<u>(2,969,173)</u>	<u>56,330</u>
Net change in fund balance	1,116,144	(1,289,912)	1,040,610	(2,806,178)	2,178,362
Fund balances, beginning of year	<u>33,394,722</u>	<u>34,684,634</u>	<u>33,644,024</u>	<u>36,450,202</u>	<u>28,561,062</u>
Fund balances, end of year	<u>\$ 34,510,866</u>	<u>\$ 33,394,722</u>	<u>\$ 34,684,634</u>	<u>\$ 33,644,024</u>	<u>\$ 30,739,424</u>

Notes:

Source: The District's basic financial statements.

In 2015, fund balance was restated.

Table 11

WEBER SCHOOL DISTRICT
Balance Sheet - General Fund
 June 30, 2014 through 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:					
Cash and investments	\$ 71,670,577	\$ 69,434,499	\$ 69,153,613	\$ 67,452,769	\$ 70,497,293
Receivables:					
Property taxes	42,253,462	36,673,295	36,575,941	33,873,834	29,171,837
Local	141,148	117,358	205,697	333,009	9,917,048
State	1,032,949	739,555	795,173	742,689	-
Federal	3,629,443	4,935,442	11,807,815	8,676,078	-
Note receivable	467,794	512,500	-	-	-
Due from other funds	-	-	-	188,589	-
Other assets	-	-	-	-	540,966
Inventories and prepaid items	682,815	693,337	674,058	625,246	530,079
Total assets	<u>\$ 119,878,188</u>	<u>\$ 113,105,986</u>	<u>\$ 119,212,297</u>	<u>\$ 111,892,214</u>	<u>\$ 110,657,223</u>
Liabilities:					
Account and contracts payable	\$ 1,211,451	\$ 1,060,960	\$ 3,065,613	\$ 3,052,843	\$ 2,965,704
Accrued salaries and employee benefits	32,607,764	31,391,096	34,563,263	33,309,893	32,346,829
Termination benefits	-	-	-	-	3,257,970
Unearned revenue					
Local	-	-	-	37,785	27,935
Other governments	-	-	-	-	7,836,023
State	7,445,536	8,653,312	8,854,740	7,568,380	-
Federal	521,504	1,368,823	1,597,922	588,028	-
Total liabilities	<u>41,786,255</u>	<u>42,474,191</u>	<u>48,081,538</u>	<u>44,556,929</u>	<u>46,434,461</u>
Deferred inflows of resources:					
Unavailable revenue from sale of land	467,794	512,500	-	-	-
Unavailable property tax revenue	903,033	850,169	814,885	849,484	-
Property taxes levied for future year	42,210,240	35,874,404	35,631,240	32,841,777	33,483,338
Total deferred inflows of resources	<u>43,581,067</u>	<u>37,237,073</u>	<u>36,446,125</u>	<u>33,691,261</u>	<u>33,483,338</u>
Fund balances:					
Nonspendable:					
Inventories and prepaid items	682,815	693,337	674,058	625,246	530,079
Committed to:					
Economic stabilization	5,000,000	4,750,000	4,500,000	4,000,000	4,000,000
Employee vacation benefit	2,029,029	1,888,560	1,882,369	1,627,420	1,753,367
Contractual obligations	361,920	522,416	303,816	564,290	664,647
Assigned to:					
Early retirement benefit	10,250,000	10,250,000	10,250,000	10,250,000	10,000,000
Other programs	3,286,513	3,286,513	6,206,513	5,806,513	3,069,629
Unassigned	12,900,589	12,003,896	10,867,878	10,770,555	10,721,702
Total fund balances	<u>34,510,866</u>	<u>33,394,722</u>	<u>34,684,634</u>	<u>33,644,024</u>	<u>30,739,424</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 119,878,188</u>	<u>\$ 113,105,986</u>	<u>\$ 119,212,297</u>	<u>\$ 111,892,214</u>	<u>\$ 110,657,223</u>

Notes:

Source: The District's basic financial statements.

In 2015, fund balance was restated.