

WEBER SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2012

WEBER SCHOOL DISTRICT
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WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

November 7, 2012

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

State law requires that school districts publish, within six months of the close of each year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the Basic Financial Statements of the Weber School District for the fiscal year ended June 30, 2012.

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

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

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

Independent audits. Wiggins & Co., P.C. a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District’s financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report

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

presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

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

District profile. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting budgets, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Weber County, Utah. To accomplish this purpose, for the school year 2011-2012, the District services four traditional high schools, nine junior high schools, and twenty nine elementary schools. The District also offers various special purpose programs. One of these special programs includes an alternative high school. The District serves approximately 30,423 students.

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

All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. During May of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th. If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August or September when data is available to set rates. The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund. The District's fiscal 2012 balances and projected revenue are sufficient to meet the fiscal 2013 budget as presented to the public in June of 2012.

Economic condition and outlook. The economic outlook of the District is dependent on state aid. The State of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. However, in the first part of FY 2008-09, the state and national economy took an abrupt downturn and entered into a recession. In September and October of 2008, the financial markets plummeted along with job growth, and economic activity. In the forty-five day general session of the Utah State Legislature that is held every year from January to March, state funds for the district for FY 2008-09 were cut by nearly \$3 Million. In addition, state funds were cut for FY 2009-2010 and again for FY 2010-2011 by a combined total of \$14 Million. In response to these cuts, the district aggressively slashed non-compensation spending. In addition, discretionary social security and retirement monies that were slated for certain state programs were diverted to the shortfall. Sufficient surpluses in the affected state programs covered this deficit.

At the very end of the FY 2009 and the start of FY 2010, many economists asserted that the “bottom of the recession had been reached.” What was unknown was how long the recovery would take until state revenue reaches levels that existed prior to the economic downturn. In the *Notes On The Economy* published by the Governor’s Office of Planning and Budget (GOPB) for 2012, they were quite optimistic:

Utah typically grows more rapidly than the nation after recessions, and this pattern is taking hold in the current recovery. For the U.S., employment grew 1.2% in 2011, compared to 2.3% for Utah. While employment increased during 2011, Utah’s unemployment decreased to 7.1%. Though housing stabilized, with building permits at 8,700 in 2011, home building is not leading the economy as it does during a typical recovery. Economic growth is expected to accelerate during 2012. Employment is forecast to increase 2.5% for the year as a whole, with larger increases as the year progresses. Housing permits are forecast to move up slightly from historic lows. As the overall employment rate declines to 6.7%, the improving labor market will support increased consumer spending and a strengthening recovery.

Although the recession is over, the recovery has been very slow. State-wide, unemployment is still well above levels that existed before the downturn. Additional state revenue over FY 2012 levels is not expected to be great. Lastly, the United States Congress stepped in and appropriated stimulus funds for local school districts to help lessen the impact of the recession. These funds helped the state and local school districts for FY 2008-09, FY 2009-10 and FY 2010-2011. The hope is that as the recovery takes hold, rising revenue will return and replace the one-time funding help from the federal government. According to the GOPB, Utah is in a good position to realize a recovery. The state’s industrial structure continues to be well-balanced and diversified, with a broad base of businesses and a solid technology and transportation infrastructure. Combined with continued population growth and a young highly educated workforce, the state is positioned well for positive long-term growth.

After three straight years of no change in the value of the weighted pupil unit (WPU), for FY 2012, the state increased the value of the WPU to \$2,816. District taxable property values in tax year 2011 decreased by 1.21%. Preliminary taxable property values for tax year 2012 provided by the Weber County Clerk Auditor indicated a 2.19% decrease. This decrease is attributable to the recession and the slow economic recovery that has resulted in declining property values.

Student growth and facilities. The Governor’s Office of Planning and Budget estimates strong student growth in Utah schools over the next eight years. This growth is expected to impact Weber School District. However, new charter schools that have opened and expanded in Weber County have had an impact on the district’s enrollment. Notwithstanding, the addition and expansion of charter schools, steady growth is expected to continue for the next five years in the district. This means that on the average, over 300 students will be added to the enrollment every year.

Student growth brings additional state aid. However, student growth also adds fixed operational costs to the District. Accordingly, the District has made effective use of boundary changes and portable classroom units to manage the shifting student enrollments. In addition, on June 26, 2012, voters approved a \$65 Million Bond authorization to construct new facilities and expand current space. Over the next five years, additional classroom space will be added as four older elementary schools will be replaced by three new elementary schools. In addition a larger replacement junior high school will be completed and a targeted remodeling project will occur at another junior high school to expand its capacity to house additional students. All these projects are designed to provide more space for students and instruction.

As the District continues to grow, student counts will be carefully monitored so that available financing resources will have the greatest impact. Current projections indicate most of the growth in the north and west areas of the District.

Audit committee. The District's independent auditor uses the District’s audit committee to communicate certain matters to upper management and the Board. The audit committee includes three members of the

Board, the District superintendent, and the business administrator. The three members of the Board report audit findings and other financial considerations to the Board. The Board is responsible for the oversight of the financial reporting process.

Cash management and investments. The District maintains a cash and investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. Over the last three years, interest rates plummeted as did investment income. At the end of FY 2007, interest rates in the investment pool were at about 5.25%. Since that time interest rates in the pool have declined to less than 1.0%. In response to this situation, the Board authorized investments out-side of the state pool. Working with our investment advisor, nearly \$60 million dollars have been invested in funds approved by the Utah Money Management Act. These alternate investments have a return that averages 75 basis points more than the pool. This has helped offset the losses in investment income.

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

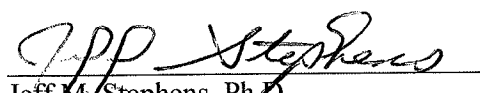
The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.


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

Post employment benefits. Certain employees are eligible to receive post employment healthcare benefits and early retirement incentive stipends. These are considered termination benefits by the district. Six years ago, the district implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 47 which relates to termination benefits. The District finances these benefits primarily as premiums and stipends are paid. The District is actively striving to fund these obligations in advance or designating fund balances to provide for this obligation.

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

Respectfully submitted,


Jeff M. Stephens, Ph.D.
Superintendent of Schools


Robert D. Petersen, Ph.D.
Business Administrator



INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Weber School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District, State of Utah, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Weber School District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weber School Foundation, which represents 100 percent of discretely presented component unit. The financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Weber School District, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2012, on our consideration of the Weber School District, State of Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 41 through 45 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Weber School District's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Wiggins & Co., PC

Ogden, UT
November 6, 2012

Management's Discussion and Analysis

This section of Weber School District's Basic Financial Statements presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2012. Please read it in conjunction with the transmittal letter and the District's financial statements, which follows this section.

Financial Highlights

- Changes in "unassigned" fund balances were positive for the Maintenance and Operation Fund, Debt Service Fund, Child Nutrition Fund and the Student Activity Fund. Fund balances for the Capital Outlay Fund were down and the balance for the Recreation Fund continued to remain neutral.
- The economic recession that started in 2008 led to an infusion of federal stimulus funds. Most of these funds have been spent leading to a decline in federal revenue by \$6.89 million.
- The Utah State Retirement Rate for Tier 1 employees increased from 17.83% to 18.36%. This is the second rate increase in two years.
- GASB 47 liabilities for termination benefits are fully assigned.
- During the year, the combined fund balance declined when compared to prior years as a result of completed capital projects.
- During the year, the unassigned fund balance for the Maintenance and Operation Fund was also flat increasing by a little less than \$200,000.
- District enrollment growth from October 1, 2010 to October 1, 2011 increased by 76 or 0.25%.
- On June 26, 2012 voters approved \$65 million in General Obligation bonds for the construction of four new schools and two major remodeling projects and various other improvements. Construction on the first school (Wahlquist JHS) started at the beginning of the new fiscal year.

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 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 assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets of the District changed during the most recent fiscal year. All changes in net assets 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 taxes and earned but unused vacation leave).

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 agency 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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general maintenance and operation fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

- **Agency fund.** The District uses an agency fund to account for resources held for student activities and groups.

Notes to the 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.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$105.6 million at the close of the most recent fiscal year.

- A significant portion of the District's net assets (61.58%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment net of accumulated depreciation); less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. 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 assets (18.90%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of unrestricted net assets (19.52%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the 2012 fiscal year, the District is able to report positive balances in all three categories of net assets. The same is true for the prior fiscal year.

The District's net assets increased by \$4.09 million during the current year; the following discussion and analysis on governmental activities examine this increase:

WEBER SCHOOL DISTRICT'S Net Assets

	Governmental activities		2011	Total change from prior year
	2012	% of Total		
Current and other assets	\$ 134,823,896	46.34%	\$ 136,239,901	\$ (1,416,005)
Capital Assets	156,118,941	53.66%	159,703,027	(3,584,086)
Total assets	290,942,837	100.00%	295,942,928	(5,000,091)
Current and other liabilities	92,707,951	50.03%	94,198,474	(1,490,523)
Long-term liabilities outstanding	92,585,303	49.97%	100,190,982	(7,605,679)
Total liabilities	185,293,254	100.00%	194,389,456	(9,096,202)
Net assets:				
Invested in capital assets, net of related debt	65,056,807	61.58%	60,901,987	4,154,820
Restricted	19,972,560	18.90%	21,372,080	(1,399,520)
Unrestricted	20,620,216	19.52%	19,279,405	1,340,811
Total net assets	\$ 105,649,583	100.00%	\$ 101,553,472	\$ 4,096,111
Net assets -- beginning	\$ 101,553,472			
Change in net assets	\$ 4,096,111			

Governmental activities. Increases in overall expenses (see Financial Analysis chart below) were primarily a result of a 3% base increase in salary and wages for FY 2012 over FY 2011. Capital and Maintenance expenses were down as projects from the 2006 bond authorization were completed. Completion of these projects and reducing general obligation debt help propel a positive change of \$4.09 million in the District's net assets for the year ended June 30, 2012. Another encouraging development for the positive net asset figure is the districts continued emphasis on complying with the provisions of Governmental Accounting Standards Board (GASB) Statement 47. GASB 47 addresses district liabilities with regards to termination benefits. When employees retire, and if they meet certain eligibility requirements, they may receive termination benefits. With the GASB 47 mandate, the district recognized the coming year's liability for added termination benefits. Sufficient funds have

been set aside to fully fund this liability. Following is a further analysis of changes in revenue and expenses over last year.

- The percent increase for the collections of local taxes (4.67%) continues to outpace inflation. This was due in large part to the increase of the State Basic Rate and the Transportation Levy. The change in the State Basic Rate from 0.001495 to 0.001591 was set by the Utah State Legislature. The Transportation Levy was increased from 0.000167 to 0.000264; this is a 58% increase with this levy. This increase was approved by the School Board at a public Truth-in-Taxation hearing that was held on September 7, 2011.
- Federal Aid dropped dramatically as one-time stimulus funds were spent.
- State Revenue changed only slightly. The state did not fully replace the portion of lost federal stimulus funds intended for on-going compensation expenses.

FINANCIAL ANALYSIS OF DISTRICT FUNDS

	Governmental Funds		Total
	2012	2011	Change
Revenues:			
Property taxes	\$ 55,570,368	\$ 53,091,302	\$ 2,479,066
Earnings on investments	740,767	666,822	73,945
Other local sources	12,702,388	12,829,911	(127,523)
State aid	126,671,971	126,639,828	32,143
Federal aid	19,535,204	26,430,892	(6,895,688)
Other financing sources	158,189	274,885	(116,696)
Total revenues	215,378,887	219,933,640	(4,554,753)
Expenses:			
Instructional services	132,504,177	129,322,006	3,182,171
Supporting services			
Students	6,367,704	6,240,651	127,053
Instructional staff	2,944,221	2,800,367	143,854
District administration	5,401,049	5,319,266	81,783
School administration	11,485,959	11,025,558	460,401
Operation and maintenance of facilities	15,191,982	16,525,792	(1,333,810)
Transportation	7,109,513	6,828,610	280,903
Central/other	2,476,525	2,499,597	(23,072)
School lunch services	12,888,513	12,181,681	706,832
Capital outlay	9,621,878	11,468,509	(1,846,631)
Debt service	10,885,952	10,560,211	325,741
Total expenses	216,877,473	214,772,248	2,105,225
Net change in fund balance	(1,498,586)	5,161,392	
Fund balances -- beginning	48,749,090	43,587,698	
Fund balances -- ending	\$ 47,250,504	\$ 48,749,090	\$ (1,498,586)

- As a result of the sluggish economy, interest rates and earnings on investments remained flat.
- Capital outlay and Maintenance expenditures fell as spending on new projects came to an end. On-going capital expenses also went down over the prior year. The brakes were put on regular on-going capital needs as money is being made available to offset losses in state revenue from both statutory changes in the state capital outlay formula and reductions in state appropriations.
- Instructional expenses increased as employees received a 3% base rise on salary and wages. In addition, the retirement rate increased from 17.83 to 18.36 which led to the gains in instructional expenses. The value of the WPU from \$2,577 to \$2,816. However, state funding was cut in other “non-WPU” programs. Also for the third straight year, increases for health insurance were passed along to employees. The district continued with its funding of Health Reimbursement Accounts (HRA) for administrators and classified employees. Funds will be deposited by the district into employee HRAs to help them offset future and current health related expenses.
- Funding student transportation continues to be a challenge. State policy requires that all elementary students (grades K-6) living more than 1.5 miles from their assigned school be eligible for transportation. In addition, secondary students (grades 7-12) are eligible for school transportation if they live more than two miles from their assigned school. State funding is inadequate to accomplish the required transportation standards. As a result, over \$1.4 million of district funding is required for transportation. Over the last few years, the district implemented aggressive cost cutting measures in transportation; unfortunately, these were countered by a rapid rise in diesel fuel required to operate busses, a rise in employee benefit costs, and growth in the number of students eligible for transportation.
- Cost of utilities has a significant impact on the District. Anticipating these costs, the District has continued a very aggressive energy savings program in all schools and locations.

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 \$47.25 million; \$1.49 million less than the previous year (see chart below).

Fund Balance Summary FY 12
Governmental Funds

	General	Debt Service	Capital Projects	Other Govt. Funds	Total Funds
Revenues	175,842,068	10,922,143	8,271,728	20,342,948	215,378,887
Expenses	175,903,996	10,885,952	9,621,878	20,465,647	216,877,473
Net Change in Fund Balance	(61,928)	36,191	(1,350,150)	(122,699)	(1,498,586)
Fund balances - beginning	27,157,071	2,360,790	11,888,180	7,343,049	48,749,090
Fund balances - ending	27,095,143	2,396,981	10,538,030	7,220,350	47,250,504

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into non-spendable, restricted, and unrestricted portions. *Non-spendable* includes inventories and prepaid expenditures that are expected to be converted to cash. *Restricted* includes net fund resources of the district that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or

creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect 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 other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the General Fund are all other available net fund resources. At June 30, 2012, the District' combined governmental fund balance is \$47.25 million (\$1.09 million in non-spendable, \$13.55 million in restricted, \$11.90 million in committed, \$10.06 million in assigned, and \$10.65 million in unassigned fund balances).

FUND BALANCES--FY 12

	General	Debt Service	Capital	Other Funds	TOTAL
<u>Non-spendable:</u>					
Inventories	558,841			453,888	1,012,729
Prepaid Expenses	76,582				76,582
<u>Restricted for:</u>					
Debt Service		2,396,981			2,396,981
Capital Projects			10,538,030		10,538,030
School Lunch				618,771	618,771
Recreation					
<u>Committed to:</u>					
Economic Stabilization	4,000,000				4,000,000
Employee Benefit Obligations	1,523,169				1,523,169
Student Activity				6,147,691	6,147,691
Other Purposes	226,163				226,163
<u>Assigned to:</u>					
Early Retirement Benefit	10,000,000				10,000,000
Federal Impact Aid Program	65,336				65,336
<u>Unassigned:</u>	10,645,052				10,645,052
TOTAL FUND BALANCES	27,095,143	2,396,981	10,538,030	7,220,350	47,250,504

- *Designation Economic Stabilization.* As allowed by state law (limited to 5% of general fund expenditures), the District has established an economic stabilization balance within the general fund. This amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of Aa2 given by Moody's Investor Service.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were made to reflect changes in programs and related funding. Actual expenditures were less than final budgeted revenue amounts.

Enrollment Highlights

State and federal funding is highly dependent on enrollment. Since state and federal sources comprise the majority of total revenue, projecting enrollment growth and trends is a critical part of the budget process. Complicating this process has been the addition by the State Charter School Board of new charter schools in our district boundaries. Prior to FY 2008, District enrollment growth had been slow. However, enrollment growth from FY 2007 to FY 2008 was at a historic high of 965 students. Then two new charter schools were added and the enrolment from FY 2008 to FY 2009 dropped by 218 students. Then growth jumped up again from FY 2009

to FY 2010 by 538 students to a new historic high of 30,417. Then this year, two new charter schools were approved by the State Charter School Board resulting in a decline of 70 students. Currently, no new charter schools are slated for the District. It is anticipated that strong and steady growth will continue for the next few years. Over the next few years, large numbers of elementary students will be entering secondary grades; when this occurs, over all District growth will approach two percent.

WEBER SCHOOL DISTRICT ENROLLMENT HISTORY

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Elementary	15,839	16,504	16,399	16,725	16,382	16,213
Junior High	6,602	6,662	6,702	6,863	7,078	7,249
High School	6,454	6,696	6,544	6,624	6,571	6,609
Regular Sub- Total:	28,895	29,862	29,645	30,212	30,031	30,071
Special Schools	237	235	234	205	316	352
Total Enrollment	29,132	30,097	29,879	30,417	30,347	30,423
Change over Prior Yr.	373	965	(218)	538	(70)	76

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. On June 26, 2012 voters approved \$65 million in General Obligation bonds for the construction of four new replacement schools, two major remodeling projects and various other improvements.

At the start of fiscal year 2009, the district had an aging bus fleet. Through a capital lease (with very competitive interest rates) the district acquired 20 new busses to replace twenty of the oldest busses. This lease will be paid off by FY 2014. In addition, during FY 11, the Board approved an increase in the Transportation Levy with the proceeds to go to the purchase of new busses.

Debt Administration. The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2012 is \$478.60 million. General obligation debt at June 30, 2012 is \$89.33 million, resulting in a legal debt margin of \$389.27 million.

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 2029.

Requests for Information

The Weber School District Foundation, a component unit of the District, has separately issued financial statements.

This financial report is designed to provide a general overview of the Weber School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Weber School District, 5320 Adams Avenue Parkway, Ogden, UT 84405.

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Statement of Net Assets
June 30, 2012

	Governmental Activities	Component Unit
Assets:		
Cash and investments	\$ 78,078,923	\$ 1,979,480
Receivables:		
Property taxes	42,915,303	-
Other governments	10,900,870	-
Other, net of allowance for bad debt - \$14,000	863,118	13,765
Prepays	76,582	-
Inventories	1,012,729	-
Bond issuance costs, net	690,998	-
Other assets	285,373	6,000
Capital assets:		
Land, and construction-in-progress	17,112,813	-
Other capital assets, net of depreciation	139,006,128	11,391
Total assets	<u>290,942,837</u>	<u>2,010,636</u>
Liabilities:		
Accounts payable	3,761,465	5,640
Accrued interest	182,801	-
Accrued liabilities	411	6,500
Accrued salaries	25,096,673	-
Termination benefits	9,010,132	-
Deferred revenue:		
Property taxes	46,641,397	-
Other governments	8,015,072	-
Noncurrent liabilities:		
Due within one year	8,337,375	-
Due in more than one year	84,247,928	-
Total liabilities	<u>185,293,254</u>	<u>12,140</u>
Net Assets:		
Invested in capital assets, net of related debt	65,056,807	-
Restricted for:		
School lunch	1,072,659	-
Non K-12 programs	-	-
Student activity	6,147,691	-
Foundation	-	1,998,496
Debt service	2,214,180	-
Capital projects	10,538,030	-
Unrestricted	20,620,216	-
Total net assets	<u>\$ 105,649,583</u>	<u>\$ 1,998,496</u>

WEBER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2012

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental activities:						
Instructional services	\$ 141,918,644	\$ 661,058	\$ 41,374,307	\$ 429,949	\$ (99,453,330)	\$ -
Supporting services:						
Students	6,314,231	-	1,958,253	-	(4,355,978)	-
Instructional staff	2,915,558	-	446,694	-	(2,468,864)	-
District administration	5,380,832	-	343,314	-	(5,037,518)	-
School administration	11,932,851	-	237,631	-	(11,695,220)	-
Operation and maintenance of facilities	15,422,411	-	981,506	-	(14,440,905)	-
Transportation	7,712,518	483,963	3,895,824	-	(3,332,731)	-
Central	2,660,654	-	259,423	-	(2,401,231)	-
School lunch services	13,257,990	4,533,768	8,334,490	-	(389,732)	-
Interest on long-term liabilities	3,608,902	-	-	-	(3,608,902)	-
Total school district	\$ 211,124,591	\$ 5,678,789	\$ 57,831,442	\$ 429,949	(147,184,411)	-
Component Unit:						
Foundation	\$ 1,016,794	\$ -	\$ 381,658	\$ -	-	(635,136)
General revenues:						
Property taxes levied for:						
General purposes					34,132,714	-
Transportation					2,147,018	-
Recreation					927,122	-
Debt service					10,922,143	-
Capital outlay					7,441,371	-
Federal and state aid not restricted to specific purposes					87,945,784	-
Contributions not restricted to specific programs					-	648,692
Earnings on investments					740,767	61,722
Gain on sale of assets					256,435	-
Miscellaneous					6,767,168	-
Total general revenues					151,280,522	710,414
Change in net assets					4,096,111	75,278
Net assets - beginning					101,553,472	1,923,218
Net assets - ending					\$ 105,649,583	\$ 1,998,496

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

WEBER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 58,193,688	\$ 2,241,971	\$ 10,496,158	\$ 7,147,106	\$ 78,078,923
Receivables:					
Property taxes	28,929,795	8,158,751	5,826,757	-	42,915,303
Other governments	10,059,359	-	-	841,511	10,900,870
Other receivables, net of allowance for bad debt - \$14,000	524,177	-	321,253	17,688	863,118
Prepaid expenses	76,582	-	-	-	76,582
Inventory	558,841	-	-	453,888	1,012,729
Other assets	285,373	-	-	-	285,373
Total assets	\$ 98,627,815	\$ 10,400,722	\$ 16,644,168	\$ 8,460,193	\$ 134,132,898
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 3,432,764	\$ 2,046	\$ 309,963	\$ 16,692	\$ 3,761,465
Accrued salaries	23,906,506	-	76,422	1,113,745	25,096,673
Accrued liabilities	411	-	-	-	411
Termination benefits	3,257,970	-	-	109,406	3,367,376
Deferred revenue:					
Property taxes	32,919,949	8,001,695	5,719,753	-	46,641,397
Other governments	8,015,072	-	-	-	8,015,072
Total liabilities	71,532,672	8,003,741	6,106,138	1,239,843	86,882,394
Fund Balances:					
Nonspendable:					
Inventories	558,841	-	-	453,888	1,012,729
Prepaid expenses	76,582	-	-	-	76,582
Restricted for:					
Debt service	-	2,396,981	-	-	2,396,981
Capital projects	-	-	10,538,030	-	10,538,030
School lunch	-	-	-	618,771	618,771
Recreation	-	-	-	-	-
Committed to:					
Economic stabilization	4,000,000	-	-	-	4,000,000
Employee benefit obligations	1,523,169	-	-	-	1,523,169
Student activity	-	-	-	6,147,691	6,147,691
Other purposes	226,163	-	-	-	226,163
Assigned to:					
Early retirement benefit	10,000,000	-	-	-	10,000,000
Federal impact aid program	65,336	-	-	-	65,336
Unassigned	10,645,052	-	-	-	10,645,052
Total fund balances	27,095,143	2,396,981	10,538,030	7,220,350	47,250,504
Total liabilities and fund balances	\$ 98,627,815	\$ 10,400,722	\$ 16,644,168	\$ 8,460,193	\$ 134,132,898

WEBER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds	\$ 47,250,504
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Total net assets reported for governmental activities differs from the statement of net assets as follows:

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

Land	\$ 16,678,669	
Construction-in-progress	434,144	
Buildings and improvements, net of \$126,359,352 accumulated depreciation	131,391,219	
Furniture and equipment, net of \$17,808,349 accumulated depreciation	7,614,909	156,118,941

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$156,851 and accrued interest for obligations under capital leases is \$25,950.	(182,801)
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Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$1,182,004 and accumulated amortization is \$491,006.	690,998
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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 assets. Balances at year-end follow:

Bonds payable	\$ (89,330,000)	
Unamortized premiums	(1,628,375)	
Deferred amounts on refunding	1,517,604	
Accrued vacation	(1,523,169)	
Obligations under capital leases	(946,240)	
Notes payable	(675,123)	
Termination benefits	(5,642,756)	(98,228,059)

Total net assets of governmental activities	\$ 105,649,583
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WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 36,279,732	\$ 10,922,143	\$ 7,441,371	\$ 927,122	\$ 55,570,368
Earnings on investments	615,214	-	125,553	-	740,767
School lunch sales	-	-	-	4,533,768	4,533,768
Other local sources	1,693,377	-	-	6,475,243	8,168,620
State aid	124,651,741	-	126,250	1,893,980	126,671,971
Federal aid	12,661,666	-	429,949	6,443,589	19,535,204
Total revenues	<u>175,901,730</u>	<u>10,922,143</u>	<u>8,123,123</u>	<u>20,273,702</u>	<u>215,220,698</u>
Expenditures:					
Current:					
Instructional services	124,927,043	-	-	7,577,134	132,504,177
Supporting services:					
Students	6,367,704	-	-	-	6,367,704
Instructional staff	2,944,221	-	-	-	2,944,221
District administration	5,401,049	-	-	-	5,401,049
School administration	11,485,959	-	-	-	11,485,959
Operation and maintenance					
of facilities	15,191,982	-	-	-	15,191,982
Transportation	7,109,513	-	-	-	7,109,513
Central	2,476,525	-	-	-	2,476,525
School lunch services	-	-	-	12,888,513	12,888,513
Capital outlay	-	-	9,621,878	-	9,621,878
Debt service:					
Principal retirement	-	7,010,000	-	-	7,010,000
Interest and fiscal charges	-	3,875,952	-	-	3,875,952
Total expenditures	<u>175,903,996</u>	<u>10,885,952</u>	<u>9,621,878</u>	<u>20,465,647</u>	<u>216,877,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,266)</u>	<u>36,191</u>	<u>(1,498,755)</u>	<u>(191,945)</u>	<u>(1,656,775)</u>
Other financing sources (uses):					
Transfers	(69,246)	-	-	69,246	-
Loan proceeds	-	-	23,676	-	23,676
Proceeds of refunding bonds	-	11,450,000	-	-	11,450,000
Bond premium on refunding bonds	-	852,719	-	-	852,719
Bond refunding issuance costs	-	(119,637)	-	-	(119,637)
Payment to refunding bond escrow agent	-	(12,183,082)	-	-	(12,183,082)
Note payments	-	-	(182,900)	-	(182,900)
Note interest	-	-	(13,265)	-	(13,265)
Sale of capital assets	9,584	-	321,094	-	330,678
Total other financing sources (uses)	<u>(59,662)</u>	<u>-</u>	<u>148,605</u>	<u>69,246</u>	<u>158,189</u>
Net change in fund balances	<u>(61,928)</u>	<u>36,191</u>	<u>(1,350,150)</u>	<u>(122,699)</u>	<u>(1,498,586)</u>
Fund balances - beginning	<u>27,157,071</u>	<u>2,360,790</u>	<u>11,888,180</u>	<u>7,343,049</u>	<u>48,749,090</u>
Fund balances - ending	<u>\$ 27,095,143</u>	<u>\$ 2,396,981</u>	<u>\$ 10,538,030</u>	<u>\$ 7,220,350</u>	<u>\$ 47,250,504</u>

WEBER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2012

Net change in fund balances-total governmental funds **\$ (1,498,586)**

Amounts reported for governmental activities differ from the statement of activities as follows:

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

Capital outlays	\$ 3,434,493	
Accumulated depreciation adjustment for retired fixed assets	232,611	
Furniture and equipment retirements	(246,102)	
Depreciation expense	(7,005,088)	(3,584,086)

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

Principal payments of capital leases	\$ 446,142	
Interest expense - capital leases	9,893	456,035

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, 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 issuance costs and 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:

Payment to refunded bond escrow agent	\$ 12,183,082	
Proceeds of refunding bonds	(11,450,000)	
Loan proceeds	(23,676)	
Bond premium	(852,719)	
Bond issuance costs	119,637	
Repayment of bond principal	7,010,000	
Repayment of loan principal	182,900	
Interest expense - general obligation bonds	27,246	
Amortization of bond deferred charges	(151,928)	
Amortization of bond issuance costs	(124,688)	
Amortization of bond premium	395,104	7,314,958

In the statement of activities, compensated absences (vacations), and termination benefits 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 or to be paid in the following year). During this year, accrued vacation increased by \$133,225 and termination benefits decreased by \$1,541,015.

1,407,790

Change in net assets of governmental activities

\$ 4,096,111

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 34,300,811	\$ 36,317,770	\$ 36,279,732	\$ (38,038)
Earnings on investments	300,000	500,000	615,214	115,214
Other local sources	1,500,000	1,500,000	1,693,377	193,377
State aid	127,817,905	123,465,314	124,651,741	1,186,427
Federal aid	12,567,844	10,628,762	12,661,666	2,032,904
Total revenues	176,486,560	172,411,846	175,901,730	3,489,884
Expenditures:				
Current:				
Instructional services	129,444,556	133,839,029	124,927,043	8,911,986
Supporting services:				
Students	6,584,413	6,597,958	6,367,704	230,254
Instructional staff	2,623,144	2,884,378	2,944,221	(59,843)
District administration	6,497,958	5,746,252	5,401,049	345,203
School administration	12,776,426	11,572,144	11,485,959	86,185
Operation and maintenance of facilities	19,362,440	19,128,563	15,191,982	3,936,581
Transportation	7,063,314	7,266,468	7,109,513	156,955
Central	3,331,400	3,111,167	2,476,525	634,642
Total expenditures	187,683,651	190,145,959	175,903,996	14,241,963
Excess of expenditures over revenues	(11,197,091)	(17,734,113)	(2,266)	17,731,847
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	9,584	9,584
Transfer in (out)	(800,000)	(800,000)	(69,246)	730,754
Net change in fund balances	(11,997,091)	(18,534,113)	(61,928)	18,472,185
Fund balances - beginning	15,864,135	27,157,071	27,157,071	-
Fund balances - ending	\$ 3,867,044	\$ 8,622,958	\$ 27,095,143	\$ 18,472,185

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

WEBER SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2012

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	<u>\$ 124,075</u>
Fund balances:	
Unreserved, undesignated	<u>\$ 124,075</u>
Total fund equity	<u>\$ 124,075</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Weber School District (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.

In June 1999, the Governmental Accounting Standards board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements.

Reporting entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Weber School District Foundation. The District is not a component unit of any other primary government.

- *Discrete component unit.* The Weber School District Foundation is a nonprofit organization established in Utah, under Internal Revenue Service regulations as a 501(c)(3), as a conduit for tax-deductible donations to the District. It is governed by a Board of Directors made up of 21 individuals. The Foundation is considered to be a component unit of the District because the purpose of the Foundation is to exclusively service the District. The Foundation has an audit performed annually, separate from the District. A copy of that report can be obtained at the Foundation's administrative office located at 5320 Adams Ave Parkway, Ogden, Utah.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its discrete component unit. These statements include the financial activities of the overall government, except for fiduciary activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of 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 instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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, including its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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* account 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.

Additionally, the District reports the following fund types:

- *Special Revenue*
- *Trust and Agency Fund (a fiduciary fund)* accounts for monies held on behalf of student groups.

Fund Balance Classifications – 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 nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- *Nonspendable*. This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures 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 following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- b) Remaining fund balances in the School Lunch Fund.
- *Committed.* This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amount for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not be used "in the negotiation or settlement of contract salaries for school district employees."
 - b) The District's compensated absences liability includes amounts for accrued vacation and sick leave incentive totaling \$1,523,169.
 - c) Contractual obligations of \$226,163 at June 30, 2012 are expected to be completed in 2013. Accordingly, a portion of the General Fund balance has been committed to meet these obligations.
 - *Assigned.* This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by approval by the District's business administrator. The business administrator has assigned fund balance amounts for the following purposes:
 - a) The District will also be obligated to pay early retirement benefits to eligible employees. The District has assigned \$10,000,000 of its General Fund balance for this future obligation.
 - b) The District receives federal monies for parents of students that work at Federal Installations. This money is allocated to schools for supplies and General Fund resources have been assigned for this purpose.
 - *Unassigned.* Residual balances in the General Fund are classified as unassigned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus. The government-wide financial statements 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

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
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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 sixty 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 postemployment healthcare benefits, arbitrage rebates, 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 net assets 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.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the Weber School District Foundation or the trust and agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when 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, 2012, have been included in the final budget approved by the Board, as presented in the financial statements.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Expenditures may not legally exceed budgeted appropriations at the fund level.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of 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. The pooled investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and credited to the funds.

Cash and Cash Equivalents – The District considers 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 Public Treasurers' Investment Fund (PTIF) to be cash equivalents.

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 in the governmental funds and are recorded as revenue when received and as an expense when consumed.

Capital Assets – Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide 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 \$100,000 for buildings and improvements and an estimated useful life in excess of two years. 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 extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

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

Accrued Wages Payable – Wages payable result from unpaid employee service at the balance sheet date. This amount arises from employee contracts which spread payment for nine months of service over a twelve-month period.

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

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance 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 the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2012, as shown on the financial statements is as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Carrying amount of cash	\$ 9,700,601
Carrying amount of investments	<u>68,378,322</u>
Total cash and investments	<u>\$ 78,078,923</u>
Governmental funds cash and investments	\$ 78,078,923
Internal service fund cash and investments	<u>-</u>
Statement of net assets cash and investments	\$ 78,078,923
Agency fund cash and investments	<u>124,075</u>
Total cash and investments	<u>\$ 78,202,998</u>

Deposits and investments for the District are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, “the Act”) and by the rules of the Utah Money Management Council (“the Council”). District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurer’s Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker’s acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

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

Following are discussions of risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be recovered. The District’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

As of June 30, 2012, \$5,054,248 of the District’s bank balance of \$10,985,028 was uninsured and uncollateralized.

Credit Risk

Investments. Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District’s policy for limiting the credit risk is to comply with the Utah Money Management Act.

The District is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements and in corporate bonds. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains, and losses, net of administrative fees, of the PTIF are allocated based upon the participant’s average daily balances.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

At June 30, 2012, the District had investments in the PTIF and in corporate bonds as follows:

Investment Type	Fair Value	Investment Maturities (in Year)	
		Less than 1	Less than 2
Utah Public Treasurers' Investment Fund (PTIF)	\$ 12,983,753	\$ 12,983,753	\$ -
Corporate bonds	55,394,569	19,919,345	35,475,224
Total investments	<u>\$ 68,378,322</u>	<u>\$ 32,903,098</u>	<u>\$ 35,475,224</u>

The majority of the District's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date, which is quarterly.

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 declines in fair value by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.

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 investment in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation at the time of purchase. The District has no investment policy that would further limit its investment choices. As of June 30, 2012, the District has the following investments subject to credit risk:

Investment Type	Fair Value	Credit Quality Ratings		
		A or Higher	B Rated	Unrated
Utah Public Treasurers' Investment Fund (PTIF)	\$ 12,983,753	\$ -	\$ -	\$ 12,983,753
Corporate bonds	55,394,569	51,474,545	3,920,024	-
Total investments	<u>\$ 68,378,322</u>	<u>\$ 51,474,545</u>	<u>\$ 3,920,024</u>	<u>\$ 12,983,753</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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. Due to an oversight in 2011, the District invested more than 5% in Societe Generale. The fair market value of this corporate bond as of June 30, 2012, was \$4,995,835.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Weber 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 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. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

Motor vehicles are subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150. 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 revenue when the county collects them.

As of June 30, 2012, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2012. It is expected that all assessed taxes will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and property taxes deferred revenue accounts at June 30, 2012 are summarized as follows:

Fund description	Property Taxes	
	Receivable	Deferred Revenue
General	\$ 28,929,795	\$ 32,919,949
Debt service	8,158,751	8,001,695
Capital projects	5,826,757	5,719,753
Total	<u>\$ 42,915,303</u>	<u>\$ 46,641,397</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 16,645,444	\$ 33,225	\$ -	\$ 16,678,669
Construction in progress	2,137,064	434,144	(2,137,064)	434,144
Total capital assets, not being depreciated	18,782,508	467,369	(2,137,064)	17,112,813
Capital assets, being depreciated:				
Buildings and improvements	254,512,431	3,238,140	-	257,750,571
Furniture and equipment	23,803,312	1,866,048	(246,102)	25,423,258
Total capital assets, being depreciated	278,315,743	5,104,188	(246,102)	283,173,829
Accumulated depreciation for:				
Buildings and improvements	(120,718,264)	(5,641,088)	-	(126,359,352)
Furniture and equipment	(16,676,960)	(1,364,000)	232,611	(17,808,349)
Total accumulated depreciation	(137,395,224)	(7,005,088)	232,611	(144,167,701)
Total capital assets, being depreciated, net	140,920,519	(1,900,900)	(13,491)	139,006,128
Governmental activities capital assets, net	\$ 159,703,027	\$ (1,433,531)	\$ (2,150,555)	\$ 156,118,941

For the year ended June 30, 2012, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 4,982,184
Supporting services:	
District administration	13,531
School administration	451,454
Operation and maintenance of facilities	284,190
Transportation	650,160
Central	198,615
School lunch services	424,954
Total depreciation expense, governmental activities	<u>\$ 7,005,088</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District started preliminary work on two projects and has incurred the following costs at June 30, 2012:

Project	Costs to Date
Wahlquist Jr. High	424,119
North Park Elementary	10,025
	<u>\$ 434,144</u>

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the Public Employees’ Contributory Retirement System Tier 1 and 2 and Public Employees’ Noncontributory Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and Schools Contributory Retirement System and State and Schools Noncontributory Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Public Employees’ Contributory Retirement System Tier 1 are required to contribute 6.00% of their annual covered salary (5% paid by the employer for the employee) and the District is required to contribute 12.37% of their annual covered salary. In the Public Employees’ Contributory Retirement System Tier 2 there are no employee contributions and the School District contributes 12.74% of eligible salary. In the Public Employees’ Noncontributory Retirement System, the District is required to contribute 16.86% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The District's contributions to the Public Employees’ Contributory Retirement System Tier 1 and 2 for the years ended June 30, 2012, 2011 and 2010, were \$229,848, \$67,561 and \$68,467, respectively; and for the Public Employees’ Noncontributory Retirement System the contributions for June 30, 2012, 2011 and 2010 were \$18,107,041, \$17,280,350 and \$15,241,396 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans - The District also participates in the Utah Retirement System 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributions for the years ending June 30, 2012, 2011 and 2010 were \$1,890,516, \$1,901,432 and \$2,001,546, respectively; the employee contributions for the years ending June 30, 2012, 2011, and 2010 were \$2,059,531, \$2,161,218 and \$2,219,408, respectively. The District also participates in the Educators Mutual Insurance Association 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributed \$68,620 in 2012 and employee contributions were \$31,943.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District also offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 403(b). The plans, available to all full-time employees, permit them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$314,378 for 2012. This plan is administered by the Utah Retirement Systems and VALIC, which is a third party administrator. Employee contributions to the Section 403(b) plans totaled \$352,667. These plans are administered by AXA Equitable and VALIC, third party administrators.

6. RISK MANAGEMENT

The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$350 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The 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.

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WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 96,125,000	\$ 11,450,000	\$(18,245,000)	\$ 89,330,000	\$ 6,090,000
Deferred amounts for issuance premium	1,170,760	852,719	(395,104)	1,628,375	-
Deferred amounts on refunding	<u>(721,450)</u>	<u>(948,082)</u>	<u>151,928</u>	<u>(1,517,604)</u>	<u>-</u>
Total bonds payable, net	96,574,310	11,354,637	(18,488,176)	89,440,771	6,090,000
Obligations under capital leases	1,392,382	-	(446,142)	946,240	463,890
Notes Payable	834,347	23,676	(182,900)	675,123	260,316
Accrued vacation	<u>1,389,943</u>	<u>1,384,176</u>	<u>(1,250,950)</u>	<u>1,523,169</u>	<u>1,523,169</u>
Total governmental activity					
long-term liabilities	<u>\$ 100,190,982</u>	<u>\$ 12,762,489</u>	<u>\$(20,368,168)</u>	<u>\$ 92,585,303</u>	<u>\$ 8,337,375</u>
Termination benefits	<u>\$ 10,551,147</u>	<u>\$ 1,073,410</u>	<u>\$ (2,614,425)</u>	<u>\$ 9,010,132</u>	<u>\$ 3,367,376</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2012, including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 6,090,000	\$ 3,723,038	\$ 9,813,038
2014	5,390,000	3,510,081	8,900,081
2015	4,610,000	3,310,663	7,920,663
2016	5,395,000	3,110,300	8,505,300
2017	4,890,000	2,876,751	7,766,751
2018 - 2022	32,360,000	10,895,597	43,255,597
2023 - 2027	26,450,000	4,087,560	30,537,560
2028 - 2029	<u>4,145,000</u>	<u>203,050</u>	<u>4,348,050</u>
	<u>\$ 89,330,000</u>	<u>\$ 31,717,040</u>	<u>\$ 121,047,040</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2012, with their outstanding balance are comprised of the following individual issues:

\$7,775,000 - 2005 general obligation refunding bonds, due in annual installments of \$380,000 to \$430,000, interest rate ranging from 4.00% to 4.50%	\$ 1,620,000
\$22,890,000 - 2006 A general obligation refunding bonds, due in annual installments of \$1,625,000 to \$3,425,000, interest rate ranging from 4.00% to 4.50%	22,300,000
\$22,500,000 - 2006 B general obligation school building bonds, due in annual installments of \$100,000 to \$2,235,000, interest rate ranging from 4.00% to 4.75%	21,855,000
\$13,480,000 - 2007 general obligation refunding bonds, due in annual installments of \$610,000 to \$2,050,000, interest rate ranging from 4.00% to 5.00%	2,630,000
\$33,000,000 - 2008 general obligation school building bonds, due in annual installments of \$100,000 to \$3,125,000, interest rate ranging from 3.125% to 4.30%	24,575,000
\$9,500,000 - 2009 general obligation school building bonds, due in annual installments of \$280,000 to \$1,750,000, interest rate ranging from 2.50% to 4.50%	6,540,000
\$11,450,000 - 2011 general obligation school building bonds, due in annual installments of \$350,000 to \$5,250,000, interest rate ranging from 2.00% to 4.00%	<u>9,810,000</u>
	<u>\$ 89,330,000</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2012, is \$478,605,125. General obligation debt at June 30, 2012 is \$89,330,000, resulting in a legal debt margin of \$389,275,125. On September 13, 2011, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds will not be included in the District's financial statements. The cash flow savings from serving the new debt compared to the old debt is \$2,557,740 and the economic gain from this transaction is \$1,467,424. The amount of defeased debt outstanding as of June 30, 2012 is \$12,680,000.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District has two notes payable. One note is with a local bank with an interest rate of 3.60 percent and the other with the Federal Government which is interest free. The annual requirements to amortize the notes payable outstanding as of June 30, 2012, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 260,316	\$ 12,967	\$ 273,283
2014	40,475	-	40,475
2015	40,475	-	40,475
2016	40,475	-	40,475
2017	40,475	-	40,475
2018-2024	<u>252,907</u>	<u>-</u>	<u>252,907</u>
	<u>\$ 675,123</u>	<u>\$ 12,967</u>	<u>\$ 688,090</u>

Capital Leases – In September and November 2009, the District entered into four capital leases to purchase buses in the amount of \$2,317,523 in the capital projects fund.

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

	Year Ending June 30,	
	2013	\$ 501,554
	2014	<u>501,554</u>
Total minimum lease payments		1,003,108
Amount representing interest		<u>(56,867)</u>
Present value of minimum lease payments		<u>\$ 946,241</u>

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WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

8. OPERATING LEASES

The District has entered into operating leases for computers and copy machines. The terms of the agreements range from three to six years in length. At the end of the lease, the equipment can be purchased at the fair market value. The lease expense for this fiscal year was \$1,909,400. The annual lease payments outstanding as of June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2013	\$ 1,706,669
2014	1,476,887
2015	1,003,617
2016	712,438
2017	61,309
	<u>\$ 4,960,920</u>

9. INTERFUND ACTIVITY

During the year ended June 30, 2012, the general fund transferred \$69,246 to the recreation fund because that fund was in a deficit position, which is not allowed by law

10. TERMINATION BENEFITS

RETIREE HEALTH COVERAGE

In accordance with Board of Education policy, the District provides health coverage to certain retirees who are not yet eligible for Medicare. Retirees receiving this benefit must contribute the same out-of-pocket premium percentage required by active employees. Teachers may receive up to ten years of single coverage and seven years of couple or family coverage. To receive this benefit, a teacher must have ten years of service in the District and qualify for retirement under the Utah State Retirement System. Administrators may receive family, couple, or single coverage from their retirement until they are eligible for Medicare. To receive this benefit, a retiring administrator must have ten years of service in the District and qualify for retirement under the Utah State Retirement System. Retired classified employees may also receive health benefits. Most classified employees may receive up to seven years of couple or single coverage until they become Medicare eligible. Generally speaking, a typical classified employee must be employed with Weber School District prior to age 55 and qualify to retire under the Utah State Retirement System. At June 30, 2012 there were 210 retirees eligible to receive health coverage. During the year, the District paid \$1,059,083 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$5,368,058. This figure is based on a four percent discount rate and a health care trend rate which starts at 7.8% and ratably decreases to 4.6% in the year 2083. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

STIPENDS

In accordance with Board of Education policy, the District provides early retirement incentive stipends to certain retirees. All employees are eligible for these stipends if they meet certain criteria. To receive a stipend an employee must have ten years of service in the District, qualify to retire under the Utah State Retirement System, and meet specified age requirements. Retirees will then receive a stipend each year up to four years based upon a percentage of final salary as it pertains to their employee classification. During the year, the District paid \$1,555,342 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$3,642,074. This figure is based on a four percent discount rate used in the calculation. The early retirement incentives are financed on a pay-as-you-go basis.

11. DESIGNATED FOR UNDISTRIBUTED RESERVE

Utah state law allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted expenditures. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

12. LITIGATION

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

13. 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 is 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 funds. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

14. VOLUNTARY DENTAL PROGRAM

The school district provides or makes available a variety of insurance products to benefit employees. Most of these products are fully-insured and paid in full or in-part by the district. Teachers and classified employees are given the opportunity to participate in a dental program. This program is voluntary on the employee's part and is not supported financially by the district. Currently this voluntary dental program is self-funded and reserves as of June 30, 2012 are \$304,292. Reserves are used to help with premium adjustments. Premiums are set by the employee insurance committee.

15. SUBSEQUENT EVENT

On October 18, 2012, the District issued Series 2012 General Obligation School Building Bonds in the amount of \$20,000,000 to pay for part of the cost of constructing two school buildings. The authorization for \$65,000,000 of bonds was approved at the election held on June 26, 2012.

WEBER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			Total Nonmajor Governmental Funds
	School Lunch	Recreation	Student Activity	
Assets:				
Cash and investments	\$ 929,656	\$ 69,759	\$ 6,147,691	\$ 7,147,106
Receivables:				
Other governments	841,511	-	-	841,511
Other receivables	4,356	13,332	-	17,688
Inventory	453,888	-	-	453,888
Total assets	<u>\$ 2,229,411</u>	<u>\$ 83,091</u>	<u>\$ 6,147,691</u>	<u>\$ 8,460,193</u>
Liabilities:				
Accounts payable	\$ 16,508	\$ 184	\$ -	\$ 16,692
Accrued wages	1,030,838	82,907	-	1,113,745
Termination benefits	109,406	-	-	109,406
Total liabilities	<u>1,156,752</u>	<u>83,091</u>	<u>-</u>	<u>1,239,843</u>
Fund balances:				
Nonspendable:				
Inventories	453,888	-	-	453,888
Restricted for:				
School lunch	618,771	-	-	618,771
Recreation	-	-	-	-
Committed to:				
Students	-	-	6,147,691	6,147,691
Unassigned	-	-	-	-
Total fund balances	<u>1,072,659</u>	<u>-</u>	<u>6,147,691</u>	<u>7,220,350</u>
Total liabilities and fund balances	<u>\$ 2,229,411</u>	<u>\$ 83,091</u>	<u>\$ 6,147,691</u>	<u>\$ 8,460,193</u>

WEBER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue			Total Nonmajor Governmental Funds
	School Lunch	Recreation	Student Activity	
Revenues:				
Property tax	\$ -	\$ 927,122	\$ -	\$ 927,122
Student fees	-	-	6,152,267	6,152,267
Lunch sales	4,533,768	-	-	4,533,768
Other local revenues	-	322,976	-	322,976
State aid	1,893,980	-	-	1,893,980
Federal aid	6,443,589	-	-	6,443,589
Total revenues	<u>12,871,337</u>	<u>1,250,098</u>	<u>6,152,267</u>	<u>20,273,702</u>
Expenditures:				
Instructional services	-	1,320,194	6,256,940	7,577,134
School lunch services	<u>12,888,513</u>	<u>-</u>	<u>-</u>	<u>12,888,513</u>
Total expenditures	<u>12,888,513</u>	<u>1,320,194</u>	<u>6,256,940</u>	<u>20,465,647</u>
Excess of expenditures over revenues	(17,176)	(70,096)	(104,673)	(191,945)
Other financing sources:				
Transfer in	-	69,246	-	69,246
Net change in fund balances	(17,176)	(850)	(104,673)	(122,699)
Fund balances - beginning	<u>1,089,835</u>	<u>850</u>	<u>6,252,364</u>	<u>7,343,049</u>
Fund balances - ending	<u>\$ 1,072,659</u>	<u>\$ -</u>	<u>\$ 6,147,691</u>	<u>\$ 7,220,350</u>

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

Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 5,050,000	\$ 4,533,768	\$ (516,232)	\$ 4,937,647
Total local sources	5,050,000	4,533,768	(516,232)	4,937,647
State sources:				
State lunch program	1,800,000	1,893,980	93,980	1,789,568
Total state sources	1,800,000	1,893,980	93,980	1,789,568
Federal sources:				
Federal lunch program	6,190,000	6,443,589	253,589	6,210,717
Total federal sources	6,190,000	6,443,589	253,589	6,210,717
Total revenues	13,040,000	12,871,337	(168,663)	12,937,932
Expenditures:				
Current:				
Employee salaries and benefits	5,861,821	6,016,542	(154,721)	5,360,991
Purchased services	1,032,471	636,676	395,795	882,472
Supplies	435,928	325,980	109,948	285,927
Food	7,016,424	5,826,141	1,190,283	5,550,213
Equipment	183,191	83,174	100,017	102,078
Total expenditures	14,529,835	12,888,513	1,641,322	12,181,681
Other financing sources:				
Transfer in	400,000	-	(400,000)	-
Net change in fund balances	(1,089,835)	(17,176)	1,072,659	756,251
Fund balances - beginning	1,089,835	1,089,835	-	333,584
Fund balances - ending	\$ -	\$ 1,072,659	\$ 1,072,659	\$ 1,089,835

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Recreation

Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 928,094	\$ 927,122	\$ (972)	\$ 894,889
Miscellaneous revenues	315,000	322,976	7,976	330,790
Total local sources	1,243,094	1,250,098	7,004	1,225,679
Total revenues	1,243,094	1,250,098	7,004	1,225,679
Expenditures:				
Employee salaries and benefits	1,030,691	1,039,757	(9,066)	995,628
Purchased services	87,403	45,950	41,453	47,061
Supplies	104,000	3,280	100,720	4,087
Equipment	21,850	1,002	20,848	1,002
Other	400,000	230,205	169,795	245,020
Total expenditures	1,643,944	1,320,194	323,750	1,292,798
Other financing sources:				
Transfer in	400,000	69,246	330,754	67,969
Net change in fund balances	(850)	(850)	-	850
Fund balances - beginning	850	850	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ 850

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity
Nonmajor Special Revenue Fund
Year Ended June 30, 2012

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Student fees	\$ 5,500,000	\$ 6,152,267	\$ 652,267	\$ 5,692,063
Total local sources	5,500,000	6,152,267	652,267	5,692,063
Total revenues	5,500,000	6,152,267	652,267	5,692,063
Expenditures:				
Supplies	11,752,364	6,256,940	5,495,424	5,490,263
Total expenditures	11,752,364	6,256,940	5,495,424	5,490,263
Other financing sources:				
Transfer in	-	-	-	-
Net change in fund balances	(6,252,364)	(104,673)	6,147,691	201,800
Fund balances - beginning	6,252,364	6,252,364	-	6,050,564
Fund balances - ending	\$ -	\$ 6,147,691	\$ 6,147,691	\$ 6,252,364

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 10,933,594	\$ 10,922,143	\$ (11,451)	\$ 10,925,777
Earnings on investments	-	-	-	-
Total revenues	10,933,594	10,922,143	(11,451)	10,925,777
Expenditures:				
Debt service:				
Bond principal	6,500,000	7,010,000	(510,000)	6,225,000
Bond interest	6,544,384	3,851,924	2,692,460	4,325,855
Paying agent fees	250,000	24,028	225,972	9,356
Total expenditures	13,294,384	10,885,952	2,408,432	10,560,211
Excess (deficiency) of revenues over (under) expenditures	(2,360,790)	36,191	2,396,981	365,566
Other financing sources (uses):				
Proceeds of refunding bonds	-	11,450,000	11,450,000	-
Bond premium	-	852,719	852,719	-
Bond refunding issuance costs	-	(119,637)	(119,637)	-
Payment to refunded bond escrow agent	-	(12,183,082)	(12,183,082)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(2,360,790)	36,191	2,396,981	365,566
Fund balance - beginning	2,360,790	2,360,790	-	1,995,224
Fund balance - ending	\$ -	\$ 2,396,981	\$ 2,396,981	\$ 2,360,790

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 7,449,172	\$ 7,441,371	\$ (7,801)	\$ 7,216,056
Earnings on investments	200,000	125,553	(74,447)	116,706
Total local sources	7,649,172	7,566,924	(82,248)	7,332,762
State sources:				
Capital outlay foundation	100,000	126,250	26,250	100,298
Total state sources	100,000	126,250	26,250	100,298
Federal sources:				
ARRA	-	429,949	429,949	2,756,217
Total federal sources	-	429,949	429,949	2,756,217
Total revenues	7,749,172	8,123,123	373,951	10,189,277
Expenditures:				
Land and buildings:				
Purchased services	105,000	488,007	(383,007)	34,977
Salaries and benefits	1,303,754	1,106,936	196,818	1,265,781
Land purchases	100,000	512,592	(412,592)	53,685
Building purchases	6,682,582	3,089,804	3,592,778	6,158,972
Building improvements	4,228,562	348,637	3,879,925	1,105,362
Total land and buildings	12,419,898	5,545,976	6,873,922	8,618,777
Equipment and Textbooks:				
Maintenance and custodial	-	-	-	-
Equipment support departments	2,000,000	1,658,215	341,785	1,210,164
Computer purchase	1,800,000	737,658	1,062,342	275,896
Computer software	200,000	-	200,000	-
Other instructional equipment	1,010,000	19,044	990,956	684,211
Textbooks	500,000	-	500,000	52,657
Buses	475,100	1,353,903	(878,803)	612,465
Other vehicles	200,000	307,082	(107,082)	14,339
Total equipment	6,185,100	4,075,902	2,109,198	2,849,732
Total expenditures	18,604,998	9,621,878	8,983,120	11,468,509
Excess (deficiency) of revenues over (under) expenditures	(10,855,826)	(1,498,755)	9,357,071	(1,279,232)
Other Financing Sources (Uses):				
Loan payable proceeds	-	23,676	23,676	461,962
Note payments	(200,000)	(182,900)	17,100	(176,545)
Note interest	(40,000)	(13,265)	26,735	(19,761)
Sale of capital assets	-	321,094	321,094	9,229
Total other financing sources (uses)	(240,000)	148,605	388,605	274,885
Net change in fund balances	(11,095,826)	(1,350,150)	9,745,676	(1,004,347)
Fund balance - beginning	11,888,180	11,888,180	-	12,892,527
Fund balance - ending	\$ 792,354	\$ 10,538,030	\$ 9,745,676	\$ 11,888,180

WEBER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2012

	<u>Net Assets at July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2012</u>
Assets:				
Cash and investments	<u>\$ 102,017</u>	<u>\$ 275,419</u>	<u>\$ (253,361)</u>	<u>\$ 124,075</u>
Liabilities:				
Due to student organizations	<u>102,017</u>	<u>275,419</u>	<u>(253,361)</u>	<u>124,075</u>
Total liabilities	<u>\$ 102,017</u>	<u>\$ 275,419</u>	<u>\$ (253,361)</u>	<u>\$ 124,075</u>

Table 1 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Outstanding General Obligation Debt (As of June 30, 2011)

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
2011	Refunding	\$ 11,450,000	June 15, 2023	\$ 9,810,000
2009	School Building	9,500,000	June 15, 2029	6,540,000
2008	School Building	33,000,000	June 15, 2028	24,575,000
2007	Refunding	13,480,000	June 15, 2016	2,630,000
2006B	School Building	22,500,000	June 15, 2026	21,855,000
2006A	Refunding	22,890,000	June 15, 2021	22,300,000
2005	Building	7,775,000	June 15, 2016	1,620,000
Total direct obligation bonded indebtedness				<u>\$ 89,330,000</u>

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Table 2 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
General Obligation Overlapping Indebtedness (As of June 30, 2012)

Entity	2011 Taxable Value	District's Portion of Assessment	Entity's Percent	General Obligation Debt	Overlapping Debt
Weber County	\$ 11,755,338,008	\$ 8,096,519,157	68.9%	\$ 11,275,000	\$ 7,765,685
Cities:					
Farr West City	372,008,539	372,008,539	100.0%	-	-
Harrisville	243,339,815	243,339,815	100.0%	-	-
North Ogden City	740,469,350	740,469,350	100.0%	-	-
Washington Terrace	339,774,254	339,774,254	100.0%	3,245,000	3,245,000
Other Districts:					
Weber Basin Water Conservancy District	39,118,716,844	7,678,367,560	19.6%	26,749,989	5,250,588
North Davis County Sewer District	8,269,558,703	1,319,291,648	16.0%	43,606,000	6,956,723
Hooper Water Imp. District	650,248,437	634,601,860	97.6%	-	-
West Warren Water Imp. District	44,196,349	44,196,349	100.0%	-	-
Total overlapping general obligation debt					23,217,996
Total direct general obligation bonded indebtedness					89,330,000
Total direct and overlapping general obligation debt					<u>\$ 112,547,996</u>

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

2 Cities or districts marked with 100% are contained entirely within the District. Other Cities or districts contain territory partly within and partly outside the district. The percentage shown represents the portion of the District's taxable value as compared to the total taxable value of the entity.

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

Table 3 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Ratios

	To 2011 Taxable Value	To Adjusted Fair Market Value	Per Capita Debt Ratio
Direct general obligation debt	1.10%	0.75%	589.22
Direct and overlapping general obligation debt	1.39%	0.94%	742.37

-
- 1 Based on the State of Utah's December 31, 2011 taxable value for Weber School District of: \$ 8,096,519,157
2 Based on the State of Utah's December 31, 2011 adjusted fair market value for the District of: \$ 11,965,128,134
3 Based on the U.S. Bureau of the Census estimate for Weber County of 234,420 less Ogden City's population estimate of 82,814. (Ogden City does not lie within the District's boundaries) therefore, Weber School District's 2011 population estimate is 151,606.

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Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

Fiscal Year Ending 6/30	Series 2005			Series 2006A			Series 2006B			Series 2007		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2013	\$ 380,000	\$ 66,950		\$ 1,625,000	\$ 938,063		\$ 510,000	\$ 977,381		\$ 610,000	\$ 118,900	
2014	400,000	51,750		1,875,000	873,062		725,000	956,980		650,000	94,500	
2015	410,000	35,750		2,075,000	798,062		1,055,000	927,075		670,000	68,500	
2016	430,000	19,350		2,150,000	704,687		1,400,000	882,237		700,000	35,000	
2017	-	-		2,250,000	607,937		1,465,000	822,738		-	-	
2018	-	-		2,350,000	517,937		1,530,000	760,475		-	-	
2019	-	-		3,200,000	423,938		1,600,000	693,538		-	-	
2020	-	-		3,350,000	287,938		1,675,000	621,538		-	-	
2021	-	-		3,425,000	145,563		1,750,000	546,163		-	-	
2022	-	-		-	-		1,840,000	467,413		-	-	
2023	-	-		-	-		1,930,000	384,613		-	-	
2024	-	-		-	-		2,020,000	297,763		-	-	
2025	-	-		-	-		2,120,000	206,862		-	-	
2026	-	-		-	-		2,235,000	106,162		-	-	
2027	-	-		-	-		-	-		-	-	
TOTAL	\$ 1,620,000	\$ 173,800		\$ 22,300,000	\$ 5,297,187		\$ 21,855,000	\$ 8,650,938		\$ 2,630,000	\$ 316,900	

	Series 2008			Series 2009			Series 2011		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2013	\$ 325,000	\$ 1,029,718		\$ 280,000	\$ 251,726		\$ 2,360,000	\$ 340,300	
2014	250,000	1,019,563		290,000	244,726		1,200,000	269,500	
2015	100,000	1,011,750		300,000	236,026		-	233,500	
2016	400,000	1,008,500		315,000	227,026		-	233,500	
2017	500,000	995,000		325,000	217,576		350,000	233,500	
2018	600,000	977,500		335,000	207,014		650,000	223,000	
2019	1,300,000	956,500		350,000	195,288		-	210,000	
2020	1,350,000	901,250		365,000	182,164		-	210,000	
2021	1,400,000	843,875		375,000	167,564		-	210,000	
2022	1,450,000	784,375		390,000	152,564		3,075,000	210,000	
2023	2,525,000	722,750		405,000	136,964		2,175,000	87,000	
2024	2,625,000	615,438		420,000	120,764		-	-	
2025	2,750,000	503,875		440,000	103,544		-	-	
2026	2,875,000	387,000		455,000	85,394		-	-	
2027	3,000,000	263,375		475,000	66,056		-	-	
2028	3,125,000	134,375		500,000	45,275		-	-	
2029	-	-		520,000	23,400		-	-	
TOTAL	\$ 24,575,000	\$ 12,154,844		\$ 6,540,000	\$ 2,663,071		\$ 9,810,000	\$ 2,460,300	

Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

	Totals		
	Total Principal	Total Interest	Total Debt Service
2013	\$ 6,090,000	\$ 3,723,038	9,813,038
2014	5,390,000	3,510,081	8,900,081
2015	4,610,000	3,310,663	7,920,663
2016	5,395,000	3,110,300	8,505,300
2017	4,890,000	2,876,751	7,766,751
2018	5,465,000	2,685,926	8,150,926
2019	6,450,000	2,479,264	8,929,264
2020	6,740,000	2,202,890	8,942,890
2021	6,950,000	1,913,165	8,863,165
2022	6,755,000	1,614,352	8,369,352
2023	7,035,000	1,331,327	8,366,327
2024	5,065,000	1,033,965	6,098,965
2025	5,310,000	814,281	6,124,281
2026	5,565,000	578,556	6,143,556
2027	3,475,000	329,431	3,804,431
2028	3,625,000	179,650	3,804,650
2029	520,000	23,400	543,400
TOTAL	\$ 89,330,000	\$ 31,717,040	\$ 121,047,040

**Table 5 Financial Information
WEBER SCHOOL DISTRICT
Taxable and Fair Market Value**

Including Fee in Lieu Valuation

Year	Taxable Value	Adjusted Fair Market Value
2011	\$ 8,096,519,157	\$ 11,965,128,134
2010	8,560,214,355	12,439,716,275
2009	9,108,313,783	11,611,143,607
2008	8,937,458,465	12,999,678,302
2007	7,982,506,905	11,611,143,607

Excluding Fee in Lieu Valuation

Year	Taxable Value	Adjusted Fair Market Value
2011	\$ 7,784,906,222	\$ 11,653,515,199
2010	7,892,164,695	11,771,666,615
2009	8,395,354,296	12,071,737,301
2008	8,212,445,717	12,274,665,554
2007	7,299,487,373	12,316,658,770

(Source: Property Tax Division, Utah State Tax Commission)

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

**Table 6 Financial Information
WEBER SCHOOL DISTRICT
Significant Taxpayers in the District**

Taxpayer	Type of Business	December 31, 2010 Taxable Valuation	Percentage of Total Assessed Valuation
Great Salt Lake Minerals	Manufacturing	\$ 134,507,555	1.66%
Pacificorp	Electric Utility	123,071,678	1.52%
Kimberly-Clark Corporation	Manufacturing	63,414,143	0.78%
Associated/Fresh Markets Inc.	Groceries	52,887,726	0.65%
Questar Gas	Natural Gas Utility	45,212,120	0.56%
Union Pacific Railroad Co	Transportaion	44,244,840	0.55%
America First Credit Union	Banking	41,990,808	0.52%
Westinghouse/W. Zirconium	Manufacturing	41,929,169	0.52%
Columbia Ogden Medical Center	Medical	38,970,118	0.48%
Riverdale Center IV LC	Retail	34,886,725	0.43%
Wal-Mart, Inc	Retail	33,548,326	0.41%
The Boyer Company	Construction	30,397,188	0.38%
DDR Riverdale South Corp	Developer	29,023,618	0.36%
Peterson Specialized Welding	Manufacturing	28,486,229	0.35%
Totals		<u>\$ 742,570,243</u>	<u>9.17%</u>

1 - Based on the District's 2011 taxable value of: \$ 8,096,519,157
Source: Office of Weber County Treasurer

**Table 7 Financial Information
WEBER SCHOOL DISTRICT
Summary of Taxable Value**

	<u>2011 Taxable Value</u>	<u>Percent of 2010</u>	<u>2010 Taxable Value</u>
Centrally assessed values:	\$ 388,462,878	4.54%	\$ 340,150,557
Real property:			
Primary residential	4,711,632,688	55.04%	4,724,407,943
Other residential	686,806,068	8.02%	802,522,765
Commercial and industrial	1,527,116,240	17.84%	1,512,245,326
FAA	19,729,049	0.23%	19,578,071
Unimproved non FAA	70,853,462	0.83%	88,127,693
Total real property	<u>7,016,137,507</u>	<u>81.96%</u>	<u>7,146,881,798</u>
Personal property:			
Primary and secondary mobile homes	16,667,173	0.19%	17,205,515
Other business personal	363,638,664	4.25%	387,926,825
Total personal property	<u>380,305,837</u>	<u>4.44%</u>	<u>405,132,340</u>
Fee-in-lieu property (F-I-L):	<u>311,612,935</u>	<u>3.64%</u>	<u>668,049,660</u>
Total assessed properties:	<u>\$ 8,096,519,157</u>	<u>94.58%</u>	<u>\$ 8,560,214,355</u>

Source: Utah State Tax Commission

**Tables 8, 9 & 10 Financial Information
WEBER SCHOOL DISTRICT**

Tax Collection Record of the District

Tax Year End 12/31	Total Taxes Levied	Current Collections	Percent Current Collections	Collections for Prior Years	Total Collections	Percent of Total Collections
2011	\$ 50,923,174	\$ 48,014,304	94.29%	\$ 2,449,604	\$ 50,463,908	99.10%
2010	53,903,732	50,664,251	93.99%	1,915,416	52,579,667	97.54%
2009	51,057,371	48,144,868	94.30%	2,244,820	50,389,688	98.69%
2008	48,348,720	44,217,465	91.46%	1,663,335	45,880,800	94.90%
2007	44,819,274	43,024,997	96.00%	1,561,340	44,586,337	99.48%

Schedule of Property Tax Rates

	Tax Year Ended December 31,				
	2011	2010	2009	2008	2007
State required	0.001591	0.001495	0.001433	0.001250	0.001311
Voted leeway	0.001123	0.001091	0.000943	0.000918	0.000960
Board leeway	0.000419	0.000406	0.000365	0.000355	0.000352
Transportation	0.000264	0.000167	0.000150	0.000146	0.000153
Recreation	0.000114	0.000110	0.000099	0.000096	0.000100
Tort liability	0.000041	0.000040	0.000036	0.000035	0.000037
Capital outlay	0.000915	0.000887	0.000797	0.000775	0.000811
Debt service	0.001343	0.001343	0.001343	0.001343	0.001343
10% Additional	0.000873	0.000848	0.000431	0.000419	0.000438
Tax comm judge	0.000007	0.000000	0.000000	0.000000	0.000000
Board reading levy	0.000143	0.000139	0.000124	0.000121	0.000121
Total	<u>0.006833</u>	<u>0.006526</u>	<u>0.005721</u>	<u>0.005458</u>	<u>0.005626</u>

Historical Property Tax Collections by Fund

Fiscal Year Ending 6/30	Total Funds	General Fund	Special Revenue Programs	Capital Projects	Debt Service
2011-2012	\$ 55,570,368	\$ 36,279,732	\$ 927,122	\$ 7,441,371	\$ 10,922,143
2010-2011	53,091,302	34,054,580	894,889	7,216,056	10,925,777
2009-2010	50,221,778	26,783,192	869,071	10,779,994	11,789,521
2008-2009	46,747,931	24,196,209	822,243	10,226,645	11,502,835
2007-2008	44,243,690	23,073,407	786,415	9,822,319	10,561,549
2006-2007	40,897,938	22,110,876	744,430	9,272,724	8,769,908

Table 11 Financial Information
WEBER SCHOOL DISTRICT
Five Year General Fund Financial Summary

Five-Year Financial Summary

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUES:					
Local revenue:					
Property tax	\$ 36,279,732	\$ 34,054,580	\$ 26,783,192	\$ 24,196,209	\$ 23,073,407
Earnings from investments	615,214	550,116	627,296	1,289,036	2,160,220
Other	1,693,377	1,869,411	1,478,437	1,945,614	1,646,712
State	124,651,741	124,749,962	125,700,268	130,537,918	136,721,857
Federal	12,661,666	17,463,958	18,978,341	19,961,961	8,673,492
Total revenues	<u>175,901,730</u>	<u>178,688,027</u>	<u>173,567,534</u>	<u>177,930,738</u>	<u>172,275,688</u>
EXPENDITURES:					
Instruction	124,927,043	122,538,945	122,765,549	120,422,380	115,485,198
Support services					
Students	6,367,704	6,240,651	6,292,906	6,246,437	6,377,189
Instructional staff	2,944,221	2,800,367	2,513,838	3,507,188	3,065,472
District general administration	5,401,049	5,319,266	5,723,288	5,911,120	5,613,457
School administration	11,485,959	11,025,558	11,408,824	11,115,485	10,787,292
Operations and maintenance	15,191,982	16,525,792	16,127,093	16,693,174	15,706,689
Student transportation	7,109,513	6,828,610	6,512,368	6,561,513	6,472,520
Central	2,476,525	2,499,597	2,468,762	2,841,768	3,884,496
Total expenditures	<u>175,903,996</u>	<u>173,778,786</u>	<u>173,812,628</u>	<u>173,299,065</u>	<u>167,392,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,266)</u>	<u>4,909,241</u>	<u>(245,094)</u>	<u>4,631,673</u>	<u>4,883,375</u>
Other financing sources (uses):					
Sale of capital assets	9,584				
Interfund transfer	<u>(69,246)</u>	<u>(67,969)</u>	<u>2,285,801</u>	<u>2,049,115</u>	<u>2,072,294</u>
Total other financing sources	<u>(59,662)</u>	<u>(67,969)</u>	<u>2,285,801</u>	<u>2,049,115</u>	<u>2,072,294</u>
Excess(deficiency) of revenues and other financing sources (uses) over (under) expenditures	<u>(61,928)</u>	<u>4,841,272</u>	<u>2,040,707</u>	<u>6,680,788</u>	<u>6,955,669</u>
Fund balance, beginning of year, as restated	<u>27,157,071</u>	<u>22,315,799</u>	<u>20,275,092</u>	<u>13,594,304</u>	<u>6,638,635</u>
Fund balance, end of year	<u>\$ 27,095,143</u>	<u>\$ 27,157,071</u>	<u>\$ 22,315,799</u>	<u>\$ 20,275,092</u>	<u>\$ 13,594,304</u>

Source: The District's Basic financial statements.

**Table 12 Financial Information
WEBER SCHOOL DISTRICT
Balance Sheet - General Fund**

Five-Year Financial Summary

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSETS:					
Cash and investments	\$ 58,193,688	\$ 59,727,117	\$ 55,725,317	\$ 57,238,519	\$ 47,817,213
Accounts receivable:					
Property taxes	28,929,795	27,866,287	21,035,121	25,409,176	25,233,427
Other	10,583,536	7,973,668	7,312,618	233,432	452,663
Inventory, at cost or fair value	558,841	511,467	579,930	822,490	893,579
Prepaid expenses	76,582	97,679	28,885	68,105	93,808
Other assets	285,373	259,236	210,326	68,764	34,753
Total assets	<u>\$ 98,627,815</u>	<u>\$ 96,435,454</u>	<u>\$ 84,892,197</u>	<u>\$ 83,840,486</u>	<u>\$ 74,525,443</u>
LIABILITIES & FUND BALANCE:					
Liabilities					
Account payable	\$ 3,432,764	\$ 3,655,058	\$ 3,652,438	\$ 3,462,258	\$ 3,175,081
Accrued wages payable	23,906,917	23,481,617	23,162,348	22,347,947	21,920,113
Termination benefits	3,257,970	3,257,970	3,251,495	3,593,137	3,614,212
Deferred revenue	40,935,021	38,883,738	32,510,117	34,162,052	32,221,733
Total liabilities	<u>71,532,672</u>	<u>69,278,383</u>	<u>62,576,398</u>	<u>63,565,394</u>	<u>60,931,139</u>
Fund balances:					
Nonspendable:					
Inventories	558,841	511,467	579,930	822,490	893,579
Prepaid expenses	76,582	97,679	28,885	68,105	93,808
Committed to:					
Economic stabilization	4,000,000	4,000,000	4,000,000	4,000,000	3,315,092
Employee benefit obligations	1,523,169	1,389,944	2,069,356	1,508,092	1,149,202
Student activity					
Other purchases	226,163	431,063	483,950	492,386	205,806
Assigned to:					
Early retirement benefit	10,000,000	10,000,000	8,500,000	7,500,000	6,200,000
Federal impact aid program	65,336	274,713	195,533	253,436	274,075
Unassigned	10,645,052	10,452,205	6,458,145	5,630,583	1,462,742
Total fund balance	<u>27,095,143</u>	<u>27,157,071</u>	<u>22,315,799</u>	<u>20,275,092</u>	<u>13,594,304</u>
Total liabilities & fund balance	<u>\$ 98,627,815</u>	<u>\$ 96,435,454</u>	<u>\$ 84,892,197</u>	<u>\$ 83,840,486</u>	<u>\$ 74,525,443</u>

Source: The District's Basic financial statements.