



Davis School District

Comprehensive Annual Financial Report



for fiscal year
ended June 30
2016

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Comprehensive Annual Financial Report

of the

DAVIS SCHOOL DISTRICT

**45 East State Street
Farmington, Utah 84025**

For the Fiscal Year Ended June 30, 2016

**Gordon S. Eckersley, President of the Board
W. Bryan Bowles, Superintendent
Craig Carter, Business Administrator**

**Prepared by:
Timothy Leffel, CPA
Steven Snow
Nathan Lee**

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DAVIS SCHOOL DISTRICT

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Section 1



INTRODUCTORY

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November 15, 2016

To President Eckersley, Members of the Board of Education, and the Citizens of the Davis School District:

State law requires that school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Davis School District (District) for the fiscal year ended June 30, 2016.

Designed to meet the needs of a broad spectrum of readers of financial statements, this CAFR is divided into three major sections:

- **Introductory section** – Introduces the reader to the report and includes this transmittal letter, a map of School Board precinct boundaries, the list of elected and appointed officials, the organization chart of the District, certificate of excellence in financial reporting, and the District’s model for public education.
- **Financial section** – Consists of the independent auditor’s report, management’s discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- **Statistical section** – Contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data, cover several years, and are designed to reflect social and economic data and financial and fiscal trends as well as the fiscal capacity of the District.

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

Independent audits. Squire & Company, PC, a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, and that the District’s financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District was also subject to and underwent a state compliance audit, the purpose of which is to examine general and major state program compliance with applicable state laws and regulations. These reports are available in the District’s separately issued Single Audit report.

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

District profile. The District is located in the north central part of the state of Utah. The boundaries of the District are contiguous with those of Davis County, Utah. Davis County is largely an urban county with high concentrations of residential development. The District is a legally separate and fiscally independent entity enjoying all rights and privileges accorded political subdivisions in the state of Utah. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board is responsible for, among other things, developing policy, adopting the budget, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District. To accomplish this purpose, as of fall 2016, the District operates eight traditional high schools, sixteen junior high schools, and 62 elementary schools. The District also offers three special purpose programs: Pioneer Adult Rehabilitation Center (a community rehabilitation program serving persons with disabilities), the Family Enrichment Center (providing preschool and Head Start programs), and Farmington Bay (a youth correctional facility). In addition, the District operates two alternative schools, Mountain High and the Renaissance Academy. The District serves 71,021 students based on the October 1, 2016 enrollment report.

The District also acts as the fiscal agent for the Davis School District Foundation (Foundation). The Foundation is a separate legal 501(c)(3) entity, and is reported as a discretely presented component unit in the District’s financial statements. The Foundation is a not-for-profit entity that solicits financial support of public education through local school communities and community business partners.

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

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

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate the budget is adopted in August after required advertisement of proposed tax rate increases and a public hearing. The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund.

Economic condition and outlook. The economic outlook of the District is tied to and dependent on the economic condition and outlook of the state of Utah since state aid provides 70% of general fund revenues. Utah's economy maintained moderate growth over the last three years increasing funding for the weighted pupil unit by 2%, 2.5%, and 4% respectively. For 2016, the State increased per student funding by 3% and raised equalization funding by 8.3%. Current revenue projections for 2017 appear positive as well. The District projects student growth of over 1,000 in 2016-17 and approximately 500 in 2017-18 as well.

The District continues to monitor budgets and evaluate District programs. Every position that becomes vacant in the District is discussed by District administration to determine if it must be re-filled. For the 2016-17 school year, the Board left tax rates within the certified rate and funded new fiscal demands with increased State revenues and taxes on new growth.

The District's taxing authority rests with property taxes on residential and commercial property within the District. For 2016, the District's taxable property values increased 9.7%. This is compared to an increase of 3.4% in 2015. Local taxation accounts for only 20% of general fund revenues, and 29% of all governmental fund revenues.

Long-term financial planning. State revenue projections appear to be increasing for fiscal year 2017. These funds will be utilized to offset district expenditures for state retirement and health insurance as well as employee compensation increases. The District actively examines all revenue and expenditure categories and programs to identify budget reductions. The driving force is to meet the demands of an ever changing budget without significant impact to our students and classrooms.

Dealing with the challenges and demands of budgets is further complicated by the fact that the student population of the District and the state of Utah is continuing to grow. Based on information from Utah's Bureau of Vital Records, the District expects the kindergarten enrollment increase to accelerate because of a climb in the birth rate for Davis County. The District also expects net migration into the County to remain positive. The District projects an additional 2,500 students over the next five years measured from October 2016 to October 2021. The state 2017 fiscal year school finance program is designed to provide every Utah school district with a basic operation program of \$3,185 per weighted pupil unit (WPU). Current budget projections indicate a moderate increase in the value of the WPU for 2018.

In response to continued student growth, the District went to the taxpayers on November 3, 2015 for a \$298.0 million bonding authorization. The authorization passed with 61.6% approval, which provided for facilities for student growth into 2021.

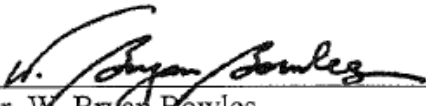
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year. *This is the thirty-third year that the District has received this prestigious award.* We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments. The efficient and dedicated staff of the business department accomplished the preparation of this report on a timely basis. We would like to express appreciation to all members of the department who assisted in the preparation of this report. Special appreciation is expressed to the District's Finance Department, who did most of the work in preparation of this report. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,

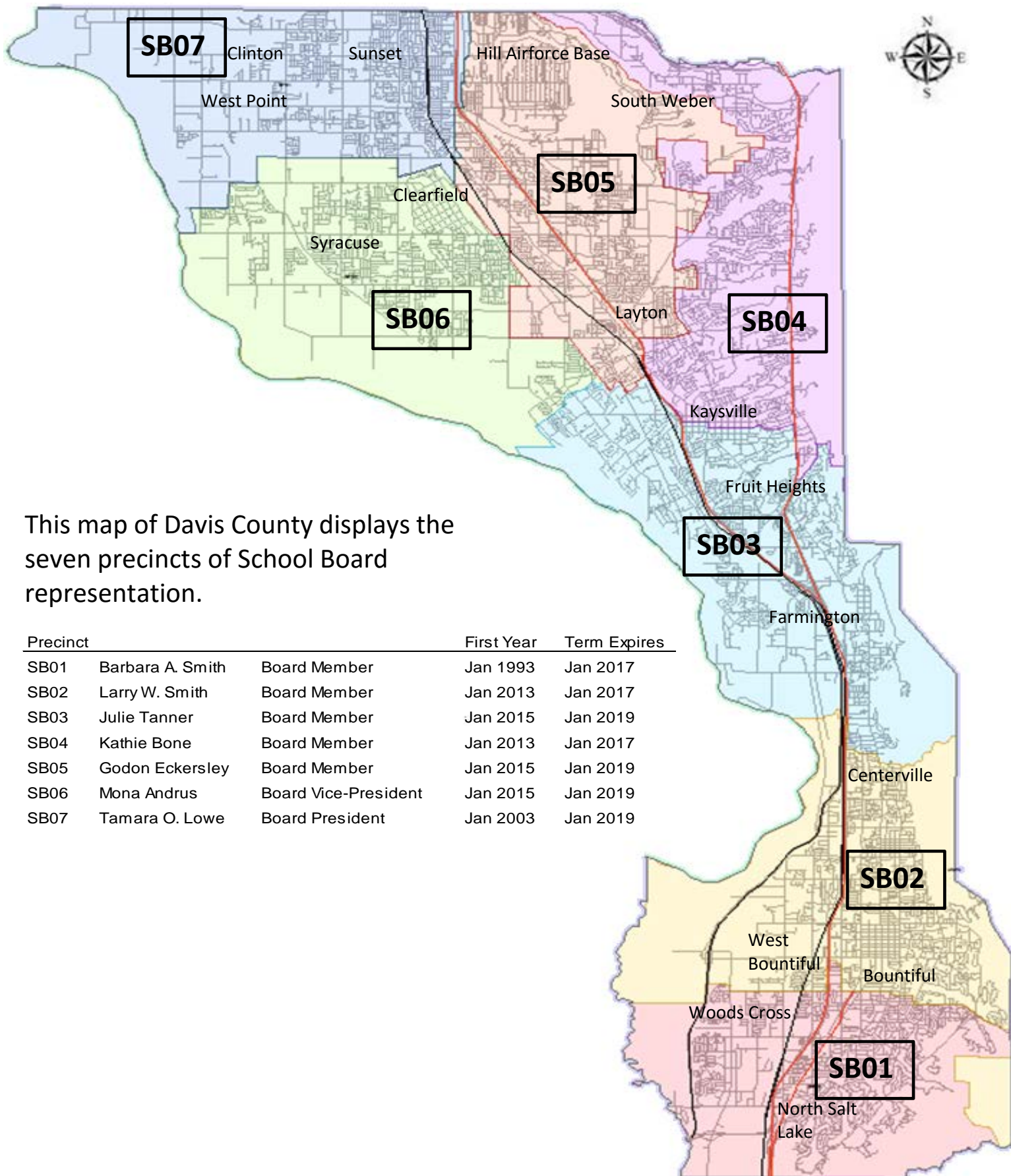


Dr. W. Bryan Bowles
SUPERINTENDENT



Craig Carter
BUSINESS ADMINISTRATOR

DAVIS SCHOOL DISTRICT
School Board Precinct Boundaries
 Year Ended June 30, 2016



This map of Davis County displays the seven precincts of School Board representation.

Precinct			First Year	Term Expires
SB01	Barbara A. Smith	Board Member	Jan 1993	Jan 2017
SB02	Larry W. Smith	Board Member	Jan 2013	Jan 2017
SB03	Julie Tanner	Board Member	Jan 2015	Jan 2019
SB04	Kathie Bone	Board Member	Jan 2013	Jan 2017
SB05	Godon Eckersley	Board Member	Jan 2015	Jan 2019
SB06	Mona Andrus	Board Vice-President	Jan 2015	Jan 2019
SB07	Tamara O. Lowe	Board President	Jan 2003	Jan 2019

DAVIS SCHOOL DISTRICT

List of Elected and Appointed Officials Year Ended June 30, 2016

Elected Officials

<u>Members of the Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Barbara A. Smith Precinct 1	January 2013	January 2017	January 1993
Larry W. Smith Precinct 2	January 2013	January 2017	January 2013
Julie Tanner Precinct 3	January 2015	January 2019	January 2015
Kathie Bone Precinct 4	January 2013	January 2017	January 2013
Gordon Eckersley Precinct 5	January 2015	January 2019	January 2015
Mona Andrus Precinct 6	January 2015	January 2019	January 2015
Tamara O. Lowe Precinct 7	January 2015	January 2019	January 2003

The term of office for a board member is four years, beginning in January following the November election.

Appointed Officials

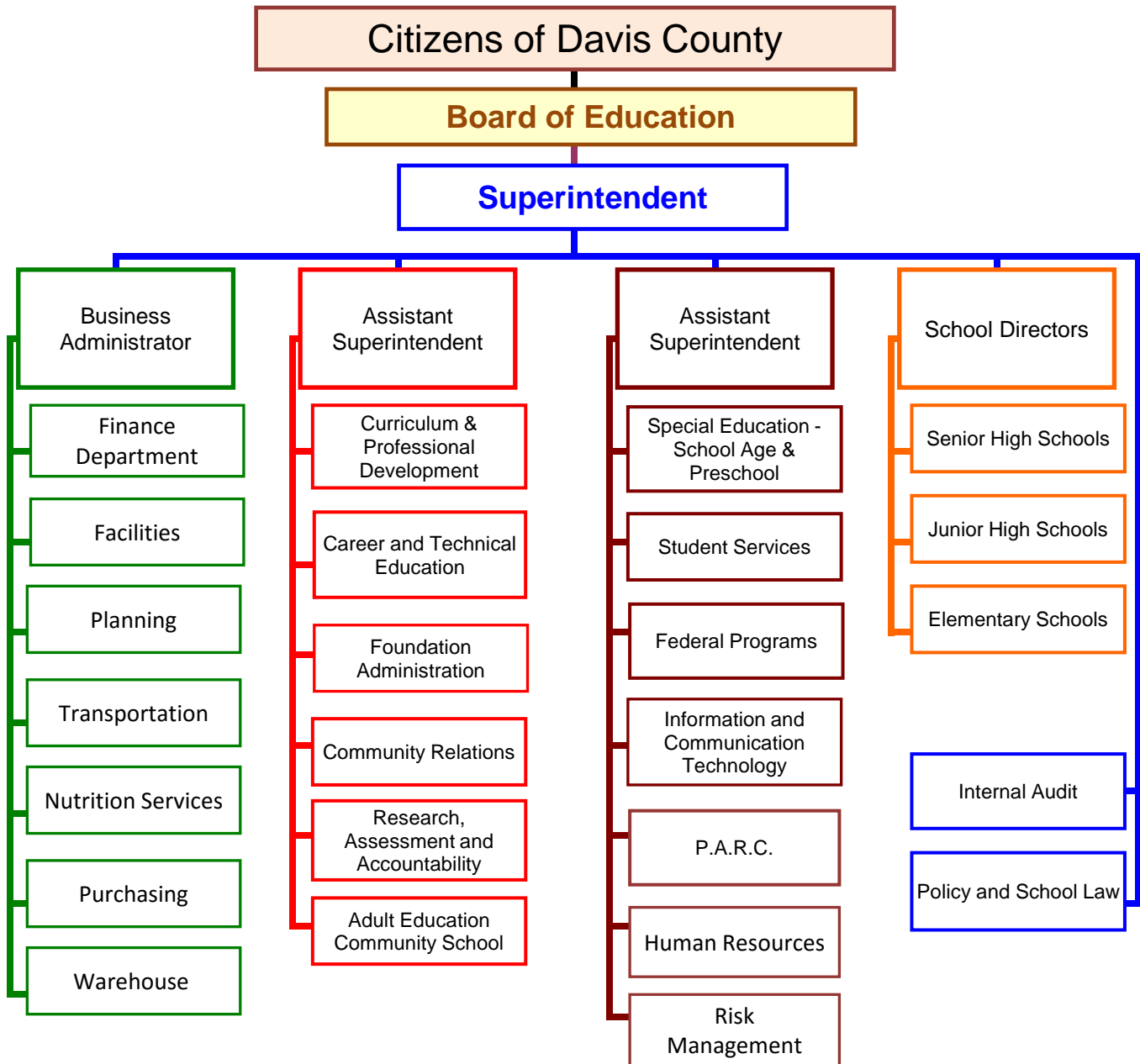
	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
W. Bryan Bowles Superintendent	July 2016	July 2018	July 2002
Craig Carter Business Administrator	July 2015	July 2017	January 2010

The term of office for the Superintendent and Business Administrator is two years.

DAVIS SCHOOL DISTRICT

Organizational Chart

Year Ended June 30, 2016





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Davis County School District
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

VISION

Davis School District provides an environment where
LEARNING COMES FIRST!

Students: MASTER essential learning skills,
DEMONSTRATE civic responsibility,
PREPARE for post-secondary education and careers, and
ENGAGE in positive personal development.

Parents are INVESTED in their student's education.

Employees RECOGNIZE the value of their individual contributions and
COMMIT to excellence.

The community SUPPORTS the educational process.

Our efforts are guided by the following values and beliefs :

STUDENTS:

- have a shared responsibility for their own learning;
- have individual learning styles, needs, and gifts; education is most successful when these attributes are respected and utilized;
- must be prepared to embrace new opportunities and challenges in order to successfully transition from school to post secondary education and/or careers;
- school readiness is a critical component of school success.

PARENTS:

- are a student's first teacher;
- have a shared responsibility for their student's learning;
- must be empowered by schools to prepare for and support their student's learning;
- have the right to be involved and informed about school policies and their student's progress.

EMPLOYEES:

- Every employee is an educator and has shared responsibility for student learning;
- Effective classroom teachers are critical and assume primary responsibility for student learning;
- Effective leadership is key to student learning;
- Collaboration is fundamental to successful outcomes;
- Advancing the capabilities of all employees is essential to an excellent educational system.

COMMUNITY:

- Learning is best served when collaboration occurs among students, parents, school and district personnel, and communities;
- Communities benefit from a strong public education system;
- Well managed physical facilities are a community asset and must be specifically designed, constructed, and maintained to advance learning.

EDUCATION SYSTEM:

- Education enhances the quality of life and is the foundation for a strong and free society;
- Education is a dynamic process improved through a continuous cycle of assessment, reflection, and
- Educational resources must be managed effectively, transparently, and equitably;
- High standards and expectations must be maintained through a system of accountability.

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Section 2



FINANCIAL

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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, 2016, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2016, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in 2015, the District adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. At the time of adoption, the District did not allocate its net pension asset, deferred outflows of resources related to pensions, net pension liability, or deferred inflows of resources related to pensions to its *Enterprise Fund*. The beginning net position has reported in the District's *Enterprise Fund* and government-wide financial statements have been restated to reflect the amounts allocated to the *Enterprise Fund*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 15, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
November 15, 2016

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, 2016. 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 net position was \$121.0 million at the close of the most recent fiscal year, most of which is invested in capital assets.
- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 7.1% in 2016 to \$167.2 million as a result of the combination of an increase in the taxable value of property and an increase in the state-mandated basic tax rate.
- During the year, expenses were \$28.8 million less than the \$576.7 million generated in taxes and other revenues for governmental activities.
- The District continued providing for its student growth by issuing \$68.5 million of new bonds. Of the \$68.5 million, \$37.5 was issued finishing the 2009 authorization (\$250.0 million) and \$31.0 million was issued from a new authorization passed by voters in November 2015 in the amount of \$298.0 million. New elementary schools in West Farmington (estimated cost of \$21.9 million) and West Kaysville (estimated cost of \$19.5 million) are anticipated to be complete for the 2016-2017 school year. The major projects funded in the 2015 bond authorization will be a high school in Farmington, a junior high school in West Layton, 2 new elementary schools and a rebuild of West Bountiful Elementary.
- As directed by the District's School Board, the District has increased its fund balance commitment to economic stabilization in the *General Fund*. At June 30, 2016, the District has committed \$20.0 million of the *General Fund* fund balance to economic stabilization. At June 30, 2016, the District has \$11.6 million of unassigned fund balances in the *General Fund*.

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 36 to 37 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 financially 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 *Tax Increment Program Fund*) are combined into a single, aggregated presentation. 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 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 38 to 42 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, which 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 43 to 45 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 46 to 69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 70 to 71 of this report.

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 73 to 86 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 \$121.0 million at the close of the most recent fiscal year.

DAVIS SCHOOL DISTRICT'S Net Position June 30, 2016 and 2015 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change
	2016	2015	2016	2015	2016	2015	2016-2015
Current and other assets Capital assets	\$ 391.5	\$ 340.0	\$ 7.3	\$ 8.1	\$ 398.8	\$ 348.1	\$ 50.7
	611.9	579.7	1.9	2.0	613.8	581.7	32.1
Total assets	1,003.4	919.7	9.2	10.1	1,012.6	929.8	82.8
Deferred outflows of resources	96.8	30.0	0.5	0.1	97.3	30.1	67.2
Current and other liabilities	81.4	63.8	0.1	0.5	81.5	64.3	17.2
Long-term liabilities outstanding	726.5	635.5	1.3	1.0	727.8	636.5	91.3
Total liabilities	807.9	699.3	1.4	1.5	809.3	700.8	108.5
Deferred inflows of resources	179.5	166.8	0.1	0.1	179.6	166.9	12.7
Net position:							
Net investment in capital assets	185.0	178.5	1.9	1.9	186.9	180.4	6.5
Restricted	51.7	44.4	-	-	51.7	44.4	7.3
Unrestricted	(123.9)	(139.3)	6.3	6.7	(117.6)	(132.6)	15.0
Total net position	<u>\$ 112.8</u>	<u>\$ 83.6</u>	<u>\$ 8.2</u>	<u>\$ 8.6</u>	<u>\$ 121.0</u>	<u>\$ 92.2</u>	<u>\$ 28.8</u>

The largest portion of the District's net position (\$186.9 million) 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 (\$51.7 million) 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, debt service, and capital projects.

- The remaining net position (a deficit of \$117.6 million) is unrestricted. This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems. The existence of an unrestricted net position deficit indicates the District's overall economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.
- Unrestricted net position increased by \$15.0 million during the current year. This net increase reflects an increase in resources available in the District's funds.
- Restricted net position increased by \$7.3 million during the current year. This increase resulted primarily from an increase in unspent property tax revenues restricted for debt service and capital outlay.
- The District's total revenues increased 6.1% to \$576.7 million. Federal and state aid makes up 63.3% of the District's revenues; property taxes generate 29.0% of the District's revenues.
- The total cost of all programs and services increased by 7.7% to \$547.9 million. Instruction and support services make up 65.8% and 25.6%, respectively, of the District's expenses.

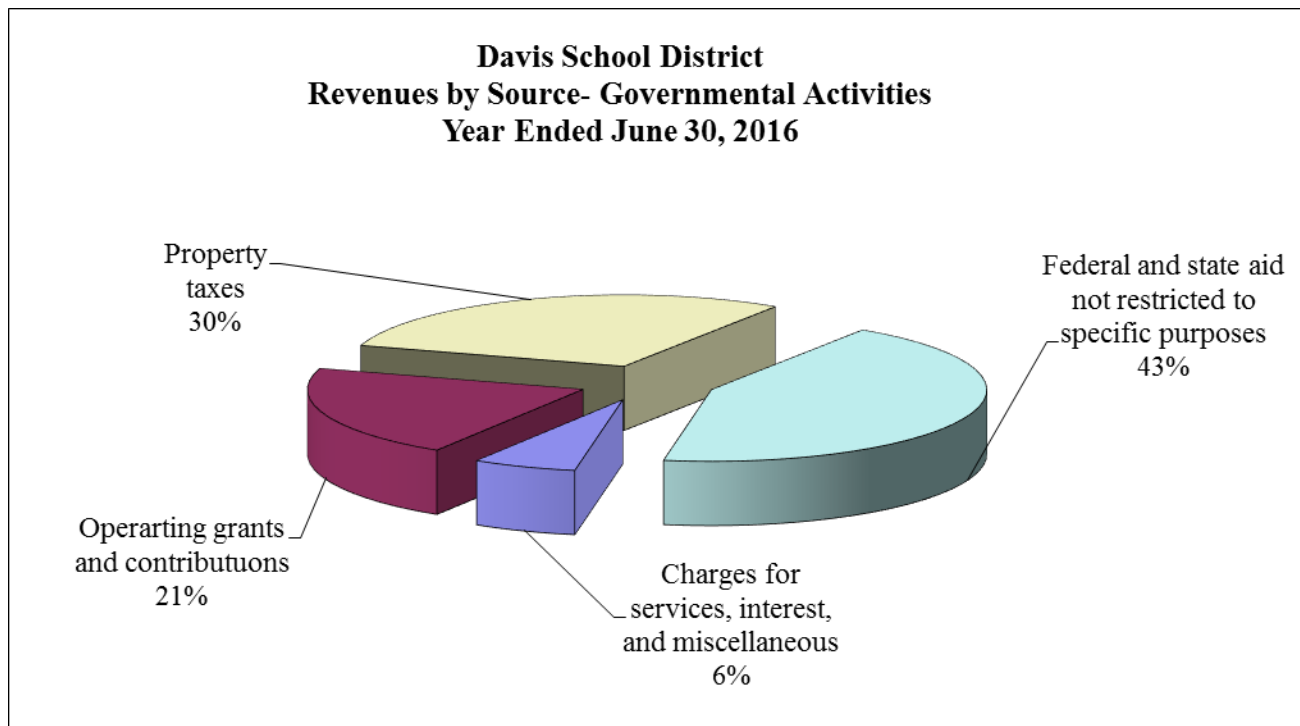
DAVIS SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2016 and 2015
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change
	2016	2015	2016	2015	2016	2015	2016-2015
Revenues:							
Program revenues:							
Charges for services	\$ 15.3	\$ 15.0	\$ 10.0	\$ 14.5	\$ 25.3	\$ 29.5	\$ (4.2)
Operating grants and contributions	118.0	111.0	0.7	0.7	118.7	111.7	7.0
General revenues:							
Property taxes	167.2	156.1	-	-	167.2	156.1	11.1
Federal and state aid not restricted to specific purposes	246.3	227.2	-	-	246.3	227.2	19.1
Interest	1.3	0.7	-	-	1.3	0.7	0.6
Miscellaneous	17.9	18.2	-	-	17.9	18.2	(0.3)
Total revenues	<u>566.0</u>	<u>528.2</u>	<u>10.7</u>	<u>15.2</u>	<u>576.7</u>	<u>543.4</u>	<u>33.3</u>
Expenses:							
Instruction	360.3	325.9	-	-	360.3	325.9	34.4
Support services:							
Student	15.4	14.2	-	-	15.4	14.2	1.2
Instructional staff District	19.9	17.7	-	-	19.9	17.7	2.2
administration School	3.0	3.0	-	-	3.0	3.0	-
administration Business	28.9	26.5	-	-	28.9	26.5	2.4
administration Operation and maintenance	14.6	13.3	-	-	14.6	13.3	1.3
of facilities	44.3	41.0	-	-	44.3	41.0	3.3
Student transportation	14.1	14.2	-	-	14.1	14.2	(0.1)
School food service	22.1	21.8	-	-	22.1	21.8	0.3
Interest on long-term liabilities	14.2	16.3	-	-	14.2	16.3	(2.1)
Pioneer Adult Rehab Center	-	-	11.1	14.8	11.1	14.8	(3.7)
Total expenses	<u>536.8</u>	<u>493.9</u>	<u>11.1</u>	<u>14.8</u>	<u>547.9</u>	<u>508.7</u>	<u>39.2</u>
Changes in net position	29.2	34.3	(0.4)	0.4	28.8	34.7	(5.9)
Net position, beginning	83.6	49.3	8.6	8.2	92.2	57.5	34.7
Net position, ending	<u>\$ 112.8</u>	<u>\$ 83.6</u>	<u>\$ 8.2</u>	<u>\$ 8.6</u>	<u>\$ 121.0</u>	<u>\$ 92.2</u>	<u>\$ 28.8</u>

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

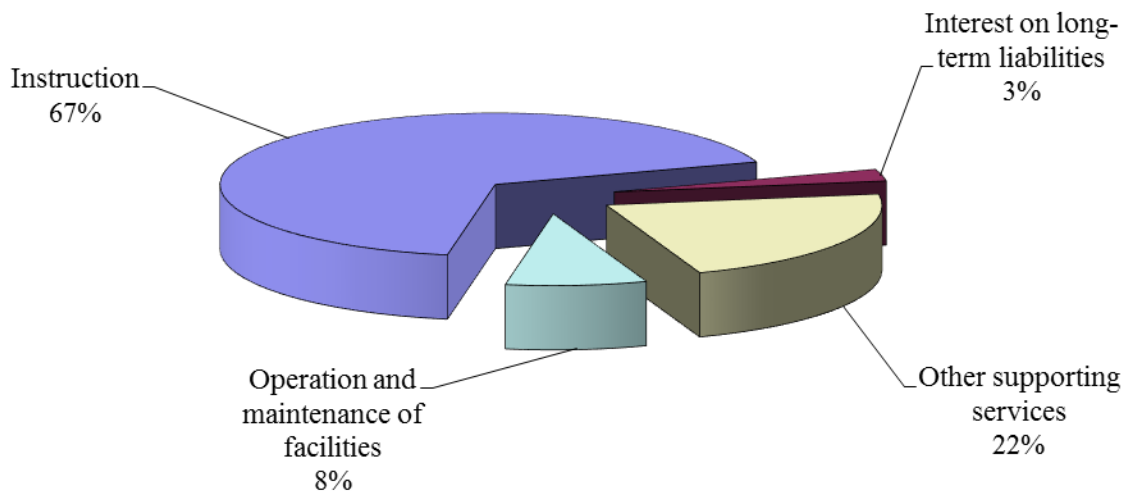
Governmental activities. The key elements of the increase in the District's net position for the year ended June 30, 2016 are as follows:

- Revenues increased \$37.8 million or 7.2% and continue to be primarily from federal and state aid and property taxes.
- Federal and state aid not restricted to specific purposes increased by 8.4% or \$19.1 million. Total federal aid increased 6.5% to \$44.4 million primarily due to spending levels. 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 4% from \$2,972 (2015) to \$3,092 (2016).
- Tax revenues increased to \$167.2 million or by 7.1%. This increase was a result of the combination of an increase in the taxable value of property and a decrease in the overall tax rate.



- Expenses for governmental activities increased \$42.9 million or by 8.7%. This increase was primarily the result of increased personnel expenditures for instruction as a result of the State WPU funding increase and capital spending for new schools.

**Davis School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2016**



Business-type activities. The \$0.4 million decrease in the District's net position for the year ended June 30, 2016 was a result of the operations of the Pioneer Adult Rehabilitation Center.

- Overall revenues decreased \$4.5 million and expenses decreased \$3.7 million due to decreased 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 \$148.4 million, \$25.0 million more than the previous year. This increase was due primarily to increased revenue from the State of Utah and the issuance of \$68.5 million general obligation bonds offset by costs related to planned capital projects. The *Debt Service Fund* added \$1.1 million to fund balance. The *General Fund* had a \$6.9 million increase in fund balance. In addition, the following changes in revenues and expenditures should be noted:

- Revenues for general District purposes totaled \$446.5 million, an increase of 6.9%, during the current fiscal year. This increase is primarily due to increased revenues from the State of Utah. State revenues were up 6.3% from the prior year in the *General Fund* due to increases in state appropriations for enrollment growth. Revenues for debt service and capital projects were up 3.7% and up 33.0%, respectively. These increases were primarily a result of an increase in the taxable value of property.
- Expenditures for general District purposes totaled \$439.6 million, an increase of 6.9% during the current fiscal year. Instruction represents 68.8% of *General Fund* expenditures. Capital project expenditures were up 94.6% due to the construction of new elementary schools in West Farmington and West Kaysville and an addition at Millcreek Junior High School.

- *General Fund* salaries totaled \$262.8 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$127.9 million to arrive at 88.9% 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 fund balance 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 on 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, 2016, the District's combined governmental fund balance is \$148.4 million (\$7.6 million in nonspendable, \$90.3 million in restricted, \$35.5 million in committed, \$3.4 million in assigned, and \$11.6 million 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 \$0.3 million or 0.1% in total *General Fund* expenditures.

During the year, final budgeted revenues were more than original budgetary estimates by \$5.7 million or 1.3%. The increase primarily reflects higher equalization funding and slightly higher than anticipated enrollment growth.

In addition to 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 \$0.5 million below final budgeted amounts. Additionally, revenues were \$1.3 million above the final budgeted amount. The final budget also anticipated an increase to fund balance of \$6.0 million where the original budget did not have a planned increase to fund balance.

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 \$56.6 million for capital assets. Major projects include the construction of new elementary schools in West Farmington and West Kaysville and an addition at Millcreek Junior High School.

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 10th high school is under construction and will open in the fall of 2018. Other major projects under construction include classroom additions at Woods Cross High School and Mueller Park Junior High School. The District is also in the planning stages for a junior high school that will open in the fall of 2019.

Capital assets at June 30, 2016 and 2015 are outlined below:

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

	Governmental Activities		Business-type Activities		Total		Total Change
	2016	2015	2016	2015	2016	2015	2016-2015
Land	\$ 55.0	\$ 48.7	\$ -	\$ -	\$ 55.0	\$ 48.7	\$ 6.3
Construction in progress	50.6	13.9	-	-	50.6	13.9	36.7
Buildings and improvements	495.1	506.7	1.8	1.9	496.9	508.6	(11.7)
Furniture and equipment	3.8	3.5	0.1	-	3.9	3.5	0.4
Transportation equipment	7.4	6.9	-	-	7.4	6.9	0.5
Total capital assets	<u>\$ 611.9</u>	<u>\$ 579.7</u>	<u>\$ 1.9</u>	<u>\$ 1.9</u>	<u>\$ 613.8</u>	<u>\$ 581.6</u>	<u>\$ 32.2</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, 2015, the registered voters of Davis County passed a bond authorization in the amount of \$298.0 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 with 61.6% in favor.

On March 3, 2016 the District issued \$31.0 of this authorization to begin high school #10 and begin a remodel of Viewmont High School. On that same date, the District also issued the final \$37.5 million of the 2009 bond authorization (\$250.0 million) to complete two new elementary schools.

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, 2016 is \$1,220 million. General obligation debt, net of unamortized premiums, at June 30, 2016 is \$475.7 million, resulting in a legal debt margin of \$729.2 million.

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

	Governmental activities		Total Change
	2016	2015	2016-2015
Net general obligation bonds	\$ 475.7	\$ 432.2	\$ 43.5
Obligations under capital lease	-	0.1	(0.1)
Total	<u>\$ 475.7</u>	<u>\$ 432.3</u>	<u>\$ 43.4</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 2036.

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 2016 count. The District anticipated growth of approximately 700 students for the 2016-17 school year; however, actual growth was 1,142 students. Growth continues to be focused in the northwest section of the District. The chart below reflects the counts taken between October 1, 2012 and October 1, 2016 and shows total student growth of 3,285 students over the five-year period, a 4.8% increase.

DAVIS SCHOOL DISTRICT'S Student Enrollment

District fiscal year	2013	2014	2015	2016	2017	Total
October 1st enrollment	68,342	68,571	69,139	69,879	71,021	
Total enrollment change	606	229	568	740	1,142	3,285
Percentage change	0.9%	0.3%	0.8%	1.1%	1.6%	4.8%

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, 2015 for \$298.0 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 (5 years) as well as the long-term (20+ years) planning horizons.

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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	District Foundation
Assets:				
Cash and investments	\$ 214,814,727	\$ 6,746,972	\$ 221,561,699	\$ 1,414,808
Receivables:				
Property taxes	160,144,325	-	160,144,325	-
Other local	315,311	485,941	801,252	-
State of Utah	2,676,006	-	2,676,006	-
Federal government	5,975,181	-	5,975,181	-
Inventories	7,588,613	47,602	7,636,215	-
Net pension asset	8,844	45	8,889	-
Capital assets:				
Land and construction in progress	105,636,796	-	105,636,796	-
Other capital assets, net of accumulated depreciation	506,237,858	1,922,205	508,160,063	-
Total assets	1,003,397,661	9,202,765	1,012,600,426	1,414,808
Deferred outflows of resources:				
Deferred charge on refunding	9,072,317	-	9,072,317	-
Related to pensions	87,717,431	451,150	88,168,581	-
Total deferred outflows of resources	96,789,748	451,150	97,240,898	-
Liabilities:				
Accounts payable	32,539,230	63,129	32,602,359	14,327
Accrued interest	1,250,360	-	1,250,360	-
Accrued salaries and benefits	40,855,094	-	40,855,094	-
Unearned revenue:				
Other local	506	-	506	-
State of Utah	6,715,150	-	6,715,150	-
Noncurrent liabilities:				
Due or payable within one year	43,602,664	38,024	43,640,688	-
Due or payable after one year	682,855,622	1,252,346	684,107,968	-
Total liabilities	807,818,626	1,353,499	809,172,125	14,327
Deferred inflows of resources:				
Property taxes levied for future year	155,079,687	-	155,079,687	-
Related to pensions	24,440,172	125,701	24,565,873	-
Total deferred inflows of resources	179,519,859	125,701	179,645,560	-
Net position:				
Net investment in capital assets	185,028,083	1,922,205	186,950,288	-
Restricted for:				
Debt service	3,646,207	-	3,646,207	-
Capital projects	39,613,308	-	39,613,308	-
School food services	8,424,421	-	8,424,421	-
Scholarships and awards	-	-	-	1,400,481
Unrestricted	(123,863,095)	6,252,510	(117,610,585)	-
Total net position	\$ 112,848,924	\$ 8,174,715	\$ 121,023,639	\$ 1,400,481

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

DAVIS SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position						
Activities/Functions	Program Revenues			Primary Government		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental	Business-type	Total
				Activities	Activities	
Primary government:						
Governmental activities:						
Instruction	\$ 359,887,370	\$ 6,509,349	\$ 80,393,752	\$ (272,984,269)	\$ (272,984,269)	
Supporting services:						
Students	15,389,400	-	4,897,791	(10,491,609)	(10,491,609)	
Instructional staff	19,896,958	-	4,981,082	(14,915,876)	(14,915,876)	
District administration	3,406,681	-	53,095	(3,353,586)	(3,353,586)	
School administration	28,852,782	-	1,095,461	(27,757,321)	(27,757,321)	
Central	14,580,029	-	1,920,939	(12,659,090)	(12,659,090)	
Operation and maintenance of facilities	44,283,161	317,443	825,926	(43,139,792)	(43,139,792)	
Student transportation	14,150,069	-	7,927,606	(6,222,463)	(6,222,463)	
School food service	22,144,738	8,440,270	15,949,766	2,245,298	2,245,298	
Interest on long-term liabilities	14,182,733	-	-	(14,182,733)	(14,182,733)	
Total governmental activities	536,773,921	15,267,062	118,045,419	(403,461,440)	(403,461,440)	
Business-type activities:						
Pioneer Adult Rehabilitation Center	11,223,145	9,993,209	732,755	-	(497,181)	
Total primary government	\$ 547,997,066	\$ 25,260,271	\$ 118,778,174	(403,461,440)	(497,181)	(403,958,621)
Component unit:						
Davis School District Foundation	\$ 1,352,444	\$ -	\$ 1,571,233			\$ 218,789
General revenues:						
Property taxes levied for:						
Basic				32,610,097	-	32,610,097
Voted local				24,571,553	-	24,571,553
Board local				37,634,821	-	37,634,821
Debt service				48,146,166	-	48,146,166
Capital outlay				17,337,683	-	17,337,683
Tax increment				6,860,325	-	6,860,325
Federal and state revenue not restricted to specific purposes				246,318,610	-	246,318,610
Earnings on investments				1,326,808	48,823	1,375,631
Miscellaneous				17,895,542	-	17,895,542
Total general revenues				432,701,605	48,823	432,750,428
Change in net position				29,240,165	(448,358)	28,791,807
Net position - beginning, as restated				83,608,759	8,623,073	92,231,832
Net position - ending				\$ 112,848,924	\$ 8,174,715	\$ 121,023,639

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

DAVIS SCHOOL DISTRICT

Balance Sheet Governmental Funds

June 30, 2016

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 119,028,286	\$ 3,374,512	\$ 64,073,939	\$ 11,677,931	\$ 198,154,668
Receivables:					
Property taxes	90,597,102	45,323,105	16,508,212	7,715,906	160,144,325
Other local	288,726	-	-	26,585	315,311
State of Utah	1,002,036	-	-	1,673,970	2,676,006
Federal government	5,762,366	-	-	212,815	5,975,181
Inventories	6,002,494	-	-	1,586,119	7,588,613
Total assets	<u>\$ 222,681,010</u>	<u>\$ 48,697,617</u>	<u>\$ 109,749,121</u>	<u>\$ 26,923,831</u>	<u>\$ 408,051,579</u>
Liabilities:					
Accounts payable	\$ 6,919,809	\$ -	\$ 14,407,036	\$ 280,518	\$ 21,607,363
Accrued salaries and benefits	40,855,094	-	-	-	40,855,094
Due to other funds	33,197,475	-	-	-	33,197,475
Unearned revenue:					
Other local	-	-	-	506	506
State of Utah	6,715,150	-	-	-	6,715,150
Total liabilities	<u>87,687,528</u>	<u>-</u>	<u>14,407,036</u>	<u>281,024</u>	<u>102,375,588</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,272,840	646,989	233,026	-	2,152,855
Property taxes levied for future year	87,656,511	43,801,050	15,906,220	7,715,906	155,079,687
Total deferred inflows of resources	<u>88,929,351</u>	<u>44,448,039</u>	<u>16,139,246</u>	<u>7,715,906</u>	<u>157,232,542</u>
Fund balances:					
Nonspendable:					
Inventories	6,002,494	-	-	1,586,119	7,588,613
Restricted for:					
Debt service	-	4,249,578	-	-	4,249,578
Capital projects	-	-	79,202,839	-	79,202,839
School food services	-	-	-	6,838,302	6,838,302
Committed to:					
Workers compensation	500,000	-	-	-	500,000
Termination benefits	4,500,000	-	-	-	4,500,000
Schools	-	-	-	10,502,480	10,502,480
Economic stabilization	20,000,000	-	-	-	20,000,000
Assigned to:					
Programs	635,887	-	-	-	635,887
Schools	300,000	-	-	-	300,000
Medical insurance	2,500,000	-	-	-	2,500,000
Unassigned	11,625,750	-	-	-	11,625,750
Total fund balances	<u>46,064,131</u>	<u>4,249,578</u>	<u>79,202,839</u>	<u>18,926,901</u>	<u>148,443,449</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 222,681,010</u>	<u>\$ 48,697,617</u>	<u>\$ 109,749,121</u>	<u>\$ 26,923,831</u>	<u>\$ 408,051,579</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, 2016

Total fund balances for governmental funds		\$ 148,443,449
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	\$ 55,053,367	
Construction in progress	50,583,429	
Buildings and improvements, net of \$360,146,173 accumulated depreciation	495,069,278	
Furniture and equipment, net of \$15,343,659 accumulated depreciation	3,760,259	
Transportation equipment, net of \$24,608,080 accumulated depreciation	<u>7,408,321</u>	611,874,654
The net pension asset is not an available resource and therefore is not reported in the governmental funds.		8,844
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.		2,152,855
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(1,250,360)
An internal service fund is used by management to charge the costs of self insurance to individual funds and programs. 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:		5,728,192
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	(460,010,000)	
Deferred charge on refunding	9,072,317	
Unamortized premiums	(15,731,445)	
Accrued vacation	(4,837,182)	
Accrued sick leave	(2,568,143)	
Accrued personal leave	(1,446,593)	
Early retirement payable	(9,044,235)	
Net pension liability	(232,820,688)	
Deferred outflows of resources related to pensions	87,717,431	
Deferred inflows of resources related to pensions	<u>(24,440,172)</u>	(654,108,710)
Total net position - governmental activities		<u>\$ 112,848,924</u>

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, 2016

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 95,052,673	\$ 48,315,623	\$ 17,401,892	\$ 6,860,325	\$ 167,630,513
Earnings on investments	620,624	-	522,584	183,600	1,326,808
Other local	8,736,925	-	141,295	16,553,355	25,431,575
School lunch sales	-	-	-	7,593,773	7,593,773
State of Utah	310,405,731	-	5,349,248	4,219,760	319,974,739
Federal government	31,631,894	1,027,390	-	11,730,006	44,389,290
Total revenues	446,447,847	49,343,013	23,415,019	47,140,819	566,346,698
Expenditures:					
Current:					
Instruction	302,319,756	-	-	22,847,054	325,166,810
Supporting services:					
Students	15,573,759	-	-	-	15,573,759
Instructional staff	20,244,708	-	-	-	20,244,708
District administration	2,505,646	-	-	-	2,505,646
School administration	28,518,964	-	-	-	28,518,964
Central	14,277,804	-	-	-	14,277,804
Operation and maintenance of facilities	43,268,575	-	-	-	43,268,575
Student transportation	12,881,560	-	-	-	12,881,560
School food service	-	-	-	22,094,493	22,094,493
Capital outlay	-	-	78,266,888	-	78,266,888
Debt service:					
Bond principal	-	33,230,000	-	-	33,230,000
Bond interest	-	14,949,568	-	-	14,949,568
Bond issuance costs	-	512,741	386,720	-	899,461
Capital lease payments	-	-	97,271	-	97,271
Fees and miscellaneous charges	-	36,400	-	-	36,400
Total expenditures	439,590,772	48,728,709	78,750,879	44,941,547	612,011,907
Excess (deficiency) of revenues over (under) expenditures	6,857,075	614,304	(55,335,860)	2,199,272	(45,665,209)
Other financing sources (uses):					
General obligation bonds issued	-	-	68,500,000	-	68,500,000
General obligation bonds premium	-	-	1,510,053	-	1,510,053
Refunding bonds issued	-	120,035,000	-	-	120,035,000
Refunding bonds premium	-	6,930,694	-	-	6,930,694
Refunded bonds escrow payment	-	(126,452,953)	-	-	(126,452,953)
Proceeds from sale of capital assets	-	-	137,256	-	137,256
Total other financing sources (uses)	-	512,741	70,147,309	-	70,660,050
Net change in fund balances	6,857,075	1,127,045	14,811,449	2,199,272	24,994,841
Fund balances - beginning	39,207,056	3,122,533	64,391,390	16,727,629	123,448,608
Fund balances - ending	\$ 46,064,131	\$ 4,249,578	\$ 79,202,839	\$ 18,926,901	\$ 148,443,449

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, 2016

Net change in fund balances-total governmental funds	\$ 24,994,841
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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	\$ 56,625,730	
Gain on sale of capital assets	137,256	
Proceeds from sale of capital assets	(137,256)	
Depreciation expense	<u>(24,431,763)</u>	32,193,967

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	3,807	
Principal payments on capital leases	<u>93,118</u>	96,925

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	(188,535,000)	
Bond premium	(8,440,747)	
Amortization of deferred amounts on refunding	(1,491,142)	
Amortization of bond premium	2,196,008	
Repayment of bond principal	33,230,000	
Refunded bonds escrow payment	126,452,953	
Interest expense - general obligation bonds	<u>98,715</u>	(36,489,213)

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.	(469,868)
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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	(385,379)	
Accrued sick and personal leave	(427,913)	
Early retirement payable	126,492	
Pension expense	<u>5,824,260</u>	5,137,460

An internal service fund is used by the District to charge the costs of health and dental insurance to individual funds. The assets and liabilities of this internal service fund are included with governmental activities in the statement of net position. The net position of this internal service fund is:	<u>3,776,053</u>
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Change in net position of governmental activities	<u>\$ 29,240,165</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 - Budget and Actual General Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 89,584,800	\$ 90,373,600	\$ 95,052,673	\$ 4,679,073
Earnings on investments	245,400	500,000	620,624	120,624
Other local	9,551,400	9,220,600	8,736,925	(483,675)
State of Utah	311,161,800	315,198,200	310,405,731	(4,792,469)
Federal government	28,917,200	29,822,400	31,631,894	1,809,494
Total revenues	439,460,600	445,114,800	446,447,847	1,333,047
Expenditures:				
Current:				
Instruction	302,713,500	302,312,900	302,319,756	(6,856)
Supporting services:				
Students	16,075,300	15,478,100	15,573,759	(95,659)
Instructional staff	20,510,800	20,047,900	20,244,708	(196,808)
District administration	2,386,700	2,593,800	2,505,646	88,154
School administration	28,184,100	28,548,800	28,518,964	29,836
Central	13,945,900	13,895,200	14,277,804	(382,604)
Operation and maintenance of facilities	43,943,400	43,369,900	43,268,575	101,325
Student transportation	11,700,900	12,868,200	12,881,560	(13,360)
Total expenditures	439,460,600	439,114,800	439,590,772	(475,972)
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	6,000,000	6,857,075	857,075
Fund balances - beginning	39,207,056	39,207,056	39,207,056	-
Fund balances - ending	\$ 39,207,056	\$ 45,207,056	\$ 46,064,131	\$ 857,075

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

DAVIS SCHOOL DISTRICT
Statements of Fund Net Position
Proprietary Funds
June 30, 2016
With Comparative Totals for 2015

	Enterprise Fund -		Governmental Activities - Internal Service Funds			
	Pioneer Adult Rehab Center		District Warehouse		Self Insurance	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets:						
Cash and investments	\$ 6,746,972	\$ 5,584,382	\$ -	\$ -	\$ 16,660,059	\$ 13,512,725
Receivables - other local	485,941	1,234,726	-	-	-	8,475
Inventories of supplies	47,602	1,315,425	-	-	-	-
Total current assets	7,280,515	8,134,533	-	-	16,660,059	13,521,200
Noncurrent assets:						
Net pension asset	45	613	-	-	-	-
Capital assets:						
Buildings and improvements	3,660,322	3,660,322	-	-	-	-
Equipment	673,917	593,049	-	-	-	-
Accumulated depreciation	(2,412,034)	(2,306,185)	-	-	-	-
Net capital assets	1,922,205	1,947,186	-	-	-	-
Total noncurrent assets	1,922,250	1,947,799	-	-	-	-
Total assets	9,202,765	10,082,332	-	-	16,660,059	13,521,200
Deferred outflows of resources:						
Related to pensions	451,150	140,500	-	-	-	-
Liabilities:						
Current liabilities:						
Accounts payable	63,129	497,690	-	-	10,931,867	11,569,061
Compensation liability	38,024	31,205	-	-	-	-
Total current liabilities	101,153	528,895	-	-	10,931,867	11,569,061
Noncurrent liabilities:						
Compensation liability	54,898	45,053	-	-	-	-
Net pension liability	1,197,448	937,892	-	-	-	-
Total noncurrent liabilities	1,252,346	982,945	-	-	-	-
Total liabilities	1,353,499	1,511,840	-	-	10,931,867	11,569,061
Deferred inflows of resources:						
Related to pensions	125,701	87,919	-	-	-	-
Net position:						
Net investment in capital assets	1,922,205	1,947,186	-	-	-	-
Unrestricted, as restated	6,252,510	6,675,887	-	-	5,728,192	1,952,139
Total net position	\$ 8,174,715	\$ 8,623,073	\$ -	\$ -	\$ 5,728,192	\$ 1,952,139

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, 2016

With Comparative Totals for 2015

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Funds			
			District Warehouse		Self Insurance	
	2016	2015	2016	2015	2016	2015
Operating revenues:						
Charges for services	\$ 9,137,050	\$ 13,475,262	\$ -	\$ -	\$ 62,847,954	\$ 30,729,652
Other local	856,159	984,935	-	-	-	-
Total operating revenues	9,993,209	14,460,197	-	-	62,847,954	30,729,652
Operating expenses:						
Salaries and benefits	6,136,814	5,568,768	-	-	-	-
Depreciation	105,849	110,045	-	-	-	-
Indirect charges	382,443	491,823	-	-	-	-
Other	4,598,039	7,579,870	-	-	59,071,901	28,777,513
Total operating expenses	11,223,145	13,750,506	-	-	59,071,901	28,777,513
Operating income (loss)	(1,229,936)	709,691	-	-	3,776,053	1,952,139
Nonoperating income (expense):						
Earnings on investments	48,823	11,800	-	-	-	-
State of Utah subsidies	732,755	731,952	-	-	-	-
Contribution to other fund	-	-	-	(1,454,016)	-	-
Total nonoperating income (expense)	781,578	743,752	-	(1,454,016)	-	-
Income (loss) before transfers	(448,358)	1,453,443	-	(1,454,016)	3,776,053	1,952,139
Transfer in	-	-	-	95,035	-	-
Change in net position	(448,358)	1,453,443	-	(1,358,981)	3,776,053	1,952,139
Total net position - beginning, as restated	8,623,073	7,169,630	-	1,358,981	1,952,139	-
Total net position - ending	<u>\$ 8,174,715</u>	<u>\$ 8,623,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,728,192</u>	<u>\$ 1,952,139</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, 2016

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Funds			
			District Warehouse		Self Insurance	
	2016	2015	2016	2015	2016	2015
Cash flows from operating activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ 79,266	\$ 62,856,429	\$ 30,721,177
Receipts from customers	10,741,994	14,269,343	-	-	-	-
Payments to suppliers	(4,147,220)	(8,168,591)	-	-	(59,709,095)	(17,208,452)
Payments to employees	(6,132,894)	(5,654,068)	-	(110,441)	-	-
Net cash provided (used) by operating activities	<u>461,880</u>	<u>446,684</u>	<u>-</u>	<u>(31,175)</u>	<u>3,147,334</u>	<u>13,512,725</u>
Cash flows from noncapital financing activities:						
Transfer from general fund	-	-	-	95,035	-	-
Repayment of due to other funds	-	-	-	(64,804)	-	-
Receipt of state subsidies	<u>732,755</u>	<u>731,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>732,755</u>	<u>731,952</u>	<u>-</u>	<u>30,231</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	<u>(80,868)</u>	<u>(6,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:						
Receipt of earnings on investments	<u>48,823</u>	<u>11,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	<u>1,162,590</u>	<u>1,183,775</u>	<u>-</u>	<u>(944)</u>	<u>3,147,334</u>	<u>13,512,725</u>
Cash and cash equivalents - beginning	<u>5,584,382</u>	<u>4,400,607</u>	<u>-</u>	<u>944</u>	<u>13,512,725</u>	<u>-</u>
Cash and cash equivalents - ending (displayed as cash and investments on the statements of fund net position)	<u><u>\$ 6,746,972</u></u>	<u><u>\$ 5,584,382</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,660,059</u></u>	<u><u>\$ 13,512,725</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (1,229,936)	\$ 709,691	\$ -	\$ -	\$ 3,776,053	\$ 1,952,139
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	105,849	110,045	-	-	-	-
Pension expense	(12,744)	(75,940)	-	-	-	-
Changes in operating assets and liabilities:						
Accounts receivable	748,785	(190,854)	-	79,266	8,475	(8,475)
Inventories	1,267,823	106,255	-	4,207,807	-	-
Accounts payable	(434,561)	(203,153)	-	(569,343)	(637,194)	11,569,061
Compensation liability	16,664	(9,360)	-	(30,231)	-	-
Due to other funds	-	-	-	(3,718,674)	-	-
Total adjustments	<u>1,691,816</u>	<u>(263,007)</u>	<u>-</u>	<u>(31,175)</u>	<u>(628,719)</u>	<u>11,560,586</u>
Net cash provided (used) by operating activities	<u><u>\$ 461,880</u></u>	<u><u>\$ 446,684</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (31,175)</u></u>	<u><u>\$ 3,147,334</u></u>	<u><u>\$ 13,512,725</u></u>
Noncash investing, capital, and financing activities	<u>none</u>	<u>none</u>	<u>none</u>	<u>none</u>	<u>none</u>	<u>none</u>

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 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 Self Insurance Fund* (an internal service fund) which accounts for employee benefits 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, 2016, 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

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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*).

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

Long-term obligations – In the government-wide financial statements and the *Self Insurance Fund*, long-term debt and other long-term obligations are reported in the applicable statement of net position. Bond premiums and discounts, as well as refunding costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of 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, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following sources that qualify for reporting in this category; these items are reported in the statement of net position.

- Deferred 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.
- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and b) changes in proportion and differences between contributions and proportionate share of contributions, and c) District contributions subsequent to the measurement date of December 31, 2015.

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 the following sources that qualify for reporting in this category:

- Unavailable property tax revenue – consists of uncollected, delinquent property taxes.
- Property taxes levied for future year – property taxes levied on January 1, 2016 for the following school year.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports 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 items and inventories are classified as nonspendable.
- Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the unspent tax revenue for specific purposes (debt service and 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 up to five percent of *General Fund* budgeted expenditures for economic stabilization. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

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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.

- 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, 2016, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 29,089,910
Carrying amount of investments	<u>193,886,597</u>
Total cash and investments	<u><u>\$ 222,976,507</u></u>
Governmental funds cash and investments	\$ 198,154,668
Enterprise funds cash and investments	6,746,972
Internal service funds cash and investments	<u>16,660,059</u>
Primary government	221,561,699
Component unit cash and investments	<u>1,414,808</u>
Total cash and investments	<u><u>\$ 222,976,507</u></u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

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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.

Deposits – At June 30, 2016, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Davis School District	\$ 27,687,035	\$ 31,818,263	\$ 250,000
Davis School District Foundation, a component unit of the District	1,402,875	1,402,875	-
Total deposits	<u>\$ 29,089,910</u>	<u>\$ 33,221,138</u>	<u>\$ 250,000</u>

- 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, 2016, 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, 2016, the District has \$184,604,323 invested in the Utah Public Treasurers' Investment Fund; the PTIF is not rated. The District has \$5,608,356 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 \$3,661,985 invested in corporate bonds rated BBB+ and Baa1 or higher by Standard & Poor's and Moody's

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
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Investors Service, Inc., respectively. The Davis School District Foundation has \$11,933 invested in mutual funds that are unrated.

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)	\$ 184,604,323	\$ 184,604,323	\$ -
Government agencies	5,608,356	-	5,608,356
Corporate bonds	3,661,985	-	3,661,985
Total District	193,874,664	184,604,323	9,270,341
Davis School District Foundation, a component unit of the District			
Mutual funds investing in:			
Taxable bonds	2,097	2,097	-
International stock	9,836	9,836	-
Total Foundation	11,933	11,933	-
Total investments	\$ 193,886,597	\$ 184,616,256	\$ 9,270,341

- **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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
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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.

- 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. FAIR VALUE MEASUREMENTS

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

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

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

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

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

- U.S. Treasury securities of \$5,608,356 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$3,661,985 are valued using a matrix pricing model (Level 2 inputs).
- Public Treasurers' Investment Fund position of \$184,604,323 is valued at the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

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

- Mutual funds of \$11,933 are valued using quoted market prices (Level 1 inputs).

4. PROPERTY TAXES

District property tax revenue – The property tax revenue of the District is collected and distributed by the 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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, 2016, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2016 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

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

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

During the year ended June 30, 2016, incremental taxes levied by the District for the redevelopment agencies totaling \$6,860,325 were recorded as revenue with an equivalent amount of expenditure for instruction in the other governmental funds (in the *Tax Increment Program Fund*).

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Notes to Basic Financial Statements
Continued

5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 48,746,923	\$ 6,306,444	\$ -	\$ 55,053,367
Construction in progress	13,916,810	46,656,774	(9,990,155)	50,583,429
Total capital assets, not being depreciated	62,663,733	52,963,218	(9,990,155)	105,636,796
Capital assets, being depreciated:				
Buildings and improvements	845,225,296	9,990,155	-	855,215,451
Furniture and equipment	17,881,552	1,449,688	(227,322)	19,103,918
Transportation equipment	32,789,901	2,212,824	(2,986,324)	32,016,401
Total capital assets, being depreciated	895,896,749	13,652,667	(3,213,646)	906,335,770
Accumulated depreciation for:				
Buildings and improvements	(338,666,267)	(21,479,906)	-	(360,146,173)
Furniture and equipment	(14,366,175)	(1,204,806)	227,322	(15,343,659)
Transportation equipment	(25,847,353)	(1,747,051)	2,986,324	(24,608,080)
Total accumulated depreciation	(378,879,795)	(24,431,763)	3,213,646	(400,097,912)
Total capital assets, being depreciated, net	517,016,954	(10,779,096)	-	506,237,858
Governmental activity capital assets, net	<u>\$ 579,680,687</u>	<u>\$ 42,184,122</u>	<u>\$ (9,990,155)</u>	<u>\$ 611,874,654</u>
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,660,322	\$ -	\$ -	\$ 3,660,322
Furniture and equipment	593,049	80,868	-	673,917
Total capital assets, being depreciated	4,253,371	80,868	-	4,334,239
Accumulated depreciation for:				
Buildings and improvements	(1,735,523)	(95,388)	-	(1,830,911)
Furniture and equipment	(570,662)	(10,461)	-	(581,123)
Total accumulated depreciation	(2,306,185)	(105,849)	-	(2,412,034)
Business-type activity capital assets, net	<u>\$ 1,947,186</u>	<u>\$ (24,981)</u>	<u>\$ -</u>	<u>\$ 1,922,205</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Governmental activities:	
Instruction	\$ 18,961,729
Supporting services:	
Students	187,404
Instructional staff	104,846
District administration	36,033
School administration	1,033,439
Central	796,890
Operation and maintenance of facilities	1,622,461
Student transportation	1,444,592
School food services	244,369
	<u>244,369</u>
Total depreciation expense, governmental activities	<u>\$ 24,431,763</u>
 Business-type activities:	
Pioneer Adult Rehabilitation Center	<u>\$ 105,849</u>

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

Project	Project Authorized	Costs to Date	Costs to Complete
Canyon Creek Elementary (#61)	\$ 21,856,434	\$ 20,206,620	\$ 1,649,814
Kay's Creek Elementary (#62)	19,467,052	18,980,973	486,079
Woods Cross High Addition	8,678,414	789,688	7,888,726
High School #10	79,752,758	9,889,715	69,863,043
Viewmont High renovation	7,615,947	716,433	6,899,514
	<u>\$ 137,370,605</u>	<u>\$ 50,583,429</u>	<u>\$ 86,787,176</u>

The general obligation school building bonds will be used to finance the costs to complete these projects (See Note 8).

6. RETIREMENT PLANS

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

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

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

Defined Contribution Plans (individual account plans):

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

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

	Defined Benefit Plans Rates			District Rates for 401(k) Plan
	District Contribution	Employee Paid	Paid by District for Employee	
Tier 1 Noncontributory System	22.19%	-	-	1.50%
Tier 1 Contributory System	17.70%	1.00%	5.00%	-
Tier 2 Contributory System *	8.22%	-	-	1.78%
Tier 2 Defined Contribution Plan *	-	-	-	10.00%

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

Employees can make additional contributions to defined contribution plans subject to limitations. For the year ended June 30, 2016, District and employee contributions to the plans were as follows:

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	<u>District Contributions</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 44,466,708	\$ -
Tier 1 Contributory System	279,041	15,765
Tier 2 Contributory System	5,662,572	-
401(k) Plan	4,686,437	3,252,542
457 Plan and other individual plans	-	693,619

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2016, the District reported a net pension asset of \$8,890 and a net pension liability of \$234,018,136 for the following plans:

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	7.3414109%	\$ -	\$ 230,614,740
Tier 1 Contributory System	5.4310774%	-	3,403,396
Tier 2 Contributory System	4.0722871%	<u>8,890</u>	<u>-</u>
Total		<u><u>\$ 8,890</u></u>	<u><u>\$ 234,018,136</u></u>

The net pension asset and liability were measured as of December 31, 2015 and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2015 and rolled forward using generally accepted actuarial procedures. The District's proportion of the net pension asset and liability is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year.

For the year ended June 30, 2016, the District recognized pension expense of \$45,054,636 for the defined benefit pension plans and pension expense of \$4,686,437 for the defined contribution plans. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,118,225
Changes of assumptions	-	4,584,023
Net difference between projected and actual earnings on pension plan investments	61,984,041	-
Changes in proportion and differences between contributions and proportionate share of contributions	152,336	1,863,625
District contributions subsequent to the measurement date	26,032,204	-
Total	<u>\$ 88,168,581</u>	<u>\$ 24,565,873</u>

The \$26,032,204 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2015 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2017	\$ 7,961,654
2018	7,961,654
2019	8,582,868
2020	13,198,555
2021	(24,688)
Thereafter	(109,539)

Actuarial assumptions – The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

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

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

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

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was not changed from the prior measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 417,403,971	\$ 230,614,740	\$ 73,991,721
Tier 1 Contributory System	7,695,154	3,403,396	(237,258)
Tier 2 Contributory System	1,630,229	(8,890)	(1,251,189)
Total	<u>\$ 426,729,354</u>	<u>\$ 234,009,246</u>	<u>\$ 72,503,274</u>

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

Payables to the pension plans – At June 30, 2016, the District reported payables of \$11,466,583 for contributions to defined benefit pension plans and defined contribution plans.

7. RISK MANAGEMENT

Effective January 1, 2015, the District became self-insured for health insurance benefits of qualified employees. The District continues to be self-insured for dental insurance benefits of qualified District employees. During 2015, the *Self Insurance Fund*, an internal service fund, was established to pay self-insurance claims for health and dental coverage provided to qualified District employees. The District carries commercial insurance, which covers claims in excess of \$200,000. The fund collects premiums, established by the District and plan administrator, from other District funds. The District has recorded an estimate of claims incurred but not reported (IBNR) of \$10,931,867 as of June 30, 2016. This liability is based on experience and information provided by the plan administrator. The following table shows a history of accrued claims payable for the years ended June 30, 2016 and 2015:

	2016	2015
Beginning accrued claim payable	\$ 11,569,061	\$ -
Claims (including incurred but not reported)	59,071,900	28,777,513
Payment of claims and administrative costs	(59,709,094)	(17,208,452)
Ending accrued claims payable	<u>\$ 10,931,867</u>	<u>\$ 11,569,061</u>

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 which are processed by a third party administrator. During the year ended June 30, 2016, the District paid worker's compensation claims in the amount of \$1,006,346. A co-insurance policy provides for individual worker's compensation claims in excess of \$250,000. This District has not established a liability for either claims outstanding or for the claims incurred but not reported (IBNR) because management believes the amount would be immaterial to the financial statements.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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.

8. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 420,660,000	\$ 188,535,000	\$ (149,185,000)	\$ 460,010,000	\$ 34,865,000
Deferred amounts for issuance premium	11,519,325	8,440,747	(4,228,627)	15,731,445	-
Total bonds payable, net	432,179,325	196,975,747	(153,413,627)	475,741,445	34,865,000
Obligations under capital lease	93,118	-	(93,118)	-	-
Accrued vacation	4,451,803	3,160,986	(2,775,607)	4,837,182	3,015,883
Accrued sick leave	2,143,073	816,184	(391,114)	2,568,143	468,690
Accrued personal leave	1,443,750	746,188	(743,345)	1,446,593	744,809
Early retirement payable	9,170,727	4,782,721	(4,909,213)	9,044,235	4,508,282
Net pension liability	185,902,604	97,576,997	(50,658,913)	232,820,688	-
Total governmental activity long-term liabilities	<u>\$ 635,384,400</u>	<u>\$ 304,058,823</u>	<u>\$ (212,984,937)</u>	<u>\$ 726,458,286</u>	<u>\$ 43,602,664</u>
Business-type activities:					
Accrued vacation	\$ 64,892	\$ 94,332	\$ (80,288)	\$ 78,936	\$ 32,301
Accrued sick leave	9,287	3,985	(251)	13,021	5,328
Accrued personal leave	2,099	1,056	(2,190)	965	395
Net pension liability	937,892	492,283	(232,727)	1,197,448	-
Total business-type activity long-term liabilities	<u>\$ 1,014,170</u>	<u>\$ 591,656</u>	<u>\$ (315,456)</u>	<u>\$ 1,290,370</u>	<u>\$ 38,024</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 34,865,000	\$ 16,660,115	\$ 51,525,115
2018	33,205,000	14,921,926	48,126,926
2019	33,755,000	13,795,897	47,550,897
2020	33,770,000	12,692,766	46,462,766
2021	32,640,000	11,577,108	44,217,108
2022-2026	128,345,000	43,998,638	172,343,638
2027-2031	118,120,000	20,202,346	138,322,346
2032-2035	45,310,000	3,921,819	49,231,819
Total	<u>\$ 460,010,000</u>	<u>\$ 137,770,616</u>	<u>\$ 597,780,616</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Bond Series 2005B - GO Refunding Bonds - original issue of \$24,905,000 with interest rates ranging from 3.25% to 5.0%	\$ 3,685,000
Bond Series 2007 - GO Bonds - original issue of \$55,000,000 with interest rates ranging from 4.0% to 5.0%	5,100,000
Bond Series 2008 - GO Bonds - original issue of \$64,000,000 with interest rates ranging from 3.0% to 5.0%	2,800,000
Bond Series 2009 - GO Bonds - original issue of \$43,000,000 with interest rates ranging from 2.0% to 5.0%	3,575,000
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%	15,540,000
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 2013B - GO Refunding Bonds - original issue of \$20,550,000 with interest rates ranging from 3.0% to 4.25%	16,705,000
Bond Series 2014 - GO Bonds - original issue of \$25,000,000 with interest rates ranging from 2.25% to 5.0%	25,000,000
Bond Series 2015A - GO Bonds - original issue of \$40,000,000 with interest rates ranging from 2.0% to 5.0%	36,555,000
Bond Series 2015B - GO Refunding Bonds - original issue of \$67,025,000 with interest rates ranging from 2.0% to 5.0%	66,360,000
Bond Series 2015C - GO Refunding Bonds - original issue of \$53,010,000 with interest rate of 1.72%	51,885,000
Bond Series 2016 - GO Bonds - original issue of \$68,500,000 with interest rates ranging from 2.0% to 3.375%	68,500,000
	<u>\$ 460,010,000</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, 2016 is \$1,220,649,568 with general obligation debt outstanding, net of issuance premiums, of \$491,472,890, resulting in a legal debt margin of \$729,176,678.

Payments on the general obligation bonds are made by the *Debt Service 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 March 3, 2016, the District issued \$68,500,000 of general obligation school building bonds with a premium of \$1,510,053. The bonds were issued at an effective interest rate of 2.63% (annual rates range between 2.0% and 3.375%) and will mature on June 1, 2036.

Advance refunding – On August 27, 2015, the District issued \$120,035,000 of general obligation refunding bonds with a premium of \$6,930,694. The bonds were issued with interest rates ranging from 1.8% to 5.0% and will mature June 2029. The District issued the bonds to advance refund \$20,125,000, \$29,200,000, \$41,055,000, and \$25,575,000 of outstanding Series 2006, Series 2007, Series 2008, and Series 2009 general obligation bonds, respectively. The District deposited the net proceeds along with other resources in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2006, Series 2007, Series 2008, and Series 2009 general obligation bonds. As a result, that portion of the Series 2006, Series 2007, Series 2008, and Series 2009 general obligation is considered defeased, and the District has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 13 years by \$8,463,606. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$7,547,073.

Early retirement payable – 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 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, 2016 and 2015 the District's direct payments to retirees were \$2,967,086 and \$2,390,338 and payments of insurance premiums on behalf of retirees were \$1,942,127 and \$1,565,727, 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.

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 fund balances are positive at June 30, 2016. Expenditures in the *General Fund* and *Student Activities Fund*, (a special revenue fund reported in other governmental funds) exceeded budgeted amounts by \$475,972 and \$206,729, respectively, for the year ended June 30, 2016.

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 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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

11. RESTATEMENT

In 2015, the District adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. At the time of adoption, the District did not allocate its net pension asset, deferred outflows of resources related to pensions, net pension liability, or deferred inflows related to pensions to its *Enterprise Fund*. The beginning net position reported in the District's *Enterprise Fund* and government-wide financial statements have been restated to reflect the amounts allocated to the *Enterprise Fund*:

	Enterprise Fund - Pioneer Adult Rehab Center	Primary Government		
		Governmental Activities	Business-type Activities	Total
Beginning net position, as previously stated	\$ 9,507,771	\$ 82,724,061	\$ 9,507,771	\$ 92,231,832
Net pension asset	613	(613)	613	-
Deferred inflows of resources related to pensions	140,500	(140,500)	140,500	-
Net pension liability	(937,892)	937,892	(937,892)	-
Deferred outflows of resources related to pensions	(87,919)	87,919	(87,919)	-
Beginning net position, as restated	<u>\$ 8,623,073</u>	<u>\$ 83,608,759</u>	<u>\$ 8,623,073</u>	<u>\$ 92,231,832</u>

12. SUBSEQUENT EVENT

In October 2016, Utah Retirement Systems (URS) completed its review on the eligibility of *Pioneer Adult Rehab Center* program employees. URS concluded that the program employees were eligible to participate in URS and has therefore notified the *Pioneer Adult Rehab Center* (an enterprise fund of the District) that it owes \$1,563,494 in retirement contributions and \$271,440 in accrued interest. The District is disputing the determination made by URS and, as a result, no amount have been recognized as a liability in the District's financial statements.

DAVIS SCHOOL DISTRICT

Schedule of the Proportionate Share of the Net Pension Liability (Asset) – *Utah Retirement Systems*

Plan Years Ended December 31, 2015 and 2014

	2015	2014
Tier 1 Noncontributory System		
District's proportion of the net pension liability (asset)	7.3414109%	7.4134528%
District's proportion share of the net pension liability (asset)	\$ 230,614,740	\$ 186,265,127
District's covered employee payroll	\$ 201,027,809	\$ 207,180,521
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	114.7%	89.9%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.2%
Tier 1 Contributory System		
District's proportion of the net pension liability (asset)	5.4310774%	5.2473969%
District's proportion share of the net pension liability (asset)	\$ 3,403,396	\$ 575,369
District's covered employee payroll	\$ 1,720,443	\$ 1,924,123
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.8%	29.9%
Plan fiduciary net position as a percentage of the total pension liability	92.4%	98.7%
Tier 2 Contributory System		
District's proportion of the net pension liability (asset)	4.0722871%	4.0284960%
District's proportion share of the net pension liability (asset)	\$ (8,890)	\$ (122,081)
District's covered employee payroll	\$ 26,295,729	\$ 19,714,988
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	100.2%	103.5%

Note: The schedule only presents information for 2015 and 2014; prior-year information is not available.

DAVIS SCHOOL DISTRICT

Schedule of District Contributions – *Utah Retirement Systems*

Years Ended June 30, 2016 and 2015

	2016	2015
Tier 1 Noncontributory System		
Contractually required contribution	\$ 44,466,708	\$ 43,924,810
Contributions in relation to the contractually required contribution	(44,466,708)	(43,924,810)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 203,305,674	\$ 203,539,652
Contributions as a percentage of covered-employee payroll	21.9%	21.6%
Tier 1 Contributory System		
Contractually required contribution	\$ 279,041	\$ 323,810
Contributions in relation to the contractually required contribution	(279,041)	(323,810)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 1,576,505	\$ 1,858,776
Contributions as a percentage of covered-employee payroll	17.7%	17.4%
Tier 2 Contributory System		
Contractually required contribution	\$ 6,160,316	\$ 4,551,043
Contributions in relation to the contractually required contribution	(6,160,316)	(4,551,043)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 36,010,273	\$ 26,761,238
Contributions as a percentage of covered-employee payroll	28.3%	27.9%

Notes: The schedule only presents information for 2016 and 2015; prior-year information is not available.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

DAVIS SCHOOL DISTRICT
Notes to Required Supplementary Information

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

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

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.

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 0.0024 as authorized by Utah Code 53 A-16-107 . 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.

Tax Increment Program Fund – This fund is used to account for property taxes levied by the District, but remitted directly to redevelopment agencies located within the boundaries of the District. Incremental taxes are levied as authorized by Utah Code 17C-1. Incremental taxes are recorded as revenue with an equivalent amount of expenditure representing the fact that these amounts are forwarded directly by the county to the redevelopment agencies and used at the agencies' discretion.

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *General Fund*

June 30, 2016

With Comparative Totals for 2015

	2016	2015
Assets:		
Cash and investments	\$ 119,028,286	\$ 69,895,863
Receivables:		
Property taxes	90,597,102	88,295,678
Other local	288,726	287,494
State of Utah	1,002,036	728,352
Federal government	5,762,366	3,940,138
Inventories	6,002,494	5,671,302
Total assets	<u>\$ 222,681,010</u>	<u>\$ 168,818,827</u>
Liabilities:		
Accounts payable	\$ 6,919,809	\$ 1,060,567
Notes payable		
Accrued salaries and benefits	40,855,094	38,936,582
Unearned revenue:		
State of Utah	6,715,150	4,460,313
Due to other funds	33,197,475	-
Total liabilities	<u>87,687,528</u>	<u>44,457,462</u>
Deferred Inflows of Resources:		
Unavailable property tax revenue	1,272,840	1,509,042
Property taxes levied for future year	87,656,511	83,645,267
Total deferred inflows of resources	<u>88,929,351</u>	<u>85,154,309</u>
Fund Balances:		
Nonspendable:		
Inventories	6,002,494	5,671,302
Committed to:		
Workers compensation	500,000	500,000
Termination benefits	4,500,000	4,500,000
Economic stabilization	20,000,000	4,500,000
Assigned to:		
Programs	635,887	788,661
Schools	300,000	250,000
Medical insurance	2,500,000	4,500,000
Unassigned	11,625,750	18,497,093
Total fund balances	<u>46,064,131</u>	<u>39,207,056</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 222,681,010</u>	<u>\$ 168,818,827</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016
With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 90,373,600	\$ 95,052,673	\$ 4,679,073	\$ 86,041,055
Earnings on investments	500,000	620,624	120,624	372,656
Other local	9,220,600	8,736,925	(483,675)	9,410,030
State of Utah	315,198,200	310,405,731	(4,792,469)	292,128,732
Federal government	29,822,400	31,631,894	1,809,494	29,530,441
Total revenues	445,114,800	446,447,847	1,333,047	417,482,914
Expenditures:				
Current:				
Instruction	302,312,900	302,319,756	(6,856)	282,326,073
Supporting services:				
Students	15,478,100	15,573,759	(95,659)	14,694,917
Instructional staff	20,047,900	20,244,708	(196,808)	18,445,968
District administration	2,593,800	2,505,646	88,154	2,325,792
School administration	28,548,800	28,518,964	29,836	26,766,307
Central	13,895,200	14,277,804	(382,604)	12,960,814
Operation and maintenance of facilities	43,369,900	43,268,575	101,325	40,514,129
Student transportation	12,868,200	12,881,560	(13,360)	13,168,618
Total expenditures	439,114,800	439,590,772	(475,972)	411,202,618
Excess (deficiency) of revenues over under expenditures	6,000,000	6,857,075	857,075	6,280,296
Other financing sources (uses):				
Transfers out	-	-	-	(95,035)
Net change in fund balances	6,000,000	6,857,075	857,075	6,185,261
Fund balances - beginning	39,207,056	39,207,056	-	33,021,795
Fund balances - ending	<u>\$ 45,207,056</u>	<u>\$ 46,064,131</u>	<u>\$ 857,075</u>	<u>\$ 39,207,056</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Debt Service Fund*

June 30, 2016

With Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and investments	\$ 3,374,512	\$ 1,393,837
Receivables - property taxes	<u>45,323,105</u>	<u>45,062,338</u>
Total assets	<u>\$ 48,697,617</u>	<u>\$ 46,456,175</u>
 Deferred inflows of resources:		
Unavailable property tax revenue	\$ 646,989	\$ 816,446
Property taxes levied for future year	<u>43,801,050</u>	<u>42,517,196</u>
Total deferred inflows of resources	<u>44,448,039</u>	<u>43,333,642</u>
 Fund balances:		
Restricted for:		
Debt service	<u>4,249,578</u>	<u>3,122,533</u>
Total fund balances	<u>4,249,578</u>	<u>3,122,533</u>
Total deferred inflows of resources and fund balances	<u>\$ 48,697,617</u>	<u>\$ 46,456,175</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 47,939,510	\$ 48,315,623	\$ 48,315,623	\$ 46,551,253
Federal interest subsidy	1,027,390	1,027,390	1,027,390	1,021,879
Total revenues	48,966,900	49,343,013	49,343,013	47,573,132
Expenditures:				
Debt service:				
Bond principal	33,230,000	33,230,000	-	26,975,000
Bond interest	14,986,868	14,949,568	37,300	17,468,199
Bond issuance costs	700,000	512,741	187,259	-
Fees and miscellaneous charges	50,032	36,400	13,632	7,400
Total expenditures	48,966,900	48,728,709	238,191	44,450,599
Excess of revenues over expenditures	-	614,304	614,304	3,122,533
Other Financing Sources (Uses):				
Refunding bonds issued	-	120,035,000	(120,035,000)	-
Refunding bonds premium	-	6,930,694	(6,930,694)	-
Refunding bonds escrow payment	-	(126,452,953)	126,452,953	-
Total other financing sources (uses)	-	512,741	(512,741)	-
Net changes in fund balance	-	512,741	(512,741)	-
Fund balances - beginning	3,122,533	3,122,533	-	-
Fund balances - ending	\$ 3,122,533	\$ 4,249,578	\$ 101,563	\$ 3,122,533

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Capital Projects Fund*

June 30, 2016

With Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and investments	\$ 64,073,939	\$ 69,908,380
Receivables:		
Property taxes	16,508,212	16,293,844
Due from other funds	29,166,970	-
Total assets	<u>\$ 109,749,121</u>	<u>\$ 86,258,398</u>
 Liabilities:		
Accounts payable	<u>\$ 14,407,036</u>	<u>\$ 6,256,306</u>
 Deferred inflows of resources:		
Unavailable property tax revenue	233,026	297,235
Property taxes levied for future year	15,906,220	15,313,467
Total deferred inflows of resources	<u>16,139,246</u>	<u>15,610,702</u>
 Fund balances:		
Restricted for:		
Capital projects	<u>79,202,839</u>	<u>64,391,390</u>
Total fund balances	<u>79,202,839</u>	<u>64,391,390</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 109,749,121</u>	<u>\$ 86,258,398</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 18,072,600	\$ 17,401,892	\$ (670,708)	\$ 16,947,481
Earnings on investments	480,000	522,584	42,584	177,810
Other local	175,700	141,295	(34,405)	185,688
State of Utah	3,910,400	5,349,248	1,438,848	297,469
Total revenues	22,638,700	23,415,019	776,319	17,608,448
Expenditures:				
Capital outlay:				
Buildings and improvements	89,059,900	66,800,011	22,259,889	35,933,853
Equipment	24,500,000	8,573,388	15,926,612	3,370,008
Other	2,778,800	2,893,489	(114,689)	415,002
Debt service:				
Bond issuance costs	400,000	386,720	13,280	660,188
Capital lease payments	-	97,271	(97,271)	97,271
Total expenditures	116,738,700	78,750,879	37,987,821	40,476,322
Excess (deficiency) of revenues over (under) expenditures	(94,100,000)	(55,335,860)	38,764,140	(22,867,874)
Other financing sources:				
General obligation bonds issued	68,500,000	68,500,000	-	40,000,000
General obligation bonds premium	600,000	1,510,053	910,053	1,138,631
Proceeds from sale of capital assets	-	137,256	137,256	10,225
Total other financing sources	69,100,000	70,147,309	1,047,309	41,148,856
Net change in fund balances	(25,000,000)	14,811,449	39,811,449	18,280,982
Fund balances - beginning	64,391,390	64,391,390	-	46,110,408
Fund balances - ending	<u>\$ 39,391,390</u>	<u>\$ 79,202,839</u>	<u>\$ 39,811,449</u>	<u>\$ 64,391,390</u>

DAVIS SCHOOL DISTRICT

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2016

With Comparative Totals for 2015

	Special Revenue			Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	Tax Increment Program Fund	
Assets:				
Cash and investments	\$ 4,470,144	\$ 7,207,787	\$ -	\$ 11,677,931
Receivables:				
Property taxes	-	-	7,715,906	7,715,906
Other local	26,585	-	-	26,585
State of Utah	1,673,970	-	-	1,673,970
Federal government	212,815	-	-	212,815
Due from other funds	650,000	3,380,505	-	4,030,505
Inventories	1,586,119	-	-	1,586,119
Total assets	<u>\$ 8,619,633</u>	<u>\$ 10,588,292</u>	<u>\$ 7,715,906</u>	<u>\$ 26,923,831</u>
Liabilities:				
Accounts payable	\$ 195,212	\$ 85,306	\$ -	\$ 280,518
Unearned revenue - other local	-	506	-	506
Total liabilities	<u>195,212</u>	<u>85,812</u>	<u>-</u>	<u>281,024</u>
Deferred inflows of resources:				
Property taxes levied for future year	-	-	7,715,906	7,715,906
Fund balances:				
Nonspendable:				
Inventories	1,586,119	-	-	1,586,119
Restricted for:				
School food services	6,838,302	-	-	6,838,302
Committed to:				
Schools	-	10,502,480	-	10,502,480
Total fund balances	<u>8,424,421</u>	<u>10,502,480</u>	<u>-</u>	<u>18,926,901</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,619,633</u>	<u>\$ 10,588,292</u>	<u>\$ 7,715,906</u>	<u>\$ 26,923,831</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

	Special Revenue			Total
	School Food Services	Student Activities Fund	Tax Increment Program Fund	Nonmajor Governmental Funds
Revenues:				
Local sources:				
Property taxes	\$ -	\$ -	\$ 6,860,325	\$ 6,860,325
Earnings on investments	-	183,600	-	183,600
School lunch sales	7,593,773	-	-	7,593,773
Student fees	-	13,109,075	-	13,109,075
Other local	846,497	2,597,783	-	3,444,280
State of Utah	4,219,760	-	-	4,219,760
Federal government	11,730,006	-	-	11,730,006
Total revenues	24,390,036	15,890,458	6,860,325	47,140,819
Expenditures:				
Current:				
Food	10,897,136	-	-	10,897,136
Salaries and benefits	9,271,903	1,207,789	-	10,479,692
Indirect charges	534,227	-	-	534,227
Purchased services	-	2,180,584	-	2,180,584
Supplies and equipment	-	12,598,356	-	12,598,356
Other	1,391,227	-	6,860,325	8,251,552
Total expenditures	22,094,493	15,986,729	6,860,325	44,941,547
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	2,295,543	(96,271)	-	2,199,272
Fund balances - beginning	6,128,878	10,598,751	-	16,727,629
Fund balances - ending	\$ 8,424,421	\$ 10,502,480	\$ -	\$ 18,926,901

DAVIS SCHOOL DISTRICT

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

June 30, 2016

With Comparative Totals for 2015

	2016	2015
Assets:		
Cash and investments	\$ 4,470,144	\$ 3,682,604
Receivables:		
Other local	26,585	26,001
State of Utah	1,673,970	1,110,763
Federal government	212,815	223,608
Due from other funds	650,000	-
Inventories	1,586,119	1,190,751
Total assets	<u>\$ 8,619,633</u>	<u>\$ 6,233,727</u>
Liabilities:		
Accounts payable	<u>\$ 195,212</u>	<u>\$ 104,849</u>
Fund balances:		
Nonspendable:		
Inventories	1,586,119	1,190,751
Restricted for:		
School food services	<u>6,838,302</u>	<u>4,938,127</u>
Total fund balances	<u>8,424,421</u>	<u>6,128,878</u>
Total liabilities and fund balances	<u>\$ 8,619,633</u>	<u>\$ 6,233,727</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, 2016

With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
School lunch sales	\$ 7,702,100	\$ 7,593,773	\$ (108,327)	\$ 7,558,576
Other local	786,500	846,497	59,997	755,617
State of Utah	4,027,500	4,219,760	192,260	4,161,045
Federal sources:				
Federal government	9,770,300	9,621,951	(148,349)	9,607,094
Contributed food commodities	1,600,000	2,108,055	508,055	1,519,624
Total revenues	<u>23,886,400</u>	<u>24,390,036</u>	<u>503,636</u>	<u>23,601,956</u>
Expenditures:				
Current:				
Food	11,800,800	10,897,136	903,664	10,380,820
Salaries and benefits	9,602,700	9,271,903	330,797	9,106,537
Indirect charges	650,000	534,227	115,773	1,494,765
Other	1,832,900	1,391,227	441,673	910,926
Total expenditures	<u>23,886,400</u>	<u>22,094,493</u>	<u>1,791,907</u>	<u>21,893,048</u>
Excess of revenues over expenditures / net change in fund balances	-	2,295,543	2,295,543	1,708,908
Fund balances - beginning	<u>6,128,878</u>	<u>6,128,878</u>	-	<u>4,419,970</u>
Fund balances - ending	<u>\$ 6,128,878</u>	<u>\$ 8,424,421</u>	<u>\$ 2,295,543</u>	<u>\$ 6,128,878</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Student Activities Fund* *Nonmajor Special Revenue Fund*

June 30, 2016

With Comparative Totals for 2015

	2016	2015
Assets:		
Cash and investments	\$ 7,207,787	\$ 10,697,528
Due from other funds	3,380,505	-
Total assets	<u>\$ 10,588,292</u>	<u>\$ 10,697,528</u>
Liabilities:		
Accounts payable	\$ 85,306	\$ 71,803
Unearned revenue - other local	506	26,974
Total liabilities	<u>85,812</u>	<u>98,777</u>
Fund balances:		
Committed to:		
Schools	<u>10,502,480</u>	<u>10,598,751</u>
Total fund balances	<u>10,502,480</u>	<u>10,598,751</u>
Total liabilities and fund balances	<u>\$ 10,588,292</u>	<u>\$ 10,697,528</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, 2016 With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ 183,600	\$ 183,600	\$ -	\$ 118,900
Student fees	13,066,400	13,109,075	42,675	12,646,658
Other local	2,530,000	2,597,783	67,783	2,610,147
Total revenues	15,780,000	15,890,458	110,458	15,375,705
Expenditures:				
Current:				
Salaries and benefits	1,171,800	1,207,789	(35,989)	1,092,258
Purchased services	2,043,600	2,180,584	(136,984)	1,981,423
Supplies and equipment	12,564,600	12,598,356	(33,756)	11,793,192
Total expenditures	15,780,000	15,986,729	(206,729)	14,866,873
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	(96,271)	(96,271)	508,832
Fund balances - beginning	10,598,751	10,598,751	-	10,089,919
Fund balances - ending	<u>\$ 10,598,751</u>	<u>\$ 10,502,480</u>	<u>\$ (96,271)</u>	<u>\$ 10,598,751</u>

DAVIS SCHOOL DISTRICT

Balance Sheet *Tax Increment Program Fund* *Nonmajor Special Revenue Fund*

June 30, 2016

With Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Receivables - property taxes	<u>\$ 7,715,906</u>	<u>\$ 7,878,854</u>
Deferred inflows of resources:		
Property taxes levied for future year	\$ 7,715,906	\$ 7,878,854
Fund balances	<u>-</u>	<u>-</u>
Total deferred inflows of resources and fund balances	<u>\$ 7,715,906</u>	<u>\$ 7,878,854</u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual *Tax Increment Program Fund* *Nonmajor Special Revenue Fund* Year Ended June 30, 2016 With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 7,000,000	\$ 6,860,325	\$ (139,675)	\$ 6,599,320
Expenditures:				
Current:				
Other	7,000,000	6,860,325	139,675	6,599,320
Excess of revenues over expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Section 3



STATISTICAL

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STATISTICAL SECTION

This part of the Davis School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	90-93
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	94-97
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	98-102
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	103-106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	107-113
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

DAVIS SCHOOL DISTRICT

**Net Position by Component
Last Ten Fiscal Years
June 30, 2007 to 2016
(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 185,028,083	\$ 178,471,364	\$ 175,357,204	\$ 173,328,822	\$ 173,064,860	\$ 174,860,195	\$ 162,525,261	\$ 172,706,765	\$ 134,624,761	\$ 149,364,856
Restricted	51,683,936	44,438,605	36,478,004	30,448,647	30,840,222	29,696,408	37,552,880	19,656,001	40,979,044	2,667,453
Unrestricted	(123,863,095)	(139,301,210)	28,901,864	22,970,027	17,903,393	11,562,746	5,341,079	4,390,406	(1,726,125)	(4,346,827)
Total governmental activities net position	112,848,924	83,608,759	240,737,072	226,747,496	221,808,475	216,119,349	205,419,220	196,753,172	173,877,680	147,685,482
Business-type activities:										
Net investment in capital assets	1,922,205	1,947,186	2,050,570	2,170,471	2,306,453	2,471,868	8,601,952	9,050,435	9,421,174	9,872,671
Unrestricted	6,252,510	6,675,887	6,079,698	5,075,095	4,306,150	3,496,327	5,303,161	4,668,112	5,845,245	4,637,536
Total business-type activities net position	8,174,715	8,623,073	8,130,268	7,245,566	6,612,603	5,968,195	13,905,113	13,718,547	15,266,419	14,510,207
Primary government:										
Net investment in capital assets	186,950,288	180,418,550	177,407,774	175,499,293	175,371,313	177,332,063	171,127,213	181,757,200	144,045,935	159,237,527
Restricted	51,683,936	44,438,605	36,478,004	30,448,647	30,840,222	29,696,408	37,552,880	19,656,001	40,979,044	2,667,453
Unrestricted	(117,610,585)	(132,625,323)	34,981,562	28,045,122	22,209,543	15,059,073	10,644,240	9,058,518	4,119,120	290,709
Total primary government net position	\$ 121,023,639	\$ 92,231,832	\$ 248,867,340	\$ 233,993,062	\$ 228,421,078	\$ 222,087,544	\$ 219,324,333	\$ 210,471,719	\$ 189,144,099	\$ 162,195,689

Note: Beginning in FY2015, The District implemented GASB Statements 68 and 71, recording its proportional share of net pension liabilities. Prior years have not been restated.

Note: Beginning in FY2013, the District implemented GASB 65. As a result, the beginning net position was decreased by \$2,369,335. Prior years have not been restated.

* Note: Beginning in FY2011, School Food Services was reclassified as a governmental activity rather than a business-type activity.

DAVIS SCHOOL DISTRICT
Expenses, Program Revenue, and Net (Expense) Revenue
Last Ten Fiscal Years
Years Ended June 30, 2007 to 2016
(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
Instruction	\$ 360,274,090	\$ 326,938,584	\$ 323,998,904	\$ 323,396,042	\$ 321,957,585	\$ 312,117,909	\$ 310,189,021	\$ 316,419,648	\$ 315,325,500	\$ 253,530,785
Supporting services:										
Student	15,389,400	14,181,584	14,871,912	14,908,145	14,678,910	14,411,550	14,938,346	14,480,533	13,436,051	11,887,545
Instructional staff	19,896,958	17,731,863	17,902,356	17,203,095	16,766,753	17,203,966	17,540,865	18,784,230	17,679,053	15,303,396
District administration	3,019,961	2,959,242	2,449,838	2,980,232	2,580,567	2,563,461	2,530,814	2,380,765	3,223,304	3,272,516
School administration	28,852,782	26,506,685	26,981,069	26,300,594	25,766,865	25,410,359	24,433,070	24,114,226	23,358,895	21,054,535
Central	14,580,029	13,258,648	13,210,603	12,779,351	12,138,177	11,127,059	10,967,498	11,250,051	11,225,624	9,659,034
Operation and maintenance of facilities	44,283,161	41,037,795	41,999,125	41,608,600	40,874,660	39,985,531	39,100,467	40,207,052	39,353,038	36,471,202
Student transportation	14,150,069	14,175,625	12,633,841	12,435,361	12,996,197	12,034,150	11,700,687	13,051,891	13,318,469	12,437,899
School food service	22,144,738	21,797,608	24,206,081	23,289,137	23,662,972	22,300,697	-	-	-	-
Interest on long-term liabilities	14,182,733	16,265,030	16,085,726	17,299,437	16,129,644	17,752,462	16,246,317	15,913,160	13,534,129	12,435,282
Total governmental activities expenses	536,773,921	494,852,664	494,339,455	492,099,994	487,552,330	474,907,144	447,647,085	456,601,556	450,454,063	376,052,194
Business-type activities:										
School food service	-	-	-	-	-	-	21,545,474	23,044,968	20,750,195	18,838,343
Pioneer Adult Rehabilitation Center	11,223,145	13,750,506	12,911,819	9,005,112	7,507,772	9,090,860	9,375,339	9,317,305	7,722,053	7,788,524
Total business-type activities expenses	11,223,145	13,750,506	12,911,819	9,005,112	7,507,772	9,090,860	30,920,813	32,362,273	28,472,248	26,626,867
Total primary government expenses	\$ 547,997,066	\$ 508,603,170	\$ 507,251,274	\$ 501,105,106	\$ 495,060,102	\$ 483,998,004	\$ 478,567,898	\$ 488,963,829	\$ 478,926,311	\$ 402,679,061
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 6,509,349	\$ 6,347,013	\$ 6,002,732	\$ 5,573,818	\$ 5,615,784	\$ 5,121,667	\$ 5,344,050	\$ 6,097,770	\$ 5,685,499	\$ 6,101,367
Operation and maintenance of facilities	317,443	302,692	304,575	270,423	219,798	277,254	174,528	312,990	401,668	924,952
School food service	8,440,270	8,314,193	8,320,866	7,929,725	8,443,228	8,464,384	-	-	-	-
Operating grants and contributions	118,045,419	111,025,916	108,599,772	110,409,041	113,514,211	125,074,921	92,780,152	93,062,061	89,205,740	80,263,213
Total governmental activities program revenues	133,312,481	125,989,814	123,227,945	124,183,007	127,793,021	138,938,226	98,298,730	99,472,821	95,292,907	87,289,532
Business-type activities:										
Charges for services:										
School food service	-	-	-	-	-	-	8,624,099	9,258,379	9,317,741	8,561,595
Pioneer Adult Rehabilitation Center	9,993,209	14,460,197	12,998,486	8,875,291	7,291,473	8,868,745	8,163,327	7,850,429	7,585,887	7,968,431
Operating grants and contributions	732,755	731,952	786,804	748,236	844,109	858,656	14,307,910	13,667,393	12,324,832	11,737,873
Total business-type activities program revenues	10,725,964	15,192,149	13,785,290	9,623,527	8,135,582	9,727,401	31,095,336	30,776,201	29,228,460	28,267,899
Total primary government program revenues	\$ 144,038,445	\$ 141,181,963	\$ 137,013,235	\$ 133,806,534	\$ 135,928,603	\$ 148,665,627	\$ 129,394,066	\$ 130,249,022	\$ 124,521,367	\$ 115,557,431
Net (expense)/revenue										
Governmental activities	\$ (403,461,440)	\$ (368,862,850)	\$ (371,111,510)	\$ (367,916,987)	\$ (359,759,309)	\$ (335,968,918)	\$ (349,348,355)	\$ (357,128,735)	\$ (355,161,156)	\$ (288,762,662)
Business-type activities	(497,181)	1,441,643	873,471	618,415	627,810	636,541	174,523	(1,586,072)	756,212	1,641,032
Total primary government net expense	\$ (403,958,621)	\$ (367,421,207)	\$ (370,238,039)	\$ (367,298,572)	\$ (359,131,499)	\$ (335,332,377)	\$ (349,173,832)	\$ (358,714,807)	\$ (354,404,944)	\$ (287,121,630)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for:										
General purposes	\$ 94,816,471	\$ 85,964,463	\$ 85,186,800	\$ 86,614,783	\$ 71,789,469	\$ 69,968,472	\$ 61,965,768	\$ 58,647,721	\$ 52,927,454	\$ 47,794,781
Transportation	-	-	-	-	3,813,543	3,602,265	2,578,690	2,527,051	2,335,233	1,959,023
Recreation	-	-	-	-	3,775,682	3,541,738	3,121,559	3,185,950	2,950,136	2,804,354
Debt service	48,146,166	46,572,252	42,773,677	41,971,606	40,360,346	43,590,844	45,311,846	47,200,296	38,948,551	34,497,583
Capital outlay	17,337,683	16,930,993	15,413,272	16,342,018	19,136,415	12,339,103	12,717,483	12,451,258	11,512,718	10,962,477
Federal and state revenue not restricted to specific purposes	246,318,610	227,240,368	221,985,012	210,949,940	206,430,844	193,513,053	212,766,736	235,038,001	240,324,714	195,629,473
Earnings on investments	1,326,808	669,366	559,816	714,479	1,523,932	1,203,598	1,414,418	2,974,785	5,270,686	5,265,672
Miscellaneous	24,755,867	24,765,168	19,182,509	18,632,517	18,618,204	16,022,937	18,137,903	17,979,165	20,191,090	6,337,369
Business-type activities:										
Earnings on investments	48,823	11,800	11,231	14,548	16,598	13,092	12,043	38,200	-	-
Total primary government general revenues	\$ 432,750,428	\$ 402,154,410	\$ 385,112,317	\$ 375,239,891	\$ 365,465,033	\$ 343,795,102	\$ 358,026,446	\$ 380,004,227	\$ 374,460,582	\$ 305,250,732
Change in Net Position										
Governmental activities	\$ 29,240,165	\$ 33,279,760	\$ 13,989,576	\$ 7,308,356	\$ 5,689,126	\$ 7,813,092	\$ 8,666,048	\$ 22,875,492	\$ 19,299,426	\$ 16,488,070
Business-type activities	(448,358)	1,453,443	884,702	632,963	644,408	649,633	186,566	(1,547,872)	756,212	1,641,032
Total primary government	\$ 28,791,807	\$ 34,733,203	\$ 14,874,278	\$ 7,941,319	\$ 6,333,534	\$ 8,462,725	\$ 8,852,614	\$ 21,327,620	\$ 20,055,638	\$ 18,129,102

Note: Beginning FY2015, the District implemented GASB Statements 68 and 71, restating and decreasing beginning net position by \$191,371,711. Incremental taxes were first reported in 2015 with an equal amount reported expenditures. as community service expenditures.

Note: Beginning in FY2013, the District implemented GASB Statement No. 65. As a result, the beginning net position was decreased by \$2,369,335. Prior years have not been restated.

*Note: Beginning in FY2011, School Food Services was reclassified as a governmental activity rather than a business-type activity.

DAVIS SCHOOL DISTRICT

Fund Balances - Governmental Funds Last Ten Fiscal Years Years Ended June 30, 2007 to 2016 (modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General fund:										
Nonspendable (inventory & prepaids)	\$ 6,002,494	\$ 5,671,302	\$ 1,232,892	\$ 1,467,658	\$ 1,563,781	\$ 1,524,352	\$ 1,871,715	\$ 2,891,149	\$ 3,068,975	\$ 1,619,498
Restricted for state programs	-	-	-	-	-	-	4,833,446	3,353,937	3,638,413	2,153,217
Committed to workers compensation	500,000	500,000	500,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Committed to termination benefits	4,500,000	4,500,000	4,500,000	4,000,000	4,000,000	4,000,000	3,500,000	3,000,000	2,500,000	1,500,000
Committed to economic stabilization	10,000,000	4,500,000	2,000,000	-	-	-	-	-	-	-
Assigned	4,935,887	5,538,661	8,303,673	6,058,767	3,060,000	-	-	-	-	-
Unassigned	20,125,750	18,497,093	16,485,230	14,548,294	13,411,677	12,119,413	9,683,447	7,461,676	245,524	1,912,383
Total fund balances	\$ 46,064,131	\$ 39,207,056	\$ 33,021,795	\$ 26,374,719	\$ 22,335,458	\$ 17,943,765	\$ 20,188,608	\$ 17,006,762	\$ 9,752,912	\$ 7,485,098
Debt service fund:										
Restricted for debt service	\$ 4,249,578	\$ 3,122,533	\$ -	\$ -	\$ 400,718	\$ 6,545,393	\$ 7,641,448	\$ 6,642,114	\$ 2,404,428	\$ 804,090
Capital projects fund:										
Restricted for capital projects	\$ 79,202,839	\$ 64,391,390	\$ 46,110,408	\$ 40,858,464	\$ 49,313,628	\$ 51,396,420	\$ 54,075,594	\$ 1,658,065	\$ 81,539,741	\$ 202,890
Other governmental funds:										
Nonspendable (inventory & prepaids)	\$ 1,586,119	\$ 1,190,751	\$ 1,062,785	\$ 1,587,032	\$ 2,080,190	\$ 2,419,282	\$ -	\$ -	\$ -	\$ -
Restricted for school food services	6,838,302	4,938,127	3,357,185	2,627,844	2,067,359	1,526,308	-	-	-	-
Restricted for state multi-district program	-	-	-	47,949	1,473,724	1,266,314	1,037,178	907,567	547,133	242,747
Committed to schools	10,502,480	10,598,751	10,089,919	9,521,189	9,628,924	8,944,171	8,301,003	7,752,907	7,357,402	-
Total fund balances	\$ 18,926,901	\$ 16,727,629	\$ 14,509,889	\$ 13,784,014	\$ 15,250,197	\$ 14,156,075	\$ 9,338,181	\$ 8,660,474	\$ 7,904,535	\$ 242,747
Total governmental funds:										
Nonspendable (inventory & prepaids)	\$ 7,588,613	\$ 6,862,053	\$ 2,295,677	\$ 3,054,690	\$ 3,643,971	\$ 3,943,634	\$ 1,871,715	\$ 2,891,149	\$ 3,068,975	\$ 1,619,498
Restricted	90,290,719	72,452,050	49,467,593	43,534,257	53,255,429	60,734,435	67,587,666	12,561,683	88,129,715	3,402,944
Committed	25,502,480	20,098,751	17,089,919	13,821,189	13,928,924	13,244,171	12,101,003	11,052,907	10,157,402	1,800,000
Assigned	4,935,887	5,538,661	8,303,673	6,058,767	3,060,000	-	-	-	-	-
Unassigned	20,125,750	18,497,093	16,485,230	14,548,294	13,411,677	12,119,413	9,683,447	7,461,676	245,524	1,912,383
Total fund balances	\$ 148,443,449	\$ 123,448,608	\$ 93,642,092	\$ 81,017,197	\$ 87,300,001	\$ 90,041,653	\$ 91,243,831	\$ 33,967,415	\$ 101,601,616	\$ 8,734,825

Note: Beginning in FY2011, School Food Services was reclassified as a governmental activity rather than a business-type activity.

* Note: Beginning in FY2011, the District implemented GASB Statement No. 54. Fund balance categories have been restated to reflect the new statement as if commitments and assignments had been approved in those years.

** Note: Beginning in FY2008, the Student Activities Fund was reclassified from an agency fund to a special revenue fund. As a result of this change, the beginning fund balance was increased by \$6,892,772. Prior years have not been restated.

DAVIS SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

Years Ended June 30, 2007 to 2016

(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 167,630,513	\$ 156,139,109	\$ 144,298,349	\$ 145,947,457	\$ 139,024,115	\$ 133,065,138	\$ 125,590,761	\$ 122,201,760	\$ 107,842,358	\$ 98,061,449
Interest	1,326,808	669,366	559,816	714,479	1,523,932	1,203,598	1,414,418	2,974,785	5,270,686	5,265,672
Other local sources	25,431,575	25,608,140	26,501,983	25,211,003	23,873,594	21,828,606	23,653,481	24,296,610	25,684,292	13,244,520
School lunch sales	7,593,773	7,558,576	7,588,551	7,222,390	7,969,119	8,069,906	-	-	-	-
State of Utah	319,974,739	296,587,246	287,951,706	275,349,590	275,995,143	256,306,648	257,915,550	278,493,927	303,207,688	249,278,051
Federal government	44,389,290	41,679,038	42,633,078	46,009,391	45,020,775	62,281,326	47,631,338	49,606,135	26,322,766	26,614,635
Total revenues	566,346,698	528,241,475	509,533,483	500,454,310	493,406,678	482,755,222	456,205,548	477,573,217	468,327,790	392,464,327
Expenditures:										
Current:										
Instruction	325,166,810	303,792,266	290,924,478	290,960,045	282,501,091	265,400,084	275,043,883	284,621,809	280,577,305	229,498,868
Supporting services:										
Students	15,573,759	14,694,917	14,703,541	14,738,515	14,514,691	14,254,115	14,954,793	14,352,317	13,312,679	11,782,588
Instructional staff	20,244,708	18,445,968	17,802,062	16,995,074	16,651,193	17,104,002	17,440,418	18,677,876	17,574,702	15,202,804
District administration	2,505,646	2,325,792	2,171,447	2,583,855	2,550,252	2,553,577	2,518,401	2,362,001	3,204,530	3,253,753
School administration	28,518,964	26,766,307	26,037,360	25,380,335	24,860,824	24,543,982	24,238,662	23,421,684	22,712,165	20,512,554
Central	14,277,804	12,960,814	12,561,013	12,284,036	11,754,227	10,739,697	10,536,906	10,896,515	10,946,328	9,428,097
Operation and maint of facilities	43,268,575	40,514,129	40,479,639	40,108,854	39,348,007	38,414,026	38,155,323	38,766,895	38,100,173	35,542,521
Student transportation	12,881,560	13,168,618	11,332,852	11,134,619	11,823,524	10,863,057	10,460,090	11,809,938	12,138,708	11,153,436
School food service	22,094,493	21,893,048	23,961,993	22,948,731	23,268,842	36,066,132	-	-	-	-
Capital outlay	78,653,608	39,718,863	36,786,986	41,399,708	58,224,251	59,333,018	70,280,016	94,623,465	68,920,760	77,481,911
Debt service:										
Tax anticipation note interest	-	-	-	-	622,548	655,188	785,433	944,904	1,345,800	1,373,883
Bond principal	33,230,000	26,975,000	26,495,000	29,635,000	28,935,000	27,725,000	28,825,000	27,380,000	23,605,000	22,880,000
Bond interest	14,949,568	17,468,199	17,544,525	18,544,696	17,774,694	17,124,320	15,515,618	15,242,302	12,968,323	11,194,210
Bond issuance costs	512,741	660,188	243,332	366,063	221,980	470,822	1,016,808	-	425,554	277,190
Capital lease payments	97,271	97,271	214,340	311,425	647,310	1,565,081	1,847,456	2,208,107	2,208,107	2,208,107
Fees and miscellaneous charges	36,400	7,400	7,750	4,800	15,350	14,255	23,050	14,520	38,285	46,851
Total expenditures	612,011,907	539,488,780	521,266,318	527,395,756	533,713,784	526,826,356	511,641,857	545,322,333	508,078,419	451,836,773
Excess (deficiency) of revenues over (under) expenditures	(45,665,209)	(11,247,305)	(11,732,835)	(26,941,446)	(40,307,106)	(44,071,134)	(55,436,309)	(67,749,116)	(39,750,629)	(59,372,446)
Other financing sources (uses):										
General obligation bonds issued	68,500,000	40,000,000	25,000,000	20,000,000	35,000,000	45,000,000	111,500,000	-	119,000,000	47,000,000
General obligation bonds premium	1,510,053	1,138,631	468,930	512,567	2,543,576	569,687	1,209,725	-	2,364,047	1,062,080
Refunding bond issued	120,035,000	-	-	20,550,000	-	39,410,000	-	-	-	-
Refunding bond premium	6,930,694	-	-	2,839,916	-	5,511,216	-	-	-	-
Payment to refunded bond escrow agent	(126,452,953)	-	-	(23,243,841)	-	(44,700,377)	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	2,617,600	3,064,491
Transfer out	-	(95,035)	(1,500,000)	-	-	-	-	-	-	-
Proceeds from sale of capital assets	137,256	10,225	388,800	-	21,878	60,554	3,000	114,915	1,743,001	260,299
Total other financing sources (uses)	70,660,050	41,053,821	24,357,730	20,658,642	37,585,454	45,851,080	112,712,725	114,915	125,724,648	51,386,870
Net change in fund balances	24,994,841	29,806,516	12,624,895	(6,282,804)	(2,741,652)	1,779,946	57,276,416	(67,634,201)	85,974,019	(7,985,576)
Fund balances - beginning	123,448,608	93,642,092	81,017,197	87,300,001	90,041,653	88,261,707	33,967,415	101,601,616	8,734,825	16,720,401
Fund balances - ending	\$ 148,443,449	\$ 123,448,608	\$ 93,642,092	\$ 81,017,197	\$ 87,300,001	\$ 90,041,653	\$ 91,243,831	\$ 33,967,415	\$ 94,708,844	\$ 8,734,825
Debt service	\$ 48,276,839	\$ 44,540,470	\$ 44,253,865	\$ 48,491,121	\$ 47,979,552	\$ 47,069,589	\$ 46,973,507	\$ 45,775,313	\$ 40,127,230	\$ 37,656,200
Noncapital expenditures	555,386,177	514,271,468	497,805,464	502,601,352	499,517,501	483,791,257	458,035,722	468,032,714	461,737,591	388,483,844
Debt service as a percentage of noncapital expenditures	8.7%	8.7%	8.9%	9.6%	9.6%	9.7%	10.3%	9.8%	8.7%	9.7%

Note: Beginning in FY2011, School Food Services was reclassified as a governmental activity rather than a business-type activity. As a result of this change, the beginning fund balance was increased by \$2,717,390. Prior years have not been restated.

* Note: Beginning FY2008, the Student Activities Fund was reclassified from an agency fund to a special revenue fund. As a result of this change, the beginning net position balance was increased by \$6,892,772. Prior years have not been restated.

** Note: The beginning fund balances for FY2011 were restated for prior period adjustment in the General Fund and added the fund balance in School Food Services.

DAVIS SCHOOL DISTRICT

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Tax Years December 31, 2006 through 2015

Tax Year	Residential	Commercial & Industrial	Agriculture	Personal	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated		Assessed Value as a Percentage of Actual Value
							Actual	Value	
2015	\$ 12,137,403,230	\$ 4,633,378,279	\$ 124,107,984	\$ 1,982,261,211	\$ 18,877,150,704	0.008555	\$ 29,257,820,639		64.5%
2014	11,769,131,872	4,393,893,837	121,848,651	1,718,928,896	18,003,803,256	0.008259	28,052,491,146		64.2%
2013	10,574,438,844	4,151,940,907	115,058,346	1,621,119,209	16,462,557,306	0.008710	24,965,085,765		65.9%
2012	10,124,228,191	4,085,617,326	119,949,215	1,471,722,453	15,801,517,185	0.008941	24,023,945,974		65.8%
2011	10,127,751,543	3,993,246,252	117,895,470	1,441,813,546	15,680,706,811	0.007860	25,595,666,942		61.3%
2010	10,657,206,804	4,210,672,598	144,417,417	1,185,481,355	16,197,778,174	0.007118	25,058,738,383		64.6%
2009	11,031,774,065	4,035,424,758	157,847,356	1,307,517,190	16,532,563,369	0.006764	25,477,711,753		64.9%
2008	11,483,109,031	4,019,964,643	195,089,731	1,206,790,087	16,904,953,492	0.007176	26,372,578,441		65.1%
2007	9,955,671,253	3,141,846,380	123,379,683	1,059,363,010	14,280,260,326	0.007305	22,432,352,520		63.7%
2006	8,026,810,761	2,998,155,808	129,163,796	860,077,858	12,014,208,223	0.007684	18,457,991,962		65.1%

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates
Last Ten Tax Years
December 31, 2006 through 2015
(rate per \$1 of assessed value)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Davis School District direct rates:										
General	0.005058	0.004752	0.005125	0.005317	0.004582	0.003593	0.003445	0.003145	0.003432	0.003494
Capital outlay & debt service	0.003497	0.003507	0.003585	0.003624	0.003812	0.003833	0.003291	0.003251	0.003332	0.003388
Tort liability	-	-	-	-	0.000067	0.000062	0.000059	0.000056	0.000063	0.000068
Special transportation	-	-	-	-	0.000201	0.000187	0.000146	0.000138	0.000154	0.000146
Recreation	-	-	-	-	0.000199	0.000185	0.000177	0.000174	0.000195	0.000209
Total direct rate	0.008555	0.008259	0.008710	0.008941	0.008861	0.007860	0.007118	0.006764	0.007176	0.007305
Overlapping Rates: *										
County funds	0.002153	0.002161	0.002331	0.002391	0.002383	0.002213	0.002108	0.001997	0.002189	0.001739
County library	0.000361	0.000361	0.000389	0.000396	0.000392	0.000363	0.000348	0.000332	0.000375	0.000403
Average cities and towns	0.001594	0.001558	0.001559	0.001584	0.001565	0.001414	0.001314	0.001246	0.001423	0.001641
Miscellaneous taxing districts	0.000422	0.000433	0.000454	0.000458	0.000437	0.000407	0.000391	0.000243	0.000414	0.000842

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

Principal Property Tax Payers Current Year and Nine Years Ago December 31, 2015 and 2006

	December 31, 2015				December 31, 2006			
	Taxpayer	Type of Business	Taxable Value	Rank	Percent of District's Total Taxable Value	Taxable Value	Rank	Percent of District's Total Taxable Value
	Chevron U.S.A. Inc	Petroleum refinery	\$ 452,764,621	1	2.40%	\$ 138,782,139	2	1.16%
	Woods Cross Refining Comp - LLC	Petroleum distribution	424,622,829	2	2.25%	n/a	n/a	n/a
	PacificCorp	Electrical distribution	216,885,998	3	1.15%	87,124,530	4	0.73%
	Freeport Center	Distribution / warehouse	180,219,034	4	0.95%	161,224,788	1	1.34%
	Station Park Centercal LLC	Retail	179,171,027	5	0.95%	n/a	n/a	n/a
	ATK Aerospace	Manufacturing	150,654,355	6	0.80%	n/a	n/a	n/a
	Layton Hills Mall CMBS LLC	Retail	103,944,760	7	0.55%	90,069,587	3	0.75%
	Smith's Food King Properties	Distribution / retail sales	95,719,123	8	0.51%	61,062,540	7	0.51%
	Big West Oil	Petroleum distribution	95,522,097	9	0.51%	72,659,097	5	0.60%
	Questar Gas	Natural gas utility	87,742,221	10	0.46%	46,369,187	9	0.39%
	Albertson's	Distribution / retail sales	n/a	n/a	n/a	54,911,789	8	0.46%
	Lifetime Products	Manufacturing	n/a	n/a	n/a	42,844,210	10	0.36%
	Qwest Communications	Communication	n/a	n/a	n/a	66,892,013	6	0.56%
	Totals		\$ 1,987,246,065		10.53%	\$ 821,939,880		6.86%

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

Property Tax Levies and Collections Last Ten Tax Years December 31, 2006 through 2015

Tax Year Ended December 31,	Property Taxes Levied For The Calendar Year	Property Taxes Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Property Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 160,846,154	\$ 153,067,636	95.16%	-	\$ 153,067,636	95.16%
2014	149,474,220	141,407,236	94.60%	6,769,788	148,177,024	99.13%
2013	138,006,512	129,788,061	94.04%	7,686,466	137,474,526	99.61%
2012	135,191,786	126,685,112	93.71%	8,286,709	134,971,821	99.84%
2011	132,718,042	123,390,184	92.97%	9,230,918	132,621,102	99.93%
2010	122,353,329	113,302,665	92.60%	9,047,598	122,350,263	100.00%
2009	113,595,980	105,840,796	93.17%	7,753,526	113,594,322	100.00%
2008	111,309,835	102,906,028	92.45%	8,401,763	111,307,791	100.00%
2007	85,572,399	81,008,796	94.67%	4,563,603	85,572,399	100.00%
2006	85,572,399	81,008,796	94.67%	4,563,603	85,572,399	100.00%

Source: Davis County Treasurer's Office (excludes fee-in-lieu and age-based collections on motor vehicles).

This schedule recognizes collections on a calendar year (tax year) cash basis, whereas property tax collections reported in the basic financial statements are on a fiscal year modified accrual basis of accounting.

DAVIS SCHOOL DISTRICT

**Ratios of Outstanding Debt
Last Ten Fiscal Years
December 31, 2007 through 2016**

Year Ended June 30,	Outstanding Net General Obligation Bonds (2)	Net General Bonded Debt As Percentage of Taxable Value	Net Bonded Debt Per Capita	Net Bonded Debt Per Student	Capital Leases	Total Debt	Debt As Percentage of Taxable Value	Debt As Percentage of Total Personal Income	Debt Per Capita	Debt Per Student
2016	\$ 475,741,445	2.52%	\$ 1,416	\$ 6,808	\$ -	\$ 475,741,445	2.52%	NA (1)	\$ 1,416	\$ 6,808
2015	432,179,325	2.40%	1,311	6,311	93,118	432,272,443	2.40%	3.38%	1,311	6,313
2014	419,864,750	2.55%	1,304	6,123	182,260	420,047,010	2.55%	3.40%	1,304	6,126
2013	422,952,209	2.68%	1,339	6,189	379,978	423,332,187	2.68%	3.61%	1,340	6,194
2012	432,398,920	2.76%	1,383	6,384	663,206	433,062,126	2.76%	3.99%	1,385	6,393
2011	425,467,324	2.63%	1,383	6,445	2,200,022	427,667,346	2.64%	4.11%	1,391	6,478
2010	405,799,117	2.45%	1,319	6,200	3,665,955	409,465,072	2.48%	4.02%	1,331	6,256
2009	322,663,116	1.91%	1,069	4,963	5,029,299	327,692,415	1.94%	3.26%	1,085	5,040
2008	350,733,771	2.46%	1,185	5,433	7,621,136	358,354,907	2.51%	3.66%	1,211	5,552
2007	253,607,926	2.11%	885	4,036	7,663,350	261,271,276	2.17%	2.90%	912	4,158

(1) Personal income data was not yet available.

(2) Presented net of original issuance discounts and premiums.

DAVIS SCHOOL DISTRICT

Overlapping and Underlying General Obligation Debt June 30, 2016

Taxing Entity	2015 Taxable Value (1)	District's Estimated Portion of Taxable Value	Estimated District's Percentage (7)	Entity's General Obligation Debt (6)	District's Estimated Portion of Debt
Overlapping:					
State of Utah	\$ 224,103,168,575	\$ 18,877,150,704	8.4%	\$ 2,498,895,000	\$ 210,492,417
Davis County	18,877,150,704	18,877,150,704	100.0%	16,260,573	16,260,573
Total overlapping					<u>226,752,990</u>
Underlying:					
WBWCD (2) (3)	47,945,468,733	18,875,249,151	39.4%	21,139,452	8,328,944
North Davis Sewer District	9,377,362,021	8,097,816,369	86.4%	30,100,000	26,006,400
South Davis Rec. District (4)	7,177,605,910	7,177,605,910	100.0%	11,440,000	11,440,000
Clearfield City (3)	1,567,540,110	1,567,540,110	100.0%	5,380,000	-
North Salt Lake City (3)	1,592,799,716	1,592,799,716	100.0%	1,105,000	-
Farmington City	1,458,406,714	1,458,406,714	100.0%	8,325,000	8,325,000
Total underlying					<u>54,100,344</u>
Total overlapping and underlying general obligation debt					<u>\$ 280,853,334</u>
Total overlapping general obligation debt (excluding the State) (5)					<u>\$ 16,260,573</u>
Total direct general obligation bonded indebtedness					432,179,325
Total direct capital leases					93,118
Total direct and overlapping debt (excluding the State) (5)					<u>\$ 448,533,016</u>

(1) 2015 values are preliminary and subject to change. Taxable value used in this table excludes the taxable value used to determine uniform fees on tangible personal property.

(2) The Weber Basin Water Conservancy District ("WBWCD") covers all of Morgan County, most of Davis County and Weber County, and portions of Box Elder and Summit Counties. Principal and interest on WBWCD general obligation bonds are paid from sales of water. WBWCD's outstanding general obligation bonds are limited ad valorem tax bonds. By law, WBWCD may levy a tax rate of up to .000200 to pay, first, for any outstanding general obligation indebtedness, then for operation and maintenance expenses, and then for any other lawful purpose.

(3) All or portions of these governmental entities' outstanding general obligation debt are supported by user fee revenues from water or sewer. The District's portion of overlapping general obligation debt has been reduced to the extent that such general obligation debt is supported by "user fee revenues".

(4) South Davis Recreation District members are Bountiful, Centerville, North Salt Lake, Woods Cross, and West Bountiful.

(5) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

(6) Governmental activities debt is limited to general obligation debt for these entities; information on other debt is not available.

(7) Percentage based on total shared area of land in respective geographical boundaries.

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

General Obligation Legal Debt Limit and Debt Capacity

Last Ten Years

December 31, 2007 through 2016

Year Ended June 30,	Estimated Fair Market Value	Estimated Value from Uniform Fees	Estimated Fair Market Value for Debt Incurring Capacity	Debt Limit (4% of Fair Market Value)	General Obligation Debt	Debt Issuance Premiums	Additional Debt Capacity	Percentage of Debt To Debt Limit
2016	\$ 29,257,820,639	\$ 1,258,418,555	\$ 30,516,239,194	\$ 1,220,649,568	\$ 475,741,445	\$ 15,731,445	\$ 729,176,678	40.26%
2015	28,052,491,146	1,181,154,351	29,233,645,497	1,169,345,820	432,179,325	11,519,325	725,647,170	37.94%
2014	24,965,085,765	1,181,530,533	26,146,616,298	1,045,864,652	419,864,750	12,229,750	613,770,152	41.31%
2013	24,023,945,974	1,174,052,533	25,197,998,507	1,007,919,940	422,952,209	13,822,209	571,145,522	43.33%
2012	25,595,666,942	1,192,245,935	26,787,912,877	1,071,516,515	432,398,920	11,842,324	627,275,271	41.46%
2011	25,058,738,383	1,219,363,049	26,278,101,432	1,051,124,057	425,467,324	7,624,117	618,032,616	41.20%
2010	25,477,711,753	1,361,982,489	26,839,694,242	1,073,587,770	405,799,117	7,163,116	660,625,537	38.47%
2009	26,372,578,441	1,353,063,017	27,725,641,458	1,109,025,658	322,663,116	7,853,771	778,508,771	29.80%
2008	22,432,352,520	1,347,035,643	23,779,388,163	951,175,527	350,733,771	6,122,926	594,318,830	37.52%
2007	18,457,991,962	1,277,851,892	19,735,843,854	789,433,754	253,607,926	5,602,338	530,223,490	32.83%

DAVIS SCHOOL DISTRICT

Schedule of Annual Debt Service Requirements Years Ending June 30, 2017 to 2036

Year Ending June 30,	Principal	Interest	Total Payment
2017	\$ 34,865,000	\$ 16,660,115	\$ 51,525,115
2018	33,205,000	14,921,926	48,126,926
2019	33,755,000	13,795,897	47,550,897
2020	33,770,000	12,692,766	46,462,766
2021	32,640,000	11,577,108	44,217,108
2022	28,925,000	10,708,438	39,633,438
2023	23,585,000	9,729,919	33,314,919
2024	24,410,000	8,803,621	33,213,621
2025	25,290,000	7,847,145	33,137,145
2026	26,135,000	6,909,515	33,044,515
2027	26,970,000	5,993,705	32,963,705
2028	27,855,000	5,021,035	32,876,035
2029	23,995,000	3,987,119	27,982,119
2030	22,165,000	3,058,694	25,223,694
2031	17,135,000	2,141,794	19,276,794
2032	13,355,000	1,521,744	14,876,744
2033	10,590,000	1,098,813	11,688,813
2034	9,285,000	730,619	10,015,619
2035	7,355,000	411,175	7,766,175
2036	4,725,000	159,469	4,884,469
	<u>\$ 460,010,000</u>	<u>\$ 137,770,616</u>	<u>\$ 597,780,616</u>

DAVIS SCHOOL DISTRICT

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

PRINCIPAL

Year Ending	2005B	2007	2008	2009	2010AB	2011A	2011C	2012	2013A	2013B	2014A	2015A	2015B	2015C	2016A	Total
June 30,	\$ 24,905,000	\$ 55,000,000	\$ 64,000,000	\$ 43,000,000	\$ 68,500,000	\$ 45,000,000	\$ 7,210,000	\$ 32,200,000	\$ 20,000,000	\$ 20,550,000	\$ 25,000,000	\$ 40,000,000	\$ 67,025,000	\$ 53,010,000	\$ 68,500,000	
2017	\$ 3,685,000	\$ 5,100,000	\$ 2,800,000	\$ 1,750,000	\$ 3,785,000	\$ -	\$ 7,600,000	\$ -	\$ -	\$ 3,960,000	\$ -	\$ -	\$ 85,000	\$ 4,625,000	\$ 1,475,000	\$ 34,865,000
2018	-	-	-	1,825,000	3,880,000	2,445,000	7,940,000	-	-	4,080,000	-	-	3,015,000	10,020,000	-	33,205,000
2019	-	-	-	-	3,980,000	2,540,000	-	1,965,000	1,060,000	4,245,000	-	1,665,000	4,985,000	10,190,000	3,125,000	33,755,000
2020	-	-	-	-	4,090,000	2,645,000	-	2,005,000	1,100,000	4,420,000	-	1,750,000	5,220,000	10,340,000	2,200,000	33,770,000
2021	-	-	-	-	4,205,000	2,750,000	-	2,085,000	1,145,000	-	1,435,000	1,785,000	5,470,000	10,540,000	3,225,000	32,640,000
2022	-	-	-	-	4,330,000	2,860,000	-	2,170,000	1,190,000	-	1,480,000	1,820,000	5,605,000	6,170,000	3,300,000	28,925,000
2023	-	-	-	-	4,465,000	2,975,000	-	2,255,000	1,230,000	-	1,515,000	1,875,000	5,895,000	-	3,375,000	23,585,000
2024	-	-	-	-	4,595,000	3,095,000	-	2,345,000	1,255,000	-	1,590,000	1,920,000	6,185,000	-	3,425,000	24,410,000
2025	-	-	-	-	4,740,000	3,215,000	-	2,440,000	1,280,000	-	1,650,000	1,970,000	6,495,000	-	3,500,000	25,290,000
2026	-	-	-	-	4,895,000	3,345,000	-	2,535,000	1,320,000	-	1,700,000	2,030,000	6,735,000	-	3,575,000	26,135,000
2027	-	-	-	-	5,055,000	3,490,000	-	2,640,000	1,355,000	-	1,755,000	2,090,000	6,935,000	-	3,650,000	26,970,000
2028	-	-	-	-	5,235,000	3,645,000	-	2,745,000	1,400,000	-	1,805,000	2,155,000	7,145,000	-	3,725,000	27,855,000
2029	-	-	-	-	5,425,000	3,815,000	-	2,825,000	1,440,000	-	1,860,000	2,240,000	2,590,000	-	3,800,000	23,995,000
2030	-	-	-	-	5,625,000	3,995,000	-	2,910,000	1,485,000	-	1,915,000	2,310,000	-	-	3,925,000	22,165,000
2031	-	-	-	-	-	4,185,000	-	2,995,000	1,530,000	-	1,975,000	2,400,000	-	-	4,050,000	17,135,000
2032	-	-	-	-	-	-	-	3,085,000	1,580,000	-	2,040,000	2,500,000	-	-	4,150,000	13,355,000
2033	-	-	-	-	-	-	-	-	1,630,000	-	2,105,000	2,580,000	-	-	4,275,000	10,590,000
2034	-	-	-	-	-	-	-	-	-	-	2,175,000	2,685,000	-	-	4,425,000	9,285,000
2035	-	-	-	-	-	-	-	-	-	-	-	2,780,000	-	-	4,575,000	7,355,000
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,725,000	4,725,000
Total	\$ 3,685,000	\$ 5,100,000	\$ 2,800,000	\$ 3,575,000	\$ 64,305,000	\$ 45,000,000	\$ 15,540,000	\$ 35,000,000	\$ 20,000,000	\$ 16,705,000	\$ 25,000,000	\$ 36,555,000	\$ 66,360,000	\$ 51,885,000	\$ 68,500,000	\$ 460,010,000

INTEREST

Year Ending	2005B	2007	2008	2009	2010AB	2011A	2011C	2012	2013A	2013B	2014A	2015A	2015B	2015C	2016A	Total
June 30,																
2017	\$ 184,250	\$ 229,500	\$ 140,000	\$ 152,125	\$ 3,149,573	\$ 1,938,556	\$ 701,000	\$ 1,218,956	\$ 625,513	\$ 650,263	\$ 816,300	\$ 1,209,575	\$ 2,530,400	\$ 892,422	\$ 2,221,683	\$ 16,660,115
2018	-	-	-	82,125	3,007,635	1,938,556	397,000	1,218,956	625,513	531,463	816,300	1,209,575	2,526,150	812,872	1,755,781	14,921,926
2019	-	-	-	-	2,854,375	1,840,756	-	1,218,956	625,513	368,263	816,300	1,209,575	2,465,850	640,528	1,755,781	13,795,897
2020	-	-	-	-	2,685,225	1,739,156	-	1,179,656	583,113	187,850	816,300	1,126,325	2,216,600	465,260	1,693,281	12,692,766
2021	-	-	-	-	2,505,265	1,633,356	-	1,099,456	539,113	-	816,300	1,091,325	1,955,600	287,412	1,649,281	11,577,108
2022	-	-	-	-	2,309,733	1,523,356	-	1,016,056	493,313	-	773,250	1,055,625	1,846,200	106,124	1,584,781	10,708,438
2023	-	-	-	-	2,108,388	1,408,956	-	929,256	457,613	-	739,950	1,001,025	1,565,950	-	1,518,781	9,729,919
2024	-	-	-	-	1,900,765	1,289,956	-	839,056	433,013	-	664,200	954,150	1,271,200	-	1,451,281	8,803,621
2025	-	-	-	-	1,677,908	1,166,156	-	745,256	406,344	-	600,600	906,150	961,950	-	1,382,781	7,847,145
2026	-	-	-	-	1,443,278	1,037,556	-	647,656	367,944	-	551,100	847,050	702,150	-	1,312,781	6,909,515
2027	-	-	-	-	1,196,080	895,394	-	546,256	328,344	-	500,100	786,150	500,100	-	1,241,281	5,993,705
2028	-	-	-	-	923,110	738,344	-	440,656	287,694	-	447,450	723,450	292,050	-	1,168,281	5,021,035
2029	-	-	-	-	629,950	569,763	-	358,306	245,694	-	393,300	637,250	77,700	-	1,075,156	3,987,119
2030	-	-	-	-	323,438	388,550	-	273,556	202,494	-	337,500	567,250	-	-	965,906	3,058,694
2031	-	-	-	-	-	198,788	-	186,256	156,088	-	277,656	474,850	-	-	848,156	2,141,794
2032	-	-	-	-	-	-	-	96,406	106,363	-	213,469	378,850	-	-	726,656	1,521,744
2033	-	-	-	-	-	-	-	-	55,013	-	147,169	294,475	-	-	602,156	1,098,813
2034	-	-	-	-	-	-	-	-	-	-	76,125	191,275	-	-	463,219	730,619
2035	-	-	-	-	-	-	-	-	-	-	-	97,300	-	-	313,875	411,175
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	159,469	159,469
Total	\$ 184,250	\$ 229,500	\$ 140,000	\$ 234,250	\$ 26,714,720	\$ 18,307,200	\$ 1,098,000	\$ 12,014,700	\$ 6,538,675	\$ 1,737,838	\$ 9,803,369	\$ 14,761,225	\$ 18,911,900	\$ 3,204,618	\$ 23,890,371	\$ 137,770,616

TOTAL PAYMENT

Year Ending	2005B	2007	2008	2009	2010AB	2011A	2011C	2012	2013A	2013B	2014A	2015A	2015B	2015C	2016A	Total
June 30,																
2017	\$ 3,869,250	\$ 5,329,500	\$ 2,940,000	\$ 1,902,125	\$ 6,934,573	\$ 1,938,556	\$ 8,301,000	\$ 1,218,956	\$ 625,513	\$ 4,610,263	\$ 816,300	\$ 1,209,575	\$ 2,615,400	\$ 5,517,422	\$ 3,696,683	\$ 51,525,115
2018	-	-	-	1,907,125	6,887,635	4,383,556	8,337,000	1,218,956	625,513	4,611,463	816,300	1,209,575	5,541,150	10,832,872	1,755,781	48,126,926
2019	-	-	-	-	6,834,375	4,380,756	-	3,183,956	1,685,513	4,613,263	816,300	2,874,575	7,450,850	10,830,528	4,880,781	47,550,897
2020	-	-	-	-	6,775,225	4,384,156	-	3,184,656	1,683,113	4,607,850	816,300	2,876,325	7,436,600	10,805,260	3,893,281	46,462,766
2021	-	-	-	-	6,710,265	4,383,356	-	3,184,456	1,684,113	-	2,251,300	2,876,325	7,425,600	10,827,412	4,874,281	44,217,108
2022	-	-	-	-	6,639,733	4,383,356	-	3,186,056	1,683,313	-	2,253,250	2,875,625	7,451,200	6,276,124	4,884,781	39,633,438
2023	-	-	-	-	6,573,388	4,383,956	-	3,184,256	1,687,613	-	2,254,950	2,876,025	7,460,950	-	4,893,781	33,314,919
2024	-	-	-	-	6,495,765	4,384,956	-	3,184,056	1,688,013	-	2,254,200	2,874,150	7,456,200	-	4,876,281	33,213,621
2025	-	-	-	-	6,417,908	4,381,156	-	3,185,256	1,686,344	-	2,250,600	2,876,150	7,456,950	-	4,882,781	33,137,145
2026	-	-	-	-	6,338,278	4,382,556	-	3,182,656	1,687,944	-	2,251,100	2,877,050	7,437,150	-	4,887,781	33,044,515
2027	-	-	-	-	6,251,080	4,385,394	-	3,186,256	1,683,344	-	2,255,100	2,876,150	7,435,100	-	4,891,281	32,963,705
2028	-	-	-	-	6,158,110	4,383,344	-	3,185,656	1,687,694	-	2,252,450	2,878,450	7,437,050	-	4,893,281	32,876,035
2029	-	-	-	-	6,054,950	4,384,763	-	3,183,306	1,685,694	-	2,253,300	2,877,250	2,667,700	-	4,875,156	27,982,119
2030	-	-	-	-	5,948,438	4,383,550	-	3,183,556	1,687,494	-	2,252,500	2,877,250	-	-	4,890,906	25,223,694
2031	-	-	-	-	-	4,383,788	-	3,181,256	1,686,088	-	2,252,656	2,874,850	-	-	4,898,156	19,276,794
2032	-	-	-	-	-	-	-	3,181,406	1,686,363	-	2,253,469	2,878,850	-	-	4,876,656	14,876,744
2033	-	-	-	-	-	-	-	-	1,685,013	-	2,252,169	2,874,475	-	-	4,877,156	11,688,813
2034	-	-	-	-	-	-	-	-	-	-	2,251,125	2,876,275	-	-	4,888,219	10,015,619
2035	-	-	-	-	-	-	-	-	-	-	-	2,877,300	-	-	4,888,875	7,766,175
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,884,469	4,884,469
Total	\$ 3,869,250	\$ 5,329,500	\$ 2,940,000	\$ 3,809,250	\$ 91,019,720	\$ 63,307,200	\$ 16,638,000	\$ 47,014,700	\$ 26,538,675	\$ 18,442,838	\$ 34,803,369	\$ 51,316,225	\$ 85,271,900	\$ 55,089,618	\$ 92,390,371	\$ 597,780,616

DAVIS SCHOOL DISTRICT

Demographic and Economic Statistics Years Ended 2006 - 2015

Year Ended December 31,	County Population (1)	Personal Income	Per Capita Income	Births	Deaths	Unemployment Rate (3)	School District October 1 Enrollment
2015	336,043	N/A (2)	N/A (2)	5,870	1,710	3.3%	69,879
2014	329,692	\$12,782,158,840	\$38,770	5,772	1,684	3.6%	68,478
2013	322,094	12,359,390,968	38,372	5,720	1,612	4.2%	68,571
2012	315,809	11,724,093,316	37,124	5,844	1,544	5.0%	68,342
2011	312,603	10,864,517,265	34,755	5,704	1,514	6.2%	67,736
2010	307,550	10,400,418,350	33,817	5,799	1,329	7.0%	66,019
2009	307,656	10,184,644,224	33,104	6,069	1,339	5.9%	65,452
2008	301,915	10,048,636,945	33,283	6,203	1,359	3.3%	65,014
2007	296,029	9,798,559,900	33,100	6,148	1,357	2.6%	64,551
2006	286,547	9,012,189,697	31,451	6,037	1,284	2.9%	62,832

Percentage Increase from 2006 to 2015:

18.5%	(2)	(2)	1.9%	32.9%	-10.0%	9.8%
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(1) Davis County Department of Community & Economic Development.

(2) Personal Income data was not yet available

(3) Utah Department of Workforce Services

DAVIS SCHOOL DISTRICT

Labor Market Data Davis County Years Ended June 30, 2007 to 2016

	2016 (1)	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total civilian work force	165,700	160,089	155,339	145,169	145,169	140,175	145,411	145,040	146,771	141,462
Employed	159,251	154,772	149,809	137,417	137,417	133,085	135,136	136,426	141,988	137,772
Unemployed	6,449	5,317	5,530	7,752	7,752	7,090	10,275	8,614	4,783	3,690
Unemployment rate	3.9%	3.3%	3.6%	5.3%	5.3%	5.1%	7.1%	5.9%	3.3%	2.6%
Total non-agricultural employment	121,011	118,683	114,300	113,178	108,006	101,239	100,376	99,914	103,715	104,615
Mining	175	157	196	174	180	139	137	163	161	116
Contract construction	9,554	9,260	8,365	7,615	7,163	6,331	6,742	7,285	9,053	10,658
Manufacturing	12,282	12,031	11,302	10,874	10,504	9,289	8,989	8,894	9,703	10,164
Trade, transportation and utilities	23,100	22,367	20,490	20,946	20,119	18,777	19,234	19,663	20,768	20,494
Information	1,393	1,410	1,338	1,509	1,410	1,297	1,103	1,041	1,052	975
Financial services	3,946	3,852	3,629	3,597	3,452	3,499	2,567	2,797	4,024	4,089
Professional and business services	15,677	15,253	14,803	14,474	13,137	12,096	12,949	12,605	12,107	11,880
Education and health services	11,359	12,686	13,498	12,933	12,147	11,496	11,070	10,500	10,128	9,377
Leisure and hospitality	12,463	12,832	11,287	11,662	10,425	8,840	9,732	9,472	9,905	9,744
Other services	3,599	3,470	3,229	3,166	2,939	2,790	2,780	2,869	3,035	3,122
Government	27,463	25,365	26,163	26,228	26,530	26,685	25,073	24,625	23,779	23,989

(1) Preliminary data through June 2016.

(Source: Utah Department of Workforce Services)

DAVIS SCHOOL DISTRICT

Principal Employers Prior Year and Nine Years Ago

Business	2015			2006		
	Employees	Rank	Percent of County Employment (154,772)	Employees	Rank	Percent of County Employment (136,545)
Hill Air Force Base	10,000 - 14,999	1	9.7%	10,000 - 23,000	1	8.2%
Davis School District	7,000 - 9,999	2	6.5%	5,000 - 9,900	2	3.3%
ATK Space Systems / Alliant	1,000 - 1,999	3	1.3%	n/a	n/a	0.4%
Smith's Distribution Center	1,000 - 1,999	4	1.3%	500 - 999	n/a	0.4%
Walmart	1,000 - 1,999	5	1.3%	n/a	n/a	0.0%
Lifetime Products, Inc.	1,000 - 1,999	6	1.3%	1,000 - 2,000	4	0.7%
Lagoon Inc.	1,000 - 1,999	7	1.3%	1,000 - 2,000	3	0.7%
Davis County	1,000 - 1,999	8	1.3%	500 - 999	n/a	0.7%
Utility Trailer & Manufacturing	500 - 999	9	0.6%	1,000 - 2,000	5	0.7%
Davis Hospital and Medical Center	500 - 999	10	0.6%	500 - 999	7	0.7%
Associates Payroll Mgt. Service		n/a		500 - 999	6	0.7%
Hospital Corporation of Utah (Bntfl)		n/a		500 - 999	8	0.7%
Icon Health and Fitness		n/a		500 - 999	9	0.7%
IES LLC		n/a		500 - 999	10	0.7%
Totals	<u>24,000 - 38,990</u>		<u>25.2%</u>	<u>25,500 - 42,991</u>		<u>15.9%</u>

* Source: Utah Department of Workforce Services

DAVIS SCHOOL DISTRICT

District Facilities and Personnel Positions Years Ended June 30, 2007 to 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Facilities Operated:										
Elementary Schools	60	60	59	59	59	59	58	57	56	54
Junior High Schools	16	16	16	16	16	15	15	14	14	14
High Schools	8	8	8	8	8	8	8	8	8	7
Special Purpose Schools	6	6	6	6	6	6	6	6	6	6
Total Number of School Buildings	90	90	89	89	89	88	87	85	84	81
Full-Time Equivalent Positions of the District:										
Administrators, Managers	58.0	59.0	57.0	58.0	57.0	57.0	59.8	62.5	56.4	56.4
School Principals	86.0	85.0	83.0	83.0	83.0	82.0	82.0	82.0	83.0	80.0
School Assistant Principals / Interns	98.5	93.5	95.5	91.5	90.5	85.5	100.5	101.6	94.0	91.0
Elementary Classroom Teachers	1,463.0	1,451.5	1,467.0	1,484.4	1,469.5	1,453.6	1,450.1	1,479.0	1,419.0	1,383.0
Secondary Classroom Teachers	1,163.9	1,130.6	1,135.6	1,119.7	1,095.9	1,078.7	1,112.6	1,138.9	1,115.0	1,085.0
Guidance Personnel	118.8	116.8	116.3	117.3	117.8	114.3	128.5	128.8	121.8	118.8
Special Education	562.3	547.2	549.0	544.0	541.1	537.4	535.4	520.8	486.0	473.0
Librarians / Media Specialists	77.4	77.0	75.0	75.5	76.2	74.4	79.8	77.9	76.8	73.8
Supervisors of Instruction	30.6	29.6	31.6	31.6	33.5	30.0	34.9	41.8	35.5	35.5
Other Professional Staff	229.3	217.0	180.8	176.3	168.9	176.1	172.5	166.5	171.6	170.6
Teacher Assistants	862.0	825.1	803.4	806.9	859.8	828.6	807.2	797.2	768.4	760.2
Secretarial	208.6	211.9	213.3	214.1	213.2	213.4	213.4	213.2	213.2	207.0
Office Assistants	163.9	163.4	160.9	162.1	173.7	173.5	187.3	186.2	183.1	177.2
Custodial	363.3	356.6	359.2	364.1	357.3	360.5	363.0	368.2	365.2	357.0
Maintenance	119.3	121.6	119.9	119.6	123.2	138.5	132.2	132.1	130.7	129.7
Nutrition Services	258.8	257.2	261.3	262.8	260.5	253.0	247.5	240.7	237.4	229.2
Transportation	202.9	213.5	221.3	216.0	211.7	211.3	218.6	226.8	226.5	224.5
Warehouse	37.1	32.9	33.2	33.6	35.9	35.9	36.9	37.4	35.9	35.9
Total number of District positions FTE	6,103.4	5,989.4	5,963.2	5,960.5	5,968.7	5,903.7	5,962.2	6,001.6	5,819.5	5,687.8

* Source: Davis School District records

DAVIS SCHOOL DISTRICT

Average Daily Membership and October Enrollment Years Ended June 30, 2007 to 2016

<u>Year Ended June 30,</u>	<u>Average Daily Membership</u>	<u>Annual Increase</u>	<u>October 1st Enrollment</u>	<u>Annual Increase</u>
2016	65,299	750	69,879	740
2015	64,549	590	69,139	568
2014	63,959	347	68,571	229
2013	63,612	568	68,342	606
2012	63,044	1,339	67,736	1,717
2011	61,705	698	66,019	567
2010	61,007	288	65,452	438
2009	60,719	715	65,014	463
2008	60,004	1,366	64,551	1,719
2007	58,638	909	62,832	483

Average Daily Membership (ADM) equals total aggregate days of membership of all students divided by 180 days of school.

Enrollment is taken each October 1st for that school year, and is a headcount of all students, including all kindergarten students even though they are in membership for only half day.

* Source: Davis School District records

DAVIS SCHOOL DISTRICT
Expenditures by Function - General Fund
Last Ten Fiscal Years
Years Ended June 30, 2007 to 2016

Function	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$302,713,500 68.89%	\$282,326,073 68.66%	\$276,406,737 68.85%	\$274,541,223 69.02%	\$267,146,874 68.61%	\$265,400,085 69.02%	\$261,618,511 68.71%	\$271,071,924 69.10%	\$262,946,407 68.78%	\$228,285,305 67.83%
Supporting services:										
Students	16,075,300 3.66%	14,694,917 3.57%	14,703,541 3.66%	14,738,515 3.71%	14,514,691 3.73%	14,254,114 3.71%	14,954,793 3.93%	14,352,317 3.66%	13,312,679 3.48%	11,782,588 3.50%
Instructional staff	20,510,800 4.67%	18,445,968 4.49%	17,802,062 4.43%	16,995,074 4.27%	16,651,193 4.28%	17,104,002 4.45%	17,440,418 4.58%	18,677,876 4.76%	17,574,702 4.60%	15,202,804 4.52%
District administration	2,386,700 0.54%	2,325,792 0.57%	2,171,447 0.54%	2,583,855 0.65%	2,550,252 0.66%	2,553,577 0.66%	2,518,401 0.66%	2,362,001 0.60%	3,204,530 0.84%	3,253,753 0.97%
School administration	28,184,100 6.41%	26,766,307 6.51%	26,037,360 6.49%	25,380,335 6.38%	24,860,824 6.39%	24,543,982 6.38%	24,238,662 6.37%	23,421,684 5.97%	22,712,165 5.94%	20,512,554 6.10%
Central	13,945,900 3.17%	12,960,814 3.15%	12,561,013 3.13%	12,284,036 3.09%	11,754,227 3.02%	10,739,697 2.79%	10,536,906 2.77%	10,896,515 2.78%	10,946,328 2.86%	9,428,097 2.80%
Operation & maintenance of facilities	43,943,400 10.00%	40,514,129 9.85%	40,479,639 10.08%	40,108,854 10.08%	39,348,007 10.11%	38,414,026 9.99%	38,155,323 10.02%	38,766,895 9.88%	38,100,173 9.97%	35,542,521 10.56%
Student transportation	11,700,900 2.66%	13,168,618 3.20%	11,332,852 2.82%	11,134,619 2.80%	11,823,524 3.04%	10,863,058 2.83%	10,460,090 2.75%	11,809,938 3.01%	12,138,708 3.18%	11,153,436 3.31%
Tax anticipation note interest	- 0.00%	- 0.00%	- 0.00%	- 0.00%	622,548 0.16%	655,188 0.17%	785,433 0.21%	944,904 0.24%	1,345,800 0.35%	1,373,883 0.41%
Total Expenditures	\$439,460,600	\$411,202,618	\$401,494,651	\$397,766,511	\$389,272,140	\$384,527,729	\$380,708,537	\$392,304,054	\$382,281,492	\$336,534,941

DAVIS SCHOOL DISTRICT

Expenditures Per ADM by Function - General Fund
Last Ten Fiscal Years
Years Ended June 30, 2007 to 2016

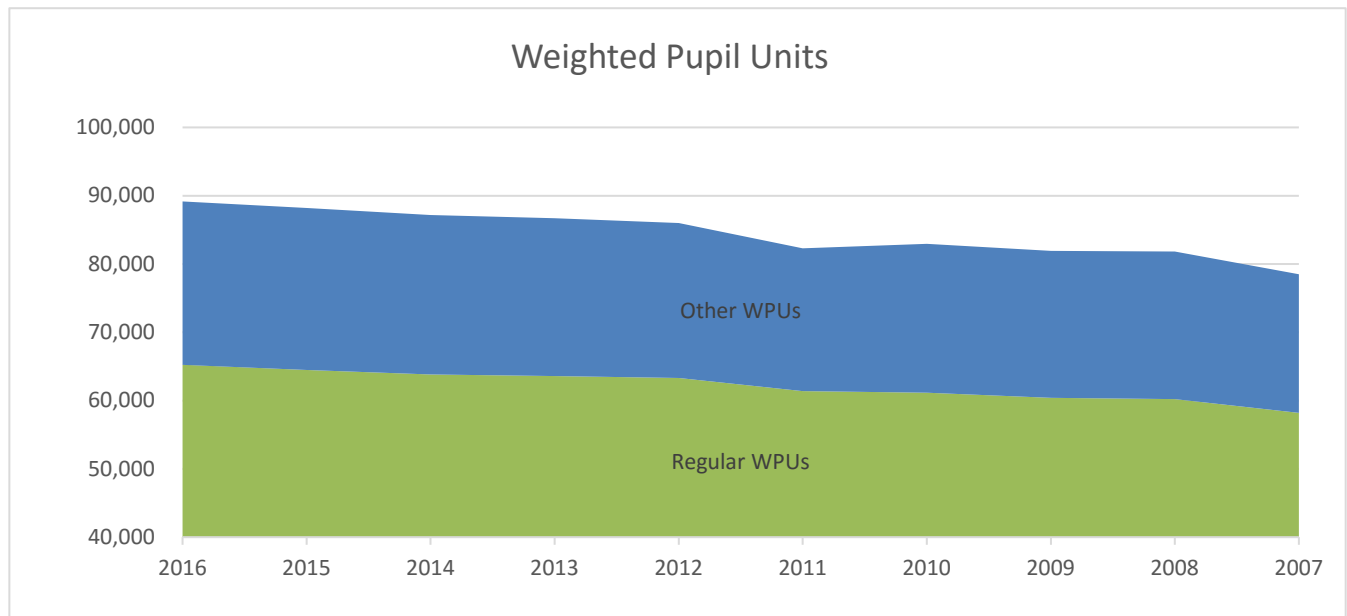
Function	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$ 4,636	\$ 4,374	\$ 4,322	\$ 4,316	\$ 4,237	\$ 4,301	\$ 4,288	\$ 4,464	\$ 4,382	\$ 3,893
Supporting services:										
Students	246	228	230	232	230	231	245	236	222	201
Instructional staff	314	286	278	267	264	277	286	308	293	259
District administration	37	36	34	41	40	41	41	39	53	55
School administration	432	415	407	399	394	398	397	386	379	350
Central	214	201	196	193	186	174	173	179	182	161
Operation & maintenance of facilities	673	628	633	631	624	623	625	638	635	606
Student transportation	179	204	177	175	188	176	171	195	202	190
Tax anticipation note interest	-	-	-	-	10	11	13	16	22	23
Total expenditures per ADM	<u>\$ 6,730</u>	<u>\$ 6,370</u>	<u>\$ 6,277</u>	<u>\$ 6,253</u>	<u>\$ 6,175</u>	<u>\$ 6,232</u>	<u>\$ 6,240</u>	<u>\$ 6,461</u>	<u>\$ 6,371</u>	<u>\$ 5,739</u>

DAVIS SCHOOL DISTRICT

Weighted Pupil Units (WPU) Regular WPUs and Other by Formula Years Ended June 30, 2007 to 2016

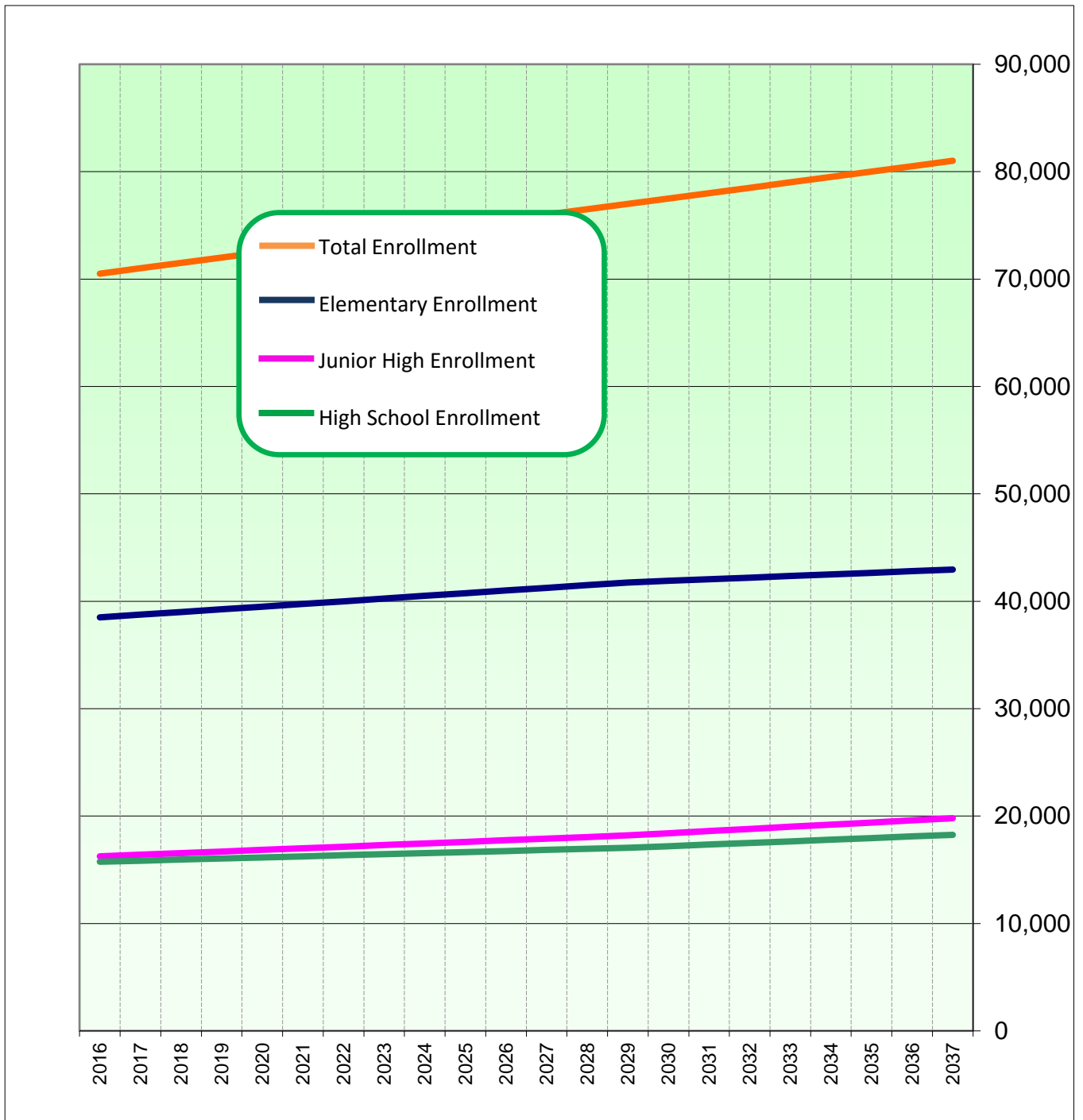
WPU TYPE	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Regular Grades K-12	65,249	64,494	63,809	63,613	63,300	61,390	61,148	60,424	60,225	58,201
<u>Other WPUs by Formula</u>										
Professional staff	6,318	6,332	6,247	6,308	6,267	4,914	5,809	5,801	5,782	5,587
Administrative Cost	-	-	-	-	-	-	-	16	16	16
Foreign Exch Students	34	38	39	32	34	34	29	24	4	-
Special Education Career	10,336	10,144	9,870	9,537	9,302	8,894	8,934	8,689	8,568	8,127
and Technical Ed Class-	2,955	2,952	2,965	2,999	2,890	2,928	2,996	2,971	3,297	2,923
Size Reduction	4,266	4,225	4,231	4,211	4,205	4,132	4,042	4,011	3,925	3,647
Total other WPUs	23,909	23,691	23,352	23,087	22,698	20,902	21,810	21,512	21,592	20,300
TOTAL ALL WPUs	89,158	88,185	87,161	86,700	85,998	82,292	82,958	81,936	81,817	78,501

* Source: Utah State Office of Education final recipient report



DAVIS SCHOOL DISTRICT

Student Enrollment Projections Next Twenty Years



These projections are based upon the State of Utah's Economic and Demographic Projections, from the Governor's Office of Planning and Budget. Information pertaining to Davis County is extracted, then adjusted for local birth rates and "in" and "out" migration factors to arrive at the final estimate. In 2014, the local birth rate has been adjusted down by the State for the first time in twenty years.

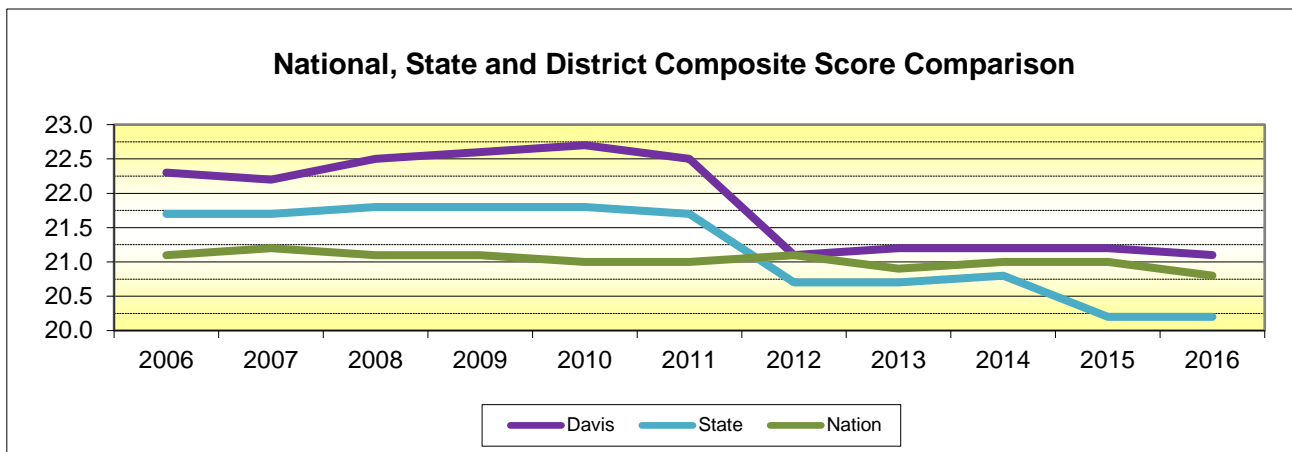
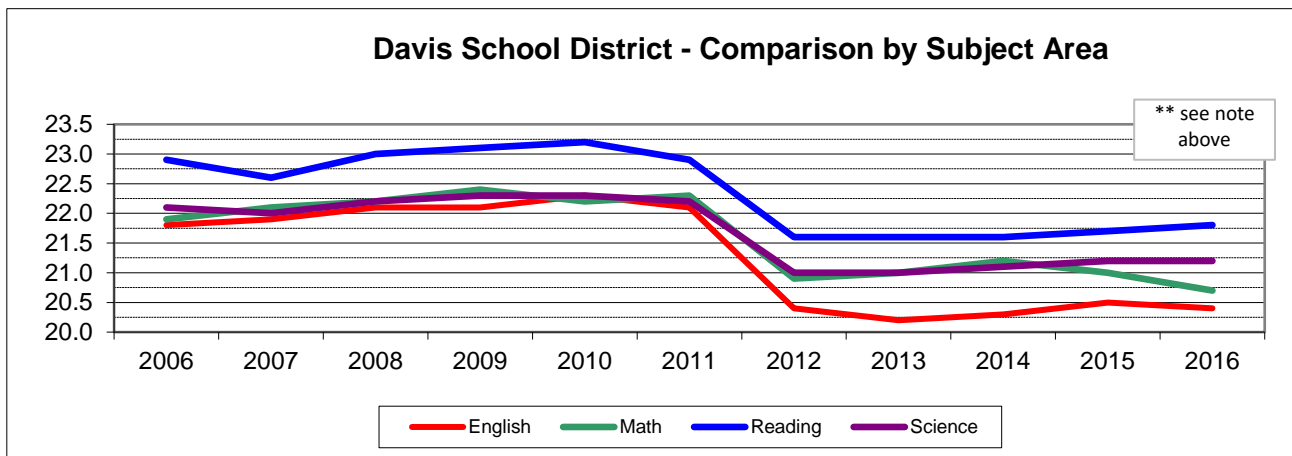
DAVIS SCHOOL DISTRICT

American College Test (ACT) Results Years Ended June 30, 2007 to 2016

AVERAGE SCORES on a 36 point scale

Year	English	Math	Reading	Science Reasoning		Composite District	Composite State	Composite Nation
2016	20.4	20.7	21.8	21.2	**	21.1	20.2	20.8
2015	20.5	21.0	21.7	21.2	**	21.2	20.2	21.0
2014	20.3	21.2	21.6	21.1	**	21.2	20.8	21.0
2013	20.2	21.0	21.6	21.0	**	21.2	20.7	20.9
2012	20.4	20.9	21.6	21.0	**	21.1	20.7	21.1
2011	22.1	22.3	22.9	22.2		22.5	21.7	21.0
2010	22.3	22.2	23.2	22.3		22.7	21.8	21.0
2009	22.1	22.4	23.1	22.3		22.6	21.8	21.1
2008	22.1	22.2	23.0	22.2		22.5	21.8	21.1
2007	21.9	22.1	22.6	22.0		22.2	21.7	21.2

** - Beginning in 2012, Davis School District as well as 50% of other districts in Utah participated in a pilot program where all students took the ACT. In the past this test was optional and mostly taken by college bound students who were high performing.



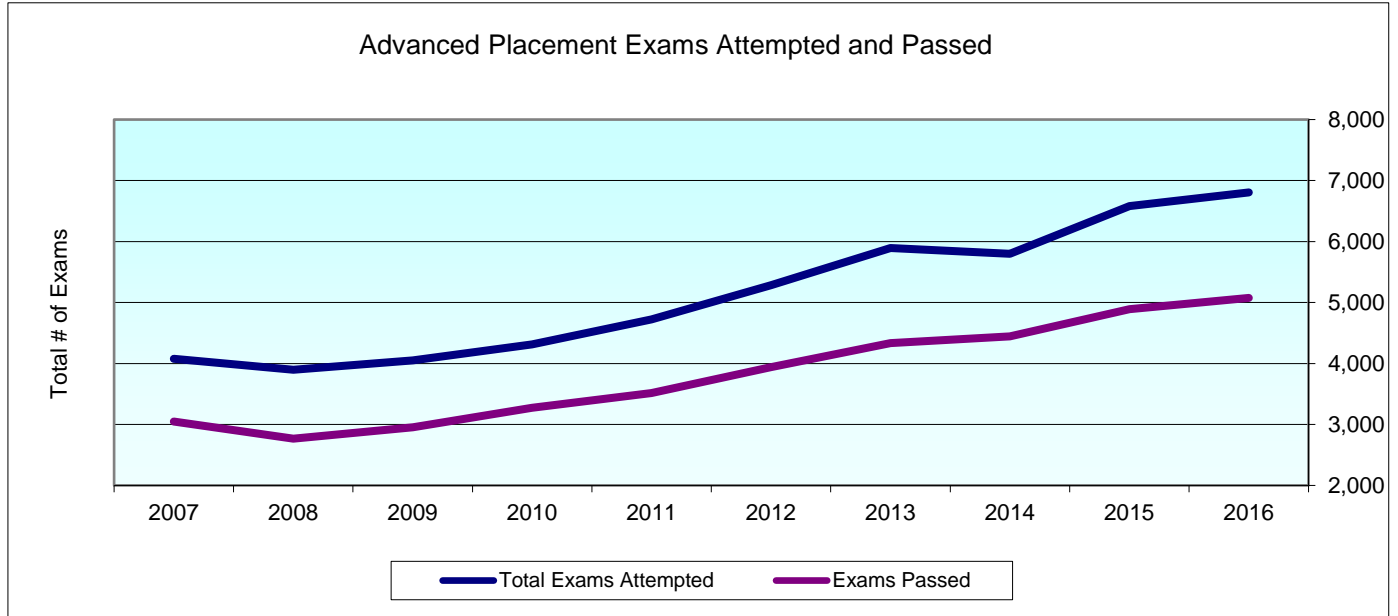
* Source: Davis School District and Utah State Office of Education records

DAVIS SCHOOL DISTRICT

Advanced Placement Exam Results Years Ended June 30, 2007 to 2016

The score scale is 1-5. Scores of 3, 4, or 5 are "Passing".

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Mathematics	1,083	1,174	1,073	1,079	962	938	996	896	942	998
Computer Science	6	3	1	5	6	1	1	1	2	3
English	1,329	1,355	1,217	1,443	1,421	1,164	1,166	1,119	1,002	942
Science	767	736	582	562	415	447	389	400	378	366
Social Studies	3,190	2,891	2,657	2,469	2,199	1,925	1,502	1,373	1,308	1,481
Fine Arts	273	346	244	301	261	235	251	243	250	261
Foreign Languages	157	77	27	36	21	15	9	16	15	26
Total Exams Attempted	6,805	6,582	5,801	5,895	5,285	4,725	4,314	4,048	3,897	4,077
Exams Passed	5,075	4,890	4,445	4,335	3,942	3,513	3,272	2,952	2,767	3,047
PERCENTAGE PASSING	74.58%	74.29%	76.62%	73.54%	74.59%	74.35%	75.85%	72.92%	71.00%	74.74%



All District high schools offer advanced placement classes to college-bound students. These classes are college-level courses. One of the District's goals is to maximize the number of students who will successfully complete these courses and accumulate college credit.

* Source: Davis School District records

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