



Independent Auditor's Report

Board of Education
Davis School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School District (the District) as of and for the year ended June 30, 2014, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, 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.

Squire & Company, PC

Orem, Utah
November 10, 2014

Management's Discussion and Analysis

This section of Davis School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2014. Please read it in conjunction with the transmittal letter found on pages 11 through 14 of this report and the District's financial statements, which follow this section.

Financial Highlights

- The District's total assets and deferred outflows of resources exceeded the total liabilities and deferred inflows of resources by \$248.9 million at the close of the most recent fiscal year.
- During the year, expenses were \$14.0 million less than the \$508.4 million generated in taxes and other revenues for governmental activities. Last year, expenses were less than revenues by \$7.3 million.
- Actual expenditures in the *General Fund* were \$5.1 million less than final budgeted amounts, and resources available for appropriation were \$1.0 million more than final budgeted amounts.
- The District's unassigned fund balance in the *General Fund* increased by \$1.9 million. An increase of \$2.0 million in fund balance was budgeted for the year.
- The District continued providing for its student growth by issuing \$25.0 million of new bonds. Significant progress was made on the construction of Odyssey Elementary School (estimated cost of \$18.2 million) which is scheduled to be opened for the 2014-2015 school year. The District is currently progressing on an addition at Millcreek Junior High School (estimated cost of \$9.6 million) and a remodel of Bountiful High School (estimated cost of \$11.6 million). The District has \$77.5 million of bonds remaining to issue of the 2009 voter-approved \$250.0 million bond authorization.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 35 to 36 of this report.

The government-wide financial statements of the District are divided into three categories:

- **Governmental activities.** Most of the District’s basic services are included here, such as instruction, various supporting services and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities.** The District charges fees to students and customers and receives specific grants from various local, state, and federal agencies to help cover the costs of certain services it provides. The Pioneer Adult Rehabilitation Center is included here.
- **Component unit.** The District includes one other entity in the report, the Davis School District Foundation. Although legally separate, this “component unit” is included because the District is the fiscal agent and is financial accountable for it, and its purpose is to solicit donations to support educational programs of the District.

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund*, the *Debt Service Fund*, and the *Capital Projects Fund*, each of which are considered to be major funds. Data from the other three governmental funds (*School Food Services Fund*, *Student Activities Fund*, and *State Multi-District Program Fund*) are combined into a single, aggregated presentation. As of June 30, 2014 the District closed the *State-Multi District Program Fund*. Individual fund data for each of the governmental funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in the report.

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

The basic governmental fund financial statements can be found on pages 37 to 41 of this report.

- **Proprietary funds.** The District maintains two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District’s various functions. The District uses one internal service fund, and it is included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its enterprise fund

and for the internal service fund. The basic proprietary fund financial statements can be found on pages 42 to 44 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 45 to 62 of this report.

Other information. Individual fund statements and schedules are presented immediately following the notes to the basic financial statements. Individual fund statements and schedules can be found on pages 63 to 77 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$248.9 million at the close of the most recent fiscal year.

DAVIS SCHOOL DISTRICT'S Net Position							
June 30, 2014 and 2013							
(in millions of dollars)							
	Governmental		Business-type		Total		Total
	Activities		Activities				Change
	2014	2013	2014	2013	2014	2013	2014-2013
Current and other assets	\$ 286.2	\$ 264.1	\$ 6.9	\$ 5.2	\$ 293.1	\$ 269.3	\$ 23.8
Capital assets	578.3	578.1	2.1	2.2	580.4	580.3	0.1
Total assets	864.5	842.2	9.0	7.4	873.5	849.6	23.9
Deferred outflows of resources	2.7	3.4	-	-	2.7	3.4	(0.7)
Current and other liabilities	59.2	56.6	0.7	0.1	59.9	56.7	3.2
Long-term liabilities outstanding	435.2	436.4	0.1	0.1	435.3	436.5	(1.2)
Total liabilities	494.4	493.0	0.8	0.2	495.2	493.2	2.0
Deferred inflows of resources	132.1	125.9	-	-	132.1	125.9	6.2
Net position:							
Net investment in capital assets	175.3	173.3	2.1	2.2	177.4	175.5	1.9
Restricted	36.5	30.4	-	-	36.5	30.4	6.1
Unrestricted	28.9	23.0	6.1	5.0	35.0	28.0	7.0
Total net position	\$ 240.7	\$ 226.7	\$ 8.2	\$ 7.2	\$ 248.9	\$ 233.9	\$ 15.0

- Net position of the District's governmental activities increased by 6.6% to \$240.7 million. However, most of the net position is either restricted as to the purposes they can be used for or are invested in net capital assets (land, buildings and improvements, equipment, and so on). Therefore, *unrestricted* net position showed a \$28.9 million balance at the end of this year, an increase of 25.7 % or \$5.9 million from last year. Unrestricted net position will be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.
- The net position of the District's business-type activities increased by 13.9% to \$8.2 million. Unrestricted net position increased by 22.0% to \$6.1 million. The District can only use these funds to finance the continuing operations of the Pioneer Adult Rehabilitation Center.
- A portion of the District's net position reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt

must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for school food services and capital projects.

The District's total net position increased \$15.0 million during the current year. This increase was the result of increased federal and state aid not restricted to specific purposes. Of the \$15.0 million increase in total net position, unrestricted net position increased by \$7.0 million, while restricted net position increased by \$6.1 million. The net investment in capital assets increased by \$1.9 million.

- The District's total revenues increased 2.6% to \$522.2 million. Federal and state aid makes up 63.5% of the District's revenues; property taxes generate 27.5% of the District's revenues.
- The total cost of all programs and services increased by 1.2% to \$507.2 million. Instruction and support services make up 63.9% and 25.6% respectively, of the District's expenses.

DAVIS SCHOOL DISTRICT'S Changes in Net Position							
Years Ended June 30, 2014 and 2013							
(in millions of dollars)							
	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Change
	2014	2013	2014	2013	2014	2013	2014-2013
Revenues:							
Program revenues:							
Charges for services	\$ 14.6	\$ 13.8	\$ 13.0	\$ 8.9	\$ 27.6	\$ 22.7	\$ 4.9
Operating grants and contributions	108.6	110.4	0.8	0.7	109.4	111.1	(1.7)
General revenues:							
Property taxes	143.4	144.9	-	-	143.4	144.9	(1.5)
Federal and state aid not restricted to specific purposes	222.0	211.0	-	-	222.0	211.0	11.0
Interest	0.6	0.7	-	-	0.6	0.7	(0.1)
Miscellaneous	19.2	18.6	-	-	19.2	18.6	0.6
Total revenues	508.4	499.4	13.8	9.6	522.2	509.0	13.2
Expenses:							
Instruction	324.1	327.8	-	-	324.1	327.8	(3.7)
Support services:							
Student	14.9	14.9	-	-	14.9	14.9	-
Instructional staff	17.9	17.1	-	-	17.9	17.1	0.8
District administration	2.5	3.0	-	-	2.5	3.0	(0.5)
School administration	27.0	26.3	-	-	27.0	26.3	0.7
Business administration	13.2	12.8	-	-	13.2	12.8	0.4
Operation and maintenance of facilities	42.0	41.6	-	-	42.0	41.6	0.4
Student transportation	12.6	12.4	-	-	12.6	12.4	0.2
School food service	24.2	23.3	-	-	24.2	23.3	0.9
Interest on long-term liabilities	16.0	12.9	-	-	16.0	12.9	3.1
Pioneer Adult Rehab Center	-	-	12.8	9.0	12.8	9.0	3.8
Total expenses	494.4	492.1	12.8	9.0	507.2	501.1	6.1
Changes in net position	14.0	7.3	1.0	0.6	15.0	7.9	7.1
Net position, beginning	226.7	219.4	7.2	6.6	233.9	226.0	7.9
Net position, ending	\$ 240.7	\$ 226.7	\$ 8.2	\$ 7.2	\$ 248.9	\$ 233.9	\$ 15.0

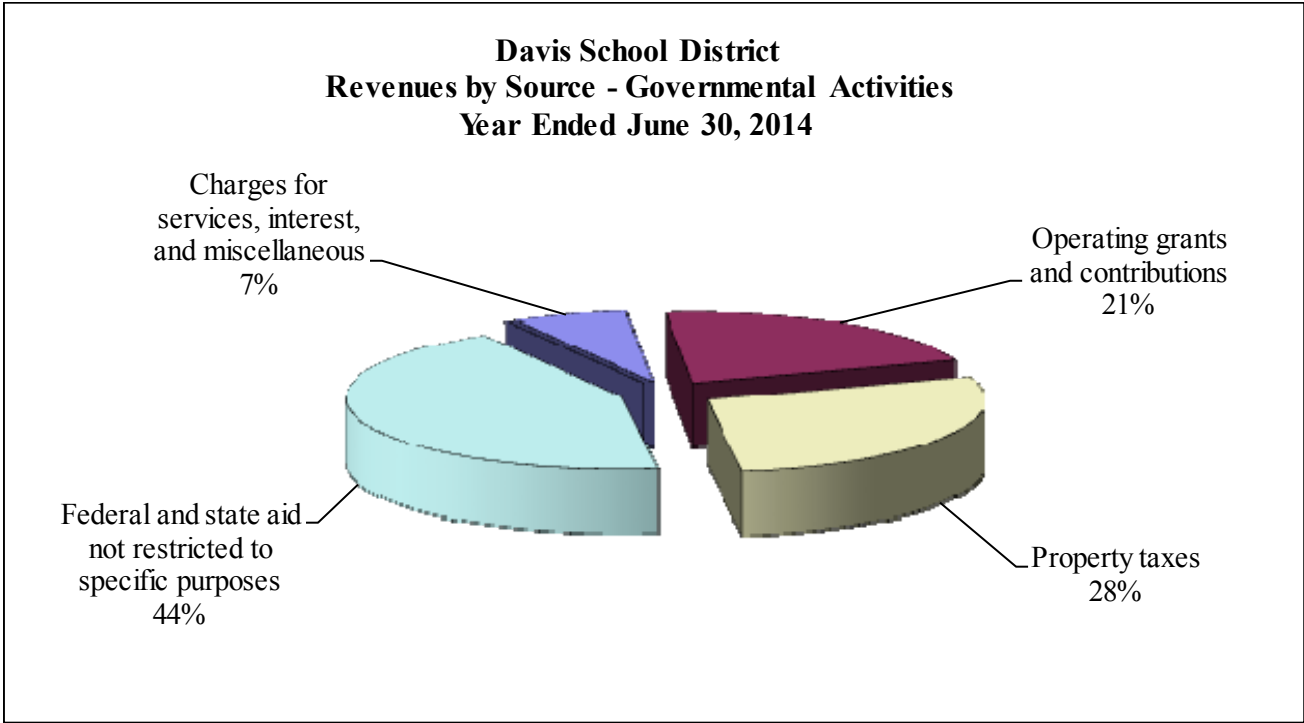
The narrative that follows considers the operations of governmental and business-type activities separately.

Governmental activities. The key elements of the increase in the District’s net position for the year ended June 30, 2014 are as follows:

- Revenues increased \$9.0 million or 1.8% and continue to be primarily from federal and state aid and local property taxes.

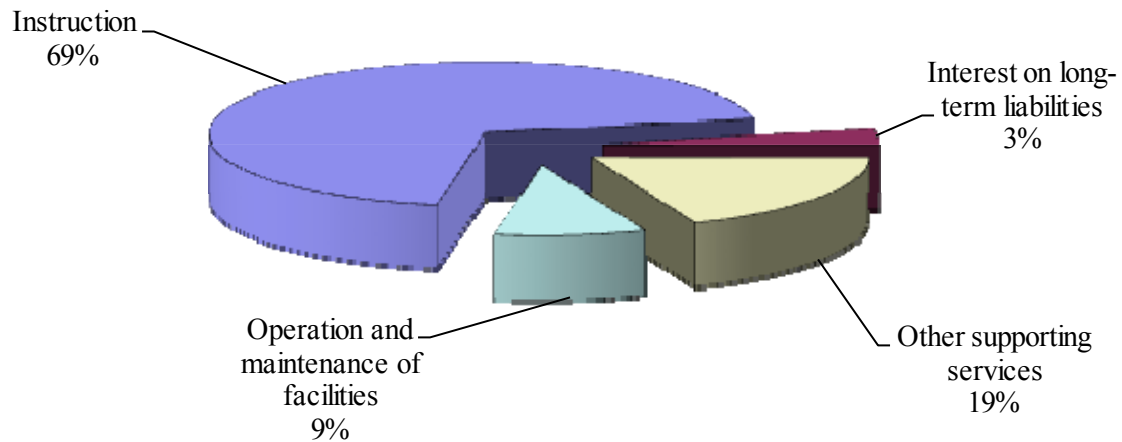
Federal and state aid not restricted to specific purposes increased by 5.2% or \$11.0 million. Total federal aid decreased 7.3% to \$42.6 million primarily due to Federal sequestration. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the amount generated by the WPU the state will make up the difference with state funding. The value of the WPU increased 2.0% from \$2,842 to \$2,899.

Tax revenues decreased to \$143.4 million or by 1.0%. This decrease was a result of lower delinquent tax collections.



- Expenses for governmental activities increased \$2.3 million or by 0.5%. This increase was a result of increased debt service requirements offset by a decrease in expenses related to capital outlay projects.

**Davis School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2014**



Business-type activities. The \$1.0 million increase in the District's net position for the year ended June 30, 2014 was a result of the operations of the Pioneer Adult Rehabilitation Center.

- Overall revenues increased \$4.2 million and expenses increased \$3.8 million due to increased contract agreements.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$93.6 million, \$12.6 million more than the previous year. This increase was due primarily to increased revenue from the State of Utah and the issuance of \$25.0 million general obligation bonds offset by costs related to the planned capital projects. The *Debt Service Fund* utilized all of its revenues and maintained a zero fund balance. The *General Fund* had a \$6.6 million increase in fund balance. In addition, the following changes in revenues and expenditures should be noted:

- Revenues for general District purposes totaled \$409.6 million, an increase of 2.0%, during the current fiscal year. This increase is primarily due to increased student revenues from the State of Utah. Revenues for debt service and capital projects were up 1.6% and down 4.4%, respectively. The *Capital Projects Fund's* decrease was a result of a lower tax rate. State revenues were up 4.6% in the *General Fund* due to increases in state appropriations for enrollment growth and federal revenues were down \$3.4 million or 7.3%.
- Expenditures for general District purposes totaled \$401.5 million, an increase of 1.0% during the current fiscal year. Instruction represents 68.8% of *General Fund* expenditures. Capital project expenditures were down 19.7% due to the completion of certain construction projects.

- *General Fund* salaries totaled \$246.4 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$111.8 million to arrive at 89.2% of total *General Fund* expenditures.

Governmental funds report the differences between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. Nonspendable fund balance represents items such as inventories which are not resources that can be readily converted to cash. Restricted includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. Committed balances reflect the District's self-imposed limitation of the use of otherwise available expendable financial resources in governmental funds. Assigned balances in the *General Fund* and in other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. Unassigned balances in the *General Fund* are all other available net fund resources. At June 30, 2014, the District's combined governmental fund balance is \$93.6 million (\$2.3 million in non-spendable, \$49.5 million in restricted, \$17.0 million in committed, \$8.3 million in assigned, and \$16.5 in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$1.5 million or 0.4% in total *General Fund* expenditures.

During the year, final budgeted revenues were more than original budgetary estimates by \$2.6 million or 0.6%. The increase primarily reflects a new legislative program which allocated prior year unspent State match funds to qualifying Districts during the year.

Even with these adjustments, the District maintained cost cutting measures to hold expenditures below the amended budget in order to build reserves for unanticipated future costs. Consequently, actual expenditures were \$5.1 million below final budgeted amounts. Additionally, resources available for appropriation were \$1.0 million above the final budgeted amount.

Capital Asset and Debt Administration

Capital Assets. The *Capital Projects Fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District spent \$23.5 million for capital assets. Major projects include the construction of Odyssey Elementary School (estimated cost of \$20 million), Millcreek Junior High School addition (estimated cost of \$10 million), and Bountiful High School remodel (estimated cost of \$13 million).

The District continues to experience moderate growth in total students and a shift in student population to the north and southwest section of the District. The District's 60th elementary school was completed in the southwest section of the County. Major projects to be funded with the current bond proceeds include two additional elementary schools, a classroom addition at Woods Cross High School and the addition at Millcreek Junior High School currently under way.

Capital assets at June 30, 2014 and 2013 are outlined below:

DAVIS SCHOOL DISTRICT'S Capital Assets							
June 30, 2014 and 2013							
(net of accumulated depreciation in millions of dollars)							
	Governmental		Business-type		Total		Total
	Activities		Activities				Change
	2014	2013	2014	2013	2014	2013	2014-2013
Land	\$ 44.8	\$ 43.9	\$ -	\$ -	\$ 44.8	\$ 43.9	\$ 0.9
Construction in progress	32.1	28.8	-	-	32.1	28.8	3.3
Buildings and improvements	491.6	494.8	2.0	2.1	493.6	496.9	(3.3)
Furniture and equipment	3.7	4.1	0.1	0.1	3.8	4.2	(0.4)
Transportation equipment	6.1	6.5	-	-	6.1	6.5	(0.4)
Total capital assets	<u>\$ 578.3</u>	<u>\$ 578.1</u>	<u>\$ 2.1</u>	<u>\$ 2.2</u>	<u>\$ 580.4</u>	<u>\$ 580.3</u>	<u>\$ 0.1</u>

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

Debt Administration. On November 3, 2009, the registered voters of Davis County passed a bond authorization in the amount of \$250.0 million for general obligation school building bonds for new school construction, land acquisitions, renovation of existing school facilities, and related equipment and improvements. This debt authorization was sought to cope with the demands of student growth over the next five years, with student migration to the northwest portion of the county, and to help maintain the District's investment in its capital assets. The voter authorization passed convincingly with 63.2% in favor.

The District issued \$25.0 million of the authorization on April 23, 2014. Of the \$250.0 million, \$172.5 million has been issued leaving \$77.5 million available for future issues as of June 30, 2014.

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2014, is \$1,045.9 million. General obligation debt, net of unamortized premiums, at June 30, 2014, is \$419.9 million, resulting in a legal debt margin of \$613.8 million.

DAVIS SCHOOL DISTRICT'S Outstanding Debt			
June 30, 2014 and 2013			
Net of Accumulated Amortization			
(in millions of dollars)			
	Governmental activities		
			Total
			Change
	2014	2013	2014-2013
Net general obligation bonds	\$ 419.9	\$ 423.0	\$ (3.1)
Obligations under capital lease	0.2	0.4	(0.2)
Total	<u>\$ 420.1</u>	<u>\$ 423.4</u>	<u>\$ (3.3)</u>

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

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Changing Enrollment within the District

Student enrollment counts are officially taken on October 1 of each year. Student growth continues to be moderate as reflected in the October 2014 count. The District anticipated growth of approximately 550 students for the 2014-15 school year; however, actual growth was 568 students. Growth continues to be focused in the northwest section of the District. The chart below reflects the counts taken between October 1, 2010, and October 1, 2014, and shows total student growth of 3,687 students over the five-year period, a 5.6% increase.

DAVIS SCHOOL DISTRICT'S Student Enrollment						
District fiscal year	2011	2012	2013	2014	2015	Total
October 1st enrollment	66,019	67,736	68,342	68,571	69,139	
Total enrollment change	567	1,717	606	229	568	3,687
Percentage change	0.9%	2.6%	0.9%	0.3%	0.8%	5.6%

The District has ongoing planning efforts to analyze and accommodate the issues related to new growth. A bond authorization approved by voters on November 3, 2009, for \$250.0 million will help meet the ongoing needs of the District's 20-year capital plan and to provide continuous cash flows for the necessary capital projects. With bond proceeds as well as ongoing capital funds from taxes, the District expects to meet the demands of projected student growth over both the short-term planning horizon (5 years) as well as the long-term (20+ years).

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Davis School District, Office of the Business Administrator, 45 East State Street (P.O. Box 588), Farmington, UT 84025.

DAVIS SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	District Foundation
Assets:				
Cash and investments	\$ 130,343,391	\$ 4,400,607	\$ 134,743,998	\$ 1,093,005
Receivables:				
Property taxes	142,302,808	-	142,302,808	-
Other local	367,808	1,043,872	1,411,680	6,667
State of Utah	2,709,124	-	2,709,124	-
Federal government	3,967,491	-	3,967,491	-
Inventories	6,503,484	1,421,680	7,925,164	-
Capital assets:				
Land and construction in progress	76,889,836	-	76,889,836	-
Other capital assets, net of accumulated depreciation	501,438,166	2,050,570	503,488,736	-
Total assets	864,522,108	8,916,729	873,438,837	1,099,672
Deferred outflows of resources:				
Deferred charge on refunding	2,717,566	-	2,717,566	-
Liabilities:				
Accounts payable	8,644,755	700,843	9,345,598	3,050
Accrued interest	1,341,965	-	1,341,965	-
Accrued salaries and benefits	45,209,605	-	45,209,605	-
Unearned revenue:				
Other local	21,429	-	21,429	-
State of Utah	3,933,421	-	3,933,421	-
Noncurrent liabilities:				
Due or payable within one year	35,618,902	35,035	35,653,937	-
Due or payable after one year	399,589,490	50,583	399,640,073	-
Total liabilities	494,359,567	786,461	495,146,028	3,050
Deferred inflows of resources:				
Property taxes levied for future year	132,143,035	-	132,143,035	-
Net position:				
Net investment in capital assets	175,357,204	2,050,570	177,407,774	-
Restricted for:				
Capital projects	32,058,034	-	32,058,034	-
School food services	4,419,970	-	4,419,970	-
Scholarships and awards	-	-	-	1,096,622
Unrestricted	28,901,864	6,079,698	34,981,562	-
Total net position	\$ 240,737,072	\$ 8,130,268	\$ 248,867,340	\$ 1,096,622

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

DAVIS SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2014

Activities/Functions	Net (Expense) Revenue and Changes in Net Position					Component Unit
	Program Revenues		Primary Government		Total	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government:						
Governmental activities:						
Instruction	\$ 323,998,904	\$ 6,002,732	\$ 73,407,256	\$ (244,588,916)	\$ (244,588,916)	
Supporting services:						
Students	14,871,912	-	4,811,296	(10,060,616)	(10,060,616)	
Instructional staff	17,902,356	-	3,928,284	(13,974,072)	(13,974,072)	
District administration	2,449,838	-	70,444	(2,379,394)	(2,379,394)	
School administration	26,981,069	-	821,309	(26,159,760)	(26,159,760)	
Central	13,210,603	-	1,681,568	(11,529,035)	(11,529,035)	
Operation and maintenance of facilities	41,999,125	304,575	708,682	(40,985,868)	(40,985,868)	
Student transportation	12,633,841	-	7,324,712	(5,309,129)	(5,309,129)	
School food service	24,206,081	8,320,866	15,846,221	(38,994)	(38,994)	
Interest on long-term liabilities	16,085,726	-	-	(16,085,726)	(16,085,726)	
Total governmental activities	494,339,455	14,628,173	108,599,772	(371,111,510)	(371,111,510)	
Business-type activities:						
Pioneer Adult Rehabilitation Center	12,911,819	12,998,486	786,804	-	873,471	
Total primary government	\$ 507,251,274	\$ 27,626,659	\$ 109,386,576	(371,111,510)	(370,238,039)	
Component unit:						
Davis School District Foundation	\$ 1,305,788	\$ -	\$ 1,241,369		\$ (64,419)	
General revenues:						
Property taxes levied for:						
Basic				26,451,647	-	-
Voted local				25,634,545	-	-
Board local				33,100,608	-	-
Debt service				42,773,677	-	-
Capital outlay				15,413,272	-	-
Federal and state revenue not restricted to specific purposes				221,985,012	-	-
Earnings on investments				559,816	11,231	5,573
Miscellaneous				19,182,509	-	-
Total general revenues				385,101,086	11,231	5,573
Change in net position				13,989,576	884,702	(58,846)
Net position - beginning				226,747,496	7,245,566	1,155,468
Net position - ending				\$ 240,737,072	\$ 8,130,268	\$ 1,096,622

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

DAVIS SCHOOL DISTRICT

Balance Sheet Governmental Funds

June 30, 2014

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 66,605,935	\$ -	\$ 51,911,331	\$ 11,825,181	\$ 130,342,447
Receivables:					
Property taxes	81,955,705	44,134,641	16,212,462	-	142,302,808
Other local	261,686	-	-	26,856	288,542
State of Utah	1,004,959	-	-	1,704,165	2,709,124
Federal government	3,860,895	-	-	106,596	3,967,491
Due from other funds	6,017,204	-	-	-	6,017,204
Inventories	1,232,892	-	-	1,062,785	2,295,677
Total assets	<u>\$ 160,939,276</u>	<u>\$ 44,134,641</u>	<u>\$ 68,123,793</u>	<u>\$ 14,725,583</u>	<u>\$ 287,923,293</u>
Liabilities:					
Accounts payable	\$ 1,157,377	\$ -	\$ 6,723,770	\$ 194,265	\$ 8,075,412
Accrued salaries and benefits	45,209,605	-	-	-	45,209,605
Due to other funds	-	2,203,495	-	-	2,203,495
Unearned revenue:					
Other local	-	-	-	21,429	21,429
State of Utah	3,933,421	-	-	-	3,933,421
Total liabilities	<u>50,300,403</u>	<u>2,203,495</u>	<u>6,723,770</u>	<u>215,694</u>	<u>59,443,362</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,585,634	795,447	313,723	-	2,694,804
Property taxes levied for future year	<u>76,031,444</u>	<u>41,135,699</u>	<u>14,975,892</u>	<u>-</u>	<u>132,143,035</u>
Total deferred inflows of resources	<u>77,617,078</u>	<u>41,931,146</u>	<u>15,289,615</u>	<u>-</u>	<u>134,837,839</u>
Fund balances:					
Nonspendable:					
Inventories	1,232,892	-	-	1,062,785	2,295,677
Restricted for:					
Capital projects	-	-	46,110,408	-	46,110,408
School food services	-	-	-	3,357,185	3,357,185
Committed to:					
Workers compensation	500,000	-	-	-	500,000
Termination benefits	4,500,000	-	-	-	4,500,000
Schools	-	-	-	10,089,919	10,089,919
Economic stabilization	2,000,000	-	-	-	2,000,000
Assigned to:					
Programs	3,553,673	-	-	-	3,553,673
Schools	250,000	-	-	-	250,000
Medical insurance	4,500,000	-	-	-	4,500,000
Unassigned	<u>16,485,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,485,230</u>
Total fund balances	<u>33,021,795</u>	<u>-</u>	<u>46,110,408</u>	<u>14,509,889</u>	<u>93,642,092</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 160,939,276</u>	<u>\$ 44,134,641</u>	<u>\$ 68,123,793</u>	<u>\$ 14,725,583</u>	<u>\$ 287,923,293</u>

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

DAVIS SCHOOL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2014

Total fund balances for governmental funds	\$ 93,642,092
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$ 44,150,914	
Construction in progress	32,090,100	
Buildings and improvements, net of \$316,664,524 accumulated depreciation	490,993,646	
Furniture and equipment, net of \$12,133,321 accumulated depreciation	3,452,405	
Transportation equipment, net of \$24,254,646 accumulated depreciation	6,156,690	576,843,755

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.	2,694,804
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Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$1,334,514 and accrued interest for obligations under capital leases is \$7,451.	(1,341,965)
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An internal service fund is used by management to charge the costs of warehouse services to individual funds and other school districts. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	1,358,981
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds payable	(407,635,000)	
Deferred charge on refunding	2,717,566	
Unamortized premiums	(12,229,750)	
Obligations under capital leases	(182,260)	
Accrued vacation	(4,105,024)	
Accrued sick leave	(2,143,988)	
Accrued personal leave	(1,313,105)	
Early retirement payable	(7,569,034)	(432,460,595)

Total net position - governmental activities	<u>\$ 240,737,072</u>
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The notes to basic financial statements are an integral part of this statement.

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2014

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 85,753,540	\$ 43,018,996	\$ 15,525,813	\$ -	\$ 144,298,349
Earnings on investments	206,778	-	238,620	114,418	559,816
Other local	10,604,423	-	241,141	15,656,419	26,501,983
School lunch sales	-	-	-	7,588,551	7,588,551
State of Utah	283,594,334	-	633,298	3,724,074	287,951,706
Federal government	29,482,652	1,028,279	-	12,122,147	42,633,078
Total revenues	409,641,727	44,047,275	16,638,872	39,205,609	509,533,483
Expenditures:					
Current:					
Instruction	276,406,737	-	-	14,517,741	290,924,478
Supporting services:					
Students	14,703,541	-	-	-	14,703,541
Instructional staff	17,802,062	-	-	-	17,802,062
District administration	2,171,447	-	-	-	2,171,447
School administration	26,037,360	-	-	-	26,037,360
Central	12,561,013	-	-	-	12,561,013
Operation and maintenance of facilities	40,479,639	-	-	-	40,479,639
Student transportation	11,332,852	-	-	-	11,332,852
School food service	-	-	-	23,961,993	23,961,993
Capital outlay	-	-	36,786,986	-	36,786,986
Debt service:					
Bond principal	-	26,495,000	-	-	26,495,000
Bond interest	-	17,544,525	-	-	17,544,525
Bond issuance costs	-	-	243,332	-	243,332
Capital lease payments	-	-	214,340	-	214,340
Fees and miscellaneous charges	-	7,750	-	-	7,750
Total expenditures	401,494,651	44,047,275	37,244,658	38,479,734	521,266,318
Excess (deficiency) of revenues over (under) expenditures	8,147,076	-	(20,605,786)	725,875	(11,732,835)
Other financing sources (uses):					
General obligation bonds issued	-	-	25,000,000	-	25,000,000
General obligation bonds premium	-	-	468,930	-	468,930
Transfer out	(1,500,000)	-	-	-	(1,500,000)
Proceeds from sale of capital assets	-	-	388,800	-	388,800
Total other financing sources (uses)	(1,500,000)	-	25,857,730	-	24,357,730
Net change in fund balances	6,647,076	-	5,251,944	725,875	12,624,895
Fund balances - beginning	26,374,719	-	40,858,464	13,784,014	81,017,197
Fund balances - ending	\$ 33,021,795	\$ -	\$ 46,110,408	\$ 14,509,889	\$ 93,642,092

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2014

Net change in fund balances-total governmental funds \$ 12,624,895

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, equipment with an initial, individual cost of more than \$5,000 and buildings and improvements with an initial, individual cost of more than \$100,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 23,460,854	
Gain on sale of capital assets	(279,852)	
Proceeds from sale of capital assets	(388,800)	
Depreciation expense	<u>(22,476,783)</u>	315,419

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

Interest expense - capital leases	5,029	
Principal payments on capital leases	<u>197,718</u>	202,747

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

General obligation bond proceeds	(25,000,000)	
Bond premium	(468,930)	
Amortization of deferred amounts on refunding	(708,970)	
Amortization of bond premium	2,061,389	
Repayment of bond principal	26,495,000	
Interest expense - general obligation bonds	<u>125,723</u>	2,504,212

Property tax revenue is recognized when levied (claim to resources established) rather than when available. The portion not available soon enough to pay for the current period's expenditures is reported as deferred inflows of resources in the funds. (924,600)

In the statement of activities, certain operating expenses - compensated absences (vacation and sick and personal leave) and termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, benefit obligations changed by the following amounts:

Accrued vacation	(399,201)	
Accrued sick and personal leave	(230,072)	
Early retirement payable	<u>(1,462,805)</u>	(2,092,078)

An internal service fund is used by the District to charge the costs of warehouse services to individual funds. The change in net position of the internal service fund is reported with governmental activities.

1,358,981

Change in net position of governmental activities

\$ 13,989,576

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

DAVIS SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	\$ 87,170,000	\$ 87,770,000	\$ 85,753,540	\$ (2,016,460)
Earnings on investments	429,300	208,500	206,778	(1,722)
Other local	9,375,200	9,093,600	10,604,423	1,510,823
State of Utah	280,907,483	282,846,189	283,594,334	748,145
Federal government	28,185,575	28,721,011	29,482,652	761,641
Total revenues	406,067,558	408,639,300	409,641,727	1,002,427
Expenditures:				
Current:				
Instruction	281,548,158	279,524,400	276,406,737	3,117,663
Supporting services:				
Students	15,335,100	14,821,400	14,703,541	117,859
Instructional staff	17,548,400	17,852,900	17,802,062	50,838
District administration	2,550,800	2,525,300	2,171,447	353,853
School administration	26,187,100	26,003,200	26,037,360	(34,160)
Central	12,610,200	12,940,300	12,561,013	379,287
Operation and maintenance of facilities	40,816,800	41,439,300	40,479,639	959,661
Student transportation	11,571,000	11,532,500	11,332,852	199,648
Total expenditures	408,167,558	406,639,300	401,494,651	5,144,649
Excess (deficiency) of revenues over (under) expenditures	(2,100,000)	2,000,000	8,147,076	6,147,076
Other financing sources (uses):				
Transfer out	-	-	(1,500,000)	(1,500,000)
Net change in fund balances	(2,100,000)	2,000,000	6,647,076	4,647,076
Fund balances - beginning	26,374,719	26,374,719	26,374,719	-
Fund balances - ending	<u>\$ 24,274,719</u>	<u>\$ 28,374,719</u>	<u>\$ 33,021,795</u>	<u>\$ 4,647,076</u>

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

DAVIS SCHOOL DISTRICT

Statements of Fund Net Position Proprietary Funds

Year Ended June 30, 2014
With Comparative Totals for 2013

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Fund District Warehouse	
	2014	2013	2014	2013
Assets:				
Current assets:				
Cash and investments	\$ 4,400,607	\$ 3,989,198	\$ 944	\$ -
Receivables - other local	1,043,872	1,217,128	79,266	65,499
Inventories of supplies	1,421,680	56,743	4,207,807	4,550,977
Total current assets	6,866,159	5,263,069	4,288,017	4,616,476
Noncurrent assets:				
Capital assets:				
Land	-	-	648,822	648,822
Buildings and improvements	3,660,322	3,660,322	1,519,215	1,519,215
Equipment	586,388	586,388	1,269,954	1,274,684
Accumulated depreciation	(2,196,140)	(2,076,239)	(1,953,744)	(1,823,010)
Net capital assets	2,050,570	2,170,471	1,484,247	1,619,711
Total assets	8,916,729	7,433,540	5,772,264	6,236,187
Liabilities:				
Current liabilities:				
Accounts payable	700,843	91,038	569,343	659,372
Compensation liability	35,035	39,667	11,376	18,081
Due to other funds	-	-	3,813,709	5,528,765
Total current liabilities	735,878	130,705	4,394,428	6,206,218
Noncurrent liabilities:				
Compensation liability	50,583	57,269	18,855	29,969
Total liabilities	786,461	187,974	4,413,283	6,236,187
Net position:				
Net investment in capital assets	2,050,570	2,170,471	1,484,247	1,619,711
Unrestricted	6,079,698	5,075,095	(125,266)	(1,619,711)
Total net position	\$ 8,130,268	\$ 7,245,566	\$ 1,358,981	\$ -

The notes to basic financial statements are an integral part of these statements.

DAVIS SCHOOL DISTRICT

Statements of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds

Year Ended June 30, 2014
With Comparative Totals for 2013

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Fund District Warehouse	
	2014	2013	2014	2013
Operating revenues:				
Charges for services	\$ 12,173,447	\$ 8,014,676	\$ 1,037,115	\$ 949,880
Other local	825,039	860,615	-	-
Total operating revenues	12,998,486	8,875,291	1,037,115	949,880
Operating expenses:				
Salaries and benefits	5,139,861	5,579,650	1,037,115	791,493
Depreciation	119,901	135,982	141,019	158,387
Indirect charges	446,888	252,605	-	-
Other	7,205,169	3,036,875	-	-
Total operating expenses	12,911,819	9,005,112	1,178,134	949,880
Operating income (loss)	86,667	(129,821)	(141,019)	-
Nonoperating income:				
Earnings on investments	11,231	14,548	-	-
State of Utah subsidies	786,804	748,236	-	-
Total nonoperating income	798,035	762,784	-	-
Income (loss) before transfers	884,702	632,963	(141,019)	-
Transfer in	-	-	1,500,000	-
Change in net position	884,702	632,963	1,358,981	-
Total net position - beginning	7,245,566	6,612,603	-	-
Total net position - ending	<u>\$ 8,130,268</u>	<u>\$ 7,245,566</u>	<u>\$ 1,358,981</u>	<u>\$ -</u>

The notes to basic financial statements are an integral part of these statements.

DAVIS SCHOOL DISTRICT

Statements of Fund Cash Flows

Proprietary Funds

Year Ended June 30, 2014

With Comparative Totals for 2013

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Fund District Warehouse	
	2014	2013	2014	2013
Cash flows from operating activities:				
Receipts from interfund services provided	\$ -	\$ -	\$ 1,023,348	\$ 1,804,261
Receipts from customers	13,171,742	8,631,663	-	-
Payments to suppliers	(8,407,189)	(218,346)	-	(985,572)
Payments to employees	(5,151,179)	(5,576,045)	(1,016,849)	(786,692)
Net cash provided (used) by operating activities	(386,626)	2,837,272	6,499	31,997
Cash flows from noncapital financing activities:				
Receipt of earnings on investments	11,231	14,548	-	-
Transfer from general fund	-	-	1,500,000	-
Repayment of due to other funds	-	-	(1,500,000)	-
Receipt of state subsidies	786,804	748,236	-	-
Net cash provided by noncapital financing activities	798,035	762,784	-	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	(5,555)	(31,997)
Net increase in cash and cash equivalents	411,409	3,600,056	944	-
Cash and cash equivalents - beginning	3,989,198	389,142	-	-
Cash and cash equivalents - ending (displayed as cash and investments on the statements of fund net position)	\$ 4,400,607	\$ 3,989,198	\$ 944	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 86,667	\$ (129,821)	\$ (141,019)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	119,901	135,982	141,019	158,387
Changes in operating assets and liabilities:				
Accounts receivable	173,256	(243,628)	(13,767)	(36,280)
Due from other funds	-	2,995,527	-	-
Inventories	(1,364,937)	105,480	343,170	(933,891)
Accounts payable	609,805	(29,873)	(90,029)	(51,681)
Compensation liability	(11,318)	3,605	(17,819)	4,801
Due to other funds	-	-	(215,056)	890,661
Total adjustments	(473,293)	2,967,093	147,518	31,997
Net cash provided (used) by operating activities	\$ (386,626)	\$ 2,837,272	\$ 6,499	\$ 31,997
Noncash investing, capital, and financing activities	none	none	none	none

The notes to basic financial statements are an integral part of these statements.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Davis School District Foundation, a legally separate organization for which the District is considered to be financially accountable. Due to the relationship between the District and the Foundation, it would be misleading to exclude the financial information of the Foundation from this report. The Foundation exclusively services the District. The District makes all personnel decisions for the Foundation and pays for all operating costs of the Foundation. The Foundation is reported as a separate column in the District’s government-wide financial statements as a discretely presented component unit; the Foundation is reported as a governmental fund type. Separate financial statements for the Foundation may be obtained at the District’s administrative office.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net position and the statement of changes in net position) display information about the primary government (the District) and its component unit. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions occur only when the elimination of such activity would distort the expenses and revenues reported by function. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The *fund financial statements* provide information about the District’s funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental funds are reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

The District reports the following major governmental funds:

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

The District reports the *Pioneer Adult Rehabilitation Center Fund* which accounts for revenues and expenses related to fostering independence for people with disabilities as a major enterprise fund.

Additionally, the District reports the *District Warehouse Internal Service Fund* (a proprietary fund) which accounts for warehouse services provided to other funds of the District on a cost-reimbursement basis.

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Budgetary Data – The District operates within the budget requirements for school districts as specified by state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2014, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Deposits and investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Investments for the District, as well as for its component unit, are reported at fair value. 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.

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

Receivables and payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

reported in the governmental funds are equally offset by a nonspendable portion of fund balance, indicating that they are not expected to be converted to cash.

Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when paid.

Capital assets – Capital assets, which include land, buildings and improvements, furniture and equipment, and transportation equipment are reported in the government-wide financial statements and proprietary fund financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment, and transportation 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 fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and improvements, furniture and equipment, and transportation equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements and portable classrooms	20
Kitchen equipment appliances	15
Maintenance and CTE equipment	15
School buses	10
Furniture and office equipment	10
Heavy trucks	7
Audio visual equipment	6
Light trucks	6
Copiers, printers, etc	5
Miscellaneous equipment and accessories	5
Passenger cars and vans	5
Computer equipment and software	3

Compensated absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. Nine-month full-time employees earn sick leave and personal leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for the current value of accumulated vacation days to a maximum of 40 days, and is reimbursed for unused personal leave days at an appropriate substitute rate. Upon retirement, employees are compensated for accumulated sick leave at 21.5% of the current value. All vacation pay, personal leave pay, and an estimated potential amount for sick leave pay, are accrued when incurred in the government-wide and proprietary fund 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. Compensated absences will be paid by the fund in which the employee worked (typically the *General Fund*).

Long-term obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported in the applicable statement of net assets. Bond premiums and discounts, as well as

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 unamortized bond premiums or discounts.

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

Deferred outflows/inflows of resources – In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items, one of which arises only under a modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *property taxes levied for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2014 for the 2014-2015 school year.

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

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

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports non-spendable 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 prepaid expenses and inventories are classified as nonspendable.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **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 unspent tax revenue for specific purposes (capital projects) and amounts in other governmental funds (school food services).
- **Committed** – This category includes amounts that can only be used for specific purposes established by formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The Board of Education has resolved to commit fund balance amount in the governmental funds for the following purposes:
 - Workers compensation claims.
 - Employee benefit obligations for unpaid compensated absences including vacation, sick, and personal leave.
 - Amounts held in other governmental fund resources for schools.
 - As defined in Utah law as an “undistributed reserve,” the District maintains for economic stabilization up to five percent of general fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and the Utah State Auditor.
- **Assigned** – This category includes amounts to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the business administrator to assign fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District has assigned *General Fund* resources for district programs and for schools as well as for future medical insurance costs.
- **Unassigned** – Residual balances in the *General Fund* are classified as unassigned.

Net position/fund balance flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Net position – It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position.
- Fund balance – It is the District’s policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2014, as shown on the financial statements is as follows:

Carrying amount of deposits			\$ 29,065,747
Carrying amount of investments			106,771,256
Total cash and investments			<u>\$ 135,837,003</u>
Governmental funds cash and investments			\$ 130,342,447
Enterprise funds cash and investments			4,400,607
Internal service funds cash and investments			944
Primary government			<u>134,743,998</u>
Component unit cash and investments			1,093,005
Total cash and investments			<u>\$ 135,837,003</u>

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

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

Rules of the Council allow the Davis School District 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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Deposits – At June 30, 2014, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Davis School District	\$ 27,987,249	\$ 28,268,095	\$ 250,000
Davis School District Foundation, a component unit of the District	1,078,498	1,078,498	-
Total deposits	\$ 29,065,747	\$ 29,346,593	\$ 250,000

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2014, the uninsured amount of the District's and Foundation's pooled bank deposits was uncollateralized.

Investments – The District's investments are with the PTIF, government agencies, and in corporate bonds. The Foundation invests private funds through a broker.

The PTIF is an external government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top-rated domestic commercial paper held by the Utah State Treasurer; the portfolio has a weighted average life of 90 days or less. The reported value of the pool is the same as the fair value of the pool shares.

At June 30, 2014, the District has \$102,446,948 invested in the Utah Public Treasurers' Investment Fund; the PTIF is not rated. The District has \$3,461,517 invested in government agencies rated AA+ and Aaa or higher by Standard & Poor's and Moody's Investors Service, Inc., respectively. The District also has \$848,284 invested in corporate bonds rated A- and Baa2 or higher by Standard & Poor's and Moody's Investors Service, Inc., respectively. The Davis School District Foundation has \$14,507 invested in mutual funds that are unrated.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Davis School District:			
Utah Public Treasurers' Investment Fund (PTIF)	\$ 102,446,948	\$ 102,446,948	\$ -
Government agencies	3,461,517	-	3,461,517
Corporate bonds	848,284	-	848,284
Total District	106,756,749	102,446,948	4,309,801
Davis School District Foundation, a component unit of the District			
Mutual funds investing in:			
Taxable bonds	2,154	2,154	-
International stock	12,353	12,353	-
Total Foundation	14,507	14,507	-
Total investments	\$ 106,771,256	\$ 102,461,455	\$ 4,309,801

- **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years. The District has no investment policy that would further limit its interest rate risk.
- **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's. The District has no investment policy that would further limit its investment choices.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation’s public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation’s investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

3. PROPERTY TAXES

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

An annual uniform fee based on the value of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Legislation requires motor vehicles be subject to an “age-based” fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2014, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2014 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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 43,924,130	\$ 1,077,373	\$ (201,767)	\$ 44,799,736
Construction in progress	28,809,832	20,141,848	(16,861,580)	32,090,100
Total capital assets, not being depreciated	72,733,962	21,219,221	(17,063,347)	76,889,836
Capital assets, being depreciated:				
Buildings and improvements	793,839,638	17,055,563	(1,717,816)	809,177,385
Furniture and equipment	16,473,164	853,467	(470,951)	16,855,680
Transportation equipment	29,530,292	1,199,738	(318,694)	30,411,336
Total capital assets, being depreciated	839,843,094	19,108,768	(2,507,461)	856,444,401
Accumulated depreciation for:				
Buildings and improvements	(298,988,722)	(19,823,312)	1,250,931	(317,561,103)
Furniture and equipment	(12,411,043)	(1,250,394)	470,951	(13,190,486)
Transportation equipment	(23,029,244)	(1,544,096)	318,694	(24,254,646)
Total accumulated depreciation	(334,429,009)	(22,617,802)	2,040,576	(355,006,235)
Total capital assets, being depreciated, net	505,414,085	(3,509,034)	(466,885)	501,438,166
Governmental activity capital assets, net	\$ 578,148,047	\$ 17,710,187	\$ (17,530,232)	\$ 578,328,002
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,660,322	\$ -	\$ -	\$ 3,660,322
Furniture and equipment	586,388	-	-	586,388
Total capital assets, being depreciated	4,246,710	-	-	4,246,710
Accumulated depreciation for:				
Buildings and improvements	(1,545,267)	(95,128)	-	(1,640,395)
Furniture and equipment	(530,972)	(24,773)	-	(555,745)
Total accumulated depreciation	(2,076,239)	(119,901)	-	(2,196,140)
Business-type activity capital assets, net	\$ 2,170,471	\$ (119,901)	\$ -	\$ 2,050,570

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

For the year ended June 30, 2014, depreciation expense was charged to functions of the District as follows:

Governmental activities:		
Instruction		\$ 17,515,197
Supporting services:		
Students		168,371
Instructional staff		100,294
District administration		35,059
School administration		943,709
Central		649,590
Operation and maintenance of facilities		1,519,486
Student transportation		1,300,989
School food services		244,088
Capital assets held by the District's internal service fund are charged to the various functions based on their usage of the assets		141,019
Total depreciation expense, governmental activities		\$ 22,617,802
Business-type activities:		
Pioneer Adult Rehabilitation Center		\$ 119,901

The District is obligated at June 30, 2014 under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Odyssey Elementary	\$ 18,229,123	\$ 16,180,780	\$ 2,048,343
Bountiful High School	11,573,292	10,144,258	1,429,034
Millcreek Junior High Addition	9,619,049	1,367,762	8,251,287
Central Davis Junior High renovation	4,363,900	4,363,900	-
Other projects	33,400	33,400	-
	<u>\$ 43,818,764</u>	<u>\$ 32,090,100</u>	<u>\$ 11,728,664</u>

The general obligation school building bonds will be used to finance the costs to complete these projects (See Note 7).

5. RETIREMENT PLANS

Defined benefit plans – The District contributes to the State and School Division cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS) and Plans (the System).

The System provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of Utah Code Title 49. The Utah State Retirement and Insurance Benefit Act in Title 49 provides for the administration of the System under the direction of the Utah State Retirement Board whose members are appointed by the Governor.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The contribution requirements of the System are authorized by state statute and specified by the Utah State Retirement Board. The District's required contribution rates (actuarially determined) to the System for the year ended June 30, 2014 range from 8.34% to 20.46% of covered salaries. Plan members in one of the plans are also required to contribute 1.00% of covered salaries.

For the years ended June 30, 2014, 2013, and 2012, the District contributed \$41,314,390, \$41,575,474, and \$37,339,805, respectively, and employees contributed \$19,019, \$21,467, and \$21,608, respectively, to the System. Contributions were equal to the required contributions for each year.

Defined contribution plans – The District participates in a deferred compensation plan, under Internal Revenue Code Section 401(k), to supplement retirement benefits accrued by participants in the System. During the year ended June 30, 2014, District contributions for participating employees ranged from 1.50% to 10.00% of covered salaries based on the plan within the System.

Employees participating in the System can make additional contributions up to specified limits. For the year ended June 30, 2014, the District contributed \$3,701,135 and employee contributions totaled \$3,108,910. The 401(k) plan funds are fully vested to the participants at the time of deposit. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Plan assets are administered and held by URS and URS has the authority to establish or amend contribution requirements and other plan provisions.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$401,414 for the year ended June 30, 2014. The assets of the plan are administered and held by URS and URS has the authority to establish or amend contribution requirements and other plan provisions.

In addition to the defined contributions and deferred compensation plans, the District offers its employees two tax-advantaged savings plans authorized by the Internal Revenue Service Code Section 408. Employees are eligible to participate from the date of employment and are vested immediately upon participation. For the year ended June 30, 2014 employee contributions totaled \$192,994 and \$11,877 to the Roth IRA and Traditional IRA, respectively. The assets of the plan are administered and held by URS and URS has the authority to amend the plan.

Early retirement incentive – The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah State Retirement System benefits. Eligible retirees will receive a contribution of 16% of their annual salary per year, for up to three consecutive years, into a qualified 401(a) and/or 403(b) plan, or until they become eligible to receive unreduced social security benefits, whichever occurs first. Employees who retire under the incentive program will continue to be enrolled in group medical and dental programs until they become eligible for Medicare, or for 10 consecutive years following retirement, whichever comes first. Enrollment is contingent upon the retiree contributing the same premium as required of active employees for the first 3 years and the full premium for the following 7 years. For the years ended June 30, 2014 and 2013 the District's direct payments to retirees were \$2,463,572 and \$2,695,516 and payments of insurance premiums on behalf of retirees were

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

\$1,121,922 and \$1,362,797, respectively. Future retirement payments of employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide financial statements in the year of retirement. This liability is paid from the fund from which the employee retires.

6. RISK MANAGEMENT

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

Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District is self-insured for worker's compensation claims up to \$250,000 per incident. The District is also self-insured for dental insurance. Employees can select from two dental plans in which the District is self-insured for claims up to \$1,000 and \$1,500 per employee, depending on the plan selected. Worker's compensation and dental claims are processed by a third party administrator. The District has not established a reserve for either claims outstanding or for claims incurred but not reported (IBNR) because management believes the amount to be immaterial to the financial statements. During the year ended June 30, 2014, the District paid worker's compensation claims and dental claims in the amount of \$697,625 and \$4,019,788, respectively. A co-insurance policy provides for individual worker's compensation claims in excess of \$250,000.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 409,130,000	\$ 25,000,000	\$ (26,495,000)	\$ 407,635,000	\$ 26,975,000
Deferred amounts for issuance premium	13,822,209	468,930	(2,061,389)	12,229,750	-
Total bonds payable, net	422,952,209	25,468,930	(28,556,389)	419,864,750	26,975,000
Obligations under capital lease	379,978	-	(197,718)	182,260	89,142
Accrued vacation	3,749,259	2,769,265	(2,387,753)	4,130,771	2,630,723
Accrued sick leave	1,939,439	514,456	(305,423)	2,148,472	338,342
Accrued personal leave	1,292,196	1,929,772	(1,908,863)	1,313,105	1,939,750
Early retirement payable	6,106,229	5,048,299	(3,585,494)	7,569,034	3,645,945
Total governmental activity long-term liabilities	<u>\$ 436,419,310</u>	<u>\$ 35,730,722</u>	<u>\$ (36,941,640)</u>	<u>\$ 435,208,392</u>	<u>\$ 35,618,902</u>
Business-type activities:					
Accrued vacation	\$ 80,217	\$ 53,229	\$ (63,364)	\$ 70,082	\$ 28,678
Accrued sick leave	15,537	2,004	(3,580)	13,961	5,713
Accrued personal leave	1,182	1,902	(1,509)	1,575	644
Total business-type activity long-term liabilities	<u>\$ 96,936</u>	<u>\$ 57,135</u>	<u>\$ (68,453)</u>	<u>\$ 85,618</u>	<u>\$ 35,035</u>

General obligation bonds – The District issues general obligation bonds to provide funds for the construction of new facilities, acquisition of property, renovation and improvement of facilities, and procurement of other equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2014, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 26,975,000	\$ 17,468,200	\$ 44,443,200
2016	27,995,000	16,279,342	44,274,342
2017	32,380,000	15,057,682	47,437,682
2018	32,270,000	13,711,942	45,981,942
2019	28,315,000	12,298,309	40,613,309
2020-2024	118,380,000	43,895,243	162,275,243
2025-2029	102,090,000	21,054,128	123,144,128
2030-2034	39,230,000	3,038,859	42,268,859
Total	<u>\$ 407,635,000</u>	<u>\$ 142,803,705</u>	<u>\$ 550,438,705</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General obligation school building bonds payable at June 30, 2014 with their outstanding balances are comprised of the following individual issues:

Bond Series 2005A - GO Bonds - original issue of \$52,200,000	
with interest rates ranging from 3.0% to 5.0%	\$ 3,810,000
Bond Series 2005B - GO Refunding Bonds - original issue of	
\$24,905,000 with interest rates ranging from 3.25% to 5.0%	11,735,000
Bond Series 2006 - GO Bonds - original issue of \$47,000,000	
with interest rates ranging from 4.0% to 5.0%	27,050,000
Bond Series 2007 - GO Bonds - original issue of \$55,000,000	
with interest rates ranging from 4.0% to 5.0%	43,850,000
Bond Series 2008 - GO Bonds - original issue of \$64,000,000	
with interest rates ranging from 3.0% to 5.0%	49,130,000
Bond Series 2009 - GO Bonds - original issue of \$43,000,000	
with interest rates ranging from 2.0% to 5.0%	32,450,000
Bond Series 2010A - GO Bonds (BABs) - original issue of	
\$68,500,000 with interest rates ranging from 1.0% to 5.75%	
(up to 35% interest rate subsidy)	64,305,000
Bond Series 2011A - GO Bonds - original issue of \$45,000,000	
with interest rates ranging from 4.0% to 4.75%	45,000,000
Bond Series 2011C - GO Refunding Bonds - original issue of	
\$33,200,000 with interest rates ranging from 4.0% to 5.0%	29,755,000
Bond Series 2012 - GO Bonds - original issue of \$35,000,000	
with interest rates ranging from 2.0% to 4.0%	35,000,000
Bond Series 2013A - GO Bonds - original issue of \$20,000,000	
with interest rates ranging from 2.0% to 4.0%	20,000,000
Bond Series 2013 - GO Refunding Bonds - original issue of	
\$20,550,000 with interest rates ranging from 3.0% to 4.25%	20,550,000
Bond Series 2014 - GO Bonds - original issue of	
\$25,000,000 with interest rates ranging from 2.25% to 5.0%	25,000,000
	<u>\$ 407,635,000</u>

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in Davis County. The legal debt limit at June 30, 2014 is \$1,045,864,652 with general obligation debt outstanding, net of issuance premiums, of \$419,864,750, resulting in a legal debt margin of \$613,770,152.

Payments on the general obligation bonds are made by the *Debt Service Fund* and *Capital Projects Fund* from property taxes and earnings on investments. The obligations under capital leases are paid by the *Capital Projects Fund*. Compensated absences, claims payable, and early retirement benefits will be paid by the fund in which the employee worked, including the *General Fund* and other governmental funds.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Bond issuance – On April 23, 2014, the District issued \$25,000,000 of general obligation school building bonds with a premium of \$468,930. The bonds were issued at an effective interest rate of 3.18% (annual rates range between 2.25% and 5.00%) and will mature on June 1, 2034.

Capital leases – The District has acquired equipment totaling \$3,605,599 under capital lease agreements over the past several years. Lease payments for the year ended June 30, 2014 totaled \$214,340.

Future minimum payments under capital lease obligations together with their present values as of June 30, 2014 are summarized as follows:

Year Ending June 30,		
2015	\$	97,271
2016		97,271
Total minimum lease payments		194,542
Amount representing interest		(12,282)
Present value of minimum lease payments	\$	182,260

8. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 2,203,495
General	Internal Service - District Warehouse	3,813,709
		<u>\$ 6,017,204</u>

The amounts payable to the *General Fund* are related to working capital advances made to the *District Warehouse Internal Service Fund* and the *Debt Service Fund*.

During the year ended June 30, 2014, the District transferred \$1,500,000 from the *General Fund* to the *District Warehouse Internal Service Fund* to relieve a portion of the due from liability related to working capital advances.

9. LITIGATION AND LEGAL COMPLIANCE

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

All funds balances are positive at June 30, 2014.

10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *General Fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be insignificant.

Individual Fund Statements and Schedules

General Fund – The General Fund is used to account for all financial resources applicable to the general operations of the District which are not required to be accounted for in another fund. Utah law defines the General Fund as the Maintenance and Operations Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources. Financing is provided by an annual property tax levy for general obligation debt as authorized by Utah Code 11-14-19.

Capital Projects Fund – The Capital Projects Fund is used to account for the resources used in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment for the education programs for all students within the District. Financing is provided by an annual property tax levy not to exceed .0024 and an additional levy to generate an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53 A-16-107 and 53 A-17a-145. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

School Food Services Fund – The School Food Services Fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low cost, nutritionally balanced meals.

Student Activities Fund – The Student Activities Fund is used to account for revenues and expenditures from school-based operations. The revenues comprise of interest earnings, gate receipts, fundraisers, and student fees. Expenditures support curricular and extra-curricular activities.

State Multi-District Program Fund – The State Multi-District Program Fund is used to account for resources provided by the state for operation of state-wide or regional public education programs. As of June 30, 2014 the District closed the State Multi-District Program Fund.

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *General Fund*

June 30, 2014 and 2013

	2014	2013
Assets:		
Cash and investments	\$ 66,605,935	\$ 55,524,379
Receivables:		
Property taxes	81,955,705	79,752,339
Other local	261,686	276,320
State of Utah	1,004,959	267,716
Federal government	3,860,895	3,901,786
Due from other funds	6,017,204	11,728,372
Prepaid expenditures		169,203
Inventories	1,232,892	1,298,455
Total assets	<u>\$ 160,939,276</u>	<u>\$ 152,918,570</u>
Liabilities:		
Accounts payable	\$ 1,157,377	\$ 1,503,469
Notes payable		-
Accrued salaries and benefits	45,209,605	45,060,570
Unearned revenue:		
State of Utah	3,933,421	3,757,535
Federal government		-
Due to other funds		-
Total liabilities	<u>50,300,403</u>	<u>50,321,574</u>
Deferred Inflows of Resources:		
Unavailable property tax revenue	1,585,634	2,152,376
Property taxes levied for future year	76,031,444	74,069,901
Total deferred inflows of resources	<u>77,617,078</u>	<u>76,222,277</u>
Fund Balances:		
Nonspendable:		
Inventories and prepaids	1,232,892	1,467,658
Committed to:		
Workers compensation	500,000	300,000
Termination benefits	4,500,000	4,000,000
Economic stabilization	2,000,000	-
Assigned to:		
Programs	3,553,673	5,808,767
Schools	250,000	250,000
Medical insurance	4,500,000	-
Unassigned	16,485,230	14,548,294
Total fund balances	<u>33,021,795</u>	<u>26,374,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 160,939,276</u>	<u>\$ 152,918,570</u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual *General Fund*

Year Ended June 30, 2014
With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 87,770,000	\$ 85,753,540	\$ (2,016,460)	\$ 87,430,998
Earnings on investments	208,500	206,778	(1,722)	331,169
Other local	9,093,600	10,604,423	1,510,823	9,342,907
State of Utah	282,846,189	283,594,334	748,145	271,423,455
Federal government	28,721,011	29,482,652	761,641	33,277,243
Total revenues	408,639,300	409,641,727	1,002,427	401,805,772
Expenditures:				
Current:				
Instruction	279,524,400	276,406,737	3,117,663	274,541,223
Supporting services:				
Students	14,821,400	14,703,541	117,859	14,738,515
Instructional staff	17,852,900	17,802,062	50,838	16,995,074
District administration	2,525,300	2,171,447	353,853	2,583,855
School administration	26,003,200	26,037,360	(34,160)	25,380,335
Central	12,940,300	12,561,013	379,287	12,284,036
Operation and maintenance of facilities	41,439,300	40,479,639	959,661	40,108,854
Student transportation	11,532,500	11,332,852	199,648	11,134,619
Total expenditures	406,639,300	401,494,651	5,144,649	397,766,511
Excess of revenues over expenditures	2,000,000	8,147,076	6,147,076	4,039,261
Other financing sources (uses):				
Transfer out	-	(1,500,000)	(1,500,000)	-
Net change in fund balances	2,000,000	6,647,076	4,647,076	4,039,261
Fund balances - beginning	26,374,719	26,374,719	-	22,335,458
Fund balances - ending	<u>\$ 28,374,719</u>	<u>\$ 33,021,795</u>	<u>\$ 4,647,076</u>	<u>\$ 26,374,719</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Debt Service Fund*

June 30, 2014 and 2013

	2014	2013
Assets:		
Cash and investments	\$ -	\$ 4,439,747
Receivables - property taxes	44,134,641	39,938,712
Total assets	<u>\$ 44,134,641</u>	<u>\$ 44,378,459</u>
Liabilities:		
Due to other funds	<u>\$ 2,203,495</u>	<u>\$ 6,172,696</u>
Deferred inflows of resources:		
Unavailable property tax revenue	795,447	1,040,763
Property taxes levied for future year	41,135,699	37,165,000
Total deferred inflows of resources	<u>41,931,146</u>	<u>38,205,763</u>
Fund balances:		
Restricted for:		
Debt service	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,134,641</u>	<u>\$ 44,378,459</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2014
With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 43,563,021	\$ 43,018,996	\$ (544,025)	\$ 42,276,678
Federal interest subsidy	1,028,279	1,028,279	-	1,067,353
Total revenues	44,591,300	44,047,275	(544,025)	43,344,031
Expenditures:				
Debt service:				
Bond principal	26,495,000	26,495,000	-	29,635,000
Bond interest	17,796,313	17,544,525	251,788	14,104,949
Bond issuance costs	-	-	-	146,075
Fees and miscellaneous charges	299,987	7,750	292,237	4,800
Total expenditures	44,591,300	44,047,275	544,025	43,890,824
Deficiency of revenues under expenditures	-	-	-	(546,793)
Other financing sources (uses):				
Refunding bonds issued	-	-	-	20,550,000
Refunding bonds premium	-	-	-	2,839,916
Refunded bonds escrow payment	-	-	-	(23,243,841)
Total other financing sources (uses)	-	-	-	146,075
Net change in fund balances	-	-	-	(400,718)
Fund balances - beginning	-	-	-	400,718
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Capital Projects Fund*

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 51,911,331	\$ 44,050,715
Receivables:		
Property taxes	16,212,462	15,844,818
Other local	-	15,775
Total assets	<u>\$ 68,123,793</u>	<u>\$ 59,911,308</u>
 Liabilities:		
Accounts payable	<u>\$ 6,723,770</u>	<u>\$ 3,971,579</u>
 Deferred inflows of resources:		
Unavailable property tax revenue	313,723	426,265
Property taxes levied for future year	<u>14,975,892</u>	<u>14,655,000</u>
Total deferred inflows of resources	<u>15,289,615</u>	<u>15,081,265</u>
 Fund balances:		
Restricted for:		
Capital projects	<u>46,110,408</u>	<u>40,858,464</u>
Total fund balances	<u>46,110,408</u>	<u>40,858,464</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,123,793</u>	<u>\$ 59,911,308</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2014
With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 15,536,786	\$ 15,525,813	\$ (10,973)	\$ 16,239,781
Earnings on investments	225,000	238,620	13,620	243,310
Other local	269,100	241,141	(27,959)	660,121
State of Utah	559,784	633,298	73,514	259,925
Total revenues	16,590,670	16,638,872	48,202	17,403,137
Expenditures:				
Capital outlay:				
Buildings and improvements	55,991,300	22,750,596	33,240,704	35,237,225
Equipment	4,600,000	4,059,810	540,190	3,963,859
Other	11,371,300	9,976,580	1,394,720	2,198,624
Debt service:				
Bond issuance costs	-	243,332	(243,332)	219,988
Debt service payments	-	-	-	4,439,747
Capital lease payments	97,000	214,340	(117,340)	311,425
Total expenditures	72,059,600	37,244,658	34,814,942	46,370,868
Excess (deficiency) of revenues over (under) expenditures	(55,468,930)	(20,605,786)	34,863,144	(28,967,731)
Other financing sources (uses):				
General obligation bonds issued	25,000,000	25,000,000	-	20,000,000
General obligation bonds premium	468,930	468,930	-	512,567
Proceeds from sale of capital assets	-	388,800	388,800	-
Total other financing sources (uses)	25,468,930	25,857,730	388,800	20,512,567
Net change in fund balances	(30,000,000)	5,251,944	35,251,944	(8,455,164)
Fund balances - beginning	40,858,464	40,858,464	-	49,313,628
Fund balances - ending	<u>\$ 10,858,464</u>	<u>\$ 46,110,408</u>	<u>\$ 35,251,944</u>	<u>\$ 40,858,464</u>

DAVIS SCHOOL DISTRICT

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2014

	Special Revenue			Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	State Multi-District Program Fund	
Assets:				
Cash and investments	\$ 1,644,153	\$ 10,181,028	\$ -	\$ 11,825,181
Receivables:				
Other local	26,856	-	-	26,856
State of Utah	1,704,165	-	-	1,704,165
Federal government	106,596	-	-	106,596
Inventories	1,062,785	-	-	1,062,785
Total assets	<u>\$ 4,544,555</u>	<u>\$ 10,181,028</u>	<u>\$ -</u>	<u>\$ 14,725,583</u>
Liabilities:				
Accounts payable	\$ 124,585	\$ 69,680	\$ -	\$ 194,265
Unearned revenue - other local	-	21,429	-	21,429
Total liabilities	<u>124,585</u>	<u>91,109</u>	<u>-</u>	<u>215,694</u>
Fund balances:				
Nonspendable:				
Inventories	1,062,785	-	-	1,062,785
Restricted for:				
School food services	3,357,185	-	-	3,357,185
Committed to:				
Schools	-	10,089,919	-	10,089,919
Total fund balances	<u>4,419,970</u>	<u>10,089,919</u>	<u>-</u>	<u>14,509,889</u>
Total liabilities and fund balances	<u>\$ 4,544,555</u>	<u>\$ 10,181,028</u>	<u>\$ -</u>	<u>\$ 14,725,583</u>

DAVIS SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2014

	Special Revenue			
	School Food Services	Student Activities Fund	State Multi-District Program Fund	Total Nonmajor Governmental Funds
Revenues:				
Local sources:				
Earnings on investments	\$ -	\$ 114,418	\$ -	\$ 114,418
School lunch sales	7,588,551	-	-	7,588,551
Student fees	-	12,339,970	-	12,339,970
Other local	732,315	2,584,134	-	3,316,449
State of Utah	3,724,074	-	-	3,724,074
Federal government	12,122,147	-	-	12,122,147
Total revenues	24,167,087	15,038,522	-	39,205,609
Expenditures:				
Current:				
Food	11,695,754	-	-	11,695,754
Salaries and benefits	8,838,536	1,048,705	-	9,887,241
Indirect charges	2,238,723	-	-	2,238,723
Purchased services	-	1,706,418	-	1,706,418
Supplies and equipment	-	11,714,669	47,949	11,762,618
Other	1,188,980	-	-	1,188,980
Total expenditures	23,961,993	14,469,792	47,949	38,479,734
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	205,094	568,730	(47,949)	725,875
Fund balances - beginning	4,214,876	9,521,189	47,949	13,784,014
Fund balances - ending	\$ 4,419,970	\$ 10,089,919	\$ -	\$ 14,509,889

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *School Food Services Fund* *Nonmajor Special Revenue Fund*

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 1,644,153	\$ 807,176
Receivables:		
Other local	26,856	20
State of Utah	1,704,165	1,617,085
Federal government	106,596	343,748
Inventories	1,062,785	1,587,032
Total assets	<u>\$ 4,544,555</u>	<u>\$ 4,355,061</u>
Liabilities:		
Accounts payable	\$ 124,585	\$ 140,185
Fund balances:		
Nonspendable:		
Inventories	1,062,785	1,587,032
Restricted for:		
School food services	<u>3,357,185</u>	<u>2,627,844</u>
Total fund balances	<u>4,419,970</u>	<u>4,214,876</u>
Total liabilities and fund balances	<u>\$ 4,544,555</u>	<u>\$ 4,355,061</u>

DAVIS SCHOOL DISTRICT

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

School Food Services Fund

Nonmajor Special Revenue Fund

Year Ended June 30, 2014

With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
School lunch sales	\$ 7,751,800	\$ 7,588,551	\$ (163,249)	\$ 7,222,390
Other local	781,400	732,315	(49,085)	707,335
State of Utah	3,692,500	3,724,074	31,574	3,666,210
Federal sources:				
Federal government	10,807,300	10,575,799	(231,501)	10,026,180
Contributed food commodities	1,754,600	1,546,348	(208,252)	1,393,943
Total revenues	<u>24,787,600</u>	<u>24,167,087</u>	<u>(620,513)</u>	<u>23,016,058</u>
Expenditures:				
Current:				
Food	12,157,700	11,695,754	461,946	11,236,146
Salaries and benefits	8,253,900	8,838,536	(584,636)	7,971,860
Indirect charges	2,309,800	2,238,723	71,077	1,965,304
Other	2,066,200	1,188,980	877,220	1,775,421
Total expenditures	<u>24,787,600</u>	<u>23,961,993</u>	<u>825,607</u>	<u>22,948,731</u>
Excess of revenues over expenditures / net change in fund balances	-	205,094	205,094	67,327
Fund balances - beginning	<u>4,214,876</u>	<u>4,214,876</u>	<u>-</u>	<u>4,147,549</u>
Fund balances - ending	<u>\$ 4,214,876</u>	<u>\$ 4,419,970</u>	<u>\$ 205,094</u>	<u>\$ 4,214,876</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Student Activities Fund* *Nonmajor Special Revenue Fund* June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	<u>\$ 10,181,028</u>	<u>\$ 9,597,892</u>
Liabilities:		
Accounts payable	\$ 69,680	\$ 53,383
Unearned revenue - other local	<u>21,429</u>	<u>23,320</u>
Total liabilities	<u>91,109</u>	<u>76,703</u>
Fund balances:		
Committed to:		
Schools	<u>10,089,919</u>	<u>9,521,189</u>
Total fund balances	<u>10,089,919</u>	<u>9,521,189</u>
Total liabilities and fund balances	<u>\$ 10,181,028</u>	<u>\$ 9,597,892</u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual *Student Activities Fund* *Nonmajor Special Revenue Fund* Year Ended June 30, 2014 With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ 110,000	\$ 114,418	\$ 4,418	\$ 140,000
Student fees	12,299,600	12,339,970	40,370	12,094,695
Other local	2,809,900	2,584,134	(225,766)	2,400,491
Total revenues	15,219,500	15,038,522	(180,978)	14,635,186
Expenditures:				
Current:				
Salaries and benefits	1,230,600	1,048,705	181,895	1,017,411
Purchased services	1,765,900	1,706,418	59,482	1,490,493
Supplies and equipment	12,223,000	11,714,669	508,331	12,235,017
Total expenditures	15,219,500	14,469,792	749,708	14,742,921
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	568,730	568,730	(107,735)
Fund balances - beginning	9,521,189	9,521,189	-	9,628,924
Fund balances - ending	\$ 9,521,189	\$ 10,089,919	\$ 568,730	\$ 9,521,189

DAVIS SCHOOL DISTRICT

Comparative Balance Sheet *State Multi-District Program Fund* *Nonmajor Special Revenue Fund*

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ -	\$ 1,854
Receivables - federal government	-	76,006
Total assets	<u>\$ -</u>	<u>\$ 77,860</u>
Liabilities:		
Due to other funds	<u>\$ -</u>	<u>\$ 26,911</u>
Fund Balances:		
Restricted for:		
State multi-district program	-	47,949
Total fund balances	-	47,949
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 74,860</u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual *State Multi-District Program Fund* *Nonmajor Special Revenue Fund*

Year Ended June 30, 2014
 With Comparative Totals for 2013

	2014			2013
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Other local	\$ 44,952	\$ -	\$ (44,952)	\$ 5,454
Federal government	-	-	-	244,672
Total revenues	44,952	-	(44,952)	250,126
Expenditures:				
Current:				
Salaries and benefits	-	-	-	2,762
Purchased services	87,800	-	87,800	1,619,630
Supplies and equipment	5,101	47,949	(42,848)	53,509
Total expenditures	92,901	47,949	44,952	1,675,901
Deficiency of revenues under expenditures / net change in fund balances	(47,949)	(47,949)	-	(1,425,775)
Fund balances - beginning	47,949	47,949	-	1,473,724
Fund balances - ending	\$ -	\$ -	\$ -	\$ 47,949