

**WEBER SCHOOL DISTRICT**

**Financial Statements**

Year Ended June 30, 2015

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WEBER SCHOOL DISTRICT  
5320 Adams Avenue Parkway  
Ogden, Utah 84405

November 30, 2015

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

State law requires that school districts publish, within five months of the close of each year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the basic financial statements of the Weber School District for the fiscal year ending June 30, 2015.

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 and Company, P.C. a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015 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, 2015 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair

presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued compliance reports.

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

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

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Weber County, Utah. To accomplish this purpose, for the school year 2014-2015, 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 31,185 students.

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

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

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August or September when data is available to set rates. The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund. The District's fiscal 2015 balances and projected revenue are sufficient to meet the fiscal 2016 budget as presented to the public in June of 2015.

**Economic condition and outlook.** The economic outlook of the District is dependent on state aid. The state of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. However, in the first part of 2009, the state and national economy took an abrupt downturn and entered into a recession. In September and October of 2008, the financial markets plummeted along with job growth, and economic activity. In the forty-five day general session of the Utah State Legislature that is held every year from January to March, state funds for the District for 2009 were cut by nearly \$3 million. In addition, state funds were cut for 2010 and again for 2011 by a combined total of \$14 million. In response to these cuts, the district aggressively slashed non-compensation spending. In

addition, discretionary social security and retirement monies that were slated for certain state programs were diverted to the shortfall. Sufficient surpluses in the affected state programs covered this deficit.

At the very end of the FY 2009 and the start of FY 2010, many economists asserted that the “bottom of the recession had been reached.” It is now 2015; the recovery from the recession was very slow. State revenues in many programs are still not at pre-recession levels. However, there is reason for optimism because economic indicators in the State are showing a strong recovered economy. Zions Bank, a major Utah financial institution, said the following about the economic outlook in Utah:

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

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

After three straight years of no change in the value of the weighted pupil unit (WPU) for FY 2012, the state increased the value of the WPU to \$2,816. Then for FY 2013, FY 2014 and FY 2015 additional increases in the value of the WPU occurred bringing the WPU value for FY 2015 to \$2,972. District taxable property values in tax year 2014 increased by 8.2%. Preliminary taxable property values for tax year 2015 provided by the Weber County Clerk Auditor indicated a 8.3% increase. This increase is attributable to the recovery and rising demand in the housing industry. It is projected that land values will continue to steadily rise.

**Student growth and facilities.** The Governor’s Office of Planning and Budget estimates 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 addition, on June 26, 2012, voters approved a \$65 million bond authorization to construct new facilities and expand current space. Since the passage of the bond election, additional classroom space has been added as two older elementary schools have been replaced by two new elementary schools. In addition a larger replacement junior high school has been completed and a targeted remodeling project occurred at another junior high school to expand its capacity to house additional students. A final replacement elementary school will be completed as the bond authorization is completed. All these projects are designed to provide more space for students and instruction.

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

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

**Cash management and investments.** The District maintains a cash and investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. Over the past few years, interest rates plummeted as did investment income. At the end of FY 2007, interest rates in the investment pool were at about 5.25%. Since that time interest rates in the pool have declined to less than 1.0%. In response to this situation, the Board authorized investments outside of the state pool. Working with our investment advisor, nearly \$25 million dollars have been invested in funds approved by the Utah Money Management Act. These alternate investments have a return that averages 2% more than the state pool. This has helped offset the losses in investment income.

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

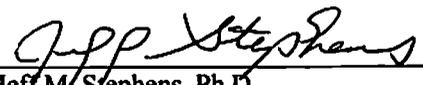
The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

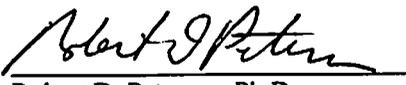
**Risk management.** The District is self-insured for workers' compensation. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled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

**Post employment benefits.** Certain employees are eligible to receive post employment healthcare benefits and early retirement incentive stipends. These are considered termination benefits by the District. 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 is actively striving to fund these obligations in advance or designating fund balances to provide for this obligation.

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

Respectfully submitted,

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

  
Robert D. Petersen, Ph.D.  
Business Administrator



## 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, 2015, 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, 2015, 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.

## ***Emphasis of Matter***

As discussed in Note 11 to the financial statements, in 2015, the District adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Orem, Utah  
November 30, 2015

## Management's Discussion and Analysis

This section of the annual financial report of Weber School District (the District) presents our discussion and analysis of the District's financial performance during the year that ending June 30, 2015. 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 \$6.6 million. Federal and state funding increased by \$5.6 million compared to the prior year to contribute to this improvement.
- In 2015, the following significant changes to accounting and reporting for District activities were applied:

The District now assumes its proportionate share of the net pension liability of the Utah Retirement Systems (URS); the net position of governmental activities of the District includes a net pension liability of \$94.0 million at June 30, 2015.

The Weber School District Foundation, a component unit of the District, is now classified as a special revenue fund of the District.

For the first time, incremental taxes (totaling \$2.0 million in 2015) are reported as revenue and as community development expense for property taxes levied by the District but paid directly by the county to redevelopment agencies within the District's boundaries.

- On June 26, 2012 voters approved \$65.0 million in general obligation bonds (with the District issuing \$20.0 million in 2015) for the construction of four new replacement schools and two major remodeling projects and various other improvements. Construction was nearly complete in 2015 on the third new replacement school (West Weber Elementary) and building started on a fourth and final school (Burch Creek Elementary) in 2015.
- The District refunded \$18.2 million of general obligation bonds in 2015 to reduce total debt service payments over the next 12 years by \$1.7 million.
- The unassigned fund balance in the *general fund* remained steady at \$10.8 million (or 5.4% of *general fund* budgeted expenditures) while the fund balance assigned to the early retirement benefit obligation increased by \$0.3 million.
- The District's contribution rate for the Tier 1 Noncontributory Retirement System (the defined benefit pension plan in the Utah Retirement Systems in which a majority of District employees participate) increased from 21.0% to 22.7%. This is the fifth rate increase in five years.
- District enrollment grew from October 1, 2013 to October 1, 2014 by 157 students or 0.5%.

### Overview of the Financial Statements

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.

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

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

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

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

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

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

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

## Government-wide Financial Analysis

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21.7 million at the close of the most recent fiscal year (see chart in next page):

- A significant portion of the District's net position (\$65.8 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 (\$24.5 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 \$68.6 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 2015, the District implemented the new accounting and reporting standard issued by the Governmental Accounting Standards Board, reporting a net pension liability of \$94.0 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, 2015 and 2014**  
(in millions of dollars)

	<b>Governmental activities</b>		<b>Total change 2015-2014</b>
	<b>2015</b>	<b>2014</b>	
Other assets	\$ 170.5	\$ 158.5	\$ 12.0
Capital assets	206.6	196.9	9.7
Total assets	<u>377.1</u>	<u>355.4</u>	<u>21.7</u>
Deferred outflows of resources	<u>16.7</u>	<u>12.6</u>	<u>4.1</u>
Other liabilities	48.3	49.0	(0.7)
Long-term liabilities outstanding	<u>257.1</u>	<u>256.1</u>	<u>1.0</u>
Total liabilities	<u>305.4</u>	<u>305.1</u>	<u>0.3</u>
Deferred inflows of resources	<u>66.7</u>	<u>47.8</u>	<u>18.9</u>
Net position:			
Net investment in capital assets	65.8	69.2	(3.4)
Restricted	24.5	18.1	6.4
Unrestricted	<u>(68.6)</u>	<u>(72.2)</u>	<u>3.6</u>
Total net position	<u>\$ 21.7</u>	<u>\$ 15.1</u>	<u>\$ 6.6</u>

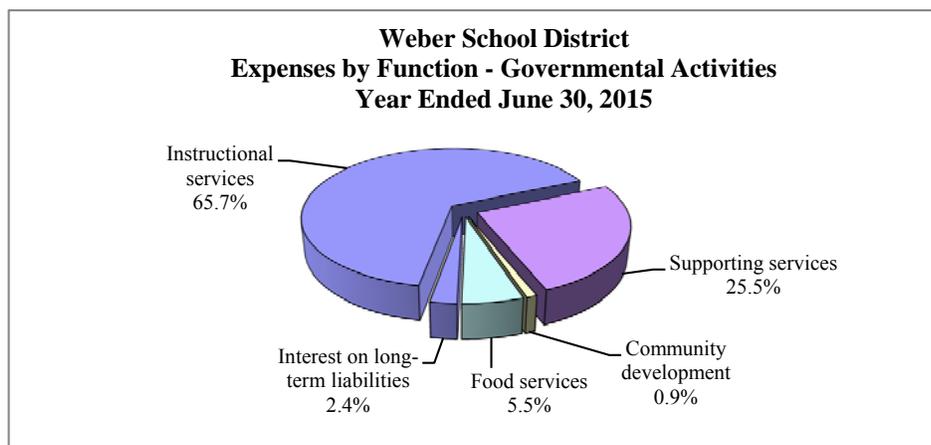
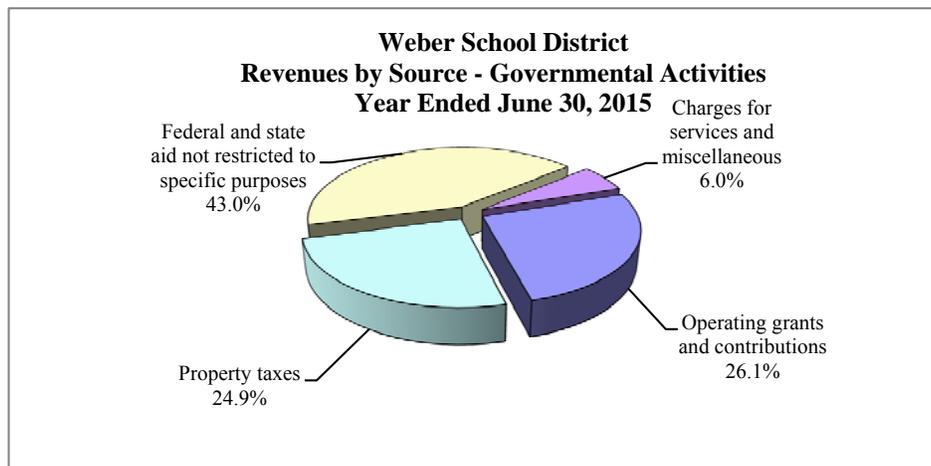
**Changes in Net Position.** The District’s total revenues increased by 3.1% to \$229.2 million (see chart on next page). About 69.1% of the District’s revenue comes from federal and state funding and 24.9% from property taxes. The total cost of all programs and services was nearly unchanged (increasing \$1.0 million, or less than 1%). The District’s expenses cover a range of services, primarily instructional and related support.

- 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 2.5% to \$2,972 in 2015 from \$2,899 in 2014.
- Property tax revenue is the result of applying tax rates to taxable property. The overall taxable value of property within the District increased by 4.4% to \$8.4 billion while the overall tax rate decreased by 4.0% to 0.006643. Property tax revenue increased in 2015 compared to the prior year, only because the District reported incremental taxes totaling \$2.0 million for the first time in 2015.
- The total cost of all governmental activities this year was \$222.6 million. Personnel costs increased by 3.5% due mainly from increases in base salaries and retirement contribution rates (which increased from 21.0% in

2014 to 22.7% in 2015). The increase in community development of \$2.0 million reflects the payment of incremental taxes to redevelopment agencies within the District; this expense was recorded for the first time in 2015. These increases were offset by a decrease in pension expense of \$8.0 million.

**WEBER SCHOOL DISTRICT'S Changes in Net Position**  
**Years Ended June 30, 2015 and 2014**  
(in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2015</u>	<u>2014</u>	<u>2015-2014</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 11.2	\$ 10.7	\$ 0.5
Operating grants and contributions	59.9	58.4	1.5
General revenues:			
Property taxes	57.1	55.7	1.4
Federal and state aid not restricted to specific purposes	98.5	94.4	4.1
Earnings on investments	0.5	1.0	(0.5)
Miscellaneous	2.0	2.1	(0.1)
Total revenues	<u>229.2</u>	<u>222.3</u>	<u>6.9</u>
<b>Expenses:</b>			
Instructional services	146.3	147.0	(0.7)
Supporting services:			
Students	6.4	6.5	(0.1)
Instructional staff	3.0	3.1	(0.1)
District administration	4.1	3.9	0.2
School administration	12.1	12.9	(0.8)
Central	5.0	4.2	0.8
Operation and maintenance of facilities	18.0	18.3	(0.3)
Transportation	8.2	8.4	(0.2)
Community development	2.0	-	2.0
Food services	12.2	12.2	-
Interest on long-term liabilities	5.3	5.1	0.2
Total expenses	<u>222.6</u>	<u>221.6</u>	<u>1.0</u>
Increase in net position	6.6	0.7	5.9
<b>Net position - beginning</b>	15.1	111.0	(95.9)
<b>Net effect of pension restatement</b>	-	(96.6)	96.6
<b>Net position - ending</b>	<u>\$ 21.7</u>	<u>\$ 15.1</u>	<u>\$ 6.6</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 \$63.4 million; \$2.8 million more than the previous year (see chart on next page). In addition to the previous discussion on the changes in net position, the following factors contributed to the increase in the combined fund balance:

- Capital outlay expenditures decreased from \$42.7 million in 2014 to \$25.0 million in 2015 as spending on new projects slowed down. Building construction and renovation projects are financed mostly with the issuance of general obligation bonds. In 2015, the District issued \$20.0 million of general obligation bonds, completing the 2012 bond authorization of \$65.0 million.
- For the first time in five years, increases for health insurance were not totally passed along to employees; the 3.75% in overall premium increase was shared between the District and its employees. The District continued with its funding of health reimbursement accounts (HRA) for administrators and classified employees. Funds will be deposited by the District into employee HRAs to help them offset future and current health-related costs.
- Funding student transportation continues to be a challenge. State policy requires that all elementary students (grades K-6) living more than 1.5 miles from their assigned school be eligible for transportation. In addition, secondary students (grades 7-12) are eligible for school transportation if they live more than two miles from their assigned school. State funding is inadequate to accomplish the required transportation standards. As a result, over \$1.7 million of District funding is required for transportation.

- Cost of utilities has a significant impact on the District. Anticipating these costs, the District has continued a very aggressive energy savings program in all schools and locations.
- Starting in 2015, the District classifies the *Weber School District Foundation*, a component unit, as a special revenue fund of the District. Revenues and expenditures of the Foundation and remaining balances are now reported with the other governmental funds.

**WEBER SCHOOL DISTRICT'S Change in Fund Balances - Governmental Funds**

**June 30, 2015**

(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	\$ 188.8	\$ 11.4	\$ 8.6	\$ 22.2	\$ 231.0
Expenditures	(188.6)	(12.7)	(28.1)	(22.7)	(252.1)
Other financing sources (uses)	(3.0)	0.1	26.6	0.2	23.9
Net change in fund balances	(2.8)	(1.2)	7.1	(0.3)	2.8
Fund balances - beginning	36.5	3.0	11.4	9.7	60.6
Fund balances - ending	<u>\$ 33.7</u>	<u>\$ 1.8</u>	<u>\$ 18.5</u>	<u>\$ 9.4</u>	<u>\$ 63.4</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, 2015, the District's combined governmental fund balance is \$63.4 million (\$1.1 million in nonspendable, \$24.0 million in restricted, \$11.4 million in committed, \$16.1 million in assigned, and \$10.8 million in unassigned fund balances).

**WEBER SCHOOL DISTRICT'S Fund Balances - Governmental Funds**  
**June 30, 2015**  
(in millions of dollars)

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>	
Nonspendable	\$ 0.6	\$ -	\$ -	\$ 0.5	\$ 1.1
Restricted	-	1.8	18.5	3.7	24.0
Committed to:					
Economic stabilization	4.0	-	-	-	4.0
Employee vacation benefit	1.6	-	-	-	1.6
Other purposes	0.6	-	-	5.2	5.8
Assigned to:					
Early retirement benefit	10.3	-	-	-	10.3
Other programs	5.8	-	-	-	5.8
Unassigned	10.8	-	-	-	10.8
Total fund balances	<u>\$ 33.7</u>	<u>\$ 1.8</u>	<u>\$ 18.5</u>	<u>\$ 9.4</u>	<u>\$ 63.4</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 its early retirement benefit obligation; an additional \$250,000 was assigned during 2015. The total obligation for the early retirement obligation was measured at \$11.6 million at the end of 2015.

**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 less than what was budgeted by \$1.2 million and actual expenditures were less than the amount budgeted by \$10.3 million. Variances between budgets and actual amounts primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized when qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than amounts budgeted.

**Enrollment Highlights**

State and federal funding is highly dependent on enrollment. Since state and federal sources comprise the majority of total revenue, projecting enrollment growth and trends is a critical part of the budget process. Complicating this process has been the addition by the State Charter School Board of new charter schools within the District's boundaries. Prior to 2008, District enrollment growth had been slow. However, enrollment growth from 2007 to 2008 was at a historic high of 965 students. Then two new charter schools were added and the enrollment from 2008 to 2009 dropped by 218 students. Then growth jumped again from 2009 to 2010 by 538 students to a new historic total enrollment high of 30,417. In 2011, two new charter schools were approved by the State Charter School Board resulting in a decline of 70 students. From 2012 to 2015, enrollment growth increased at a slow but steady rate. By 2015, the District had reached a historic high student count of 31,185.

Currently, one new charter school is slated to open within the District's boundaries for 2016. At the same time, enrollment caps for existing charter schools have been raised. With these changes, District enrollment growth

from 2015 to 2016 will be minimal. 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, 2009 through 2015**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Regular schools:							
Elementary	16,399	16,725	16,382	16,213	16,354	16,517	16,564
Junior high	6,702	6,863	7,078	7,249	7,374	7,380	7,373
High	6,544	6,624	6,571	6,609	6,709	7,054	7,163
Total regular	29,645	30,212	30,031	30,071	30,437	30,951	31,100
Special schools	235	205	316	76	295	77	85
Total enrollment	<u>29,879</u>	<u>30,417</u>	<u>30,347</u>	<u>30,423</u>	<u>30,732</u>	<u>31,028</u>	<u>31,185</u>
Change from prior year	(218)	538	(70)	76	309	296	157

**Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$206.6 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 \$9.7 million or 4.9%.

**WEBER SCHOOL DISTRICT'S Capital Assets**  
**June 30, 2015 and 2014**  
(net of accumulated depreciation, in millions of dollars)

	<u>Governmental activities</u>		<u>Total change</u>
	<u>2015</u>	<u>2014</u>	<u>2015-2014</u>
Land	\$ 17.5	\$ 17.8	\$ (0.3)
Construction in progress	17.2	42.5	(25.3)
Buildings and improvements	162.9	126.6	36.3
Furniture and equipment	9.0	10.0	(1.0)
Total capital assets	<u>\$ 206.6</u>	<u>\$ 196.9</u>	<u>\$ 9.7</u>

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

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

**Long-term Debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$139.4 million (net of unamortized amounts for bond issuance 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 \$14.8 million, or 11.0%, during the current year. The increase was the result of issuing \$20.0 million of general obligation bonds with a \$1.5 million issuance premium and repaying \$7.5 million of bond principal.

During 2015, The District refunded \$18.2 million of existing bonds to reduce total debt service payments over the next 12 years by \$1.7 million. The refunding bonds were issued with a \$2.3 million issuance premium.

**WEBER SCHOOL DISTRICT'S Outstanding Debt**  
**June 30, 2015 and 2014**  
(net of accumulated amortization, in millions of dollars)

	<b>Governmental activities</b>		<b>Total change</b>
	<b>2015</b>	<b>2014</b>	<b>2015-2014</b>
General obligation bonds	\$ 133.5	\$ 121.4	12.1
Unamortized amounts for bond issuance premiums	5.9	2.7	3.2
Net bonds payable	139.4	124.1	15.3
Obligations under capital leases	8.3	8.6	(0.3)
Notes payable	2.2	2.4	(0.2)
Total outstanding debt	<u>\$ 149.9</u>	<u>\$ 135.1</u>	<u>\$ 14.8</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, 2015 is \$705.5 million. General obligation debt at June 30, 2015 is \$139.4 million, resulting in a legal debt margin of \$566.1 million.

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

Additional information on the District's long-term debt can be found in Note 8 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, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 99,219,619
Receivables:	
Property taxes	59,536,096
Other local	432,596
State	1,336,854
Federal	8,775,963
Inventories and prepaid items	1,173,683
Net pension asset	51,694
Capital assets:	
Land and construction in progress	34,678,275
Other capital assets, net of accumulated depreciation	171,930,819
Total assets	377,135,599
<b>Deferred outflows of resources:</b>	
Deferred charges on refunding	2,601,322
Amounts related to pensions	14,086,619
Total deferred outflows of resources	16,687,941
<b>Liabilities:</b>	
Accounts and contracts payable	5,060,338
Accrued salaries and employee benefits	34,549,382
Accrued interest	504,505
Unearned revenue:	
Other local	37,785
State	7,568,380
Federal	588,028
Noncurrent liabilities:	
Due and payable within one year	14,900,216
Due and payable in more than one year	242,206,471
Total liabilities	305,415,105
<b>Deferred inflows of resources:</b>	
Property taxes levied for future year	57,842,618
Amounts related to pensions	8,814,212
Total deferred inflows of resources	66,656,830
<b>Net position:</b>	
Net investment in capital assets	65,842,911
Restricted for:	
Food services	1,908,305
Students	2,160,732
Debt service	1,559,678
Capital outlay	18,830,052
Unrestricted	(68,550,073)
Total net position	\$ 21,751,605

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

**WEBER SCHOOL DISTRICT**  
**Statement of Activities**  
Year Ended June 30, 2015

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
<b>Governmental activities:</b>				
Instructional services	\$ 146,259,115	\$ 6,825,948	\$ 42,185,555	\$ (97,247,612)
Supporting services:				
Students	6,449,714	-	2,234,026	(4,215,688)
Instructional staff	3,026,230	-	49,992	(2,976,238)
District administration	4,090,894	-	1,219,597	(2,871,297)
School administration	12,072,115	-	107,161	(11,964,954)
Central	4,967,301	-	-	(4,967,301)
Operation and maintenance of facilities	18,008,973	-	998,807	(17,010,166)
Transportation	8,226,671	499,375	4,076,439	(3,650,857)
Community development	2,051,404	-	-	(2,051,404)
Food services	12,194,392	3,890,595	9,002,142	698,345
Interest on long-term liabilities	5,293,791	-	-	(5,293,791)
Total school district	<u>\$ 222,640,600</u>	<u>\$ 11,215,918</u>	<u>\$ 59,873,719</u>	(151,550,963)
<b>General revenues:</b>				
Property taxes levied for:				
				36,216,543
				11,324,521
				7,487,844
				<u>2,051,404</u>
				57,080,312
				98,545,020
				529,053
				<u>2,006,500</u>
				158,160,885
				6,609,922
				<u>15,141,683</u>
				<u>\$ 21,751,605</u>

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

**WEBER SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>		
<b>Assets:</b>					
Cash and investments	\$ 67,452,769	\$ 1,719,199	\$ 20,489,465	\$ 9,558,186	\$ 99,219,619
Receivables:					
Property taxes	33,873,834	11,582,273	11,821,370	2,258,619	59,536,096
Other local	333,009	-	76,987	22,600	432,596
State	742,689	-	-	594,165	1,336,854
Federal	8,676,078	-	-	99,885	8,775,963
Due from other funds	188,589	-	-	-	188,589
Inventories and prepaid items	625,246	-	40,859	507,578	1,173,683
Total assets	<u>\$ 111,892,214</u>	<u>\$ 13,301,472</u>	<u>\$ 32,428,681</u>	<u>\$ 13,041,033</u>	<u>\$ 170,663,400</u>
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 3,052,843	\$ -	\$ 1,984,536	\$ 22,959	\$ 5,060,338
Accrued salaries and employee benefits	33,309,893	-	92,315	1,147,174	34,549,382
Unearned revenue:					
Other local	37,785	-	-	-	37,785
State	7,568,380	-	-	-	7,568,380
Federal	588,028	-	-	-	588,028
Due to other funds	-	-	-	188,589	188,589
Total liabilities	44,556,929	-	2,076,851	1,358,722	47,992,502
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	849,484	290,812	298,175	28,524	1,466,995
Property taxes levied for future year	32,841,777	11,243,056	11,527,690	2,230,095	57,842,618
Total deferred inflows of resources	33,691,261	11,533,868	11,825,865	2,258,619	59,309,613
<b>Fund balances:</b>					
Nonspendable:					
Inventories and prepaid items	625,246	-	40,859	507,578	1,173,683
Restricted for:					
Debt service	-	1,767,604	-	-	1,767,604
Capital projects	-	-	18,485,106	-	18,485,106
Food services	-	-	-	1,533,292	1,533,292
Students	-	-	-	2,139,726	2,139,726
Committed to:					
Economic stabilization	4,000,000	-	-	-	4,000,000
Employee vacation benefit	1,627,420	-	-	-	1,627,420
Other purposes	564,290	-	-	-	564,290
Students	-	-	-	5,243,096	5,243,096
Assigned to:					
Early retirement benefit	10,250,000	-	-	-	10,250,000
Other programs	5,806,513	-	-	-	5,806,513
Unassigned	10,770,555	-	-	-	10,770,555
Total fund balances	<u>33,644,024</u>	<u>1,767,604</u>	<u>18,525,965</u>	<u>9,423,692</u>	<u>63,361,285</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 111,892,214</u>	<u>\$ 13,301,472</u>	<u>\$ 32,428,681</u>	<u>\$ 13,041,033</u>	<u>\$ 170,663,400</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, 2015

**Total fund balances for governmental funds** \$ 63,361,285

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	\$ 17,455,495	
Construction in progress	17,222,780	
Buildings and improvements, net of \$143,600,201 accumulated depreciation	162,906,495	
Furniture and equipment, net of \$20,653,879 accumulated depreciation	9,024,324	206,609,094

Some of the District's property tax 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. 1,466,995

The net pension asset is not an available resource and therefore is not reported in the governmental funds. 51,694

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	(133,495,000)	
Bond premiums, net of \$1,508,641 accumulated amortization	(5,921,930)	
Bond refunding costs, net of \$1,226,097 accumulated amortization	2,601,322	
Net pension liability	(93,950,371)	
Deferred outflows of resources related to pensions	14,086,619	
Deferred inflows of resources related to pensions	(8,814,212)	
Obligations under capital leases	(8,313,283)	
Notes payable	(2,216,157)	
Early retirement obligation	(11,582,525)	
Accrued interest	(504,505)	
Accrued vacation	(1,627,421)	(249,737,463)

**Total net position of governmental activities** \$ 21,751,605

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, 2015

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>		
<b>Revenues:</b>					
Property taxes	\$ 36,279,852	\$ 11,344,042	\$ 7,500,752	\$ 2,051,404	\$ 57,176,050
Earnings on investments	474,106	-	97,646	(42,699)	529,053
Student fees	-	-	-	5,731,343	5,731,343
School lunch sales	-	-	-	3,890,595	3,890,595
Other local	2,693,427	-	967,599	1,565,377	5,226,403
State	137,246,612	-	30,343	2,181,545	139,458,500
Federal	12,139,642	-	-	6,820,597	18,960,239
Total revenues	<u>188,833,639</u>	<u>11,344,042</u>	<u>8,596,340</u>	<u>22,198,162</u>	<u>230,972,183</u>
<b>Expenditures:</b>					
Current:					
Instructional services	132,077,653	-	-	8,021,934	140,099,587
Supporting services:					
Students	6,721,162	-	-	-	6,721,162
Instructional staff	3,148,960	-	-	-	3,148,960
District administration	3,865,284	-	-	-	3,865,284
School administration	12,238,374	-	-	-	12,238,374
Central	4,907,261	-	-	-	4,907,261
Operation and maintenance of facilities	18,248,638	-	-	-	18,248,638
Transportation	7,463,312	-	-	-	7,463,312
Food services	-	-	-	12,632,824	12,632,824
Community development	-	-	-	2,051,404	2,051,404
Capital outlay	-	-	24,964,452	-	24,964,452
Debt service:					
Principal retirement	-	7,515,000	2,659,606	-	10,174,606
Interest and fiscal charges	-	5,105,867	326,152	-	5,432,019
Bond issuance costs	-	146,438	160,149	-	306,587
Total expenditures	<u>188,670,644</u>	<u>12,767,305</u>	<u>28,110,359</u>	<u>22,706,162</u>	<u>252,254,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,995</u>	<u>(1,423,263)</u>	<u>(19,514,019)</u>	<u>(508,000)</u>	<u>(21,282,287)</u>
<b>Other financing sources (uses):</b>					
Proceeds from general obligation bonds issued	-	17,785,000	20,000,000	-	37,785,000
Premium on bonds issued	-	2,347,996	1,450,149	-	3,798,145
Payment to refunded bond escrow agent	-	(19,986,809)	-	-	(19,986,809)
Capital leases	-	-	2,140,239	-	2,140,239
Proceeds from sale of capital assets	17,088	-	297,372	-	314,460
Transfers	(2,986,261)	-	2,800,000	186,261	-
Total other financing sources (uses)	<u>(2,969,173)</u>	<u>146,187</u>	<u>26,687,760</u>	<u>186,261</u>	<u>24,051,035</u>
Net change in fund balances	(2,806,178)	(1,277,076)	7,173,741	(321,739)	2,768,748
<b>Fund balances - beginning, as restated</b>	<u>36,450,202</u>	<u>3,044,680</u>	<u>11,352,224</u>	<u>9,745,431</u>	<u>60,592,537</u>
<b>Fund balances - ending</b>	<u>\$ 33,644,024</u>	<u>\$ 1,767,604</u>	<u>\$ 18,525,965</u>	<u>\$ 9,423,692</u>	<u>\$ 63,361,285</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, 2015

**Net change in fund balances-total governmental funds** \$ 2,768,748

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

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

Capital outlays	\$ 18,328,984	
Proceeds from sale of capital assets	(314,460)	
Gain on sale of capital assets	(37,802)	
Depreciation expense	<u>(8,275,336)</u>	9,701,386

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

Capital leases	(2,140,239)	
Principal payments of capital leases	<u>2,419,251</u>	279,012

Property taxes 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. (95,738)

The issuance of bonds provides current financial resources to governmental funds, while the repayment of the principal of bonds consumes the current financial resources of governmental funds. Neither transaction 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 general obligation bonds and related items is as follows:

Proceeds from general obligation bonds issued	(37,785,000)	
Proceeds from bond premiums	(3,798,145)	
Payment to bond escrow agent	19,986,809	
Principal payments of bond principal	7,515,000	
Principal payments of notes payable	240,355	
Accrued interest	(38,309)	
Amortization of bond refunding costs	(261,118)	
Amortization of bond premiums	<u>437,655</u>	(13,702,753)

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	7,994,699	
Early retirement benefits	(461,378)	
Vacation benefits	<u>125,946</u>	7,659,267

**Change in net position of governmental activities** \$ 6,609,922

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, 2015

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Property taxes	\$ 38,687,938	\$ 36,515,717	36,279,852	\$ (235,865)
Earnings on investments	645,000	600,000	474,106	(125,894)
Other local	2,200,000	2,200,000	2,693,427	493,427
State	136,508,609	135,719,061	137,246,612	1,527,551
Federal	10,973,376	12,581,419	12,139,642	(441,777)
Total revenues	<u>189,014,923</u>	<u>187,616,197</u>	<u>188,833,639</u>	<u>1,217,442</u>
<b>Expenditures:</b>				
Current:				
Instructional services	140,547,159	140,547,159	132,077,653	8,469,506
Supporting services:				
Students	7,161,826	7,161,826	6,721,162	440,664
Instructional staff	3,676,566	3,676,566	3,148,960	527,606
District administration	4,669,352	4,669,352	3,865,284	804,068
School administration	12,480,874	12,480,874	12,238,374	242,500
Central	4,642,484	4,642,484	4,907,261	(264,777)
Operation and maintenance of facilities	17,878,749	17,878,749	18,248,638	(369,889)
Transportation	7,876,175	7,876,175	7,463,312	412,863
Total expenditures	<u>198,933,185</u>	<u>198,933,185</u>	<u>188,670,644</u>	<u>10,262,541</u>
Excess of revenues over (under) expenditures	(9,918,262)	(11,316,988)	162,995	11,479,983
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	-	17,088	17,088
Transfers	(400,000)	(3,700,000)	(2,986,261)	713,739
Total other financing sources (uses)	<u>(400,000)</u>	<u>(3,700,000)</u>	<u>(2,969,173)</u>	<u>730,827</u>
Net change in fund balances	(10,318,262)	(15,016,988)	(2,806,178)	12,210,810
<b>Fund balances - beginning, as restated</b>	<u>21,273,167</u>	<u>30,739,423</u>	<u>36,450,202</u>	<u>5,710,779</u>
<b>Fund balances - ending</b>	<u>\$ 10,954,905</u>	<u>\$ 15,722,435</u>	<u>\$ 33,644,024</u>	<u>\$ 17,921,589</u>

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the *school lunch*, *student activities*, the *Weber School District Foundation*, and *tax increment financing funds* as special revenue funds.

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

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

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

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

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

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

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

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- Copies of the proposed budget are made available for public inspection and review by the patrons of the District by June 1.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2015 have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted amounts at the fund level.

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

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

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

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

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

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

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

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

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

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while

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

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discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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

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

- Deferred charges on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and b) District contributions subsequent to the measurement date of December 31, 2014.

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

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

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

The following source is reported in both the statement of net position and the governmental funds balance sheet:

- Property taxes levied for future year – property taxes levied on January 1, 2015 for the following school year.

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

- Deferred inflows of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset.

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

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**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:
  - a) Unspent tax revenues levied for specific purposes, such as, capital projects and debt service.
  - b) Balances remaining for nutrition services.
  - c) Donations held by the Weber School District Foundation for schools.
- Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that 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:

- a) 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

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

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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.

- b) Employee vacation benefit for unpaid compensated absences.
- c) Contractual obligations that will be completed after June 30, 2015.
- d) Amounts held in other governmental funds for students.
- Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the business administrator to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

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

**Fund Balance Flow Assumption** – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned fund balance) resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which 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, 2015 as reported on the financial statements is as follows:

Carrying amount of deposits	\$ 19,823,194
Carrying amount of investments	79,396,425
Total cash and investments	<u>\$ 99,219,619</u>

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

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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, 2015, the District's carrying amount of cash deposits is \$19,567,702, of which about \$1 million is covered by federal depository insurance; the difference is uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute. At June 30, 2015, the Foundation's carrying amount of cash deposits is \$255,492, all of which is covered by federal depository insurance.

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

**Investments** – At June 30, 2015, the District has investments in the PTIF of \$43,115,151. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes (83%), money market mutual funds (5%), top-rated commercial paper (8%), and certificates of deposit (4%). The portfolio has a weighted average maturity of 65 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, 2015, the par value of these investments was \$34,000,000. The Foundation's investments are in mutual funds holding equity and debt securities. The maturities of these investments as of June 30, 2015 are as follows:

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in years)</u>			
		<u>Less than 1</u>	<u>Less then 2</u>	<u>Less than 3</u>	<u>Less than 4</u>
<b>Weber School District:</b>					
Corporate bonds	\$ 24,000,000	\$ 19,000,000	\$ 5,000,000	\$ -	\$ -
Government agencies	10,000,000	-	-	4,000,000	6,000,000
Public Treasurers'					
Investment Fund	43,115,151	43,115,151	-	-	-
<b>Weber School District</b>					
<b>Foundation:</b>					
Marketable securities	<u>2,281,274</u>	<u>2,281,274</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 79,396,425</u>	<u>\$ 64,396,425</u>	<u>\$ 5,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 6,000,000</u>

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

**3. 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

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

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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, 2015, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2015 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

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

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

During the year ended June 30, 2015, incremental taxes levied by the District for the redevelopment agencies totaling \$2,051,404 were recorded as revenue with an equivalent amount of expenditure for community development in the other governmental funds (in the *tax increment financing* special revenue fund).

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 is as follows:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 17,805,515	\$ -	\$ (350,020)	\$ 17,455,495
Construction in progress	42,469,492	14,185,807	(39,432,519)	17,222,780
Total capital assets, not being depreciated	60,275,007	14,185,807	(39,782,539)	34,678,275
Capital assets, being depreciated:				
Buildings and improvements	263,740,679	42,766,017	-	306,506,696
Furniture and equipment	29,128,670	809,679	(260,146)	29,678,203
Total capital assets, being depreciated	292,869,349	43,575,696	(260,146)	336,184,899
Accumulated depreciation for:				
Buildings and improvements	(137,091,447)	(6,508,754)	-	(143,600,201)
Furniture and equipment	(19,145,201)	(1,766,582)	257,904	(20,653,879)
Total accumulated depreciation	(156,236,648)	(8,275,336)	257,904	(164,254,080)
Total capital assets, being depreciated, net	136,632,701	35,300,360	(2,242)	171,930,819
Governmental activity capital assets, net	<u>\$ 196,907,708</u>	<u>\$ 49,486,167</u>	<u>\$ (39,784,781)</u>	<u>\$ 206,609,094</u>

For the year ended June 30, 2015, depreciation expense was charged to functions of the District as follows:

Instructional services	\$ 5,757,004
Supporting services:	
Students	515
District administration	57,386
School administration	466,811
Central	211,801
Operation and maintenance of facilities	270,928
Transportation	1,033,190
Food services	477,701
Total depreciation expense, governmental activities	<u>\$ 8,275,336</u>

The District is obligated at June 30, 2015 under construction commitments as follows:

<u>Project</u>	<u>Project Authorized</u>	<u>Costs to Date</u>	<u>Costs to Complete</u>
West Weber Elementary	\$ 15,525,000	\$ 14,035,263	\$ 1,489,737
Burch Creek Elementary	14,952,463	3,133,610	11,818,853
Roy High Remodel	167,320	53,907	113,413
	<u>\$ 30,644,783</u>	<u>\$ 17,222,780</u>	<u>\$ 13,422,003</u>

Costs to complete will be financed from unspent general obligation bond proceeds and restricted resources held in the *capital projects fund*.

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

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**5. STATE RETIREMENT PLANS**

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

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

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

Defined Contribution Plans (individual account plans):

- 401(k) Plan
- 457 Plan and other individual plans

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

**Benefits Provided** – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits are determined from 1.5% to 2.0% of the employee’s highest 3 or 5 years of compensation times the employee’s years of service depending on the pension plan. Employees are eligible to retire based on years of service and age.

Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made. 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.

Defined benefit pension plan contribution rates for the year ended December 31, 2014 were from 18.27% to 22.70%. Defined contribution plan contribution rates for the year ended December 31, 2014 were from 1.50% to 10.00%. Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended December 31, 2014, District and employee contributions to the plans were as follows:

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

	<b>District Contributions</b>	<b>Employee Contributions</b>
Tier 1 Noncontributory System	\$ 22,669,670	\$ -
Tier 1 Contributory System	13,864	844
Tier 2 Contributory System	703,771	-
401(k) Plan	2,061,509	1,910,494
457 Plan and other individual plans	-	252,072

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the District reported a net pension asset of \$51,694 and a net pension liability of \$93,950,371. The net pension asset and liability were measured as of December 31, 2014, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2014. The District’s proportion of the net pension asset and liability were based on a projection of the District’s long-term share of contributions to the defined benefit pension plans relative to the projected contributions of all participating employers. At December 31, 2014, the District’s proportionate shares in the defined benefit pension plans were as follows:

	<b>Proportionate Share</b>	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>
Tier 1 Noncontributory System	3.7382783%	\$ -	\$ 93,925,314
Tier 1 Contributory System	0.2285232%	-	25,057
Tier 2 Contributory System	1.7058098%	51,694	-
Total		\$ 51,694	\$ 93,950,371

For the year ended December 31, 2014, the District recognized pension expense of \$16,704,799 for the defined benefit pension plans and of \$2,061,509 for the defined contribution plans. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 5,674,197
Changes of assumptions	-	3,140,015
Net difference between projected and actual earnings on pension plan investments	1,625,420	-
District contributions subsequent to the measurement date	12,461,199	-
Total	\$ 14,086,619	\$ 8,814,212

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

The \$12,461,199 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ (1,862,150)
2017	(1,862,150)
2018	(1,862,150)
2019	(1,545,826)
2020	(9,043)
Thereafter	(47,473)

**Actuarial Assumptions** – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 10.50%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates for retirees were developed from actual experience, based on gender, occupation, and age, as appropriate, with adjustments for mortality improvements.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013.

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. 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*

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined. 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 7.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability	\$ 187,721,089	\$ 93,898,677	\$ 15,356,751

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

**Payables to the Pension Plans** – At June 30, 2015, the District reported payables of \$5,389,767 for contributions to defined benefit pension plans and \$930,169 for contributions to defined contribution plans.

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

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**6. 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, 2015 there were 229 retirees eligible to receive health coverage. During the year, the District paid \$1,334,285 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$6,722,459. This figure is based on a four percent discount rate and a health care trend rate which starts at 6.10% and ratably decreases to 4.60% in the year 2091. 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 \$1,925,923 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$4,860,066. This figure is based on a four percent discount rate used in the calculation. The early retirement incentives are financed on a pay-as-you-go basis.

**7. 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.

**8. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2015 is as follows:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 121,390,000	\$ 37,785,000	\$ (25,680,000)	\$ 133,495,000	\$ 6,810,000
Unamortized amounts for bond issuance premiums	<u>2,707,850</u>	<u>3,798,145</u>	<u>(584,065)</u>	<u>5,921,930</u>	<u>-</u>
Net bonds payable	124,097,850	41,583,145	(26,264,065)	139,416,930	6,810,000
Net pension liability	108,003,876	10,645,992	(24,699,497)	93,950,371	-
Obligations under capital leases	8,592,295	2,140,239	(2,419,251)	8,313,283	2,894,052
Notes payable	2,456,512	-	(240,355)	2,216,157	256,727
Early retirement obligation	11,121,147	3,721,586	(3,260,208)	11,582,525	3,474,758
Accrued vacation	<u>1,753,367</u>	<u>1,452,084</u>	<u>(1,578,030)</u>	<u>1,627,421</u>	<u>1,464,679</u>
Total governmental activity long-term liabilities	<u>\$ 256,025,047</u>	<u>\$ 59,543,046</u>	<u>\$ (58,461,406)</u>	<u>\$ 257,106,687</u>	<u>\$ 14,900,216</u>

**General Obligation Bonds** – General obligation school building bonds payable at June 30, 2015, with their outstanding balance, 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>
2005	Refunding	\$ 7,775,000	4.00% to 4.50%	June 15, 2016	\$ 430,000
2006	School building and bond refunding	22,890,000	4.25% to 4.5%	June 15, 2021	16,725,000
2006B	School building	22,500,000	4.25%	June 15, 2026	1,400,000
2007	Refunding	13,480,000	5.00%	June 15, 2016	700,000
2008	School building	33,000,000	3.25% to 4.30%	June 15, 2028	23,900,000
2009	School building	9,500,000	3.00% to 4.500%	June 15, 2029	5,670,000
2011	Refunding	11,450,000	2.00% to 4.00%	June 15, 2023	6,250,000
2012	School building	20,000,000	1.25% to 3.50%	June 15, 2032	17,965,000
2013	School building	25,000,000	2.50% to 5.00%	June 15, 2033	24,275,000
2014	School building and bond refunding	37,785,000	3.00% to 5.00%	June 15, 2034	<u>36,180,000</u>
Total general obligation bonds payable as of June 30, 2015					<u>\$ 133,495,000</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015, including interest payments, are listed as follows:

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,810,000	\$ 5,284,983	\$ 12,094,983
2017	6,740,000	4,980,683	11,720,683
2018	7,310,000	4,695,745	12,005,745
2019	7,730,000	4,397,069	12,127,069
2020	7,995,000	4,127,395	12,122,395
2021-2025	43,615,000	15,138,015	58,753,015
2026-2030	34,925,000	6,916,908	41,841,908
2031-2034	18,370,000	1,526,737	19,896,737
Total	<u>\$ 133,495,000</u>	<u>\$ 47,067,535</u>	<u>\$ 180,562,535</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, 2015, the total unamortized amount of bond issuance premiums is \$5,921,930, resulting in total outstanding net direct debt of \$139,416,930. The legal debt limit at June 30, 2015 is \$705,540,584. The legal debt limit less net direct debt equals an estimated additional debt incurring capacity of \$566,123,654.

**Bond Issuance** – In October 2014, the District issued \$20,000,000 of general obligation school building bonds with a premium of \$1,450,149. The bonds were issued with interest rates ranging from 2.5% to 5.0% and will mature June 2034.

**Advance Refunding** – In October 2014, the District issued \$17,785,000 of general obligation refunding bonds with a premium of \$2,347,996. The bonds were issued with interest rates ranging from 2.0% to 5.0% and will mature June 2026. The District issued the bonds to advance refund \$18,165,000 of outstanding Series 2006B general obligation school building bonds. The District deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2006B general obligation school building bonds. As a result, that portion of the 2006B general obligation school building bonds is considered defeased, and the District has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 12 years by \$1,749,489. This results in an economic gain (difference between present value of debt service payments on the old and new debt) of \$1,502,112.

**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.

**Subsequent Events** – On October 7, 2015, the District issued \$16,000,000 in general obligation refunding bonds to refund an equal amount of principal of the Series 2006 general obligation bonds. The interest rates of the Series 2015 bonds ranges from 2.0% to 5.0%.

**Obligation Under Capital Leases** – The District has entered into several capital leases to purchase buses and computer equipment capitalized at \$2,360,828 (or \$2,913,064 less \$552,236 accumulated depreciation).

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

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

Year Ending June 30,	
2016	\$ 3,187,108
2017	2,561,207
2018	2,198,967
2019	830,302
2020	252,332
Total minimum lease payments	9,029,917
Amount representing interest	(716,634)
Present value of minimum lease payments	\$ 8,313,283

**Notes Payable** – The District has three notes payable, two are with the federal government. One note is interest free and the other one has a stated interest rate of 2.00% percent. The third note payable is with a financial institution with a stated interest rate of 2.87%. The annual requirements to amortize the notes payable outstanding as of June 30, 2015 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 256,727	\$ 50,895	\$ 307,622
2017	262,062	44,926	306,988
2018	267,552	38,803	306,355
2019	257,370	32,561	289,931
2020	247,352	26,629	273,981
2021 - 2024	925,094	44,962	970,056
	\$ 2,216,157	\$ 238,776	\$ 2,454,933

**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**

At June 30, 2015 the *general fund* reports \$188,589 due from the *student activities fund* for reimbursement of amounts of expenditures paid by the *general fund*.

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

During 2015, the District transferred \$2,800,000 from the *general fund* to the *capital projects fund* to help finance current construction projects of the District and \$186,261 from the *general fund* to the Foundation to cover administrative costs of the Foundation.

**11. RESTATEMENTS**

Certain beginning net position and fund balance amounts have been restated to reflect the effects of implementing new accounting and reporting standards as well as correcting certain accounts and activities in accordance with generally accepted accounting principles as follows:

	Government- wide Financial Statements	Governmental Funds			Other Governmental Funds
		Major Funds			
		General	Debt Service	Capital Projects	
<b>Beginning net position / fund balance, as previously stated</b>	\$ 109,616,689	\$ 30,739,424	\$ 2,166,920	\$ 10,769,555	\$ 6,937,776
Implement GASB Statements 68 and 71 and record the District's proportionate share of the net pension liability and related accounts:					
Net pension asset	867	-	-	-	-
Net pension liability	(108,003,876)	-	-	-	-
Deferred outflows of resources related to pensions	11,382,040	-	-	-	-
Record capital lease obligations as long-term liabilities	(5,843,333)	-	-	-	-
Record accrued interest on capital lease obligations	(183,473)	-	-	-	-
Classify early retirement obligation as a long-term liability	-	3,257,970	-	-	110,859
Recognize property tax revenue when available	5,841,889	2,818,724	877,760	582,669	-
Record investments at fair value	(365,916)	(365,916)	-	-	-
Classify student accounts from an agency fund to the <i>student activity special revenue fund</i>	131,015	-	-	-	131,015
Classify the <i>Weber School District Foundation Fund</i> as a blended component unit of the District	2,565,781	-	-	-	2,565,781
<b>Beginning net position / fund balance, as restated</b>	<u>\$ 15,141,683</u>	<u>\$ 36,450,202</u>	<u>\$ 3,044,680</u>	<u>\$ 11,352,224</u>	<u>\$ 9,745,431</u>

In 2015, the District adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*.

The new standards require the District to recognize a liability in its government-wide financial statements for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plans as administered by Utah Retirement Systems)—the collective net pension liability. The District is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. District contributions to the pension plans subsequent to the measurement date (December 31) of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

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

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The governmental fund financial statements of the District are not affected by these new standards. Pension expenditures in the governmental funds continue to be recognized equal to the total of a) amounts paid by the District to the pension plans and b) the change between the beginning and ending balances of amounts of contributions currently payable to the pensions.

The notes to the basic financial statements now include additional information about the defined benefit pension plans. Also, the District will be presenting in required supplementary information 10-year schedules containing a) the net pension liability and certain related ratios and b) information about statutorily required contributions, contributions to the pension plans, and related ratios. Because this is the first year such information is available, only one year of required supplementary information is presented with these financial statements; information for additional years will be presented in future reports as it becomes available.

**WEBER SCHOOL DISTRICT**  
**Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)**  
**Utah Retirement Systems**  
December 31, 2014

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	<b>Tier 1 Noncontributory System</b>	<b>Tier 1 Contributory System</b>	<b>Tier 2 Contributory System</b>
District's proportion of the net pension liability (asset)	3.7382783%	0.2285232%	1.7058098%
District's proportionate share of the net pension liability (asset)	\$ 93,925,314	\$ 25,057	\$ (51,694)
District's covered employee payroll	\$ 105,232,505	\$ 84,377	\$ 8,345,525
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	89.3%	29.7%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	98.7%	103.5%

Note: These schedules only present information for 2014; prior-year information is not available.

**WEBER SCHOOL DISTRICT**  
**Schedules of District Contributions**  
**Utah Retirement Systems**  
Year Ended December 31, 2014

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	<u>Tier 1 Noncontributory System</u>	<u>Tier 1 Contributory System</u>	<u>Tier 2 Contributory System</u>
Contractually required contribution	\$ 22,669,670	\$ 13,864	\$ 703,771
Contributions in relation to the contractually required contribution	<u>(22,669,670)</u>	<u>(13,864)</u>	<u>(703,771)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 105,232,505	 \$ 84,377	 \$ 8,345,525
Contributions as a percentage of covered-employee payroll	21.5%	16.4%	8.4%

Notes: These schedules only present information for 2014; prior-year information is not available.  
Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2015  
With Comparative Totals for 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 36,515,717	\$ 36,279,852	\$ (235,865)	\$ 37,593,099
Earnings on investments	600,000	474,106	(125,894)	540,772
Other local sources	2,200,000	2,693,427	493,427	2,021,252
State	135,719,061	137,246,612	1,527,551	132,151,202
Federal	12,581,419	12,139,642	(441,777)	11,973,096
Total revenues	<u>187,616,197</u>	<u>188,833,639</u>	<u>1,217,442</u>	<u>184,279,421</u>
<b>Expenditures:</b>				
Current:				
Salaries	124,664,544	119,945,441	4,719,103	117,441,909
Employee benefits	53,330,018	50,881,622	2,448,396	47,906,953
Purchased professional services	4,441,594	7,614,529	(3,172,935)	7,324,553
Purchased property services	4,303,899	945,842	3,358,057	968,771
Other purchased services	1,452,036	656,259	795,777	675,041
Supplies	5,091,301	5,822,630	(731,329)	5,974,372
Property	2,474,615	2,925,426	(450,811)	2,026,376
Other	3,175,178	(121,105)	3,296,283	58,990
Total expenditures	<u>198,933,185</u>	<u>188,670,644</u>	<u>10,262,541</u>	<u>182,376,965</u>
Excess (deficiency) of revenues over (under) expenditures	(11,316,988)	162,995	11,479,983	1,902,456
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	17,088	17,088	56,329
Transfers	(3,700,000)	(2,986,261)	713,739	(152,466)
Total other financing sources (uses)	<u>(3,700,000)</u>	<u>(2,969,173)</u>	<u>730,827</u>	<u>(96,137)</u>
Net change in fund balances	(15,016,988)	(2,806,178)	12,210,810	1,806,319
<b>Fund balances - beginning, as restated</b>	<u>30,739,423</u>	<u>36,450,202</u>	<u>5,710,779</u>	<u>34,643,883</u>
<b>Fund balances - ending</b>	<u>\$ 15,722,435</u>	<u>\$ 33,644,024</u>	<u>\$ 17,921,589</u>	<u>\$ 36,450,202</u>

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

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Debt Service Fund**  
Year Ended June 30, 2015  
With Comparative Totals for 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 11,389,632	\$ 11,344,042	\$ (45,590)	\$ 10,979,587
Total revenues	11,389,632	11,344,042	(45,590)	10,979,587
<b>Expenditures:</b>				
Debt service:				
Principal retirement	7,515,000	7,515,000	-	6,240,000
Interest and other charges	5,099,725	5,105,867	(6,142)	4,854,497
Bond issuance costs	441,826	146,438	295,388	166
Total expenditures	13,056,551	12,767,305	289,246	11,094,663
Excess (deficiency) of revenues over (under) expenditures	(1,666,919)	(1,423,263)	243,656	(115,076)
<b>Other financing sources (uses):</b>				
Proceeds from general obligation bonds issued	-	17,785,000	17,785,000	-
Premium on bonds issued	-	2,347,996	2,347,996	-
Payment to refunded bond escrow agent	-	(19,986,809)	(19,986,809)	-
Total other financing sources (uses)	-	146,187	146,187	-
Net change in fund balance	(1,666,919)	(1,277,076)	389,843	(115,076)
<b>Fund balances - beginning, as restated</b>	2,166,920	3,044,680	877,760	3,159,756
<b>Fund balance - ending</b>	<u>\$ 500,001</u>	<u>\$ 1,767,604</u>	<u>\$ 1,267,603</u>	<u>\$ 3,044,680</u>

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

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund**  
Year Ended June 30, 2015  
With Comparative Totals for 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 7,548,861	\$ 7,500,752	\$ (48,109)	\$ 7,750,660
Earnings on investments	130,000	97,646	(32,354)	157,606
State revenue	-	30,343	30,343	-
Other local	450,000	967,599	517,599	1,434,968
Total revenues	<u>8,128,861</u>	<u>8,596,340</u>	<u>467,479</u>	<u>9,343,234</u>
<b>Expenditures:</b>				
Capital outlay:				
Land and buildings:				
Buildings	32,691,853	17,273,819	15,418,034	32,746,546
Land and improvements	600,000	288,832	311,168	400,124
Salaries and benefits	1,230,054	998,170	231,884	992,493
Purchased services	25,000	102,414	(77,414)	571,537
Supplies and materials	10,000	601,505	(591,505)	435,310
Total land and buildings	<u>34,556,907</u>	<u>19,264,740</u>	<u>15,292,167</u>	<u>35,146,010</u>
Equipment and textbooks:				
School buses	618,000	553,646	64,354	2,984,709
Vehicles	120,000	111,517	8,483	42,153
Software	200,000	364,288	(164,288)	289,580
Textbooks	180,000	1,345	178,655	343,569
Other instructional equipment	2,440,000	4,668,916	(2,228,916)	3,879,819
Total equipment and textbooks	<u>3,558,000</u>	<u>5,699,712</u>	<u>(2,141,712)</u>	<u>7,539,830</u>
Total capital outlay	38,114,907	24,964,452	13,150,455	42,685,840
Debt service:				
Principal retirement of bonds	20,000,000	-	20,000,000	-
Principal retirement of notes and capital leases	179,406	2,659,606	(2,480,200)	3,174,456
Interest and fiscal charges	54,102	326,152	(272,050)	213,863
Bond issuance costs	350,000	160,149	189,851	212,440
Total debt service	<u>20,583,508</u>	<u>3,145,907</u>	<u>17,437,601</u>	<u>3,600,759</u>
Total expenditures	<u>58,698,415</u>	<u>28,110,359</u>	<u>30,588,056</u>	<u>46,286,599</u>
Deficiency of revenues under expenditures	(50,569,554)	(19,514,019)	31,055,535	(36,943,365)
<b>Other financing sources (uses):</b>				
Proceeds from general obligation bonds issued	38,000,000	20,000,000	(18,000,000)	25,000,000
Premium on bonds issued	3,800,000	1,450,149	(2,349,851)	679,650
Proceeds from notes issued	-	-	-	2,017,390
Capital leases	-	2,140,239	2,140,239	5,957,692
Proceeds from sale of capital assets	-	297,372	297,372	368,085
Transfers	3,000,000	2,800,000	(200,000)	-
Total other financing sources (uses)	<u>44,800,000</u>	<u>26,687,760</u>	<u>(18,112,240)</u>	<u>34,022,817</u>
Net change in fund balances	(5,769,554)	7,173,741	12,943,295	(2,920,548)
<b>Fund balances - beginning, as restated</b>	<u>10,769,554</u>	<u>11,352,224</u>	<u>582,670</u>	<u>14,272,772</u>
<b>Fund balances - ending</b>	<u>\$ 5,000,000</u>	<u>\$ 18,525,965</u>	<u>\$ 13,525,965</u>	<u>\$ 11,352,224</u>

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

**WEBER SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2015

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>School Lunch</b>	<b>Student Activities</b>	<b>Foundation</b>	<b>Tax Increment Financing</b>	
<b>Assets:</b>					
Cash and investments	\$ 1,987,421	\$ 5,033,999	\$ 2,536,766	\$ -	\$ 9,558,186
Receivables:					
Property taxes	-	-	-	2,258,619	2,258,619
Other local	-	-	22,600	-	22,600
State	594,165	-	-	-	594,165
Federal	99,885	-	-	-	99,885
Inventories and prepaid items	485,872	700	21,006	-	507,578
Total assets	<u>\$ 3,167,343</u>	<u>\$ 5,034,699</u>	<u>\$ 2,580,372</u>	<u>\$ 2,258,619</u>	<u>\$ 13,041,033</u>
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 8,896	\$ 11,280	\$ 2,783	\$ -	\$ 22,959
Accrued salaries and employee benefits	1,139,283	7,891	-	-	1,147,174
Due to other funds	-	188,589	-	-	188,589
Total liabilities	1,148,179	207,760	2,783	-	1,358,722
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	-	-	-	28,524	28,524
Property taxes levied for future year	-	-	-	2,230,095	2,230,095
Total deferred inflows of resources	-	-	-	2,258,619	2,258,619
<b>Fund Balances:</b>					
Nonspendable:					
Inventories and prepaid items	485,872	700	21,006	-	507,578
Restricted for:					
Food services	1,533,292	-	-	-	1,533,292
Students	-	-	2,139,726	-	2,139,726
Assigned to:					
Students	-	4,826,239	416,857	-	5,243,096
Total fund balances	<u>2,019,164</u>	<u>4,826,939</u>	<u>2,577,589</u>	<u>-</u>	<u>9,423,692</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,167,343</u>	<u>\$ 5,034,699</u>	<u>\$ 2,580,372</u>	<u>\$ 2,258,619</u>	<u>\$ 13,041,033</u>

**WEBER SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2015

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>School Lunch</b>	<b>Student Activities</b>	<b>Foundation</b>	<b>Tax Increment Financing</b>	
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 2,051,404	\$ 2,051,404
Earnings on investments	-	6,545	(49,244)	-	(42,699)
Contributions	-	503,373	1,062,004	-	1,565,377
Student fees	-	5,731,343	-	-	5,731,343
Lunch sales	3,890,595	-	-	-	3,890,595
State	2,181,545	-	-	-	2,181,545
Federal	6,820,597	-	-	-	6,820,597
<b>Total revenues</b>	<b>12,892,737</b>	<b>6,241,261</b>	<b>1,012,760</b>	<b>2,051,404</b>	<b>22,198,162</b>
<b>Expenditures:</b>					
Current:					
Instructional services	-	6,834,721	1,187,213	-	8,021,934
Food services	12,632,824	-	-	-	12,632,824
Community development	-	-	-	2,051,404	2,051,404
<b>Total expenditures</b>	<b>12,632,824</b>	<b>6,834,721</b>	<b>1,187,213</b>	<b>2,051,404</b>	<b>22,706,162</b>
Excess (deficiency) of revenues over (under) expenditures	259,913	(593,460)	(174,453)	-	(508,000)
<b>Other financing sources:</b>					
Transfers	-	-	186,261	-	186,261
<b>Net change in fund balances</b>	<b>259,913</b>	<b>(593,460)</b>	<b>11,808</b>	<b>-</b>	<b>(321,739)</b>
<b>Fund balances - beginning</b>	<b>1,759,251</b>	<b>5,420,399</b>	<b>2,565,781</b>	<b>-</b>	<b>9,745,431</b>
<b>Fund balances - ending</b>	<b>\$ 2,019,164</b>	<b>\$ 4,826,939</b>	<b>\$ 2,577,589</b>	<b>\$ -</b>	<b>\$ 9,423,692</b>

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

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*School Lunch*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2015  
With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
<b>Revenues:</b>				
Lunch sales	\$ 3,945,779	\$ 3,890,595	\$ (55,184)	\$ 3,906,709
State	2,023,866	2,181,545	157,679	2,003,828
Federal	6,905,134	6,820,597	(84,537)	6,704,014
Total revenues	12,874,779	12,892,737	17,958	12,614,551
<b>Expenditures:</b>				
Current:				
Salaries	4,090,723	3,898,204	192,519	3,897,073
Employee benefits	1,773,990	1,569,465	204,525	1,539,071
Purchased services	231,231	127,332	103,899	133,231
Supplies and materials	558,292	644,685	(86,393)	949,654
Food	6,006,026	5,304,100	701,926	4,818,201
Equipment	378,214	430,714	(52,500)	416,226
Other	984,694	658,324	326,370	554,682
Total expenditures	14,023,170	12,632,824	1,390,346	12,308,138
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(1,148,391)	259,913	1,408,304	306,413
<b>Fund balances - beginning</b>	1,648,391	1,759,251	110,860	1,452,838
<b>Fund balances - ending</b>	\$ 500,000	\$ 2,019,164	\$ 1,519,164	\$ 1,759,251

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

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Student Activities*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2015  
With Comparative Totals for 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Earnings on investments	\$ -	\$ 6,545	\$ 6,545	\$ 33
Student fees	-	5,731,343	5,731,343	6,166,806
Other local	7,000,000	503,373	(6,496,627)	172,086
Total revenues	7,000,000	6,241,261	(758,739)	6,338,925
<b>Expenditures:</b>				
Current:				
Salaries and benefits	-	493,910	(493,910)	18,083
Purchased services	-	134,593	(134,593)	51,106
Supplies	12,989,385	6,165,041	6,824,344	6,602,065
Equipment	-	25,388	(25,388)	13,558
Other expenditures	-	15,789	(15,789)	14,943
Total expenditures	12,989,385	6,834,721	6,154,664	6,699,755
Excess (deficiency) of revenues over (under) expenditures	(5,989,385)	(593,460)	5,395,925	(360,830)
<b>Other financing sources:</b>				
Transfers	700,000	-	(700,000)	-
Net change in fund balances	(5,289,385)	(593,460)	4,695,925	(360,830)
<b>Fund balances - beginning</b>	5,289,385	5,420,399	131,014	5,781,229
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 4,826,939</u>	<u>\$ 4,826,939</u>	<u>\$ 5,420,399</u>

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

**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, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>		
Earnings on investments	\$ (49,244)	\$ 278,382
Contributions	1,062,004	878,119
Total revenues	1,012,760	1,156,501
<b>Expenditures:</b>		
Current:		
Salaries	129,033	115,542
Employee benefits	47,834	26,696
Purchased services	29,974	5,142
Supplies	979,322	906,358
Other	1,050	1,421
Total expenditures	1,187,213	1,055,159
Excess (deficiency) of revenues over (under) expenditures	(174,453)	101,342
<b>Other financing sources:</b>		
Transfers	186,261	152,466
Net change in fund balances	11,808	253,808
<b>Fund balances - beginning</b>	2,565,781	2,311,973
<b>Fund balances - ending</b>	\$ 2,577,589	\$ 2,565,781

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

**WEBER SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Tax Increment Financing*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2015  
With Comparative Totals for 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ -	2,051,404	\$ 2,051,404	\$ -
Total revenues	-	2,051,404	2,051,404	-
<b>Expenditures:</b>				
Current:				
Payments to redevelopment agencies	-	2,051,404	(2,051,404)	-
Total expenditures	-	2,051,404	(2,051,404)	-
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	-	-	-	-
<b>Fund balances - beginning</b>	-	-	-	-
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Table 1 Debt Structure**  
**WEBER SCHOOL DISTRICT**  
**General Obligation Bonds**  
**General Obligation Overlapping Indebtedness (As of June 30, 2015)**

<u>Entity</u>	<u>2014 Taxable Value</u>	<u>District's Portion of Assessment</u>	<u>Entity's Percent</u>	<u>General Obligation Debt</u>	<u>Overlapping Debt</u>
Weber County	\$ 12,197,204,341	\$ 8,448,690,470	69.3%	\$ 41,010,000	\$ 28,406,575
Cities:					
Washington Terrace	335,111,646	335,111,646	100.0%	2,390,000	2,390,000
Other Districts:					
Weber Basin Water Conservancy District	47,219,550,226	7,832,095,207	16.6%	22,440,060	3,722,032
North Davis County Sewer District	9,104,037,892	1,243,471,440	13.7%	34,455,000	<u>4,706,023</u>
Total overlapping general obligation debt					39,224,630
Total direct general obligation bonded indebtedness					<u>133,495,000</u>
Total direct and overlapping general obligation debt					<u>\$ 172,719,630</u>

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

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

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

**Table 2 Debt Structure  
WEBER SCHOOL DISTRICT  
General Obligation Bonds  
Debt Ratios**

	<b>To 2014 Taxable Value</b>	<b>To Adjusted Fair Market Value</b>	<b>Per Capita Debt Ratio</b>
Direct general obligation debt	1.58%	1.06%	865.33
Direct and overlapping general obligation debt	2.04%	1.38%	1,119.59

- 
- 1 Based on the State of Utah's December 31, 2014 taxable value for Weber School District of: \$ 8,448,690,470
  - 2 Based on the State of Utah's December 31, 2014 adjusted fair market value for the District of: \$ 12,557,995,295
  - 3 Based on the U.S. Bureau of the Census estimate for Weber County of 238,519 less Ogden City's population estimate of 84,249. (Ogden City does not lie within the District's boundaries) therefore, Weber School District's 2013 population estimate is 154,270.

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**TABLE 3 Debt Structure**  
**WEBER SCHOOL DISTRICT**  
 General Obligation Bonds  
 Debt Service Schedule of Outstanding General Obligation Bods

Year Ending June 30,	Series 2005		Series 2006		Series 2006B		Series 2007		Series 2008		Series 2009	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 430,000	\$ 19,350	\$ 2,150,000	\$ 704,688	\$ 1,400,000	\$ 59,500	\$ 700,000	\$ 35,000	\$ 400,000	\$ 1,008,500	\$ 315,000	\$ 227,026
2017	-	-	2,250,000	607,938	-	-	-	-	500,000	995,000	325,000	217,576
2018	-	-	2,350,000	517,938	-	-	-	-	600,000	977,500	335,000	207,014
2019	-	-	3,200,000	423,938	-	-	-	-	1,300,000	956,500	350,000	195,288
2020	-	-	3,350,000	287,938	-	-	-	-	1,350,000	901,250	365,000	182,164
2021	-	-	3,425,000	145,562	-	-	-	-	1,400,000	843,876	375,000	167,564
2022	-	-	-	-	-	-	-	-	1,450,000	784,374	390,000	152,564
2023	-	-	-	-	-	-	-	-	2,525,000	722,750	405,000	136,964
2024	-	-	-	-	-	-	-	-	2,625,000	615,438	420,000	120,764
2025	-	-	-	-	-	-	-	-	2,750,000	503,874	440,000	103,544
2026	-	-	-	-	-	-	-	-	2,875,000	387,000	455,000	85,394
2027	-	-	-	-	-	-	-	-	3,000,000	263,374	475,000	66,056
2028	-	-	-	-	-	-	-	-	3,125,000	134,374	500,000	45,276
2029	-	-	-	-	-	-	-	-	-	-	520,000	23,400
	<u>\$ 430,000</u>	<u>\$ 19,350</u>	<u>\$ 16,725,000</u>	<u>\$ 2,688,002</u>	<u>\$ 1,400,000</u>	<u>\$ 59,500</u>	<u>\$ 700,000</u>	<u>\$ 35,000</u>	<u>\$ 23,900,000</u>	<u>\$ 9,093,810</u>	<u>\$ 5,670,000</u>	<u>\$ 1,930,594</u>

Year Ending June 30,	Series 2011		Series 2012		Series 2013		Series 2013		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Grand Total
2016	\$ -	\$ 233,500	\$ -	\$ 527,426	\$ 750,000	\$ 1,044,318	\$ 665,000	\$ 1,425,675	\$ 6,810,000	\$ 5,284,983	\$ 12,094,983
2017	350,000	233,500	250,000	527,426	965,000	1,006,818	2,100,000	1,392,425	6,740,000	4,980,683	11,720,683
2018	650,000	223,000	280,000	524,300	890,000	958,568	2,205,000	1,287,425	7,310,000	4,695,745	12,005,745
2019	-	210,000	260,000	520,100	300,000	914,068	2,320,000	1,177,175	7,730,000	4,397,069	12,127,069
2020	-	210,000	280,000	516,200	280,000	899,068	2,370,000	1,130,775	7,995,000	4,127,395	12,122,395
2021	-	210,000	375,000	512,000	280,000	885,068	2,490,000	1,012,275	8,345,000	3,776,345	12,121,345
2022	3,075,000	210,000	415,000	504,500	750,000	871,068	2,620,000	887,775	8,700,000	3,410,281	12,110,281
2023	2,175,000	87,000	450,000	496,200	750,000	833,568	2,760,000	756,775	9,065,000	3,033,257	12,098,257
2024	-	-	1,510,000	487,200	1,115,000	796,068	2,905,000	618,775	8,575,000	2,638,245	11,213,245
2025	-	-	1,570,000	441,900	1,110,000	757,044	3,060,000	473,525	8,930,000	2,279,887	11,209,887
2026	-	-	1,625,000	379,100	1,130,000	718,194	3,145,000	400,850	9,230,000	1,970,538	11,200,538
2027	-	-	1,685,000	330,350	1,235,000	672,994	1,050,000	322,225	7,445,000	1,654,999	9,099,999
2028	-	-	1,725,000	279,800	1,280,000	600,994	1,090,000	280,225	7,720,000	1,340,669	9,060,669
2029	-	-	1,785,000	236,676	1,740,000	572,394	1,135,000	236,625	5,180,000	1,069,095	6,249,095
2030	-	-	1,845,000	187,588	2,325,000	502,794	1,180,000	191,225	5,350,000	881,607	6,231,607
2031	-	-	1,910,000	136,850	2,380,000	406,888	1,215,000	155,825	5,505,000	699,563	6,204,563
2032	-	-	2,000,000	70,000	2,425,000	308,712	1,250,000	119,375	5,675,000	498,087	6,173,087
2033	-	-	-	-	4,570,000	205,650	1,290,000	81,875	5,860,000	287,525	6,147,525
2034	-	-	-	-	-	-	1,330,000	41,562	1,330,000	41,562	1,371,562
	<u>\$ 6,250,000</u>	<u>\$ 1,617,000</u>	<u>\$ 17,965,000</u>	<u>\$ 6,677,616</u>	<u>\$ 24,275,000</u>	<u>\$ 12,954,276</u>	<u>\$ 36,180,000</u>	<u>\$ 11,992,387</u>	<u>\$ 133,495,000</u>	<u>\$ 47,067,535</u>	<u>\$ 180,562,535</u>

**Table 4 Financial Information  
WEBER SCHOOL DISTRICT  
Taxable and Fair Market Value**

**Including Fee in Lieu Valuation**

<b>Tax Year</b>	<b>Taxable Value</b>	<b>Adjusted Fair Market Value</b>
2014	\$ 8,448,670,470	\$ 12,557,995,295
2013	8,090,784,419	11,949,325,120
2012	7,901,074,430	11,654,822,135
2011	8,096,519,157	11,965,128,134
2010	8,560,214,355	12,439,716,275

**Excluding Fee in Lieu Valuation**

<b>Tax Year</b>	<b>Taxable Value</b>	<b>Adjusted Fair Market Value</b>
2014	\$ 8,144,787,395	\$ 12,254,092,220
2013	7,779,791,910	11,638,332,612
2012	7,592,275,751	11,346,023,456
2011	7,784,906,222	11,538,653,927
2010	7,892,164,695	11,653,515,199

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

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

**Table 5 Financial Information  
WEBER SCHOOL DISTRICT  
Significant Taxpayers in the District**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>December 31, 2014 Taxable Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Great Salt Lake Minerals	Manufacturing	\$ 182,801,256	2.16%
Pacificorp	Electric Utility	138,281,849	1.64%
Union Pacific Railroad Co	Transportation	63,238,130	0.75%
Kimberly-Clark Corporation	Manufacturing	60,786,548	0.72%
America First Credit Union	Banking	54,324,775	0.64%
Questar Gas	Natural Gas Utility	51,979,073	0.62%
Westinghouse Electric	Manufacturing	49,521,745	0.59%
Associated/Fresh Markets Inc.	Groceries	48,157,620	0.57%
Columbia Ogden Medical Center	Medical	43,255,125	0.51%
Riverdale Center Owner	Retail	37,389,319	0.44%
Totals		<u>\$ 729,735,440</u>	<u>8.64%</u>

1 - Based on the District's 2014 taxable value of: \$ 8,448,690,470  
Source: Office of Weber County Treasurer

**Table 6 Financial Information  
WEBER SCHOOL DISTRICT  
Summary of Taxable Value**

	<b>2014 Taxable Value</b>	<b>Percent of 2013</b>	<b>2013 Taxable Value</b>
Centrally assessed values:	\$ 434,160,707	5.37%	\$ 427,019,220
Real property:			
Primary residential	5,007,983,245	61.90%	4,700,526,553
Other residential	629,634,857	7.78%	629,314,248
Commercial and industrial	1,606,959,458	19.86%	1,547,528,466
FAA	19,233,815	0.24%	20,273,214
Unimproved non FAA	58,491,609	0.72%	58,979,745
Total real property	7,322,302,984	90.50%	6,956,622,226
Personal property:			
Primary and secondary mobile homes	14,500,430	0.18%	15,467,638
Other business personal	373,823,274	4.62%	380,682,826
Total personal property	388,323,704	4.80%	396,150,464
Fee-in-lieu property (F-I-L):	303,903,075	3.76%	310,992,509
Total assessed properties:	\$ 8,448,690,470	104.43%	\$ 8,090,784,419

Source: Utah State Tax Commission

**Tables 7, 8 & 9 Financial Information  
WEBER SCHOOL DISTRICT**

**Tax Collection Record of the District**

<b>Year Ended December 31</b>	<b>Total Taxes Levied</b>	<b>Current Collections</b>	<b>Percent Current Collections</b>	<b>Collections for Prior Years</b>	<b>Total Collections</b>	<b>Percent of Total Collections</b>
2014	\$ 53,305,882	\$ 50,727,500	95.16%	\$ 1,862,158	\$ 52,589,658	98.66%
2013	51,914,184	49,301,176	94.97%	2,306,565	51,607,741	99.41%
2012	51,543,848	48,881,374	94.83%	2,388,261	51,269,635	99.47%
2011	50,923,174	48,014,304	94.29%	2,449,604	50,463,908	99.10%
2010	53,903,732	50,664,251	93.99%	1,915,416	52,579,667	97.54%

**Schedule of Property Tax Rates**

	<b>Tax Year Ended December 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
State required	0.001736	0.001535	0.001651	0.001591	0.001495
Voted leeway	0.000958	0.001083	0.001091	0.001123	0.001091
Board leeway	0.001764	0.002006	0.002026	0.000419	0.000406
Transportation	0.000000	0.000000	0.000000	0.000264	0.000167
Recreation	0.000000	0.000000	0.000000	0.000114	0.000110
Tort liability	0.000000	0.000000	0.000000	0.000041	0.000040
Capital outlay	0.000842	0.000953	0.000960	0.000915	0.000887
Debt service	0.001343	0.001343	0.001343	0.001343	0.001343
10% Additional	0.000000	0.000000	0.000000	0.000873	0.000848
Judgment levy	0.000000	0.000000	0.000000	0.000007	0.000000
Board reading levy	0.000000	0.000000	0.000000	0.000143	0.000139
<b>Total</b>	<b>0.006643</b>	<b>0.006920</b>	<b>0.007071</b>	<b>0.006833</b>	<b>0.006526</b>

**Historical Property Tax Collections by Fund**

<b>Year Ended June 30,</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects</b>	<b>Debt Service</b>
2015	\$ 57,176,050	\$ 36,279,852	\$ 2,051,404	\$ 7,500,752	\$ 11,344,042
2014	56,541,836	37,781,712	-	7,786,759	10,973,365
2013	56,347,770	37,995,498	-	7,650,100	10,702,172
2012	55,570,368	36,279,732	927,122	7,441,371	10,922,143
2011	53,091,302	34,054,580	894,889	7,216,056	10,925,777
2010	50,221,778	26,783,192	869,071	10,779,994	11,789,521

**Table 10 Financial Information**  
**WEBER SCHOOL DISTRICT**  
**Five Year General Fund Financial Summary**

**Five-Year Financial Summary**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>					
Property tax	\$ 36,279,852	\$ 37,781,712	\$ 37,995,498	\$ 36,279,732	\$ 34,054,580
Earnings from investments	474,106	764,726	845,942	615,214	550,116
Other local sources	2,693,427	2,021,253	2,715,071	1,693,377	1,869,411
State	137,246,612	132,151,205	127,535,040	124,651,741	124,749,962
Federal	12,139,642	11,973,096	11,330,773	12,661,666	17,463,958
Total revenues	<u>188,833,639</u>	<u>184,691,992</u>	<u>180,422,324</u>	<u>175,901,730</u>	<u>178,688,027</u>
<b>Expenditures:</b>					
Instruction	132,077,653	127,829,436	126,645,971	124,927,043	122,538,945
Support services					
Students	6,721,162	6,613,916	6,549,798	6,367,704	6,240,651
Instructional staff	3,148,960	2,509,097	2,676,267	2,944,221	2,800,367
District general administration	3,865,284	4,401,624	5,469,192	5,401,049	5,319,266
School administration	12,238,374	12,089,094	11,600,702	11,485,959	11,025,558
Operations and maintenance	18,248,638	17,888,671	15,698,957	15,191,982	16,525,792
Student transportation	7,463,312	7,307,044	7,279,827	7,109,513	6,828,610
Central	4,907,261	3,931,078	3,064,737	2,476,525	2,499,597
Total expenditures	<u>188,670,644</u>	<u>182,569,960</u>	<u>178,985,451</u>	<u>175,903,996</u>	<u>173,778,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,995</u>	<u>2,122,032</u>	<u>1,436,873</u>	<u>(2,266)</u>	<u>4,909,241</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	17,088	56,330	29,046	9,584	-
Transfers	(2,986,261)	-	-	(69,246)	(67,969)
Total other financing sources (uses)	<u>(2,969,173)</u>	<u>56,330</u>	<u>29,046</u>	<u>(59,662)</u>	<u>(67,969)</u>
Net change in fund balances	(2,806,178)	2,178,362	1,465,919	(61,928)	4,841,272
<b>Fund balance, beginning of year, as restated</b>	<u>36,450,202</u>	<u>28,561,062</u>	<u>27,095,143</u>	<u>27,157,071</u>	<u>22,315,799</u>
<b>Fund balance, end of year</b>	<u><u>\$ 33,644,024</u></u>	<u><u>\$ 30,739,424</u></u>	<u><u>\$ 28,561,062</u></u>	<u><u>\$ 27,095,143</u></u>	<u><u>\$ 27,157,071</u></u>

Source: The District's Basic financial statements.

**Table 11 Financial Information  
WEBER SCHOOL DISTRICT  
Balance Sheet - General Fund**

**Five-Year Financial Summary**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>					
Cash and investments	\$ 67,452,769	\$ 70,497,293	\$ 63,646,895	\$ 58,193,688	\$ 59,727,117
Receivables:					
Property taxes	33,873,834	29,171,837	28,650,978	28,929,795	27,866,287
Other local	9,751,776	9,917,048	6,194,466	10,583,536	7,973,668
Due from other funds	188,589	-	-	-	-
Other assets	-	540,966	316,766	285,373	259,236
Inventories and prepaid items	625,246	530,079	791,336	635,423	609,146
Total assets	<u>\$ 111,892,214</u>	<u>\$ 110,657,223</u>	<u>\$ 99,600,441</u>	<u>\$ 98,627,815</u>	<u>\$ 96,435,454</u>
<b>Liabilities:</b>					
Account payable	\$ 3,052,843	\$ 2,965,704	\$ 3,127,124	\$ 3,432,764	\$ 3,655,058
Accrued wages payable	33,309,893	32,346,829	25,704,496	23,906,917	23,481,617
Termination benefits	-	3,257,970	3,257,970	3,257,970	3,257,970
Unearned revenue					
Other governments	8,156,408	7,836,023	7,355,034	7,935,041	8,672,828
Local sources	37,785	27,935	30,319	80,031	125,248
Total liabilities	<u>44,556,929</u>	<u>46,434,461</u>	<u>39,474,943</u>	<u>38,612,723</u>	<u>39,192,721</u>
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	849,484	-	-	-	-
Property taxes levied for future year	32,841,777	33,483,338	31,564,436	32,919,949	30,085,662
Total deferred inflows of resources	<u>33,691,261</u>	<u>33,483,338</u>	<u>31,564,436</u>	<u>32,919,949</u>	<u>30,085,662</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories and prepaid items	625,246	530,079	791,336	635,423	609,146
Committed to:					
Economic stabilization	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Employee benefit obligations	1,627,420	1,753,367	1,610,884	1,523,169	1,389,944
Other purchases	564,290	664,647	233,351	226,163	431,063
Assigned to:					
Early retirement benefit	10,250,000	10,000,000	10,000,000	10,000,000	10,000,000
Programs	5,806,513	3,069,629	1,276,438	65,336	274,713
Unassigned	10,770,555	10,721,702	10,649,053	10,645,052	10,452,205
Total fund balance	<u>33,644,024</u>	<u>30,739,424</u>	<u>28,561,062</u>	<u>27,095,143</u>	<u>27,157,071</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 111,892,214</u>	<u>\$ 110,657,223</u>	<u>\$ 99,600,441</u>	<u>\$ 98,627,815</u>	<u>\$ 96,435,454</u>

Source: The District's Basic financial statements.