

WEBER SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2016

WEBER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2016

Page

INTRODUCTORY SECTION:

| | |
|------------------------------|---|
| Letter of Transmittal | 1 |
|------------------------------|---|

FINANCIAL SECTION:

| | |
|-------------------------------------|---|
| Independent Auditor's Report | 5 |
|-------------------------------------|---|

| | |
|---|---|
| Management's Discussion and Analysis | 8 |
|---|---|

Basic Financial Statements:

Government-wide Financial Statements:

| | |
|---------------------------|----|
| Statement of Net Position | 17 |
|---------------------------|----|

| | |
|-------------------------|----|
| Statement of Activities | 18 |
|-------------------------|----|

Fund Financial Statements:

| | |
|------------------------------------|----|
| Balance Sheet - Governmental Funds | 19 |
|------------------------------------|----|

| | |
|--|----|
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 20 |
|--|----|

| | |
|--|----|
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 21 |
|--|----|

| | |
|--|----|
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 22 |
|--|----|

| | |
|--|----|
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>General Fund</i> | 23 |
|--|----|

| | |
|---|----|
| Notes to the Basic Financial Statements | 24 |
|---|----|

Required Supplementary Information:

| | |
|--|----|
| Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) - Utah Retirement Systems | 45 |
|--|----|

| | |
|---|----|
| Schedules of District Contributions - Utah Retirement Systems | 46 |
|---|----|

| | |
|---|----|
| Notes to Required Supplementary Information | 47 |
|---|----|

Combining and Individual Fund Statements and Schedules:

Major Funds:

| | |
|---|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>General Fund</i> | 48 |
|---|----|

| | |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Debt Service Fund</i> | 49 |
|--|----|

| | |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Capital Projects Fund</i> | 50 |
|--|----|

WEBER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2016

Page

Nonmajor Special Revenue Funds:

| | |
|--|----|
| Combining Balance Sheet - Nonmajor Governmental Funds | 51 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds | 52 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>School Lunch Fund</i> | 53 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Student Activities Fund</i> | 54 |
| Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - <i>Weber School District Foundation Fund</i> | 55 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Tax Increment Financing Fund</i> | 56 |

OTHER INFORMATION:

| | |
|---|----|
| Table 1 - General Obligation Overlapping Indebtedness | 57 |
| Table 2 - Debt Ratios | 58 |
| Table 3 - Debt Service Schedule of Outstanding General Obligation Bonds | 59 |
| Table 4 - Taxable and Fair Market Value | 60 |
| Table 5 - Significant Taxpayers in the District | 61 |
| Table 6 - Summary of Taxable Value | 62 |
| Table 7 - Tax Collection Record of the District | 63 |
| Table 8 - Schedule of Property Tax Rates | 63 |
| Table 9 - Historical Property Tax Collections by Fund | 63 |
| Table 10 - Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - General Fund | 64 |
| Table 11 - Comparative Balance Sheets - General Fund | 65 |

WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

November 30, 2016

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 year ending June 30, 2016.

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

- Introductory section – Introduces the reader to the report and includes this transmittal letter.
- Financial section – Consists of the independent auditor’s report, management’s discussion and analysis, the basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
- Other Information – Contains substantial selected financial information, but presents tables that differ from financial statements in that they include 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 audit. Squire & Company, PC, a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2016 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, 2016 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.

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 auditor.

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 2016 school year, 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 31,198 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 2016 balances and projected revenue are sufficient to meet the 2017 budget as presented to the public in June of 2016.

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 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 2009 and the start of 2010, many economists asserted that the "bottom of the recession had been reached." It is now 2016; 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.

An indication of state economic growth is reflected in rising values of the weighted pupil unit (WPU). From 2012 to 2016, the value of the WPU went up from \$2,816 to \$3,092, an increase of 9.8%. Another sign of economic growth for the District is the rise in the assessed value of property. From years 2011 to 2013, property values in the District declined each year. But the last three years has seen an increase of property values: 2014 had a 8.2% increase; 2015 had an 8.3% increase and 2016 showed an 8.1% increase. For 2016, the total assessed property value for the District reached a high of \$9.1 billion.

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.

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 four older elementary schools have been replaced by three 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. All these projects were 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 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 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 2.0% 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.

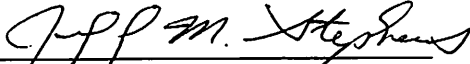
The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

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.

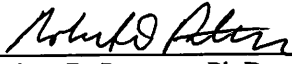
Post employment benefits. Certain employees are eligible to receive post employment healthcare benefits and early retirement incentive stipends. These are considered termination benefits by the District and are recorded as obligations when an employee elects to retire early. The District finances these 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 express appreciation to all members of the department who assisted in the preparation of this report. We also thank 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, 2016, 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, 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.

Aguirre & Company, PC

Orem, Utah
November 30, 2016

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, 2016. 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 \$2.3 million. Federal and state funding increased by \$6.9 million and property tax revenue increased by \$5.8 million compared to the prior year to contribute to this improvement.
- On June 26, 2012 voters approved \$65.0 million in general obligation bonds for the construction of four new replacement schools and two major remodeling projects and various other improvements. Construction was complete in 2016 on the third and fourth new replacement schools (West Weber Elementary and Burch Creek Elementary) and the final remodel project was started on the North Ogden Junior High.
- The District refunded \$39.1 million of general obligation bonds in 2016 to reduce total debt service payments over the next 12 years by \$4.5 million.
- The unassigned fund balance in the *general fund* remained steady at \$10.9 million (or 5.4% of *general fund* budgeted expenditures) while the fund balance assigned to economic stabilization increased by \$0.5 million.
- District enrollment remained relatively unchanged from October 1, 2015 to October 1, 2016.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24.0 million at the close of the most recent fiscal year (see chart on next page):

- A significant portion of the District's net position (\$80.6 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, obligations under capital leases, and notes payable, less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position (\$13.6 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 \$70.2 million) is unrestricted. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than presently available resources. Specifically, the unrestricted net position balance includes the District's proportionate share of the unfunded obligation of the defined benefit plans administered by the Utah Retirement Systems (URS). In 2016, the District, reported a net pension liability of \$117.7 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, 2016 and 2015
(in millions of dollars)

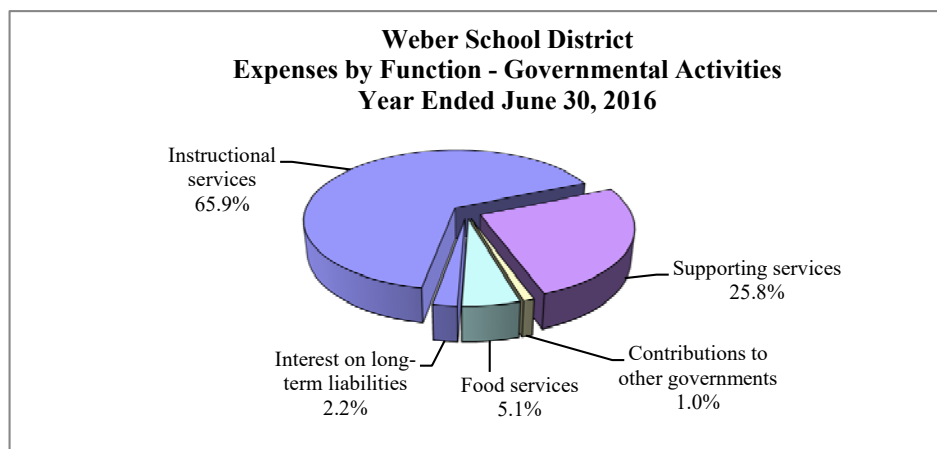
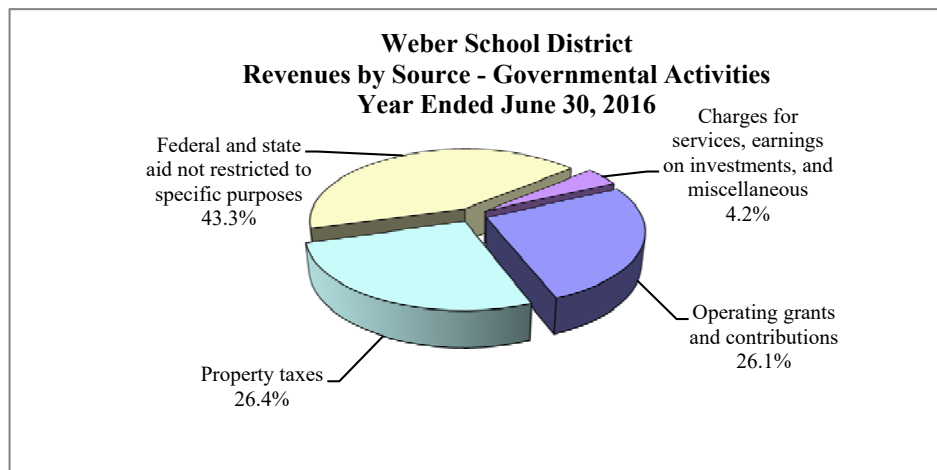
| | Governmental activities | | Total change 2016-2015 |
|-----------------------------------|--------------------------------|----------------|-----------------------------------|
| | 2016 | 2015 | |
| Other assets | \$ 166.9 | \$ 170.5 | \$ (3.6) |
| Capital assets | 213.6 | 206.6 | 7.0 |
| Total assets | <u>380.5</u> | <u>377.1</u> | <u>3.4</u> |
| Deferred outflows of resources | <u>44.8</u> | <u>16.7</u> | <u>28.1</u> |
| Other liabilities | 51.8 | 48.3 | 3.5 |
| Long-term liabilities outstanding | <u>275.3</u> | <u>257.1</u> | <u>18.2</u> |
| Total liabilities | <u>327.1</u> | <u>305.4</u> | <u>21.7</u> |
| Deferred inflows of resources | <u>74.2</u> | <u>66.7</u> | <u>7.5</u> |
| Net position: | | | |
| Net investment in capital assets | 80.6 | 65.8 | 14.8 |
| Restricted | 13.6 | 24.5 | (10.9) |
| Unrestricted | <u>(70.2)</u> | <u>(68.6)</u> | <u>(1.6)</u> |
| Total net position | <u>\$ 24.0</u> | <u>\$ 21.7</u> | <u>\$ 2.3</u> |

Changes in Net Position. The District's total revenues increased by 3.9% to \$238.1 million (see chart on next page). About 69.4% of the District's revenue comes from federal and state funding and 26.4% from property taxes. The total cost of all programs and services increased by \$13.2 million, or 5.9%. The District's expenses cover a range of services, primarily instructional and related support. The majority of the increase in expenses as compared to the previous year can be attributed to the completion of several bond projects including the construction of two new elementary schools.

- Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum level for each student enrolled. The value of the WPU increased by 4.0% to \$3,092 in 2016 from \$2,972 in 2015.
- Property tax revenue is the result of applying tax rates to taxable property. The overall taxable value of property within the District increased by 8.1% to \$9.1 billion while the overall tax rate increased by 1.8% to 0.006643. The primary reason for the rate increase was a 22.3% increase in the State Basic Levy from 0.001419 to 0.001736.
- The total cost of all governmental activities this year was \$235.8 million. Personnel costs increased by 2.1% due mainly from increases in base salaries and insurance costs.

WEBER SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2016 and 2015
(in millions of dollars)

| | <u>Governmental activities</u> | | <u>Total change</u> |
|--|--------------------------------|----------------|---------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016-2015</u> |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 8.4 | \$ 11.2 | \$ (2.8) |
| Operating grants and contributions | 62.1 | 59.9 | 2.2 |
| General revenues: | | | |
| Property taxes | 62.9 | 57.1 | 5.8 |
| Federal and state aid not restricted to specific purposes | 103.2 | 98.5 | 4.7 |
| Earnings on investments | 0.9 | 0.5 | 0.4 |
| Miscellaneous | 0.6 | 2.0 | (1.4) |
| Total revenues | <u>238.1</u> | <u>229.2</u> | <u>8.9</u> |
| Expenses: | | | |
| Instructional services | 155.5 | 146.3 | 9.2 |
| Supporting services: | | | |
| Students | 7.0 | 6.4 | 0.6 |
| Instructional staff | 3.5 | 3.0 | 0.5 |
| District administration | 4.1 | 4.1 | - |
| School administration | 12.5 | 12.1 | 0.4 |
| Central | 5.6 | 5.0 | 0.6 |
| Operation and maintenance of facilities | 18.9 | 18.0 | 0.9 |
| Transportation | 9.2 | 8.2 | 1.0 |
| Contributions to other governments | 2.3 | 2.0 | 0.3 |
| Food services | 12.1 | 12.2 | (0.1) |
| Interest on long-term liabilities | 5.1 | 5.3 | (0.2) |
| Total expenses | <u>235.8</u> | <u>222.6</u> | <u>13.2</u> |
| Increase in net position | 2.3 | 6.6 | (4.3) |
| Net position - beginning | <u>21.7</u> | <u>15.1</u> | <u>6.6</u> |
| Net position - ending | <u>\$ 24.0</u> | <u>\$ 21.7</u> | <u>\$ 2.3</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 \$51.5 million; \$11.8 million less 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 decrease in the combined fund balance:

- Capital outlay expenditures increased from \$25.0 million in 2015 to \$31.3 million in 2016 as the District completed the construction of two new elementary schools and made various other capital improvements to aging facilities. 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.
- 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 \$1.6 million of District funding is required for transportation.

WEBER SCHOOL DISTRICT'S Change in Fund Balances - Governmental Funds
Year Ended June 30, 2016
(in millions of dollars)

| | Major Funds | | | Other | Total |
|--------------------------------|--------------------|-------------------------|-----------------------------|-------------------------------|----------------|
| | General | Debt Service | Capital Projects | Governmental Funds | |
| Revenues | \$ 195.6 | \$ 12.3 | \$ 14.1 | \$ 18.4 | \$ 240.4 |
| Expenditures | (194.3) | (12.3) | (31.3) | (20.6) | (258.5) |
| Other financing sources (uses) | (0.2) | 0.2 | 6.1 | 0.2 | 6.3 |
| Net change in fund balances | 1.1 | 0.2 | (11.1) | (2.0) | (11.8) |
| Fund balances - beginning | 33.6 | 1.8 | 18.5 | 9.4 | 63.3 |
| Fund balances - ending | <u>\$ 34.7</u> | <u>\$ 2.0</u> | <u>\$ 7.4</u> | <u>\$ 7.4</u> | <u>\$ 51.5</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, 2016, the District's combined governmental fund balance is \$51.5 million (\$1.0 million in nonspendable, \$13.3 million in restricted, \$9.9 million in committed, \$16.4 million in assigned, and \$10.9 million in unassigned fund balances).

WEBER SCHOOL DISTRICT'S Fund Balances - Governmental Funds
June 30, 2016
(in millions of dollars)

| | Major Funds | | | Other | Total |
|---------------------------|--------------------|-------------------------|-----------------------------|-------------------------------|----------------|
| | General | Debt Service | Capital Projects | Governmental Funds | |
| Nonspendable | \$ 0.7 | \$ - | \$ - | \$ 0.3 | \$ 1.0 |
| Restricted | - | 2.0 | 7.4 | 3.9 | 13.3 |
| Committed to: | | | | | |
| Economic stabilization | 4.5 | - | - | - | 4.5 |
| Employee vacation benefit | 1.9 | - | - | - | 1.9 |
| Other purposes | 0.3 | - | - | 3.2 | 3.5 |
| Assigned to: | | | | | |
| Early retirement benefit | 10.2 | - | - | - | 10.2 |
| Other programs | 6.2 | - | - | - | 6.2 |
| Unassigned | 10.9 | - | - | - | 10.9 |
| Total fund balances | <u>\$ 34.7</u> | <u>\$ 2.0</u> | <u>\$ 7.4</u> | <u>\$ 7.4</u> | <u>\$ 51.5</u> |

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

- The District has assigned *general fund* resources toward economic stabilization; an additional \$0.5 million was assigned during 2016.

General Fund Budgetary Highlights

During the year, the Board amended the District’s budget to reflect changes in anticipated property tax revenue and changes in state and federal programs. Actual revenues were more than what was budgeted by \$0.2 million and actual expenditures were less than the amount budgeted by \$8.2 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 student count of 31,185.

One new charter school opened within the District’s boundaries in 2016. At the same time, enrollment caps for existing charter schools have been raised. With these changes, District enrollment growth from 2015 to 2016 was minimal. 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, 2010 through 2016**

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Regular schools: | | | | | | | |
| Elementary | 16,725 | 16,382 | 16,213 | 16,354 | 16,517 | 16,564 | 16,441 |
| Junior high | 6,863 | 7,078 | 7,249 | 7,374 | 7,380 | 7,373 | 7,314 |
| High | <u>6,624</u> | <u>6,571</u> | <u>6,609</u> | <u>6,709</u> | <u>7,054</u> | <u>7,163</u> | <u>7,335</u> |
| Total regular | 30,212 | 30,031 | 30,071 | 30,437 | 30,951 | 31,100 | 31,090 |
| Special schools | <u>205</u> | <u>316</u> | <u>76</u> | <u>295</u> | <u>77</u> | <u>85</u> | <u>108</u> |
| Total enrollment | <u>30,417</u> | <u>30,347</u> | <u>30,423</u> | <u>30,732</u> | <u>31,028</u> | <u>31,185</u> | <u>31,198</u> |
| Change from prior year | 538 | (70) | 76 | 309 | 296 | 157 | 13 |

Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$213.6 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 \$7.0 million or 3.4%.

WEBER SCHOOL DISTRICT'S Capital Assets
June 30, 2016 and 2015
(net of accumulated depreciation, in millions of dollars)

| | Governmental activities | | Total change 2016-2015 |
|----------------------------|--------------------------------|-----------------|-----------------------------------|
| | 2016 | 2015 | |
| Land | \$ 17.4 | \$ 17.5 | \$ (0.1) |
| Construction in progress | 1.8 | 17.2 | (15.4) |
| Buildings and improvements | 185.1 | 162.9 | 22.2 |
| Furniture and equipment | 9.2 | 9.0 | 0.2 |
| Total capital assets | <u>\$ 213.6</u> | <u>\$ 206.6</u> | <u>\$ 7.0</u> |

The *capital projects fund* is used to account for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. 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 5 to the basic financial statements.

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$133.5 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 decreased by \$3.6 million, or 2.4%, during the current year.

During 2016, The District refunded \$39.1 million of existing bonds to reduce total debt service payments over the next 12 years by \$4.5 million. The refunding bonds were issued with a \$4.4 million issuance premium.

WEBER SCHOOL DISTRICT'S Outstanding Debt
June 30, 2016 and 2015
(net of accumulated amortization, in millions of dollars)

| | Governmental activities | | Total change 2016-2015 |
|--|--------------------------------|-----------------|-----------------------------------|
| | 2016 | 2015 | |
| General obligation bonds | \$ 124.3 | \$ 133.5 | (9.2) |
| Unamortized amounts for bond issuance premiums | 9.3 | 5.9 | 3.4 |
| Net bonds payable | 133.5 | 139.4 | (5.9) |
| Obligations under capital leases | 10.9 | 8.3 | 2.6 |
| Notes payable | 2.0 | 2.2 | (0.2) |
| Total outstanding debt | <u>\$ 146.3</u> | <u>\$ 149.9</u> | <u>\$ (3.6)</u> |

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2016 is \$545.0 million. General obligation debt at June 30, 2016 is \$133.5 million, resulting in a legal debt margin of \$411.5 million.

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

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

Contacting the District's Financial Management

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

WEBER SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Cash and investments | \$ 87,451,676 |
| Receivables: | |
| Property taxes | 64,252,127 |
| Local | 712,707 |
| State | 1,659,864 |
| Federal | 11,807,815 |
| Inventories and prepaid items | 965,276 |
| Net pension asset | 3,852 |
| Capital assets: | |
| Land and construction in progress | 19,226,331 |
| Other capital assets, net of accumulated depreciation | 194,366,405 |
| Total assets | 380,446,053 |
| Deferred outflows of resources: | |
| Deferred charges on refunding | 3,673,665 |
| Amounts related to pensions | 41,172,598 |
| Total deferred outflows of resources | 44,846,263 |
| Liabilities: | |
| Accounts and contracts payable | 4,963,660 |
| Accrued salaries and employee benefits | 35,903,875 |
| Accrued interest | 470,423 |
| Unearned revenue: | |
| State | 8,854,740 |
| Federal | 1,597,922 |
| Noncurrent liabilities: | |
| Due and payable within one year | 14,994,875 |
| Due and payable in more than one year | 260,295,994 |
| Total liabilities | 327,081,489 |
| Deferred inflows of resources: | |
| Property taxes levied for future year | 62,600,629 |
| Amounts related to pensions | 11,590,059 |
| Total deferred inflows of resources | 74,190,688 |
| Net position: | |
| Net investment in capital assets | 80,599,396 |
| Restricted for: | |
| Food services | 1,838,844 |
| Students | 2,215,933 |
| Debt service | 1,847,232 |
| Capital outlay | 7,728,257 |
| Unrestricted | (70,209,523) |
| Total net position | \$ 24,020,139 |

WEBER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2016

| Functions | Expenses | Program Revenues | | Net (Expense) |
|---|-----------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| | | | | Total Governmental Activities |
| Governmental activities: | | | | |
| Instructional services | \$ 155,530,264 | \$ 4,076,540 | \$ 45,625,261 | \$ (105,828,463) |
| Supporting services: | | | | |
| Students | 7,022,517 | - | 1,865,358 | (5,157,159) |
| Instructional staff | 3,499,049 | - | 338,655 | (3,160,394) |
| District administration | 4,111,199 | - | 426,611 | (3,684,588) |
| School administration | 12,546,161 | - | 253,246 | (12,292,915) |
| Central | 5,561,555 | - | - | (5,561,555) |
| Operation and maintenance of facilities | 18,911,644 | - | 981,087 | (17,930,557) |
| Transportation | 9,207,679 | 556,799 | 3,842,033 | (4,808,847) |
| Contributions to other governments | 2,282,847 | - | - | (2,282,847) |
| Food services | 12,073,209 | 3,783,015 | 8,747,554 | 457,360 |
| Interest on long-term liabilities | 5,109,062 | - | - | (5,109,062) |
| Total school district | <u>\$ 235,855,186</u> | <u>\$ 8,416,354</u> | <u>\$ 62,079,805</u> | (165,359,027) |
| General revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | 35,771,038 |
| Debt service | | | | 12,245,859 |
| Capital outlay | | | | 12,555,881 |
| Other governments | | | | <u>2,282,847</u> |
| Total property taxes | | | | 62,855,625 |
| Federal and state aid not restricted to specific purposes | | | | 103,229,914 |
| Earnings on investments | | | | 933,676 |
| Miscellaneous | | | | <u>608,346</u> |
| Total general revenues | | | | <u>167,627,561</u> |
| Change in net position | | | | 2,268,534 |
| Net position - beginning | | | | <u>21,751,605</u> |
| Net position - ending | | | | <u>\$ 24,020,139</u> |

WEBER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|-------------------------|-----------------------------|---|---|
| | General | Debt Service | Capital Projects | | |
| Assets: | | | | | |
| Cash and investments | \$ 69,153,613 | \$ 1,494,394 | \$ 9,145,694 | \$ 7,657,975 | \$ 87,451,676 |
| Receivables: | | | | | |
| Property taxes | 36,575,941 | 12,367,490 | 12,689,766 | 2,618,930 | 64,252,127 |
| Local | 205,697 | 478,250 | - | 28,760 | 712,707 |
| State | 795,173 | - | - | 864,691 | 1,659,864 |
| Federal | 11,807,815 | - | - | - | 11,807,815 |
| Inventories and prepaid items | 674,058 | - | 808 | 290,410 | 965,276 |
| Total assets | <u>\$ 119,212,297</u> | <u>\$ 14,340,134</u> | <u>\$ 21,836,268</u> | <u>\$ 11,460,766</u> | <u>\$ 166,849,465</u> |
| Liabilities: | | | | | |
| Accounts and contracts payable | \$ 3,065,613 | \$ - | \$ 1,671,300 | \$ 226,747 | \$ 4,963,660 |
| Accrued salaries and employee benefits | 34,563,263 | - | 83,904 | 1,256,708 | 35,903,875 |
| Unearned revenue: | | | | | |
| State | 8,854,740 | - | - | - | 8,854,740 |
| Federal | 1,597,922 | - | - | - | 1,597,922 |
| Total liabilities | 48,081,538 | - | 1,755,204 | 1,483,455 | 51,320,197 |
| Deferred inflows of resources: | | | | | |
| Unavailable property tax revenue | 814,885 | 275,526 | 282,707 | 58,556 | 1,431,674 |
| Property taxes levied for future year | 35,631,240 | 12,047,522 | 12,361,493 | 2,560,374 | 62,600,629 |
| Total deferred inflows of resources | 36,446,125 | 12,323,048 | 12,644,200 | 2,618,930 | 64,032,303 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 674,058 | - | 808 | 290,410 | 965,276 |
| Restricted for: | | | | | |
| Debt service | - | 2,017,086 | - | - | 2,017,086 |
| Capital projects | - | - | 7,436,056 | - | 7,436,056 |
| Food services | - | - | - | 1,669,890 | 1,669,890 |
| Students | - | - | - | 2,202,864 | 2,202,864 |
| Committed to: | | | | | |
| Economic stabilization | 4,500,000 | - | - | - | 4,500,000 |
| Employee vacation benefit | 1,882,369 | - | - | - | 1,882,369 |
| Other purposes | 303,816 | - | - | - | 303,816 |
| Students | - | - | - | 3,195,217 | 3,195,217 |
| Assigned to: | | | | | |
| Early retirement benefit | 10,250,000 | - | - | - | 10,250,000 |
| Other programs | 6,206,513 | - | - | - | 6,206,513 |
| Unassigned | 10,867,878 | - | - | - | 10,867,878 |
| Total fund balances | <u>34,684,634</u> | <u>2,017,086</u> | <u>7,436,864</u> | <u>7,358,381</u> | <u>51,496,965</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 119,212,297</u> | <u>\$ 14,340,134</u> | <u>\$ 21,836,268</u> | <u>\$ 11,460,766</u> | <u>\$ 166,849,465</u> |

WEBER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds \$ 51,496,965

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 | \$ 17,402,225 | |
| Construction in progress | 1,824,106 | |
| Buildings and improvements, net of \$150,838,052 accumulated depreciation | 185,125,543 | |
| Furniture and equipment, net of \$22,303,979 accumulated depreciation | 9,240,862 | 213,592,736 |

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. 1,431,674

The net pension asset is not an available resource and therefore is not reported in the governmental funds. 3,852

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 | (124,270,000) | |
| Bond premiums, net of \$2,123,822 accumulated amortization | (9,268,873) | |
| Bond refunding costs, net of \$1,092,307 accumulated amortization | 3,673,665 | |
| Net pension liability | (117,710,882) | |
| Deferred outflows of resources related to pensions | 41,172,598 | |
| Deferred inflows of resources related to pensions | (11,590,059) | |
| Obligations under capital leases | (10,850,552) | |
| Notes payable | (1,959,430) | |
| Early retirement obligation | (9,348,763) | |
| Accrued interest | (470,423) | |
| Accrued vacation | (1,882,369) | (242,505,088) |

Total net position of governmental activities **\$ 24,020,139**

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|-----------------------------|---|---|
| | General | Debt Service | Capital Projects | | |
| Revenues: | | | | | |
| Property taxes | \$ 35,791,896 | \$ 12,253,000 | \$ 12,563,203 | \$ 2,282,847 | \$ 62,890,946 |
| Earnings on investments | 779,757 | - | 156,342 | (2,423) | 933,676 |
| School lunch sales | - | - | - | 3,783,015 | 3,783,015 |
| Other | 2,490,355 | - | 1,294,714 | 3,601,393 | 7,386,462 |
| State | 143,176,198 | - | 81,821 | 2,216,025 | 145,474,044 |
| Federal | 13,304,146 | - | - | 6,531,529 | 19,835,675 |
| Total revenues | 195,542,352 | 12,253,000 | 14,096,080 | 18,412,386 | 240,303,818 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instructional services | 135,181,868 | - | - | 5,782,982 | 140,964,850 |
| Supporting services: | | | | | |
| Students | 7,109,418 | - | - | - | 7,109,418 |
| Instructional staff | 3,539,515 | - | - | - | 3,539,515 |
| District administration | 3,841,976 | - | - | - | 3,841,976 |
| School administration | 12,010,081 | - | - | - | 12,010,081 |
| Central | 5,349,486 | - | - | - | 5,349,486 |
| Operation and maintenance of facilities | 19,044,682 | - | - | - | 19,044,682 |
| Transportation | 8,219,183 | - | - | - | 8,219,183 |
| Food services | - | - | - | 12,617,401 | 12,617,401 |
| Contributions to other governments | - | - | - | 2,282,847 | 2,282,847 |
| Capital outlay | - | - | 27,835,163 | - | 27,835,163 |
| Debt service: | | | | | |
| Principal retirement | - | 6,935,000 | 3,150,779 | - | 10,085,779 |
| Interest and fiscal charges | - | 5,067,951 | 343,951 | - | 5,411,902 |
| Bond issuance costs | - | 253,925 | - | - | 253,925 |
| Total expenditures | 194,296,209 | 12,256,876 | 31,329,893 | 20,683,230 | 258,566,208 |
| Excess (deficiency) of revenues over (under) expenditures | 1,246,143 | (3,876) | (17,233,813) | (2,270,844) | (18,262,390) |
| Other financing sources (uses): | | | | | |
| Proceeds from general obligation bonds issued | - | 36,835,000 | - | - | 36,835,000 |
| Premium on bonds issued | - | 4,447,843 | - | - | 4,447,843 |
| Payment to refunded bond escrow agent | - | (41,029,485) | - | - | (41,029,485) |
| Capital leases | - | - | 5,431,321 | - | 5,431,321 |
| Proceeds from sale of capital assets | - | - | 713,391 | - | 713,391 |
| Transfers | (205,533) | - | - | 205,533 | - |
| Total other financing sources (uses) | (205,533) | 253,358 | 6,144,712 | 205,533 | 6,398,070 |
| Net change in fund balances | 1,040,610 | 249,482 | (11,089,101) | (2,065,311) | (11,864,320) |
| Fund balances - beginning | 33,644,024 | 1,767,604 | 18,525,965 | 9,423,692 | 63,361,285 |
| Fund balances - ending | \$ 34,684,634 | \$ 2,017,086 | \$ 7,436,864 | \$ 7,358,381 | \$ 51,496,965 |

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, 2016

Net change in fund balances for governmental funds \$ (11,864,320)

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 | \$ 16,067,063 | |
| Proceeds from sale of capital assets | (713,391) | |
| Gain on sale of capital assets | 660,121 | |
| Depreciation expense | <u>(9,030,151)</u> | 6,983,642 |

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 | (5,431,321) | |
| Principal payments of capital leases | <u>2,894,052</u> | (2,537,269) |

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. (35,321)

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 | (36,835,000) | |
| Proceeds from bond premiums | (4,447,843) | |
| Payment to bond escrow agent | 41,029,485 | |
| Principal payments of bond principal | 6,935,000 | |
| Principal payments of notes payable | 256,727 | |
| Accrued interest | 34,082 | |
| Amortization of bond refunding costs | (598,216) | |
| Amortization of bond premiums | <u>866,974</u> | 7,241,209 |

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 | 501,779 | |
| Early retirement benefits | 2,233,762 | |
| Vacation benefits | <u>(254,948)</u> | <u>2,480,593</u> |

Change in net position of governmental activities **\$ 2,268,534**

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 37,611,187 | \$ 36,334,000 | 35,791,896 | \$ (542,104) |
| Earnings on investments | 600,000 | 800,000 | 779,757 | (20,243) |
| Other | 2,200,000 | 2,600,000 | 2,490,355 | (109,645) |
| State | 143,868,838 | 142,865,360 | 143,176,198 | 310,838 |
| Federal | 12,977,860 | 12,723,502 | 13,304,146 | 580,644 |
| Total revenues | <u>197,257,885</u> | <u>195,322,862</u> | <u>195,542,352</u> | <u>219,490</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 140,547,159 | 140,696,059 | 135,181,868 | 5,514,191 |
| Supporting services: | | | | |
| Students | 7,161,826 | 7,122,612 | 7,109,418 | 13,194 |
| Instructional staff | 3,676,566 | 3,921,310 | 3,539,515 | 381,795 |
| District administration | 4,669,352 | 5,086,246 | 3,841,976 | 1,244,270 |
| School administration | 12,480,874 | 13,060,917 | 12,010,081 | 1,050,836 |
| Central | 4,642,484 | 4,824,619 | 5,349,486 | (524,867) |
| Operation and maintenance of facilities | 17,878,749 | 19,433,141 | 19,044,682 | 388,459 |
| Transportation | 7,876,175 | 8,146,024 | 8,219,183 | (73,159) |
| Total expenditures | <u>198,933,185</u> | <u>202,290,928</u> | <u>194,296,209</u> | <u>7,994,719</u> |
| Excess of revenues over (under) expenditures | (1,675,300) | (6,968,066) | 1,246,143 | 8,214,209 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers | (400,000) | (4,500,000) | (205,533) | 4,294,467 |
| Total other financing sources (uses) | <u>(400,000)</u> | <u>(4,500,000)</u> | <u>(205,533)</u> | <u>4,294,467</u> |
| Net change in fund balances | (2,075,300) | (11,468,066) | 1,040,610 | 12,508,676 |
| Fund balances - beginning | <u>21,273,167</u> | <u>33,644,024</u> | <u>33,644,024</u> | <u>-</u> |
| Fund balances - ending | <u><u>\$ 19,197,867</u></u> | <u><u>\$ 22,175,958</u></u> | <u><u>\$ 34,684,634</u></u> | <u><u>\$ 12,508,676</u></u> |

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Weber School District (the District) 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

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

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

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

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

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

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

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

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- 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, 2016 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

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

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

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

- Deferred charges on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments, b) changes in proportion and differences between contributions and proportionate share of contributions, and c) District contributions subsequent to the measurement date of December 31, 2015.

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

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

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

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, 2016 for the following school year.

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

Fund balance classifications are summarized as follows:

- Nonspendable – This category includes fund balance amounts that cannot be spent because they are either 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:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- 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 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, 2016.
 - 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.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A summary of cash and investments at June 30, 2016 as reported on the financial statements is as follows:

| | |
|--------------------------------|----------------------|
| Carrying amount of deposits | \$ 16,263,393 |
| Carrying amount of investments | 71,188,283 |
| Total cash and investments | <u>\$ 87,451,676</u> |

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

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

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

Deposits – At June 30, 2016, 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, 2016, 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, 2016, the District has investments in the PTIF of \$30,542,645. 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 (81.8%), money market mutual funds (9.2%), top-rated commercial paper (8.6%), and certificates of deposit (0.4%). The portfolio has a weighted average maturity of 53 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, 2016, the par value of these investments was \$38,570,000. The Foundation's investments are in mutual

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

funds holding equity and debt securities. The maturities of these investments as of June 30, 2016 are as follows:

| <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> |
| Weber School District: | | | | | |
| Corporate bonds | \$ 32,070,000 | \$ 12,570,000 | \$ 13,000,000 | \$ 6,500,000 | \$ - |
| Government agencies | 6,500,000 | - | 4,000,000 | - | 2,500,000 |
| Public Treasurers' | | | | | |
| Investment Fund | 30,542,645 | 30,542,645 | - | - | - |
| Weber School District Foundation: | | | | | |
| Marketable securities | 2,075,638 | 2,075,638 | - | - | - |
| Total investments | <u>\$ 71,188,283</u> | <u>\$ 45,188,283</u> | <u>\$ 17,000,000</u> | <u>\$ 6,500,000</u> | <u>\$ 2,500,000</u> |

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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

3. FAIR VALUE MEASUREMENTS

In 2016, the District adopted Government Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

The new standard provides guidance for determining a fair value measurement for financial reporting purposes. The standard also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District's financial statements are not affected by this new standard.

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

The District has the following recurring fair value measurements as of June 30, 2016:

- Investment-grade corporate bonds of \$32,070,000 valued using quoted market prices (Level 1 inputs).
- Government agencies of \$6,500,000 valued using quoted market prices (Level 1 inputs).
- Public Treasurers' Investment Fund of \$30,542,645 valued as the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).
- Marketable securities of \$2,075,638 valued using quoted market prices (Level 1 inputs).

4. PROPERTY TAXES

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

An annual uniform fee based on the age of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles that is due each time a vehicle is registered. Revenues collected in the county from motor vehicles fees is distributed by the county to each taxing entity 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, 2016, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2016 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, 2016, incremental taxes levied by the District for the redevelopment agencies totaling \$2,282,847 were recorded as revenue with an equivalent amount of expenditure for community development in the other governmental funds (in the *pass through taxes* special revenue fund).

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|------------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 17,455,495 | \$ - | \$ (53,270) | \$ 17,402,225 |
| Construction in progress | 17,222,780 | 14,112,132 | (29,510,806) | 1,824,106 |
| Total capital assets, not being depreciated | 34,678,275 | 14,112,132 | (29,564,076) | 19,226,331 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 306,506,696 | 29,456,899 | - | 335,963,595 |
| Furniture and equipment | 29,678,203 | 2,008,838 | (142,200) | 31,544,841 |
| Total capital assets, being depreciated | 336,184,899 | 31,465,737 | (142,200) | 367,508,436 |
| Accumulated depreciation for: | | | | |
| Buildings and improvements | (143,600,201) | (7,237,851) | - | (150,838,052) |
| Furniture and equipment | (20,653,879) | (1,792,300) | 142,200 | (22,303,979) |
| Total accumulated depreciation | (164,254,080) | (9,030,151) | 142,200 | (173,142,031) |
| Total capital assets, being depreciated, net | 171,930,819 | 22,435,586 | - | 194,366,405 |
| Governmental activities capital assets, net | <u>\$ 206,609,094</u> | <u>\$ 36,547,718</u> | <u>\$ (29,564,076)</u> | <u>\$ 213,592,736</u> |

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

For the year ended June 30, 2016, depreciation expense was charged to functions of the District as follows:

| | |
|---|--------------|
| Governmental activities: | |
| Instructional services | \$ 6,432,695 |
| Supporting services: | |
| District administration | 58,231 |
| School administration | 503,431 |
| Central | 265,866 |
| Operation and maintenance of facilities | 112,088 |
| Transportation | 1,141,698 |
| Food services | 516,142 |
| Total depreciation expense, governmental activities | \$ 9,030,151 |

The District is obligated at June 30, 2016 under construction commitments as follows:

| Project | Project Authorized | Costs to Date | Costs to Complete |
|------------------------|-------------------------------|--------------------------|------------------------------|
| North Ogden Jr Remodel | \$ 5,532,817 | \$ 1,824,106 | \$ 3,708,711 |

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

6. STATE RETIREMENT PLANS

Description of Plans – Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (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 (includes the Tier 2 Defined Contribution 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.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Benefits provided – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits are determined from 1.25% to 2.00% of the employee’s highest 3 or 5 years of compensation times the employee’s years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

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

For the year ended June 30, 2016, District required contribution rates for the plans were as follows:

| | Defined Benefit Plans Rates | | | District Rates for 401(k) Plan |
|-------------------------------|------------------------------------|--------------------------|--|---|
| | District Contribution | Employee Paid | Paid by District for Employee | |
| Tier 1 Noncontributory System | 22.19% | - | - | 1.50% |
| Tier 2: | | | | |
| Contributory System * | 8.22% | - | - | 1.78% |
| Defined Contribution Plan * | - | - | - | 10.00% |

* The District is also required to contribute 9.94% of covered employee payroll of the Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans. The District is also required to contribute 0.08% of covered employee payroll to the Tier 2 plans for death benefits.

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2016, District and employee contributions to the plans were as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

| | District Contributions | Employee Contributions |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Tier 1 Noncontributory System | \$ 22,622,968 | \$ - |
| Tier 1 Contributory System | 3,339 | 189 |
| Tier 2 Contributory System * | 2,310,279 | - |
| 401(k) Plan | 2,363,913 | 1,176,063 |
| 457 Plan and other individual plans | 305,642 | - |

* Tier 2 plan contributions include required contributions to finance the unfunded actuarial accrued liability of the Tier 1 plans and for death benefits.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2016, the District reported a net pension asset of \$3,852 and a net pension liability of \$117,710,882 for the following plans:

| | Proportionate Share | Net Pension Asset | Net Pension Liability |
|-------------------------------|--------------------------------|------------------------------|----------------------------------|
| Tier 1 Noncontributory System | 3.7448814% | \$ - | \$ 117,637,449 |
| Tier 1 Contributory System | 0.1171831% | - | 73,433 |
| Tier 2 Contributory System | 1.7644955% | 3,852 | - |
| Total | | \$ 3,852 | \$ 117,710,882 |

The net pension asset and liability were measured as of December 31, 2015, 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, 2016 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension asset and liability is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year.

For the year ended June 30, 2016, the District recognized pension expense of \$22,484,077 for the defined benefit pension plans and pension expense of \$2,363,913 for the defined contribution plans. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 9,216,141 |
| Changes of assumptions | - | 2,334,766 |
| Net difference between projected and actual earnings on pension plan investments | 30,592,595 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 66,688 | 39,152 |
| District contributions subsequent to the measurement date | 10,513,315 | - |
| Total | \$ 41,172,598 | \$ 11,590,059 |

The \$10,513,315 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2015 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. 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:

| Year Ending June 30, | Deferred Outflows (Inflows) of Resources |
|---------------------------------|---|
| 2017 | \$ 4,062,702 |
| 2018 | 4,062,702 |
| 2019 | 4,379,586 |
| 2020 | 6,621,964 |
| 2021 | (10,633) |
| Thereafter | (47,097) |

Actuarial Assumptions – The total pension liability in the January 1, 2015 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 were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

| 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 and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was not changed from the prior measurement date.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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: | | | |
| Tier 1 Noncontributory System | \$ 212,919,340 | \$ 117,637,449 | \$ 37,743,456 |
| Tier 1 Contributory System | 166,034 | 73,433 | (5,119) |
| Tier 2 Contributory System | 706,368 | (3,852) | (542,132) |
| | <u>\$ 213,791,742</u> | <u>\$ 117,707,030</u> | <u>\$ 37,196,205</u> |

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

Payables to the pension plans – At June 30, 2016, the District reported payables of \$4,955,524 for contributions to defined benefit pension plans and \$1,616,806 for contributions to defined contribution plans.

7. EARLY RETIREMENT BENEFIT

Retiree Health Coverage – In accordance with Board of Education policy, the District provides health coverage to certain retirees who are not yet eligible for Medicare. Retirees receiving this benefit must contribute the same out-of-pocket premium percentage required by active employees. Teachers may receive up to ten years of single coverage and seven years of couple or family coverage. To receive this benefit, a teacher must have ten years of service in the District and qualify for retirement under the Utah State Retirement Systems. Administrators may receive family, couple, or single coverage from their retirement until they are eligible for Medicare. To receive this benefit, a retiring administrator must have ten years of service in the District and qualify for retirement under the Utah State Retirement Systems. Retired classified employees may also receive health benefits. Most classified employees may receive up to seven years of couple or single coverage until they become Medicare eligible. Generally speaking, a typical classified employee must be employed with the District prior to age 55 and qualify to retire under the Utah State Retirement Systems. At June 30, 2016 there were 210 retirees eligible to receive health coverage. During the year, the District paid \$1,315,426 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$4,568,449. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Stipends – In accordance with Board of Education policy, the District provides early retirement incentive stipends to certain retirees. All employees are eligible for these stipends if they meet certain criteria. To receive a stipend an employee must have ten years of service in the District, qualify to retire under the Utah State Retirement Systems, and meet specified age requirements. Retirees will then receive a stipend each year up to four years based upon a percentage of final salary as it pertains to their employee classification. During the year, the District paid \$1,742,310 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$4,780,314. The early retirement incentives are financed on a pay-as-you-go basis.

8. RISK MANAGEMENT

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

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due and Payable Within One Year</u> |
|--|------------------------------|----------------------|------------------------|---------------------------|--|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 133,495,000 | \$ 36,835,000 | \$ (46,060,000) | \$ 124,270,000 | \$ 7,340,000 |
| Unamortized bond premiums | 5,921,930 | 4,447,843 | (1,100,900) | 9,268,873 | - |
| Net bonds payable | 139,416,930 | 41,282,843 | (47,160,900) | 133,538,873 | 7,340,000 |
| Net pension liability | 93,950,371 | 46,746,367 | (22,985,856) | 117,710,882 | - |
| Obligations under capital leases | 8,313,283 | 5,431,321 | (2,894,052) | 10,850,552 | 2,894,052 |
| Notes payable | 2,216,157 | - | (256,727) | 1,959,430 | 262,062 |
| Early retirement obligation | 11,582,525 | 1,094,964 | (3,328,726) | 9,348,763 | 2,804,629 |
| Accrued vacation | 1,627,421 | 1,329,097 | (1,074,149) | 1,882,369 | 1,694,132 |
| Total governmental activity long-term liabilities | <u>\$ 257,106,687</u> | <u>\$ 95,884,592</u> | <u>\$ (77,700,410)</u> | <u>\$ 275,290,869</u> | <u>\$ 14,994,875</u> |

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2016, with their outstanding balance, are comprised of the following individual issues:

| Series | Purpose | Original Amount | Remaining Interest Rate Range | Final Maturity Date | Current Outstanding Balance |
|--|------------------------------------|--------------------|-------------------------------------|------------------------|-----------------------------------|
| 2008 | School building | \$ 33,000,000 | 3.25% to 4.30% | June 15, 2028 | \$ 1,100,000 |
| 2009 | School building | 9,500,000 | 3.00% to 4.50% | June 15, 2029 | 5,355,000 |
| 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 | 23,525,000 |
| 2014 | School building and bond refunding | 37,785,000 | 3.00% to 5.00% | June 15, 2034 | 35,515,000 |
| 2015 | Refunding | 16,000,000 | 2.00% to 5.00% | June 15, 2021 | 13,725,000 |
| 2016 | Refunding | 20,835,000 | 2.50% to 5.00% | June 15, 2028 | 20,835,000 |
| Total general obligation bonds payable as of June 30, 2016 | | | | | <u>\$ 124,270,000</u> |

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016, including interest payments, are listed as follows:

| Years Ending December 31, | Principal | Interest | Total |
|------------------------------|-----------------------|----------------------|-----------------------|
| 2017 | \$ 7,340,000 | \$ 5,030,310 | \$ 12,370,310 |
| 2018 | 7,960,000 | 4,440,632 | 12,400,632 |
| 2019 | 7,680,000 | 4,085,956 | 11,765,956 |
| 2020 | 7,060,000 | 3,785,032 | 10,845,032 |
| 2021 | 7,345,000 | 3,516,732 | 10,861,732 |
| 2022-2026 | 42,895,000 | 12,591,397 | 55,486,397 |
| 2027-2031 | 31,125,000 | 5,406,710 | 36,531,710 |
| 2032-2034 | 12,865,000 | 827,174 | 13,692,174 |
| Total | <u>\$ 124,270,000</u> | <u>\$ 39,683,943</u> | <u>\$ 163,953,943</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, 2016, the total unamortized amount of bond issuance premiums is \$9,268,873, resulting in total outstanding net direct debt of \$133,538,873. The legal debt limit at June 30, 2016 is \$545,025,600. The legal debt limit less net direct debt equals an estimated additional debt incurring capacity of \$411,486,727.

Advance Refunding – In October 2015, the District issued \$16,000,000 of general obligation refunding bonds with a premium of \$1,178,695. The bonds were issued with interest rates ranging from 2.0% to 5.0% and will mature June 2021. The District issued the bonds to advance refund \$16,725,000 of outstanding Series 2006 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 2006 general obligation school building bonds is considered defeased, and the District has removed the liability from its accounts.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The advance refunding reduced total debt service payments over the next 12 years by \$1,625,987. This results in an economic gain (difference between present value of debt service payments on the old and new debt) of \$1,509,602.

In February 2016, the District issued \$20,835,000 of general obligation refunding bonds with a premium of \$3,269,148. The bonds were issued with interest rates ranging from 2.0% to 5.0% and will mature June 2028. The District issued the bonds to advance refund \$22,400,000 of outstanding Series 2008 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 2008 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 \$2,919,048. This results in an economic gain (difference between present value of debt service payments on the old and new debt) of \$2,600,181.

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

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

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

| Year Ending June 30, | |
|---|---------------|
| 2017 | \$ 3,704,295 |
| 2018 | 3,342,056 |
| 2019 | 1,973,390 |
| 2020 | 1,395,420 |
| 2021 | 429,111 |
| Thereafter | 926,806 |
| Total minimum lease payments | 11,771,078 |
| Amount representing interest | (920,527) |
| Present value of minimum lease payments | \$ 10,850,552 |

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, 2016, including interest payments, are listed as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|---------------------|-------------------|---------------------|
| 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 | 253,332 | 20,649 | 273,981 |
| 2022 - 2024 | 671,762 | 24,313 | 696,075 |
| | \$ 1,959,430 | \$ 187,881 | \$ 2,147,311 |

10. 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.

11. INTERFUND BALANCES AND TRANSFERS

During 2016, the District transferred \$205,533 from the *general fund* to the Foundation to cover administrative costs of the Foundation.

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

| | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|
| Tier 1 Noncontributory System: | | |
| District's proportion of the net pension liability (asset) | 3.7448814% | 3.7382783% |
| District's proportionate share of the net pension liability (asset) | \$ 117,637,449 | \$ 93,925,314 |
| District's covered-employee payroll | \$ 103,427,458 | \$ 105,232,505 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 113.7% | 89.3% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.5% | 87.2% |
| Tier 1 Contributory System: | | |
| District's proportion of the net pension liability (asset) | 0.1171831% | 0.2285232% |
| District's proportionate share of the net pension liability (asset) | \$ 73,433 | \$ 25,057 |
| District's covered-employee payroll | \$ 37,121 | \$ 84,377 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 197.8% | 29.7% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.4% | 98.7% |
| Tier 2 Contributory System: | | |
| District's proportion of the net pension liability (asset) | 1.7644955% | 1.7058098% |
| District's proportionate share of the net pension liability (asset) | \$ (3,852) | \$ (51,694) |
| District's covered-employee payroll | \$ 11,393,880 | \$ 8,345,525 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.0% | -0.6% |
| Plan fiduciary net position as a percentage of the total pension liability | 100.2% | 103.5% |

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

WEBER SCHOOL DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Two Fiscal Years

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| Tier 1 Noncontributory System: | | |
| Contractually required contribution | \$ 22,622,968 | \$ 22,332,759 |
| Contributions in relation to the contractually required contribution | <u>(22,622,968)</u> | <u>(22,332,759)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| District's covered-employee payroll | \$ 103,455,411 | \$ 104,205,168 |
| Contributions as a percentage of covered-employee payroll | 21.9% | 21.4% |
| Tier 1 Contributory System: | | |
| Contractually required contribution | \$ 3,339 | \$ 12,467 |
| Contributions in relation to the contractually required contribution | <u>(3,339)</u> | <u>(12,467)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| District's covered-employee payroll | \$ 18,865 | \$ 72,792 |
| Contributions as a percentage of covered-employee payroll | 17.7% | 17.1% |
| Tier 2 Contributory System: | | |
| Contractually required contribution | \$ 2,310,279 | \$ 1,736,915 |
| Contributions in relation to the contractually required contribution | <u>(2,310,279)</u> | <u>(1,736,915)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| District's covered-employee payroll | \$ 12,654,065 | \$ 9,675,884 |
| Contributions as a percentage of covered-employee payroll | 18.3% | 18.0% |

Notes: These schedules only present information for the District's 2015 and subsequent reporting periods; prior-year information is not available. Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Tier 2 plan contributions include required contributions to finance the unfunded actuarial accrued liability of the Tier 1 plans and for death benefits.

WEBER SCHOOL DISTRICT
Notes to Required Supplementary Information

Changes in assumptions-Utah Retirement Systems – Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

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

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

| | <u>2016</u> | | | <u>2015</u> |
|--|---------------------------------------|---------------------------|---------------------------------------|---------------------------|
| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> | <u>Actual Amounts</u> |
| Revenues: | | | | |
| Property taxes | \$ 36,334,000 | \$ 35,791,896 | \$ (542,104) | \$ 36,279,852 |
| Earnings on investments | 800,000 | 779,757 | (20,243) | 474,106 |
| Other | 2,600,000 | 2,490,355 | (109,645) | 2,693,427 |
| State | 142,865,360 | 143,176,198 | 310,838 | 137,246,612 |
| Federal | 12,723,502 | 13,304,146 | 580,644 | 12,139,642 |
| Total revenues | <u>195,322,862</u> | <u>195,542,352</u> | <u>219,490</u> | <u>188,833,639</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 129,782,751 | 123,777,617 | 6,005,134 | 119,945,441 |
| Employee benefits | 51,918,147 | 52,215,225 | (297,078) | 50,881,622 |
| Purchased professional services | 7,545,341 | 8,096,853 | (551,512) | 7,614,529 |
| Purchased property services | 1,438,959 | 1,277,078 | 161,881 | 945,842 |
| Other purchased services | 483,186 | 692,117 | (208,931) | 656,259 |
| Supplies | 6,308,418 | 5,679,866 | 628,552 | 5,822,630 |
| Property | 3,027,697 | 2,955,329 | 72,368 | 2,925,426 |
| Other | 1,786,429 | (397,876) | 2,184,305 | (121,105) |
| Total expenditures | <u>202,290,928</u> | <u>194,296,209</u> | <u>7,994,719</u> | <u>188,670,644</u> |
| Excess (deficiency) of revenues over (under) expenditures | (6,968,066) | 1,246,143 | 8,214,209 | 162,995 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | - | - | - | 17,088 |
| Transfers | (4,500,000) | (205,533) | 4,294,467 | (2,986,261) |
| Total other financing sources (uses) | <u>(4,500,000)</u> | <u>(205,533)</u> | <u>4,294,467</u> | <u>(2,969,173)</u> |
| Net change in fund balances | (11,468,066) | 1,040,610 | 12,508,676 | (2,806,178) |
| Fund balances - beginning | <u>33,644,024</u> | <u>33,644,024</u> | <u>-</u> | <u>36,450,202</u> |
| Fund balances - ending | <u>\$ 22,175,958</u> | <u>\$ 34,684,634</u> | <u>\$ 12,508,676</u> | <u>\$ 33,644,024</u> |

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

| | <u>2016</u> | | | <u>2015</u> |
|--|---------------------------------------|---------------------------|---------------------------------------|---------------------------|
| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> | <u>Actual Amounts</u> |
| Revenues: | | | | |
| Property taxes | \$ 12,209,971 | \$ 12,253,000 | \$ 43,029 | \$ 11,344,042 |
| Total revenues | 12,209,971 | 12,253,000 | 43,029 | 11,344,042 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 6,935,000 | 6,935,000 | - | 7,515,000 |
| Interest and other charges | 6,442,575 | 5,067,951 | 1,374,624 | 5,105,867 |
| Bond issuance costs | 100,000 | 253,925 | (153,925) | 146,438 |
| Total expenditures | 13,477,575 | 12,256,876 | 1,220,699 | 12,767,305 |
| Excess (deficiency) of revenues over (under) expenditures | (1,267,604) | (3,876) | 1,263,728 | (1,423,263) |
| Other financing sources (uses): | | | | |
| Proceeds from general obligation bonds issued | 36,835,000 | 36,835,000 | - | 17,785,000 |
| Premium on bonds issued | 4,447,843 | 4,447,843 | - | 2,347,996 |
| Payment to refunded bond escrow agent | (41,029,485) | (41,029,485) | - | (19,986,809) |
| Total other financing sources (uses) | 253,358 | 253,358 | - | 146,187 |
| Net change in fund balance | (1,014,246) | 249,482 | 1,263,728 | (1,277,076) |
| Fund balances - beginning | 1,767,604 | 1,767,604 | - | 3,044,680 |
| Fund balance - ending | \$ 753,358 | \$ 2,017,086 | \$ 1,263,728 | \$ 1,767,604 |

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

| | 2016 | | | 2015 |
|--|------------------------------|---------------------|-------------------------------|----------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Property taxes | \$ 12,544,971 | \$ 12,563,203 | \$ 18,232 | \$ 7,500,752 |
| Earnings on investments | 180,000 | 156,342 | (23,658) | 97,646 |
| Other | 706,091 | 1,294,714 | 588,623 | 967,599 |
| State | 81,821 | 81,821 | - | 30,343 |
| Total revenues | 13,512,883 | 14,096,080 | 583,197 | 8,596,340 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Land and buildings: | | | | |
| Buildings | 12,000,000 | 15,791,667 | (3,791,667) | 17,273,819 |
| Land and improvements | 3,500,000 | 2,355,987 | 1,144,013 | 288,832 |
| Salaries and benefits | 1,300,000 | 1,092,147 | 207,853 | 998,170 |
| Purchased services | 700,000 | 132,325 | 567,675 | 102,414 |
| Supplies and materials | 1,000,000 | 582,149 | 417,851 | 601,505 |
| Total land and buildings | 18,500,000 | 19,954,275 | (1,454,275) | 19,264,740 |
| Equipment and textbooks: | | | | |
| School buses | 1,700,000 | 1,093,220 | 606,780 | 553,646 |
| Vehicles | 150,000 | 106,009 | 43,991 | 111,517 |
| Software | 500,000 | 345,418 | 154,582 | 364,288 |
| Textbooks | 2,000,000 | 280,316 | 1,719,684 | 1,345 |
| Other instructional equipment | 4,448,383 | 6,055,925 | (1,607,542) | 4,668,916 |
| Total equipment and textbooks | 8,798,383 | 7,880,888 | 917,495 | 5,699,712 |
| Total capital outlay | 27,298,383 | 27,835,163 | (536,780) | 24,964,452 |
| Debt service: | | | | |
| Principal retirement of notes and capital leases | 3,000,000 | 3,150,779 | (150,779) | 2,659,606 |
| Interest and fiscal charges | 421,342 | 343,951 | 77,391 | 326,152 |
| Bond issuance costs | 350,000 | - | 350,000 | 160,149 |
| Total debt service | 3,771,342 | 3,494,730 | 276,612 | 3,145,907 |
| Total expenditures | 31,069,725 | 31,329,893 | (260,168) | 28,110,359 |
| Deficiency of revenues under expenditures | (17,556,842) | (17,233,813) | 323,029 | (19,514,019) |
| Other financing sources (uses): | | | | |
| Proceeds from general obligation bonds issued | - | - | - | 20,000,000 |
| Premium on bonds issued | - | - | - | 1,450,149 |
| Capital leases | 2,800,000 | 5,431,321 | 2,631,321 | 2,140,239 |
| Proceeds from sale of capital assets | 713,391 | 713,391 | - | 297,372 |
| Transfers | 4,500,000 | - | (4,500,000) | 2,800,000 |
| Total other financing sources (uses) | 8,013,391 | 6,144,712 | (1,868,679) | 26,687,760 |
| Net change in fund balances | (9,543,451) | (11,089,101) | (1,545,650) | 7,173,741 |
| Fund balances - beginning | 18,525,965 | 18,525,965 | - | 11,352,224 |
| Fund balances - ending | <u>\$ 8,982,514</u> | <u>\$ 7,436,864</u> | <u>\$ (1,545,650)</u> | <u>\$ 18,525,965</u> |

WEBER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|---|------------------------------|-------------------------------|---------------------|-------------------------------|--|
| | School Lunch | Student Activities | Foundation | Pass Through Taxes | |
| Assets: | | | | | |
| Cash and investments | \$ 2,015,532 | \$ 3,053,199 | \$ 2,589,244 | \$ - | \$ 7,657,975 |
| Receivables: | | | | | |
| Property taxes | - | - | - | 2,618,930 | 2,618,930 |
| Local | - | 4,147 | 24,613 | - | 28,760 |
| State | 864,691 | - | - | - | 864,691 |
| Inventories and prepaid items | 262,442 | 14,899 | 13,069 | - | 290,410 |
| Total assets | <u>\$ 3,142,665</u> | <u>\$ 3,072,245</u> | <u>\$ 2,626,926</u> | <u>\$ 2,618,930</u> | <u>\$ 11,460,766</u> |
| Liabilities: | | | | | |
| Accounts and contracts payable | \$ 33,898 | \$ 179,626 | \$ 13,223 | \$ - | \$ 226,747 |
| Accrued salaries and employee benefits | 1,176,435 | 80,273 | - | - | 1,256,708 |
| Total liabilities | 1,210,333 | 259,899 | 13,223 | - | 1,483,455 |
| Deferred inflows of resources: | | | | | |
| Unavailable property tax revenue | - | - | - | 58,556 | 58,556 |
| Property taxes levied for future year | - | - | - | 2,560,374 | 2,560,374 |
| Total deferred inflows of resources | - | - | - | 2,618,930 | 2,618,930 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 262,442 | 14,899 | 13,069 | - | 290,410 |
| Restricted for: | | | | | |
| Food services | 1,669,890 | - | - | - | 1,669,890 |
| Students | - | - | 2,202,864 | - | 2,202,864 |
| Assigned to: | | | | | |
| Students | - | 2,797,447 | 397,770 | - | 3,195,217 |
| Total fund balances | <u>1,932,332</u> | <u>2,812,346</u> | <u>2,613,703</u> | <u>-</u> | <u>7,358,381</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,142,665</u> | <u>\$ 3,072,245</u> | <u>\$ 2,626,926</u> | <u>\$ 2,618,930</u> | <u>\$ 11,460,766</u> |

WEBER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|--|------------------------------|-------------------------------|---------------------|-------------------------------|--|
| | School Lunch | Student Activities | Foundation | Pass Through Taxes | |
| Revenues: | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 2,282,847 | \$ 2,282,847 |
| Earnings on investments | - | 185,772 | (188,195) | - | (2,423) |
| Contributions | - | 1,559,781 | 1,126,680 | - | 2,686,461 |
| Tuition | - | 225,139 | - | - | 225,139 |
| Student fees | - | 689,793 | - | - | 689,793 |
| Lunch sales | 3,783,015 | - | - | - | 3,783,015 |
| State | 2,216,025 | - | - | - | 2,216,025 |
| Federal | 6,531,529 | - | - | - | 6,531,529 |
| Total revenues | 12,530,569 | 2,660,485 | 938,485 | 2,282,847 | 18,412,386 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instructional services | - | 4,675,078 | 1,107,904 | - | 5,782,982 |
| Food services | 12,617,401 | - | - | - | 12,617,401 |
| Contributions to other governments | - | - | - | 2,282,847 | 2,282,847 |
| Total expenditures | 12,617,401 | 4,675,078 | 1,107,904 | 2,282,847 | 20,683,230 |
| Excess (deficiency) of revenues over (under) expenditures | (86,832) | (2,014,593) | (169,419) | - | (2,270,844) |
| Other financing sources: | | | | | |
| Transfers | - | - | 205,533 | - | 205,533 |
| Net change in fund balances | (86,832) | (2,014,593) | 36,114 | - | (2,065,311) |
| Fund balances - beginning | 2,019,164 | 4,826,939 | 2,577,589 | - | 9,423,692 |
| Fund balances - ending | \$ 1,932,332 | \$ 2,812,346 | \$ 2,613,703 | \$ - | \$ 7,358,381 |

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, 2016
With Comparative Totals for 2015

| | 2016 | | | 2015 |
|---|------------------------------|-------------------|-------------------------------|-------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Lunch sales | \$ 3,945,779 | \$ 3,783,015 | \$ (162,764) | \$ 3,890,595 |
| State | 2,023,866 | 2,216,025 | 192,159 | 2,181,545 |
| Federal | 6,905,134 | 6,531,529 | (373,605) | 6,820,597 |
| Total revenues | 12,874,779 | 12,530,569 | (344,210) | 12,892,737 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 4,090,723 | 4,005,441 | 85,282 | 3,898,204 |
| Employee benefits | 1,773,990 | 1,563,004 | 210,986 | 1,569,465 |
| Purchased services | 231,231 | 139,006 | 92,225 | 127,332 |
| Supplies and materials | 558,292 | 733,353 | (175,061) | 644,685 |
| Food | 6,006,026 | 4,963,670 | 1,042,356 | 5,304,100 |
| Equipment | 378,214 | 362,238 | 15,976 | 430,714 |
| Other | 984,694 | 850,689 | 134,005 | 658,324 |
| Total expenditures | 14,023,170 | 12,617,401 | 1,405,769 | 12,632,824 |
| Excess (deficiency) of revenues over (under) expenditures / net change in fund balances | (1,148,391) | (86,832) | 1,061,559 | 259,913 |
| Fund balances - beginning | 1,648,391 | 2,019,164 | 370,773 | 1,759,251 |
| Fund balances - ending | \$ 500,000 | \$ 1,932,332 | \$ 1,432,332 | \$ 2,019,164 |

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, 2016
With Comparative Totals for 2015

| | 2016 | | | 2015 |
|---|------------------------------|-------------------|-------------------------------|-------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Earnings on investments | \$ 20,000 | \$ 185,772 | \$ 165,772 | \$ 6,545 |
| Tuition | - | 225,139 | 225,139 | - |
| Student fees | 6,000,000 | 689,793 | (5,310,207) | 5,731,343 |
| Other local | 980,000 | 1,559,781 | 579,781 | 503,373 |
| Total revenues | 7,000,000 | 2,660,485 | (4,339,515) | 6,241,261 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries and benefits | 1,976,939 | 514,916 | 1,462,023 | 493,910 |
| Purchased services | 500,000 | 387,062 | 112,938 | 134,593 |
| Supplies | 6,200,000 | 3,575,974 | 2,624,026 | 6,165,041 |
| Equipment | 100,000 | 161,938 | (61,938) | 25,388 |
| Other expenditures | 50,000 | 35,188 | 14,812 | 15,789 |
| Total expenditures | 8,826,939 | 4,675,078 | 4,151,861 | 6,834,721 |
| Excess (deficiency) of revenues over (under) expenditures / net change in fund balances | (1,826,939) | (2,014,593) | (187,654) | (593,460) |
| Fund balances - beginning | 4,826,939 | 4,826,939 | - | 5,420,399 |
| Fund balances - ending | \$ 3,000,000 | \$ 2,812,346 | \$ (187,654) | \$ 4,826,939 |

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, 2016 and 2015

| | 2016 | | | 2015 |
|--|------------------------------|---------------------|-------------------------------|---------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Earnings on investments | \$ 100,000 | \$ (188,195) | \$ (288,195) | \$ (49,244) |
| Contributions | 1,000,000 | 1,126,680 | 126,680 | 1,062,004 |
| Total revenues | 1,100,000 | 938,485 | (161,515) | 1,012,760 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 200,000 | 140,796 | 59,204 | 129,033 |
| Employee benefits | 100,000 | 56,037 | 43,963 | 47,834 |
| Purchased services | 35,000 | 16,250 | 18,750 | 29,974 |
| Supplies | 1,000,000 | 893,606 | 106,394 | 979,322 |
| Other | 8,794 | 1,215 | 7,579 | 1,050 |
| Total expenditures | 1,343,794 | 1,107,904 | 235,890 | 1,187,213 |
| Excess (deficiency) of revenues over (under) expenditures | (243,794) | (169,419) | (397,405) | (174,453) |
| Other financing sources: | | | | |
| Transfers | 200,000 | 205,533 | (5,533) | 186,261 |
| Net change in fund balances | (43,794) | 36,114 | (402,938) | 11,808 |
| Fund balances - beginning | 2,577,589 | 2,577,589 | - | 2,565,781 |
| Fund balances - ending | <u>\$ 2,533,795</u> | <u>\$ 2,613,703</u> | <u>\$ 79,908</u> | <u>\$ 2,577,589</u> |

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Pass-Through Taxes
Nonmajor Special Revenue Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

| | <u>2016</u> | | | <u>2015</u> |
|---|---------------------------------------|---------------------------|---------------------------------------|---------------------------|
| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> | <u>Actual Amounts</u> |
| Revenues: | | | | |
| Property taxes | \$ 3,000,000 | \$ 2,282,847 | \$ (717,153) | \$ 2,051,404 |
| Total revenues | 3,000,000 | 2,282,847 | (717,153) | 2,051,404 |
| Expenditures: | | | | |
| Current: | | | | |
| Contributions to other governments | 3,000,000 | 2,282,847 | 717,153 | 2,051,404 |
| Total expenditures | 3,000,000 | 2,282,847 | 717,153 | 2,051,404 |
| Excess (deficiency) of revenues over (under) expenditures/net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Table 1 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
General Obligation Overlapping Indebtedness at June 30, 2016

| <u>Entity</u> | <u>2015 Taxable Value</u> | <u>District's Portion of Assessment</u> | <u>District's Percent</u> | <u>General Obligation Debt</u> | <u>Overlapping Debt</u> |
|--|-----------------------------------|---|-------------------------------|--|-----------------------------|
| Weber County | \$ 12,976,409,253 | \$ 9,130,234,035 | 70.4% | \$ 37,895,000 | \$ 26,663,017 |
| Cities: | | | | | |
| Washington Terrace | 335,111,646 | 335,111,646 | 100.0% | 2,085,000 | 2,085,000 |
| Other Districts: | | | | | |
| Weber Basin Water Conservancy District | 50,605,469,027 | 8,875,879,826 | 17.5% | 21,139,452 | 3,707,726 |
| North Davis County Sewer District | 9,429,431,616 | 1,293,590,418 | 13.7% | 30,100,000 | 4,129,313 |
| Total overlapping general obligation debt | | | | | 36,585,056 |
| Total direct general obligation bonded indebtedness | | | | | 124,270,000 |
| Total direct and overlapping general obligation debt | | | | | <u>\$ 160,855,056</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 obligation 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**

| | <u>To 2015 Taxable Value (1)</u> | <u>To Adjusted Fair Market Value (2)</u> | <u>Per Capita Debt Ratio (3)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Direct general obligation debt | 1.36% | 0.91% | \$ 795.79 |
| Direct and overlapping general obligation debt | 1.76% | 1.18% | 1,030.07 |

-
- (1) Based on the State of Utah's December 31, 2015 taxable value for Weber School District of: \$ 9,130,234,035
(2) Based on the State of Utah's December 31, 2015 adjusted fair market value for the District of: \$ 13,625,639,989
(3) Based on the U.S. Bureau of the Census estimate for Weber County of 240,475, less Ogden City's population estimate of 84,316 (Ogden City does not lie within the District's boundaries); therefore, Weber School District's 2014 population estimate is 156,159.

TABLE 3 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds

Debt Service Schedule of Outstanding General Obligation Bonds at June 30, 2016

| Year Ending June 30, | Series 2008 | | Series 2009 | | Series 2011 | | Series 2012 | | Series 2013 | |
|-------------------------|---------------------|------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 500,000 | \$ 38,500 | \$ 325,000 | \$ 217,576 | \$ 350,000 | \$ 233,500 | \$ 250,000 | \$ 527,426 | \$ 965,000 | \$ 1,006,818 |
| 2018 | 600,000 | 21,000 | 335,000 | 207,014 | 650,000 | 223,000 | 280,000 | 524,300 | 890,000 | 958,568 |
| 2019 | - | - | 350,000 | 195,288 | - | 210,000 | 260,000 | 520,100 | 300,000 | 914,068 |
| 2020 | - | - | 365,000 | 182,164 | - | 210,000 | 280,000 | 516,200 | 280,000 | 899,068 |
| 2021 | - | - | 375,000 | 167,564 | - | 210,000 | 375,000 | 512,000 | 280,000 | 885,068 |
| 2022 | - | - | 390,000 | 152,564 | 3,075,000 | 210,000 | 415,000 | 504,500 | 750,000 | 871,068 |
| 2023 | - | - | 405,000 | 136,964 | 2,175,000 | 87,000 | 450,000 | 496,200 | 750,000 | 833,568 |
| 2024 | - | - | 420,000 | 120,764 | - | - | 1,510,000 | 487,200 | 1,115,000 | 796,068 |
| 2025 | - | - | 440,000 | 103,544 | - | - | 1,570,000 | 441,900 | 1,110,000 | 757,044 |
| 2026 | - | - | 455,000 | 85,394 | - | - | 1,625,000 | 379,100 | 1,130,000 | 718,194 |
| 2027 | - | - | 475,000 | 66,056 | - | - | 1,685,000 | 330,350 | 1,235,000 | 572,994 |
| 2028 | - | - | 500,000 | 45,276 | - | - | 1,725,000 | 279,800 | 1,280,000 | 600,994 |
| 2029 | - | - | 520,000 | 23,400 | - | - | 1,785,000 | 236,676 | 1,740,000 | 572,394 |
| 2030 | - | - | - | - | - | - | 1,845,000 | 187,588 | 2,325,000 | 502,794 |
| 2031 | - | - | - | - | - | - | 1,910,000 | 136,850 | 2,380,000 | 406,888 |
| 2032 | - | - | - | - | - | - | 2,000,000 | 70,000 | 2,425,000 | 308,712 |
| 2033 | - | - | - | - | - | - | - | - | 4,570,000 | 205,650 |
| | <u>\$ 1,100,000</u> | <u>\$ 59,500</u> | <u>\$ 5,355,000</u> | <u>\$ 1,703,568</u> | <u>\$ 6,250,000</u> | <u>\$ 1,383,500</u> | <u>\$ 17,965,000</u> | <u>\$ 6,150,190</u> | <u>\$ 23,525,000</u> | <u>\$ 11,809,958</u> |

| Year Ending June 30, | Series 2014 | | Series 2015 | | Series 2016 | | Totals | | Grand Total |
|-------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2017 | \$ 2,100,000 | \$ 1,392,425 | \$ 2,850,000 | \$ 543,750 | \$ - | \$ 1,070,315 | \$ 7,340,000 | \$ 5,030,310 | \$ 12,370,310 |
| 2018 | 2,205,000 | 1,287,425 | 3,000,000 | 401,250 | - | 818,075 | 7,960,000 | 4,440,632 | 12,400,632 |
| 2019 | 2,320,000 | 1,177,175 | 3,125,000 | 251,250 | 1,325,000 | 818,075 | 7,680,000 | 4,085,956 | 11,765,956 |
| 2020 | 2,370,000 | 1,130,775 | 2,375,000 | 95,000 | 1,390,000 | 751,825 | 7,060,000 | 3,785,032 | 10,845,032 |
| 2021 | 2,490,000 | 1,012,275 | 2,375,000 | 47,500 | 1,450,000 | 682,325 | 7,345,000 | 3,516,732 | 10,861,732 |
| 2022 | 2,620,000 | 887,775 | - | - | 625,000 | 609,825 | 7,875,000 | 3,235,732 | 11,110,732 |
| 2023 | 2,760,000 | 756,775 | - | - | 1,665,000 | 578,575 | 8,205,000 | 2,889,082 | 11,094,082 |
| 2024 | 2,905,000 | 618,775 | - | - | 2,630,000 | 495,325 | 8,580,000 | 2,518,132 | 11,098,132 |
| 2025 | 3,060,000 | 473,525 | - | - | 2,775,000 | 363,825 | 8,955,000 | 2,139,838 | 11,094,838 |
| 2026 | 3,145,000 | 400,850 | - | - | 2,925,000 | 225,075 | 9,280,000 | 1,808,613 | 11,088,613 |
| 2027 | 1,050,000 | 322,225 | - | - | 2,985,000 | 166,575 | 7,430,000 | 1,458,200 | 8,888,200 |
| 2028 | 1,090,000 | 280,225 | - | - | 3,065,000 | 91,950 | 7,660,000 | 1,298,245 | 8,958,245 |
| 2029 | 1,135,000 | 236,625 | - | - | - | - | 5,180,000 | 1,069,095 | 6,249,095 |
| 2030 | 1,180,000 | 191,225 | - | - | - | - | 5,350,000 | 881,607 | 6,231,607 |
| 2031 | 1,215,000 | 155,825 | - | - | - | - | 5,505,000 | 699,563 | 6,204,563 |
| 2032 | 1,250,000 | 119,375 | - | - | - | - | 5,675,000 | 498,087 | 6,173,087 |
| 2033 | 1,290,000 | 81,875 | - | - | - | - | 5,860,000 | 287,525 | 6,147,525 |
| 2034 | 1,330,000 | 41,562 | - | - | - | - | 1,330,000 | 41,562 | 1,371,562 |
| | <u>\$ 35,515,000</u> | <u>\$ 10,566,712</u> | <u>\$ 13,725,000</u> | <u>\$ 1,338,750</u> | <u>\$ 20,835,000</u> | <u>\$ 6,671,765</u> | <u>\$ 124,270,000</u> | <u>\$ 39,683,943</u> | <u>\$ 163,953,943</u> |

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

Including Fee in Lieu Valuation (1)

| Tax Year | Taxable Value | Adjusted Fair Market Value |
|---------------------|----------------------|---------------------------------------|
| 2015 | \$ 9,130,234,035 | \$ 13,625,639,989 |
| 2014 | 8,448,670,470 | 12,557,995,295 |
| 2013 | 8,090,784,419 | 11,949,325,120 |
| 2012 | 7,901,074,430 | 11,654,822,135 |
| 2011 | 8,096,519,157 | 11,965,128,134 |

Excluding Fee in Lieu Valuation

| Tax Year | Taxable Value | Adjusted Fair Market Value |
|---------------------|----------------------|---------------------------------------|
| 2015 | \$ 8,803,257,251 | \$ 13,298,663,205 |
| 2014 | 8,144,787,395 | 12,254,092,220 |
| 2013 | 7,779,791,910 | 11,638,332,612 |
| 2012 | 7,592,275,751 | 11,346,023,456 |
| 2011 | 7,784,906,222 | 11,538,653,927 |

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

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

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

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>December 31, 2015 Taxable Valuation</u> | <u>Percentage of Total Assessed Valuation (1)</u> |
|-------------------------------|-------------------------|--|---|
| Great Salt Lake Minerals | Manufacturing | \$ 237,368,390 | 2.60% |
| Pacificorp | Electric Utility | 138,810,432 | 1.52% |
| Kimberly-Clark Corporation | Manufacturing | 66,399,234 | 0.73% |
| Union Pacific Railroad Co | Transportation | 63,146,803 | 0.69% |
| Questar Gas | Natural Gas Utility | 56,439,528 | 0.62% |
| America First Credit Union | Banking | 55,891,695 | 0.61% |
| Associated/Fresh Markets Inc. | Groceries | 52,375,198 | 0.57% |
| Columbia Ogden Medical Center | Medical | 46,808,628 | 0.51% |
| Westinghouse Electric | Manufacturing | 45,841,564 | 0.50% |
| Riverdale Center Owner | Retail | 39,199,210 | 0.43% |
| Totals | | <u>\$ 802,280,682</u> | <u>8.78%</u> |

(1) Based on the District's 2015 taxable value of: \$ 9,130,234,035
Source: Office of Weber County Treasurer

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

| | 2015 Taxable Value | Percent of 2015 | 2014 Taxable Value |
|------------------------------------|-------------------------------|----------------------------|-------------------------------|
| Centrally assessed values | \$ 507,646,159 | 6.01% | \$ 434,160,707 |
| Real property: | | | |
| Primary residential | 5,480,574,589 | 64.87% | 5,007,983,245 |
| Other residential | 662,074,532 | 7.84% | 629,634,857 |
| Commercial and industrial | 1,668,105,931 | 19.74% | 1,606,959,458 |
| FAA | 18,197,647 | 0.22% | 19,233,815 |
| Unimproved non FAA | 58,150,039 | 0.69% | 58,491,609 |
| Total real property | 7,887,102,738 | 93.36% | 7,322,302,984 |
| Personal property: | | | |
| Primary and secondary mobile homes | 13,810,466 | 0.16% | 14,500,430 |
| Other business personal | 394,697,888 | 4.67% | 373,823,274 |
| Total personal property | 408,508,354 | 4.83% | 388,323,704 |
| Fee-in-lieu property (F-I-L): | 326,976,784 | 3.87% | 303,903,075 |
| Total assessed properties | \$ 9,130,234,035 | 108.07% | \$ 8,448,690,470 |

Source: Utah State Tax Commission

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

Tax Collection Record of the District

| <u>Year Ended December 31,</u> | <u>Total Taxes Levied</u> | <u>Current Collections</u> | <u>Percent Current Collections</u> | <u>Collections for Prior Years</u> | <u>Total Collections</u> | <u>Percent of Total Collections</u> |
|------------------------------------|-------------------------------|--------------------------------|--|--|------------------------------|---|
| 2015 | \$ 55,766,306 | \$ 54,213,009 | 97.21% | \$ 1,279,767 | \$ 55,492,776 | 99.51% |
| 2014 | 53,305,882 | 50,727,500 | 95.16% | 1,862,158 | 52,589,658 | 98.66% |
| 2013 | 51,914,184 | 49,301,176 | 94.97% | 2,306,565 | 51,607,741 | 99.41% |
| 2012 | 51,543,848 | 48,881,374 | 94.83% | 2,388,261 | 51,269,635 | 99.47% |
| 2011 | 50,923,174 | 48,014,304 | 94.29% | 2,449,604 | 50,463,908 | 99.10% |

Schedule of Property Tax Rates

| | <u>Tax Year Ended December 31,</u> | | | | |
|--------------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| State required | 0.001736 | 0.001419 | 0.001535 | 0.001651 | 0.001591 |
| Voted leeway | 0.000958 | 0.001010 | 0.001083 | 0.001091 | 0.001123 |
| Board leeway | 0.001764 | 0.001866 | 0.002006 | 0.002026 | 0.000419 |
| Transportation | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000264 |
| Recreation | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000114 |
| Tort liability | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000041 |
| Capital outlay | 0.000842 | 0.000888 | 0.000953 | 0.000960 | 0.000915 |
| Debt service | 0.001343 | 0.001343 | 0.001343 | 0.001343 | 0.001343 |
| 10% Additional | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000873 |
| Judgment levy | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000007 |
| Board reading levy | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000143 |
| Total | <u>0.006643</u> | <u>0.006526</u> | <u>0.006920</u> | <u>0.007071</u> | <u>0.006833</u> |

Historical Property Tax Collections by Fund

| <u>Year Ended June 30,</u> | <u>Total Funds</u> | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects</u> | <u>Debt Service</u> |
|--------------------------------|--------------------|-------------------------|--------------------------------------|-----------------------------|---------------------|
| 2016 | \$ 62,890,946 | \$ 35,791,896 | \$ 2,282,847 | \$ 12,563,203 | \$ 12,253,000 |
| 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 |

Table 10 Financial Information
WEBER SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - General Fund

| | Year Ended June 30, | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues: | | | | | |
| Property tax | \$ 35,791,896 | \$ 36,279,852 | \$ 37,781,712 | \$ 37,995,498 | \$ 36,279,732 |
| Earnings from investments | 779,757 | 474,106 | 764,726 | 845,942 | 615,214 |
| Other | 2,490,355 | 2,693,427 | 2,021,253 | 2,715,071 | 1,693,377 |
| State | 143,176,198 | 137,246,612 | 132,151,205 | 127,535,040 | 124,651,741 |
| Federal | 13,304,146 | 12,139,642 | 11,973,096 | 11,330,773 | 12,661,666 |
| Total revenues | <u>195,542,352</u> | <u>188,833,639</u> | <u>184,691,992</u> | <u>180,422,324</u> | <u>175,901,730</u> |
| Expenditures: | | | | | |
| Instruction | 135,181,868 | 132,077,653 | 127,829,436 | 126,645,971 | 124,927,043 |
| Support services | | | | | |
| Students | 7,109,418 | 6,721,162 | 6,613,916 | 6,549,798 | 6,367,704 |
| Instructional staff | 3,539,515 | 3,148,960 | 2,509,097 | 2,676,267 | 2,944,221 |
| District general administration | 3,841,976 | 3,865,284 | 4,401,624 | 5,469,192 | 5,401,049 |
| School administration | 12,010,081 | 12,238,374 | 12,089,094 | 11,600,702 | 11,485,959 |
| Operations and maintenance | 19,044,682 | 18,248,638 | 17,888,671 | 15,698,957 | 15,191,982 |
| Student transportation | 8,219,183 | 7,463,312 | 7,307,044 | 7,279,827 | 7,109,513 |
| Central | 5,349,486 | 4,907,261 | 3,931,078 | 3,064,737 | 2,476,525 |
| Total expenditures | <u>194,296,209</u> | <u>188,670,644</u> | <u>182,569,960</u> | <u>178,985,451</u> | <u>175,903,996</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,246,143</u> | <u>162,995</u> | <u>2,122,032</u> | <u>1,436,873</u> | <u>(2,266)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from sale of capital assets | - | 17,088 | 56,330 | 29,046 | 9,584 |
| Transfers | (205,533) | (2,986,261) | - | - | (69,246) |
| Total other financing sources (uses) | <u>(205,533)</u> | <u>(2,969,173)</u> | <u>56,330</u> | <u>29,046</u> | <u>(59,662)</u> |
| Net change in fund balances | 1,040,610 | (2,806,178) | 2,178,362 | 1,465,919 | (61,928) |
| Fund balance, beginning of year | <u>33,644,024</u> | <u>36,450,202</u> | <u>28,561,062</u> | <u>27,095,143</u> | <u>27,157,071</u> |
| Fund balance, end of year | <u>\$ 34,684,634</u> | <u>\$ 33,644,024</u> | <u>\$ 30,739,424</u> | <u>\$ 28,561,062</u> | <u>\$ 27,095,143</u> |

Source: The District's Basic financial statements.

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

| | as of June 30, | | | | |
|--|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Assets: | | | | | |
| Cash and investments | \$ 69,153,613 | \$ 67,452,769 | \$ 70,497,293 | \$ 63,646,895 | \$ 58,193,688 |
| Receivables: | | | | | |
| Property taxes | 36,575,941 | 33,873,834 | 29,171,837 | 28,650,978 | 28,929,795 |
| Local | 205,697 | 333,009 | 9,917,048 | 6,194,466 | 10,583,536 |
| State | 795,173 | 742,689 | - | - | - |
| Federal | 11,807,815 | 8,676,078 | - | - | - |
| Due from other funds | - | 188,589 | - | - | - |
| Other assets | - | - | 540,966 | 316,766 | 285,373 |
| Inventories and prepaid items | 674,058 | 625,246 | 530,079 | 791,336 | 635,423 |
| Total assets | \$ 119,212,297 | \$ 111,892,214 | \$ 110,657,223 | \$ 99,600,441 | \$ 98,627,815 |
| Liabilities: | | | | | |
| Account payable | \$ 3,065,613 | \$ 3,052,843 | \$ 2,965,704 | \$ 3,127,124 | \$ 3,432,764 |
| Accrued wages | 34,563,263 | 33,309,893 | 32,346,829 | 25,704,496 | 23,906,917 |
| Termination benefits | - | - | 3,257,970 | 3,257,970 | 3,257,970 |
| Unearned revenue: | | | | | |
| Local | - | 37,785 | 27,935 | 30,319 | 80,031 |
| Other governments | - | - | 7,836,023 | 7,355,034 | 7,935,041 |
| State | 8,854,740 | 7,568,380 | - | - | - |
| Federal | 1,597,922 | 588,028 | - | - | - |
| Total liabilities | 48,081,538 | 44,556,929 | 46,434,461 | 39,474,943 | 38,612,723 |
| Deferred inflows of resources: | | | | | |
| Unavailable property tax revenue | 814,885 | 849,484 | - | - | - |
| Property taxes levied for future year | 35,631,240 | 32,841,777 | 33,483,338 | 31,564,436 | 32,919,949 |
| Total deferred inflows of resources | 36,446,125 | 33,691,261 | 33,483,338 | 31,564,436 | 32,919,949 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 674,058 | 625,246 | 530,079 | 791,336 | 635,423 |
| Committed to: | | | | | |
| Economic stabilization | 4,500,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Employee benefit obligations | 1,882,369 | 1,627,420 | 1,753,367 | 1,610,884 | 1,523,169 |
| Other purchases | 303,816 | 564,290 | 664,647 | 233,351 | 226,163 |
| Assigned to: | | | | | |
| Early retirement benefit | 10,250,000 | 10,250,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Programs | 6,206,513 | 5,806,513 | 3,069,629 | 1,276,438 | 65,336 |
| Unassigned | 10,867,878 | 10,770,555 | 10,721,702 | 10,649,053 | 10,645,052 |
| Total fund balance | 34,684,634 | 33,644,024 | 30,739,424 | 28,561,062 | 27,095,143 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 119,212,297 | \$ 111,892,214 | \$ 110,657,223 | \$ 99,600,441 | \$ 98,627,815 |

Source: The District's Basic financial statements.