



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, each major fund, and the aggregate remaining fund information of Davis School District (the District) as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davis School District as of June 30, 2019, 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 the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability (asset) - Utah Retirement Systems, the schedules of District contributions - Utah Retirement Systems, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 14, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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 14, 2019

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, 2019. 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 \$189.2 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 9.0% in 2019 to \$204.6 million as a result of an increase in the taxable value of property and an increase in the overall tax rate.
- During the year, expenses were \$15.6 million less than the \$679.5 million generated in taxes and other revenues for governmental activities.
- The District continued providing for its student growth by issuing \$50.0 million of general obligation bonds. The \$50.0 million was issued from the authorization passed by voters in November 2015 in the amount of \$298.0 million. A new junior high school in West Layton (cost of \$40.0 million) was completed for the 2019-2020 school year. In addition, the District began a remodel of West Bountiful Elementary. A new elementary school in Layton (estimated cost of \$28.0 million) was started and is scheduled to open for the 2020-21 school year.
- As directed by the District's School Board, the District has increased its fund balance commitment to economic stabilization in the *General Fund*. At June 30, 2019, the District has committed \$28.0 million of the *General Fund* fund balance to economic stabilization. At June 30, 2019, the District has \$27.1 million of unassigned fund balance in the *General Fund*.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 36 to 37 of this report.

The government-wide financial statements of the District are divided into two 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.

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 seven 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 four governmental funds (*School Food Services Fund*, *Student Activities Fund*, *District Foundation Fund* and *Pass-Through Taxes 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 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 70 to 72 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 74 to 88 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 \$189.2 million at the close of the most recent fiscal year.

DAVIS SCHOOL DISTRICT'S Net Position June 30, 2019 and 2018 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2018	2019	2018	2019	2018	2019-2018
Current and other assets	\$ 482.1	\$ 449.3	\$ 6.6	\$ 5.2	\$ 488.7	\$ 454.5	\$ 34.2
Capital assets	759.8	734.9	1.6	1.8	761.4	736.7	24.7
Total assets	<u>1,241.9</u>	<u>1,184.2</u>	<u>8.2</u>	<u>7.0</u>	<u>1,250.1</u>	<u>1,191.2</u>	<u>58.9</u>
Deferred outflows of resources	119.6	120.3	0.4	0.5	120.0	120.8	(0.8)
Current and other liabilities	86.6	96.4	0.1	-	86.7	96.4	(9.7)
Long-term liabilities outstanding	889.8	768.4	1.1	0.9	890.9	769.3	121.6
Total liabilities	<u>976.4</u>	<u>864.8</u>	<u>1.2</u>	<u>0.9</u>	<u>977.6</u>	<u>865.7</u>	<u>111.9</u>
Deferred inflows of resources	203.3	273.5	-	0.4	203.3	273.9	(70.6)
Net position:							
Net investment in capital assets	218.7	200.4	1.6	1.8	220.3	202.2	18.1
Restricted	62.9	58.7	-	-	62.9	58.7	4.2
Unrestricted	<u>(99.8)</u>	<u>(92.9)</u>	<u>5.8</u>	<u>4.4</u>	<u>(94.0)</u>	<u>(88.5)</u>	<u>(5.5)</u>
Total net position	<u>\$ 181.8</u>	<u>\$ 166.2</u>	<u>\$ 7.4</u>	<u>\$ 6.2</u>	<u>\$ 189.2</u>	<u>\$ 172.4</u>	<u>\$ 16.8</u>

The largest portion of the District's net position (\$220.3 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 (\$62.9 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 \$94.0 million) is unrestricted. This balance is net of the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems.

The key elements of change in the District's net position for the year ended June 30, 2019 are as follows:

- Unrestricted net position decreased by \$5.5 million during the current year. This decrease reflects an increase in salaries and related benefits.
- Restricted net position increased by \$4.2 million during the current year. This increase resulted primarily from an increase in unspent property tax revenues restricted for debt service.
- The District's total revenues increased 5.5% to \$690.3 million. Federal and state aid makes up 43.6% of the District's revenues; property taxes generate 29.6% of the District's revenues.
- The total cost of all programs and services increased by 7.4% to \$673.5 million. Instruction and support services represented 65.1% and 26.8%, respectively, of the District's expenses.

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

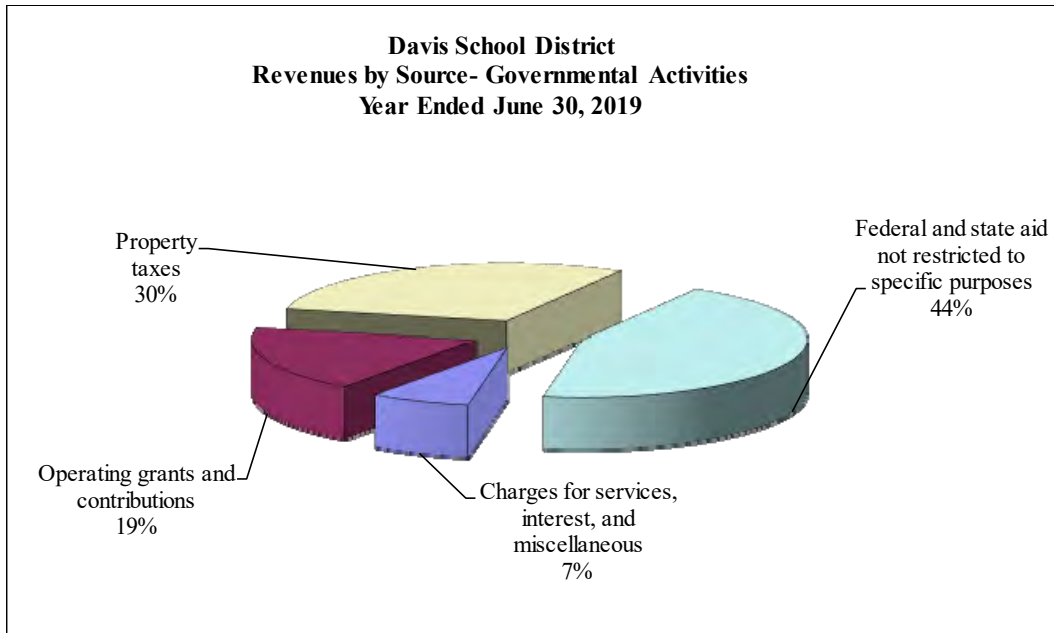
	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2018	2019	2018	2019	2018	2019-2018
Revenues:							
Program revenues:							
Charges for services	\$ 16.9	\$ 15.0	\$ 9.7	\$ 7.6	\$ 26.6	\$ 22.6	\$ 4.0
Operating grants and contributions	125.0	128.9	1.0	1.0	126.0	129.9	(3.9)
General revenues:							
Property taxes	204.6	187.7	-	-	204.6	187.7	16.9
Federal and state aid not restricted to specific purposes	301.2	287.4	-	-	301.2	287.4	13.8
Interest	6.8	4.0	0.1	0.1	6.9	4.1	2.8
Miscellaneous	25.0	22.7	-	-	25.0	22.7	2.3
Total revenues	<u>679.5</u>	<u>645.7</u>	<u>10.8</u>	<u>8.7</u>	<u>690.3</u>	<u>654.4</u>	<u>35.9</u>
Expenses:							
Instruction	438.6	407.2	-	-	438.6	407.2	31.4
Support services:							
Student	20.1	17.6	-	-	20.1	17.6	2.5
Instructional staff	23.9	21.8	-	-	23.9	21.8	2.1
District administration	3.2	2.9	-	-	3.2	2.9	0.3
School administration	43.1	37.9	-	-	43.1	37.9	5.2
Business administration	18.8	17.6	-	-	18.8	17.6	1.2
Operation and maintenance of facilities	56.4	52.5	-	-	56.4	52.5	3.9
Student transportation	14.5	18.0	-	-	14.5	18.0	(3.5)
School food service	26.1	25.2	-	-	26.1	25.2	0.9
Interest on long-term liabilities	19.2	17.5	-	-	19.2	17.5	1.7
Pioneer Adult Rehab Center	-	-	9.6	9.0	9.6	9.0	0.6
Total expenses	<u>663.9</u>	<u>618.2</u>	<u>9.6</u>	<u>9.0</u>	<u>673.5</u>	<u>627.2</u>	<u>46.3</u>
Changes in net position	15.6	27.5	1.2	(0.3)	16.8	27.2	(10.4)
Net position, beginning	<u>166.2</u>	<u>138.7</u>	<u>6.2</u>	<u>6.5</u>	<u>172.4</u>	<u>145.2</u>	<u>27.2</u>
Net position, ending	<u>\$ 181.8</u>	<u>\$ 166.2</u>	<u>\$ 7.4</u>	<u>\$ 6.2</u>	<u>\$ 189.2</u>	<u>\$ 172.4</u>	<u>\$ 16.8</u>

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

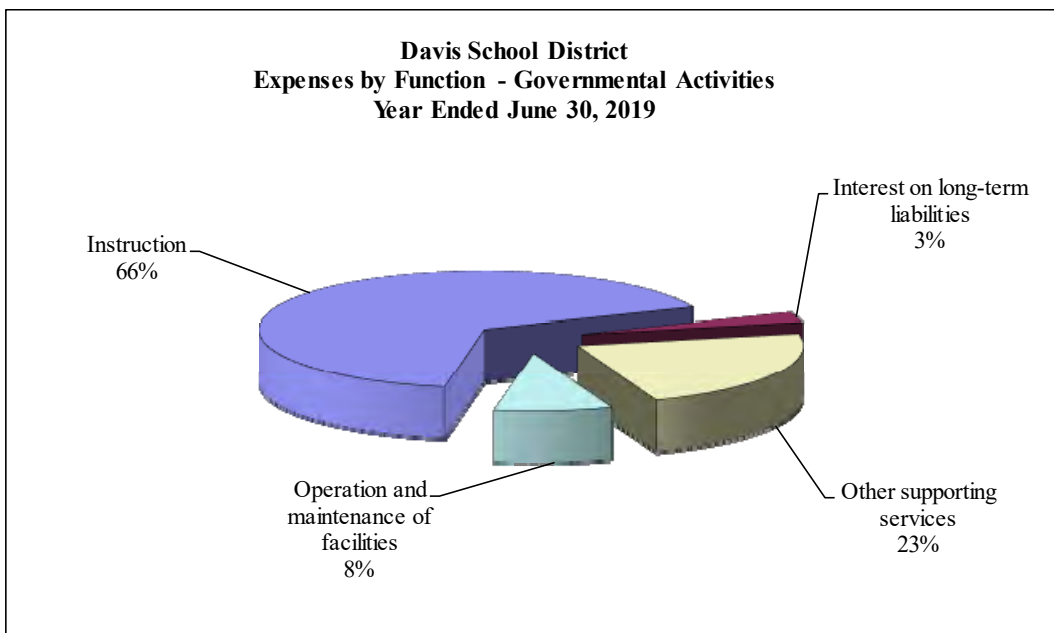
Governmental activities. The key elements of the increase in the District's net position for the year ended June 30, 2019 are as follows:

- Revenues increased \$33.8 million or 5.2% and continue to be primarily from federal and state aid and property taxes.
- Federal and state aid not restricted to specific purposes increased by 4.8% or \$13.8 million. Total federal aid decreased 4.0% to \$43.1 million primarily due to spending levels. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the amount generated by the WPU the state will make up the difference with state funding. The value of the WPU increased 2.5% from \$3,311 (2018) to \$3,395 (2019).

- Tax revenues increased to \$204.6 million or by 9.0%. This increase was a result of the combination of an increase in the taxable value of property and an increase in the overall tax rate.



- Expenses for governmental activities increased \$45.7 million or by 7.4%. This increase was primarily the result of increased personnel expenditures for instruction.



Business-type activities. The \$1.2 million increase in the District’s net position for the year ended June 30, 2019 was a result of the operations of the Pioneer Adult Rehabilitation Center.

- Overall revenues increased \$2.1 million and expenses increased \$0.6 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 \$188.5 million, \$25.8 million more than the previous year. The *General Fund* and the *Debt Service Fund* had a \$10.0 million increase and a \$9.7 million increase in fund balance, respectively. In addition, the following changes in revenues and expenditures should be noted:

- Revenues for the *General Fund* totaled \$531.7 million, an increase of 3.9%, during the current fiscal year. This increase is primarily due to increased revenues from the State of Utah. State revenues were up 3.4% from the prior year in the *General Fund* due to increases in state appropriations for enrollment growth. Revenues for debt service and capital projects were up 19.2% and 3.2%, respectively. The increase in debt service was a result of an increase in the taxable value of property and an increase in the tax levy to accommodate November 2019 principal payments. The increase in capital projects revenue was also a result of an increase in the taxable value of property.
- Expenditures for *General Fund* totaled \$521.6 million, an increase of 4.1% during the current fiscal year. Instruction represents 67.6% of *General Fund* expenditures. Capital project expenditures decreased 41.9% due to the completion of a new high school in West Farmington and major remodels of Viewmont and Woods Cross high schools in the prior year.
- *General Fund* salaries totaled \$311.9 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$148.6 million to arrive at 88.3% 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, 2019, the District's combined governmental fund balance is \$188.5 million (\$7.3 million in nonspendable, \$90.9 million in restricted, \$45.0 million in committed, \$18.0 million in assigned, and \$27.1 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$2.0 million or 0.4% in total *General Fund* expenditures.

During the year, final budgeted revenues were more than original budgetary estimates by \$2.0 million or 0.4%. The increase primarily reflects higher equalization funding and higher than anticipated interest revenue growth.

In addition to these adjustments, the District maintained cost cutting measures to hold expenditures below the amended budget in order to build reserves for unanticipated future costs. Consequently, actual expenditures were \$5.0 million below final budgeted amounts. Additionally, revenues were \$5.0 million above final budgeted amounts primarily due to State funding allocations.

Capital Asset and Debt Administration

Capital Assets. The *Capital Projects Fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District spent \$56.0 million for capital assets. Major projects include the construction of a new high school in Farmington and major remodels of Woods Cross and Viewmont high schools and a new Junior High School in West Layton.

The District continues to experience moderate growth in total students and a shift in student population to the northwest section of the District. The District’s 17th junior high school was completed and opened in the fall of 2019. Other major projects include a replacement of West Bountiful Elementary and a major addition to Mountain High School.

Capital assets at June 30, 2019 and 2018 are outlined below:

DAVIS SCHOOL DISTRICT'S Capital Assets
June 30, 2019 and 2018
 (net of accumulated depreciation in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2018	2019	2018	2019	2018	2019-2018
Land	\$ 56.5	\$ 55.9	\$ -	\$ -	\$ 56.5	\$ 55.9	\$ 0.6
Construction in progress	61.4	172.2	-	-	61.4	172.2	(110.8)
Buildings and improvements	626.4	491.0	1.5	1.7	627.9	492.7	135.2
Furniture and equipment	4.6	4.0	0.1	0.1	4.7	4.1	0.6
Transportation equipment	10.9	11.8	-	-	10.9	11.8	(0.9)
Total capital assets	\$ 759.8	\$ 734.9	\$ 1.6	\$ 1.8	\$ 761.4	\$ 736.7	\$ 24.7

Additional information on the District’s capital assets can be found in Note 5 to the basic financial statements.

Debt Administration. On November 3, 2015, the registered voters of Davis County passed a bond authorization in the amount of \$298.0 million for general obligation school building bonds for new school construction, land acquisitions, renovation of existing school facilities, and related equipment and improvements. This debt authorization was sought to cope with the demands of student growth over the next five years, with student migration to the northwest portion of the county, and to help maintain the District’s investment in its capital assets. The voter authorization passed with 61.6% in favor.

On April 11, 2019 the District issued \$50.0 million of this authorization for Junior High #17 in Layton and to continue the replacement of West Bountiful Elementary. The District will also begin construction on Elementary #62 in Layton.

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, 2019 is \$1,600.1 million. General obligation debt, net of unamortized premiums, at June 30, 2019 was \$577.9 million, resulting in a legal debt margin of \$1,022.2 million.

DAVIS SCHOOL DISTRICT'S Outstanding Debt
June 30, 2019 and 2018
Net of Accumulated Amortization
(in millions of dollars)

	Governmental activities		
	2019	2018	Total Change 2019-2018
Net general obligation bonds	\$ 577.9	\$ 561.5	\$ 16.4

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 2039.

Additional information on the District's long-term debt can be found in Note 8 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 2019 count. The District anticipated growth of approximately 400 students for the 2019-20 school year; however, actual growth was 634 students. Growth continues to be focused in the northwest section of the District. The chart below reflects the counts taken between October 1, 2015 and October 1, 2019 and shows total student growth of 3,758 students over the five-year period, a 5.4% increase.

DAVIS SCHOOL DISTRICT'S Student Enrollment
Years Ended June 30, 2015 to 2019

	2015	2016	2017	2018	2019	Total
October 1st enrollment	69,879	71,021	71,908	72,263	72,897	
Total enrollment change	740	1,142	887	355	634	3,758
Percentage change	1.1%	1.6%	1.2%	0.5%	0.9%	5.4%

The District has ongoing planning efforts to analyze and accommodate the issues related to new growth. A bond authorization approved by voters on November 3, 2015 for \$298.0 million will help meet the ongoing needs of the District's 20-year capital plan and to provide continuous cash flows for the necessary capital projects. With bond proceeds, as well as ongoing capital funds from taxes, the District expects to meet the demands of projected student growth over both the short-term (5 years) as well as the long-term (20+ years) planning horizons.

Requests for Information

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

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DAVIS SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 255,304,080	\$ 5,821,485	\$ 261,125,565
Receivables:			
Property taxes	207,021,040	-	207,021,040
Other local	386,827	625,455	1,012,282
State of Utah	3,862,175	-	3,862,175
Federal government	8,186,845	-	8,186,845
Inventories	7,349,021	146,313	7,495,334
Capital assets:			
Land and construction in progress	117,871,117	-	117,871,117
Other capital assets, net of accumulated depreciation	641,935,279	1,640,167	643,575,446
Total assets	1,241,916,384	8,233,420	1,250,149,804
Deferred outflows of resources:			
Deferred charge on refunding	7,282,935	-	7,282,935
Related to pensions	112,340,515	390,312	112,730,827
Total deferred outflows of resources	119,623,450	390,312	120,013,762
Liabilities:			
Accounts payable	32,848,438	123,101	32,971,539
Accrued interest	1,354,919	-	1,354,919
Accrued salaries and benefits	49,523,092	-	49,523,092
Unearned revenue:			
State of Utah	2,962,186	-	2,962,186
Noncurrent liabilities:			
Due or payable within one year	57,199,398	36,377	57,235,775
Due or payable after one year	832,557,658	1,062,492	833,620,150
Total liabilities	976,445,691	1,221,970	977,667,661
Deferred inflows of resources:			
Property taxes levied for future year	198,519,561	-	198,519,561
Related to pensions	4,736,766	16,458	4,753,224
Total deferred inflows of resources	203,256,327	16,458	203,272,785
Net position:			
Net investment in capital assets	218,699,880	1,640,167	220,340,047
Restricted for:			
Debt service	15,480,206	-	15,480,206
Capital projects	38,650,353	-	38,650,353
School food services	8,824,842	-	8,824,842
Unrestricted	(99,817,465)	5,745,137	(94,072,328)
Total net position	\$ 181,837,816	\$ 7,385,304	\$ 189,223,120

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

DAVIS SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2019

Activities/Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
Instruction	\$ 438,381,018	\$ 7,925,829	\$ 85,634,307	\$ (344,820,882)		\$ (344,820,882)
Supporting services:						
Students	20,084,536	-	5,357,621	(14,726,915)		(14,726,915)
Instructional staff	23,947,889	-	4,839,110	(19,108,779)		(19,108,779)
District administration	3,396,717	-	120,722	(3,275,995)		(3,275,995)
School administration	43,094,742	-	1,971,460	(41,123,282)		(41,123,282)
Central	18,808,697	-	2,052,459	(16,756,238)		(16,756,238)
Operation and maintenance of facilities	56,418,687	330,225	1,002,413	(55,086,049)		(55,086,049)
Student transportation	14,527,938	-	8,261,802	(6,266,136)		(6,266,136)
School food service	26,116,859	8,673,759	15,809,906	(1,633,194)		(1,633,194)
Interest on long-term liabilities	19,170,017	-	-	(19,170,017)		(19,170,017)
Total governmental activities	663,947,100	16,929,813	125,049,800	(521,967,487)		(521,967,487)
Business-type activities:						
Pioneer Adult Rehabilitation Center	9,590,762	9,712,059	946,318	-	\$ 1,067,615	1,067,615
Total primary government	\$ 673,537,862	\$ 26,641,872	\$ 125,996,118	(521,967,487)	1,067,615	(520,899,872)
General revenues:						
Property taxes levied for:						
Basic				42,356,759	-	42,356,759
Voted local				23,723,683	-	23,723,683
Board local				45,874,319	-	45,874,319
Debt service				65,350,647	-	65,350,647
Capital outlay				16,629,549	-	16,629,549
Pass-through taxes				10,617,278	-	10,617,278
Federal and state revenue not restricted to specific purposes				301,156,982	-	301,156,982
Earnings on investments				6,845,936	135,131	6,981,067
Miscellaneous				25,009,102	-	25,009,102
Total general revenues				537,564,255	135,131	537,699,386
Change in net position				15,596,768	1,202,746	16,799,514
Net position - beginning				166,241,048	6,182,558	172,423,606
Net position - ending				\$ 181,837,816	\$ 7,385,304	\$ 189,223,120

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

DAVIS SCHOOL DISTRICT

**Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 115,863,362	\$ 14,021,692	\$ 83,212,109	\$ 19,538,275	\$ 232,635,438
Receivables:					
Property taxes	114,161,853	64,736,493	15,565,357	12,557,337	207,021,040
Other local	360,233	-	-	26,594	386,827
State of Utah	2,614,512	-	-	1,247,663	3,862,175
Federal government	8,064,115	-	-	122,730	8,186,845
Inventories	5,538,597	-	-	1,810,424	7,349,021
Total assets	<u>\$ 246,602,672</u>	<u>\$ 78,758,185</u>	<u>\$ 98,777,466</u>	<u>\$ 35,303,023</u>	<u>\$ 459,441,346</u>
Liabilities:					
Accounts payable	\$ 1,408,471	\$ -	\$ 15,762,407	\$ 244,280	\$ 17,415,158
Accrued salaries and benefits	49,523,092	-	-	-	49,523,092
Unearned revenue:					
State of Utah	2,962,186	-	-	-	2,962,186
Total liabilities	<u>53,893,749</u>	<u>-</u>	<u>15,762,407</u>	<u>244,280</u>	<u>69,900,436</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,401,505	816,988	208,301	144,411	2,571,205
Property taxes levied for future year	109,335,539	61,923,060	14,848,036	12,412,926	198,519,561
Total deferred inflows of resources	<u>110,737,044</u>	<u>62,740,048</u>	<u>15,056,337</u>	<u>12,557,337</u>	<u>201,090,766</u>
Fund balances:					
Nonspendable:					
Inventories	5,538,597	-	-	1,810,424	7,349,021
Restricted for:					
Debt service	-	16,018,137	-	-	16,018,137
Capital projects	-	-	67,958,722	-	67,958,722
School food services	-	-	-	7,014,418	7,014,418
Committed to:					
Workers compensation	1,000,000	-	-	-	1,000,000
Termination benefits	4,500,000	-	-	-	4,500,000
Schools	-	-	-	11,497,946	11,497,946
Economic stabilization	28,000,000	-	-	-	28,000,000
Assigned to:					
Foundation	-	-	-	2,178,618	2,178,618
Programs	6,500,000	-	-	-	6,500,000
Textbooks	2,500,000	-	-	-	2,500,000
Employee compensation	4,000,000	-	-	-	4,000,000
Schools	325,000	-	-	-	325,000
Medical insurance	2,500,000	-	-	-	2,500,000
Unassigned	27,108,282	-	-	-	27,108,282
Total fund balances	<u>81,971,879</u>	<u>16,018,137</u>	<u>67,958,722</u>	<u>22,501,406</u>	<u>188,450,144</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 246,602,672</u>	<u>\$ 78,758,185</u>	<u>\$ 98,777,466</u>	<u>\$ 35,303,023</u>	<u>\$ 459,441,346</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, 2019

Total fund balances for governmental funds	\$ 188,450,144
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Those assets consist of:

Land	\$ 56,515,346	
Construction in progress	61,355,771	
Buildings and improvements, net of \$382,591,445 accumulated depreciation	626,413,493	
Furniture and equipment, net of \$15,886,203 accumulated depreciation	4,610,736	
Transportation equipment, net of \$22,106,074 accumulated depreciation	10,911,050	759,806,396

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.	2,571,205
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Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(1,354,919)
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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:	7,235,362
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds payable	(552,670,000)	
Deferred charge on refunding	7,282,935	
Unamortized premiums	(25,236,121)	
Accrued vacation	(5,740,012)	
Accrued sick leave	(3,142,592)	
Accrued personal leave	(1,604,541)	
Early retirement payable	(10,671,160)	
Net pension liability	(290,692,630)	
Deferred outflows of resources related to pensions	112,340,515	
Deferred inflows of resources related to pensions	(4,736,766)	(774,870,372)

Total net position - governmental activities	\$ 181,837,816
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The notes to basic financial statements are an integral part of this statement.

DAVIS SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019**

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 111,760,812	\$ 65,149,429	\$ 16,610,695	\$ 10,596,384	\$ 204,117,320
Earnings on investments	3,895,894	-	2,439,842	510,200	6,845,936
Other local	11,477,927	-	961,642	21,830,771	34,270,340
School lunch sales	-	-	-	7,698,899	7,698,899
State of Utah	373,443,987	-	4,936,681	4,744,415	383,125,083
Federal government	31,079,117	937,091	-	11,065,491	43,081,699
Total revenues	<u>531,657,737</u>	<u>66,086,520</u>	<u>24,948,860</u>	<u>56,446,160</u>	<u>679,139,277</u>
Expenditures:					
Current:					
Instruction	352,816,908	-	-	31,426,267	384,243,175
Supporting services:					
Students	19,104,242	-	-	-	19,104,242
Instructional staff	23,027,859	-	-	-	23,027,859
District administration	3,067,813	-	-	-	3,067,813
School administration	40,201,664	-	-	-	40,201,664
Central	17,108,743	-	-	-	17,108,743
Operation and maintenance of facilities	53,118,262	-	-	-	53,118,262
Student transportation	13,171,601	-	-	-	13,171,601
School food service	-	-	-	25,808,135	25,808,135
Capital outlay	-	-	72,894,207	-	72,894,207
Debt service:					
Bond principal	-	36,755,000	-	-	36,755,000
Bond interest	-	19,635,007	-	-	19,635,007
Bond issuance costs	-	-	224,213	-	224,213
Fees and miscellaneous charges	-	8,300	-	-	8,300
Total expenditures	<u>521,617,092</u>	<u>56,398,307</u>	<u>73,118,420</u>	<u>57,234,402</u>	<u>708,368,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,040,645</u>	<u>9,688,213</u>	<u>(48,169,560)</u>	<u>(788,242)</u>	<u>(29,228,944)</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	50,000,000	-	50,000,000
General obligation bonds premium	-	-	4,989,627	-	4,989,627
Proceeds from sale of capital assets	-	-	1,323	-	1,323
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,990,950</u>	<u>-</u>	<u>54,990,950</u>
Net change in fund balances	<u>10,040,645</u>	<u>9,688,213</u>	<u>6,821,390</u>	<u>(788,242)</u>	<u>25,762,006</u>
Fund balances - beginning	<u>71,931,234</u>	<u>6,329,924</u>	<u>61,137,332</u>	<u>23,289,648</u>	<u>162,688,138</u>
Fund balances - ending	<u>\$ 81,971,879</u>	<u>\$ 16,018,137</u>	<u>\$ 67,958,722</u>	<u>\$ 22,501,406</u>	<u>\$ 188,450,144</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, 2019

Net change in fund balances-total governmental funds \$ 25,762,006

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	\$ 55,985,528	
Gain on sale of capital assets	(30,324)	
Proceeds from sale of capital assets	(1,323)	
Depreciation expense	<u>(31,067,455)</u>	24,886,426

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	(50,000,000)	
Bond premium	(4,989,627)	
Amortization of deferred amounts on refunding	(1,256,429)	
Amortization of bond premium	1,807,317	
Repayment of bond principal	36,755,000	
Interest expense - general obligation bonds	<u>(77,598)</u>	(17,761,337)

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. 434,915

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 the year, benefit obligations changed by the following amounts:

Accrued vacation	(172,569)	
Accrued sick and personal leave	(173,445)	
Early retirement payable	(1,030,363)	
Pension expense	<u>(14,326,659)</u>	(15,703,036)

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 change in net position of this internal service fund is: (2,022,206)

Change in net position of governmental activities \$ 15,596,768

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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 102,137,600	\$ 111,558,853	\$ 111,760,812	\$ 201,959
Earnings on investments	2,419,500	2,800,000	3,895,894	1,095,894
Other local	9,211,500	9,527,256	11,477,927	1,950,671
State of Utah	380,345,000	371,532,391	373,443,987	1,911,596
Federal government	30,503,900	31,221,800	31,079,117	(142,683)
Total revenues	<u>524,617,500</u>	<u>526,640,300</u>	<u>531,657,737</u>	<u>5,017,437</u>
Expenditures:				
Current:				
Instruction	357,253,200	359,284,200	352,816,908	6,467,292
Supporting services:				
Students	18,992,500	19,018,200	19,104,242	(86,042)
Instructional staff	23,451,900	23,007,800	23,027,859	(20,059)
District administration	2,880,000	3,000,900	3,067,813	(66,913)
School administration	41,011,600	40,129,700	40,201,664	(71,964)
Central	17,667,900	17,398,100	17,108,743	289,357
Operation and maintenance of facilities	49,219,300	51,475,300	53,118,262	(1,642,962)
Student transportation	14,141,100	13,326,100	13,171,601	154,499
Total expenditures	<u>524,617,500</u>	<u>526,640,300</u>	<u>521,617,092</u>	<u>5,023,208</u>
Excess of revenues over expenditures / net change in fund balances	-	-	10,040,645	10,040,645
Fund balances - beginning	<u>71,931,234</u>	<u>71,931,234</u>	<u>71,931,234</u>	-
Fund balances - ending	<u>\$ 71,931,234</u>	<u>\$ 71,931,234</u>	<u>\$ 81,971,879</u>	<u>\$ 10,040,645</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, 2019**

	Enterprise Fund Pioneer Adult Rehab Center	Governmental Activities- Internal Service Fund Self Insurance
Assets:		
Current assets:		
Cash and investments	\$ 5,821,485	\$ 22,668,642
Receivables - other local	625,455	-
Inventories of supplies	146,313	-
Total current assets	6,593,253	22,668,642
Noncurrent assets:		
Capital assets:		
Buildings and improvements	3,660,322	-
Equipment	753,789	-
Accumulated depreciation	(2,773,944)	-
Net capital assets	1,640,167	-
Total assets	8,233,420	22,668,642
Deferred outflows of resources:		
Related to pensions	390,312	-
Liabilities:		
Current liabilities:		
Accounts payable	123,101	15,433,280
Compensation liability	36,377	-
Total current liabilities	159,478	15,433,280
Noncurrent liabilities:		
Compensation liability	52,521	-
Net pension liability	1,009,971	-
Total noncurrent liabilities	1,062,492	-
Total liabilities	1,221,970	15,433,280
Deferred inflows of resources:		
Related to pensions	16,458	-
Net position:		
Net investment in capital assets	1,640,167	-
Unrestricted	5,745,137	7,235,362
Total net position	\$ 7,385,304	\$ 7,235,362

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, 2019

	Enterprise Fund Pioneer Adult Rehab Center	Governmental Activities- Internal Service Fund Self Insurance
Operating revenues:		
Charges for services	\$ 9,256,806	\$ 70,042,481
Other local	455,253	-
Total operating revenues	9,712,059	70,042,481
Operating expenses:		
Salaries and benefits	6,352,237	-
Depreciation	133,271	-
Indirect charges	275,568	-
Other	2,829,686	72,064,687
Total operating expenses	9,590,762	72,064,687
Operating income (loss)	121,297	(2,022,206)
Nonoperating income (expense):		
Earnings on investments	135,131	-
State of Utah	946,318	-
Total nonoperating income (expense)	1,081,449	-
Income (loss) / change in net position	1,202,746	(2,022,206)
Total net position - beginning	6,182,558	9,257,568
Total net position - ending	\$ 7,385,304	\$ 7,235,362

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, 2019**

	<u>Enterprise Fund Pioneer Adult Rehab Center</u>	<u>Governmental Activities- Internal Service Fund Self Insurance</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 70,042,481
Receipts from customers	9,751,718	-
Payments to suppliers	(3,082,622)	(70,767,442)
Payments to employees	(6,432,588)	-
Net cash provided (used) by operating activities	<u>236,508</u>	<u>(724,961)</u>
Cash flows from noncapital financing activities:		
Receipt of state subsidies	<u>946,318</u>	<u>-</u>
Cash flows from investing activities:		
Receipt of earnings on investments	<u>135,131</u>	<u>-</u>
Net change in cash and cash equivalents	1,317,957	(724,961)
Cash and cash equivalents - beginning	<u>4,503,528</u>	<u>23,393,603</u>
Cash and cash equivalents - ending (displayed as cash and investments on the statements of fund net position)	<u>\$ 5,821,485</u>	<u>\$ 22,668,642</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 121,297	\$ (2,022,206)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	133,271	-
Pension expense	(80,042)	-
Changes in operating assets and liabilities:		
Accounts receivable	39,659	-
Inventories	(64,551)	-
Accounts payable	87,183	1,297,245
Compensation liability	(309)	-
Total adjustments	<u>115,211</u>	<u>1,297,245</u>
Net cash provided (used) by operating activities	<u>\$ 236,508</u>	<u>\$ (724,961)</u>
Noncash investing, capital, and financing activities	<u>none</u>	<u>none</u>

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its blended component unit, Davis School District Foundation (the Foundation) for which the District is considered to be financially accountable. The Foundation exclusively services the District. The District makes all personnel decisions for the Foundation and pays for all operating costs of the Foundation. A blended component unit, although a legally separate entity, is in substance part of the District's operations.

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 *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 30 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, 2019, 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).

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 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.

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

Unearned Revenue

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 position of the Utah Retirement Systems (URS) and additions to/deductions from the URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

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 of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

Net Position/Fund Balances

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

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

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

Fund balance classifications are summarized as follows:

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

Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the unspent tax revenue for specific purposes (debt service and capital projects) and amounts in other governmental funds (school food services).

Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The Board of Education has resolved to commit fund balance amount in the governmental funds for the following purposes:

- Workers compensation claims.
- Employee benefit obligations for unpaid compensated absences including vacation, sick, and personal leave.
- Amounts held in other governmental fund resources for schools.
- As defined in Utah law as an “undistributed reserve,” the District maintains up to five percent of *General Fund* budgeted expenditures for economic stabilization. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the 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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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 Office of the Utah State Auditor.

Assigned – This category includes amounts to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the business administrator to assign fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District has assigned *General Fund* resources for District programs, schools, and the Foundation, 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, 2019, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 21,312,923
Carrying amount of investments	239,812,464
Total cash and investments	\$ 261,125,565
Governmental funds cash and investments	\$ 232,635,438
Enterprise fund cash and investments	5,821,485
Internal service fund cash and investments	22,668,642
Total cash and investments	\$ 261,125,565

The District complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling our 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, first-tier commercial paper, banker’s acceptances,

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and enough for adequate protection of our 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, 2019, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Davis School District	\$ 19,146,484	\$ 23,026,023	\$ 250,000
Davis School District Foundation, a component unit of the District	2,166,439	2,166,439	-
Total deposits	\$ 21,312,923	\$ 25,192,462	\$ 250,000

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2019, 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 District invests with the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state’s name by the state’s custodial banks, including investment-grade corporate bonds and notes, 94.0%; money market mutual funds, 3.4%; first-tier commercial paper, 2.5%; and certificates of deposit, 0.1%. The portfolio has a weighted average maturity of 48 days. The majority of the PTIF’s corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

At June 30, 2019, the District has \$229,082,304 invested in the Utah Public Treasurers’ Investment Fund; the PTIF is not rated. The District has \$6,585,164 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 \$4,131,384 invested in corporate bonds rated BBB+ and Baa1 or higher by Standard & Poor’s and Moody’s

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Investors Service, Inc., respectively. The Davis School District Foundation has \$14,592 invested in mutual funds that are unrated.

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Davis School District:			
Utah Public Treasurers' Investment Fund (PTIF)	\$ 229,082,304	\$ 229,082,304	\$ -
Government agencies	6,584,184	1,945,586	4,638,598
Corporate bonds	4,131,384	1,708,174	2,423,210
Total District	239,797,872	232,736,064	7,061,808
Davis School District Foundation, a component unit of the District			
Mutual funds investing in:			
International stock	14,592	14,592	-
Total Foundation	14,592	14,592	-
Total investments	\$ 239,812,464	\$ 232,750,656	\$ 7,061,808

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. FAIR VALUE MEASUREMENTS

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

The District has the following recurring fair value measurements as of June 30, 2019:

- Government agencies securities of \$6,585,164 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$4,131,384 are valued using a matrix pricing model (Level 2 inputs).
- Public Treasurers’ Investment Fund position of \$229,082,304 is valued at the District’s position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

The Foundation has the following recurring fair value measurements as of June 30, 2019:

- Mutual funds of \$14,592 are valued using quoted market prices (Level 1 inputs).

4. PROPERTY TAXES

District Property Tax Revenue

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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, 2019, incremental taxes levied by the District for the redevelopment agencies totaling \$8,716,028 were recorded as revenue with an equivalent amount of expenditure for instruction in the other governmental funds (in the *Pass-Through Taxes Fund*).

Per *Utah Code 53F-2-703*, a portion of the District's board local levy is paid to the statewide charter school levy account. The portion is based on the number of charter school students residing within the District's boundaries. In 2019, the amount collected by the County and paid directly to the State was \$1,880,356; this amount was reported in the District's *Pass-Through Taxes Fund*.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 55,893,547	\$ 653,446	\$ (31,647)	\$ 56,515,346
Construction in progress	172,221,786	52,344,145	(163,210,160)	61,355,771
Total capital assets, not being depreciated	228,115,333	52,997,591	(163,241,807)	117,871,117
Capital assets, being depreciated:				
Buildings and improvements	895,911,365	163,210,160	-	1,059,121,525
Furniture and equipment	20,351,548	1,788,563	(302,170)	21,837,941
Transportation equipment	33,013,591	1,199,374	(1,190,996)	33,021,969
Total capital assets, being depreciated	949,276,504	166,198,097	(1,493,166)	1,113,981,435
Accumulated depreciation for:				
Buildings and improvements	(404,861,072)	(27,846,960)	-	(432,708,032)
Furniture and equipment	(16,386,621)	(1,142,754)	302,170	(17,227,205)
Transportation equipment	(21,224,174)	(2,077,741)	1,190,996	(22,110,919)
Total accumulated depreciation	(442,471,867)	(31,067,455)	1,493,166	(472,046,156)
Total capital assets, being depreciated, net	506,804,637	135,130,642	-	641,935,279
Governmental activity capital assets, net	<u>\$ 734,919,970</u>	<u>\$ 188,128,233</u>	<u>\$ (163,241,807)</u>	<u>\$ 759,806,396</u>
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,660,322	\$ -	\$ -	\$ 3,660,322
Furniture and equipment	753,789	-	-	753,789
Total capital assets, being depreciated	4,414,111	-	-	4,414,111
Accumulated depreciation for:				
Buildings and improvements	(2,021,167)	(95,127)	-	(2,116,294)
Furniture and equipment	(619,506)	(38,144)	-	(657,650)
Total accumulated depreciation	(2,640,673)	(133,271)	-	(2,773,944)
Business-type activity capital assets, net	<u>\$ 1,773,438</u>	<u>\$ (133,271)</u>	<u>\$ -</u>	<u>\$ 1,640,167</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Governmental activities:	
Instruction	\$ 24,525,826
Supporting services:	
Students	269,836
Instructional staff	99,199
District administration	35,780
School administration	1,368,296
Central	1,102,965
Operation and maintenance of facilities	2,334,256
Student transportation	1,071,791
School food services	259,506
Total depreciation expense, governmental activities	\$ 31,067,455
 Business-type activities:	
Pioneer Adult Rehabilitation Center	\$ 133,271

The District is obligated at June 30, 2019 under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Mountain High Addition	\$ 11,896,923	\$ 10,396,228	\$ 1,500,695
Layton Jr. High #17 2015 Bond	44,108,644	41,980,701	2,127,943
Elementary #63 2015 Bond	24,805,482	1,549,494	23,255,988
W. Bountiful El Re-Build 2015 Bond	22,626,608	7,131,676	15,494,932
Elementary #64 2015 Bond	157,672	157,672	-
Sunset Jr. Remodel 2015 Bond	140,000	140,000	-
	\$ 103,735,329	\$ 61,355,771	\$ 42,379,558

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

6. RETIREMENT PLANS

Description of Plans

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Defined Contribution Plans (individual account plans):

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

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

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

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

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

Benefits Provided

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

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

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

Contributions

As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

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

	<u>Defined Benefit Plans Rates</u>			District Rates for 401(k) Plan	Totals
	<u>District Contribution *</u>	<u>Amortization of UAAL **</u>	<u>Paid by District for Employee</u>		
Tier 1 Noncontributory System	12.25%	9.94%	0.0%	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	5.00%	-	22.70%
Tier 2 Contributory System	8.93%	9.94%	0.00%	1.15%	20.02%
Tier 2 Defined Contribution Plan	0.08%	9.94%	0.00%	10.00%	20.02%

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

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

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

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

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 44,722,327	\$ -
Tier 1 Contributory System	189,512	64,242
Tier 2 Contributory System	12,001,010	-
Tier 2 Defined Benefit Plan	1,179,379	-
401(k) Plan	5,028,243	4,035,781
457 Plan and other individual plans	-	1,083,419

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

At June 30, 2019, the District reported a net pension liability of \$291,702,601 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 285,449,516
Tier 1 Contributory System	-	4,114,389
Tier 2 Contributory System	-	2,138,696
Total	<u>\$ -</u>	<u>\$ 291,702,601</u>

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

	Proportionate Share	
	2018	Change
Tier 1 Noncontributory System	7.6723075%	0.0197941%
Tier 1 Contributory System	5.7948812%	0.6430918%
Tier 2 Contributory System	4.9937037%	0.1256635%

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

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 65,435,473
Tier 1 Contributory System	1,345,781
Tier 2 Contributory System	5,528,036
Total	<u>\$ 72,309,290</u>
Defined contribution plans:	
Tier 2 Defined Contribution Plan	\$ 1,179,379
401(k) Plan	5,028,243
Total	<u>\$ 6,207,622</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

	Deferred Outflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 1,520,627	\$ -	\$ 15,010	\$ 1,535,637
Changes of assumptions	29,034,006	-	536,051	29,570,057
Net difference between projected and actual earnings on pension plan investments	47,490,886	1,356,507	696,455	49,543,848
Changes in proportion and differences between District contributions and proportionate share of contributions	2,841,697	-	665,470	3,507,167
Contributions subsequent to the measurement date	<u>21,840,829</u>	<u>90,038</u>	<u>6,643,250</u>	<u>28,574,117</u>
Total	<u>\$ 102,728,045</u>	<u>\$ 1,446,545</u>	<u>\$ 8,556,236</u>	<u>\$ 112,730,826</u>

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

	Deferred Inflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 4,005,178	\$ -	\$ 442,022	\$ 4,447,200
Changes of assumptions	-	-	38,424	38,424
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>267,600</u>	<u>-</u>	<u>-</u>	<u>267,600</u>
Total	<u>\$ 4,272,778</u>	<u>\$ -</u>	<u>\$ 480,446</u>	<u>\$ 4,753,224</u>

The \$28,574,117 reported as deferred outflows of resources related to pensions resulting from our contributions subsequent to the measurement date of December 31, 2018 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
2020	\$ 34,691,651	\$ 537,588	\$ 242,502	\$ 35,471,741
2021	13,440,209	14,736	176,742	13,631,687
2022	5,990,819	131,831	193,546	6,316,196
2023	22,491,759	672,352	341,052	23,505,163
2024	-	-	64,347	64,347
Thereafter	-	-	414,351	414,351

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Actuarial Assumptions

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

Inflation	2.5%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' 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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 513,084,404	\$ 285,449,516	\$ 95,004,511
Tier 1 Contributory System	8,622,270	4,114,389	267,696
Tier 2 Contributory System	8,568,028	2,138,696	(2,823,141)
Total	\$ 530,274,702	\$ 291,702,601	\$ 92,449,066

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, 2019, the District reported payables of \$13,283,654 for contributions to defined benefit pension plans and defined contribution plans.

7. RISK MANAGEMENT

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 \$15,433,281 as of June 30, 2019. 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, 2019 and 2018:

	2019	2018
Beginning accrued claims payable	\$ 14,136,035	\$ 12,875,671
Claims (including incurred but not reported)	72,064,687	65,624,250
Payments of claims and administrative costs	(70,767,442)	(64,363,886)
Ending accrued claims payable	\$ 15,433,280	\$ 14,136,035

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, 2019, the District paid worker's compensation claims in the amount of \$934,575. A co-insurance policy provides for individual worker's compensation claims in excess of \$250,000. This District has not established a liability for either claims outstanding or for the claims incurred but not reported (IBNR) because management believes the amount would be immaterial to the financial statements.

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage 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 \$1,000 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.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

8. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 539,425,000	\$ 50,000,000	\$ (36,755,000)	\$ 552,670,000	\$ 46,895,000
Deferred amounts for issuance premium	22,053,811	4,989,627	(1,807,317)	25,236,121	-
Total bonds payable, net	561,478,811	54,989,627	(38,562,317)	577,906,121	46,895,000
Accrued vacation	5,567,443	3,592,704	(3,420,135)	5,740,012	3,526,146
Accrued sick leave	3,114,681	523,011	(495,100)	3,142,592	499,537
Accrued personal leave	1,459,007	1,041,200	(895,666)	1,604,541	985,007
Early retirement payable	9,640,797	6,653,386	(5,623,023)	10,671,160	5,293,708
Net pension liability	187,105,877	161,448,413	(57,861,660)	290,692,630	-
Total governmental activity long-term liabilities	<u>\$ 768,366,616</u>	<u>\$ 228,248,341</u>	<u>\$ (106,857,901)</u>	<u>\$ 889,757,056</u>	<u>\$ 57,199,398</u>
Business-type activities:					
Accrued vacation	\$ 74,720	\$ 62,154	\$ (62,186)	\$ 74,688	\$ 30,562
Accrued sick leave	12,946	8,099	(7,605)	13,440	5,500
Accrued personal leave	1,541	385	(1,156)	770	315
Net pension liability	794,002	416,982	(201,013)	1,009,971	-
Total business-type activity long-term liabilities	<u>\$ 883,209</u>	<u>\$ 487,620</u>	<u>\$ (271,960)</u>	<u>\$ 1,098,869</u>	<u>\$ 36,377</u>

General Obligation Bonds

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

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 46,895,000	\$ 20,286,166	\$ 67,181,166
2021	34,270,000	18,216,146	52,486,146
2022	36,490,000	17,238,475	53,728,475
2023	31,585,000	15,853,106	47,438,106
2024	32,840,000	14,497,059	47,337,059
2025-2029	178,810,000	51,706,475	230,516,475
2030-2034	129,450,000	22,491,344	151,941,344
2035-2039	62,330,000	4,741,069	67,071,069
Total	<u>\$ 552,670,000</u>	<u>\$ 165,029,840</u>	<u>\$ 717,699,840</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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)	\$ 52,660,000
Bond Series 2011A - GO Bonds - original issue of \$45,000,000 with interest rates ranging from 4.0% to 4.75%	2,645,000
Bond Series 2012 - GO Bonds - original issue of \$35,000,000 with interest rates ranging from 2.0% to 4.0%	33,035,000
Bond Series 2013A - GO Bond - original issue of \$20,000,000 with interest rates ranging from 2.0% to 4.0%	18,940,000
Bond Series 2013B - GO Refunding Bonds - original issue of \$20,550,000 with interest rates ranging from 3.0% to 4.25%	4,420,000
Bond Series 2014 - GO Bonds - original issue of \$25,000,000 with interest rates ranging from 2.25% to 5.0%	25,000,000
Bond Series 2015A - GO Bonds - original issue of \$40,000,000 with interest rates ranging from 2.0% to 5.0%	34,890,000
Bond Series 2015B - GO Refunding Bonds - original issue of \$67,025,000 with interest rates ranging from 2.0% to 5.0%	58,275,000
Bond Series 2015C - GO Refunding Bonds - original issue of \$53,010,000 with interest rate of 1.72%	27,050,000
Bond Series 2016 - GO Bonds - original issue of \$68,500,000 with interest rates ranging from 2.0% to 3.375%	63,900,000
Bond Series 2017A - GO Bonds - original issue of \$80,000,000 with interest rates ranging from 3.0% to 5.0%	78,175,000
Bond Series 2017B - GO Refunding Bonds - original issue of \$36,805,000 with interest rate of 2% to 5%	36,805,000
Bond Series 2018 - GO Bonds - original issue of \$69,375,000 with interest rates ranging from 3.0% to 5.0%	66,875,000
Bond Series 2019 - GO Bonds - original issue of \$50,000,000 with interest rates ranging from 3.0% to 5.0%	50,000,000
	\$ 552,670,000

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, 2019 is \$1,600,095,103 with general obligation debt outstanding, net of issuance premiums, of \$577,906,121, resulting in a legal debt margin of \$1,022,188,986.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Bond Issuance

In April 2019, the District issued \$50,000,000 of general obligation school building bonds. The bonds have interest rates ranging from 3.0% to 5.0% with a final maturity of June 2039.

Early Retirement Payable

The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah Retirement System benefits. Eligible retirees will receive a contribution of 16% of their annual salary per year, for up to three consecutive years, into a qualified 401(a) and/or 403(b) plan, or until they become eligible to receive unreduced social security benefits, whichever occurs first. Employees who retire under the incentive program will continue to be enrolled in group medical and dental programs until they become eligible for Medicare, or for 10 consecutive years following retirement, whichever comes first. Enrollment is contingent upon the retiree contributing the same premium as required of active employees for the first 3 years and the full premium for the following 7 years. For the years ended June 30, 2019 and 2018 the District's direct payments to retirees were \$3,426,036 and \$3,003,410 and payments of insurance premiums on behalf of retirees were \$2,196,987 and \$2,189,286, respectively. Future retirement payments of employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide financial statements in the year of retirement. This liability is paid from the fund from which the employee retires.

9. LITIGATION AND LEGAL COMPLIANCE

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

All fund balances are positive at June 30, 2019. Fund expenditures are within budgeted amounts during the year ended June 30, 2019.

10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *General Fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be insignificant.

10. SUBSEQUENT EVENTS

In September 2019, the District refunded \$52,660,000 of general obligation school building bonds (interest rates 4.4% to 5.8%) by issuing \$43,565,000 of general obligation refunding bonds with premium of \$9,579,467 (interest rates of 5.0%). The refunding will result in overall cash savings to the District.

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DAVIS SCHOOL DISTRICT
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –
Utah Retirement Systems
Last Five Plan (Calendar) Years

	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2018	7.6723075 %	\$ 285,449,516	\$ 206,443,337	138.27 %	84.1 %
2017	7.6525134 %	187,131,668	205,549,266	91.04 %	89.2 %
2016	7.4624207 %	241,850,854	204,451,285	118.29 %	84.9 %
2015	7.3414109 %	230,614,740	201,027,809	114.72 %	84.5 %
2014	7.4134528 %	186,265,127	207,180,521	89.90 %	87.2 %
Tier 1 Contributory System:					
2018	5.7948812 %	\$ 4,114,389	\$ 1,124,634	365.84 %	91.4 %
2017	5.1517894 %	339,009	1,172,178	28.92 %	99.2 %
2016	5.2048370 %	2,852,030	1,395,246	204.41 %	93.4 %
2015	5.4310774 %	3,403,396	1,720,443	197.82 %	92.4 %
2014	5.2473969 %	575,369	1,924,123	29.90 %	98.7 %
Tier 2 Contributory System:					
2018	4.9937037 %	\$ 2,138,696	\$ 58,736,946	3.64 %	90.8 %
2017	4.8680402 %	429,202	47,803,221	0.90 %	97.4 %
2016	7.3903033 %	489,735	36,003,896	1.36 %	95.1 %
2015	4.0722871 %	(8,890)	26,295,729	(0.03)%	100.2 %
2014	4.0284960 %	(122,081)	19,714,988	(0.62)%	103.5 %

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

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2019	\$ 44,722,327	\$ 44,722,327	\$ -	\$ 204,195,524	21.90 %
2018	45,159,337	45,159,337	-	205,977,365	21.92 %
2017	44,408,786	44,408,786	-	202,863,727	21.89 %
2016	44,466,708	44,466,708	-	203,305,674	21.87 %
2015	43,924,810	43,924,810	-	203,539,652	21.58 %
Tier 1 Contributory System:					
2019	\$ 189,512	\$ 189,512	\$ -	\$ 1,070,688	17.70 %
2018	202,455	202,455	-	1,143,812	17.70 %
2017	216,832	216,832	-	1,225,041	17.70 %
2016	279,041	279,041	-	1,576,505	17.70 %
2015	323,810	323,810	-	1,858,776	17.42 %
Tier 2 Contributory System:					
2019	\$ 13,180,389	\$ 13,180,389	\$ -	\$ 75,596,811	17.44 %
2018	10,747,735	10,747,735	-	62,425,275	17.22 %
2017	8,182,874	8,182,874	-	47,831,200	17.11 %
2016	6,160,316	6,160,316	-	36,010,273	17.11 %
2015	4,551,043	4,551,043	-	26,761,238	17.01 %
Tier 2 Defined Contribution Plan:					
2019	\$ 60,504	\$ 60,504	\$ -	\$ 594,344	10.18 %
2018	41,904	41,904	-	418,201	10.02 %
2017	40,826	40,826	-	407,442	10.02 %
2016	35,870	35,870	-	357,835	10.02 %
2015	29,224	29,224	-	291,489	10.03 %

DAVIS SCHOOL DISTRICT
Notes to Required Supplementary Information

A. Changes in Assumptions – Utah Retirement Systems

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

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

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

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

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

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

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

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

C. Schedules of District Contributions – Utah Retirement Systems

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

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

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
General Fund

June 30, 2019

With Comparative Totals for 2018

	2019	2018
Assets:		
Cash and investments	\$ 115,863,362	\$ 105,333,480
Receivables:		
Property taxes	114,161,853	103,291,768
Other local	360,233	293,814
State of Utah	2,614,512	1,616,995
Federal government	8,064,115	6,635,082
Inventories	5,538,597	5,651,863
Total assets	\$ 246,602,672	\$ 222,823,002
Liabilities:		
Accounts payable	\$ 1,408,471	\$ 1,401,455
Accrued salaries and benefits	49,523,092	46,661,930
Unearned revenue:		
State of Utah	2,962,186	3,764,001
Total liabilities	53,893,749	51,827,386
Deferred Inflows of Resources:		
Unavailable property tax revenue	1,401,505	1,207,556
Property taxes levied for future year	109,335,539	97,856,826
Total deferred inflows of resources	110,737,044	99,064,382
Fund Balances:		
Nonspendable:		
Inventories	5,538,597	5,651,863
Committed to:		
Workers compensation	1,000,000	500,000
Termination benefits	4,500,000	4,500,000
Economic stabilization	28,000,000	25,000,000
Assigned to:		
Programs	6,500,000	5,500,000
Textbooks	2,500,000	2,000,000
Employee compensation	4,000,000	5,000,000
Schools	325,000	325,000
Medical insurance	2,500,000	2,500,000
Unassigned	27,108,282	20,954,371
Total fund balances	81,971,879	71,931,234
Total liabilities, deferred inflows of resources, and fund balances	\$ 246,602,672	\$ 222,823,002

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2019
With Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 111,558,853	\$ 111,760,812	\$ 201,959	\$ 106,792,006
Earnings on investments	2,800,000	3,895,894	1,095,894	2,137,243
Other local	9,527,256	11,477,927	1,950,671	9,246,187
State of Utah	371,532,391	373,443,987	1,911,596	361,689,641
Federal government	31,221,800	31,079,117	(142,683)	32,042,146
Total revenues	526,640,300	531,657,737	5,017,437	511,907,223
Expenditures:				
Current:				
Instruction	359,284,200	352,816,908	6,467,292	336,237,490
Supporting services:				
Students	19,018,200	19,104,242	(86,042)	17,708,229
Instructional staff	23,007,800	23,027,859	(20,059)	22,001,747
District administration	3,000,900	3,067,813	(66,913)	2,711,466
School administration	40,129,700	40,201,664	(71,964)	37,375,321
Central	17,398,100	17,108,743	289,357	16,935,865
Operation and maintenance of facilities	51,475,300	53,118,262	(1,642,962)	51,134,507
Student transportation	13,326,100	13,171,601	154,499	16,928,910
Total expenditures	526,640,300	521,617,092	5,023,208	501,033,535
Excess of revenues over expenditures / net change in fund balances	-	10,040,645	10,040,645	10,873,688
Fund balances - beginning	71,931,234	71,931,234	-	61,057,546
Fund balances - ending	\$ 71,931,234	\$ 81,971,879	\$ 10,040,645	\$ 71,931,234

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets

Debt Service Fund

June 30, 2019

With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 14,021,692	\$ 4,146,820
Receivables - property taxes	64,736,493	59,843,164
Total assets	<u>\$ 78,758,185</u>	<u>\$ 63,989,984</u>
 Deferred inflows of resources:		
Unavailable property tax revenue	\$ 816,988	\$ 615,770
Property taxes levied for future year	61,923,060	57,044,290
Total deferred inflows of resources	<u>62,740,048</u>	<u>57,660,060</u>
 Fund balances:		
Restricted for:		
Debt service	<u>16,018,137</u>	<u>6,329,924</u>
Total deferred inflows of resources and fund balances	<u>\$ 78,758,185</u>	<u>\$ 63,989,984</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2019
With Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 58,214,200	\$ 65,149,429	\$ 6,935,229	\$ 54,456,534
Federal interest subsidy	924,700	937,091	12,391	983,196
Total revenues	<u>59,138,900</u>	<u>66,086,520</u>	<u>6,947,620</u>	<u>55,439,730</u>
Expenditures:				
Debt service:				
Bond principal	37,755,000	36,755,000	1,000,000	34,530,000
Bond interest	20,635,000	19,635,007	999,993	18,360,825
Bond issuance costs	-	-	-	189,182
Fees and miscellaneous charges	748,900	8,300	740,600	7,501
Total expenditures	<u>59,138,900</u>	<u>56,398,307</u>	<u>2,740,593</u>	<u>53,087,508</u>
Excess of revenues over expenditures	<u>-</u>	<u>9,688,213</u>	<u>9,688,213</u>	<u>2,352,222</u>
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	-	36,805,000
Refunding bonds premium	-	-	-	3,592,355
Refunding bonds escrow payment	-	-	-	(40,208,173)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,182</u>
Net change in fund balances	-	9,688,213	9,688,213	2,541,404
Fund balances - beginning	<u>6,329,924</u>	<u>6,329,924</u>	<u>-</u>	<u>3,788,520</u>
Fund balances - ending	<u><u>\$ 6,329,924</u></u>	<u><u>\$ 16,018,137</u></u>	<u><u>\$ 9,688,213</u></u>	<u><u>\$ 6,329,924</u></u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
Capital Projects Fund

June 30, 2019

With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 83,212,109	\$ 89,351,166
Receivables:		
Property taxes	<u>15,565,357</u>	<u>15,459,074</u>
Total assets	<u><u>\$ 98,777,466</u></u>	<u><u>\$ 104,810,240</u></u>
Liabilities:		
Accounts payable	<u>\$ 15,762,407</u>	<u>\$ 28,939,277</u>
Deferred inflows of resources:		
Unavailable property tax revenue	208,301	189,447
Property taxes levied for future year	<u>14,848,036</u>	<u>14,544,184</u>
Total deferred inflows of resources	<u>15,056,337</u>	<u>14,733,631</u>
Fund balances:		
Restricted for:		
Capital projects	<u>67,958,722</u>	<u>61,137,332</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 98,777,466</u></u>	<u><u>\$ 104,810,240</u></u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2019
With Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 16,629,500	\$ 16,610,695	\$ (18,805)	\$ 16,754,023
Earnings on investments	2,000,000	2,439,842	439,842	1,579,089
Other local	1,028,700	961,642	(67,058)	466,335
State of Utah	4,936,800	4,936,681	(119)	5,378,592
Total revenues	<u>24,595,000</u>	<u>24,948,860</u>	<u>353,860</u>	<u>24,178,039</u>
Expenditures:				
Capital outlay:				
Buildings and improvements	97,295,000	67,397,775	29,897,225	120,225,875
Equipment	3,000,000	5,321,905	(2,321,905)	3,605,413
Other	300,000	174,527	125,473	1,969,960
Debt service:				
Bond issuance costs	-	224,213	(224,213)	-
Total expenditures	<u>100,595,000</u>	<u>73,118,420</u>	<u>27,476,580</u>	<u>125,801,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,000,000)</u>	<u>(48,169,560)</u>	<u>27,830,440</u>	<u>(101,623,209)</u>
Other financing sources:				
General obligation bonds issued	50,000,000	50,000,000	-	69,375,000
General obligation bonds premium	1,000,000	4,989,627	3,989,627	2,521,000
Proceeds from sale of capital assets	-	1,323	1,323	477,031
Total other financing sources	<u>51,000,000</u>	<u>54,990,950</u>	<u>3,990,950</u>	<u>72,373,031</u>
Net change in fund balances	<u>(25,000,000)</u>	<u>6,821,390</u>	<u>31,821,390</u>	<u>(29,250,178)</u>
Fund balances - beginning	<u>61,137,332</u>	<u>61,137,332</u>	<u>-</u>	<u>90,387,510</u>
Fund balances - ending	<u>\$ 36,137,332</u>	<u>\$ 67,958,722</u>	<u>\$ 31,821,390</u>	<u>\$ 61,137,332</u>

DAVIS SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2019

With Comparative Totals for 2018

	Special Revenue				Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	District Foundation Fund	Pass-Through Taxes Fund	
Assets:					
Cash and investments	\$ 5,713,419	\$ 11,640,836	\$ 2,184,020	\$ -	\$ 19,538,275
Receivables:					
Property taxes	-	-	-	12,557,337	12,557,337
Other local	26,594	-	-	-	26,594
State of Utah	1,247,663	-	-	-	1,247,663
Federal government	122,730	-	-	-	122,730
Inventories	1,810,424	-	-	-	1,810,424
Total assets	<u>\$ 8,920,830</u>	<u>\$ 11,640,836</u>	<u>\$ 2,184,020</u>	<u>\$ 12,557,337</u>	<u>\$ 35,303,023</u>
Liabilities:					
Accounts payable	\$ 95,988	\$ 142,890	\$ 5,402	\$ -	\$ 244,280
Deferred inflows of resources:					
Unavailable property tax revenue	-	-	-	144,411	144,411
Property taxes levied for future year	-	-	-	12,412,926	12,412,926
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,557,337</u>	<u>12,557,337</u>
Fund balances:					
Nonspendable:					
Inventories	1,810,424	-	-	-	1,810,424
Restricted for:					
School food services	7,014,418	-	-	-	7,014,418
Committed to:					
Schools	-	11,497,946	-	-	11,497,946
Assigned to:					
Foundation	-	-	2,178,618	-	2,178,618
Total fund balances	<u>8,824,842</u>	<u>11,497,946</u>	<u>2,178,618</u>	<u>-</u>	<u>22,501,406</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,920,830</u>	<u>\$ 11,640,836</u>	<u>\$ 2,184,020</u>	<u>\$ 12,557,337</u>	<u>\$ 35,303,023</u>

DAVIS SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 Year Ended June 30, 2019

	Special Revenue				Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	District Foundation Fund	Pass-Through Taxes Fund	
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 10,596,384	\$ 10,596,384
Earnings on investments	-	478,070	32,130	-	510,200
School lunch sales	7,698,899	-	-	-	7,698,899
Student fees	-	14,910,636	-	-	14,910,636
Other local	974,860	3,223,138	2,722,137	-	6,920,135
State of Utah	4,744,415	-	-	-	4,744,415
Federal government	11,065,491	-	-	-	11,065,491
Total revenues	24,483,665	18,611,844	2,754,267	10,596,384	56,446,160
Expenditures:					
Current:					
Food	11,210,317	-	-	-	11,210,317
Salaries and benefits	10,977,190	1,771,654	-	-	12,748,844
Indirect charges	765,502	-	-	-	765,502
Purchased services	-	2,485,738	13,395	-	2,499,133
Grants and awards	-	-	1,830,098	-	1,830,098
Supplies and equipment	-	14,236,119	492,879	-	14,728,998
Other	2,855,126	-	-	10,596,384	13,451,510
Total expenditures	25,808,135	18,493,511	2,336,372	10,596,384	57,234,402
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(1,324,470)	118,333	417,895	-	(788,242)
Fund balances - beginning	10,149,312	11,379,613	1,760,723	-	23,289,648
Fund balances - ending	\$ 8,824,842	\$ 11,497,946	\$ 2,178,618	\$ -	\$ 22,501,406

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
School Food Services Fund
Nonmajor Special Revenue Fund

June 30, 2019

With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 5,713,419	\$ 7,628,742
Receivables:		
Other local	26,594	26,002
State of Utah	1,247,663	1,017,693
Federal government	122,730	143,613
Due from other funds		
Inventories	1,810,424	1,424,152
Total assets	<u>\$ 8,920,830</u>	<u>\$ 10,240,202</u>
Liabilities:		
Accounts payable	<u>\$ 95,988</u>	<u>\$ 90,890</u>
Fund balances:		
Nonspendable:		
Inventories	1,810,424	1,424,152
Restricted for:		
School food services	<u>7,014,418</u>	<u>8,725,160</u>
Total fund balances	<u>8,824,842</u>	<u>10,149,312</u>
Total liabilities and fund balances	<u>\$ 8,920,830</u>	<u>\$ 10,240,202</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, 2019

With Comparative Totals for 2018

	<u>2019</u>			<u>2018</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
School lunch sales	\$ 7,718,700	\$ 7,698,899	\$ (19,801)	\$ 7,635,337
Other local	1,007,000	974,860	(32,140)	934,420
State of Utah	5,347,800	4,744,415	(603,385)	4,316,160
Federal sources:				
Federal government	9,547,800	9,295,398	(252,402)	9,588,236
Contributed food commodities	2,500,000	1,770,093	(729,907)	2,334,321
Total revenues	<u>26,121,300</u>	<u>24,483,665</u>	<u>(1,637,635)</u>	<u>24,808,474</u>
Expenditures:				
Current:				
Food	12,381,400	11,210,317	1,171,083	13,361,901
Salaries and benefits	10,236,700	10,977,190	(740,490)	9,620,853
Indirect charges	742,100	765,502	(23,402)	635,000
Other	2,761,100	2,855,126	(94,026)	1,333,645
Total expenditures	<u>26,121,300</u>	<u>25,808,135</u>	<u>313,165</u>	<u>24,951,399</u>
Deficiency of revenues under expenditures / net change in fund balances	-	(1,324,470)	(1,324,470)	(142,925)
Fund balances - beginning	<u>10,149,312</u>	<u>10,149,312</u>	<u>-</u>	<u>10,292,237</u>
Fund balances - ending	<u>\$ 10,149,312</u>	<u>\$ 8,824,842</u>	<u>\$ (1,324,470)</u>	<u>\$ 10,149,312</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
Student Activities Fund
Nonmajor Special Revenue Fund

June 30, 2019

With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 11,640,836	\$ 11,507,050
Liabilities:		
Accounts payable	\$ 142,890	\$ 120,436
Unearned revenue - other local	-	7,001
Total liabilities	<u>142,890</u>	<u>127,437</u>
Fund balances:		
Committed to:		
Schools	<u>11,497,946</u>	<u>11,379,613</u>
Total liabilities and fund balances	<u>\$ 11,640,836</u>	<u>\$ 11,507,050</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, 2019
 With Comparative Totals for 2018

	<u>2019</u>			<u>2018</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Earnings on investments	\$ 478,100	\$ 478,070	\$ (30)	\$ 292,840
Student fees	16,615,300	14,910,636	(1,704,664)	14,323,223
Other local	3,553,700	3,223,138	(330,562)	3,094,656
Total revenues	<u>20,647,100</u>	<u>18,611,844</u>	<u>(2,035,256)</u>	<u>17,710,719</u>
Expenditures:				
Current:				
Salaries and benefits	1,752,500	1,771,654	(19,154)	1,463,820
Purchased services	2,385,200	2,485,738	(100,538)	2,264,214
Supplies and equipment	16,509,400	14,236,119	2,273,281	13,565,843
Total expenditures	<u>20,647,100</u>	<u>18,493,511</u>	<u>2,153,589</u>	<u>17,293,877</u>
Excess of revenues over expenditures / net change in fund balances	-	118,333	118,333	416,842
Fund balances - beginning	<u>11,379,613</u>	<u>11,379,613</u>	<u>-</u>	<u>10,962,771</u>
Fund balances - ending	<u>\$ 11,379,613</u>	<u>\$ 11,497,946</u>	<u>\$ 118,333</u>	<u>\$ 11,379,613</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
District Foundation Fund
Nonmajor Special Revenue Fund

June 30, 2019

With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 2,184,020	\$ 1,787,373
	<u>2,184,020</u>	<u>1,787,373</u>
Liabilities:		
Accounts payable	\$ 5,402	\$ 26,650
	<u>5,402</u>	<u>26,650</u>
Fund balances:		
Assigned to:		
Foundation	2,178,618	1,760,723
Total liabilities and fund balances	\$ 2,184,020	\$ 1,787,373
	<u>2,184,020</u>	<u>1,787,373</u>

DAVIS SCHOOL DISTRICT

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

District Foundation Fund

Nonmajor Special Revenue Fund

Year Ended June 30, 2019

With Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ 31,000	\$ 32,130	\$ 1,130	\$ 17,114
Other local	2,615,300	2,722,137	106,837	1,950,201
Total revenues	<u>2,646,300</u>	<u>2,754,267</u>	<u>107,967</u>	<u>1,967,315</u>
Expenditures:				
Current:				
Purchased services	13,000	13,395	(395)	8,224
Grants and awards	2,179,700	1,830,098	349,602	1,431,641
Supplies and equipment	453,600	492,879	(39,279)	470,573
Total expenditures	<u>2,646,300</u>	<u>2,336,372</u>	<u>309,928</u>	<u>1,910,438</u>
Excess of revenues over expenditures / net change in fund balances	-	417,895	417,895	56,877
Fund balances - beginning	<u>1,760,723</u>	<u>1,760,723</u>	-	<u>1,703,846</u>
Fund balances - ending	<u>\$ 1,760,723</u>	<u>\$ 2,178,618</u>	<u>\$ 417,895</u>	<u>\$ 1,760,723</u>

DAVIS SCHOOL DISTRICT

Balance Sheet
Pass-Through Taxes Fund
Nonmajor Special Revenue Fund

June 30, 2019

With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Receivables - property taxes	\$ 12,557,337	\$ 10,743,937
Deferred inflows of resources:		
Unavailable property tax revenue	\$ 144,411	\$ 123,517
Property taxes levied for future year	12,412,926	10,620,420
Total deferred inflows of resources	<u>12,557,337</u>	<u>10,743,937</u>
Fund balances	<u>-</u>	<u>-</u>
Total deferred inflows of resources and fund balances	<u>\$ 12,557,337</u>	<u>\$ 10,743,937</u>

DAVIS SCHOOL DISTRICT

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

*Pass-Through Taxes Fund
Nonmajor Special Revenue Fund*

Year Ended June 30, 2019

With Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 13,000,000	\$ 10,596,384	\$ (2,403,616)	\$ 9,639,596
Expenditures:				
Current:				
Other	<u>13,000,000</u>	<u>10,596,384</u>	<u>2,403,616</u>	<u>9,639,596</u>
Excess of revenues over expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>