

WEBER SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2019

WEBER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2019

| | 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 | 16 |
| Statement of Activities | 17 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 18 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 19 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 20 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>General Fund</i> | 22 |
| Notes to the Basic Financial Statements | 23 |
| Required Supplementary Information: | |
| Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) – Utah Retirement Systems | 44 |
| Schedules of District Contributions – Utah Retirement Systems | 45 |
| Notes to the Required Supplementary Information | 46 |
| 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> | 47 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Debt Service Fund</i> | 48 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Capital Projects Fund</i> | 49 |

WEBER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2019

| | Page |
|--|-------------|
| Nonmajor Special Revenue Funds: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 50 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 51 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>School Lunch Fund</i> | 52 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Student Activities Fund</i> | 53 |
| Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – <i>Weber School District Foundation Fund</i> | 54 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – <i>Pass-Through Taxes Fund</i> | 55 |
| OTHER INFORMATION: | |
| Table 1 – General Obligation Overlapping Indebtedness | 56 |
| Table 2 – Debt Ratios | 57 |
| Table 3 – Debt Service Schedule of Outstanding General Obligation Bonds | 58 |
| Table 4 – Taxable and Fair Market Value | 59 |
| Table 5 – Significant Taxpayers in the District | 60 |
| Table 6 – Summary of Taxable Value | 61 |
| Table 7 – Tax Collection Record of the District | 62 |
| Table 8 – Schedule of Property Tax Rates | 62 |
| Table 9 – Historical Property Tax Collections by Fund | 62 |
| Table 10 – Five Year General Fund Financial Summary | 63 |
| Table 11 – Balance Sheet – General Fund | 64 |

WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

November 14, 2019

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

State law requires that school districts publish, within five months of the close of each year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the basic financial statements of the Weber School District (the District) for the fiscal year ending June 30, 2019.

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

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

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

Independent audits. Squire & Company, PC, a firm of licensed certified public accountants, has audited our financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019 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 our financial statements for the year ending June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report

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

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

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

District profile. We are a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. We are fiscally independent. Policymaking and legislative authority are vested in our Board of Education consisting of seven members. Our Board is responsible, among other things, for developing policy, adopting budgets, levying taxes, incurring bonded debt, supervising committees, and hiring both our Superintendent and Business Administrator. Our Superintendent and Business Administrator are responsible for carrying out the policies of our Board and overseeing our day-to-day operations. Our Board 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.

Our major purpose is to provide public education for those who reside within the boundaries of the District located in Weber County, Utah. To accomplish this purpose, for the school year 2018-2019, we operate four traditional high schools, nine junior high schools, and twenty-nine elementary schools. We also offer various special purpose programs. These special programs include an alternative high school and Weber Innovations Center. We serve approximately 32,171 students.

Budgetary control. Our Board adopts an annual budget for our 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 our 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, our Superintendent submits to our 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 we do not exceed the certified tax rate, a public hearing is held prior to June 30 at which time the budget is legally adopted by resolution of our Board after obtaining taxpayer input. If we exceed the certified tax rate, the budget is adopted in August when data is available to set tax rates. The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund. Our 2019 year-end balances and projected revenue are sufficient to meet the fiscal 2020 budget as presented to the public in June 2019.

Economic condition and outlook. Our economic outlook is largely dependent on state aid. The State of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. According to the 2019 Economic Report to the Governor prepared by the Utah Economical Council, every major industrial sector in Utah expanded in 2018. Utah's annual employment growth rate was among the strongest in the nation boasting a growth rate of 3.3%, and the unemployment rate dropped to a 10-year low of 3.1%. The strongest growth rate came from the construction sector with a 6.5% growth rate which was fueled by robust residential and commercial activity. Utah boasted the third fastest population growth in the nation during 2018. The consensus forecast predicts moderate job and wage growth, low unemployment, and net in-migration in calendar year 2019.

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

Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum amount for each student enrolled. The value of the WPU increased by 2.5% to \$3,395 in 2019 from \$3,311 in 2018. Additionally, the overall taxable value of property within the District increased by 14.0% to \$12.2 billion while the overall tax rate decreased by 1.0% to 0.006307.

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 our enrollment. Notwithstanding the addition and expansion of charter schools, steady growth is expected to continue for the next five years in the District. This means that on the average, over 100 students will be added to our enrollment every year.

Student growth brings additional state aid. However, student growth also adds fixed operational costs. Accordingly, we made effective use of boundary changes and portable classroom units to manage the shifting student enrollments. In November 2017, voters approved a \$97 million bond authorization to construct new facilities and expand current space. Since the passage of the bond election, the construction of two new elementary schools, and a rebuild of Roy Junior High has commenced. A remodel of Fremont High School has been completed. Additionally, an expansion of Weber Innovation High School will increase student capacity.

As we continue 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 will be in the north and west areas of the District.

Audit committee. Our independent auditor uses our audit committee to communicate certain matters to upper management and our Board. Our audit committee includes three members of our Board, our Superintendent, and our Business Administrator. The three members of our Board report audit findings and other financial considerations to our Board. Our Board is responsible for the oversight of the financial reporting process.

Cash management and investments. We maintain a cash and investment pool that is available for use by all funds. We invest in corporate bonds, government agencies, and the Utah Public Treasurers' Investment Fund.

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

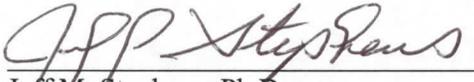
We consider the actions of the Council to be necessary and sufficient for adequate protection of our uninsured bank deposits.

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

Early retirement benefits. Certain employees are eligible to receive healthcare and stipend benefits upon early retirement. When these employees elect to retire early, we report a benefit obligation as a termination benefit per current accounting standards. We finance these benefits primarily as premiums and stipends are paid. We have assigned resources in our General Fund to provide for this obligation.

The efficient and dedicated staff of our business and payroll departments helped accomplish the preparation of this report. We would like to express appreciation to all members of the departments who assisted in the preparation of this report. We would also like to thank the members of our Board of Education for their interest and support in conducting our financial affairs 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, 2019, 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, 2019, 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.

Combining and Individual Fund Statements 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, 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 14, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Orem, Utah
November 14, 2019

Management's Discussion and Analysis

This section of our annual financial report of Weber School District (the District) presents our discussion and analysis of our financial performance during the year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which immediately follow this section.

Financial Highlights

- Our total net position improved over the course of this year's operations by \$6.6 million. Federal and state funding increased by \$10.0 million and property tax revenue increased by \$10.2 million compared to the prior year to contribute to this improvement.
- In November 2017, voters approved \$97.0 million in general obligation bonds for the construction of two new elementary schools, a new replacement junior high, and two major remodeling projects. We issued \$27.0 million in general obligation bonds in February 2017. In November 2018, we issued an additional \$35.0 million in general obligation bonds (with a premium of \$3.2 million) to help finance construction costs.
- The unassigned fund balance in the *general fund* increased by \$2.7 million to \$15.6 million (or 6.6% of *general fund* budgeted expenditures) while the fund balance assigned to economic stabilization increased by \$1.0 million to \$6.0 million.
- Our enrollment increased by 214 students or 0.7% from October 1, 2017 to October 1, 2018.

Overview of the Financial Statements

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

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about our overall financial status.
- The remaining statements are *governmental fund financial statements* that focus on our individual parts, reporting our operations in more detail than the government-wide financial statements. The governmental fund financial statements tell how our 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 our assets and liabilities, as well as deferred outflows and inflows of resources. All 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 our net position and how it has changed. Net position – the difference between our assets and deferred outflows of resources and our liabilities and deferred inflows of resources – is one way to measure our financial health. Over time, increases or decreases in our net position are indicators of whether our financial health is improving or deteriorating, respectively. To assess our overall health, you need to consider additional nonfinancial factors such as changes in our property tax base and the number of students enrolled.

Fund Financial Statements

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

Our governmental funds focus on 1) how cash and other current financial assets flow in and out and 2) the balances remaining 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 our programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided after the governmental fund statements that explain the relationship (or differences) between them.

We adopt an annual appropriated budget for our *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 our case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48.9 million at the close of the most recent fiscal year (see chart on next page).

- A significant portion of our net position (\$92.0 million) reflects our 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, notes payable, and lease obligations) used to acquire those assets that are still outstanding. We use these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although our investment in our 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 our net position (\$23.0 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital outlay.
- The remaining balance of net position (a deficit of \$66.1 million) is unrestricted. This deficit does not mean that we do not have resources available to pay our 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 our proportionate share of the unfunded obligation of the defined benefit plans administered by the Utah Retirement Systems (URS). In 2019, we reported a net pension liability plus deferred outflows/inflows of resources related to pensions of \$89.8 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, 2019 and 2018
(in millions of dollars)

| | Governmental activities | | Total change |
|-----------------------------------|--------------------------------|-------------|---------------------|
| | 2019 | 2018 | 2019-2018 |
| Other assets | \$ 205.9 | \$ 191.7 | \$ 14.2 |
| Capital assets | 262.2 | 220.9 | 41.3 |
| Total assets | 468.1 | 412.6 | 55.5 |
| Deferred outflows of resources | 57.0 | 56.3 | 0.7 |
| Other liabilities | 57.9 | 48.4 | 9.5 |
| Long-term liabilities outstanding | 337.8 | 259.6 | 78.2 |
| Total liabilities | 395.7 | 308.0 | 87.7 |
| Deferred inflows of resources | 80.5 | 118.6 | (38.1) |
| Net position: | | | |
| Net investment in capital assets | 92.0 | 89.8 | 2.2 |
| Restricted | 23.0 | 17.0 | 6.0 |
| Unrestricted | (66.1) | (64.5) | (1.6) |
| Total net position | \$ 48.9 | 42.3 | \$ 6.6 |

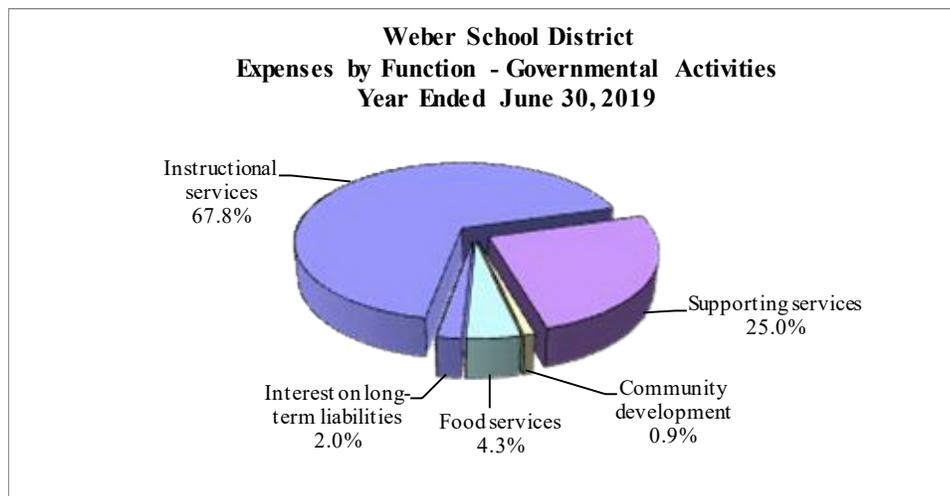
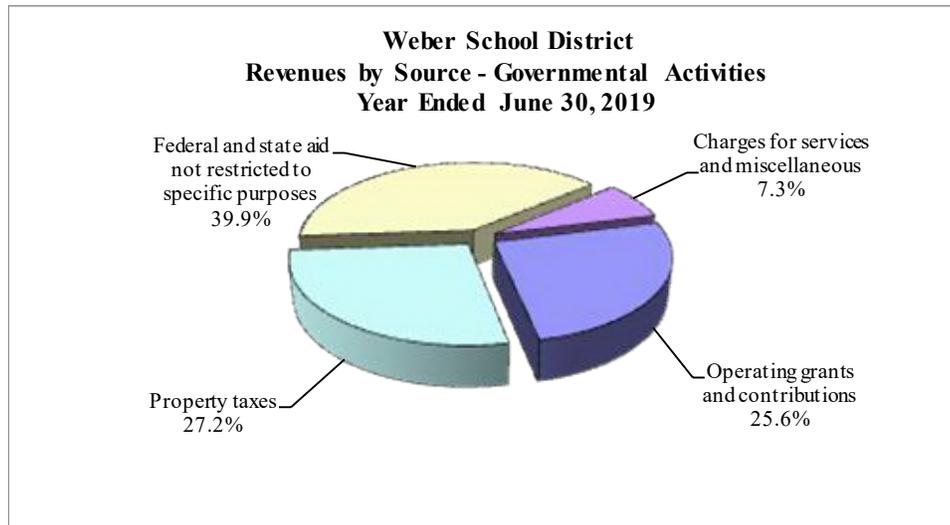
Changes in Net Position

Our total revenues increased by 8.1% to \$292.3 million (see chart on next page). Of our revenue, 39.9% comes from federal and state funding and 27.2% from property taxes. The total cost of all programs and services increased by \$23.4 million, or 8.9%. Our expenses cover a range of services, primarily instructional and related support. The majority of the increase in expenses as compared to the previous year can be attributed to increases in personnel costs within instructional services.

- Federal and state funding increased with the increase in the number of students served and an increase in the value of the weighted pupil unit (WPU), the state funding method that guarantees a minimum level for each student enrolled. The value of the WPU increased by 2.5% to \$3,395 in 2019 from \$3,311 in 2018.
- Property tax revenue is the result of applying tax rates to the taxable value of property. The overall taxable value of property within the District increased by 14.0% to \$12.2 billion while the overall tax rate decreased by 1.0% to 0.006307.
- The total cost of all governmental activities this year was \$285.7 million. Personnel costs increased by 7.5% due mainly to increases in base salaries and insurance costs.

WEBER SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2019 and 2018
(in millions of dollars)

| | <u>Governmental activities</u> | | <u>Total change</u> |
|--|--------------------------------|----------------|---------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019-2018</u> |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 13.0 | \$ 13.3 | \$ (0.3) |
| Operating grants and contributions | 74.9 | 70.2 | 4.7 |
| General revenues: | | | |
| Property taxes | 79.4 | 69.2 | 10.2 |
| Federal and state aid not restricted to specific purposes | 116.8 | 111.5 | 5.3 |
| Earnings on investments | 3.5 | 2.1 | 1.4 |
| Miscellaneous | 4.7 | 4.1 | 0.6 |
| Total revenues | <u>292.3</u> | <u>270.4</u> | <u>21.9</u> |
| Expenses: | | | |
| Instructional services | 193.7 | 177.3 | 16.4 |
| Supporting services: | | | |
| Students | 8.9 | 7.8 | 1.1 |
| Instructional staff | 3.6 | 3.2 | 0.4 |
| District administration | 5.2 | 4.6 | 0.6 |
| School administration | 14.7 | 13.0 | 1.7 |
| Central | 6.6 | 5.9 | 0.7 |
| Operation and maintenance of facilities | 20.5 | 19.4 | 1.1 |
| Transportation | 11.9 | 11.1 | 0.8 |
| Contributions to other governments | 2.5 | 3.2 | (0.7) |
| Food services | 12.4 | 12.3 | 0.1 |
| Interest on long-term liabilities | 5.7 | 4.5 | 1.2 |
| Total expenses | <u>285.7</u> | <u>262.3</u> | <u>23.4</u> |
| Increase in net position | 6.6 | 8.1 | (1.5) |
| Net position – beginning | <u>42.3</u> | <u>34.2</u> | <u>8.1</u> |
| Net position – ending | <u>\$ 48.9</u> | <u>\$ 42.3</u> | <u>\$ 6.6</u> |



Governmental Funds

The focus of our *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing our financing requirements. As we completed the year, our governmental funds reported a combined fund balance of \$68.3 million, or about the same as the previous year (see chart below).

**WEBER SCHOOL DISTRICT'S Change in Fund Balances - Governmental Funds
Year Ended June 30, 2019
(in millions of dollars)**

| | Major Funds | | | Other Governmental Funds | Total |
|--------------------------------|--------------------|-------------------------|-----------------------------|---|----------------|
| | General | Debt Service | Capital Projects | | |
| Revenues | \$ 235.3 | \$ 16.5 | \$ 15.5 | \$ 24.9 | \$ 292.2 |
| Expenditures | (230.1) | (15.4) | (66.1) | (24.4) | (336.0) |
| Other financing sources (uses) | (0.2) | - | 43.8 | 0.3 | 43.9 |
| Net change in fund balances | 5.0 | 1.1 | (6.8) | 0.8 | 0.1 |
| Fund balances – beginning | 34.5 | 1.3 | 24.5 | 7.9 | 68.2 |
| Fund balances – ending | <u>\$ 39.5</u> | <u>\$ 2.4</u> | <u>\$ 17.7</u> | <u>\$ 8.7</u> | <u>\$ 68.3</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 and prepaid items. *Restricted* includes our net fund resources 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 our 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, 2019, our combined governmental fund balance is \$68.3 million (\$1.5 million in nonspendable, \$24.6 million in restricted, \$11.9 million in committed, \$14.7 million in assigned, and \$15.6 million in unassigned fund balances).

WEBER SCHOOL DISTRICT'S Fund Balances - Governmental Funds
June 30, 2019
(in millions of dollars)

| | <u>Major Funds</u> | | | <u>Other</u> | <u>Total</u> |
|---------------------------|--------------------|---------------------|-------------------------|---------------------------|----------------|
| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Governmental Funds</u> | |
| Nonspendable | \$ 0.6 | \$ - | \$ - | \$ 0.9 | \$ 1.5 |
| Restricted | - | 2.4 | 17.7 | 4.5 | 24.6 |
| Committed to: | | | | | |
| Economic stabilization | 6.0 | - | - | - | 6.0 |
| Employee vacation benefit | 2.2 | - | - | - | 2.2 |
| Students | - | - | - | 3.3 | 3.3 |
| Other purposes | 0.4 | - | - | - | 0.4 |
| Assigned to: | | | | | |
| Early retirement benefit | 10.2 | - | - | - | 10.2 |
| Other programs | 4.5 | - | - | - | 4.5 |
| Unassigned | 15.6 | - | - | - | 15.6 |
| Total fund balances | <u>\$ 39.5</u> | <u>\$ 2.4</u> | <u>\$ 17.7</u> | <u>\$ 8.7</u> | <u>\$ 68.3</u> |

- As allowed by state law (limited to 5% of *general fund* budgeted expenditures), we have 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 our excellent bond rating of Aa2 given by Moody's Investor Service.
- We have \$6.0 million assigned *general fund* resources toward economic stabilization.

General Fund Budgetary Highlights

During the year, our Board amended our 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 \$5.2 million and actual expenditures were less than the amount budgeted by \$4.1 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 approval by the State Charter School Board of several charter schools within our boundaries. District enrollment from 2018 to 2019 grew by 214 students to a historic high of 32,171 in the 2018-2019 school year. Going forward, it is estimated that steady growth will continue for the next few years.

WEBER SCHOOL DISTRICT's Enrollment History Years Ended June 30, 2013 through 2019

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Regular schools: | | | | | | | |
| Elementary | 16,354 | 16,517 | 16,564 | 16,441 | 16,490 | 16,687 | 16,879 |
| Junior high | 7,374 | 7,380 | 7,373 | 7,314 | 7,503 | 7,646 | 7,677 |
| High | 7,004 | 7,131 | 7,248 | 7,443 | 7,452 | 7,624 | 7,615 |
| Total enrollment | <u>30,732</u> | <u>31,028</u> | <u>31,185</u> | <u>31,198</u> | <u>31,445</u> | <u>31,957</u> | <u>32,171</u> |
| Change from prior year | 309 | 296 | 157 | 13 | 247 | 512 | 214 |

Capital Asset and Debt Administration

Capital Assets

Our investment in capital assets for our governmental activities as of June 30, 2019 amounts to \$262.2 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 \$41.3 million or 18.7%.

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 our students. In November 2017, voters approved \$97.0 million in general obligation bonds for the construction of two new elementary schools, new replacement junior high, and two major remodeling projects. As of June 30, 2019, \$62.0 million of the authorized general obligation bonds have been issued. Unspent bond proceeds at June 30, 2019 totaled \$0.6 million.

WEBER SCHOOL DISTRICT'S Capital Assets June 30, 2019 and 2018

(net of accumulated depreciation, in millions of dollars)

| | <u>Governmental activities</u> | | <u>Total change 2019-2018</u> |
|----------------------------|--------------------------------|-----------------|-----------------------------------|
| | <u>2019</u> | <u>2018</u> | |
| Land | \$ 18.8 | \$ 17.3 | \$ 1.5 |
| Construction in progress | 55.2 | 15.2 | 40.0 |
| Buildings and improvements | 175.5 | 176.8 | (1.3) |
| Furniture and equipment | <u>12.7</u> | <u>11.6</u> | <u>1.1</u> |
| Total capital assets | <u>\$ 262.2</u> | <u>\$ 220.9</u> | <u>\$ 41.3</u> |

Refer to Note 5 to the basic financial statements for additional information on our capital assets.

Long-Term Debt

At the end of the current fiscal year, we had total bonded debt outstanding of \$170.0 (net of unamortized amounts for bond premiums). Payment of the debt is backed by the full faith and credit of our taxpayers as well as the state of Utah under provisions of The Guaranty Act. Our total debt increased by \$28.0 million, or 17.9%, during the current year.

During 2019, we issued \$35.0 million in new general obligation bonds, with a premium of \$3.2 million. We also entered into lease obligations totaling \$4.6 million to acquire school buses and computer equipment.

WEBER SCHOOL DISTRICT'S Outstanding Debt

June 30, 2019 and 2018

(net of accumulated amortization, in millions of dollars)

| | Governmental activities | | Total change |
|---------------------------------------|--------------------------------|-----------------|---------------------|
| | 2019 | 2018 | 2019-2018 |
| General obligation bonds | \$ 158.7 | \$ 133.3 | \$ 25.4 |
| Unamortized amounts for bond premiums | 11.3 | 9.1 | 2.2 |
| Net bonds payable | 170.0 | 142.4 | 27.6 |
| Obligations under capital lease | 13.2 | 12.6 | 0.6 |
| Notes payable | 1.2 | 1.4 | (0.2) |
| Total outstanding debt | <u>\$ 184.4</u> | <u>\$ 156.4</u> | <u>\$ 28.0</u> |

Our general obligation bonded debt 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, 2019 is \$740.8 million. General obligation debt at June 30, 2019 is \$170.0 million, resulting in a legal debt margin of \$570.8 million.

Although it is not unusual for governments to have a 30-year bond payoff schedule, we maintain an aggressive schedule to retire all of our general obligation bonds by 2038.

Refer to Note 8 to the basic financial statements for additional information on our long-term debt.

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 our finances and to demonstrate our accountability for the money we receive. 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, 2019

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Cash and investments | \$ 118,303,941 |
| Receivables: | |
| Property taxes | 78,319,042 |
| Local | 252,597 |
| State | 2,376,085 |
| Federal | 4,642,090 |
| Note receivable | 421,748 |
| Inventories and prepaid items | 1,485,825 |
| Capital assets: | |
| Land and construction in progress | 74,030,536 |
| Other capital assets, net of accumulated depreciation | <u>188,155,868</u> |
| Total assets | 467,987,732 |
| Deferred outflows of resources: | |
| Deferred charges on bond refunding | 2,711,099 |
| Amounts related to pensions | <u>54,330,855</u> |
| Total deferred outflows of resources | 57,041,954 |
| Liabilities: | |
| Accounts and contracts payable | 13,639,261 |
| Accrued salaries and employee benefits | 37,627,348 |
| Accrued interest | 516,594 |
| Unearned revenue: | |
| State | 6,051,865 |
| Federal | 25,975 |
| Noncurrent liabilities: | |
| Due and payable within one year | 18,785,038 |
| Due and payable in more than one year | <u>319,001,541</u> |
| Total liabilities | 395,647,622 |
| Deferred inflows of resources: | |
| Property taxes levied for future year | 78,001,555 |
| Amounts related to pensions | <u>2,501,910</u> |
| Total deferred inflows of resources | 80,503,465 |
| Net position: | |
| Net investment in capital assets | 92,033,069 |
| Restricted for: | |
| Debt service | 2,314,930 |
| Capital outlay | 17,358,515 |
| Students | 2,332,059 |
| Food services | 899,626 |
| Unrestricted | <u>(66,059,600)</u> |
| Total net position | <u><u>\$ 48,878,599</u></u> |

Refer to accompanying notes.

WEBER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2019

| Functions | Expenses | Program Revenues | | Net (Expense) |
|---|-----------------------|----------------------|------------------------------------|-----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Assets |
| | | | | Total Governmental Activities |
| Governmental activities: | | | | |
| Instructional services | \$ 193,619,276 | \$ 6,969,662 | \$ 56,732,826 | \$ (129,916,788) |
| Supporting services: | | | | |
| Students | 8,862,543 | 1,224 | 2,571,282 | (6,290,037) |
| Instructional staff | 3,590,702 | 1,081 | 142,690 | (3,446,931) |
| District administration | 5,234,027 | 1,294,337 | 562,702 | (3,376,988) |
| School administration | 14,719,148 | - | 204,092 | (14,515,056) |
| Central | 6,587,999 | 65,142 | 23,754 | (6,499,103) |
| Operation and maintenance of facilities | 20,546,093 | 20,127 | 571,529 | (19,954,437) |
| Transportation | 11,940,856 | 499,029 | 5,245,936 | (6,195,891) |
| Contributions to other governments | 2,498,480 | - | - | (2,498,480) |
| Food services | 12,372,931 | 4,106,272 | 8,846,781 | 580,122 |
| Interest on long-term liabilities | 5,677,064 | - | - | (5,677,064) |
| Total school district | <u>\$ 285,649,119</u> | <u>\$ 12,956,874</u> | <u>\$ 74,901,592</u> | (197,790,653) |
| General revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | 45,774,839 |
| Debt service | | | | 16,556,856 |
| Capital outlay | | | | 14,559,678 |
| Other governments (pass-through) | | | | <u>2,498,480</u> |
| Total property taxes | | | | 79,389,853 |
| Federal and state aid not restricted to specific purposes | | | | 116,760,087 |
| Earnings on investments | | | | 3,507,629 |
| Miscellaneous | | | | <u>4,754,001</u> |
| Total general revenues | | | | <u>204,411,570</u> |
| Change in net position | | | | 6,620,917 |
| Net position – beginning | | | | <u>42,257,682</u> |
| Net position – ending | | | | <u>\$ 48,878,599</u> |

Refer to accompanying notes.

WEBER SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2019

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|-------------------------|-----------------------------|---|---|
| | General | Debt Service | Capital Projects | | |
| Assets: | | | | | |
| Cash and investments | \$ 81,658,895 | \$ 2,757,166 | \$ 25,592,003 | \$ 8,295,877 | \$ 118,303,941 |
| Receivables: | | | | | |
| Property taxes | 44,744,671 | 16,772,140 | 13,872,458 | 2,929,773 | 78,319,042 |
| Local | 137,435 | - | - | 115,162 | 252,597 |
| State | 1,632,806 | - | - | 743,279 | 2,376,085 |
| Federal | 4,547,619 | - | - | 94,471 | 4,642,090 |
| Note receivable | 421,748 | - | - | - | 421,748 |
| Inventories and prepaid items | 599,061 | - | - | 886,764 | 1,485,825 |
| Total assets | <u>\$ 133,742,235</u> | <u>\$ 19,529,306</u> | <u>\$ 39,464,461</u> | <u>\$ 13,065,326</u> | <u>\$ 205,801,328</u> |
| Liabilities: | | | | | |
| Accounts and contracts payable | \$ 5,909,395 | \$ - | \$ 7,546,056 | \$ 183,810 | \$ 13,639,261 |
| Accrued salaries and employee benefits | 36,210,976 | - | 129,451 | 1,286,921 | 37,627,348 |
| Unearned revenue: | | | | | |
| State | 6,051,865 | - | - | - | 6,051,865 |
| Federal | 25,975 | - | - | - | 25,975 |
| Total liabilities | <u>48,198,211</u> | <u>-</u> | <u>7,675,507</u> | <u>1,470,731</u> | <u>57,344,449</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue from sale of land | 421,748 | - | - | - | 421,748 |
| Unavailable property tax revenue | 1,017,305 | 381,312 | 315,725 | 65,352 | 1,779,694 |
| Property taxes levied for future year | 44,612,341 | 16,712,318 | 13,812,475 | 2,864,421 | 78,001,555 |
| Total deferred inflows of resources | <u>46,051,394</u> | <u>17,093,630</u> | <u>14,128,200</u> | <u>2,929,773</u> | <u>80,202,997</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 599,061 | - | - | 886,764 | 1,485,825 |
| Restricted for: | | | | | |
| Debt service | - | 2,435,676 | - | - | 2,435,676 |
| Capital projects | - | - | 17,660,754 | - | 17,660,754 |
| Food services | - | - | - | 2,191,955 | 2,191,955 |
| Students | - | - | - | 2,317,012 | 2,317,012 |
| Committed to: | | | | | |
| Economic stabilization | 6,000,000 | - | - | - | 6,000,000 |
| Employee vacation benefit | 2,235,424 | - | - | - | 2,235,424 |
| Contractual obligations | 367,614 | - | - | - | 367,614 |
| Students | - | - | - | 3,269,091 | 3,269,091 |
| Assigned to: | | | | | |
| Early retirement benefit | 10,250,000 | - | - | - | 10,250,000 |
| Other programs | 4,486,513 | - | - | - | 4,486,513 |
| Unassigned | 15,554,018 | - | - | - | 15,554,018 |
| Total fund balances | <u>39,492,630</u> | <u>2,435,676</u> | <u>17,660,754</u> | <u>8,664,822</u> | <u>68,253,882</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 133,742,235</u> | <u>\$ 19,529,306</u> | <u>\$ 39,464,461</u> | <u>\$ 13,065,326</u> | <u>\$ 205,801,328</u> |

Refer to accompanying notes.

WEBER SCHOOL DISTRICT**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**June 30, 2019

Total fund balances for governmental funds \$ 68,253,882

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 | \$ 18,794,181 | |
| Construction in progress | 55,236,355 | |
| Buildings and improvements, net of \$172,525,845 accumulated depreciation | 175,467,701 | |
| Furniture and equipment, net of \$24,696,323 accumulated depreciation | <u>12,688,167</u> | 262,186,404 |

Some of our revenue will be collected after year-end, but will not be available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 2,201,442

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 | (158,720,000) | |
| Bond premiums, net of \$4,018,768 accumulated amortization | (11,268,332) | |
| Deferred charges on bond refunding, net of \$1,582,941 accumulated amortization | 2,711,099 | |
| Accrued interest | (516,594) | |
| Obligations under capital lease | (13,215,116) | |
| Notes payable | (1,172,446) | |
| Net pension liability | (141,665,348) | |
| Deferred outflows of resources related to pensions | 54,330,855 | |
| Deferred inflows of resources related to pensions | (2,501,910) | |
| Early retirement obligation | (9,509,913) | |
| Accrued vacation | <u>(2,235,424)</u> | (283,763,129) |

Total net position of governmental activities \$ 48,878,599

Refer to accompanying notes.

WEBER SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2019

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|---------------|-----------------|---------------------|--------------------------------|--------------------------------|
| | General | Debt Service | Capital Projects | | |
| Revenues: | | | | | |
| Property taxes | \$ 45,649,124 | \$ 16,511,385 | \$ 14,519,692 | \$ 2,498,480 | \$ 79,178,681 |
| Earnings on investments | 2,378,376 | - | 737,895 | 391,358 | 3,507,629 |
| School lunch sales | - | - | - | 4,106,272 | 4,106,272 |
| Local | 4,606,748 | - | 2,276 | 9,058,165 | 13,667,189 |
| State | 171,115,332 | - | 205,081 | 2,586,250 | 173,906,663 |
| Federal | 11,494,485 | - | - | 6,260,531 | 17,755,016 |
| Total revenues | 235,244,065 | 16,511,385 | 15,464,944 | 24,901,056 | 292,121,450 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instructional services | 163,073,408 | - | - | 9,516,697 | 172,590,105 |
| Supporting services: | | | | | |
| Students | 8,619,897 | - | - | - | 8,619,897 |
| Instructional staff | 3,506,595 | - | - | - | 3,506,595 |
| District administration | 4,839,495 | - | - | - | 4,839,495 |
| School administration | 13,452,901 | - | - | - | 13,452,901 |
| Central | 6,330,730 | - | - | - | 6,330,730 |
| Operation and maintenance | | | | | |
| of facilities | 19,834,639 | - | - | - | 19,834,639 |
| Transportation | 10,409,363 | - | - | - | 10,409,363 |
| Food services | - | - | - | 12,427,693 | 12,427,693 |
| Contributions to other governments | - | - | - | 2,498,480 | 2,498,480 |
| Capital outlay | - | - | 61,386,182 | - | 61,386,182 |
| Debt service: | | | | | |
| Principal retirement | - | 9,530,000 | 4,172,311 | - | 13,702,311 |
| Interest and fiscal charges | - | 5,830,952 | 350,864 | - | 6,181,816 |
| Bond issuance costs | - | - | 188,050 | - | 188,050 |
| Total expenditures | 230,067,028 | 15,360,952 | 66,097,407 | 24,442,870 | 335,968,257 |
| Excess (deficiency) of revenues over (under) expenditures | 5,177,037 | 1,150,433 | (50,632,463) | 458,186 | (43,846,807) |
| Other financing sources (uses): | | | | | |
| Proceeds from general obligation bonds issued | - | - | 35,000,000 | - | 35,000,000 |
| Premium on bonds issued | - | - | 3,185,887 | - | 3,185,887 |
| Capital leases | - | - | 4,578,662 | - | 4,578,662 |
| Proceeds from sale of capital assets | 70,557 | - | 1,015,000 | - | 1,085,557 |
| Transfers | (265,830) | - | - | 265,830 | - |
| Total other financing sources (uses) | (195,273) | - | 43,779,549 | 265,830 | 43,850,106 |
| Net change in fund balances | 4,981,764 | 1,150,433 | (6,852,914) | 724,016 | 3,299 |
| Fund balances – beginning | 34,510,866 | 1,285,243 | 24,513,668 | 7,940,806 | 68,250,583 |
| Fund balances – ending | \$ 39,492,630 | \$ 2,435,676 | \$ 17,660,754 | \$ 8,664,822 | \$ 68,253,882 |

Refer to accompanying notes.

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, 2019

Net change in fund balances – total governmental funds \$ 3,299

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

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

| | | | |
|--------------------------------------|----|--------------------|------------|
| Capital outlay | \$ | 51,153,889 | |
| Proceeds from sale of capital assets | | (1,085,557) | |
| Gain on sale of capital assets | | 676,230 | |
| Depreciation expense | | <u>(9,541,260)</u> | 41,203,302 |

Property taxes and proceeds from the sale of land collected several months after our 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. 211,172

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

| | | | |
|---|--|------------------|--------------|
| Proceeds from general obligation bonds issued | | (35,000,000) | |
| Proceeds from bond premiums | | (3,185,887) | |
| Principal payments of bond principal | | 9,530,000 | |
| Principal payments of notes payable | | 257,370 | |
| Interest expense | | (40,575) | |
| Amortization of bond refunding costs | | (440,318) | |
| Amortization of bond premiums | | 985,645 | |
| Capital leases issued | | (4,578,662) | |
| Principal payments of capital leases | | <u>3,914,941</u> | (28,557,486) |

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 | | (5,465,075) | |
| Early retirement benefits expense | | (567,900) | |
| Vacation benefits expense | | <u>(206,395)</u> | <u>(6,239,370)</u> |

Change in net position of governmental activities \$ 6,620,917

Refer to accompanying notes.

WEBER SCHOOL DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *General Fund***

Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------------|----------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 40,600,000 | \$ 40,600,000 | \$ 45,649,124 | \$ 5,049,124 |
| Earnings on investments | 1,500,000 | 1,500,000 | 2,378,376 | 878,376 |
| Local | 3,600,000 | 3,600,000 | 4,606,748 | 1,006,748 |
| State | 171,250,000 | 171,250,000 | 171,115,332 | (134,668) |
| Federal | 13,100,000 | 13,100,000 | 11,494,485 | (1,605,515) |
| Total revenues | 230,050,000 | 230,050,000 | 235,244,065 | 5,194,065 |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 165,458,188 | 167,458,188 | 163,073,408 | 4,384,780 |
| Supporting services: | | | | |
| Students | 8,321,431 | 8,321,432 | 8,619,897 | (298,465) |
| Instructional staff | 3,879,218 | 3,879,218 | 3,506,595 | 372,623 |
| District administration | 4,469,286 | 4,469,286 | 4,839,495 | (370,209) |
| School administration | 13,299,739 | 13,299,740 | 13,452,901 | (153,161) |
| Central | 5,877,806 | 5,877,806 | 6,330,730 | (452,924) |
| Operation and maintenance of facilities | 20,896,432 | 20,896,432 | 19,834,639 | 1,061,793 |
| Transportation | 9,966,671 | 9,966,671 | 10,409,363 | (442,692) |
| Total expenditures | 232,168,771 | 234,168,773 | 230,067,028 | 4,101,745 |
| Excess (deficiency) of revenues over (under) expenditures | (2,118,771) | (4,118,773) | 5,177,037 | 9,295,810 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | - | - | 70,557 | 70,557 |
| Transfers | - | (300,000) | (265,830) | 34,170 |
| Total other financing sources (uses) | - | (300,000) | (195,273) | 104,727 |
| Net change in fund balances | (2,118,771) | (4,418,773) | 4,981,764 | 9,400,537 |
| Fund balances – beginning | 28,189,828 | 34,510,866 | 34,510,866 | - |
| Fund balances – ending | <u>\$ 26,071,057</u> | <u>\$ 30,092,093</u> | <u>\$ 39,492,630</u> | <u>\$ 9,400,537</u> |

Refer to accompanying notes.

WEBER SCHOOL DISTRICT

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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 our 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 our 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: a) fees and charges paid by students and other recipients of goods or services offered by a given function, and b) 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 our funds, including our 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.

We report the following major governmental funds:

- The *general fund* is our 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 the Basic Financial Statements

- 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 our students.

Additionally, we report 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, we consider 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 we receive cash.

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, our superintendent submits to our 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 the Basic Financial Statements

- Copies of the proposed budget are made available for public inspection and review by our patrons by June 1.
- If we do not exceed the certified tax rate, a public hearing is held prior to June 30 at which the budget is legally adopted by resolution of our Board after obtaining taxpayer input. If we exceed 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. Our Board upon recommendation of our 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, 2019 have been included in the final budget approved by our 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 us for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Our 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

Activities between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either "due to/from other funds."

Inventories and Prepaid Items

Inventories are valued at cost or, if donated, at acquisition value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue at

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

acquisition value when received. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

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

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

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Buildings | 40 |
| Building improvements and portable classrooms | 20 |
| Maintenance equipment | 15 |
| Buses | 10 |
| Furniture | 10 |
| Office equipment | 10 |
| Vehicles | 8 |
| Computer equipment | 3 |

Unearned revenue

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

Compensated Absences

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

issuances are reported as other financing sources. 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.

Deferred Inflows of Resources

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

Net Position/Fund Balances

The residual of all other elements presented in a statement of net position is *net position* on the government-wide 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 accumulated depreciation and related debt), 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 we are bound to honor them. We first determine and report 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.

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

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:

- Unspent tax revenues levied for specific purposes, such as, capital projects and debt service.
- Balances remaining for nutrition services.
- 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 our highest level of decision-making authority. Our Board is the highest level of decision-making authority 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.

Our Board has resolved to commit fund balance amounts in the governmental funds to the following purposes:

- Economic stabilization. As defined in Utah law as an “undistributed reserve,” we maintain 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 our Board filed with the Utah State Board of Education and Utah State Auditor.
- Employee vacation benefit for unpaid compensated absences.
- Contractual obligations that will be completed after June 30, 2019.
- Amounts held in other governmental funds for students.

Assigned

Amounts in the assigned fund balance classification are intended to be used by us for specific purposes but do not meet the criteria to be classified as committed. Our Board has by resolution authorized our Business Administrator to assign fund balance. Our 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

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

We have 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 we 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 our policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes we 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 our 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.

Note 2 – Deposits and Investments

Deposits and investments are carried at fair value. A summary of cash and investments at June 30, 2019 as reported on the financial statements is as follows:

| | |
|--------------------------------|-----------------------|
| Carrying amount of deposits | \$ 14,781,937 |
| Carrying amount of investments | 103,522,004 |
| Total cash and investments | <u>\$ 118,303,941</u> |

We comply 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 our depository and investing transactions. Our funds are deposited in qualified depositories as defined by the Act. The Act also authorizes us to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier 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. We consider the rules of the Council to be necessary and sufficient for adequate protection of our uninsured bank deposits.

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

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, 2019, our carrying amount of cash deposits is \$14,361,335, of which about \$1 million was covered by federal depository insurance; the difference is uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute. At June 30, 2019, the Foundation's carrying amount of cash deposits is \$420,602, all of which was covered by federal depository insurance.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. We do not have a formal deposit policy for custodial credit risk.

Investments

At June 30, 2019, we have investments in the PTIF of \$50,666,949. 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. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. 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 consists of debt securities held by the state or in the state's name by the state's custodial banks, including investment-grade corporate bonds and notes, 94.0%; money market mutual funds, 3.4%; first-tier commercial paper, 2.5%; and certificates of deposit, 0.1%. The portfolio has a weighted average maturity of 48 days. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investment in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

A portion of our investments are in corporate debt securities and government agencies. At June 30, 2019, the par value of these investments was \$50,364,000. The Foundation's investments are in mutual funds holding equity and debt securities. The maturities of these investments as of June 30, 2019 are as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity (in years)</u> | | |
|--|-----------------------|----------------------------|----------------------|----------------------|
| | | <u>Less than 1</u> | <u>Less than 2</u> | <u>Less than 3</u> |
| Weber School District: | | | | |
| Corporate bonds | \$ 44,364,000 | \$ 11,500,000 | \$ 22,100,000 | \$ 10,764,000 |
| Government agencies | 6,000,000 | 3,325,000 | 2,675,000 | - |
| Public Treasurers' Investment Fund | 50,666,949 | 50,666,949 | - | - |
| Weber School District Foundation: | | | | |
| Marketable securities | 2,491,055 | 2,491,055 | - | - |
| Total investments | <u>\$ 103,522,004</u> | <u>\$ 67,983,004</u> | <u>\$ 24,775,000</u> | <u>\$ 10,764,000</u> |

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates and will adversely affect the fair value of an investment. We manage our 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, bankers' acceptances, and fixed-rate securities from 270 days to 15 months. 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. We have no investment policy that would further limit our interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Our policy for reducing our 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.

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. Our 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 our total portfolio with a single 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. Our policy for managing this risk is to comply with the Act and related rules. We place no other limit on the amount of investments to be held by counterparties.

Note 3 – Fair Value Measurements

We, as well as the Foundation, categorize our fair value measurements within the fair value hierarchy established by GAAP. 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.

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

We and the Foundation have the following recurring fair value measurements as of June 30, 2019:

| <u>Investment Type</u> | <u>Total</u> | <u>Input Level</u> | | |
|--|-----------------------|---------------------|----------------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Weber School District: | | | | |
| Corporate bonds | \$ 44,364,000 | \$ - | \$ 44,364,000 | \$ - |
| Government agencies | 6,000,000 | 6,000,000 | - | - |
| Public Treasurers' | | | | |
| Investment Fund | 50,666,949 | - | 50,666,949 | - |
| Weber School District Foundation: | | | | |
| Marketable securities | 2,491,055 | 2,491,055 | - | - |
| Total investments | <u>\$ 103,522,004</u> | <u>\$ 8,491,055</u> | <u>\$ 95,030,949</u> | <u>\$ -</u> |

Note 4 – Property Taxes

District Property Tax Revenue

Our property tax revenue is collected and distributed by the county treasurer as our agent. 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.

Motor vehicles are assessed an age-based fee that is due each time a vehicle is registered. Revenues collected in each county from motor vehicles fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. We recognize motor vehicle fees as property tax revenue when collected.

As of June 30, 2019, property taxes receivable includes uncollected taxes assessed as of January 1, 2019 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

Pass-Through Taxes

In addition to property taxes we levy for own purposes, we levy property taxes for redevelopment agencies (located within our boundaries) in accordance with the Community Development and Renewal Agencies Act (*Utah Code 17C-1*) and for students of charter schools residing within the District in accordance with the Minimum School Program (*Utah Code 53F-2 part 7*). These taxes are forwarded directly by the county to the redevelopment agencies or the State of Utah as these taxes are collected by the county.

Property tax revenue (or incremental taxes) from increased assessed values within project areas are earmarked to finance urban renewal, economic development, and community development projects managed by the redevelopment agencies for the duration of the projects. During the year ended June 30,

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

2019, incremental taxes levied for the redevelopment agencies total \$1,644,414 recorded as revenue with an equivalent amount of expenditure as a contribution to other governments in the *pass-through taxes* special revenue fund.

Also during the year ended June 30, 2019, the charter school levy totals \$854,066 recorded as revenue with an equivalent amount of expenditure for contribution to other governments in the *pass-through taxes* special revenue fund.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|-----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 17,329,346 | \$ 1,814,980 | \$ (350,145) | \$ 18,794,181 |
| Construction in progress | 15,235,104 | 45,912,502 | (5,911,251) | 55,236,355 |
| Total capital assets, not being depreciated | 32,564,450 | 47,727,482 | (6,261,396) | 74,030,536 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 342,082,295 | 5,911,251 | - | 347,993,546 |
| Furniture and equipment | 34,350,114 | 3,426,407 | (392,031) | 37,384,490 |
| Total capital assets, being depreciated | 376,432,409 | 9,337,658 | (392,031) | 385,378,036 |
| Accumulated depreciation for: | | | | |
| Buildings and improvements | (165,351,095) | (7,174,750) | - | (172,525,845) |
| Furniture and equipment | (22,708,708) | (2,366,510) | 378,895 | (24,696,323) |
| Total accumulated depreciation | (188,059,803) | (9,541,260) | 378,895 | (197,222,168) |
| Total capital assets, being depreciated, net | 188,372,606 | (203,602) | (13,136) | 188,155,868 |
| Governmental activities capital assets, net | <u>\$ 220,937,056</u> | <u>\$ 47,523,880</u> | <u>\$ (6,274,532)</u> | <u>\$ 262,186,404</u> |

For the year ended June 30, 2019, depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| Instructional services | \$ 6,420,797 |
| Supporting services: | |
| District administration | 81,992 |
| School administration | 691,920 |
| Central | 95,637 |
| Operation and maintenance of facilities | 370,389 |
| Transportation | 1,328,162 |
| Food services | 552,363 |
| Total depreciation expense, governmental activities | <u>\$ 9,541,260</u> |

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

We are obligated at June 30, 2019 under construction commitments as follows:

| <u>Project</u> | <u>Project Authorized</u> | <u>Costs to Date</u> | <u>Costs to Complete</u> |
|----------------------------|---------------------------|----------------------|--------------------------|
| Orchard Springs Elementary | \$ 25,703,003 | \$ 20,064,523 | \$ 5,638,480 |
| Silver Ridge Elementary | 25,821,897 | 24,381,587 | 1,440,310 |
| Roy Junior Rebuild | 41,566,224 | 10,277,915 | 31,288,309 |
| Weber Innovations Remodel | 1,964,572 | 512,330 | 1,452,242 |
| | <u>\$ 95,055,696</u> | <u>\$ 55,236,355</u> | <u>\$ 39,819,341</u> |

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

Note 6 – State Retirement Plans

Description of Plans

Eligible employees are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

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

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

Defined Contribution Plans (individual account plans):

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

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

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

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

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

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

Benefits provided

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

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

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

Contributions

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

For the year ended June 30, 2019, required contribution rates for the plans were as follows:

| | Defined Benefit Plan Rates | | District Rates | |
|----------------------------------|-----------------------------------|---------------------|-----------------------|---------------|
| | District | Amortization | for 401(k) | |
| | Contribution * | of UAAL * | Plan | Totals |
| Tier 1 Noncontributory System | 12.25% | 9.94% | 1.50% | 23.69% |
| Tier 2 Contributory System | 8.93% | 9.94% | 1.15% | 20.02% |
| Tier 2 Defined Contribution Plan | 0.08% | 9.94% | 10.00% | 20.02% |

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

** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

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

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

For the year ended June 30, 2019, our and employee contributions to the plans were as follows:

| | <u>District Contributions *</u> | <u>Employee Contributions</u> |
|-------------------------------------|-------------------------------------|-----------------------------------|
| Tier 1 Noncontributory System | \$ 23,229,029 | \$ - |
| Tier 2 Contributory System | 4,795,077 | - |
| Tier 2 Defined Contribution Plan | 433,065 | - |
| 401(k) Plan | 2,416,874 | 1,917,717 |
| 457 Plan and other individual plans | - | 379,153 |

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, we reported an asset of zero and a liability of \$141,665,348 for our proportionate share of the net pension liability (asset) for the following plans:

| | <u>Net Pension Asset</u> | <u>Net Pension Liability</u> |
|-------------------------------|------------------------------|----------------------------------|
| Tier 1 Noncontributory System | \$ - | \$ 140,826,392 |
| Tier 2 Contributory System | - | 838,956 |
| Total | <u>\$ -</u> | <u>\$ 141,665,348</u> |

The net pension liability (asset) was measured as of December 31, 2018 and the total pension liability (asset) was determined by an actuarial valuation as of January 1, 2018, rolled-forward using generally accepted actuarial procedures. Our proportion of the net pension liability (asset) is equal to the ratio of our actual contributions compared to the total of all employer contributions during the plan year. The following presents our proportion (percentage) of the collective net pension liability (asset) at December 31, 2018 and the change in our proportion since the prior measurement date for each plan:

| | <u>Proportionate Share</u> | |
|-------------------------------|----------------------------|---------------|
| | <u>2018</u> | <u>Change</u> |
| Tier 1 Noncontributory System | 3.7851295 % | 0.0181513 % |
| Tier 2 Contributory System | 1.9589016 % | 0.0724140 % |

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

For the year ended June 30, 2019, we recognized pension expense for the plans as follows:

| | Pension Expense |
|----------------------------------|----------------------------|
| Defined benefit pension plans: | |
| Tier 1 Noncontributory System | \$ 31,750,252 |
| Tier 2 Contributory System | <u>2,168,594</u> |
| Total | <u>\$ 33,918,846</u> |
| Defined contribution plans: | |
| Tier 2 Defined Contribution Plan | \$ 433,065 |
| 401(k) Plan | <u>2,416,874</u> |
| Total | <u>\$ 2,849,939</u> |

At June 30, 2019, we reported deferred outflows of resources related to defined benefit pension plans for the following sources:

| | Deferred Outflows of Resources Related to Pensions | | |
|---|---|---|----------------------|
| | Tier 1 Noncontributory System | Tier 2 Contributory System | Total |
| Differences between expected and actual experience | \$ 750,202 | \$ 5,888 | \$ 756,090 |
| Changes of assumptions | 14,323,915 | 210,279 | 14,534,194 |
| Net difference between projected and actual earnings on pension plan investments | 23,429,607 | 273,201 | 23,702,808 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 719,700 | 260,926 | 980,626 |
| District contributions subsequent to the measurement date | <u>11,641,122</u> | <u>2,716,015</u> | <u>14,357,137</u> |
| Total | <u>\$ 50,864,546</u> | <u>\$ 3,466,309</u> | <u>\$ 54,330,855</u> |

At June 30, 2019, we reported deferred inflows of resources related to defined benefit pension plans for the following sources:

| | Deferred Inflows of Resources Related to Pensions | | |
|---|--|---|---------------------|
| | Tier 1 Noncontributory System | Tier 2 Contributory System | Total |
| Differences between expected and actual experience | \$ 1,975,953 | \$ 173,394 | \$ 2,149,347 |
| Changes of assumptions | - | 15,073 | 15,073 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>337,490</u> | <u>-</u> | <u>337,490</u> |
| Total | <u>\$ 2,313,443</u> | <u>\$ 188,467</u> | <u>\$ 2,501,910</u> |

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

The \$14,357,137 reported as deferred outflows of resources related to pensions resulting from our contributions subsequent to the measurement date of December 31, 2018 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Tier 1 Noncontributor y System</u> | <u>Tier 2 Contributory System</u> | <u>Total</u> |
|---------------------------------|---|---|---------------|
| 2020 | \$ 16,457,911 | \$ 95,215 | \$ 16,553,126 |
| 2021 | 6,362,660 | 69,419 | 6,432,079 |
| 2022 | 2,993,110 | 76,011 | 3,069,121 |
| 2023 | 11,096,300 | 133,874 | 11,230,174 |
| 2024 | - | 25,330 | 25,330 |
| Thereafter | - | 161,978 | 161,978 |

Actuarial Assumptions

The total pension liability (asset) in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Assumptions remained unchanged that affect measurement of the total pension liability (asset) since the prior measurement date.

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

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|-------------------|--|
| Equity securities | 40% | 6.15% |
| Debt securities | 20% | 0.40% |
| Real assets | 15% | 5.75% |
| Private equity | 9% | 9.95% |
| Absolute return | 16% | 2.85% |
| Cash and cash equivalents | 0% | 0.00% |
| Total | 100% | |

Discount Rate

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents our proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95%, as well as what our proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

| | 1% Decrease (5.95%) | Discount Rate (6.95%) | 1% Increase (7.95%) |
|--|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of the net pension (asset) liability: | | | |
| Tier 1 Noncontributory System | \$ 253,129,963 | \$ 140,826,392 | \$ 46,870,433 |
| Tier 2 Contributory System | 3,361,017 | 838,956 | (1,107,446) |
| Total | \$ 256,490,980 | \$ 141,665,348 | \$ 45,762,987 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

Payables to the Pension Plans

At June 30, 2019, we reported payables of \$6,299,851 for contributions to defined benefit pension plans and \$537,241 for contributions to defined contribution plans.

Note 7 – Early Retirement Benefit

Retiree Health Coverage

In accordance with Board policy, we provide 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 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 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 prior to age 55 and qualify to retire under the Utah State Retirement Systems. At June 30, 2019, 175 retirees are eligible to receive health coverage. During the year, we paid \$1,655,345 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$4,960,620. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

Stipends

In accordance with Board policy, we provide 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, 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. At June 30, 2019, 167 retirees are eligible to receive stipends. During the year, we paid \$1,968,463 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$4,549,293. The early retirement incentives are financed on a pay-as-you-go basis.

Note 8 – Risk Management

We maintain 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). We also insure our 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. We pay annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The Fund reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

Note 9 – Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due and Payable Within One Year |
|--|------------------------------|-----------------------|------------------------|---------------------------|--|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 133,250,000 | \$ 35,000,000 | \$ (9,530,000) | \$ 158,720,000 | \$ 9,695,000 |
| Unamortized bond premiums | 9,068,090 | 3,185,887 | (985,645) | 11,268,332 | - |
| Net bonds payable | 142,318,090 | 38,185,887 | (10,515,645) | 169,988,332 | 9,695,000 |
| Net pension liability | 92,282,587 | 77,836,532 | (28,453,771) | 141,665,348 | - |
| Obligations under capital lease | 12,551,395 | 4,578,662 | (3,914,941) | 13,215,116 | 4,648,458 |
| Notes payable | 1,429,816 | - | (257,370) | 1,172,446 | 247,352 |
| Early retirement obligation | 8,942,013 | 4,191,708 | (3,623,808) | 9,509,913 | 2,852,974 |
| Accrued vacation | 2,029,029 | 1,494,850 | (1,288,455) | 2,235,424 | 1,341,254 |
| Total governmental activity long-term liabilities | <u>\$ 259,552,930</u> | <u>\$ 126,287,639</u> | <u>\$ (48,053,990)</u> | <u>\$ 337,786,579</u> | <u>\$ 18,785,038</u> |

General Obligation Bonds

General obligation school building bonds payable at June 30, 2019, with their outstanding balances, are comprised of the following individual issues:

| Series | Purpose | Original Amount | Remaining Interest Rate Range | Final Maturity Date | Current Outstanding Balance |
|--|------------------------------------|----------------------------|--|--------------------------------|--|
| 2011 | Refunding | \$ 11,450,000 | 4.00% | June 15, 2023 | \$ 5,250,000 |
| 2012 | School building | 20,000,000 | 1.50% to 4.00% | June 15, 2032 | 17,175,000 |
| 2013 | School building | 25,000,000 | 3.50% to 5.00% | June 15, 2033 | 21,370,000 |
| 2014 | School building and bond refunding | 37,785,000 | 2.40% to 5.00% | June 15, 2034 | 28,890,000 |
| 2015 | Refunding | 16,000,000 | 2.00% to 5.00% | June 15, 2021 | 4,750,000 |
| 2016 | Refunding | 20,835,000 | 2.00% to 5.00% | June 15, 2028 | 19,510,000 |
| 2018 | School building | 27,000,000 | 2.50% to 5.00% | June 15, 2035 | 26,775,000 |
| 2018B | School building | 35,000,000 | 2.50% to 5.00% | June 15, 2038 | 35,000,000 |
| Total general obligation bonds payable as of June 30, 2019 | | | | | <u>\$ 158,720,000</u> |

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2019, including interest payments, are listed as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-----------------------|----------------------|-----------------------|
| 2020 | \$ 9,695,000 | \$ 6,165,318 | \$ 15,860,318 |
| 2021 | 8,820,000 | 5,761,618 | 14,581,618 |
| 2022 | 8,935,000 | 5,403,118 | 14,338,118 |
| 2023 | 9,530,000 | 4,999,568 | 14,529,568 |
| 2024 | 10,270,000 | 4,558,318 | 14,828,318 |
| 2025-2029 | 52,600,000 | 16,558,696 | 69,158,696 |
| 2030-2034 | 44,215,000 | 7,496,668 | 51,711,668 |
| 2035-2038 | 14,655,000 | 1,164,225 | 15,819,225 |
| Total | <u>\$ 158,720,000</u> | <u>\$ 52,107,529</u> | <u>\$ 210,827,529</u> |

Our general obligation bonded debt is limited by state law to 4% of the fair market value of the total taxable property. 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, 2019, the total unamortized amount of bond premiums was \$11,268,332, resulting in total outstanding net direct debt of \$169,988,332. The legal debt limit at June 30, 2019 was \$740,829,773. The legal debt limit less net direct debt equaled an estimated additional debt incurring capacity of \$570,841,441.

Servicing Long-Term Liabilities

Payments on the general obligation bonds are made by the *debt service fund* from property taxes and earnings on investments. Payments on obligations under capital leases and the note payable are made by the *capital projects* fund from property taxes, earnings on investments and state funding. Employee benefit obligations will be paid by the fund in which the employee worked, including the *general fund* and other governmental funds.

Subsequent Events

On October 15, 2019, we issued \$35,000,000 in general obligation bonds to fund the completion of building projects. The interest rates of the Series 2019 bonds range from 2.0% to 5.0%. These bonds mature in 2039.

Obligations Under Capital Lease

We have entered into several capital leases to purchase land, buses, and computer equipment. The total amount of leased assets included in capital assets at June 30, 2019 was \$3,515,663 (net of accumulated depreciation of \$431,973).

WEBER SCHOOL DISTRICT
Notes to the Basic Financial Statements

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

| <u>Year Ending June 30,</u> | <u>Lease Payments</u> |
|---|---------------------------|
| 2020 | \$ 4,999,270 |
| 2021 | 3,772,764 |
| 2022 | 3,104,010 |
| 2023 | 1,676,641 |
| 2024 | 214,358 |
| Thereafter | <u>399,720</u> |
| Total minimum lease payments | 14,166,763 |
| Amount representing interest | <u>(951,647)</u> |
| Present value of minimum lease payments | <u>\$ 13,215,116</u> |

Notes Payable

We have two notes payable. One of the notes is an interest-free note with the federal government. The other note 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, 2019, including interest payments, are listed as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|------------------|---------------------|
| 2020 | \$ 247,352 | \$ 26,629 | \$ 273,981 |
| 2021 | 253,332 | 20,649 | 273,981 |
| 2022 | 259,485 | 14,496 | 273,981 |
| 2023 | 265,815 | 8,165 | 273,980 |
| 2024 | <u>146,462</u> | <u>1,652</u> | <u>148,114</u> |
| Total | <u>\$ 1,172,446</u> | <u>\$ 71,591</u> | <u>\$ 1,244,037</u> |

Note 10 – Litigation and Compliance

There are several lawsuits pending in which we are involved. Our legal counsel and insurance carriers estimate that the potential claims against us, not covered by insurance, resulting from such litigation would not significantly affect our financial statements.

We receive 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 our 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, administration believes such disallowance, if any, would not be significant.

Note 11 – Interfund Balances and Transfers

During 2019, we transferred \$265,830 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 Five Plan (Calendar) Years

| | District's Proportion of Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------------------|---|--|---------------------------------------|---|---|
| Tier 1 Noncontributory System: | | | | | |
| 2018 | 3.7851295% | \$ 140,826,392 | \$ 105,148,098 | 133.93 % | 84.1% |
| 2017 | 3.7669782% | 92,116,260 | 103,839,781 | 88.71 % | 89.2% |
| 2016 | 3.7066607% | 120,129,793 | 103,264,794 | 116.33 % | 84.9% |
| 2015 | 3.7448814% | 117,637,449 | 103,427,458 | 113.74 % | 84.5% |
| 2014 | 3.7382783% | 93,925,314 | 105,232,505 | 89.26 % | 87.2% |
| Tier 2 Contributory System: | | | | | |
| 2018 | 1.9589016% | \$ 838,956 | \$ 23,040,908 | 3.64 % | 91.4% |
| 2017 | 1.8648760% | 166,327 | 18,535,638 | 0.90 % | 97.4% |
| 2016 | 1.7645740% | 196,502 | 14,446,694 | 1.36 % | 95.1% |
| 2015 | 1.7644955% | (3,852) | 11,393,880 | (0.03)% | 100.2% |
| 2014 | 1.7058098% | (51,694) | 8,345,525 | (0.62)% | 103.5% |

Refer to accompanying notes.

WEBER SCHOOL DISTRICT
Schedules of District Contributions – Utah Retirement Systems
Last Five Reporting (Fiscal) Years

| | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contribution as a Percentage of Covered Payroll |
|--|---|--|---|---------------------------------------|--|
| Tier 1 Noncontributory System: | | | | | |
| 2019 | \$ 23,229,029 | \$ 23,229,029 | \$ - | \$ 105,785,935 | 21.96 % |
| 2018 | 22,800,810 | 22,800,810 | - | 104,061,381 | 21.91 % |
| 2017 | 22,643,632 | 22,643,632 | - | 103,353,852 | 21.91 % |
| 2016 | 22,601,840 | 22,601,840 | - | 103,387,123 | 21.86 % |
| 2015 | 22,477,461 | 22,477,461 | - | 104,131,499 | 21.59 % |
| Tier 2 Contributory System: | | | | | |
| 2019 | \$ 4,795,077 | \$ 4,795,077 | \$ - | \$ 25,514,602 | 18.79 % |
| 2018 | 3,805,782 | 3,805,782 | - | 20,594,182 | 18.48 % |
| 2017 | 3,023,201 | 3,023,201 | - | 16,548,171 | 18.27 % |
| 2016 | 2,351,304 | 2,351,304 | - | 12,880,505 | 18.25 % |
| 2015 | 1,798,368 | 1,798,368 | - | 9,958,803 | 18.06 % |
| Tier 2 Defined Contribution Plan: | | | | | |
| 2019 | \$ 435,065 | \$ 435,065 | \$ - | \$ 4,322,083 | 10.07 % |
| 2018 | 347,502 | 347,502 | - | 3,468,151 | 10.02 % |
| 2017 | 286,834 | 286,834 | - | 2,862,509 | 10.02 % |
| 2016 | 233,923 | 233,923 | - | 2,333,584 | 10.02 % |
| 2015 | 188,382 | 188,382 | - | 1,916,593 | 9.83 % |

Refer to accompanying notes.

WEBER SCHOOL DISTRICT
Notes to the Required Supplementary Information
Year Ended June 30, 2019

Note A – Changes in Assumptions – Utah Retirement Systems

Assumptions for plan year 2018 remain unchanged from the prior year.

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

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

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

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation rate was decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

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 payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post-retirement mortality, and certain demographics.

Note B – Schedules of the District’s Proportional Share of the Net Pension Liability (Asset) – Utah Retirement Systems

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

Note C – Schedules of District Contributions – Utah Retirement Systems

These schedules only present information for the 2015 and subsequent measurement periods of the plans; prior-year information is not available.

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

WEBER SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –

General Fund

Year Ended June 30, 2019 with Comparative Totals for 2018

| | 2019 | | | 2018 |
|---|------------------------|----------------------|----------------------------|----------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Property taxes | \$ 40,600,000 | \$ 45,649,124 | \$ 5,049,124 | \$ 38,287,094 |
| Earnings on investments | 1,500,000 | 2,378,376 | 878,376 | 1,244,609 |
| Local | 3,600,000 | 4,606,748 | 1,006,748 | 4,997,527 |
| State | 171,250,000 | 171,115,332 | (134,668) | 160,807,847 |
| Federal | 13,100,000 | 11,494,485 | (1,605,515) | 12,169,089 |
| Total revenues | 230,050,000 | 235,244,065 | 5,194,065 | 217,506,166 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 147,581,908 | 147,566,888 | 15,020 | 137,280,344 |
| Employee benefits | 61,516,865 | 61,748,932 | (232,067) | 57,211,228 |
| Purchased professional services | 8,300,000 | 8,510,824 | (210,824) | 8,527,510 |
| Purchased property services | 1,363,000 | 15,273 | 1,347,727 | 26,959 |
| Other purchased services | 1,022,000 | 931,883 | 90,117 | 922,483 |
| Supplies | 7,095,000 | 7,614,659 | (519,659) | 7,710,171 |
| Property | 2,875,000 | 3,108,469 | (233,469) | 4,007,209 |
| Other | 4,415,000 | 570,100 | 3,844,900 | 473,314 |
| Total expenditures | 234,168,773 | 230,067,028 | 4,101,745 | 216,159,218 |
| Excess (deficiency) of revenues over (under) expenditures | (4,118,773) | 5,177,037 | 9,295,810 | 1,346,948 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | - | 70,557 | 70,557 | 39,744 |
| Transfers | (300,000) | (265,830) | 34,170 | (270,548) |
| Total other financing sources (uses) | (300,000) | (195,273) | 104,727 | (230,804) |
| Net change in fund balances | (4,418,773) | 4,981,764 | 9,400,537 | 1,116,144 |
| Fund balances – beginning | 34,510,866 | 34,510,866 | - | 33,394,722 |
| Fund balances – ending | <u>\$ 30,092,093</u> | <u>\$ 39,492,630</u> | <u>\$ 9,400,537</u> | <u>\$ 34,510,866</u> |

WEBER SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Debt Service Fund**

Year Ended June 30, 2019 with Comparative Totals for 2018

| | <u>2019</u> | | | <u>2018</u> |
|--|---------------------------------------|---------------------------|---------------------------------------|---------------------------|
| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> | <u>Actual Amounts</u> |
| Revenues: | | | | |
| Property taxes | \$ 15,500,000 | \$ 16,511,385 | \$ 1,011,385 | \$ 14,068,282 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 9,560,668 | 9,530,000 | 30,668 | 9,540,000 |
| Interest and other charges | 6,500,000 | 5,830,952 | 669,048 | 4,579,503 |
| Total expenditures | 16,060,668 | 15,360,952 | 699,716 | 14,119,503 |
| Excess (deficiency) of revenues over (under) expenditures / net change in fund balances | (560,668) | 1,150,433 | 1,711,101 | (51,221) |
| Fund balances – beginning | 1,285,243 | 1,285,243 | - | 1,336,464 |
| Fund balance – ending | <u>\$ 724,575</u> | <u>\$ 2,435,676</u> | <u>\$ 1,711,101</u> | <u>\$ 1,285,243</u> |

WEBER SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Capital Projects Fund**

Year Ended June 30, 2019 with Comparative Totals for 2018

| | 2019 | | | 2018 |
|---|------------------------|----------------|----------------------------|----------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Property taxes | \$ 13,738,400 | \$ 14,519,692 | \$ 781,292 | \$ 13,617,846 |
| Earnings on investments | 700,000 | 737,895 | 37,895 | 411,575 |
| Local | 170,000 | 2,276 | (167,724) | 78,874 |
| State | 1,700,000 | 205,081 | (1,494,919) | 125,823 |
| Total revenues | 16,308,400 | 15,464,944 | (843,456) | 14,234,118 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Land and buildings: | | | | |
| Buildings | 47,000,000 | 48,273,219 | (1,273,219) | 16,205,909 |
| Land and improvements | 4,500,000 | 1,065,030 | 3,434,970 | 1,374,073 |
| Salaries and benefits | 1,200,000 | 1,175,062 | 24,938 | 1,090,980 |
| Purchased services | 700,000 | 439,938 | 260,062 | 412,428 |
| Supplies and materials | 3,000,000 | 701,120 | 2,298,880 | 554,239 |
| Total land and buildings | 56,400,000 | 51,654,369 | 4,745,631 | 19,637,629 |
| Equipment and textbooks: | | | | |
| School buses | 1,700,000 | 1,317,844 | 382,156 | - |
| Vehicles | 150,000 | 134,179 | 15,821 | 373,868 |
| Software | 500,000 | 336,541 | 163,459 | 432,551 |
| Textbooks | 2,000,000 | 1,548,836 | 451,164 | 2,299,503 |
| Other instructional equipment | 12,000,000 | 6,394,413 | 5,605,587 | 7,591,573 |
| Total equipment and textbooks | 16,350,000 | 9,731,813 | 6,618,187 | 10,697,495 |
| Total capital outlay | 72,750,000 | 61,386,182 | 11,363,818 | 30,335,124 |
| Debt service: | | | | |
| Principal retirement | 5,000,000 | 4,172,311 | 827,689 | 4,502,294 |
| Interest and fiscal charges | 450,000 | 350,864 | 99,136 | 325,810 |
| Bond issuance costs | 350,000 | 188,050 | 161,950 | 140,594 |
| Total debt service | 5,800,000 | 4,711,225 | 1,088,775 | 4,968,698 |
| Total expenditures | 78,550,000 | 66,097,407 | 12,452,593 | 35,303,822 |
| Deficiency of revenues under expenditures | (62,241,600) | (50,632,463) | 11,609,137 | (21,069,704) |
| Other financing sources: | | | | |
| Proceeds from general obligation bonds issued | 35,000,000 | 35,000,000 | - | 27,000,000 |
| Premium on bonds issued | 3,185,887 | 3,185,887 | - | 1,474,798 |
| Capital leases issued | 7,000,000 | 4,578,662 | (2,421,338) | 6,820,526 |
| Proceeds from sale of capital assets | - | 1,015,000 | 1,015,000 | 866,000 |
| Total other financing sources | 45,185,887 | 43,779,549 | (1,406,338) | 36,161,324 |
| Net change in fund balances | (17,055,713) | (6,852,914) | 10,202,799 | 15,091,620 |
| Fund balances - beginning | 24,513,668 | 24,513,668 | - | 9,422,048 |
| Fund balances - ending | \$ 7,457,955 | \$ 17,660,754 | \$ 10,202,799 | \$ 24,513,668 |

WEBER SCHOOL DISTRICT
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2019

| | <u>Special Revenue Funds</u> | | | | Total Nonmajor Governmental Funds |
|--|------------------------------|-------------------------------|---------------------|-------------------------------|--|
| | <u>School Lunch</u> | <u>Student Activities</u> | <u>Foundation</u> | <u>Pass-Through Taxes</u> | |
| Assets: | | | | | |
| Cash and investments | \$ 2,572,906 | \$ 2,811,314 | \$ 2,911,657 | \$ - | \$ 8,295,877 |
| Receivables: | | | | | |
| Property taxes | - | - | - | 2,929,773 | 2,929,773 |
| Local | - | 78,747 | 36,415 | - | 115,162 |
| State | 743,279 | - | - | - | 743,279 |
| Federal | 94,471 | - | - | - | 94,471 |
| Inventories and prepaid items | 871,717 | - | 15,047 | - | 886,764 |
| Total assets | <u>\$ 4,282,373</u> | <u>\$ 2,890,061</u> | <u>\$ 2,963,119</u> | <u>\$ 2,929,773</u> | <u>\$ 13,065,326</u> |
| Liabilities: | | | | | |
| Accounts and contracts payable | \$ 14,803 | \$ 144,605 | \$ 24,402 | \$ - | \$ 183,810 |
| Accrued salaries and employee benefits | 1,203,898 | 83,023 | - | - | 1,286,921 |
| Total liabilities | 1,218,701 | 227,628 | 24,402 | - | 1,470,731 |
| Deferred inflows of resources: | | | | | |
| Unavailable property tax revenue | - | - | - | 65,352 | 65,352 |
| Property taxes levied for future year | - | - | - | 2,864,421 | 2,864,421 |
| Total deferred inflows of resources | - | - | - | 2,929,773 | 2,929,773 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 871,717 | - | 15,047 | - | 886,764 |
| Restricted for: | | | | | |
| Food services | 2,191,955 | - | - | - | 2,191,955 |
| Students | - | - | 2,317,012 | - | 2,317,012 |
| Assigned to: | | | | | |
| Students | - | 2,662,433 | 606,658 | - | 3,269,091 |
| Total fund balances | <u>3,063,672</u> | <u>2,662,433</u> | <u>2,938,717</u> | <u>-</u> | <u>8,664,822</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 4,282,373</u> | <u>\$ 2,890,061</u> | <u>\$ 2,963,119</u> | <u>\$ 2,929,773</u> | <u>\$ 13,065,326</u> |

WEBER SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds**

Year Ended June 30, 2019

| | <u>Special Revenue Funds</u> | | | | Total Nonmajor Governmental Funds |
|--|------------------------------|-------------------------------|---------------------|-------------------------------|--|
| | <u>School Lunch</u> | <u>Student Activities</u> | <u>Foundation</u> | <u>Pass-Through Taxes</u> | |
| Revenues: | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 2,498,480 | \$ 2,498,480 |
| Earnings on investments | - | 275,845 | 115,513 | - | 391,358 |
| Contributions | - | 3,215,711 | 1,178,824 | - | 4,394,535 |
| Tuition | - | 1,310,543 | - | - | 1,310,543 |
| Activity fees | - | 2,129,610 | - | - | 2,129,610 |
| Other local | - | 1,223,477 | - | - | 1,223,477 |
| Lunch sales | 4,106,272 | - | - | - | 4,106,272 |
| State | 2,586,250 | - | - | - | 2,586,250 |
| Federal | 6,260,531 | - | - | - | 6,260,531 |
| Total revenues | <u>12,953,053</u> | <u>8,155,186</u> | <u>1,294,337</u> | <u>2,498,480</u> | <u>24,901,056</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instructional services | - | 8,115,115 | 1,401,582 | - | 9,516,697 |
| Food services | 12,427,693 | - | - | - | 12,427,693 |
| Contributions to other governments | - | - | - | 2,498,480 | 2,498,480 |
| Total expenditures | <u>12,427,693</u> | <u>8,115,115</u> | <u>1,401,582</u> | <u>2,498,480</u> | <u>24,442,870</u> |
| Excess (deficiency) of revenues over (under) expenditures | 525,360 | 40,071 | (107,245) | - | 458,186 |
| Other financing sources: | | | | | |
| Transfers | - | - | 265,830 | - | 265,830 |
| Net change in fund balances | 525,360 | 40,071 | 158,585 | - | 724,016 |
| Fund balances – beginning | <u>2,538,312</u> | <u>2,622,362</u> | <u>2,780,132</u> | <u>-</u> | <u>7,940,806</u> |
| Fund balances – ending | <u>\$ 3,063,672</u> | <u>\$ 2,662,433</u> | <u>\$ 2,938,717</u> | <u>\$ -</u> | <u>\$ 8,664,822</u> |

WEBER SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
School Lunch**

Year Ended June 30, 2019 with Comparative Totals for 2018

| | 2019 | | | 2018 |
|---|------------------------------|-------------------|-------------------------------|-------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Lunch sales | \$ 4,190,000 | \$ 4,106,272 | \$ (83,728) | \$ 4,189,855 |
| State | 2,350,000 | 2,586,250 | 236,250 | 2,335,304 |
| Federal | 6,760,500 | 6,260,531 | (499,969) | 6,281,967 |
| Total revenues | 13,300,500 | 12,953,053 | (347,447) | 12,807,126 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 4,803,267 | 4,186,271 | 616,996 | 4,065,439 |
| Employee benefits | 1,480,915 | 1,445,446 | 35,469 | 1,399,069 |
| Purchased services | 150,000 | 142,363 | 7,637 | 127,431 |
| Supplies and materials | 700,000 | 668,784 | 31,216 | 851,749 |
| Food | 5,700,000 | 4,950,238 | 749,762 | 5,073,852 |
| Equipment | 350,000 | 311,993 | 38,007 | 309,785 |
| Other | 2,220,467 | 722,598 | 1,497,869 | 989,325 |
| Total expenditures | 15,404,649 | 12,427,693 | 2,976,956 | 12,816,650 |
| Excess (deficiency) of revenues over (under) expenditures / net change in fund balances | (2,104,149) | 525,360 | 2,629,509 | (9,524) |
| Fund balances – beginning | 2,538,312 | 2,538,312 | - | 2,547,836 |
| Fund balances – ending | \$ 434,163 | \$ 3,063,672 | \$ 2,629,509 | \$ 2,538,312 |

WEBER SCHOOL DISTRICT**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
Student Activities**

Year Ended June 30, 2019 with Comparative Totals for 2018

| | 2019 | | | 2018 |
|---|------------------------------|-------------------|-------------------------------|-------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Earnings on investments | \$ 250,000 | \$ 275,845 | \$ 25,845 | \$ 258,528 |
| Contributions | - | 3,215,711 | 3,215,711 | 3,264,517 |
| Tuition | - | 1,310,543 | 1,310,543 | 1,206,047 |
| Activity fees | 1,900,000 | 2,129,610 | 229,610 | 1,692,222 |
| Other local | 5,350,000 | 1,223,477 | (4,126,523) | 1,114,800 |
| Total revenues | 7,500,000 | 8,155,186 | 655,186 | 7,536,114 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries and benefits | 850,000 | 782,737 | 67,263 | 770,580 |
| Purchased services | 400,000 | 1,144,999 | (744,999) | 678,492 |
| Supplies | 8,312,346 | 5,752,320 | 2,560,026 | 5,621,163 |
| Equipment | 300,000 | 217,778 | 82,222 | 257,776 |
| Other | 120,000 | 217,281 | (97,281) | 98,607 |
| Total expenditures | 9,982,346 | 8,115,115 | 1,867,231 | 7,426,618 |
| Excess (deficiency) of revenues over (under) expenditures / net change in fund balances | (2,482,346) | 40,071 | 2,522,417 | 109,496 |
| Fund balances – beginning | 2,622,362 | 2,622,362 | - | 2,512,866 |
| Fund balances – ending | \$ 140,016 | \$ 2,662,433 | \$ 2,522,417 | \$ 2,622,362 |

WEBER SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances –
Weber School District Foundation
Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Revenues: | | |
| Earnings on investments | \$ 115,513 | \$ 168,009 |
| Contributions | 1,178,824 | 1,142,240 |
| Total revenues | 1,294,337 | 1,310,249 |
| Expenditures: | | |
| Current: | | |
| Salaries | 179,996 | 186,163 |
| Employee benefits | 77,132 | 75,448 |
| Purchased services | 3,218 | 13,047 |
| Supplies | 1,141,236 | 1,570,789 |
| Other | - | 1,012 |
| Total expenditures | 1,401,582 | 1,846,459 |
| Excess (deficiency) of revenues over (under) expenditures | (107,245) | (536,210) |
| Other financing sources: | | |
| Transfers | 265,830 | 270,548 |
| Net change in fund balances | 158,585 | (265,662) |
| Fund balances – beginning | <u>2,780,132</u> | <u>3,045,794</u> |
| Fund balances – ending | <u>\$ 2,938,717</u> | <u>\$ 2,780,132</u> |

WEBER SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
*Pass-Through Taxes***

Year Ended June 30, 2019 with Comparative Totals for 2018

| | 2019 | | | 2018 |
|---|------------------------------|-------------------|-------------------------------|-------------------|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues: | | | | |
| Property taxes | \$ 3,500,000 | \$ 2,498,480 | \$ (1,001,520) | \$ 3,152,929 |
| Total revenues | 3,500,000 | 2,498,480 | (1,001,520) | 3,152,929 |
| Expenditures: | | | | |
| Current: | | | | |
| Contributions to other governments | 3,500,000 | 2,498,480 | 1,001,520 | 3,152,929 |
| Total expenditures | 3,500,000 | 2,498,480 | 1,001,520 | 3,152,929 |
| Excess (deficiency) of revenues over (under) expenditures/net change in fund balances | - | - | - | - |
| Fund balances – beginning | - | - | - | - |
| Fund balances – ending | \$ - | \$ - | \$ - | \$ - |

Table 1

WEBER SCHOOL DISTRICT
General Obligation Overlapping Indebtedness
 June 30, 2019

| <u>Entity</u> | <u>2018 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 | \$ 17,338,256,463 | \$ 12,206,769,052 | 70.4% | \$ 45,533,180 | \$ 32,057,030 |
| Cities: | | | | | |
| Washington Terrace | 462,613,190 | 462,613,190 | 100.0% | 1,066,000 | 1,066,000 |
| Other Districts: | | | | | |
| Weber Basin Water Conservancy District | 64,549,406,420 | 11,929,273,929 | 18.5% | 12,725,000 | 2,351,687 |
| North Davis County Sewer District | 12,414,818,117 | 1,709,852,219 | 13.8% | 20,465,000 | <u>2,818,577</u> |
| Total overlapping general obligation debt | | | | | 38,293,294 |
| Total direct general obligation bonded indebtedness | | | | | <u>158,720,000</u> |
| Total direct and overlapping general obligation debt | | | | | <u>\$ 197,013,294</u> |

Notes:

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

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

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

Table 2

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

| | <u>To 2018 Taxable Value</u> | <u>To Adjusted Fair Market Value</u> | <u>Per Capita Debt Ratio</u> |
|--|----------------------------------|--|----------------------------------|
| Direct general obligation debt | 1.39% | 0.92% | \$ 1,005.65 |
| Direct and overlapping general obligation debt | 1.61% | 1.06% | \$ 1,165.52 |

Notes:

Based on the State of Utah's December 31, 2018 taxable value for Weber School District of: \$ 12,206,769,052

Based on the State of Utah's December 31, 2018 adjusted fair market value for the District of: \$ 18,520,744,321

Based on the U.S. Bureau of the Census estimate for Weber County of 256,359 less Ogden City's population estimate of 87,325. Ogden City does not lie within the District's boundaries therefore, Weber School District's 2018 population estimate is 169,034.

Table 3

WEBER SCHOOL DISTRICT
Debt Service Schedule of Outstanding Bonds (By Year)
 June 30, 2019

| Year Ending June 30, | Series 2011 | | Series 2012 | | Series 2013 | | Series 2014 | | Series 2015 | |
|-------------------------|---------------------|-------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ - | \$ 210,000 | \$ 280,000 | \$ 516,200 | \$ 280,000 | \$ 899,068 | \$ 2,370,000 | \$ 1,130,775 | \$ 2,375,000 | \$ 95,000 |
| 2021 | - | 210,000 | 375,000 | 512,000 | 280,000 | 885,068 | 2,490,000 | 1,012,275 | 2,375,000 | 47,500 |
| 2022 | 3,075,000 | 210,000 | 415,000 | 504,500 | 750,000 | 871,068 | 2,620,000 | 887,775 | - | - |
| 2023 | 2,175,000 | 87,000 | 450,000 | 496,200 | 750,000 | 833,568 | 2,760,000 | 756,775 | - | - |
| 2024 | - | - | 1,510,000 | 487,200 | 1,115,000 | 796,068 | 2,905,000 | 618,775 | - | - |
| 2025 | - | - | 1,570,000 | 441,900 | 1,110,000 | 757,044 | 3,060,000 | 473,525 | - | - |
| 2026 | - | - | 1,625,000 | 379,100 | 1,130,000 | 718,194 | 3,145,000 | 400,850 | - | - |
| 2027 | - | - | 1,685,000 | 330,350 | 1,235,000 | 572,994 | 1,050,000 | 322,225 | - | - |
| 2028 | - | - | 1,725,000 | 279,800 | 1,280,000 | 600,994 | 1,090,000 | 280,225 | - | - |
| 2029 | - | - | 1,785,000 | 236,676 | 1,740,000 | 572,394 | 1,135,000 | 236,625 | - | - |
| 2030 | - | - | 1,845,000 | 187,588 | 2,325,000 | 502,794 | 1,180,000 | 191,225 | - | - |
| 2031 | - | - | 1,910,000 | 136,850 | 2,380,000 | 406,888 | 1,215,000 | 155,825 | - | - |
| 2032 | - | - | 2,000,000 | 70,000 | 2,425,000 | 308,712 | 1,250,000 | 119,375 | - | - |
| 2033 | - | - | - | - | 4,570,000 | 205,650 | 1,290,000 | 81,875 | - | - |
| 2034 | - | - | - | - | - | - | 1,330,000 | 41,562 | - | - |
| | <u>\$ 5,250,000</u> | <u>\$ 717,000</u> | <u>\$ 17,175,000</u> | <u>\$ 4,578,364</u> | <u>\$ 21,370,000</u> | <u>\$ 8,930,504</u> | <u>\$ 28,890,000</u> | <u>\$ 6,709,687</u> | <u>\$ 4,750,000</u> | <u>\$ 142,500</u> |

| Year Ending June 30, | Series 2016 | | Series 2018 | | Series 2018 B | | Totals | | |
|-------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Grand Total |
| 2020 | \$ 1,390,000 | \$ 751,825 | \$ 1,900,000 | \$ 1,002,600 | \$ 1,100,000 | \$ 1,559,850 | \$ 9,695,000 | \$ 6,165,318 | \$ 15,860,318 |
| 2021 | 1,450,000 | 682,325 | 700,000 | 907,600 | 1,150,000 | 1,504,850 | 8,820,000 | 5,761,618 | 14,581,618 |
| 2022 | 625,000 | 609,825 | 250,000 | 872,600 | 1,200,000 | 1,447,350 | 8,935,000 | 5,403,118 | 14,338,118 |
| 2023 | 1,665,000 | 578,575 | 480,000 | 860,100 | 1,250,000 | 1,387,350 | 9,530,000 | 4,999,568 | 14,529,568 |
| 2024 | 2,630,000 | 495,325 | 835,000 | 836,100 | 1,275,000 | 1,324,850 | 10,270,000 | 4,558,318 | 14,828,318 |
| 2025 | 2,775,000 | 363,825 | 860,000 | 794,350 | 1,350,000 | 1,261,100 | 10,725,000 | 4,091,744 | 14,816,744 |
| 2026 | 2,925,000 | 225,075 | 925,000 | 772,850 | 1,425,000 | 1,193,600 | 11,175,000 | 3,689,669 | 14,864,669 |
| 2027 | 2,985,000 | 166,575 | 2,250,000 | 749,725 | 1,550,000 | 1,122,350 | 10,755,000 | 3,264,219 | 14,019,219 |
| 2028 | 3,065,000 | 91,950 | 1,375,000 | 637,225 | 1,620,000 | 1,044,850 | 10,155,000 | 2,935,044 | 13,090,044 |
| 2029 | - | - | 3,430,000 | 568,475 | 1,700,000 | 963,850 | 9,790,000 | 2,578,020 | 12,368,020 |
| 2030 | - | - | 2,570,000 | 431,275 | 1,775,000 | 878,850 | 9,695,000 | 2,191,732 | 11,886,732 |
| 2031 | - | - | 1,870,000 | 357,387 | 1,840,000 | 790,100 | 9,215,000 | 1,847,050 | 11,062,050 |
| 2032 | - | - | 1,550,000 | 301,287 | 1,915,000 | 698,100 | 9,140,000 | 1,497,474 | 10,637,474 |
| 2033 | - | - | 1,150,000 | 252,850 | 2,000,000 | 621,500 | 9,010,000 | 1,161,875 | 10,171,875 |
| 2034 | - | - | 3,500,000 | 215,475 | 2,325,000 | 541,500 | 7,155,000 | 798,537 | 7,953,537 |
| 2035 | - | - | 3,130,000 | 101,725 | 2,425,000 | 448,500 | 5,555,000 | 550,225 | 6,105,225 |
| 2036 | - | - | - | - | 4,100,000 | 351,500 | 4,100,000 | 351,500 | 4,451,500 |
| 2037 | - | - | - | - | 3,000,000 | 187,500 | 3,000,000 | 187,500 | 3,187,500 |
| 2038 | - | - | - | - | 2,000,000 | 75,000 | 2,000,000 | 75,000 | 2,075,000 |
| | <u>\$ 19,510,000</u> | <u>\$ 3,965,300</u> | <u>\$ 26,775,000</u> | <u>\$ 9,661,624</u> | <u>\$ 35,000,000</u> | <u>\$ 17,402,550</u> | <u>\$ 158,720,000</u> | <u>\$ 52,107,529</u> | <u>\$ 210,827,529</u> |

Table 4

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

Including Fee in Lieu Valuation

| <u>Tax Year</u> | <u>Taxable Value</u> | <u>Adjusted Fair Market Value</u> |
|---------------------|----------------------|---------------------------------------|
| 2018 | \$ 12,206,769,052 | \$ 18,520,744,321 |
| 2017 | 10,706,874,027 | 16,094,821,191 |
| 2016 | 9,854,617,992 | 14,744,055,546 |
| 2015 | 9,130,234,035 | 13,625,639,989 |
| 2014 | 8,448,670,470 | 12,557,995,295 |

Excluding Fee in Lieu Valuation

| <u>Tax Year</u> | <u>Taxable Value</u> | <u>Adjusted Fair Market Value</u> |
|---------------------|----------------------|---------------------------------------|
| 2018 | \$ 11,837,079,569 | \$ 18,151,027,839 |
| 2017 | 10,365,638,668 | 15,753,585,832 |
| 2016 | 9,512,304,657 | 14,401,742,217 |
| 2015 | 8,803,257,251 | 13,298,663,205 |
| 2014 | 8,144,787,395 | 12,254,092,220 |

Notes:

Source: Property Tax Division, Utah State Tax Commission

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

Table 5

WEBER SCHOOL DISTRICT
Significant Taxpayers in the District
December 31, 2018

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>December 31, 2018 Taxable Value</u> | <u>Percentage of Total Taxable Value</u> |
|-------------------------------|-------------------------|--|--|
| Compass Minerals | Manufacturing | \$ 245,555,945 | 2.01% |
| Pacificorp | Electric Utility | 180,034,476 | 1.47% |
| Union Pacific Railroad Co | Transportation | 90,489,747 | 0.74% |
| Kimberly-Clark Corporation | Manufacturing | 78,720,739 | 0.64% |
| Questar Gas | Natural Gas Utility | 75,934,797 | 0.62% |
| America First Credit Union | Banking | 74,473,256 | 0.61% |
| SMHG Village Development LLC | Land Development | 72,870,542 | 0.60% |
| Associated/Fresh Markets Inc. | Groceries | 52,889,816 | 0.43% |
| Columbia Ogden Medical Center | Medical | 50,394,128 | 0.41% |
| Westinghouse Electric | Manufacturing | 50,359,383 | 0.41% |
| Totals | | <u>\$ 971,722,829</u> | <u>7.94%</u> |

Notes:

Source: Office of Weber County Treasurer

Based on the District's 2018 taxable value of: \$ 12,206,769,052

Table 6

WEBER SCHOOL DISTRICT
Summary of Taxable Value
December 31, 2018 and 2017

| | <u>2018</u> <u>Taxable Value</u> | <u>Percent of</u> <u>2018</u> | <u>2017</u> <u>Taxable Value</u> |
|------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| Centrally assessed values: | \$ 673,499,946 | 6.29% | \$ 632,152,236 |
| Real property: | | | |
| Primary residential | 7,698,342,300 | 71.90% | 6,572,847,498 |
| Secondary residential | 854,803,657 | 7.98% | 737,593,298 |
| Commercial and industrial | 1,968,224,177 | 18.38% | 1,832,467,863 |
| FAA and agricultural | 72,067,372 | 0.67% | 73,094,708 |
| Unimproved non FAA | 109,906,545 | 1.03% | 81,428,078 |
| Total real property | <u>10,703,344,051</u> | <u>99.96%</u> | <u>9,297,431,445</u> |
| Personal property: | | | |
| Primary and secondary mobile homes | 18,705,585 | 0.17% | 12,421,258 |
| Other business personal | 441,529,987 | 4.12% | 423,633,729 |
| Total personal property | <u>460,235,572</u> | <u>4.29%</u> | <u>436,054,987</u> |
| Fee-in-lieu property | 369,716,483 | 3.45% | 341,235,359 |
| Total assessed properties | <u>\$ 12,206,796,052</u> | <u>113.99%</u> | <u>\$ 10,706,874,027</u> |

Source: Utah State Tax Commission

Tables 7, 8 and 9

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

| Year Ended December 31, | Total Taxes Levied | Current Collections | Percent Current Collections | Collections for Prior Years | Total Collections | Percent of Total Taxes Levied |
|----------------------------|-----------------------|------------------------|-----------------------------------|-----------------------------------|----------------------|-------------------------------------|
| 2018 | \$ 74,686,836 | \$ 70,869,522 | 94.89% | \$ 1,334,939 | \$ 72,204,461 | 96.68% |
| 2017 | 66,199,725 | 63,193,645 | 95.46% | 1,427,544 | 64,621,189 | 97.62% |
| 2016 | 63,644,707 | 60,855,287 | 95.62% | 1,442,102 | 62,297,389 | 97.88% |
| 2015 | 58,432,232 | 55,692,287 | 95.31% | 1,227,254 | 56,919,541 | 97.41% |
| 2014 | 53,305,882 | 50,727,500 | 95.16% | 1,862,158 | 52,589,658 | 98.66% |

Schedule of Property Tax Rates

| | Tax Year Ended December 31, | | | | |
|----------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| State required | 0.001666 | 0.001568 | 0.001677 | 0.001736 | 0.001419 |
| Voted local | 0.000963 | 0.001060 | 0.001124 | 0.000958 | 0.001010 |
| Board local | 0.001084 | 0.001027 | 0.001169 | 0.001764 | 0.001866 |
| Charter school | 0.000070 | 0.000075 | - | - | - |
| Capital local | 0.001181 | 0.001300 | 0.001379 | 0.000842 | 0.000888 |
| Debt service | 0.001343 | 0.001343 | 0.001344 | 0.001343 | 0.001343 |
| Total | <u>0.006307</u> | <u>0.006373</u> | <u>0.006693</u> | <u>0.006643</u> | <u>0.006526</u> |

Historical Property Tax Collections by Fund

| Year Ended June 30, | Total Funds | General Fund | Debt Service | Capital Projects | Other Governmental Funds |
|------------------------|---------------|-----------------|-----------------|---------------------|--------------------------------|
| 2019 | \$ 79,178,681 | \$ 45,649,124 | \$ 16,511,385 | \$ 14,519,692 | \$ 2,498,480 |
| 2018 | 69,126,151 | 38,287,094 | 14,068,282 | 13,617,846 | 3,152,929 |
| 2017 | 68,015,380 | 38,821,746 | 13,126,286 | 13,468,371 | 2,598,977 |
| 2016 | 62,890,946 | 35,791,896 | 12,253,000 | 12,563,203 | 2,282,847 |
| 2015 | 57,176,050 | 36,279,852 | 11,344,042 | 7,500,752 | 2,051,404 |

Notes:

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

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

Table 10

WEBER SCHOOL DISTRICT
General Fund Financial Summary
 Years Ending June 30, 2015 through 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues: | | | | | |
| Property tax | \$ 45,649,124 | \$ 38,287,094 | \$ 38,821,746 | \$ 35,791,896 | \$ 36,279,852 |
| Earnings from investments | 2,378,376 | 1,244,609 | 710,126 | 779,757 | 474,106 |
| Local | 4,606,748 | 4,997,527 | 4,275,138 | 3,358,051 | 3,372,878 |
| State | 171,115,332 | 160,807,847 | 150,414,509 | 143,176,198 | 137,246,612 |
| Federal | 11,494,485 | 12,169,089 | 12,174,449 | 13,304,146 | 12,139,642 |
| Total revenues | <u>235,244,065</u> | <u>217,506,166</u> | <u>206,395,968</u> | <u>195,542,352</u> | <u>188,833,639</u> |
| Expenditures: | | | | | |
| Instruction | 163,073,408 | 152,917,336 | 145,425,939 | 136,049,564 | 132,757,104 |
| Support services: | | | | | |
| Students | 8,619,897 | 7,874,762 | 7,443,929 | 7,109,418 | 6,721,162 |
| Instructional staff | 3,506,595 | 3,284,794 | 3,343,179 | 3,539,515 | 3,148,960 |
| District administration | 4,839,495 | 4,406,189 | 4,005,214 | 3,841,976 | 3,865,284 |
| School administration | 13,452,901 | 12,594,479 | 11,825,070 | 12,010,081 | 12,238,374 |
| Central | 6,330,730 | 5,901,495 | 5,164,663 | 5,349,486 | 4,907,261 |
| Operations and maintenance | 19,834,639 | 19,257,179 | 18,738,762 | 19,044,682 | 18,248,638 |
| Student transportation | 10,409,363 | 9,922,984 | 8,975,715 | 8,219,183 | 7,463,312 |
| Total expenditures | <u>230,067,028</u> | <u>216,159,218</u> | <u>204,922,471</u> | <u>194,296,209</u> | <u>188,670,644</u> |
| Excess of revenues over expenditures | <u>5,177,037</u> | <u>1,346,948</u> | <u>1,473,497</u> | <u>1,246,143</u> | <u>162,995</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from sale of capital assets | 70,557 | 39,744 | 8,000 | - | 17,088 |
| Transfers | (265,830) | (270,548) | (2,771,409) | (205,533) | (2,986,261) |
| Total other financing sources (uses) | <u>(195,273)</u> | <u>(230,804)</u> | <u>(2,763,409)</u> | <u>(205,533)</u> | <u>(2,969,173)</u> |
| Net change in fund balance | 4,981,764 | 1,116,144 | (1,289,912) | 1,040,610 | (2,806,178) |
| Fund balances, beginning of year | <u>34,510,866</u> | <u>33,394,722</u> | <u>34,684,634</u> | <u>33,644,024</u> | <u>36,450,202</u> |
| Fund balances, end of year | <u>\$ 39,492,630</u> | <u>\$ 34,510,866</u> | <u>\$ 33,394,722</u> | <u>\$ 34,684,634</u> | <u>\$ 33,644,024</u> |

Notes:

Source: The District's basic financial statements.

Table 11

WEBER SCHOOL DISTRICT
Balance Sheet - General Fund
 June 30, 2015 through 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assets: | | | | | |
| Cash and investments | \$ 81,658,895 | \$ 71,670,577 | \$ 69,434,499 | \$ 69,153,613 | \$ 67,452,769 |
| Receivables: | | | | | |
| Property taxes | 44,744,671 | 42,253,462 | 36,673,295 | 36,575,941 | 33,873,834 |
| Local | 137,435 | 141,148 | 117,358 | 205,697 | 333,009 |
| State | 1,632,806 | 1,032,949 | 739,555 | 795,173 | 742,689 |
| Federal | 4,547,619 | 3,629,443 | 4,935,442 | 11,807,815 | 8,676,078 |
| Note receivable | 421,748 | 467,794 | 512,500 | - | - |
| Due from other funds | - | - | - | - | 188,589 |
| Inventories and prepaid items | 599,061 | 682,815 | 693,337 | 674,058 | 625,246 |
| Total assets | <u>\$ 133,742,235</u> | <u>\$ 119,878,188</u> | <u>\$ 113,105,986</u> | <u>\$ 119,212,297</u> | <u>\$ 111,892,214</u> |
| Liabilities: | | | | | |
| Account and contracts payable | \$ 5,909,395 | \$ 1,211,451 | \$ 1,060,960 | \$ 3,065,613 | \$ 3,052,843 |
| Accrued salaries and employee benefits | 36,210,976 | 32,607,764 | 31,391,096 | 34,563,263 | 33,309,893 |
| Unearned revenue: | | | | | |
| Local | - | - | - | - | 37,785 |
| State | 6,051,865 | 7,445,536 | 8,653,312 | 8,854,740 | 7,568,380 |
| Federal | 25,975 | 521,504 | 1,368,823 | 1,597,922 | 588,028 |
| Total liabilities | <u>48,198,211</u> | <u>41,786,255</u> | <u>42,474,191</u> | <u>48,081,538</u> | <u>44,556,929</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue from sale of land | 421,748 | 467,794 | 512,500 | - | - |
| Unavailable property tax revenue | 1,017,305 | 903,033 | 850,169 | 814,885 | 849,484 |
| Property taxes levied for future year | 44,612,341 | 42,210,240 | 35,874,404 | 35,631,240 | 32,841,777 |
| Total deferred inflows of resources | <u>46,051,394</u> | <u>43,581,067</u> | <u>37,237,073</u> | <u>36,446,125</u> | <u>33,691,261</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 599,061 | 682,815 | 693,337 | 674,058 | 625,246 |
| Committed to: | | | | | |
| Economic stabilization | 6,000,000 | 5,000,000 | 4,750,000 | 4,500,000 | 4,000,000 |
| Employee vacation benefit | 2,235,426 | 2,029,029 | 1,888,560 | 1,882,369 | 1,627,420 |
| Contractual obligations | 367,612 | 361,920 | 522,416 | 303,816 | 564,290 |
| Assigned to: | | | | | |
| Early retirement benefit | 10,250,000 | 10,250,000 | 10,250,000 | 10,250,000 | 10,250,000 |
| Other programs | 4,486,513 | 3,286,513 | 3,286,513 | 6,206,513 | 5,806,513 |
| Unassigned | 15,554,018 | 12,900,589 | 12,003,896 | 10,867,878 | 10,770,555 |
| Total fund balances | <u>39,492,630</u> | <u>34,510,866</u> | <u>33,394,722</u> | <u>34,684,634</u> | <u>33,644,024</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 133,742,235</u> | <u>\$ 119,878,188</u> | <u>\$ 113,105,986</u> | <u>\$ 119,212,297</u> | <u>\$ 111,892,214</u> |

Notes:

Source: The District's basic financial statements.

WEBER SCHOOL DISTRICT

Compliance Reports

Year Ended June 30, 2019

TABLE OF CONTENTS

| | Page |
|---|------|
| Schedule of Expenditures of Federal Awards | 1 |
| Notes to Schedule of Expenditures of Federal Awards | 3 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 4 |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 6 |
| Summary Schedule of Prior Audit Findings | 9 |
| Schedule of Findings and Questioned Costs | 10 |
| Independent Auditor's Report on Compliance and Report on Internal Control over Compliance Required by the <i>State Compliance Audit Guide</i> | 13 |

WEBER SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| Grantor / Pass-Through Grantor / Program Title | CFDA Number | Pass-Through Entity Identifying Number | District's Program Number | Receivable (Unearned) June 30, 2018 | Received | Expended | Receivable (Unearned) June 30, 2019 |
|---|----------------|--|---------------------------------|---|------------|------------|---|
| U.S. DEPARTMENT OF AGRICULTURE: | | | | | | | |
| Passed Through State of Utah Board of Education: | | | | | | | |
| <i>Child Nutrition Cluster:</i> | | | | | | | |
| School Breakfast Program | 10.553 | SBP | 8001 | \$ - | \$ 769,630 | \$ 780,003 | \$ 10,373 |
| National School Lunch Program | 10.555 | NSLP | 8001 | 78,768 | 3,459,078 | 3,464,409 | 84,099 |
| National School Lunch Program | 10.555 | NSLP | 8001 | 10,015 | 1,103,783 | 1,093,768 | - |
| National School Lunch Program (Commodities) | 10.555 | none | 8001 | - | 495,778 | 495,778 | - |
| Total child nutrition cluster | | | | 88,783 | 5,828,269 | 5,833,958 | 94,472 |
| Fresh Fruit and Vegetable Program | 10.582 | FFVP | 8001 | - | 212,574 | 212,574 | - |
| Fresh Fruit and Vegetable Program (Commodities) | 10.582 | none | 8001 | - | 214,000 | 214,000 | - |
| Total U.S. Department of Agriculture | | | | 88,783 | 6,254,843 | 6,260,532 | 94,472 |
| U.S. DEPARTMENT OF LABOR: | | | | | | | |
| Passed Through Ogden-Weber Applied Technology College: | | | | | | | |
| Youth Build | 17.274 | none | 7544 | 7,534 | - | - | 7,534 |
| Total U.S. Department of Labor | | | | 7,534 | - | - | 7,534 |
| U.S. DEPARTMENT OF EDUCATION: | | | | | | | |
| Passed Through State of Utah Board of Education: | | | | | | | |
| <i>Special Education Cluster (IDEA):</i> | | | | | | | |
| Special Education Grants to States | 84.027 | FTFL | 7625/7624 | 2,074,481 | 4,644,657 | 5,043,985 | 2,473,809 |
| Special Education Preschool Grants | 84.173 | PRE | 7303 | 48,115 | 82,348 | 198,522 | 164,289 |
| Total special education cluster (IDEA) | | | | 2,122,596 | 4,727,005 | 5,242,507 | 2,638,098 |
| Direct: | | | | | | | |
| Impact Aid | 84.041 | none | 0000 | (44,953) | - | 44,953 | - |
| Passed Through State of Utah Board of Education: | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | T1FT | 7514/7802 | 1,072,298 | 2,645,915 | 2,754,742 | 1,181,125 |
| Career and Technical Education - Basic Grants to States | 84.048 | FLEA | 6330 | - | 316,195 | 310,112 | (6,083) |
| Twenty-First Century Community Learning Centers | 84.287 | none | 7910 | (11,541) | - | - | (11,541) |

(Continued)

WEBER SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended June 30, 2019

| Grantor / Pass-Through Grantor / Program Title | CFDA Number | Pass-Through Entity Identifying Number | District's Program Number | Receivable (Unearned) June 30, 2018 | Received | Expended | Receivable (Unearned) June 30, 2019 |
|--|----------------|--|---------------------------------|---|----------------------|----------------------|---|
| U.S. DEPARTMENT OF EDUCATION (continued): | | | | | | | |
| Passed Through State of Utah Board of Education: | | | | | | | |
| Mathematics and Science Partnerships | 84.366 | 2B | 0226 | \$ (480) | \$ 39,057 | \$ 37,938 | \$ (1,599) |
| English Language Acquisition State Grants | 84.365 | ELFT | 7880 | 41,220 | 42,883 | 93,266 | 91,603 |
| Supporting Effective Instruction State Grants | 84.367 | 2FT | 7700 | 204,601 | 227,512 | 447,768 | 424,857 |
| Passed Through State of Utah Department of Health: | | | | | | | |
| Special Education - Grants for Infants and Families | 84.181 | none | 7301 | (6,234) | 592,190 | 592,190 | (6,234) |
| Total U.S. Department of Education | | | | 3,377,507 | 8,590,757 | 9,523,476 | 4,310,226 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | | | | | |
| Passed Through State of Utah Board of Education: | | | | | | | |
| <i>TANF Cluster:</i> | | | | | | | |
| Temporary Assistance for Needy Families | 93.558 | PCA | 5688 | 179,246 | 523,853 | 535,152 | 190,545 |
| Total U.S. Department of Health and Human Services | | | | 179,246 | 523,853 | 535,152 | 190,545 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE: | | | | | | | |
| Passed through Ogden School District: | | | | | | | |
| AmeriCorps | 94.006 | none | 5349 | 1,285 | 92,257 | 104,310 | 13,338 |
| Total Corporation for National and Community Service | | | | 1,285 | 92,257 | 104,310 | 13,338 |
| Total federal financial assistance | | | | <u>\$ 3,654,355</u> | <u>\$ 15,461,710</u> | <u>\$ 16,423,470</u> | <u>\$ 4,616,115</u> |

WEBER SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards

Note A – Basis for Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Weber School District (the District) under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of our operations, it is not intended to and does not present our financial position, changes in financial position, or cash flows.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to our basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Donated food commodities are recorded at acquisition value in our *school lunch fund* as an inventory asset and federal revenue when received totaling \$709,778 for the year ended June 30, 2019. Donated food commodity inventories are recorded as expenditures in the *school lunch fund* when they are consumed by the schools; for purposes of the Schedule, donated food commodities are also recorded as expenditures when received.

We have elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C – Relationship to District’s Financial Statements

A reconciliation of federal revenue reported on our basic financial statements and the Schedule for the year ended June 30, 2019 is as follows:

| | |
|--|-----------------------------|
| General Fund | \$ 11,494,485 |
| School Lunch Fund (Special Revenue Fund) | <u>6,260,531</u> |
| Total amount reported in the financial statements | 17,755,016 |
| Universal Service Program for School and Libraries (E-rate) | (263,338) |
| Medical Assistance Program grant monies received through State of Utah Department of Health | <u>(1,068,208)</u> |
| Schedule of expenditures of federal awards | <u><u>\$ 16,423,470</u></u> |

Note D – Subrecipients of Federal Awards

We did not provide federal award funding to any subrecipient during the year ended June 30, 2019.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Weber School District

We have audited, in accordance with the 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, the 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Agui & Company, PC

Orem, Utah
November 14, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Education
Weber School District

Report on Compliance for Each Major Federal Program

We have audited the compliance of Weber School District (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019.

The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the *Child Nutrition Cluster* as described in finding number 2019-001 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on *Child Nutrition Cluster* for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 14, 2019, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Aguirre & Company, PC

Orem, Utah
November 14, 2019

WEBER SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

No findings were reported in the prior year.

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

I. Summary of auditor's results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

-Material weaknesses identified? Yes No

-Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

-Material weaknesses identified? Yes No

-Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a)? Yes No

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| | <i>Child Nutrition Cluster:</i> |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

U.S. Department of Agriculture passed through State of Utah Board of Education

2019-001 Procurement and Suspension and Debarment

Program CFDA Numbers Name of Federal Program or Cluster

Child Nutrition Cluster:

| | |
|--------|-------------------------------|
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |

Criteria Recipients of federal awards must follow the procurement standards set out at 2 CFR section 200.317 through 200.326. They must use their own documented procurement procedures, which reflect applicable State laws and regulations, provided that the procurements conform to applicable Federal law and the procurement requirements identified in 2 CFR part 200.

Recipients “must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price” 2 CFR section 200.318(i).

The District’s procurement procedures include the requirement to maintain sufficient documentation of the history of procurement. The District also has procedures to identify procurement transaction requiring competitive bids or proposals.

Context and Condition During 2019, exclusive of personnel costs, the District received goods and services of at least \$1,000 from 43 contractors for Child Nutrition Cluster programs. Payments to these contractors totaled \$2,649,294 for the year. We selected eight contracts (totaling \$2,303,732) to test for compliance with procurement standards. Records for one contract (totaling \$567,976) lacked documentation sufficient to detail the history of procurement.

Cause While the District’s controls identified that a current contract had not been obtained from the contractor, the District did not act to remedy the deficiency.

Effect A potential failure to conduct procurement transactions in a manner providing full and open competition exists.

Repeat finding No

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2019

| | |
|---------------------------------------|--|
| <i>Statistically valid</i> | Yes |
| <i>Recommendation</i> | We recommend the District ensure it 1) maintains documentation of the history of procurement and 2) monitors compliance of documentation requirements. |
| <i>Views of responsible officials</i> | The District will review its procurement policies and internal controls and ensure timely action is taken when noncompliance is identified. |



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Education
Weber School District

Report on Compliance

We have audited the compliance of Weber School District (the District) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2019:

- Minimum School Program
- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- School District Tax Levies
- Open and Public Meetings Act
- Public Treasurer's Bond
- Tax Levy Revenue Recognition

Management's Responsibility

Management is responsible for compliance with the state compliance requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

In our opinion, Weber School District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



Orem, Utah
November 14, 2019

Corrective Action Plan
For the year ended June 30, 2019

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|---|
| 19-1 | 1) Weber School District management will review procurement policies with staff. 2) Timely action will be taken to solicit bids for contracts that exceed District thresholds. 2) To ensure full and open competition takes place, management will routinely review spending reports and identify expenditures that exceed \$50,00 to individual vendors. | 12/31/2019 | Jeff Walker Purchasing Agent jewalker@wsd.net |