



Independent Auditor's Report

Board of Education
Davis School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School District (the District) as of and for the year ended June 30, 2014, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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

Squire + Company, PC

Orem, Utah
November 10, 2014

Management's Discussion and Analysis

This section of Davis School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2015. 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 \$92.2 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 12.7% in 2015 to \$156.1 million as a result of the combination of an increase in the taxable value of property, a decrease in the overall tax rate, and recording incremental taxes for the first time.
- During the year, expenses were \$33.4 million less than the \$528.2 million generated in taxes and other revenues for governmental activities.
- The District continued providing for its student growth by issuing \$40.0 million of new bonds. Significant progress was made on the construction of new elementary schools in West Farmington (estimated cost of \$21.1 million) and West Kaysville (estimated cost of \$19.1 million) which are scheduled to open for the 2016-2017 school year. The District is currently finishing an addition at Millcreek Junior High School (estimated cost of \$9.5 million). The District has \$37.5 million of bonds remaining to issue of the 2009 voter-approved \$250.0 million bond authorization.
- The District implemented new accounting and reporting standards for pensions resulting in a restatement of net position in the government-wide financial statements. The District now recognizes a liability for its proportionate share of unfunded obligations of defined benefit pension plans administered by Utah Retirement Systems.

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 67 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 68 to 69 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 71 to 84 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 \$92.2 million at the close of the most recent fiscal year.

DAVIS SCHOOL DISTRICT'S Net Position							
June 30, 2015 and 2014							
(in millions of dollars)							
	Governmental		Business-type		Total		Total
	Activities		Activities				Change
	2015	2014	2015	2014	2015	2014	2015-2014
Current and other assets	\$ 340.0	\$ 286.2	\$ 8.1	\$ 6.9	\$ 348.1	\$ 293.1	\$ 55.0
Capital assets	579.7	578.3	2.0	2.1	581.7	580.4	1.3
Total assets	919.7	864.5	10.1	9.0	929.8	873.5	56.3
Deferred outflows of resources	30.1	25.5	-	-	30.1	25.5	4.6
Current and other liabilities	63.8	59.2	0.5	0.7	64.3	59.9	4.4
Long-term liabilities outstanding	636.4	649.4	0.1	0.1	636.5	649.5	(13.0)
Total liabilities	700.2	708.6	0.6	0.8	700.8	709.4	(8.6)
Deferred inflows of resources	166.9	132.1	-	-	166.9	132.1	34.8
Net position:							
Net investment in capital assets	178.5	175.3	1.9	2.1	180.4	177.4	3.0
Restricted	44.4	36.5	-	-	44.4	36.5	7.9
Unrestricted	(140.2)	(162.5)	7.6	6.1	(132.6)	(156.4)	23.8
Total net position	\$ 82.7	\$ 49.3	\$ 9.5	\$ 8.2	\$ 92.2	\$ 57.5	\$ 34.7

- The largest portion of the District’s net position (\$180.4 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 (\$44.4 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 \$132.6 million) is unrestricted. This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems. This liability is recognized as a result of the implementing new accounting and reporting standards. This implementation resulted in a restatement of net position in the government-wide financial statements. 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 \$23.8 million during the current year. This net increase resulted primarily from an increase in property tax revenue (which includes incremental taxes of \$6.6 million), a decrease in pension expense, and an increase in instruction expense (primarily from recording incremental taxes levied by the District and forwarded directly to a redevelopment agency within the District for purposes of financing urban renewal, economic development, and community development projects; these expenses were reported for the first time in 2015).
- Restricted net position increased by \$7.9 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 4.0% to \$543.4 million. Federal and state aid makes up 62.4% of the District's revenues; property taxes generate 28.7% of the District's revenues.
- The total cost of all programs and services increased by 0.3% to \$508.7 million. Instruction and support services make up 64.3% and 25.5% respectively, of the District's expenses.

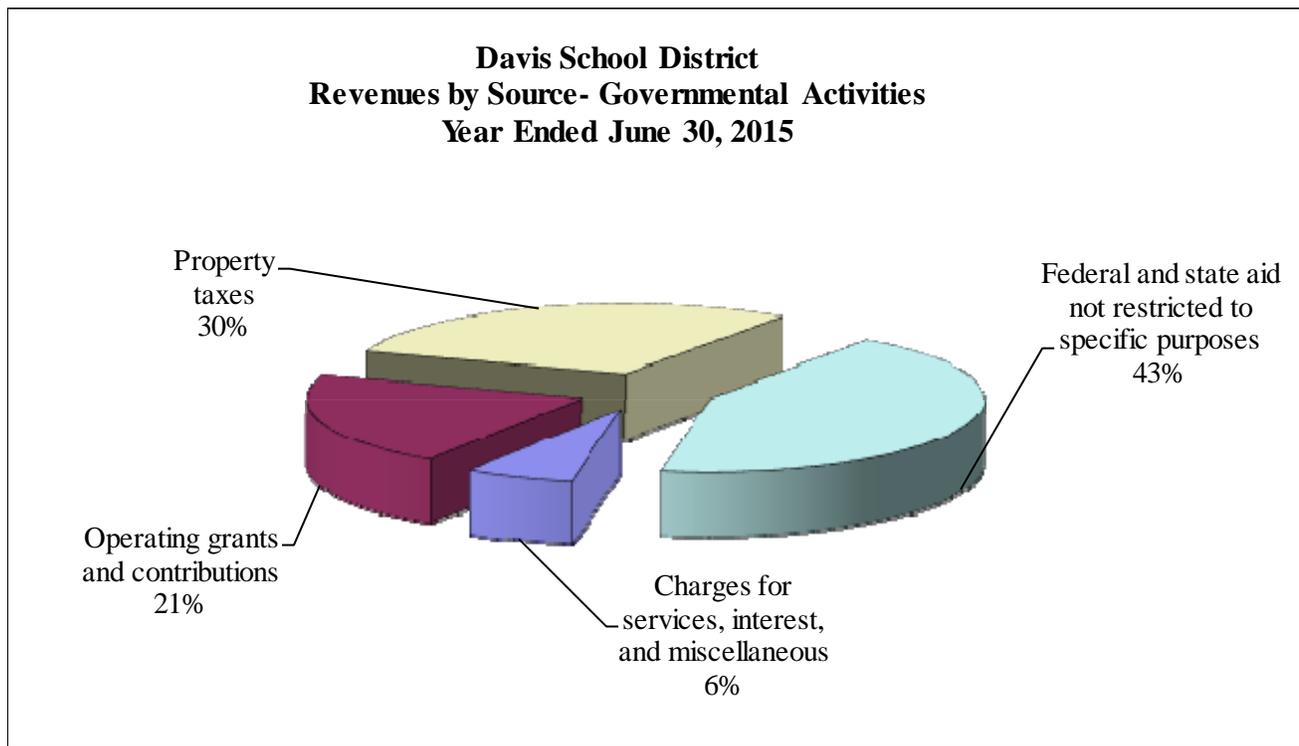
DAVIS SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2015 and 2014
(in millions of dollars)

	Governmental		Business-type		Total		Total Change 2015-2014
	Activities		Activities		Total		
	2015	2014	2015	2014	2015	2014	
Revenues:							
Program revenues:							
Charges for services	\$ 15.0	\$ 14.6	\$ 14.5	\$ 13.0	\$ 29.5	\$ 27.6	\$ 1.9
Operating grants and contributions	111.0	108.6	0.7	0.8	111.7	109.4	2.3
General revenues:							
Property taxes	156.1	143.4	-	-	156.1	143.4	12.7
Federal and state aid not restricted to specific purposes	227.2	222.0	-	-	227.2	222.0	5.2
Interest	0.7	0.6	-	-	0.7	0.6	0.1
Miscellaneous	18.2	19.2	-	-	18.2	19.2	(1.0)
Total revenues	<u>528.2</u>	<u>508.4</u>	<u>15.2</u>	<u>13.8</u>	<u>543.4</u>	<u>522.2</u>	<u>21.2</u>
Expenses:							
Instruction	326.8	324.1	-	-	326.8	324.1	2.7
Support services:							
Student	14.2	14.9	-	-	14.2	14.9	(0.7)
Instructional staff	17.7	17.9	-	-	17.7	17.9	(0.2)
District administration	3.0	2.5	-	-	3.0	2.5	0.5
School administration	26.5	27.0	-	-	26.5	27.0	(0.5)
Business administration	13.3	13.2	-	-	13.3	13.2	0.1
Operation and maintenance of facilities	41.0	42.0	-	-	41.0	42.0	(1.0)
Student transportation	14.2	12.6	-	-	14.2	12.6	1.6
School food service	21.8	24.2	-	-	21.8	24.2	(2.4)
Interest on long-term liabilities	16.3	16.0	-	-	16.3	16.0	0.3
Pioneer Adult Rehab Center	-	-	13.9	12.8	13.9	12.8	1.1
Total expenses	<u>494.8</u>	<u>494.4</u>	<u>13.9</u>	<u>12.8</u>	<u>508.7</u>	<u>507.2</u>	<u>1.5</u>
Changes in net position	<u>33.4</u>	<u>14.0</u>	<u>1.3</u>	<u>1.0</u>	<u>34.7</u>	<u>15.0</u>	<u>19.7</u>
Net position, beginning	49.3	226.7	8.2	7.2	57.5	233.9	(176.4)
Net effect of prior period restatement	-	(191.4)	-	-	-	(191.4)	191.4
Net position, ending	<u>\$ 82.7</u>	<u>\$ 49.3</u>	<u>\$ 9.5</u>	<u>\$ 8.2</u>	<u>\$ 92.2</u>	<u>\$ 57.5</u>	<u>\$ 34.7</u>

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

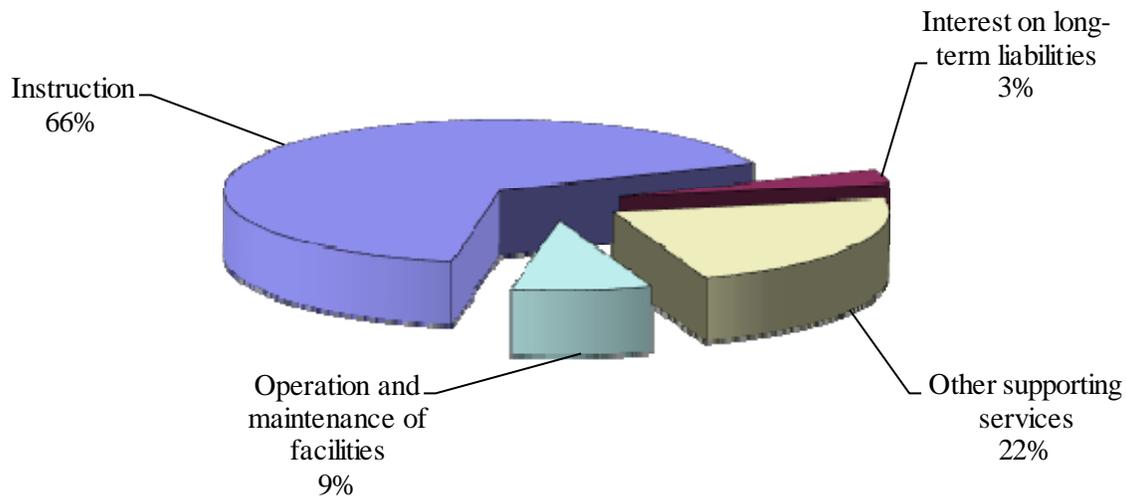
Governmental activities. The key elements of the increase in the District’s net position for the year ended June 30, 2015 are as follows:

- Revenues increased \$19.8 million or 3.9% and continue to be primarily from federal and state aid and property taxes.
- Federal and state aid not restricted to specific purposes increased by 2.3% or \$5.2 million. Total federal aid decreased 0.9% to \$41.7 million primarily due to spending levels. State aid is based primarily on weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the amount generated by the WPU the state will make up the difference with state funding. The value of the WPU increased 2.5% from \$2,899 to \$2,972.
- Tax revenues increased to \$156.1 million or by 12.7%. This increase was a result of the combination of an increase in the taxable value of property, a decrease in the overall tax rate, and recording incremental taxes for the first time.



- Expenses for governmental activities increased \$0.4 million or by 0.1%. This increase was primarily the result of increased personnel expenditures as a result of the State WPU funding increase.

**Davis School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2015**



Business-type activities. The \$1.3 million increase in the District's net position for the year ended June 30, 2015 was a result of the operations of the Pioneer Adult Rehabilitation Center.

- Overall revenues increased \$1.4 million and expenses increased \$1.1 million due to increased contract agreements.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$123.4 million, \$29.8 million more than the previous year. This increase was due primarily to increased revenue from the State of Utah and the issuance of \$40.0 million general obligation bonds offset by costs related to planned capital projects. The *Debt Service Fund* added \$3.1 million to fund balance. The *General Fund* had a \$6.2 million increase in fund balance. In addition, the following changes in revenues and expenditures should be noted:

- Revenues for general District purposes totaled \$417.5 million, an increase of 1.9%, during the current fiscal year. This increase is primarily due to increased student revenues from the State of Utah. Revenues for debt service and capital projects were up 8.0% and up 5.8%, respectively. The *Capital Projects and Debt Service Fund's* increase was primarily a result of an increase in the taxable value of property. State revenues were up 3.0% from the prior year in the *General Fund* due to increases in state appropriations for enrollment growth.
- Expenditures for general District purposes totaled \$411.2 million, an increase of 2.4% during the current fiscal year. Instruction represents 68.7% of *General Fund* expenditures. Capital project expenditures were up 7.6% due to ongoing construction projects, including two new elementary schools in West Farmington and West Kaysville and an addition at Millcreek Junior High School.

- *General Fund* salaries totaled \$249.1 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$118.4 million to arrive at 89.4% 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, 2015, the District's combined governmental fund balance is \$123.4 million (\$6.9 million in nonspendable, \$72.5 million in restricted, \$20.0 million in committed, \$5.5 million in assigned, and \$18.5 in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$4.7 million or 1.1% in total *General Fund* expenditures.

During the year, final budgeted revenues were more than original budgetary estimates by \$0.7 million or 0.2%. The increase primarily reflects slightly higher enrollment growth than anticipated.

Even with these adjustments, the District maintained cost cutting measures to hold expenditures below the amended budget in order to build reserves for unanticipated future costs. Consequently, actual expenditures were \$9.1 million below final budgeted amounts. Additionally, revenues were \$1.2 million above the final budgeted amount.

Capital Asset and Debt Administration

Capital Assets. The *Capital Projects Fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District spent \$25.4 million for capital assets. Major projects include the final costs of Odyssey elementary and the beginning of new elementary schools in West Farmington (estimated cost of \$21.1 million) and West Kaysville (estimated cost of \$19.1 million) and an addition at Millcreek Junior High School (estimated cost of \$9.5 million).

The District continues to experience moderate growth in total students and a shift in student population to the north and southwest section of the District. The District's 61st and 62nd elementary school are under construction and will open in the fall of 2016. Major projects to be funded with the current bond proceeds include the two additional elementary schools, a classroom addition at Woods Cross High School, and the addition at Millcreek Junior High School currently in process.

Capital assets at June 30, 2015 and 2014 are outlined below:

DAVIS SCHOOL DISTRICT'S Capital Assets							
June 30, 2015 and 2014							
(net of accumulated depreciation in millions of dollars)							
	Governmental Activities		Business-type Activities		Total		Total Change
	2015	2014	2015	2014	2015	2014	2015-2014
Land	\$ 48.7	\$ 44.8	\$ -	\$ -	\$ 48.7	\$ 44.8	\$ 3.9
Construction in progress	13.9	32.1	-	-	13.9	32.1	(18.2)
Buildings and improvements	506.7	491.6	1.9	2.0	508.6	493.6	15.0
Furniture and equipment	3.5	3.7	-	0.1	3.5	3.8	(0.3)
Transportation equipment	6.9	6.1	-	-	6.9	6.1	0.8
Total capital assets	\$ 579.7	\$ 578.3	\$ 1.9	\$ 2.1	\$ 581.6	\$ 580.4	\$ 1.2

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

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

The District issued \$40.0 million of the authorization on May 21, 2015. Of the \$250.0 million, \$212.5 million has been issued leaving \$37.5 million available for future issues as of June 30, 2015.

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, 2015 is \$1,169 million. General obligation debt, net of unamortized premiums, at June 30, 2015 is \$432.2 million, resulting in a legal debt margin of \$725.6 million.

DAVIS SCHOOL DISTRICT'S Outstanding Debt			
June 30, 2015 and 2014			
Net of Accumulated Amortization			
(in millions of dollars)			
	Governmental activities		
	2015	2014	Total Change
	2015	2014	2015-2014
Net general obligation bonds	\$ 432.2	\$ 419.9	\$ 12.3
Obligations under capital lease	0.1	0.2	(0.1)
Total	\$ 432.3	\$ 420.1	\$ 12.2

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 2035.

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 2015 count. The District anticipated growth of approximately 500 students for the 2015-16 school year; however, actual growth was 740 students. Growth continues to be focused in the northwest section of the District. The chart below reflects the counts taken between October 1, 2011 and October 1, 2015 and shows total student growth of 3,860 students over the five-year period, a 5.7% increase.

DAVIS SCHOOL DISTRICT'S Student Enrollment						
District fiscal year	2012	2013	2014	2015	2016	Total
October 1st enrollment	67,736	68,342	68,571	69,139	69,879	
Total enrollment change	1,717	606	229	568	740	3,860
Percentage change	2.6%	0.9%	0.3%	0.8%	1.1%	5.7%

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

Requests for Information

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

DAVIS SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	District Foundation
Assets:				
Cash and investments	\$ 169,090,937	\$ 5,584,382	\$ 174,675,319	\$ 1,175,135
Receivables:				
Property taxes	157,530,714	-	157,530,714	-
Other local	378,144	1,234,726	1,612,870	1,500
State of Utah	1,839,115	-	1,839,115	-
Federal government	4,163,746	-	4,163,746	-
Inventories	6,862,053	1,315,425	8,177,478	-
Net pension asset	122,081	-	122,081	-
Capital assets:				
Land and construction in progress	62,663,733	-	62,663,733	-
Other capital assets, net of accumulated depreciation	517,016,954	1,947,186	518,964,140	-
Total assets	919,667,477	10,081,719	929,749,196	1,176,635
Deferred outflows of resources:				
Deferred charge on refunding	2,098,125	-	2,098,125	-
Related to pensions	27,989,590	-	27,989,590	-
Total deferred outflows of resources	30,087,715	-	30,087,715	-
Liabilities:				
Accounts payable	19,062,586	497,690	19,560,276	-
Accrued interest	1,352,882	-	1,352,882	-
Accrued salaries and benefits	38,936,582	-	38,936,582	-
Unearned revenue:				
Other local	26,974	-	26,974	-
State of Utah	4,460,313	-	4,460,313	-
Noncurrent liabilities:				
Due or payable within one year	40,056,562	31,205	40,087,767	-
Due or payable after one year	596,265,730	45,053	596,310,783	-
Total liabilities	700,161,629	573,948	700,735,577	-
Deferred inflows of resources:				
Property taxes levied for future year	149,354,784	-	149,354,784	-
Related to pensions	17,514,718	-	17,514,718	-
Total deferred inflows of resources	166,869,502	-	166,869,502	-
Net position:				
Net investment in capital assets	178,471,364	1,947,186	180,418,550	-
Restricted for:				
Debt service	2,589,904	-	2,589,904	-
Capital projects	35,719,823	-	35,719,823	-
School food services	6,128,878	-	6,128,878	-
Scholarships and awards	-	-	-	1,176,635
Unrestricted	(140,185,908)	7,560,585	(132,625,323)	-
Total net position	\$ 82,724,061	\$ 9,507,771	\$ 92,231,832	\$ 1,176,635

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

DAVIS SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2015

Activities/Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit District Foundation
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-type Activities		
Primary government:							
Governmental activities:							
Instruction	\$ 326,885,284	\$ 6,347,013	\$ 75,557,315	\$ (244,980,956)		\$ (244,980,956)	
Supporting services:							
Students	14,178,453	-	4,645,784	(9,532,669)		(9,532,669)	
Instructional staff	17,728,205	-	4,299,886	(13,428,319)		(13,428,319)	
District administration	2,958,948	-	77,295	(2,881,653)		(2,881,653)	
School administration	26,500,999	-	916,098	(25,584,901)		(25,584,901)	
Central	13,256,245	-	1,859,380	(11,396,865)		(11,396,865)	
Operation and maintenance of facilities	41,033,443	302,692	815,378	(39,915,373)		(39,915,373)	
Student transportation	14,170,991	-	7,567,018	(6,603,973)		(6,603,973)	
School food service	21,796,126	8,314,193	15,287,763	1,805,830		1,805,830	
Interest on long-term liabilities	16,265,030	-	-	(16,265,030)		(16,265,030)	
Total governmental activities	494,773,724	14,963,898	111,025,916	(368,783,910)		(368,783,910)	
Business-type activities:							
Pioneer Adult Rehabilitation Center	13,826,446	14,460,197	731,952	-	\$ 1,365,703	1,365,703	
Total primary government	<u>\$ 508,600,170</u>	<u>\$ 29,424,095</u>	<u>\$ 111,757,868</u>	<u>(368,783,910)</u>	<u>1,365,703</u>	<u>(367,418,207)</u>	
Component unit:							
Davis School District Foundation	<u>\$ 1,211,863</u>	<u>\$ -</u>	<u>\$ 1,288,103</u>				\$ 76,240
General revenues:							
Property taxes levied for:							
Basic				25,651,071	-	25,651,071	-
Voted local				24,671,393	-	24,671,393	-
Board local				35,641,999	-	35,641,999	-
Debt service				46,572,252	-	46,572,252	-
Capital outlay				16,930,993	-	16,930,993	-
Tax increment				6,599,320	-	6,599,320	-
Federal and state revenue not restricted to specific purposes				227,240,368	-	227,240,368	-
Earnings on investments				669,366	11,800	681,166	3,773
Miscellaneous				18,165,848	-	18,165,848	-
Total general revenues				<u>402,142,610</u>	<u>11,800</u>	<u>402,154,410</u>	<u>3,773</u>
Change in net position				33,358,700	1,377,503	34,736,203	80,013
Net position - beginning, as restated				<u>49,365,361</u>	<u>8,130,268</u>	<u>57,495,629</u>	<u>1,096,622</u>
Net position - ending				<u>\$ 82,724,061</u>	<u>\$ 9,507,771</u>	<u>\$ 92,231,832</u>	<u>\$ 1,176,635</u>

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

DAVIS SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 69,895,863	\$ 1,393,837	\$ 69,908,380	\$ 14,380,132	\$ 155,578,212
Receivables:					
Property taxes	88,295,678	45,062,338	16,293,844	7,878,854	157,530,714
Other local	287,494	-	56,174	26,001	369,669
State of Utah	728,352	-	-	1,110,763	1,839,115
Federal government	3,940,138	-	-	223,608	4,163,746
Inventories	5,671,302	-	-	1,190,751	6,862,053
Total assets	<u>\$ 168,818,827</u>	<u>\$ 46,456,175</u>	<u>\$ 86,258,398</u>	<u>\$ 24,810,109</u>	<u>\$ 326,343,509</u>
Liabilities:					
Accounts payable	\$ 1,060,567	\$ -	\$ 6,256,306	\$ 176,652	\$ 7,493,525
Accrued salaries and benefits	38,936,582	-	-	-	38,936,582
Unearned revenue:					
Other local	-	-	-	26,974	26,974
State of Utah	4,460,313	-	-	-	4,460,313
Total liabilities	<u>44,457,462</u>	<u>-</u>	<u>6,256,306</u>	<u>203,626</u>	<u>50,917,394</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,509,042	816,446	297,235	-	2,622,723
Property taxes levied for future year	83,645,267	42,517,196	15,313,467	7,878,854	149,354,784
Total deferred inflows of resources	<u>85,154,309</u>	<u>43,333,642</u>	<u>15,610,702</u>	<u>7,878,854</u>	<u>151,977,507</u>
Fund balances:					
Nonspendable:					
Inventories	5,671,302	-	-	1,190,751	6,862,053
Restricted for:					
Debt service	-	3,122,533	-	-	3,122,533
Capital projects	-	-	64,391,390	-	64,391,390
School food services	-	-	-	4,938,127	4,938,127
Committed to:					
Workers compensation	500,000	-	-	-	500,000
Termination benefits	4,500,000	-	-	-	4,500,000
Schools	-	-	-	10,598,751	10,598,751
Economic stabilization	4,500,000	-	-	-	4,500,000
Assigned to:					
Programs	788,661	-	-	-	788,661
Schools	250,000	-	-	-	250,000
Medical insurance	4,500,000	-	-	-	4,500,000
Unassigned	18,497,093	-	-	-	18,497,093
Total fund balances	<u>39,207,056</u>	<u>3,122,533</u>	<u>64,391,390</u>	<u>16,727,629</u>	<u>123,448,608</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 168,818,827</u>	<u>\$ 46,456,175</u>	<u>\$ 86,258,398</u>	<u>\$ 24,810,109</u>	<u>\$ 326,343,509</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, 2015

Total fund balances for governmental funds \$ 123,448,608

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	\$ 48,746,923	
Construction in progress	13,916,810	
Buildings and improvements, net of \$338,666,267 accumulated depreciation	506,559,029	
Furniture and equipment, net of \$14,366,175 accumulated depreciation	3,515,377	
Transportation equipment, net of \$25,847,353 accumulated depreciation	<u>6,942,548</u>	579,680,687

The net pension asset is not an available resource and therefore is not reported in the governmental funds. 122,081

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. 2,622,723

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$1,349,075 and accrued interest for obligations under capital leases is \$3,807. (1,352,882)

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: 1,952,139

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	(420,660,000)	
Deferred charge on refunding	2,098,125	
Unamortized premiums	(11,519,325)	
Obligations under capital leases	(93,118)	
Accrued vacation	(4,451,803)	
Accrued sick leave	(2,143,073)	
Accrued personal leave	(1,443,750)	
Early retirement payable	(9,170,727)	
Net pension liability	(186,840,496)	
Deferred outflows of resources related to pensions	27,989,590	
Deferred inflows of resources related to pensions	<u>(17,514,718)</u>	<u>(623,749,295)</u>

Total net position - governmental activities \$ 82,724,061

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, 2015

	<u>Major Governmental Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Revenues:					
Property taxes	\$ 86,041,055	\$ 46,551,253	\$ 16,947,481	\$ 6,599,320	\$ 156,139,109
Earnings on investments	372,656	-	177,810	118,900	669,366
Other local	9,410,030	-	185,688	16,012,422	25,608,140
School lunch sales	-	-	-	7,558,576	7,558,576
State of Utah	292,128,732	-	297,469	4,161,045	296,587,246
Federal government	29,530,441	1,021,879	-	11,126,718	41,679,038
Total revenues	<u>417,482,914</u>	<u>47,573,132</u>	<u>17,608,448</u>	<u>45,576,981</u>	<u>528,241,475</u>
Expenditures:					
Current:					
Instruction	282,326,073	-	-	21,466,193	303,792,266
Supporting services:					
Students	14,694,917	-	-	-	14,694,917
Instructional staff	18,445,968	-	-	-	18,445,968
District administration	2,325,792	-	-	-	2,325,792
School administration	26,766,307	-	-	-	26,766,307
Central	12,960,814	-	-	-	12,960,814
Operation and maintenance of facilities	40,514,129	-	-	-	40,514,129
Student transportation	13,168,618	-	-	-	13,168,618
School food service	-	-	-	21,893,048	21,893,048
Capital outlay	-	-	39,718,863	-	39,718,863
Debt service:					
Bond principal	-	26,975,000	-	-	26,975,000
Bond interest	-	17,468,199	-	-	17,468,199
Bond issuance costs	-	-	660,188	-	660,188
Capital lease payments	-	-	97,271	-	97,271
Fees and miscellaneous charges	-	7,400	-	-	7,400
Total expenditures	<u>411,202,618</u>	<u>44,450,599</u>	<u>40,476,322</u>	<u>43,359,241</u>	<u>539,488,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,280,296</u>	<u>3,122,533</u>	<u>(22,867,874)</u>	<u>2,217,740</u>	<u>(11,247,305)</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	40,000,000	-	40,000,000
General obligation bonds premium	-	-	1,138,631	-	1,138,631
Transfer out	(95,035)	-	-	-	(95,035)
Proceeds from sale of capital assets	-	-	10,225	-	10,225
Total other financing sources (uses)	<u>(95,035)</u>	<u>-</u>	<u>41,148,856</u>	<u>-</u>	<u>41,053,821</u>
Net change in fund balances	6,185,261	3,122,533	18,280,982	2,217,740	29,806,516
Fund balances - beginning	<u>33,021,795</u>	<u>-</u>	<u>46,110,408</u>	<u>14,509,889</u>	<u>93,642,092</u>
Fund balances - ending	<u>\$ 39,207,056</u>	<u>\$ 3,122,533</u>	<u>\$ 64,391,390</u>	<u>\$ 16,727,629</u>	<u>\$ 123,448,608</u>

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, 2015

Net change in fund balances-total governmental funds **\$ 29,806,516**

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	\$ 25,352,264	
Gain on sale of capital assets	(36,970)	
Proceeds from sale of capital assets	(10,225)	
Depreciation expense	<u>(23,952,384)</u>	1,352,685

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	3,644	
Principal payments on capital leases	<u>89,142</u>	92,786

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	(40,000,000)	
Bond premium	(1,138,631)	
Amortization of deferred amounts on refunding	(619,441)	
Amortization of bond premium	1,849,056	
Repayment of bond principal	26,975,000	
Interest expense - general obligation bonds	<u>(14,561)</u>	(12,948,577)

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. (72,081)

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	(321,032)	
Accrued sick and personal leave	(125,246)	
Early retirement payable	(1,601,693)	
Pension expense	<u>15,128,168</u>	13,080,197

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: 1,952,139

The District Warehouse Fund was closed during the year and the capital assets were reassigned to the general fund. The reassignment was recorded as a contribution expense in the internal service fund. The reassignment is eliminated from governmental activities. 95,035

Change in net position of governmental activities **\$ 33,358,700**

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 88,647,700	\$ 85,470,500	\$ 86,041,055	\$ 570,555
Earnings on investments	210,600	240,600	372,656	132,056
Other local	9,184,600	9,233,300	9,410,030	176,730
State of Utah	288,948,298	292,430,500	292,128,732	(301,768)
Federal government	28,637,402	28,917,200	29,530,441	613,241
Total revenues	<u>415,628,600</u>	<u>416,292,100</u>	<u>417,482,914</u>	<u>1,190,814</u>
Expenditures:				
Current:				
Instruction	285,943,900	289,039,700	282,326,073	6,713,627
Supporting services:				
Students	15,189,400	15,296,400	14,694,917	601,483
Instructional staff	18,276,300	19,579,000	18,445,968	1,133,032
District administration	2,562,800	2,316,200	2,325,792	(9,592)
School administration	26,658,900	26,810,300	26,766,307	43,993
Central	13,219,700	13,350,600	12,960,814	389,786
Operation and maintenance of facilities	42,034,400	42,651,900	40,514,129	2,137,771
Student transportation	11,743,200	11,248,000	13,168,618	(1,920,618)
Total expenditures	<u>415,628,600</u>	<u>420,292,100</u>	<u>411,202,618</u>	<u>9,089,482</u>
Excess (deficiency) of revenues over (under) expenditures	-	(4,000,000)	6,280,296	10,280,296
Other financing sources (uses):				
Transfer out	-	-	(95,035)	(95,035)
Net change in fund balances	-	(4,000,000)	6,185,261	10,185,261
Fund balances - beginning	<u>33,021,795</u>	<u>33,021,795</u>	<u>33,021,795</u>	<u>-</u>
Fund balances - ending	<u>\$ 33,021,795</u>	<u>\$ 29,021,795</u>	<u>\$ 39,207,056</u>	<u>\$ 10,185,261</u>

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, 2015
With Comparative Totals for 2014

	Enterprise Fund -		Governmental Activities - Internal Service Funds			
	Pioneer Adult Rehab Center		District Warehouse		Self Insurance	
	2015	2014	2015	2014	2015	2014
Assets:						
Current assets:						
Cash and investments	\$ 5,584,382	\$ 4,400,607	\$ -	\$ 944	\$ 13,512,725	\$ -
Receivables - other local	1,234,726	1,043,872	-	79,266	8,475	-
Inventories of supplies	1,315,425	1,421,680	-	4,207,807	-	-
Total current assets	<u>8,134,533</u>	<u>6,866,159</u>	<u>-</u>	<u>4,288,017</u>	<u>13,521,200</u>	<u>-</u>
Noncurrent assets:						
Capital assets:						
Land	-	-	-	648,822	-	-
Buildings and improvements	3,660,322	3,660,322	-	1,519,215	-	-
Equipment	593,049	586,388	-	1,269,954	-	-
Accumulated depreciation	(2,306,185)	(2,196,140)	-	(1,953,744)	-	-
Net capital assets	<u>1,947,186</u>	<u>2,050,570</u>	<u>-</u>	<u>1,484,247</u>	<u>-</u>	<u>-</u>
Total assets	<u>10,081,719</u>	<u>8,916,729</u>	<u>-</u>	<u>5,772,264</u>	<u>13,521,200</u>	<u>-</u>
Liabilities:						
Current liabilities:						
Accounts payable	497,690	700,843	-	569,343	11,569,061	-
Compensation liability	31,205	35,035	-	11,376	-	-
Due to other funds	-	-	-	3,813,709	-	-
Total current liabilities	<u>528,895</u>	<u>735,878</u>	<u>-</u>	<u>4,394,428</u>	<u>11,569,061</u>	<u>-</u>
Noncurrent liabilities:						
Compensation liability	45,053	50,583	-	18,855	-	-
Total liabilities	<u>573,948</u>	<u>786,461</u>	<u>-</u>	<u>4,413,283</u>	<u>11,569,061</u>	<u>-</u>
Net position:						
Net investment in capital assets	1,947,186	2,050,570	-	1,484,247	-	-
Unrestricted	7,560,585	6,079,698	-	(125,266)	1,952,139	-
Total net position	<u>\$ 9,507,771</u>	<u>\$ 8,130,268</u>	<u>\$ -</u>	<u>\$ 1,358,981</u>	<u>\$ 1,952,139</u>	<u>\$ -</u>

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, 2015

With Comparative Totals for 2014

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Funds			
	2015	2014	District Warehouse		Self Insurance	
			2015	2014	2015	2014
Operating revenues:						
Charges for services	\$ 13,475,262	\$ 12,173,447	\$ -	\$ 1,037,115	\$ 30,729,652	\$ -
Other local	984,935	825,039	-	-	-	-
Total operating revenues	14,460,197	12,998,486	-	1,037,115	30,729,652	-
Operating expenses:						
Salaries and benefits	5,644,708	5,139,861	-	1,037,115	-	-
Depreciation	110,045	119,901	-	141,019	-	-
Indirect charges	491,823	446,888	-	-	-	-
Other	7,579,870	7,205,169	-	-	28,777,513	-
Total operating expenses	13,826,446	12,911,819	-	1,178,134	28,777,513	-
Operating income (loss)	633,751	86,667	-	(141,019)	1,952,139	-
Nonoperating income (expense):						
Earnings on investments	11,800	11,231	-	-	-	-
State of Utah subsidies	731,952	786,804	-	-	-	-
Contribution to other fund	-	-	(1,454,016)	-	-	-
Total nonoperating income (expense)	743,752	798,035	(1,454,016)	-	-	-
Income (loss) before transfers	1,377,503	884,702	(1,454,016)	(141,019)	1,952,139	-
Transfer in	-	-	95,035	1,500,000	-	-
Change in net position	1,377,503	884,702	(1,358,981)	1,358,981	1,952,139	-
Total net position - beginning	8,130,268	7,245,566	1,358,981	-	-	-
Total net position - ending	\$ 9,507,771	\$ 8,130,268	\$ -	\$ 1,358,981	\$ 1,952,139	\$ -

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, 2015

	Enterprise Fund - Pioneer Adult Rehab Center		Governmental Activities - Internal Service Funds			
			District Warehouse		Self Insurance	
	2015	2014	2015	2014	2015	2014
Cash flows from operating activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ 79,266	\$ 1,023,348	\$ 30,721,177	\$ -
Receipts from customers	14,269,343	13,171,742	-	-	-	-
Payments to suppliers	(8,168,591)	(8,407,189)	-	-	(17,208,452)	-
Payments to employees	(5,654,068)	(5,151,179)	(110,441)	(1,016,849)	-	-
Net cash provided (used) by operating activities	446,684	(386,626)	(31,175)	6,499	13,512,725	-
Cash flows from noncapital financing activities:						
Receipt of earnings on investments	11,800	11,231	-	-	-	-
Transfer from general fund	-	-	95,035	1,500,000	-	-
Repayment of due to other funds	-	-	(64,804)	(1,500,000)	-	-
Receipt of state subsidies	731,952	786,804	-	-	-	-
Net cash provided by noncapital financing activities	743,752	798,035	30,231	-	-	-
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(6,661)	-	-	(5,555)	-	-
Net increase in cash and cash equivalents	1,183,775	411,409	(944)	944	13,512,725	-
Cash and cash equivalents - beginning	4,400,607	3,989,198	944	-	-	-
Cash and cash equivalents - ending (displayed as cash and investments on the statements of fund net position)	\$ 5,584,382	\$ 4,400,607	\$ -	\$ 944	\$ 13,512,725	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 633,751	\$ 86,667	\$ -	\$ (141,019)	\$ 1,952,139	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	110,045	119,901	-	141,019	-	-
Changes in operating assets and liabilities:						
Accounts receivable	(190,854)	173,256	79,266	(13,767)	(8,475)	-
Due from other funds	-	-	-	-	-	-
Inventories	106,255	(1,364,937)	4,207,807	343,170	-	-
Accounts payable	(203,153)	609,805	(569,343)	(90,029)	11,569,061	-
Compensation liability	(9,360)	(11,318)	(30,231)	(17,819)	-	-
Due to other funds	-	-	(3,718,674)	(215,056)	-	-
Total adjustments	(187,067)	(473,293)	(31,175)	147,518	11,560,586	-
Net cash provided (used) by operating activities	\$ 446,684	\$ (386,626)	\$ (31,175)	\$ 6,499	\$ 13,512,725	\$ -
Noncash investing, capital, and financing activities	none	none	none	none	none	none

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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, 2015, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Deposits and investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Investments for the District, as well as for its component unit, are reported at fair value. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

Capital assets – Capital assets, which include land, buildings and improvements, furniture and equipment, and transportation equipment are reported in the government-wide financial statements and proprietary fund financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment, and transportation equipment and \$100,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and improvements, furniture and equipment, and transportation equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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. 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:

- 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) District contributions subsequent to the measurement date of December 31, 2014.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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, 2015 for the following school year.
- 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.

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*.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

Fund balance classifications are summarized as follows:

- **Nonspendable** – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to prepaid expenses and inventories are classified as nonspendable.
- **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 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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- 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, 2015, as shown on the financial statements is as follows:

Carrying amount of deposits			\$ 35,078,265
Carrying amount of investments			140,772,189
Total cash and investments			<u>\$ 175,850,454</u>
Governmental funds cash and investments			\$ 155,578,212
Enterprise funds cash and investments			5,584,382
Internal service funds cash and investments			13,512,725
Primary government			<u>174,675,319</u>
Component unit cash and investments			1,175,135
Total cash and investments			<u>\$ 175,850,454</u>

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, 2015, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Davis School District	\$ 33,917,235	\$ 35,324,039	\$ 250,000
Davis School District Foundation, a component unit of the District	1,161,030	1,161,030	-
Total deposits	<u>\$ 35,078,265</u>	<u>\$ 36,485,069</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, 2015, 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, 2015, the District has \$136,804,973 invested in the Utah Public Treasurers’ Investment Fund; the PTIF is not rated. The District has \$3,149,584 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 \$803,527 invested in corporate bonds rated A- and Baa1 or higher by Standard & Poor’s and Moody’s Investors Service, Inc., respectively. The Davis School District Foundation has \$14,105 invested in mutual funds that are unrated.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Davis School District:			
Utah Public Treasurers' Investment Fund (PTIF)	\$ 136,804,973	\$ 136,804,973	\$ -
Government agencies	3,149,584	-	3,149,584
Corporate bonds	803,527	-	803,527
Total District	140,758,084	136,804,973	3,953,111
Davis School District Foundation, a component unit of the District			
Mutual funds investing in:			
Taxable bonds	2,073	2,073	-
International stock	12,032	12,032	-
Total Foundation	14,105	14,105	-
Total investments	\$ 140,772,189	\$ 136,819,078	\$ 3,953,111

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

3. PROPERTY TAXES

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

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

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

During the year ended June 30, 2015, incremental taxes levied by the District for the redevelopment agencies totaling \$6,599,320 were recorded as revenue with an equivalent amount of expenditure for instruction in the other governmental funds (in the *Tax Increment Program Fund*).

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 44,799,736	\$ 3,947,572	\$ (385)	\$ 48,746,923
Construction in progress	32,090,100	17,874,621	(36,047,911)	13,916,810
Total capital assets, not being depreciated	76,889,836	21,822,193	(36,048,296)	62,663,733
Capital assets, being depreciated:				
Buildings and improvements	809,177,385	36,047,911	-	845,225,296
Furniture and equipment	16,855,680	1,151,506	(125,634)	17,881,552
Transportation equipment	30,411,336	2,378,565	-	32,789,901
Total capital assets, being depreciated	856,444,401	39,577,982	(125,634)	895,896,749
Accumulated depreciation for:				
Buildings and improvements	(317,561,103)	(21,105,164)	-	(338,666,267)
Furniture and equipment	(13,190,486)	(1,254,513)	78,824	(14,366,175)
Transportation equipment	(24,254,646)	(1,592,707)	-	(25,847,353)
Total accumulated depreciation	(355,006,235)	(23,952,384)	78,824	(378,879,795)
Total capital assets, being depreciated, net	501,438,166	15,625,598	(46,810)	517,016,954
Governmental activity capital assets, net	<u>\$ 578,328,002</u>	<u>\$ 37,447,791</u>	<u>\$ (36,095,106)</u>	<u>\$ 579,680,687</u>
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,660,322	\$ -	\$ -	\$ 3,660,322
Furniture and equipment	586,388	6,661	-	593,049
Total capital assets, being depreciated	4,246,710	6,661	-	4,253,371
Accumulated depreciation for:				
Buildings and improvements	(1,640,395)	(95,128)	-	(1,735,523)
Furniture and equipment	(555,745)	(14,917)	-	(570,662)
Total accumulated depreciation	(2,196,140)	(110,045)	-	(2,306,185)
Business-type activity capital assets, net	<u>\$ 2,050,570</u>	<u>\$ (103,384)</u>	<u>\$ -</u>	<u>\$ 1,947,186</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Governmental activities:		
Instruction		\$ 18,647,172
Supporting services:		
Students		180,754
Instructional staff		101,121
District administration		36,028
School administration		1,011,096
Central		832,446
Operation and maintenance of facilities		1,529,938
Student transportation		1,364,966
School food services		248,863
Total depreciation expense, governmental activities		<u>\$ 23,952,384</u>
Business-type activities:		
Pioneer Adult Rehabilitation Center		<u>\$ 110,045</u>

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

Project	Project Authorized	Costs to Date	Costs to Complete
Elementary #61	\$ 21,090,254	\$ 2,958,235	\$ 18,132,019
Elementary #62	19,119,383	2,194,131	16,925,252
Millcreek Junior High addition	9,517,584	8,764,444	753,140
	<u>\$ 49,727,221</u>	<u>\$ 13,916,810</u>	<u>\$ 35,810,411</u>

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

5. RETIREMENT PLANS

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

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

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

Defined Contribution Plans (individual account plans):

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

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.

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

Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

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

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

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

	District	Employee
	Contributions	Contributions
Tier 1 Noncontributory System	\$ 44,956,665	\$ -
Tier 1 Contributory System	318,349	19,241
Tier 2 Contributory System	1,662,049	-
401(k) Plan	3,316,426	-
457 Plan and other individual plans	664,961	-

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2015, the District reported a net pension asset of \$122,081 and a net pension liability of \$186,840,496. The net pension asset and liability were measured as of December 31, 2014, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2014. The District’s proportion of the net pension asset and liability were based on a projection of the District’s long-term share of contributions to the defined benefit pension plans relative to the projected contributions of all participating employers. At December 31, 2014, the District’s proportionate shares in the defined benefit pension plans were as follows:

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	Proportionate Share	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	7.4134528%	\$ -	\$ 186,265,127
Tier 1 Contributory System	5.2473969%	-	575,369
Tier 2 Contributory System	4.0284960%	122,081	-
Total		\$ 122,081	\$ 186,840,496

For the year ended December 31, 2014, the District recognized pension expense of \$34,064,850 for the defined benefit pension plans and of \$4,103,442 for the defined contribution plans. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,279,545
Changes of assumptions	-	6,235,173
Net difference between projected and actual earnings on pension plan investments	3,348,277	-
District contributions subsequent to the measurement date	24,641,313	-
Total	\$ 27,989,590	\$ 17,514,718

The \$24,641,313 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2016	\$ (3,665,071)
2017	(3,665,071)
2018	(3,665,097)
2019	(3,037,761)
2020	(21,355)
Thereafter	(112,086)

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

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

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability	\$ 376,827,563	\$ 186,718,415	\$ 27,551,375

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

Payables to the pension plans – At June 30, 2015, the District reported payables of \$11,035,807 for contributions to defined benefit pension plans and defined contribution plans.

6. 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 \$11,569,061 as of June 30, 2015. 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, 2015 and 2014:

	2015	2014
Beginning accrued claims payable	\$ -	\$ -
Claims (including incurred but not reported)	28,777,513	4,019,788
Payments of claims and administrative costs	(17,208,452)	(4,019,788)
Ending accrued claims payable	<u>\$ 11,569,061</u>	<u>\$ -</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, 2015, the District paid worker's compensation claims in the amount of \$775,999. 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,

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

7. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 407,635,000	\$ 40,000,000	\$ (26,975,000)	\$ 420,660,000	\$ 31,440,000
Deferred amounts for issuance premium	12,229,750	1,138,631	(1,849,056)	11,519,325	-
Total bonds payable, net	419,864,750	41,138,631	(28,824,056)	432,179,325	31,440,000
Obligations under capital lease	182,260	-	(89,142)	93,118	93,118
Accrued vacation	4,130,771	2,978,552	(2,657,520)	4,451,803	2,864,055
Accrued sick leave	2,148,472	313,658	(319,057)	2,143,073	318,255
Accrued personal leave	1,313,105	909,632	(778,987)	1,443,750	856,491
Early retirement payable	7,569,034	5,557,758	(3,956,065)	9,170,727	4,484,643
Net pension liability	214,188,481	21,845,033	(49,193,018)	186,840,496	-
Total governmental activity long-term liabilities	\$ 649,396,873	\$ 72,743,264	\$ (85,817,845)	\$ 636,322,292	\$ 40,056,562
Business-type activities:					
Accrued vacation	\$ 70,082	\$ 77,983	\$ (83,193)	\$ 64,872	\$ 26,546
Accrued sick leave	13,961	4,133	(8,807)	9,287	3,800
Accrued personal leave	1,575	1,963	(1,439)	2,099	859
Total business-type activity long-term liabilities	\$ 85,618	\$ 84,079	\$ (93,439)	\$ 76,258	\$ 31,205

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, 2015, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 31,440,000	\$ 17,593,329	\$ 49,033,329
2017	32,380,000	16,267,254	48,647,254
2018	32,270,000	14,921,516	47,191,516
2019	29,980,000	13,507,881	43,487,881
2020	31,160,000	12,228,081	43,388,081
2021-2025	118,115,000	43,794,764	161,909,764
2026-2030	109,070,000	20,147,811	129,217,811
2031-2035	36,245,000	2,950,081	39,195,081
Total	\$ 420,660,000	\$ 141,410,719	\$ 562,070,719

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General obligation school building bonds payable at June 30, 2015 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%	\$ 7,810,000
Bond Series 2006 - GO Bonds - original issue of \$47,000,000 with interest rates ranging from 4.0% to 5.0%	23,675,000
Bond Series 2007 - GO Bonds - original issue of \$55,000,000 with interest rates ranging from 4.0% to 5.0%	39,175,000
Bond Series 2008 - GO Bonds - original issue of \$64,000,000 with interest rates ranging from 3.0% to 5.0%	46,530,000
Bond Series 2009 - GO Bonds - original issue of \$43,000,000 with interest rates ranging from 2.0% to 5.0%	30,825,000
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%	22,790,000
Bond Series 2012 - GO Bonds - original issue of \$35,000,000 with interest rates ranging from 2.0% to 4.0%	35,000,000
Bond Series 2013A - GO Bonds - original issue of \$20,000,000 with interest rates ranging from 2.0% to 4.0%	20,000,000
Bond Series 2013 - GO Refunding Bonds - original issue of \$20,550,000 with interest rates ranging from 3.0% to 4.25%	20,550,000
Bond Series 2014 - GO Bonds - original issue of \$25,000,000 with interest rates ranging from 2.25% to 5.0%	25,000,000
Bond Series 2015 - GO Bonds - original issue of \$40,000,000 with interest rates ranging from 2.0% to 5.0%	40,000,000
	<u>\$ 420,660,000</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, 2015 is \$1,169,345,820 with general obligation debt outstanding, net of issuance premiums, of \$449,481,796, resulting in a legal debt margin of \$719,864,024.

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.

Bond issuance – On May 21, 2015, the District issued \$40,000,000 of general obligation school building bonds with a premium of \$1,138,631. The bonds were issued at an effective interest rate of 3.23% (annual rates range between 2.0% and 5.0%) and will mature on June 1, 2035.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Capital leases – The District has acquired equipment totaling \$772,750 under capital lease agreements over the past several years. Lease payments for the year ended June 30, 2015 totaled \$89,142.

Future minimum payments under capital lease obligations together with their present values as of June 30, 2015 are summarized as follows:

Year Ending June 30,		
2016		\$ 97,271
Total minimum lease payments		97,271
Amount representing interest		(4,153)
Present value of minimum lease payments		<u>\$ 93,118</u>

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 State Retirement System benefits. Eligible retirees will receive a contribution of 16% of their annual salary per year, for up to three consecutive years, into a qualified 401(a) and/or 403(b) plan, or until they become eligible to receive unreduced social security benefits, whichever occurs first. Employees who retire under the incentive program will continue to be enrolled in group medical and dental programs until they become eligible for Medicare, or for 10 consecutive years following retirement, whichever comes first. Enrollment is contingent upon the retiree contributing the same premium as required of active employees for the first 3 years and the full premium for the following 7 years. For the years ended June 30, 2015 and 2014 the District’s direct payments to retirees were \$2,390,338 and \$2,463,572 and payments of insurance premiums on behalf of retirees were \$1,565,727 and \$1,121,922, 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.

8. INTERFUND TRANSFERS

During the year ended June 30, 2015, the District closed the *District Warehouse Internal Service Fund* and as a result transferred \$95,035 from the *General Fund* to the *District Warehouse Internal Service Fund* to relieve a portion of the due from liability related to working capital advances.

9. LITIGATION AND LEGAL COMPLIANCE

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

All fund balances are positive at June 30, 2015.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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.

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*.

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

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

The beginning net position reported in the government-wide financial statements of the District has been restated to reflect the new statements as follows:

Beginning net position, as previously stated	\$ 248,867,340
Net pension asset	19,911
Net pension liability	(214,188,481)
Deferred outflows of resources related to pensions	22,796,859
Beginning net position, as restated	<u>\$ 57,495,629</u>

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

The District's unrestricted net position at June 30, 2015 is a deficit balance of \$132,625,323. This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by the URS as described in Note 5 to the basic financial statements. 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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

12. SUBSEQUENT EVENT

In October 2012, the District refunded \$115,955,000 of general obligation school building bonds (with interest rates from 3.8% to 5.0%) by issuing \$120,035,000 of general obligation refunding bonds (with interest rates from 1.8% to 5.0%). The cost of the refunding was \$512,741. The refunding will result in overall cash savings to the District.

DAVIS SCHOOL DISTRICT

Schedule of the Proportionate Share of the Net Pension Liability (Asset)

Utah Retirement Systems

Year Ended June 30, 2015

	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System
District's proportion of the net pension liability (asset)	7.4134528%	5.2473969%	4.0284960%
District's proportion share of the net pension liability (asset)	\$ 186,265,127	\$ 575,369	\$ (122,081)
District's covered employee payroll	\$ 207,180,521	\$ 1,924,123	\$ 19,714,988
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	89.9%	29.9%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	98.7%	103.5%

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

DAVIS SCHOOL DISTRICT

**Schedule of District Contributions
Utah Retirement Systems**

Year Ended June 30, 2015

	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System
Contractually required contribution	\$ 44,956,665	\$ 318,349	\$ 1,662,049
Contributions in relation to the contractually required contribution	<u>(44,956,665)</u>	<u>(318,349)</u>	<u>(1,662,049)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 207,180,521	\$ 1,924,123	\$ 19,714,988
Contributions as a percentage of covered-employee payroll	21.7%	16.5%	8.4%

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

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

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, 2015 and 2014

	2015	2014
Assets:		
Cash and investments	\$ 69,895,863	\$ 66,605,935
Receivables:		
Property taxes	88,295,678	81,955,705
Other local	287,494	261,686
State of Utah	728,352	1,004,959
Federal government	3,940,138	3,860,895
Due from other funds	-	6,017,204
Inventories	5,671,302	1,232,892
Total assets	\$ 168,818,827	\$ 160,939,276
Liabilities:		
Accounts payable	\$ 1,060,567	\$ 1,157,377
Notes payable		
Accrued salaries and benefits	38,936,582	45,209,605
Unearned revenue:		
State of Utah	4,460,313	3,933,421
Total liabilities	44,457,462	50,300,403
Deferred Inflows of Resources:		
Unavailable property tax revenue	1,509,042	1,585,634
Property taxes levied for future year	83,645,267	76,031,444
Total deferred inflows of resources	85,154,309	77,617,078
Fund Balances:		
Nonspendable:		
Inventories and prepaids	5,671,302	1,232,892
Committed to:		
Workers compensation	500,000	500,000
Termination benefits	4,500,000	4,500,000
Economic stabilization	4,500,000	2,000,000
Assigned to:		
Programs	788,661	3,553,673
Schools	250,000	250,000
Medical insurance	4,500,000	4,500,000
Unassigned	18,497,093	16,485,230
Total fund balances	39,207,056	33,021,795
Total liabilities, deferred inflows of resources, and fund balances	\$ 168,818,827	\$ 160,939,276

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2015
With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 85,470,500	\$ 86,041,055	\$ 570,555	\$ 85,753,540
Earnings on investments	240,600	372,656	132,056	206,778
Other local	9,233,300	9,410,030	176,730	10,604,423
State of Utah	292,430,500	292,128,732	(301,768)	283,594,334
Federal government	28,917,200	29,530,441	613,241	29,482,652
Total revenues	416,292,100	417,482,914	1,190,814	409,641,727
Expenditures:				
Current:				
Instruction	289,039,700	282,326,073	6,713,627	276,406,737
Supporting services:				
Students	15,296,400	14,694,917	601,483	14,703,541
Instructional staff	19,579,000	18,445,968	1,133,032	17,802,062
District administration	2,316,200	2,325,792	(9,592)	2,171,447
School administration	26,810,300	26,766,307	43,993	26,037,360
Central	13,350,600	12,960,814	389,786	12,561,013
Operation and maintenance of facilities	42,651,900	40,514,129	2,137,771	40,479,639
Student transportation	11,248,000	13,168,618	(1,920,618)	11,332,852
Total expenditures	420,292,100	411,202,618	9,089,482	401,494,651
Excess (deficiency) of revenues over under expenditures	(4,000,000)	6,280,296	10,280,296	8,147,076
Other financing sources (uses):				
Transfer out	-	(95,035)	(95,035)	(1,500,000)
Net change in fund balances	(4,000,000)	6,185,261	10,185,261	6,647,076
Fund balances - beginning	33,021,795	33,021,795	-	26,374,719
Fund balances - ending	\$ 29,021,795	\$ 39,207,056	\$ 10,185,261	\$ 33,021,795

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Debt Service Fund*

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 1,393,837	\$ -
Receivables - property taxes	<u>45,062,338</u>	<u>44,134,641</u>
Total assets	<u><u>\$ 46,456,175</u></u>	<u><u>\$ 44,134,641</u></u>
Liabilities:		
Due to other funds	<u>\$ -</u>	<u>\$ 2,203,495</u>
Deferred inflows of resources:		
Unavailable property tax revenue	816,446	795,447
Property taxes levied for future year	<u>42,517,196</u>	<u>41,135,699</u>
Total deferred inflows of resources	<u><u>43,333,642</u></u>	<u><u>41,931,146</u></u>
Fund balances:		
Restricted for:		
Debt service	<u>3,122,533</u>	<u>-</u>
Total fund balances	<u><u>3,122,533</u></u>	<u><u>-</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 46,456,175</u></u>	<u><u>\$ 44,134,641</u></u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2015
 With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 43,721,200	\$ 46,551,253	\$ 2,830,053	\$ 43,018,996
Federal interest subsidy	1,021,900	1,021,879	(21)	1,028,279
Total revenues	44,743,100	47,573,132	2,830,032	44,047,275
Expenditures:				
Debt service:				
Bond principal	26,975,000	26,975,000	-	26,495,000
Bond interest	17,468,200	17,468,199	1	17,544,525
Bond issuance costs	-	-	-	-
Fees and miscellaneous charges	299,900	7,400	292,500	7,750
Total expenditures	44,743,100	44,450,599	292,501	44,047,275
Excess of revenues over expenditures / net change in fund balances	-	3,122,533	3,122,533	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 3,122,533	\$ 3,122,533	\$ -

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
Capital Projects Fund

June 30, 2015 and 2014

	2015	2014
Assets:		
Cash and investments	\$ 69,908,380	\$ 51,911,331
Receivables:		
Property taxes	16,293,844	16,212,462
Other local	56,174	-
Total assets	\$ 86,258,398	\$ 68,123,793
 Liabilities:		
Accounts payable	\$ 6,256,306	\$ 6,723,770
 Deferred inflows of resources:		
Unavailable property tax revenue	297,235	313,723
Property taxes levied for future year	15,313,467	14,975,892
Total deferred inflows of resources	15,610,702	15,289,615
 Fund balances:		
Restricted for:		
Capital projects	64,391,390	46,110,408
Total fund balances	64,391,390	46,110,408
Total liabilities, deferred inflows of resources, and fund balances	\$ 86,258,398	\$ 68,123,793

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2015
With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 17,200,200	\$ 16,947,481	\$ (252,719)	\$ 15,525,813
Earnings on investments	241,600	177,810	(63,790)	238,620
Other local	141,200	185,688	44,488	241,141
State of Utah	384,700	297,469	(87,231)	633,298
Total revenues	<u>17,967,700</u>	<u>17,608,448</u>	<u>(359,252)</u>	<u>16,638,872</u>
Expenditures:				
Capital outlay:				
Buildings and improvements	73,470,429	35,933,853	37,536,576	22,750,596
Equipment	7,000,000	3,370,008	3,629,992	4,059,810
Other	3,000,000	415,002	2,584,998	9,976,580
Debt service:				
Bond issuance costs	-	660,188	(660,188)	243,332
Capital lease payments	97,271	97,271	-	214,340
Total expenditures	<u>83,567,700</u>	<u>40,476,322</u>	<u>43,091,378</u>	<u>37,244,658</u>
Excess (deficiency) of revenues over (under) expenditures	(65,600,000)	(22,867,874)	42,732,126	(20,605,786)
Other financing sources:				
General obligation bonds issued	40,000,000	40,000,000	-	25,000,000
General obligation bonds premium	600,000	1,138,631	538,631	468,930
Proceeds from sale of capital assets	-	10,225	10,225	388,800
Total other financing sources	<u>40,600,000</u>	<u>41,148,856</u>	<u>548,856</u>	<u>25,857,730</u>
Net change in fund balances	(25,000,000)	18,280,982	43,280,982	5,251,944
Fund balances - beginning	46,110,408	46,110,408	-	40,858,464
Fund balances - ending	<u>\$ 21,110,408</u>	<u>\$ 64,391,390</u>	<u>\$ 43,280,982</u>	<u>\$ 46,110,408</u>

DAVIS SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2015

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>School Food Services</u>	<u>Student Activities Fund</u>	<u>Tax Increment Program Fund</u>	
Assets:				
Cash and investments	\$ 3,682,604	\$ 10,697,528	\$ -	\$ 14,380,132
Receivables:				
Property taxes	-	-	7,878,854	7,878,854
Other local	26,001	-	-	26,001
State of Utah	1,110,763	-	-	1,110,763
Federal government	223,608	-	-	223,608
Inventories	1,190,751	-	-	1,190,751
Total assets	<u>\$ 6,233,727</u>	<u>\$ 10,697,528</u>	<u>\$ 7,878,854</u>	<u>\$ 24,810,109</u>
Liabilities:				
Accounts payable	\$ 104,849	\$ 71,803	\$ -	\$ 176,652
Unearned revenue - other local	-	26,974	-	26,974
Total liabilities	<u>104,849</u>	<u>98,777</u>	<u>-</u>	<u>203,626</u>
Deferred inflows of resources:				
Property taxes levied for future year	-	-	7,878,854	7,878,854
Fund balances:				
Nonspendable:				
Inventories	1,190,751	-	-	1,190,751
Restricted for:				
School food services	4,938,127	-	-	4,938,127
Committed to:				
Schools	-	10,598,751	-	10,598,751
Total fund balances	<u>6,128,878</u>	<u>10,598,751</u>	<u>-</u>	<u>16,727,629</u>
Total liabilities and fund balances	<u>\$ 6,233,727</u>	<u>\$ 10,697,528</u>	<u>\$ 7,878,854</u>	<u>\$ 24,810,109</u>

DAVIS SCHOOL DISTRICT

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015**

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	Tax Increment Program Fund	
Revenues:				
Local sources:				
Property taxes	\$ -	\$ -	\$ 6,599,320	\$ 6,599,320
Earnings on investments	-	118,900	-	118,900
School lunch sales	7,558,576	-	-	7,558,576
Student fees	-	12,646,658	-	12,646,658
Other local	755,617	2,610,147	-	3,365,764
State of Utah	4,161,045	-	-	4,161,045
Federal government	11,126,718	-	-	11,126,718
Total revenues	<u>23,601,956</u>	<u>15,375,705</u>	<u>6,599,320</u>	<u>45,576,981</u>
Expenditures:				
Current:				
Food	10,380,820	-	-	10,380,820
Salaries and benefits	9,106,537	1,092,258	-	10,198,795
Indirect charges	1,494,765	-	-	1,494,765
Purchased services	-	1,981,423	-	1,981,423
Supplies and equipment	-	11,793,192	-	11,793,192
Other	910,926	-	6,599,320	7,510,246
Total expenditures	<u>21,893,048</u>	<u>14,866,873</u>	<u>6,599,320</u>	<u>43,359,241</u>
Excess of revenues over expenditures / net change in fund balances	1,708,908	508,832	-	2,217,740
Fund balances - beginning	<u>4,419,970</u>	<u>10,089,919</u>	<u>-</u>	<u>14,509,889</u>
Fund balances - ending	<u>\$ 6,128,878</u>	<u>\$ 10,598,751</u>	<u>\$ -</u>	<u>\$ 16,727,629</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
School Food Services Fund
Nonmajor Special Revenue Fund

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 3,682,604	\$ 1,644,153
Receivables:		
Other local	26,001	26,856
State of Utah	1,110,763	1,704,165
Federal government	223,608	106,596
Inventories	1,190,751	1,062,785
Total assets	<u>\$ 6,233,727</u>	<u>\$ 4,544,555</u>
Liabilities:		
Accounts payable	<u>\$ 104,849</u>	<u>\$ 140,185</u>
Fund balances:		
Nonspendable:		
Inventories	1,190,751	1,062,785
Restricted for:		
School food services	<u>4,938,127</u>	<u>3,357,185</u>
Total fund balances	<u>6,128,878</u>	<u>4,419,970</u>
Total liabilities and fund balances	<u>\$ 6,233,727</u>	<u>\$ 4,560,155</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, 2015
 With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
School lunch sales	\$ 7,829,300	\$ 7,558,576	\$ (270,724)	\$ 7,588,551
Other local	794,900	755,617	(39,283)	732,315
State of Utah	3,987,600	4,161,045	173,445	3,724,074
Federal sources:				
Federal government	10,742,100	9,607,094	(1,135,006)	10,575,799
Contributed food commodities	1,600,000	1,519,624	(80,376)	1,546,348
Total revenues	<u>24,953,900</u>	<u>23,601,956</u>	<u>(1,351,944)</u>	<u>24,167,087</u>
Expenditures:				
Current:				
Food	12,321,700	10,380,820	1,940,880	11,695,754
Salaries and benefits	8,965,200	9,106,537	(141,337)	8,838,536
Indirect charges	1,500,000	1,494,765	5,235	2,238,723
Other	<u>2,167,000</u>	<u>910,926</u>	<u>1,256,074</u>	<u>1,188,980</u>
Total expenditures	<u>24,953,900</u>	<u>21,893,048</u>	<u>3,060,852</u>	<u>23,961,993</u>
Excess of revenues over expenditures / net change in fund balances	-	1,708,908	1,708,908	205,094
Fund balances - beginning	<u>4,419,970</u>	<u>4,419,970</u>	<u>-</u>	<u>4,214,876</u>
Fund balances - ending	<u>\$ 4,419,970</u>	<u>\$ 6,128,878</u>	<u>\$ 1,708,908</u>	<u>\$ 4,419,970</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
Student Activities Fund
Nonmajor Special Revenue Fund
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 10,697,528	\$ 10,181,028
Liabilities:		
Accounts payable	\$ 71,803	\$ 69,680
Unearned revenue - other local	26,974	21,429
Total liabilities	<u>98,777</u>	<u>91,109</u>
Fund balances:		
Committed to:		
Schools	<u>10,598,751</u>	<u>10,089,919</u>
Total fund balances	<u>10,598,751</u>	<u>10,089,919</u>
Total liabilities and fund balances	<u>\$ 10,697,528</u>	<u>\$ 10,181,028</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, 2015
 With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ 118,900	\$ 118,900	\$ -	\$ 114,418
Student fees	12,622,600	12,646,658	24,058	12,339,970
Other local	2,660,900	2,610,147	(50,753)	2,584,134
Total revenues	<u>15,402,400</u>	<u>15,375,705</u>	<u>(26,695)</u>	<u>15,038,522</u>
Expenditures:				
Current:				
Salaries and benefits	1,244,600	1,092,258	152,342	1,048,705
Purchased services	2,131,700	1,981,423	150,277	1,706,418
Supplies and equipment	12,026,100	11,793,192	232,908	11,714,669
Total expenditures	<u>15,402,400</u>	<u>14,866,873</u>	<u>535,527</u>	<u>14,469,792</u>
Excess of revenues over expenditures / net change in fund balances	-	508,832	508,832	568,730
Fund balances - beginning	<u>10,089,919</u>	<u>10,089,919</u>	-	<u>9,521,189</u>
Fund balances - ending	<u>\$ 10,089,919</u>	<u>\$ 10,598,751</u>	<u>\$ 508,832</u>	<u>\$ 10,089,919</u>

DAVIS SCHOOL DISTRICT

Balance Sheet
Tax Increment Program Fund
Nonmajor Special Revenue Fund
June 30, 2015

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

	2015		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 6,600,000	\$ 6,599,320	\$ (680)
Expenditures:			
Current:			
Other	<u>6,600,000</u>	<u>6,599,320</u>	<u>680</u>
Excess of revenues over expenditures / net change in fund balances	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>