

NEW ISSUE

Rating: Moody's "Aaa" (State of Utah Guaranty; underlying "Aa1")
See "STATE OF UTAH GUARANTY" and "MISCELLANEOUS—Bond Ratings" herein.

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2019A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019A Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.



Davis School District
Learning First

\$50,000,000

**Board of Education of
Davis School District, Utah**

**General Obligation Bonds
(Utah School District Bond Guaranty Program), Series 2019A**

The \$50,000,000 General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019A are issuable by the Board of Education of Davis School District, Utah, as fully-registered bonds and, when initially issued, will be in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2019A Bonds.

Principal of and interest on the 2019A Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2019) are payable by U.S. Bank National Association, Corporate Trust Services, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2019A BONDS—Book-Entry System" herein.

The 2019A Bonds are subject to optional redemption prior to maturity. See "THE 2019A BONDS—Redemption Provisions" herein.

The 2019A Bonds will be general obligations of the Board payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all taxable property in Davis School District, Utah, fully sufficient to pay the 2019A Bonds as to both principal and interest.

Payment of the principal of and interest on the 2019A Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the

State of Utah

under the provisions of the Utah school district bond guaranty. See "STATE OF UTAH GUARANTY" herein.

Dated: Date of Delivery¹

Due: June 1, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2019A Bonds

The 2019A Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on March 27, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 12, 2019) to Citigroup at a "true interest rate" of 2.62%.

Zions Public Finance, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This OFFICIAL STATEMENT is dated March 27, 2019, and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Thursday, April 11, 2019.

Davis School District, Utah

\$50,000,000

General Obligation Bonds

(Utah School District Bond Guaranty Program), Series 2019A

Dated: Date of Delivery¹

Due: June 1, as shown below

<u>Due June 1</u>	<u>CUSIP® 239019</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2020.....	Z47	\$11,925,000	5.00 %	1.52%
2021.....	Z54	500,000	5.00	1.53
2022.....	Z62	1,375,000	5.00	1.54
2023.....	Z70	1,450,000	5.00	1.55
2024.....	Z88	1,525,000	5.00	1.59
2025.....	Z96	1,600,000	5.00	1.64
2026.....	2A9	1,675,000	5.00	1.69
2027.....	2B7	1,750,000	5.00	1.74
2028.....	2C5	1,850,000	5.00	1.80
2029.....	2D3	1,925,000	5.00	1.89
2030.....	2E1	2,025,000	5.00	1.98 ^c
2031.....	2F8	2,125,000	5.00	2.10 ^c
2032.....	2G6	2,250,000	5.00	2.17 ^c
2033.....	2H4	2,350,000	3.00	2.72 ^c
2034.....	2J0	2,425,000	3.00	2.81 ^c
2035.....	2K7	2,500,000	3.00	2.91 ^c
2036.....	2L5	2,575,000	3.00	3.01
2037.....	2M3	2,650,000	3.00	3.09
2038.....	2N1	2,725,000	3.125	3.16
2039.....	2P6	2,800,000	3.125	3.22

¹ The anticipated date of delivery is Thursday, April 11, 2019.

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^c Priced to par call on June 1, 2029.

Table Of Contents

<u>Page</u>	<u>Page</u>
INTRODUCTION..... 1	Overlapping And Underlying General Obligation Debt..... 23
Public Sale/Electronic Bid..... 1	Debt Ratios Regarding General Obligation Debt 24
Davis School District, Utah 1	General Obligation Legal Debt Limit And Additional Debt Incurring Capacity 24
The 2019A Bonds..... 2	Federal Funding Cuts..... 25
Security..... 2	No Defaulted Obligations 25
Authorization For And Purpose Of The 2019A Bonds..... 2	FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH..... 25
Redemption Provisions 2	Fund Structure; Accounting Basis 25
Registration, Denominations, Manner Of Payment 3	Budgets And Budgetary Accounting 25
Tax-Exempt Status Of The 2019A Bonds 3	Management’s Discussion And Analysis 27
Professional Services 3	Financial Summaries 27
Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery 4	Ad Valorem Tax Levy And Collection 32
Continuing Disclosure Undertaking 4	Public Hearing On Certain Tax Increases 33
Basic Documentation..... 4	Property Tax Matters 33
Contact Persons 4	Historical Tax Rates Of The District 35
SECURITY AND SOURCES OF PAYMENT..... 5	Comparative Ad Valorem Total Property Tax Rates Within Davis County..... 36
STATE OF UTAH GUARANTY 5	Taxable, Fair Market And Market Value Of Property... 37
Guaranty Provisions 5	Historical Summaries Of Taxable Value Of Property ... 37
Guaranty Procedures..... 6	Tax Collection Record..... 38
Purpose Of The Guaranty 7	Some Of The Largest Taxpayers 38
No Call On State Guaranty 7	STATE OF UTAH SCHOOL FINANCE 39
State Of Utah–Financial And Operating Information..... 7	Sources Of Funds 39
CONTINUING DISCLOSURE UNDERTAKING 8	Local District Funding..... 39
Continuing Disclosure Undertaking For 2019A Bonds..... 8	State Funding..... 39
THE 2019A BONDS..... 9	Federal Funding..... 39
General 9	Summary Of State And Federal Funding 39
Redemption Provisions..... 9	LEGAL MATTERS 40
Registration And Transfer; Record Date 10	Absence Of Litigation 40
Book–Entry System..... 11	General 40
Sources And Uses Of Funds 11	TAX MATTERS 40
Debt Service On The 2019A Bonds 12	Opinion Of Bond Counsel 41
DAVIS SCHOOL DISTRICT, UTAH..... 12	Other Tax Consequences 41
General 12	MISCELLANEOUS..... 42
Form Of Government 14	Bond Ratings 42
Employee Workforce And Retirement System; No Post–Employment Benefits; Early Retirement Incentive..... 15	Municipal Advisor..... 43
Risk Management 15	Independent Auditors 43
Investment Of Funds 15	Additional Information 43
Population..... 16	APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018 A–1
Employment, Income, Construction And Sales Taxes Within Davis County And The State Of Utah..... 17	APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL..... B–1
Largest Employers 19	APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING..... C–1
Rate Of Unemployment—Annual Average..... 19	APPENDIX D—BOOK–ENTRY SYSTEM..... D–1
DEBT STRUCTURE OF DAVIS SCHOOL DISTRICT, UTAH..... 20	
Outstanding General Obligation Bonded Indebtedness 20	
Future Issuance Of Debt 20	
Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year..... 21	

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2019A Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: the Board of Education of Davis School District, Utah (the “Board”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); U.S. Bank National Association, Corporate Trust Services (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the Board, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019A Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board, since the date hereof.

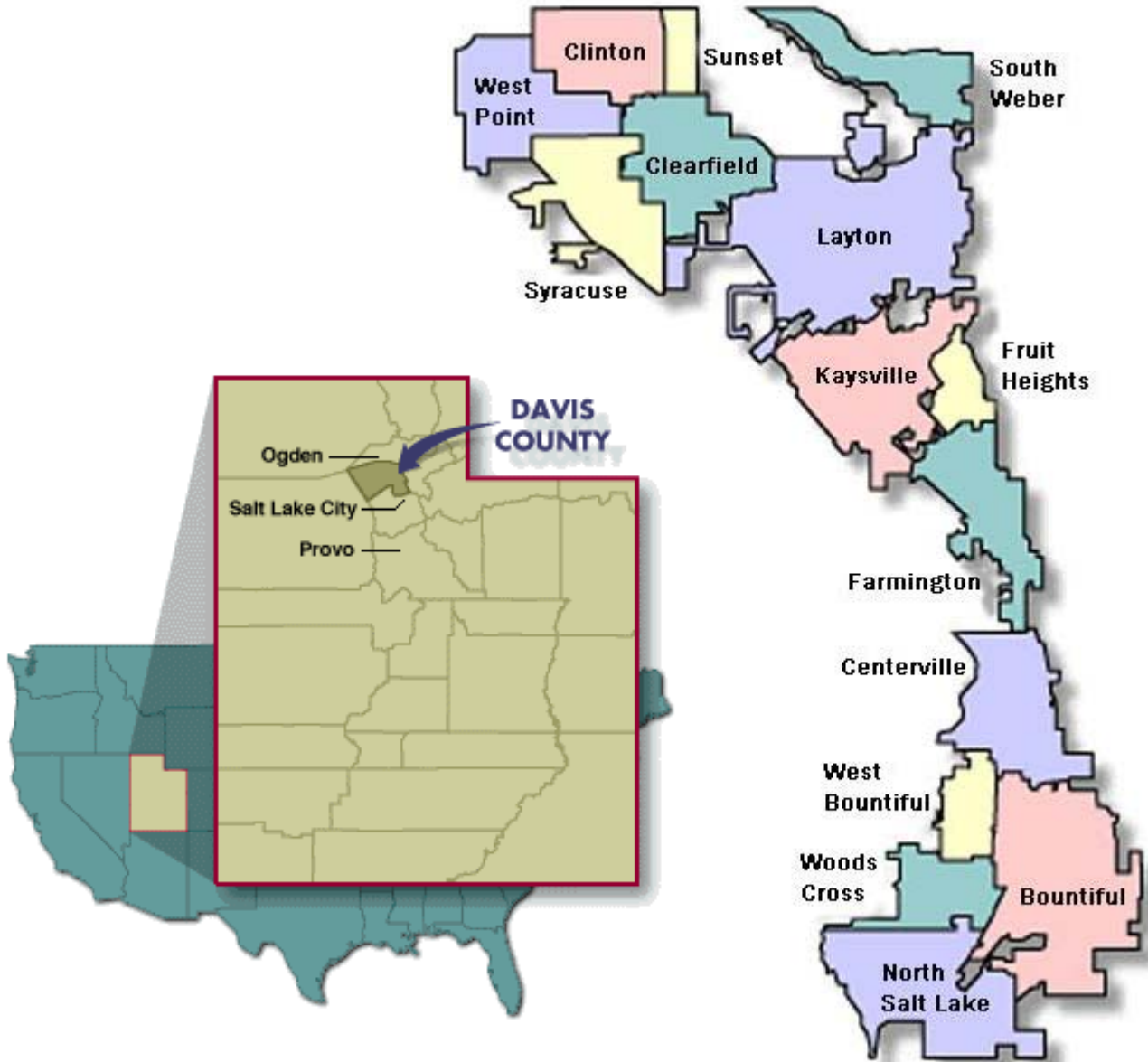
The 2019A Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2019A Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019A Bonds to dealers and others. With any offering of the 2019A Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019A Bonds. Such transactions may include overallotments in connection with the purchase of 2019A Bonds to stabilize their market price and to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.

Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Board does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2019A Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2019A Bonds.

The information available at web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided relating to the offering of the 2019A Bonds and is not a part of this OFFICIAL STATEMENT.



OFFICIAL STATEMENT RELATED TO

\$50,000,000

Board of Education of Davis School District, Utah

General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019A

INTRODUCTION

This introduction is only a brief description of the 2019A Bonds, as hereinafter defined, the security and source of payment for the 2019A Bonds and certain information regarding the Board of Education (the “Board”) of Davis School District, Utah (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT, including the appendices. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year. The terms “Calendar Year[s] 20YY” or “Tax Year[s] 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolution, as hereinafter defined.

Public Sale/Electronic Bid

The 2019A Bonds were awarded pursuant to competitive bidding received by means of the **PARITY**[®] electronic bid submission system on March 27, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 12, 2019) to Citigroup Global Markets Inc. at a “true interest rate” of 2.62%.

Davis School District, Utah

The District was established in 1911 and shares common boundaries with Davis County, Utah (the “County”). The County, incorporated in 1853, covers an area of approximately 304 (land area) square miles and is in the north central portion of the State of Utah (the “State”). See the location map above. The southern boundary of the County adjoins the northern boundary of Salt Lake City, Utah and Salt Lake County, Utah. The northern boundary is approximately eight miles south of Ogden City, Utah. The County had 347,637 residents per the 2017 population estimate by the U.S. Census Bureau, ranking the County as the third largest populated county in the State (out of 29 counties).

The 2019A Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the Board of its \$50,000,000 General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019A (the “2019A Bond” or “2019A Bonds”), initially issued in book–entry form only.

Security

The 2019A Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all taxable property in the District, fully sufficient to pay the 2019A Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Ad Valorem Tax Levy And Collection” below.

Payment of the principal of and interest on the 2019A Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State under the provisions of Title 53G, Chapter 4, Part 8 (the “Guaranty Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). See “STATE OF UTAH GUARANTY” below.

Authorization For And Purpose Of The 2019A Bonds

Authorization. The 2019A Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code, (ii) the resolution of the Board adopted on February 5, 2019 (the “Resolution”), which provides for the issuance of the 2019A Bonds, and (iii) other applicable provisions of law.

The 2019A Bonds were authorized at a special bond election held for that purpose on November 3, 2015 (the “2015 Bond Election”). The proposition submitted to the voters of the District was as follows:

Shall the Board of Education of Davis School District, Utah, be authorized to issue general obligation bonds in an amount not to exceed Two Hundred Ninety Eight Million Dollars (\$298,000,000) for the purpose of defraying all or a portion of the costs of acquiring land, acquiring, constructing, furnishing and equipping new school facilities, and improving existing facilities; and related improvements; and authorization and issuance of the Bonds; said Bonds to be due and payable in not to exceed twenty–one (21) years from the date of issuance of the bonds?

At the 2015 Bond Election there were 31,821 votes cast in favor of the issuance of bonds and 19,859 votes cast against the issuance of bonds, for a total vote count of 51,680, with approximately 62% in favor of the issuance of bonds.

The 2019A Bonds are the fourth block of bonds to be issued from the 2015 Bond Election. After the sale and delivery of the 2019A Bonds, the Board will have approximately \$61,140,000 authorized unissued bonds from the 2015 Bond Election.

Purpose. The 2019A Bonds are being issued to fund various equipment, acquisition and construction projects as set forth in the 2015 Bond Election propositions and to pay certain costs of issuance. See “THE 2019A BONDS—Sources And Uses Of Funds” below.

Redemption Provisions

The 2019A Bonds are subject to optional redemption prior to maturity. See “THE 2019A BONDS—Redemption Provisions” below.

Registration, Denominations, Manner Of Payment

The 2019A Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2019A Bonds. Purchases of 2019A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2019A Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2019A Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2019A Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2019) are payable by U.S. Bank National Association, Corporate Trust Services (“U.S. Bank”), as paying agent (the “Paying Agent”) for the 2019A Bonds, to the registered owners of the 2019A Bonds. So long as Cede & Co. is the registered owner of the 2019A Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2019A Bonds, as described in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2019A Bonds, neither the Board nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2019A Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2019A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019A Bonds.

Tax-Exempt Status Of The 2019A Bonds

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the 2019A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019A Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” below. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2019A Bonds.

Professional Services

In connection with the issuance of the 2019A Bonds, the following have served the Board in the capacity indicated.

Attorneys for the Board

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Salt Lake City UT 84111-2323
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Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The 2019A Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2019A Bonds by Gilmore & Bell, P.C., Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the attorneys for the Board, Fabian VanCott, Salt Lake City, Utah. It is expected that the 2019A Bonds, in book-entry form only, will be available for delivery in Salt Lake City, Utah for deposit with U.S. Bank, a “fast agent” of DTC, on or about Thursday, April 11, 2019.

Continuing Disclosure Undertaking

The Board will enter a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019A Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Board, the District, the 2019A Bonds, and the Resolution are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document, and references herein to the 2019A Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2019A Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) to the Board:

Johnathan Ward, Vice President, johnathan.ward@zionsbancorp.com
Eric Pehrson, Senior Vice President, eric.pehrson@zionsbancorp.com
Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board concerning the 2019A Bonds is:

Craig A. Carter, Business Administrator
ccarter@dsdmail.net
Davis School District Administration Center
PO Box 588 (45 E State St)
Farmington UT 84025-0588
801.402.5256 | f 801.402.5249

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the State guaranty for the 2019A Bonds is:

David Damschen, Utah State Treasurer, ddamschen@utah.gov
Utah State Treasurer's Office
350 N State St Ste C-180
(PO Box 142315)
Salt Lake City UT 84114-2315
801.538.1042 | f 801.538.1465

SECURITY AND SOURCES OF PAYMENT

The 2019A Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the District, fully sufficient to pay the 2019A Bonds as to both principal and interest.

Payment of the principal of and interest on the 2019A Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. See "STATE OF UTAH GUARANTY" below.

See "FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Property Tax Matters" and "STATE OF UTAH SCHOOL FINANCE" below.

STATE OF UTAH GUARANTY

Guaranty Provisions

Payment of the principal of and interest on the 2019A Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. The Guaranty Act establishes the default avoidance program (the "Program" or the "School District Bond Guaranty"). The State's guaranty is contained in Section 53G-4-802 (2)(a) of the Guaranty Act, which provides as follows:

The full faith and credit and unlimited taxing power of the state is pledged to guarantee full and timely payment of the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, bonds as such payments shall become due (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration).

In addition, the Guaranty Act provides that the State pledges to and agrees with the holders of bonds guaranteed under the Guaranty Act that the State will not alter, impair, or limit the rights vested by the Program with respect to said bonds until said bonds, together with applicable interest, are fully paid and

discharged. However, this pledge does not preclude an alteration, impairment, or limitation if adequate provision is made by law for the protection of the holders of the bonds.

The Guaranty Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) bonds which are guaranteed by the State for which payment is provided by the deposit of direct obligations of the United States government under the provisions of the Refunding Bond Act, Title 11, Chapter 27, Utah Code, will no longer be secured by the State's guaranty subsequent to such provision for payment. This is likely to occur only if such bonds are refunded in advance of their maturity. In such an event, such bonds would then be secured solely by the obligations pledged for their payment and not by the State's guaranty.

Guaranty Procedures

Under the Guaranty Act, the Business Administrator of the Board (the "Business Administrator") is required to transfer moneys sufficient for scheduled debt service payments on the 2019A Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2019A Bonds. If the Business Administrator is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Business Administrator must immediately notify the Paying Agent and the Utah State Treasurer (the "State Treasurer") by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. In addition, if the Paying Agent has not received the scheduled debt service payment at least 15 days prior to the scheduled debt service payment date for the 2019A Bonds, then the Paying Agent must at least 10 days before the scheduled debt service payment notify the State Treasurer of that failure by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. The Guaranty Act further provides that if sufficient moneys to pay the scheduled debt service payment have not been transferred to the Paying Agent, then the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the Paying Agent to make the scheduled debt service payment. Payment by the State of a debt service payment on the 2019A Bonds discharges the obligation of the Board to the bondholders for that payment, to the extent of the State's payment, and transfers the Board's obligation for that payment to the State.

In the event the State is called upon to make payment of principal of or interest on the 2019A Bonds on behalf of the Board, the State will use cash on hand (or from other legally available moneys) to make the payment. Under the Guaranty Act, the State Treasurer is required to immediately intercept any payments from the Uniform School Fund or from any other source of operating moneys provided by the State to the Board. The intercepted payments will be used to reimburse the State until all obligations of the Board to the State, including interest and penalties, are paid in full. The State does not currently expect to have to advance moneys to the Board pursuant to its guaranty. If, however, at the time the State is required to make a debt service payment under its guaranty on behalf of the Board, sufficient moneys are not on hand and available for that purpose, then the Guaranty Act provides that the State may seek a short-term loan from the Permanent School Fund sufficient to make the required payment (the Permanent School Fund is not required to make such a loan) or issue short-term State debt in the form of general obligation notes as provided in the Guaranty Act. The provisions of the Guaranty Act relating to short-term debt provide that such debt will carry the full faith and credit of the State and will be issued with a maturity of not more than 18 months so that the State could, if necessary, obtain liquidity financing on short notice. Under the State Constitution, debt incurred for this purpose does not count toward the constitutional debt limit of the State.

As of the date of this OFFICIAL STATEMENT, the State has guaranteed the following (statistics include this issuer but not this bond issue) under the Guaranty Act:

Number of school districts (out of 41 school districts in the State)	40
Number of total bond issues	348
Aggregate total principal amount outstanding	\$3,476,189,000

The approximate aggregate total annual principal and interest payments (interest payments include anticipated federal interest subsidies on “Build America Bonds” and “Qualified School Construction Bonds”) due on bonds guaranteed by the State under the Program during Fiscal Years 2019 through 2024, inclusive, is as follows (currently, the Program’s annual principal and interest payments extend to Fiscal Year 2039):

Fiscal Year 2019	\$427,947,761
Fiscal Year 2020	396,615,330
Fiscal Year 2021	379,558,133
Fiscal Year 2022	344,153,967
Fiscal Year 2023	326,830,936
Fiscal Year 2024	316,195,502

(Source: Municipal Advisor.)

Purpose Of The Guaranty

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 2019A Bonds remains with the Board. Accordingly, the Guaranty Act contains provisions, including interception of State aid to the Board, possible action to compel levy of a tax sufficient to reimburse the State for any payments made to bondholders pursuant to its guaranty and various oversight provisions to assure that the Board, and not the State, will ultimately be responsible for debt service on the 2019A Bonds.

The Guaranty Act also charges the State Superintendent of Public Instruction with the responsibility to monitor and evaluate the fiscal solvency of each school board under the Program. He or she must immediately report to the Governor and the State Treasurer any circumstances suggesting that a school district will be unable to timely meet its debt service obligations and recommend a course of remedial action.

No Call On State Guaranty

According to the State Treasurer’s office, since the Guaranty Act’s inception in January 1997, the State has not been called upon to pay the principal of and interest on any bonds guaranteed under the Guaranty Act.

State Of Utah–Financial And Operating Information

The CAFR of the State for Fiscal YEAR 2018 (the “State CAFR”), its most recent official statements and current continuing disclosure information for its general obligation (CUSIP® 917542) and lease revenue (CUSIP® 917547) bond debt are currently on file with EMMA (<http://www.emma.msrb.org/>). The financial and operating information with respect to the State contained in the State CAFR, such official statements and continuing disclosure information, and the Master Agreement are hereby included by reference in this OFFICIAL STATEMENT; provided, however, the Board has not reviewed, approved or taken the responsibility for such financial and operating information incorporated herein by reference.

As of the date of this OFFICIAL STATEMENT, the outstanding general obligation bonds of the State are rated “AAA” by Fitch Ratings (“Fitch”), “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”), and “AAA” by S&P Global Ratings (“S&P”).

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2019A Bonds

The Board will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2019A Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

The Board represents that during the five years prior to the date of this OFFICIAL STATEMENT, the Board HAS NOT failed to comply in all material respects with its prior undertakings pursuant to the Rule.

Based on prior disclosure undertakings the Board submits its comprehensive annual financial report for each Fiscal Year Ending June 30 (the “CAFR”) and other operating and financial information on or before January 31 (seven months from the end of the Fiscal Year). The Board will submit the Fiscal Year 2019 CAFR and other required operating and financial information for the 2019A Bonds on or before January 31, 2020, and annually thereafter on or before each January 31.

A failure by the Board to comply with the Disclosure Undertaking will not constitute a default under the Resolution and Beneficial Owners of the 2019A Bonds are limited to the remedies described in the Disclosure Undertaking. See “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.” A failure by the Board to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2019A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2019A Bonds and their market price.

The State has entered into a Master Continuing Disclosure Agreement (the “Master Agreement”) for the benefit of the Beneficial Owners of the bonds, including the 2019A Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” above. In the Master Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to the MSRB through EMMA pursuant to the Rule, but solely as to its responsibilities under its guaranty. See “STATE OF UTAH GUARANTY—State Of Utah—Financial And Operating Information” above. Based on prior disclosure undertakings the State submits its Fiscal Year Ending June 30 CAFR and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year). The State has agreed to submit the State’s Fiscal Year 2019 CAFR and other operating and financial information on or before January 15, 2020 (and annually thereafter on or before each January 15).

The Board is responsible for continuing disclosure under the Rule for all other matters relating to the 2019A Bonds.

Bond Counsel expresses no opinion as to whether the Disclosure Undertaking or the Master Agreement complies with the requirements of the Rule.

THE 2019A BONDS

General

The 2019A Bonds will be dated the date of their original issuance and delivery¹ (the “Dated Date”) and will mature on June 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT. The 2019A Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2019A Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2019. Interest on the 2019A Bonds will be computed based on a 360-day year comprised of 12, 30-day months.

U.S. Bank is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2019A Bonds under the Resolution.

The 2019A Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2019A Bonds are being issued within the constitutional debt limit imposed on boards of education of school districts in the State. See “DEBT STRUCTURE OF DAVIS SCHOOL DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

Redemption Provisions

Optional Redemption. The 2019A Bonds maturing on and after June 1, 2030 are subject to redemption prior to maturity in whole or in part at the option of the Board on June 1, 2029, or on any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of the principal amount of the 2019A Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Should the Board elect to advance refund the 2019A Bonds and create an escrow fund for such refunding, the Board covenants and agrees that such escrow, to the extent not maintained in cash, shall be invested in direct and general obligations of the United States of America, or those which are unconditionally guaranteed as to principal and interest by the same.

Selection for Redemption. If less than all 2019A Bonds of any maturity are to be redeemed, the 2019A Bonds or portion of 2019A Bonds of such maturity to be redeemed will be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2019A Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2019A Bonds for redemption, the Bond Registrar will treat each such 2019A Bond as representing that number of 2019A Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2019A Bond by \$5,000.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE 2019A BONDS—Registration And Transfer; Record Date” below, of each 2019A Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2019A Bonds are to be redeemed, the distinctive numbers of the 2019A Bonds

¹ The anticipated date of delivery is Thursday, April 11, 2019.

or portions of 2019A Bonds to be redeemed, and will also state that the interest on the 2019A Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2019A Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2019A Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the Board will not be required to redeem such 2019A Bonds. If such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Bond Registrar will within a reasonable time thereafter give notice, in the way the notice of redemption was given, that such moneys were not so received.

Any notice of redemption mailed as provided in the Resolution will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2019A Bond will not affect the validity of the proceedings for redemption with respect to any other 2019A Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar by posting to EMMA as provided in the Resolution.

For so long as a book-entry system is in effect with respect to the 2019A Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2019A Bonds. See "THE 2019A BONDS—Book-Entry System" below.

Registration And Transfer; Record Date

Registration and Transfer. In the event the book-entry system is discontinued, any 2019A Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner's duly authorized attorney, upon surrender of such 2019A Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2019A Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2019A Bond or 2019A Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Board, for a like aggregate principal amount.

The 2019A Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully-registered 2019A Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2019A Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2019A Bonds.

Record Date. The term "Record Date" means (i) with respect to each interest payment date, the day that is 15 days immediately preceding such interest payment date and (ii) with respect to any redemption of any 2019A Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2019A Bond (a) after the

Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2019A Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2019A Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever.

Book-Entry System

DTC will act as securities depository for the 2019A Bonds. The 2019A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019A Bond certificate will be issued for each maturity of the 2019A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK-ENTRY SYSTEM” for a more detailed discussion of the book-entry system and DTC.

In the event the book-entry system is discontinued, interest on the 2019A Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the Board kept for that purpose by the Bond Registrar. The principal of all 2019A Bonds will be payable at the principal corporate trust office of the Paying Agent.

Sources And Uses Of Funds

The proceeds from the sale of the 2019A Bonds are estimated to be applied as set forth below:

Sources:

Par amount of 2019A Bonds.....	\$50,000,000.00
Original issue premium.....	<u>5,079,111.75</u>
Total	<u>\$55,079,111.75</u>

Uses:

Deposit to Construction Account.....	\$54,765,414.00
Costs of Issuance (1).....	144,000.00
Original issue discount.....	89,485.25
Successful bidder’s discount.....	<u>80,212.50</u>
Total	<u>\$55,079,111.75</u>

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

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Debt Service On The 2019A Bonds

Payment Date	The 2019A Bonds		Period Total	Fiscal Total
	Principal	Interest		
December 1, 2019.....	\$ 0.00	\$ 1,371,315.10	\$ 1,371,315.10	
June 1, 2020.....	11,925,000.00	1,073,203.13	12,998,203.13	\$14,369,518.23
December 1, 2020.....	0.00	775,078.13	775,078.13	
June 1, 2021.....	500,000.00	775,078.13	1,275,078.13	2,050,156.26
December 1, 2021.....	0.00	762,578.13	762,578.13	
June 1, 2022.....	1,375,000.00	762,578.13	2,137,578.13	2,900,156.26
December 1, 2022.....	0.00	728,203.13	728,203.13	
June 1, 2023.....	1,450,000.00	728,203.13	2,178,203.13	2,906,406.26
December 1, 2023.....	0.00	691,953.13	691,953.13	
June 1, 2024.....	1,525,000.00	691,953.13	2,216,953.13	2,908,906.26
December 1, 2024.....	0.00	653,828.13	653,828.13	
June 1, 2025.....	1,600,000.00	653,828.13	2,253,828.13	2,907,656.26
December 1, 2025.....	0.00	613,828.13	613,828.13	
June 1, 2026.....	1,675,000.00	613,828.13	2,288,828.13	2,902,656.26
December 1, 2026.....	0.00	571,953.13	571,953.13	
June 1, 2027.....	1,750,000.00	571,953.13	2,321,953.13	2,893,906.26
December 1, 2027.....	0.00	528,203.13	528,203.13	
June 1, 2028.....	1,850,000.00	528,203.13	2,378,203.13	2,906,406.26
December 1, 2028.....	0.00	481,953.13	481,953.13	
June 1, 2029.....	1,925,000.00	481,953.13	2,406,953.13	2,888,906.26
December 1, 2029.....	0.00	433,828.13	433,828.13	
June 1, 2030.....	2,025,000.00	433,828.13	2,458,828.13	2,892,656.26
December 1, 2030.....	0.00	383,203.13	383,203.13	
June 1, 2031.....	2,125,000.00	383,203.13	2,508,203.13	2,891,406.26
December 1, 2031.....	0.00	330,078.13	330,078.13	
June 1, 2032.....	2,250,000.00	330,078.13	2,580,078.13	2,910,156.26
December 1, 2032.....	0.00	273,828.13	273,828.13	
June 1, 2033.....	2,350,000.00	273,828.13	2,623,828.13	2,897,656.26
December 1, 2033.....	0.00	238,578.13	238,578.13	
June 1, 2034.....	2,425,000.00	238,578.13	2,663,578.13	2,902,156.26
December 1, 2034.....	0.00	202,203.13	202,203.13	
June 1, 2035.....	2,500,000.00	202,203.13	2,702,203.13	2,904,406.26
December 1, 2035.....	0.00	164,703.13	164,703.13	
June 1, 2036.....	2,575,000.00	164,703.13	2,739,703.13	2,904,406.26
December 1, 2036.....	0.00	126,078.13	126,078.13	
June 1, 2037.....	2,650,000.00	126,078.13	2,776,078.13	2,902,156.26
December 1, 2037.....	0.00	86,328.13	86,328.13	
June 1, 2038.....	2,725,000.00	86,328.13	2,811,328.13	2,897,656.26
December 1, 2038.....	0.00	43,750.00	43,750.00	
June 1, 2039.....	<u>2,800,000.00</u>	<u>43,750.00</u>	<u>2,843,750.00</u>	2,887,500.00
Totals.....	<u>\$50,000,000.00</u>	<u>\$18,624,830.91</u>	<u>\$68,624,830.91</u>	

(Source: Municipal Advisor.)

DAVIS SCHOOL DISTRICT, UTAH

General

The District was established in 1911 and shares common boundaries with the County. The County, incorporated in 1853, covers an area of approximately 304 (land area) square miles and is in the north central portion of the State. See the location map above. The southern boundary of the County adjoins the northern boundary of Salt Lake City, Utah and Salt Lake County, Utah. The northern boundary is approx-

imately eight miles south of Ogden City, Utah. The County had 347,637 residents per the 2017 population estimate by the U.S. Census Bureau, ranking the County as the third largest county by population in the State (out of 29 counties).

The District’s headquarters are in Farmington City and Farmington City serves as the county seat. The Board maintains a website at <http://www.davis.k12.ut.us>.

The cities in the District are Bountiful City, Centerville City, Clearfield City, Clinton City, Farmington City, Fruit Heights City, Kaysville City, Layton City, North Salt Lake City, South Weber City, Sunset City, Syracuse City, West Bountiful City, West Point City, and Woods Cross City.

The District presently operates 92 schools (consisting of 62 elementary schools, 16 junior high schools, nine traditional high schools, two alternative high schools and three special purpose schools). For a 10–year Fiscal Year history of District facilities see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–District Facilities and Personnel Positions” (CAFR page 108).

The District also operates the Davis School District Foundation (the “Foundation”). The Foundation is a separate legal 501(c)(3) entity and is reported as a special revenue fund in the District’s financial statements. The Foundation is a not–for–profit entity that solicits financial support of public education through local school communities and community business partners.

The historical October 1 enrollment within the District is as follows:

<u>October 1</u>	<u>Total</u>	<u>% Increase Over Prior Year</u>
2018	72,264	0.5%
2017	71,908	1.2
2016	71,021	1.6
2015	69,879	1.1
2014	69,139	0.8
2013	68,571	0.3
2012	68,342	0.9
2011	67,736	2.6
2010	66,019	0.9
2009	65,452	0.7

(Source: State Office of Education.)

Charter Schools. There are 13 operating charter schools located within the boundaries of the District. October 1 enrollment within these 13 charter schools is approximately 8,000 students. Students who attend charters schools in the District may live outside the boundaries of the District and the District cannot determine the number of charter school students who live outside the boundaries of the District.

Funding for charter schools comes directly from the State based on student attendance. Beginning in Fiscal Year 2017, the State imposed a tax rate levy for the funding of charter schools, including within the District. Property tax revenues from the charter school tax rate levy is not received by the District but paid by the County to the State. Also, see “FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Historical Tax Rates Of The District” below.

Additional Information. Student Enrollment Projections. For a history of Fiscal Year average daily membership, October 1 student enrollments and for student enrollment projections through 2038 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DIS-

TRICT, UTAH FOR FISCAL YEAR 2018–District Facilities and Personnel Positions” (CAFR page 108) and “–Student Enrollment Projections” (CAFR page 113).

Form Of Government

Board of Education. The determination of policies for the management of the District is the responsibility of the Board, the members of which are elected by the qualified electors within the District. The District is divided into seven representative precincts, and a member of the Board is elected from each precinct. Members serve four–year terms, which are staggered to provide continuity.

The Board is empowered, among other things, to: (i) implement core curriculum; (ii) administer tests which measure the progress of each student, and create plans to improve the student’s progress; (iii) implement training programs for school administrators; (iv) purchase, sell and improve school sites, buildings and equipment; (v) construct and furnish school buildings; (vi) establish, locate and maintain elementary, secondary and applied technology schools; (vii) maintain school libraries; (viii) make and enforce all necessary rules and regulations for the control and management of the public schools in the District; (ix) adopt bylaws and rules for its own procedure; and (x) appoint a superintendent of schools, business administrator, and such officers or employees as are deemed necessary for the promotion of the interests of the schools.

Superintendent. The Superintendent of Schools (the “Superintendent”) is appointed by the Board and is responsible for the actual administration of the schools in the District. The powers and duties of the Superintendent are prescribed by the Board. Pursuant to State law, the Superintendent is required to prepare and submit to the Board an annual budget itemizing anticipated revenues and expenditures for the next school year. The Superintendent is appointed for a two–year term and until a successor is appointed.

Business Administrator. The Business Administrator is appointed by the Board and reports to the Superintendent. The duties of the Business Administrator, among others, are to (i) attend all meetings of the Board and keep a journal of the proceedings, (ii) countersign all warrants drawn upon the District treasury, (iii) keep an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury, and (iv) have custody of the records and papers of the Board. The Business Administrator is the custodian of all moneys belonging to the District and is required to prepare and submit to the Board a monthly report of the receipts and disbursements of the Business Administrator’s office. The Business Administrator is appointed for a two–year term and until a successor is appointed.

Current members of the Board, the Superintendent, the Business Administrator, and other administrators and their respective terms in office are as follows:

<u>Office</u>	<u>Person</u>	<u>Years in Position</u>	<u>Expiration of Current Term</u>
President.....	John L. Robison	3	January 2021
Vice President.....	Liz Mumford	3	January 2021
Member.....	Gordon S. Eckersley	5	January 2023
Member.....	Brigit Gerrard	3	January 2021
Member.....	Cheryl Lynn Phipps	1	January 2023
Member.....	Marie Stevenson	1	January 2023
Member.....	Julie Tanner	5	January 2023
Superintendent.....	Reid P. Newey	3	Appointed/July 2020
Business Administrator.....	Craig A. Carter	10	Appointed/July 2019
Finance Director.....	Tim Leffel	9	At Will
Ben Onofrio.....	Legal Issues Specialist	3	At Will

Employee Workforce And Retirement System; No Post–Employment Benefits; Early Retirement Incentive

Employee Workforce and Retirement System. As of Fiscal Year 2018 the District employed approximately 6,425 full–time equivalent employees. The District participates in cost–sharing multiple employer public employee retirement systems which are defined benefit pension plans and defined contribution plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The District also participates in deferred compensation plans with URS. The retirement and deferred compensation plans are administered by the URS under the direction of the URS board, which consists of six members appointed by the Governor of the State and the State Treasurer. For a detailed discussion regarding retirement benefits and contributions see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Notes to Basic Financial Statements–Note 6. Retirement Plans” (CAFR page 57).

No Post–Employment Benefits. The District does not provide post–employment benefits (under the Governmental Accounting Standards Board “GASB” definition) and has no annual required contribution. As of the date of this OFFICIAL STATEMENT, the Board currently does not expect its current or future policies regarding post–employment benefits to have a negative financial impact on the District.

Early Retirement Payable. The District does provide early retirement incentive benefits for those who retire before age 65. These benefits are paid from on–going revenues within the program from which the employee retired. The District has reserved \$4.5 million in the general fund in the unlikely event that termination benefits savings were not sufficient to cover the liability. For Fiscal Year 2018 the District’s direct payments to retirees was \$3,003,410 and payments of insurance premiums on behalf of retirees was \$2,189,286. For a discussion regarding the District’s early retirement incentive program see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Notes to Basic Financial Statements–8. Long–Term Liabilities–Early Retirement payable” (CAFR page 66).

Risk Management

The District is a member of a risk pool through which the State self–insures portions of certain property and liability claims and purchases commercial insurance for claims above the self–insured retention amounts. This is done through the State’s Administrative Services Risk Management Fund. The fund is maintained via premiums charged to its members—State agencies, institutions of higher education, school districts and charter schools.

As of Fiscal Year 2018, the Administrative Services Risk Management Fund contained approximately \$57.3 million in reserve available to pay for claims incurred.

For a general discussion of insurance coverage, limits of coverage, health insurance benefits, dental insurance benefits, unemployment compensation and payment claims see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Notes to Basic Financial Statements–Note. 7. Risk Management” (CAFR page 63).

Investment Of Funds

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in–state and permitted out–of–state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and in-

vestments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The Board is currently complying with all the provisions of the Money Management Act for all Board operating funds.

The Utah Public Treasurers’ Investment Fund. A significant portion of Board funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note 2. Deposits and Investments” (CAFR page 52).

Investment of 2019A Bond Proceeds. The proceeds of the 2019A Bonds will be held by the Board and invested to be readily available. The 2019A Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

Population

The following population information is provided for the County and the State.

	Davis County	% Change From Prior Period	State of Utah	% Change From Prior Period
2017 Estimate (1)	347,637	13.4%	3,161,105	14.4%
2010 Census	306,479	28.2	2,763,885	23.8
2000 Census	238,994	27.2	2,233,169	29.6
1990 Census	187,941	28.3	1,722,850	17.9
1980 Census	146,540	48.0	1,461,037	37.9
1970 Census	99,028	52.9	1,059,273	18.9
1960 Census	64,760	109.8	890,627	29.3
1950 Census	30,867	95.6	688,862	25.2
1940 Census	15,784	12.6	550,310	8.4
1930 Census	14,021	22.5	507,847	13.0
1920 Census	11,450	12.4	449,396	20.4
1910 Census	10,191	27.5	373,351	34.9

(1) U.S. Bureau of the Census estimates for July 1, 2017. Percentage change is calculated from the 2010 Census.

(Source: U.S. Department of Commerce, Bureau of the Census.)

Employment, Income, Construction, And Sales Taxes Within Davis County And The State of Utah

Labor Force, Nonfarm Jobs and Wages within Davis County

	Calendar Year (1)						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Civilian labor force.....	170,335	164,656	160,089	156,266	152,979	148,808	3.4	2.9	2.4	2.1	2.8
Employed persons.....	165,116	159,474	154,772	150,671	146,466	141,492	3.5	3.0	2.7	2.9	3.5
Unemployed persons.....	5,219	5,182	5,317	5,595	6,513	7,316	0.7	(2.5)	(5.0)	(14.1)	(11.0)
Total private sector (average).....	98,078	94,078	92,336	88,161	84,521	81,482	4.3	1.9	4.7	4.3	3.7
Agriculture, forestry, fishing and hunting.....	393	379	365	366	346	246	3.7	3.8	(0.3)	5.8	40.7
Mining.....	128	134	157	196	174	180	(4.5)	(14.6)	(19.9)	12.6	(3.3)
Utilities.....	117	121	115	96	95	109	(3.3)	5.2	19.8	1.1	(12.8)
Construction.....	10,216	9,931	9,177	8,379	7,536	7,157	2.9	8.2	9.5	11.2	5.3
Manufacturing.....	12,087	11,786	12,031	11,304	10,861	10,504	2.6	(2.0)	6.4	4.1	3.4
Wholesale trade.....	2,627	2,518	2,703	2,640	2,646	2,515	4.3	(6.8)	2.4	(0.2)	5.2
Retail trade.....	15,276	14,770	14,095	13,726	13,277	13,417	3.4	4.8	2.7	3.4	(1.0)
Transportation and warehousing.....	5,064	4,580	4,321	4,036	3,808	4,071	10.6	6.0	7.1	6.0	(6.5)
Information.....	1,208	1,171	1,246	1,338	1,344	1,409	3.2	(6.0)	(6.9)	(0.4)	(4.6)
Finance and insurance.....	2,639	2,529	2,508	2,411	2,405	2,325	4.3	0.8	4.0	0.2	3.4
Real estate, rental and leasing.....	1,342	1,335	1,345	1,217	1,190	1,127	0.5	(0.7)	10.5	2.3	5.6
Professional, scientific, and technical services.....	8,657	8,212	8,190	8,062	7,977	7,199	5.4	0.3	1.6	1.1	10.8
Management of companies and enterprises.....	957	1,002	885	848	855	808	(4.5)	13.2	4.4	(0.8)	5.8
Admin., support, waste mgmt., remediation.....	5,528	5,476	6,142	5,897	5,582	5,133	0.9	(10.8)	4.2	5.6	8.7
Education services.....	2,747	2,514	2,256	1,893	1,671	1,390	9.3	11.4	19.2	13.3	20.2
Health care and social assistance.....	13,172	12,339	11,850	11,606	11,262	10,768	6.8	4.1	2.1	3.1	4.6
Arts, entertainment and recreation.....	3,055	2,810	2,896	2,716	2,508	2,527	8.7	(3.0)	6.6	8.3	(0.8)
Accommodation and food services.....	9,662	9,261	8,977	8,570	8,198	7,902	4.3	3.2	4.7	4.5	3.7
Other services.....	3,599	3,588	3,440	3,228	3,130	2,934	0.3	4.3	6.6	3.1	6.7
Total public sector (average).....	28,302	27,287	26,364	26,163	26,228	26,530	3.7	3.5	0.8	(0.2)	(1.1)
Federal.....	13,443	13,282	12,574	12,259	12,333	12,636	1.2	5.6	2.6	(0.6)	(2.4)
State.....	1,719	1,167	1,016	1,068	1,102	1,132	47.3	14.9	(4.9)	(3.1)	(2.7)
Local.....	13,140	12,838	12,773	12,837	12,794	12,762	2.4	0.5	(0.5)	0.3	0.3
Total payroll (in millions)..... \$	5,545	5,186	4,840	4,591	4,328	4,221	6.9	7.1	5.4	6.1	2.5
Average monthly wage..... \$	3,656	3,561	3,398	3,346	3,257	3,256	2.7	4.8	1.6	2.7	0.0
Average employment.....	126,380	121,365	118,700	114,325	110,749	108,012	4.1	2.2	3.8	3.2	2.5
Establishments.....	8,306	8,057	7,852	7,651	7,444	7,143	3.1	2.6	2.6	2.8	4.2

(1) Utah Department of Workforce Services.

Employment, Income, Construction, And Sales Taxes Within Davis County And The State Of Utah—continued

Personal Income; Per Capital Personal Income; Median Household Income within Davis County and the State of Utah

	Calendar Year (1)						% change from prior year				
	2016	2015	2014	2013	2012	2011	2015-16	2014-15	2013-14	2012-13	2011-12
Total Personal Income (in \$1,000's):											
Davis County.....	\$ 14,149,468	\$ 13,410,934	\$ 12,578,642	\$ 11,969,160	\$ 11,733,330	\$ 10,885,813	-	6.6	5.1	2.0	7.8
State of Utah.....	124,871,199	118,724,635	110,863,745	104,664,413	101,508,754	94,918,680	5.2	7.1	5.9	3.1	6.9
Total Per Capita Personal Income:											
Davis County.....	41,339	39,941	38,181	37,080	37,111	34,878	-	4.6	3.0	(0.1)	6.4
State of Utah.....	40,925	39,308	37,644	36,045	35,538	33,702	4.1	4.4	4.4	1.4	5.4
Median Household Income:											
Davis County.....	77,095	72,268	70,797	70,456	69,019	68,974	-	2.1	0.5	2.1	0.1
State of Utah.....	65,931	62,961	60,943	59,715	57,067	55,802	-	3.3	2.1	4.6	2.3

Construction within Davis County (2)

	Calendar Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Number new dwelling units.....	1,707	1,721	1,693	1,643	1,774	2,033	3.7	1.7	3.0	(7.4)	(12.7)
New (in \$1,000's):											
Residential value.....	\$ 354,331.4	\$ 377,935.2	\$ 366,998.2	\$ 316,597.1	\$ 394,027.1	\$ 332,625.4	4.6	3.0	15.9	(19.7)	18.5
Non-residential value.....	152,508.9	172,821.1	370,979.7	139,615.9	84,858.7	48,848.4	(55.0)	(53.4)	165.7	64.5	73.7
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	21,823.9	29,958.4	28,639.5	25,622.3	16,873.2	20,717.0	10.7	4.6	11.8	51.9	(18.6)
Non-residential value.....	42,171.3	73,250.4	52,720.3	40,291.6	56,458.1	24,552.2	38.0	38.9	30.8	(28.6)	130.0
Total construction value (in \$1,000's).....	<u>\$ 570,835.5</u>	<u>\$ 653,965.1</u>	<u>\$ 819,337.7</u>	<u>\$ 522,126.9</u>	<u>\$ 552,217.1</u>	<u>\$ 426,743.0</u>	(21.1)	(20.2)	56.9	(5.4)	29.4

Sales Taxes Within Davis County and the State of Utah (3)

	Calendar Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Taxable Sales (in \$1,000's):											
Davis County.....	\$ 5,483,478	\$ 5,141,617	\$ 4,897,829	\$ 4,550,828	\$ 4,268,195	\$ 4,001,710	6.6	5.0	7.6	6.6	6.7
State of Utah.....	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	47,531,180	8.0	4.8	4.3	4.7	3.9
	Fiscal Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Local Sales and Use Tax Distribution:											
Davis County (and all cities).....	\$ 57,264,199	\$ 54,122,907	\$ 51,284,441	\$ 47,953,175	\$ 45,626,942	\$ 42,920,410	5.8	5.5	6.9	5.1	6.3

(1) Source: U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.

(2) Source: University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database. Calendar Year 2017 is from January 2017 through September 2017.

(3) Source: Utah State Tax Commission.

Additional Information. A 10–year history of the District’s presentation of demographic and economic statistics (CAFR page 105) and labor market data (CAFR page 106) are provided in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018”.

Largest Employers

The following is a list of the largest employers in the County with employment over 500 individuals.

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Hill Air Force Base (Clearfield)	National security	10,000–15,000
Davis School District (county–wide).....	Educational services	7,000–10,000
Kroger Group Cooperative	Warehouse clubs and supercenters	2,000–3,000
Lifetime Products (Clearfield)	Manufacturing	1,000–2,000
Wal–Mart (county–wide).....	Warehouse clubs and supercenters	1,000–2,000
Lagoon Corporation Inc. (Farmington)	Arts, entertainment, and recreation	1,000–2,000
ATK Space Systems (Clearfield).....	Manufacturing	1,000–2,000
Your Employment Solutions (North Salt Lake)	Temporary help services	1,000–2,000
Utility Trailer and Manufacturing (Clearfield)	Manufacturing	1,000–2,000
Davis County Government	Public administration	500–1,000
Alliant (Clearfield City).....	Manufacturing	500–1,000
Davis Hospital and Medical Center (Layton)	Health care and social assistance	500–1,000
AAA of Northern California, Nevada (Layton).....	Telemarketing bureaus	500–1,000
University of Utah Center (Farmington)	Health care and social assistance	500–1,000
Intermountain Health Center (Farmington)	Health care and social assistance	500–1,000
Tanner Memorial Clinic (Farmington)	Health care and social assistance	500–1,000
May Trucking Co. (Layton).....	Transportation and warehousing	500–1,000
FedEx Ground	Transportation and warehousing	500–1,000
Management & Training Corporation (Clearfield).....	Admin., support, waste mgmt., remediation	500–1,000
South Davis Community Hospital (Bountiful)	Health care and social assistance	500–1,000
Progrexion Teleservices	Telemarketing bureaus	500–1,000
Layton City (Layton)	Municipal government	500–1,000
State of Utah (county–wide).....	State government	500–1,000
Lakeview Hospital (Bountiful).....	Health care and social assistance	500–1,000

(Source: Utah Department of Workforce Services. Updated September 2018.)

Additional Information. For a presentation of the largest employers in the District in Calendar Years 2018 and 2009 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Principal Employers” (CAFR page 107).

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Davis County</u>	<u>State of Utah</u>	<u>United States</u>
2018 (1).....	3.0%	3.2%	3.9%
2017	3.1	3.2	4.4
2016	3.1	3.4	4.9
2015	3.4	3.6	5.3
2014	3.6	3.8	6.2
2013	4.3	4.6	7.4

(1) Preliminary, subject to change. As of December 2018 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF DAVIS SCHOOL DISTRICT, UTAH

Outstanding General Obligation Bonded Indebtedness

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2019A (a)	School building	\$50,000,000	June 1, 2039	\$ 50,000,000
2018	School building	69,375,000	June 1, 2038	69,375,000
2017B.....	Refunding	36,805,000	June 1, 2031	36,805,000
2017	School building	80,000,000	June 1, 2037	78,675,000
2016	School building	68,500,000	June 1, 2036	67,025,000
2015C (2)	Refunding	53,010,000	June 1, 2022	37,240,000
2015B.....	Refunding	67,025,000	June 1, 2029	63,260,000
2015A.....	School building	40,000,000	June 1, 2035	36,555,000
2014	School building	25,000,000	June 1, 2034	25,000,000
2013B.....	Refunding	20,550,000	April 1, 2020	8,665,000
2013A.....	School building	20,000,000	June 1, 2033	20,000,000
2012	School building	35,000,000	June 1, 2032	35,000,000
2011A (3).....	School building	45,000,000	June 1, 2020 (5)	5,185,000
2010A (4).....	School building/BABs	68,500,000	June 1, 2030	<u>56,640,000</u>
Total direct general obligation debt.....				<u>\$589,425,000</u>

- (a) For purposes of this OFFICIAL STATEMENT the 2019A Bonds will be considered issued and outstanding.
- (1) Unless otherwise indicated herein, all bonds of the Board are rated “Aaa” (State of Utah Guaranty; underlying “Aa1”) by Moody’s, as of the date of this OFFICIAL STATEMENT.
- (2) **Issued through a direct purchase.** *The 2015C Bonds are not rated; no rating was applied for.* The 2015C Bonds are issued under the Guaranty Act.
- (3) Portions of these bonds were refunded by the 2017B Bonds.
- (4) These bonds were issued as federally taxable (originally 35% issuer subsidy, direct pay) “Build America Bonds.”
- (5) Final maturity date after portions of these bonds were refunded by the 2017B Bonds.

(Source: Zions Public Finance, Inc.)

Additional Information. For the Board’s general obligation debt outstanding as of Fiscal Year 2018 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—8. Long-Term Liabilities—General Obligation Bonds” (CAFR page 64).

Future Issuance Of Debt

Future Issuance of Debt. The Board has approximately \$61,140,000 authorized unissued general obligation bonds from the 2015 Bond Election. As of the date of this OFFICIAL STATEMENT, the Board plans to issue additional authorized bonds from the 2015 Bond Election during the Board’s Fiscal Years 2020 and 2021.

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2019A \$50,000,000		Series 2018 \$69,375,000		Series 2017B \$36,805,000		Series 2017 \$80,000,000		Series 2016 \$68,500,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 683,569	\$ 1,325,000	\$ 3,576,192	\$ 0	\$ 1,755,781
2019.....	0	0	2,500,000	3,099,211	0	1,344,725	500,000	3,028,531	3,125,000	1,755,781
2020.....	11,925,000	2,444,518	700,000	2,433,981	0	1,344,725	500,000	3,003,531	2,200,000	1,693,281
2021.....	500,000	1,550,156	700,000	2,398,981	2,680,000	1,344,725	500,000	2,978,531	3,225,000	1,649,281
2022.....	1,375,000	1,525,156	2,800,000	2,363,981	2,800,000	1,210,725	3,450,000	2,953,531	3,300,000	1,584,781
2023.....	1,450,000	1,456,406	2,950,000	2,223,981	2,950,000	1,070,725	3,625,000	2,781,031	3,375,000	1,518,781
2024.....	1,525,000	1,383,906	3,100,000	2,076,481	3,075,000	923,225	3,825,000	2,599,781	3,425,000	1,451,281
2025.....	1,600,000	1,307,656	3,250,000	1,921,481	3,225,000	769,475	4,000,000	2,408,531	3,500,000	1,382,781
2026.....	1,675,000	1,227,656	3,400,000	1,758,981	3,400,000	608,225	4,200,000	2,208,531	3,575,000	1,312,781
2027.....	1,750,000	1,143,906	3,550,000	1,622,981	3,575,000	438,225	4,425,000	1,998,531	3,650,000	1,241,281
2028.....	1,850,000	1,056,406	3,675,000	1,480,981	3,650,000	366,725	4,625,000	1,777,281	3,725,000	1,168,281
2029.....	1,925,000	963,906	3,800,000	1,370,731	3,725,000	286,425	4,775,000	1,638,531	3,800,000	1,075,156
2030.....	2,025,000	867,656	3,700,000	1,256,731	3,825,000	197,025	4,925,000	1,495,281	3,925,000	965,906
2031.....	2,125,000	766,406	3,825,000	1,145,731	3,900,000	101,400	5,075,000	1,335,219	4,050,000	848,156
2032.....	2,250,000	660,156	3,950,000	1,030,981	-	-	5,250,000	1,163,938	4,150,000	726,656
2033.....	2,350,000	547,656	4,075,000	912,481	-	-	5,425,000	980,188	4,275,000	602,156
2034.....	2,425,000	477,156	4,375,000	785,138	-	-	5,600,000	803,875	4,425,000	463,219
2035.....	2,500,000	404,406	4,525,000	648,419	-	-	5,800,000	621,875	4,575,000	313,875
2036.....	2,575,000	329,406	4,675,000	496,831	-	-	5,975,000	426,125	4,725,000	159,469
2037.....	2,650,000	252,156	4,825,000	339,050	-	-	6,200,000	217,000	-	-
2038.....	2,725,000	172,656	5,000,000	175,000	-	-	-	-	-	-
2039.....	2,800,000	87,500	-	-	-	-	-	-	-	-
Totals....	<u>\$ 50,000,000</u>	<u>\$ 18,624,831</u>	<u>\$ 69,375,000</u>	<u>\$ 29,542,136</u>	<u>\$ 36,805,000</u>	<u>\$ 10,689,919</u>	<u>\$ 80,000,000</u>	<u>\$ 37,996,036</u>	<u>\$ 67,025,000</u>	<u>\$ 21,668,688</u>

Fiscal Year Ending June 30	Series 2015C \$53,010,000		Series 2015B \$67,025,000		Series 2015A \$40,000,000		Series 2014 \$25,000,000		Series 2013B \$20,550,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018.....	\$ 10,020,000 (1)	\$ 812,872	\$ 3,015,000	\$ 2,526,150	\$ 0	\$ 1,209,575	\$ 0	\$ 816,300	\$ 4,080,000	\$ 531,463
2019.....	10,190,000 (1)	640,528	4,985,000	2,465,850	1,665,000	1,209,575	0	816,300	4,245,000	368,263
2020.....	10,340,000 (1)	465,260	5,220,000	2,216,600	1,750,000	1,126,325	0	816,300	4,420,000	187,850
2021.....	10,540,000 (1)	287,412	5,470,000	1,955,600	1,785,000	1,091,325	1,435,000	816,300	-	-
2022.....	6,170,000 (1)	106,124	5,605,000	1,846,200	1,820,000	1,055,625	1,480,000	773,250	-	-
2023.....	-	-	5,895,000	1,565,950	1,875,000	1,001,025	1,515,000	739,950	-	-
2024.....	-	-	6,185,000	1,271,200	1,920,000	954,150	1,590,000	664,200	-	-
2025.....	-	-	6,495,000	961,950	1,970,000	906,150	1,650,000	600,600	-	-
2026.....	-	-	6,735,000	702,150	2,030,000	847,050	1,700,000	551,100	-	-
2027.....	-	-	6,935,000	500,100	2,090,000	786,150	1,755,000	500,100	-	-
2028.....	-	-	7,145,000	292,050	2,155,000	723,450	1,805,000	447,450	-	-
2029.....	-	-	2,590,000	77,700	2,240,000	637,250	1,860,000	393,300	-	-
2030.....	-	-	-	-	2,310,000	567,250	1,915,000	337,500	-	-
2031.....	-	-	-	-	2,400,000	474,850	1,975,000	277,656	-	-
2032.....	-	-	-	-	2,500,000	378,850	2,040,000	213,469	-	-
2033.....	-	-	-	-	2,580,000	294,475	2,105,000	147,169	-	-
2034.....	-	-	-	-	2,685,000	191,275	2,175,000	76,125	-	-
2035.....	-	-	-	-	2,780,000	97,300	-	-	-	-
2036.....	-	-	-	-	-	-	-	-	-	-
2037.....	-	-	-	-	-	-	-	-	-	-
2038.....	-	-	-	-	-	-	-	-	-	-
2039.....	-	-	-	-	-	-	-	-	-	-
Totals....	<u>\$ 47,260,000</u>	<u>\$ 2,312,196</u>	<u>\$ 66,275,000</u>	<u>\$ 16,381,500</u>	<u>\$ 36,555,000</u>	<u>\$ 13,551,650</u>	<u>\$ 25,000,000</u>	<u>\$ 8,987,069</u>	<u>\$ 12,745,000</u>	<u>\$ 1,087,575</u>

(1) Mandatory sinking fund principal payments from a \$53,010,000, 1.72% term bond due June 1, 2022.

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year—continued

Fiscal Year Ending June 30	Series 2013A \$20,000,000		Series 2012 \$35,000,000		Series 2011C (a) \$32,200,000		Series 2011A \$45,000,000		Series 2010A (2) \$68,500,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (4)
2018.....	\$ 0	\$ 625,513	\$ 0	\$ 1,218,956	\$ 7,940,000	\$ 397,000	\$ 2,445,000	\$ 305,200	\$ 3,880,000	\$ 3,007,635
2019.....	1,060,000	625,513	1,965,000	1,218,956	—	—	2,540,000	207,400	3,980,000	2,854,375
2020.....	1,100,000	583,113	2,005,000	1,179,656	—	—	2,645,000	105,800	4,090,000	2,685,225
2021.....	1,145,000	539,113	2,085,000	1,099,456	—	—	0	0 (1)	4,205,000 (3)	2,505,265
2022.....	1,190,000	493,313	2,170,000	1,016,056	—	—	0	0 (1)	4,330,000 (3)	2,309,733
2023.....	1,230,000	457,613	2,255,000	929,256	—	—	0	0 (1)	4,465,000 (3)	2,108,388
2024.....	1,255,000	433,013	2,345,000	839,056	—	—	0	0 (1)	4,595,000	1,900,765
2025.....	1,280,000	406,344	2,440,000	745,256	—	—	0	0 (1)	4,740,000	1,677,908
2026.....	1,320,000	367,944	2,535,000	647,656	—	—	0	0 (1)	4,895,000	1,443,278
2027.....	1,355,000	328,344	2,640,000	546,256	—	—	0	0 (1)	5,055,000	1,196,080
2028.....	1,400,000	287,694	2,745,000	440,656	—	—	0	0 (1)	5,235,000	923,110
2029.....	1,440,000	245,694	2,825,000	358,306	—	—	0	0 (1)	5,425,000	629,950
2030.....	1,485,000	202,494	2,910,000	273,556	—	—	0	0 (1)	5,625,000	323,438
2031.....	1,530,000	156,088	2,995,000	186,256	—	—	0	0 (1)	—	—
2032.....	1,580,000	106,363	3,085,000	96,406	—	—	—	—	—	—
2033.....	1,630,000	55,013	—	—	—	—	—	—	—	—
2034.....	—	—	—	—	—	—	—	—	—	—
2035.....	—	—	—	—	—	—	—	—	—	—
2036.....	—	—	—	—	—	—	—	—	—	—
2037.....	—	—	—	—	—	—	—	—	—	—
2038.....	—	—	—	—	—	—	—	—	—	—
2039.....	—	—	—	—	—	—	—	—	—	—
Totals....	\$ 20,000,000	\$ 5,913,163	\$ 35,000,000	\$ 10,795,744	\$ 7,940,000	\$ 397,000	\$ 7,630,000	\$ 618,400	\$ 60,520,000	\$ 23,565,148

Fiscal Year Ending June 30	Series 2009 (a) \$43,000,000		Totals		
	Principal	Interest	Total Principal	Total Interest (6)	Total Debt Service
2018.....	\$ 1,825,000	\$ 82,125	\$ 34,530,000	\$ 17,548,330	\$ 52,078,330
2019.....	0	0 (5)	36,755,000	19,635,007	56,390,007
2020.....	0	0 (5)	46,895,000	20,286,166	67,181,166
2021.....	0	0 (5)	34,270,000	18,216,146	52,486,146
2022.....	0	0 (5)	36,490,000	17,238,475	53,728,475
2023.....	0	0 (5)	31,585,000	15,853,106	47,438,106
2024.....	0	0 (5)	32,840,000	14,497,059	47,337,059
2025.....	0	0 (5)	34,150,000	13,088,133	47,238,133
2026.....	0	0 (5)	35,465,000	11,675,353	47,140,353
2027.....	0	0 (5)	36,780,000	10,301,955	47,081,955
2028.....	0	0 (5)	38,010,000	8,964,085	46,974,085
2029.....	0	0 (5)	34,405,000	7,676,950	42,081,950
2030.....	—	—	32,645,000	6,486,838	39,131,838
2031.....	—	—	27,875,000	5,291,763	33,166,763
2032.....	—	—	24,805,000	4,376,819	29,181,819
2033.....	—	—	22,440,000	3,539,138	25,979,138
2034.....	—	—	21,685,000	2,796,788	24,481,788
2035.....	—	—	20,180,000	2,085,875	22,265,875
2036.....	—	—	17,950,000	1,411,831	19,361,831
2037.....	—	—	13,675,000	808,206	14,483,206
2038.....	—	—	7,725,000	347,656	8,072,656
2039.....	—	—	2,800,000	87,500	2,887,500
Totals.....	\$ 1,825,000	\$ 82,125	\$ 623,955,000	\$ 202,213,177	\$ 826,168,177

(a) This bond issue has been included in this table because final principal and interest payments occurred in Fiscal Year 2018.

- (1) Principal and interest has been refunded by the 2017B Bonds.
- (2) Issued as federally taxable, 35% federal interest subsidy payment, Build America Bonds.
- (3) Mandatory sinking fund principal payments from a \$13,000,000, 4.65% term bond due June 1, 2023.
- (4) Does not reflect an originally 35% federal interest rate subsidy on the 2010A Bonds.
- (5) Principal and interest has been refunded by the 2015B Bonds.
- (6) Does not reflect an originally 35% federal interest rate subsidy on the 2010A Bonds.

(Source: Municipal Advisor.)

Additional Information. For the schedule of annual debt service requirement of the District as of Fiscal Year 2019 for Fiscal Years 2019 through 2038 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Schedule of Annual Debt Service Requirements” (CAFR page 103).

Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2018 Taxable Value (1)</u>	<u>Board’s Portion of Tax- able Value</u>	<u>Board’s Per- centage</u>	<u>Entity’s General Obligation Debt</u>	<u>Board’s Portion of G.O. Debt</u>
<i>Overlapping:</i>					
State of Utah	\$285,970,117,064	\$24,780,750,090	8.7%	\$2,273,275,000	\$197,774,925
WBWCD (2)	62,157,110,376	24,780,750,090	39.9	11,650,000	4,648,350
Davis County	24,780,750,090	24,780,750,090	100.0	10,010,000	<u>10,010,000</u>
Total overlapping					<u>212,433,275</u>
<i>Underlying:</i>					
North Davis Sewer District (3).....	12,441,014,920	10,745,982,790	86.0	17,115,000	14,718,900
South Davis Rec. District (4).....	9,187,937,473	9,187,937,473	100.0	7,875,000	7,875,000
Farmington City	2,025,989,024	2,025,989,024	100.0	6,083,000	6,083,000
Clearfield City.....	1,941,358,486	1,941,358,486	100.0	1,510,000	<u>1,510,000</u>
Total underlying					<u>30,186,900</u>
Total overlapping and underlying general obligation debt					<u>\$242,620,175</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (5)					\$ 14,658,350
Total <i>direct</i> general obligation bonded indebtedness.....					<u>589,425,000</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State) (5).....					<u>\$604,083,350</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium.

- (1) Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property and valuation on semiconductor manufacturing equipment.
- (2) Weber Basin Water Conservancy District (“WBWCD”) overlaps into the County and almost covers the entire County; for purposes of this table WBWCD will be considered as overlapping debt. WBWCD covers all of Morgan County, almost all the County and Weber County, and portions of Box Elder and Summit Counties. Principal and interest on WBWCD’s outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on WBWCD’s general obligation bonds are paid from revenues received from the sales of water.
- (3) A portion of this entity is in Weber County.
- (4) South Davis Recreation District members are the cities of: Bountiful, Centerville, North Salt Lake, Woods Cross, and West Bountiful.
- (5) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

(Source: Municipal Advisor.)

Additional Information. For the overlapping and underlying general obligation debt of the District as of Fiscal Year 2018 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Overlapping and Underlying General Obligation Debt June 30, 2018” (CAFR page 101).

Debt Ratios Regarding General Obligation Debt

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the District, the estimated market value of such property and the population of the District. *The State's general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

	To 2018 Est. Taxable <u>Value (1)</u>	To 2018 Est. Market <u>Value (2)</u>	To 2017 Population Estimate Per <u>Capita (3)</u>
<i>Direct</i> general obligation debt.....	2.38%	1.56%	\$1,696
<i>Direct and overlapping</i> general obligation debt	2.44	1.59	1,738

(1) Based on an estimated 2018 Taxable Value of \$24,780,750,090, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on an estimated 2018 Market Value of \$37,883,891,789, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on the 2017 population estimate of 347,637 from the U.S. Census Bureau.

(Source: Municipal Advisor.)

Additional Information. For a 10-year history of various debt ratios calculated by the District see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Ratios of Outstanding Debt Last Ten Fiscal Years December 31, 2009 through 2018” (CAFR page 100).

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District (*based on the last equalized property tax assessment roll*). The legal debt limit and additional debt incurring capacity of the Board are based on the estimated fair market value for 2017 and the calculated valuation value from 2017 uniform fees, and are calculated as follows:

2017 “Fair Market Value”	\$34,509,059,662
2017 valuation from uniform fees (1)	<u>792,749,273</u>
2017 “Fair Market Value for Debt Incurring Capacity”	<u>\$35,301,808,935</u>
“Fair Market Value for Debt Incurring Capacity” times 4% (the “Debt Limit”)	\$1,412,072,357
Less: current outstanding general obligation debt (2).....	<u>(611,478,811)</u>
Estimated additional debt incurring capacity	<u>\$ 800,593,546</u>

(1) 2018 final information is not available. For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.

(2) For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt notes of the Board’s financial statements. Thus, for accounting purposes, the total unamortized bond premium was \$22,053,811 (as of June 30, 2018), and together with current outstanding debt of \$589,425,000, results in total outstanding debt of \$611,478,811.

(Source: Municipal Advisor.)

Additional Information. For a 10-year Fiscal Year history of the Board’s legal debt limit and debt capacity see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS

SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—General Obligation Legal Debt Limit and Debt Capacity Last Ten Years December 31, 2009 through 2018” (CAFR page 102).

Federal Funding Cuts

Federal Sequestration. Pursuant to the Budget Control Act of 2011 (the “BCA”), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as “sequestration”) were ordered in federal fiscal years ending September 30, 2013 through 2021 and were subsequently extended through September 30, 2027. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds (“BABs”) and various other federal expenditures.

The Board is impacted by federal sequestration in Fiscal Year 2019 with reductions in subsidy payments by \$61,940 for its general obligation bonds. The Board anticipates that any future reductions of subsidy payments with respect to the Board’s \$56,640,000 of outstanding BABs and reductions in other federal grants because of sequestration would have no material impact on its operations or financial position. The Board cannot predict whether Congress will act to avoid or extend sequestration in the future.

No Defaulted Obligations

The Board has never failed to pay principal of and interest on its financial obligations when due.

FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH

Fund Structure; Accounting Basis

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the State’s school districts.

The accounts of the District are organized based on funds or groups of accounts, each of which is a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The various funds are grouped by type in the combined financial statements. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note 1. Summary of Significant Accounting Policies” (CAFR page 46).

Budgets And Budgetary Accounting

The District operates within the budget requirements for school districts as specified by State law and as interpreted by the State Superintendent of Public Instruction. The superintendent of each school district is the budget officer of each respective district.

For the fiscal year beginning July 1, the Business Administrator under the supervision of the Superintendent prepares a tentative budget for all funds which is presented to the Board by the Superintendent on or before June 1. State law requires budgets for all governmental fund types and the Board has adopted budgets for those funds.

After a public hearing has been held, the Board, by resolution, legally adopts the final budget prior to June 22. If the tax rate in the proposed budget exceeds the “certified tax rate,” the Board shall, if required by State law, comply with the notice and hearing requirements contained in the Property Tax Act, Chapter 2, Title 59, Utah Code (the “Property Tax Act”) in adopting the budget. See in this section “Ad Valorem Tax Levy And Collection” and “Public Hearing On Certain Tax Increases” below.

Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the Superintendent; however, increased appropriations require a public hearing prior to amending the budget.

Adjustments in estimated revenue and revisions of appropriations due to operational changes in categorical program funding are integrated into the amended budget approved by the Board.

A final amended budget is legally approved by the Board prior to the end of the fiscal year.

The total budgeted expenditures of a given fund may not exceed the revenues expected to be received for the fiscal year plus the fund balance. Control of the budget is exercised at the fund level.

All governmental funds are prepared using the modified accrual basis of accounting, adjusted for encumbrances. Unencumbered appropriations lapse at year end.

Undistributed Reserve in School Board Budget. A local school board may adopt a budget with an undistributed reserve. The reserve may not exceed 5% of the maintenance and operation budget adopted by each local board in accordance with a scale developed by the State Board of Education. The scale is based on the size of the school district's budget.

Each local board may appropriate all or a part of the undistributed reserve made to any expenditure classification in the maintenance and operation budget by written resolution adopted by majority vote of such board setting forth the reasons for the appropriation.

The board may not use undistributed reserves in the negotiation or settlement of contract salaries for school district employees.

Limits on Appropriations—Estimated Expendable Revenue. A local school board may not make any appropriation more than its estimated expendable revenue, including undistributed reserves, for the following fiscal year.

In determining the estimated expendable revenue, any existing deficits arising through excessive expenditures from former years are deducted from the estimated revenue for the ensuing year to the extent of at least 10% of the entire tax revenue of the school district for the previous year.

In the event of financial hardships, a local board may deduct from the estimated expendable revenue for the ensuing year, by fund, at least 25% of the deficit amount.

All estimated balances available for appropriations at the end of the fiscal year shall revert to the funds from which they were appropriated and shall be fund balances available for appropriation in the budget of the following year.

A local school board may reduce a budget appropriation at its regular meeting if notice of the proposed action is given to all board members and the district superintendent at least one week prior to the meeting.

An increase in an appropriation may not be made by a local school board unless the following steps are taken: (a) the local school board receives a written request from the district superintendent that sets forth the reasons for the proposed increase; (b) notice of the request is published in a newspaper of general circulation within the school district at least one week prior to a local school board meeting at which the request will be considered; and (c) the local school board holds a public hearing on the request prior to the board's acting on the request.

School District Interfund Transfers. The State Board of Education may authorize school district inter-fund transfers for financially distressed districts if the State Board of Education determines the following: (a) the school district has a significant deficit in its maintenance and operations fund which has resulted from circumstances not subject to the administrative decisions of the school district and which cannot be reasonably reduced under Section 53G-7-306 of the Utah Code; and (b) without the transfer, the school district will not be capable of meeting statewide educational standards adopted by the State Board of Education.

Adoption of Ad Valorem Tax Levy. The governing body of each taxing entity shall, before June 22 of each year, adopt a proposed or, if the tax rate is not more than the certified tax rate, a final tax rate for the taxing entity. The governing body shall report the rate and levy, and any other information prescribed by rules of the county commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located.

Additional Information. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—1. Summary of Significant Accounting Policies—Budgetary Data” (CAFR page 48).

Management’s Discussion And Analysis

The administration of the District prepared a narrative discussion, overview, and analysis of the financial activities of the District for Fiscal Year 2018. For the complete discussion see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Management’s Discussion and Analysis” (CAFR page 26).

Economic Stabilization Fund. As directed by the Board, the District has increased its fund balance commitment to economic stabilization in the General Fund. For Fiscal Year 2018, the District has committed \$25 million of the General Fund balance to economic stabilization. For Fiscal Year 2018, the District has approximately \$20.95 million of unassigned fund balances in the General Fund. As defined in State law as an “undistributed reserve,” the District maintains up to 5% of General Fund budgeted expenditures for economic stabilization. Potential State budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by State law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and the Utah State Auditor.

The Management’s Discussion and Analysis for Fiscal Year 2019 is not available. Under State law the Board must complete its annual financial report for Fiscal Year 2019 by November 30, 2019.

Financial Summaries

The summaries contained herein were extracted from the District’s basic financial statements. The summaries have not been audited.

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Davis School District

Statement of Net Position

Primary Government

(This summary has not been audited)

	As of June 30				
	2018	2017	2016	2015	2014
Assets and deferred outflows of resources					
Assets					
Capital assets					
Other capital assets, net of depreciation.....	\$ 508,578,075	\$ 526,809,385	\$ 508,160,063	\$ 518,964,140	\$ 503,488,736
Land and construction in progress.....	228,115,333	135,850,544	105,636,796	62,663,733	76,889,836
Cash and investments.....	247,651,762	258,529,746	221,561,699	174,675,319	134,743,998
Receivables					
Property taxes.....	189,337,943	164,157,698	160,144,325	157,530,714	142,302,808
Federal government.....	6,778,695	8,896,103	5,975,181	4,163,746	3,967,491
State of Utah.....	2,634,688	4,112,484	2,676,006	1,839,115	2,709,124
Other local.....	984,930	1,158,157	801,252	1,612,870	1,411,680
Inventories.....	7,157,777	7,225,468	7,636,215	8,177,478	7,925,164
Net pension asset.....	-	-	8,889	122,081	-
Total assets.....	<u>1,191,239,203</u>	<u>1,106,739,585</u>	<u>1,012,600,426</u>	<u>929,749,196</u>	<u>873,438,837</u>
Deferred outflows of resources					
Related to pensions.....	112,302,393	102,124,377	88,168,581	27,989,590	-
Deferred charge on refunding.....	8,539,364	7,594,893	9,072,317	2,098,125	2,717,566
Total deferred outflows of resources.....	<u>120,841,757</u>	<u>109,719,270</u>	<u>97,240,898</u>	<u>30,087,715</u>	<u>2,717,566</u>
Total assets and deferred outflows of resources.....	<u>\$ 1,312,080,960</u>	<u>\$ 1,216,458,855</u>	<u>\$ 1,109,841,324</u>	<u>\$ 959,836,911</u>	<u>\$ 876,156,403</u>
Liabilities, deferred inflows of resources and net position					
Liabilities					
Noncurrent liabilities					
Due or payable after one year.....	\$ 722,367,673	\$ 743,322,739	\$ 684,107,968	\$ 596,310,783	\$ 399,640,073
Due or payable within one year.....	46,882,151	43,956,810	43,640,688	40,087,767	35,653,937
Accrued salaries and benefits.....	46,661,930	44,373,102	40,855,094	38,936,582	45,209,605
Accounts payable.....	44,750,661	40,111,231	32,602,359	19,560,276	9,345,598
Unearned revenue					
State of Utah.....	3,672,842	6,546,532	6,715,150	4,460,313	3,933,421
Federal government.....	91,159	-	-	-	-
Other local.....	7,001	30,693	506	26,974	21,429
Accrued interest.....	1,277,321	1,389,292	1,250,360	1,352,882	1,341,965
Total liabilities.....	<u>865,710,738</u>	<u>879,730,399</u>	<u>809,172,125</u>	<u>700,735,577</u>	<u>495,146,028</u>
Deferred inflows of resources					
Property taxes levied for future year.....	180,065,720	160,188,542	155,079,687	149,354,784	132,143,035
Related to pensions.....	93,880,896	31,307,448	24,565,873	17,514,718	-
Total deferred inflows of resources.....	<u>273,946,616</u>	<u>191,495,990</u>	<u>179,645,560</u>	<u>166,869,502</u>	<u>132,143,035</u>
Net position					
Net investment in capital assets.....	202,178,288	188,547,896	186,950,288	180,418,550	177,407,774
Restricted for					
Capital projects.....	42,902,452	48,626,267	39,613,308	35,719,823	32,058,034
School food services.....	10,149,312	10,292,237	8,424,421	6,128,878	4,419,970
Debt service.....	5,668,373	3,008,715	3,646,207	2,589,904	-
Scholarships and awards.....	-	1,703,846	-	-	-
Unrestricted (1).....	<u>(88,474,819)</u>	<u>(106,946,495)</u>	<u>(117,610,585)</u>	<u>(132,625,323)</u>	<u>34,981,562</u>
Total net position.....	<u>172,423,606</u>	<u>145,232,466</u>	<u>121,023,639</u>	<u>92,231,832</u>	<u>248,867,340</u>
Total liabilities, deferred inflows of resources and net position.....	<u>\$ 1,312,080,960</u>	<u>\$ 1,216,458,855</u>	<u>\$ 1,109,841,324</u>	<u>\$ 959,836,911</u>	<u>\$ 876,156,403</u>

(1) For Fiscal Years 2018 through 2015, this balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by URS. The existence of an unrestricted net position deficit indicates the District's overall economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.

(Source: Information taken from the District's audited basic financial statements. Compiled by Municipal Advisor.)

Davis School District

Statement of Activities (1)

Primary Government

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Position				
	June 30				
	2018	2017	2016	2015	2014
Primary government					
Governmental activities					
Instructional services.....	\$ (314,563,707)	\$ (295,569,209)	\$ (272,984,269)	\$ (244,980,956)	\$ (244,588,916)
Supporting services					
Operation and maintenance of facilities.....	(51,084,173)	(44,539,007)	(43,139,792)	(39,915,373)	(40,985,868)
School administration.....	(35,868,862)	(34,599,605)	(27,757,321)	(25,584,901)	(26,159,760)
Instructional staff.....	(16,631,431)	(16,387,572)	(14,915,876)	(13,428,319)	(13,974,072)
Central.....	(14,827,472)	(14,086,906)	(12,659,090)	(11,396,865)	(11,529,035)
Students.....	(12,237,056)	(11,828,916)	(10,491,609)	(9,532,669)	(10,060,616)
Student transportation.....	(7,778,204)	(6,529,643)	(6,222,463)	(6,603,973)	(5,309,129)
District administration.....	(3,322,281)	(3,174,064)	(3,353,586)	(2,881,653)	(2,379,394)
School food service.....	(351,422)	1,572,838	2,245,298	1,805,829	(38,994)
Interest on long-term liabilities.....	(17,546,012)	(16,107,519)	(14,182,733)	(16,265,030)	(16,085,726)
Total governmental activities.....	(474,210,620)	(441,249,603)	(403,461,441)	(368,783,910)	(371,111,510)
Business-type activities					
Pioneer Adult Rehabilitation Center.....	(477,293)	(1,705,529)	(497,181)	1,365,703	873,471
Total primary government.....	(474,687,913)	(442,955,132)	(403,958,622)	(367,418,207)	(370,238,039)
General revenues					
Federal and state aid not restricted to specific purposes.....	287,384,030	265,470,952	246,318,610	227,240,368	221,985,012
Property taxes levied for					
Debt service.....	54,462,817	50,008,667	48,146,166	46,572,252	42,773,677
Board local.....	44,214,689	40,543,348	37,634,821	35,641,999	33,100,608
Basic.....	37,368,682	34,696,977	32,610,097	25,651,071	26,451,647
Voted local.....	25,196,458	24,861,073	24,571,553	24,671,393	25,634,545
Capital outlay.....	16,722,138	18,162,423	17,337,683	16,930,993	15,413,272
Tax increment.....	9,763,113	7,471,295	6,860,325	6,599,320	-
Miscellaneous.....	22,630,075	22,121,843	17,895,542	18,165,848	19,182,509
Earnings on investments.....	4,137,051	2,426,899	1,375,631	681,166	571,047
Total general revenues.....	501,879,053	465,763,477	432,750,428	402,154,410	385,112,317
Change in net position.....	27,191,140	22,808,345	28,791,806	34,736,203	14,874,278
Net position—beginning (as restated) (2).....	145,232,466	122,424,121	92,231,832	57,495,629	233,993,062
Net position—ending.....	\$ 172,423,606	\$ 145,232,466	\$ 121,023,638	\$ 92,231,832	\$ 248,867,340

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Position” and is not intended to be complete.

(2) The restatement beginning in Fiscal Year 2015 was a result of Statement 68, Accounting and Financial Reporting for Pensions.

(Source: Information taken from the District’s audited basic financial statements. Compiled by Municipal Advisor.)

Davis School District

Balance Sheet—Governmental Funds

Major Funds—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Assets					
Cash and investments.....	\$ 105,333,480	\$ 95,404,811	\$ 119,028,286	\$ 69,895,863	\$ 66,605,935
Receivables					
Property taxes.....	103,291,768	92,588,484	90,597,102	88,295,678	81,955,705
Federal government.....	6,635,082	8,724,768	5,762,366	3,940,138	3,860,895
State of Utah.....	1,616,995	2,266,297	1,002,036	728,352	1,004,959
Other local.....	293,814	243,685	288,726	287,494	261,686
Inventories.....	5,651,863	5,568,408	6,002,494	5,671,302	1,232,892
Due from other funds.....	—	—	—	—	6,017,204
Total assets.....	\$ 222,823,002	\$ 204,796,453	\$ 222,681,010	\$ 168,818,827	\$ 160,939,276
Liabilities and fund balances					
Liabilities					
Accrued salaries and benefits.....	\$ 46,661,930	\$ 44,373,102	\$ 40,855,094	\$ 38,936,582	\$ 45,209,605
Unearned revenue					
State of Utah.....	3,672,842	6,546,532	6,715,150	4,460,313	3,933,421
Federal government.....	91,159	—	—	—	—
Accounts payable.....	1,401,455	1,318,241	6,919,809	1,060,567	1,157,377
Due to other funds.....	—	—	33,197,475	—	—
Total liabilities.....	51,827,386	52,237,875	87,687,528	44,457,462	50,300,403
Deferred inflows of resources					
Property taxes levied for future year.....	97,856,826	90,281,299	87,656,511	83,645,267	76,031,444
Unavailable property tax revenue.....	1,207,556	1,219,733	1,272,840	1,509,042	1,585,634
Total deferred inflows of resources...	99,064,382	91,501,032	88,929,351	85,154,309	77,617,078
Fund balances					
Committed to					
Economic stabilization.....	25,000,000	23,000,000	20,000,000	4,500,000	2,000,000
Termination benefits.....	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Workers compensation.....	500,000	500,000	500,000	500,000	500,000
Unassigned.....	20,954,371	15,947,138	11,625,750	18,497,093	16,485,230
Assigned to					
Employee compensation.....	5,000,000	4,000,000	—	—	—
Programs.....	5,500,000	2,742,000	635,887	788,661	3,553,673
Medical insurance.....	2,500,000	2,500,000	2,500,000	4,500,000	4,500,000 (1)
Textbook reserve.....	2,000,000	2,000,000	—	—	—
Schools.....	325,000	300,000	300,000	250,000	250,000
Nonspendable					
Inventories.....	5,651,863	5,568,408	6,002,494	5,671,302	1,232,892
Total fund balances.....	71,931,234	61,057,546	46,064,131	39,207,056	33,021,795
Total liabilities, deferred inflows of resources, and fund balances.....	\$ 222,823,002	\$ 204,796,453	\$ 222,681,010	\$ 168,818,827	\$ 160,939,276

(1) In Fiscal Year 2014, \$2 million of revenues was taken from the Programs fund, together with other legally available moneys, and transferred into the Medical Insurance fund.

(Source: Information taken from the District's audited basic financial statements. Compiled by Municipal Advisor.)

Davis School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds—Major Governmental Funds

General Fund

(This summary has not been audited)

Fiscal Year Ended June 30

	2018	2017	2016	2015	2014
Revenues:					
State of Utah.....	\$ 361,689,641	\$ 332,463,144	\$ 310,405,731	\$ 292,128,732	\$ 283,594,334
Property taxes.....	106,792,006	100,154,506	95,052,673	86,041,055	85,753,540
Federal government.....	32,042,146	32,582,867	31,631,894	29,530,441	29,482,652
Other local sources.....	9,246,187	8,584,633	8,736,925	9,410,030	10,604,423
Earnings on investments.....	2,137,243	1,670,298	620,624	372,656	206,778
Total revenues.....	<u>511,907,223</u>	<u>475,455,448</u>	<u>446,447,847</u>	<u>417,482,914</u>	<u>409,641,727</u>
Expenditures:					
Current:					
Instruction.....	336,237,490	314,917,995	302,319,756	282,326,073	276,406,737
Support services:					
Operation and maintenance of facilities....	51,134,507	43,193,068	43,268,575	40,514,129	40,479,639
School administration.....	37,375,321	34,455,761	28,518,964	26,766,307	26,037,360
Instructional staff.....	22,001,747	20,886,518	20,244,708	18,445,968	17,802,062
Students.....	17,708,229	16,015,062	15,573,759	14,694,917	14,703,541
Central.....	16,935,865	15,079,440	14,277,804	12,960,814	12,561,013
Student transportation.....	16,928,910	13,142,063	12,881,560	13,168,618	11,332,852
District administration.....	2,711,466	2,772,126	2,505,646	2,325,792	2,171,447
Total expenditures.....	<u>501,033,535</u>	<u>460,462,033</u>	<u>439,590,772</u>	<u>411,202,618</u>	<u>401,494,651</u>
Revenues over (under) expenditures.....	<u>10,873,688</u>	<u>14,993,415</u>	<u>6,857,075</u>	<u>6,280,296</u>	<u>8,147,076</u>
Other financing sources (uses):					
Transfers.....	—	—	—	(95,035)	(1,500,000)
Total other financing sources (uses).....	<u>—</u>	<u>—</u>	<u>—</u>	<u>(95,035)</u>	<u>(1,500,000)</u>
Net change in fund balances.....	10,873,688	14,993,415	6,857,075	6,185,261	6,647,076
Fund balances—beginning.....	<u>61,057,546</u>	<u>46,064,131</u>	<u>39,207,056</u>	<u>33,021,795</u>	<u>26,374,719</u>
Fund balances—ending.....	<u>\$ 71,931,234</u>	<u>\$ 61,057,546</u>	<u>\$ 46,064,131</u>	<u>\$ 39,207,056</u>	<u>\$ 33,021,795</u>

(Source: Information taken from the District's audited basic financial statements. Compiled by Municipal Advisor.)

Additional Information. For a 10-year financial history of various District funds see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018” at the indicated pages as set forth below.

- (i) “Net Position by Component Last Ten Fiscal Years June 30, 2009 to 2018” (CAFR page 92);
- (ii) “Expenses, Program Revenue, and Net (Expense) Revenue Last Ten Fiscal Years—Years Ended June 30, 2009 to 2018” (CAFR page 93);
- (iii) “Fund Balances—Governmental Funds Last Ten Fiscal Years—Years Ended June 30, 2009 to 2018” (CAFR page 94);
- (iv) “Changes in Fund Balances—Governmental Funds Last Ten Fiscal Years—Years Ended June 30, 2009 to 2018” (CAFR page 95); and
- (iv) “Expenditures by Function—General Fund Last Ten Fiscal Years—Years Ended June 30, 2009 to 2018” (CAFR page 110).

Ad Valorem Tax Levy And Collection

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally-assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally-assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally-assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property or any county showing reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers be-

fore November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Without an extension by a County legislative body, taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “Public Hearing On Certain Tax Increases” below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax more than the certified tax rate. A resolution levying a tax more than the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

Public Hearing On Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

Property Tax Matters

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate based on its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for

residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally–assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally–assessed property”) is required to be assessed by the county assessor of the county in which such locally–assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data by using a State mandated mass appraisal system and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age–based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age–based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is in the same proportion in which revenue collected from ad valorem real property is distributed.

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Historical Tax Rates Of The District

	Maximum Tax Rate (1)	Tax Rate (Fiscal Year)				
		2018-19	2017-18	2016-17	2015-16	2014-15
General Fund						
Board local levy .....	.002500 (8)	.001806	.001855	.001957	.002009	.001968
Basic school levy (2).....	formula	.001666	.001568	.001675	.001736	.001419
Voted local levy (3).....	.001800	.000935	.001058	.001201	.001313	.001365
Totals.....		.004407	.004481	.004833	.005058	.004752
Debt service (general obligation bonds)						
Debt service (4).....	none	.002569	.002285	.002415	.002571	.002571
Capital local levy (5) .....	.003000	.000655	.000703	.000877	.000926	.000936
Charter school levy (6)	(8)	.000070	.000106	—	—	—
Judgment recovery levy (7)	none	—	—	—	—	—
Total all funds.....		.007701	.007575	.008125	.008555	.008259

- (1) Maximum tax rate where applicable under current State law.
- (2) Set by law for the District's portion of the State Minimum School Program.
- (3) General maintenance and operation revenue. *In the early 1980's, District residents approved a Voted Leeway Program of not to exceed a .000600 tax rate; in 1993, District residents approved an additional .000400 tax rate to the Voted Leeway Program; and in 1997, District residents approved an additional .000800 tax rate to the Voted Leeway Program (which results in a maximum tax rate of .001800).*
- (4) This maximum limitation is not applicable to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.
- (5) Construction remodeling projects and purchase of school sites/equipment, etc.
- (6) Charter school levy revenues to be directed to State Charter School program.
- (7) A "judgment levy" is levied for collecting additional revenues. The Board has the legal right to levy a "judgment levy" in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation "judgment" circumstances that the Board had no control over.
- (8) The Board local levy and the Charter school levy are both included in calculating the maximum tax rate for the Board local levy of .002500.

(Source: From records of the Utah State Tax Commission, compiled by the Municipal Advisor.)

See "STATE OF UTAH SCHOOL FINANCE" below.

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Comparative Ad Valorem Total Property Tax Rates Within Davis County

<u>Tax Levying Entity (1)</u>	<u>Total Tax Rate Within Taxing Area (Calendar Year)</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Davis School District:					
Bountiful City .....	.012402	.012502	.012621	.013103	.013055
Centerville City.....	.012778	.013009	.012480	.013210	.013161
Clearfield City .....	.014060	.014318	.014791	.015265	.015308
Clinton City .....	.013354	.013316	.014260	.014749	.014025
Farmington City.....	.012668	.012950	.013535	.014014	.013878
Fruit Heights City .....	.013275	.013508	.013698	.014533	.013992
Kaysville City .....	.012837	.012980	.013526	.013946	.013955
Layton City .....	.012769	.013026	.013614	.014092	.014025
North Salt Lake City .....	.012781	.013017	.013243	.013543	.013530
South Weber City .....	.011797	.011966	.012423	.012882	.012896
Sunset City.....	.013014	.013341	.013930	.014454	.014387
Syracuse City .....	.012760	.012964	.013382	.013803	.013788
West Bountiful City.....	.012769	.013022	.013181	.013702	.013651
West Point City.....	.013682	.013902	.014344	.014888	.014959
Woods Cross City .....	.012457	.012673	.012788	.013073	.013022
Unincorporated areas (2) .....	.012339	.012529	.012789	.013156	.013132

- (1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.
- (2) These tax rates represent a taxing district within the unincorporated areas within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Reports from the Utah State Tax Commission, compiled by the Municipal Advisor.)

Additional Information. For the District’s presentation of property tax rates based on a Calendar Year see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Direct and Overlapping Property Tax Rates Last Ten Tax Years—December 31, 2008 through December 31, 2017” (CAFR page 97).

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Taxable, Fair Market And Market Value Of Property

Calendar Year	Taxable Value (2)	% Change Over Prior Year	Fair Market/Market Value (3)	% Change Over Prior Year
2018 (1)	\$ 24,780,750,090	10.2	\$ 37,883,891,789	9.8
2017	22,484,975,086	10.0	34,509,059,662	10.1
2016	20,438,391,365	8.3	31,335,522,851	8.5
2015	18,870,014,310	4.8	28,876,517,167	4.4
2014	18,004,477,904	9.4	27,667,309,912	10.1

(1) Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.

(2) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation for Calendar Year 2018 was approximately \$1,347 million; for Calendar Year 2017 was approximately \$1,159 million; for Calendar Year 2016 was approximately \$965 million; for Calendar Year 2015 was approximately \$921.7million; and for Calendar Year 2014 was approximately \$816.5 million.

(3) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. Does not include market valuation for SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Historical Summaries Of Taxable Values Of Property

	Calendar Year					
	2018		2017	2016	2015	2014
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed):						
Total centrally assessed.....	\$ 753,136,343	3.0 %	\$ 624,208,339	\$ 592,604,866	\$ 569,514,497	\$ 508,265,018
Set by County Assessor (locally assessed):						
Real property (land and buildings):						
Primary residential.....	15,991,000,000	64.5	14,672,152,406	13,295,836,522	12,207,442,841	11,786,637,726
Secondary residential.....	159,100,000	0.6	122,907,659	102,502,946	102,730,674	91,160,917
Commercial and industrial.....	4,990,000,000	20.1	4,238,949,901	3,884,792,475	3,562,140,710	3,428,093,215
FAA (greenbelt).....	6,573,678	0.0	6,527,560	6,518,520	6,874,859	7,558,106
Unimproved non FAA (vacant)....	589,500,000	2.4	528,960,817	413,285,289	432,338,326	458,164,214
Agricultural.....	8,000,000	0.0	7,828,335	6,796,426	6,711,192	5,669,812
Total real property.....	21,744,173,678	87.7	19,577,326,678	17,709,732,178	16,318,238,602	15,777,283,990
Personal property:						
Primary mobile homes.....	23,950,965	0.1	23,950,965	22,879,739	22,727,318	23,490,284
Secondary mobile homes.....	717,750	0.0	717,750	880,569	480,373	722,220
Other business.....	2,258,771,354	9.1	2,258,771,354	2,112,294,013	1,959,053,520	1,694,716,392
SCME (1).....	0	0.0	0	0	0	0
Total personal property.....	2,283,440,069	9.2	2,283,440,069	2,136,054,321	1,982,261,211	1,718,928,896
Total locally assessed.....	24,027,613,747	97.0	21,860,766,747	19,845,786,499	18,300,499,813	17,496,212,886
Total taxable value.....	\$ 24,780,750,090	100.0 %	\$ 22,484,975,086	\$ 20,438,391,365	\$ 18,870,014,310	\$ 18,004,477,904
Total taxable value.....	\$ 24,780,750,090		\$ 22,484,975,086	\$ 20,438,391,365	\$ 18,870,014,310	\$ 18,004,477,904

* Preliminary; subject to change.

(1) Not including taxable valuation associated with SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Additional Information. For the District’s presentation of a 10–year history of taxable valuations and estimated actual valuations based on a Calendar Year see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Assessed Value and Estimated Actual Value of Taxable Property Last Ten Tax Years December 31, 2008 through 2017” (CAFR page 96).

Tax Collection Record

Ad valorem property taxes are due on November 30th of each year. Fiscal Year 2019 (Tax Year/Calendar Year 2018) ad valorem property taxes were due November 30, 2018.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer’s Relief	Net Taxes Assessed	Current Col-lections	(3) Deliq., Personal Property and Miscel-aneous Col-lections	(4) Total Col-lections	% of Current Collec-tions to Net Taxes Assessed	% of Total Collec-tions to Net Taxes Assessed
2018*	\$188,459,828	\$4,045,328	\$184,414,500	\$178,040,446	\$9,692,613	\$187,733,059	96.5%	101.8%
2017	173,027,369	3,528,019	169,499,350	163,905,269	3,897,532 (5)	167,802,801	96.7	99.0
2016	166,980,433	3,347,151	163,633,282	159,543,862	7,960,410	167,504,272	97.5	102.4
2015	160,846,155	3,127,301	157,718,854	153,067,636	7,405,776	160,473,412	97.1	101.7
2014	149,474,220	2,789,779	146,684,441	141,407,236	5,851,700	147,258,936	96.4	100.4
2013	138,577,357	2,568,384	136,008,972	130,360,556	7,363,922	137,724,478	95.8	101.3

(1) Excludes redevelopment agencies valuation.

(2) Treasurer’s Relief includes abatements. These Treasurer’s Relief items are levied against the property but are never collected and paid to the entity.

(3) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees–in–lieu payments) for tax year 2018 of \$12,741,720*; for tax year 2017 of \$11,891,239; for tax year 2016 of \$11,922,833; for tax year 2015 of \$11,617,647; for tax year 2014 of \$10,758,340; and for tax year 2013 of \$10,824,339; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(5) The County’s accounting for certain miscellaneous collections for Fiscal Year 2017 is lower than prior years collections because of timing/distribution of certain larger taxpayer’s payment of taxes. These collection adjustments have been accounted for in Fiscal Year 2018.

* Preliminary; subject to change.

(Source: Information taken from the Utah State Tax Commission reports, compiled by the Municipal Advisor.)

Additional Information. For the District’s presentation of a 10–year history of property tax levies and collections see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Property Tax levies and Collections Last Ten Tax Years December 31, 2008 through 2017” (CAFR page 99).

Some Of The Largest Taxpayers

Information for Fiscal Year 2019 (Calendar Year 2018) is currently not available. The District’s single largest property tax payer in Fiscal Year 2018 (Calendar Year 2017) was Woods Cross Refining Comp. LLC, a petroleum refinery located in North Salt Lake City, Utah. The company comprised approximately 4.2% of the District’s total taxable valuation for Calendar Year 2017. The top 10 largest property taxpayers comprised approximately 12.5% of the District total taxable valuation for Calendar Year 2017.

For a list of the District’s 10 largest property tax payers for Calendar Year 2017 and Calendar Year 2008 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018–Principal Property Tax Payers Current Year and Nine Years Ago December 31, 2017 and 2008” (CAFR page 98).

STATE OF UTAH SCHOOL FINANCE

Sources Of Funds

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district (“Local District Funding”), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes (“State Funding”) and federal sources (“Federal Funding”). For Fiscal Year 2018, approximately 57.5% of the District’s funding was provided by State Funding, approximately 35.5% was provided by Local District Funding, and approximately 7% was provided from Federal Funding.

Local District Funding

School districts are authorized by State law to levy taxes, certain of which require voter approval, on real property for various purposes. Funding for operation and maintenance is derived primarily through a minimum tax levy (the “Minimum Tax Levy”) by each school district at a rate established each year by the State. Imposition of this Minimum Tax Levy is required for a school district to qualify for receipt of contributions by the State for such purposes. Additional tax levies for, among other things, educational programs and capital outlay and debt service to finance capital outlays may be made at the option of a school district. Certain of such levies will entitle a school district to State guaranteed levels of funding or receipt of specific additional contributions from the State. The Board has received all voter approval necessary for the taxes it currently levies. See “FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Historical Tax Rates Of The District” above.

State Funding

Under its school funding program, the State guarantees that in connection with the Minimum Tax Levy and certain of a school district’s additional tax levies each school district will receive certain amounts based primarily on the number of students attending schools in such district. To the extent that such levies do not generate receipts at least equal to such guaranteed amounts, the State contributes funds to the school district in the amount of the shortfall. If a school district’s receipts from such levies reach such prescribed levels, there is no State contribution to such district. Further, school district receipts from the Minimum Tax Levy in excess of the guaranteed amounts are required to be paid over to the State for distribution to other school districts.

In addition to any contributions relating to shortfalls described above, the State annually appropriates fixed amounts to fund certain programs and services statewide. Funds for contributions to school districts and for other programs and services are appropriated from the State Uniform School Fund and the Education Fund, which are funded primarily from personal income taxes and corporate franchise taxes. State Funding is also available, under certain circumstances, to school districts for payment of a portion of capital costs.

Federal Funding

Federal funding is provided for various school programs including child nutrition, vocational education and special education.

Summary Of State And Federal Funding

During the past five years the District received the following in State and federal funding:

	Fiscal Year				
	2018	2017	2016	2015	2014
State Funds					
General.....	\$361,689,641	\$332,463,144	\$310,405,731	\$292,128,732	\$283,594,334
Capital projects	5,378,592	6,197,356	5,349,248	297,469	633,298
Other governmental.....	<u>4,316,160</u>	<u>4,420,356</u>	<u>4,219,760</u>	<u>4,161,045</u>	<u>3,724,074</u>
Total	<u>\$371,384,393</u>	<u>\$343,080,856</u>	<u>\$319,974,739</u>	<u>\$296,587,246</u>	<u>\$287,951,706</u>
% change over prior year	8.2%	7.2%	7.9%	3.0%	4.6%
Federal Funds					
General.....	\$32,042,146	\$32,582,867	\$31,631,894	\$29,530,441	\$29,482,652
Other governmental.....	11,922,557	12,530,921	11,730,006	11,126,718	12,122,147
Debt service	<u>983,196</u>	<u>1,026,288</u>	<u>1,027,390</u>	<u>1,021,879</u>	<u>1,028,279</u>
Total	<u>\$44,947,899</u>	<u>\$46,140,076</u>	<u>\$44,389,290</u>	<u>\$41,679,038</u>	<u>\$42,633,078</u>
% change over prior year	(2.6)%	3.9%	6.5%	(2.2)%	(7.3)%

(Source: Information taken from the District’s audited financial statements for the indicated years. This summary has not been audited.)

LEGAL MATTERS

Absence Of Litigation

The attorneys for the Board, Fabian VanCott, Salt Lake City, Utah, have advised that, to the best of their knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the 2019A Bonds.

General

The authorization and issuance of the 2019A Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by the attorneys for the Board, Fabian VanCott, Salt Lake City, Utah. The approving opinion of Bond Counsel will be delivered with the 2019A Bonds. A copy of the opinion of Bond Counsel in substantially the form of is set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL.”

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2019A Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2019A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2019A Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light

of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2019A Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2019A Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2019A Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board, under the law currently existing as of the issue date of the 2019A Bonds:

Federal Tax Exemption. The interest on the 2019A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the 2019A Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

State of Utah Tax Exemption. The interest on the 2019A Bonds is exempt from State of Utah individual income taxes.

Bond Counsel's opinions are provided as of the date of the original issue of the 2019A Bonds, subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2019A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2019A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2019A Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2019A Bonds, except as expressly provided herein. Purchasers of the 2019A Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the 2019A Bonds, including the possible application of state, local, foreign and other tax laws.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2019A Bond over its issue price. The issue price of a 2019A Bond is generally the first price at which a substantial amount of the 2019A Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2019A Bond during any accrual period generally equals (1) the issue price of that 2019A Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2019A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2019A Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2019A Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2019A Bond over its stated redemption price at maturity. The issue price of a 2019A Bond is generally the first price at which a substantial amount of the 2019A Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the 2019A Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2019A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2019A Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a 2019A Bond, an owner of the 2019A Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2019A Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2019A Bond. To the extent a 2019A Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2019A Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2019A Bonds, and to the proceeds paid on the sale of the 2019A Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2019A Bonds should be aware that ownership of the 2019A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2019A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2019A Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the 2019A Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2019A Bonds have been rated "Aaa" by Moody's based upon the Guaranty Act. An explanation of the above rating may be obtained from Moody's. The Board has not directly applied to Fitch or S&P for a rating on the 2019A Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody's has given the 2019A Bonds an underlying rating of "Aa1."

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the outstanding general obliga-

tion bonds will continue for any given period or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019A Bonds.

Municipal Advisor

The Board has entered into an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the 2019A Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019A Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Board, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the Board as of June 30, 2018 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Squire & Company, PC, Orem, Utah (“Squire”), as stated in their report in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018” (CAFR page 23).

Squire has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the Board.

Board of Education of Davis School District, Utah

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APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018

The CAFR of the Board for Fiscal Year 2018 is contained herein. Copies of current and prior financial reports are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

The District’s basic financial statements for Fiscal Year 2019 must be completed under State law by November 30, 2019.

Government Finance Officers Association—Financial Reporting

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada (“GFOA”) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for its CAFR for the 35th consecutive year, beginning with Fiscal Year 1982 through Fiscal Year 2018.

For the Fiscal Year 2017 certificate see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Section 1. Introductory—Certificate of Achievement” (CAFR page 18).

To be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only.

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Davis School District

C.A.F.R.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR FISCAL YEAR
ENDING JUNE 30**

2018

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Comprehensive Annual Financial Report

of the

DAVIS SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2018

**John Robison, President of the Board
Reid Newey, Superintendent
Craig Carter, Business Administrator**

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

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DAVIS SCHOOL DISTRICT

Table of Contents Year Ended June 30, 2018

	Page
Title Page	3
Table of Contents	5-7
INTRODUCTORY SECTION:	
Letter of Transmittal	11-14
School Board Precinct Boundaries	15
List of Elected and Appointed Officials	16
Organizational Chart	17
GFOA Certificate of Achievement for Excellence in Financial Reporting	18
Model for Public Education	19
FINANCIAL SECTION:	
Independent Auditor's Report	23-25
Management's Discussion and Analysis	26-34
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	36
Statement of Activities	37
Fund Financial Statements:	
Balance Sheet - Governmental Funds	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	42
Statements of Fund Net Position - Proprietary Funds	43
Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	44
Statements of Fund Cash Flows - Proprietary Funds	45
Notes to the Basic Financial Statements	46-66
Required Supplementary Information:	
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) - Utah Retirements Systems	68
Schedules of District Contributions - Utah Retirement Systems	69
Notes to Required Supplementary Information	70

DAVIS SCHOOL DISTRICT

Table of Contents Year Ended June 30, 2018

Page

FINANCIAL SECTION (Continued):

Individual Fund Statements and Schedules:

Comparative Balance Sheets - General Fund	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	73
Comparative Balance Sheets - Debt Service Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund	75
Comparative Balance Sheets - Capital Projects Fund	76
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	77
Combining Balance Sheet - Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	79
Comparative Balance Sheets - School Food Services Fund - Nonmajor Special Revenue Fund	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - School Food Services Fund - Nonmajor Special Revenue Fund	81
Comparative Balance Sheets - Student Activities Fund - Nonmajor Special Revenue Fund	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Student Activities Fund - Nonmajor Special Revenue Fund	83
Comparative Balance Sheets - District Foundation Fund - Nonmajor Special Revenue Fund	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - District Foundation Fund - Nonmajor Special Revenue Fund	85
Comparative Balance Sheets - Pass-Through Taxes Fund - Nonmajor Special Revenue Fund	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Pass-Through Taxes Fund - Nonmajor Special Revenue Fund	87

STATISTICAL SECTION:

Net Position by Component	92
Expenses, Program Revenue, and Net (Expense) Revenue	93
Fund Balances - Governmental Funds	94
Changes in Fund Balances - Governmental Funds	95
Assessed Value and Estimated Actual Value of Taxable Property	96
Direct and Overlapping Property Tax Rates	97
Principal Property Tax Payers	98

DAVIS SCHOOL DISTRICT

Table of Contents
Year Ended June 30, 2018

Page

STATISTICAL SECTION (Continued):

Property Tax Levies and Collections	99
Ratios of Outstanding Debt	100
Overlapping and Underlying Governmental Activities Debt	101
General Obligation Legal Debt Limit and Debt Capacity	102
Schedule of Annual Debt Service Requirements	103
Debt Service Schedule of Outstanding General Obligation Bonds	104
Demographic and Economic Statistics	105
Labor Market Data	106
Principal Employers	107
District Facilities and Personnel Positions	108
Average Daily Membership and October Enrollment	109
Expenditures by Function - General Fund	110
Expenditures per ADM by Function - General Fund	111
Weighted Pupil Units (WPU's) - Regular WPU's and Other WPU's by Formula	112
Student Enrollment Projections	113
American College Test (ACT) Results	114
Advanced Placement Exams Attempted by Course	115

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SECTION 1

INTRODUCTORY

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November 2, 2018

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

State law requires that school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Davis School District (District) for the fiscal year ended June 30, 2018.

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

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

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

Independent audits. Squire & Company, PC, a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, and that the District’s financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

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

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

The major purpose of the District is to provide public education for those who reside within the boundaries of the District. To accomplish this purpose, as of fall 2018, the District operates nine traditional high schools, sixteen junior high schools, and 62 elementary schools. The District also offers three special purpose programs: Pioneer Adult Rehabilitation Center (a community rehabilitation program serving persons with disabilities), the Family Enrichment Center (providing preschool and Head Start programs), and Farmington Bay (a youth correctional facility). In addition, the District operates two alternative schools, Mountain High and the Renaissance Academy. The District serves 72,264 students based on the October 1, 2018 enrollment report.

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

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

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

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

Economic condition and outlook. The economic outlook of the District is tied to and dependent on the economic condition and outlook of the state of Utah since state aid provides approximately 70% of general fund revenues. Utah's economy maintained moderate growth over the last three years increasing funding for the weighted pupil unit by 4.0%, 2.5%, and 4.0% respectively. For fiscal year 2019, the State increased per student funding by 2.5%. Current revenue projections for fiscal year 2020 appear positive as well. The District projects student growth of over 300 in 2018-19 and approximately 500 in 2019-20 as well.

The District continues to monitor budgets and evaluate District programs. For the 2018-19 school year, the Board left tax rates within the certified rate and funded new fiscal demands with increased State revenues and taxes on new growth.

The District's taxing authority rests with property taxes on residential and commercial property within the District. For 2018, the District's taxable property values increased 10.2%. This is compared to an increase of 11.1% in 2017. Local taxation accounts for only 20% of general fund revenues, and 29% of all governmental fund revenues.

Long-term financial planning. State revenue projections appear to be increasing for fiscal year 2019. These funds will be utilized to offset district expenditures for state retirement and health insurance as well as employee compensation increases. The District actively examines all revenue and expenditure categories and programs to identify budget reductions. The driving force is to meet the demands of an ever changing budget without significant impact to our students and classrooms.

Dealing with the challenges and demands of budgets is further complicated by the fact that the student population of the District and the state of Utah is continuing to grow. Based on information from Utah's Bureau of Vital Records, the District expects the kindergarten enrollment increase to accelerate because of a climb in the birth rate for Davis County. The District also expects net migration into the County to remain positive. The District projects an additional 2,000 students over the next five years measured from October 2018 to October 2023. The state 2019 fiscal year school finance program is designed to provide every Utah school district with a basic operation program of \$3,394 per weighted pupil unit (WPU). Current budget projections indicate a moderate increase in the value of the WPU for 2020.

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

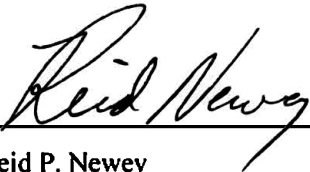
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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


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

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

Respectfully submitted,

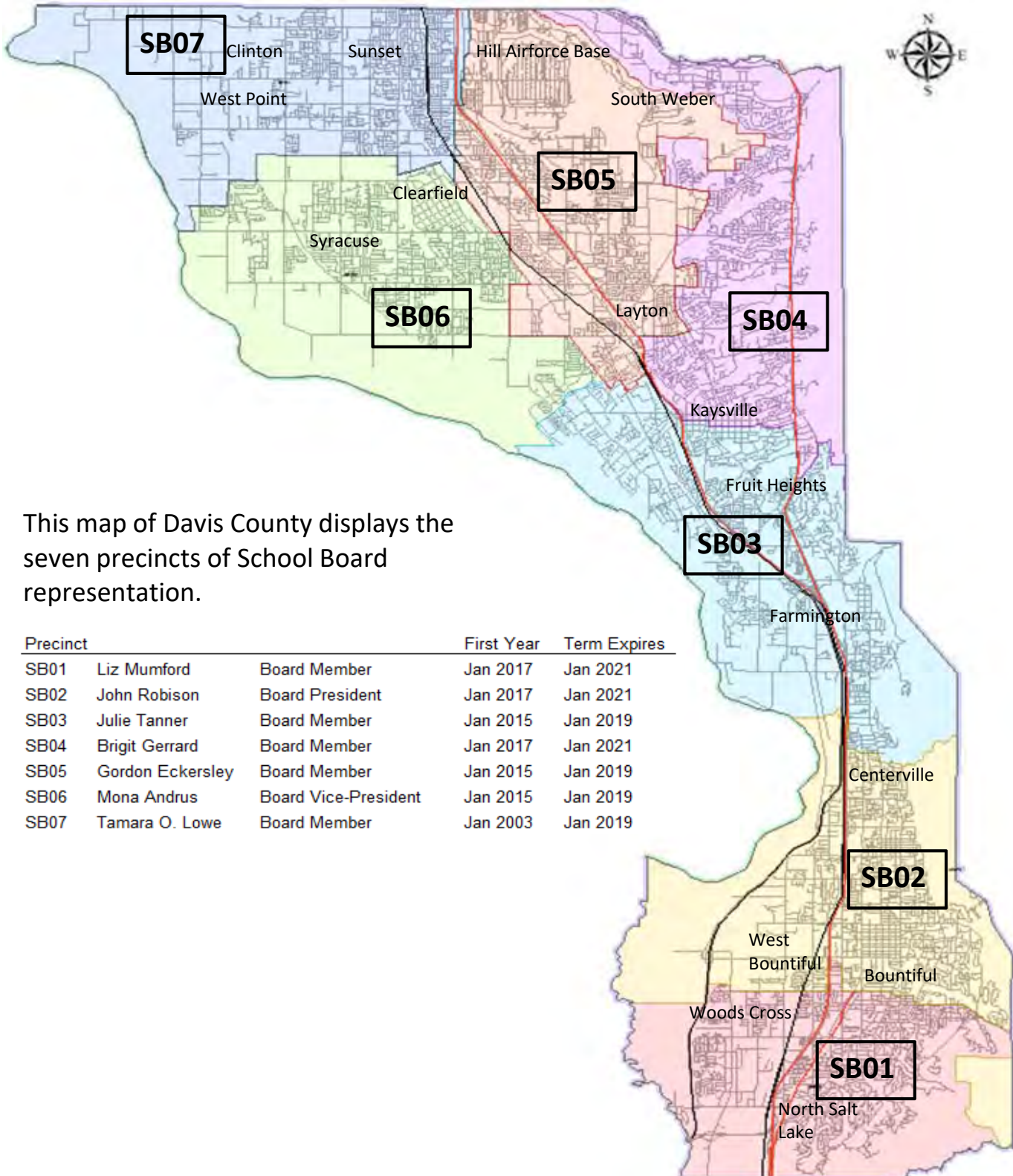


Reid P. Newey
Superintendent



Craig Carter
Business Administrator

DAVIS SCHOOL DISTRICT
School Board Precinct Boundaries
 Year Ended June 30, 2018



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

Precinct			First Year	Term Expires
SB01	Liz Mumford	Board Member	Jan 2017	Jan 2021
SB02	John Robison	Board President	Jan 2017	Jan 2021
SB03	Julie Tanner	Board Member	Jan 2015	Jan 2019
SB04	Brigit Gerrard	Board Member	Jan 2017	Jan 2021
SB05	Gordon Eckersley	Board Member	Jan 2015	Jan 2019
SB06	Mona Andrus	Board Vice-President	Jan 2015	Jan 2019
SB07	Tamara O. Lowe	Board Member	Jan 2003	Jan 2019

DAVIS SCHOOL DISTRICT

List of Elected and Appointed Officials Year Ended June 30, 2018

Elected Officials

<u>Members of the Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Liz Mumford Precinct 1	January 2017	January 2021	January 2017
John Robison Precinct 2	January 2017	January 2021	January 2017
Julie Tanner Precinct 3	January 2015	January 2019	January 2015
Brigit Gerrard Precinct 4	January 2017	January 2021	January 2017
Gordon Eckersley Precinct 5	January 2015	January 2019	January 2015
Mona Andrus Precinct 6	January 2015	January 2019	January 2015
Tamara O. Lowe Precinct 7	January 2015	January 2019	January 2003

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

Appointed Officials

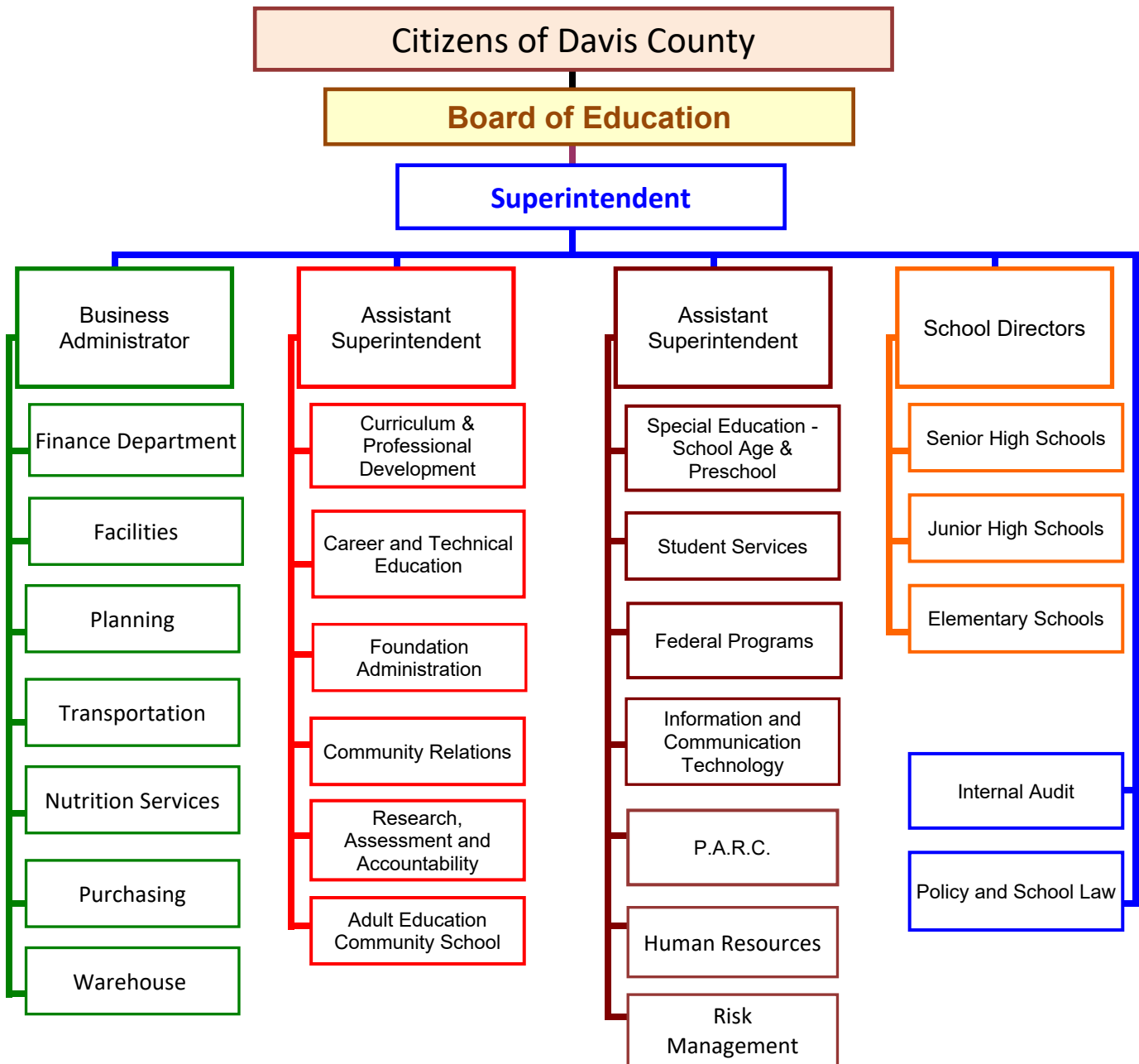
	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Reid Newey Superintendent	June 2018	December 2020	December 2016
Craig Carter Business Administrator	July 2017	July 2019	January 2010

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

DAVIS SCHOOL DISTRICT

Organizational Chart

Year Ended June 30, 2018





Government Finance Officers Association

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

Presented to

**Davis County School District
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

VISION

Davis School District provides an environment where
LEARNING COMES FIRST!

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

Parents are INVESTED in their student's education.

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

The community SUPPORTS the educational process.

Our efforts are guided by the following values and beliefs :

STUDENTS:

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

PARENTS:

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

EMPLOYEES:

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

COMMUNITY:

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

EDUCATION SYSTEM:

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

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SECTION 2

FINANCIAL

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Independent Auditor's Report

Board of Education
Davis School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davis School District (the District) as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davis School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Squire + Company, PC

Orem, Utah
November 2, 2018

Management's Discussion and Analysis

This section of Davis School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the transmittal letter found on pages 11 through 14 of this report and the District's financial statements, which follow this section.

Financial Highlights

- The District's total net position was \$172.4 million at the close of the most recent fiscal year, most of which is invested in capital assets.
- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 6.8% in 2018 to \$187.7 million as a result of an increase in the taxable value of property.
- During the year, expenses were \$27.5 million less than the \$645.7 million generated in taxes and other revenues for governmental activities.
- The District continued providing for its student growth by issuing \$69.4 million of new bonds. The \$69.4 million was issued from the authorization passed by voters in November 2015 in the amount of \$298.0 million. A new high school in West Farmington (cost of \$82.2 million) was nearing completion for the 2018-2019 school year. In addition, major remodels of Viewmont High School (cost of \$32.8 million), Woods Cross High School (cost of \$26.2 million) and Mueller Park Junior High school (cost of \$10.6 million) were nearing completion. A new junior high school in Layton (estimated cost of \$42.2 million) is in its second year of construction and is scheduled to open for the 2019-2020 school year.
- As directed by the District's School Board, the District has increased its fund balance commitment to economic stabilization in the *General Fund*. At June 30, 2018, the District has committed \$25.0 million of the *General Fund* fund balance to economic stabilization. At June 30, 2017, the District has \$21.0 million of unassigned fund balance in the *General Fund*.

Overview of the Financial Statements

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

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

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

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

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

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

- **Governmental activities.** Most of the District's basic services are included here, such as instruction, various supporting services and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities.** The District charges fees to students and customers and receives specific grants from various local, state, and federal agencies to help cover the costs of certain services it provides. The Pioneer Adult Rehabilitation Center is included here.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 38 to 42 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its enterprise fund and for the internal service fund. The basic proprietary fund financial statements can be found on pages 43 to 45 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 46 to 66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District’s progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 68 to 70 of this report.

Individual fund statements and schedules are presented immediately following the notes to the basic financial statements. Individual fund statements and schedules can be found on pages 72 to 87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$172.4 million at the close of the most recent fiscal year.

DAVIS SCHOOL DISTRICT'S Net Position
June 30, 2018 and 2017
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change 2018-2017
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 449.3	\$ 438.4	\$ 5.2	\$ 5.7	\$ 454.5	\$ 444.1	\$ 10.4
Capital assets	734.9	660.7	1.8	1.9	736.7	662.6	74.1
Total assets	1,184.2	1,099.1	7.0	7.6	1,191.2	1,106.7	84.5
Deferred outflows of resources	120.3	109.2	0.5	0.5	120.8	109.7	11.1
Current and other liabilities	96.4	92.4	-	0.1	96.4	92.5	3.9
Long-term liabilities outstanding	768.4	785.9	0.9	1.3	769.3	787.2	(17.9)
Total liabilities	864.8	878.3	0.9	1.4	865.7	879.7	(14.0)
Deferred inflows of resources	273.5	191.3	0.4	0.2	273.9	191.5	82.4
Net position:							
Net investment in capital assets	200.4	186.6	1.8	1.9	202.2	188.5	13.7
Restricted	58.7	62.0	-	-	58.7	62.0	(3.3)
Unrestricted	(92.9)	(109.9)	4.4	4.6	(88.5)	(105.3)	16.8
Total net position	\$ 166.2	\$ 138.7	\$ 6.2	\$ 6.5	\$ 172.4	\$ 145.2	\$ 27.2

The largest portion of the District’s net position (\$202.2 million) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- An additional portion of the District’s net position (\$58.7 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for school food services, debt service, and capital projects.
- The remaining net position (a deficit of \$88.5 million) is unrestricted. This balance includes the District’s proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems. The existence of an unrestricted net position deficit indicates the District’s overall

economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.

- Unrestricted net position increased by \$16.8 million during the current year. This net increase reflects an increase in resources available in the District's funds.
- Restricted net position decreased by \$3.3 million during the current year. This decrease resulted primarily from a decrease in unspent property tax revenues restricted for capital outlay.
- The District's total revenues increased 6.8% to \$654.4 million. Federal and state aid makes up 63.8% of the District's revenues; property taxes generate 28.7% of the District's revenues.
- The total cost of all programs and services increased by 6.3% to \$627.2 million. Instruction and support services make up 64.8% and 26.9%, respectively, of the District's expenses.

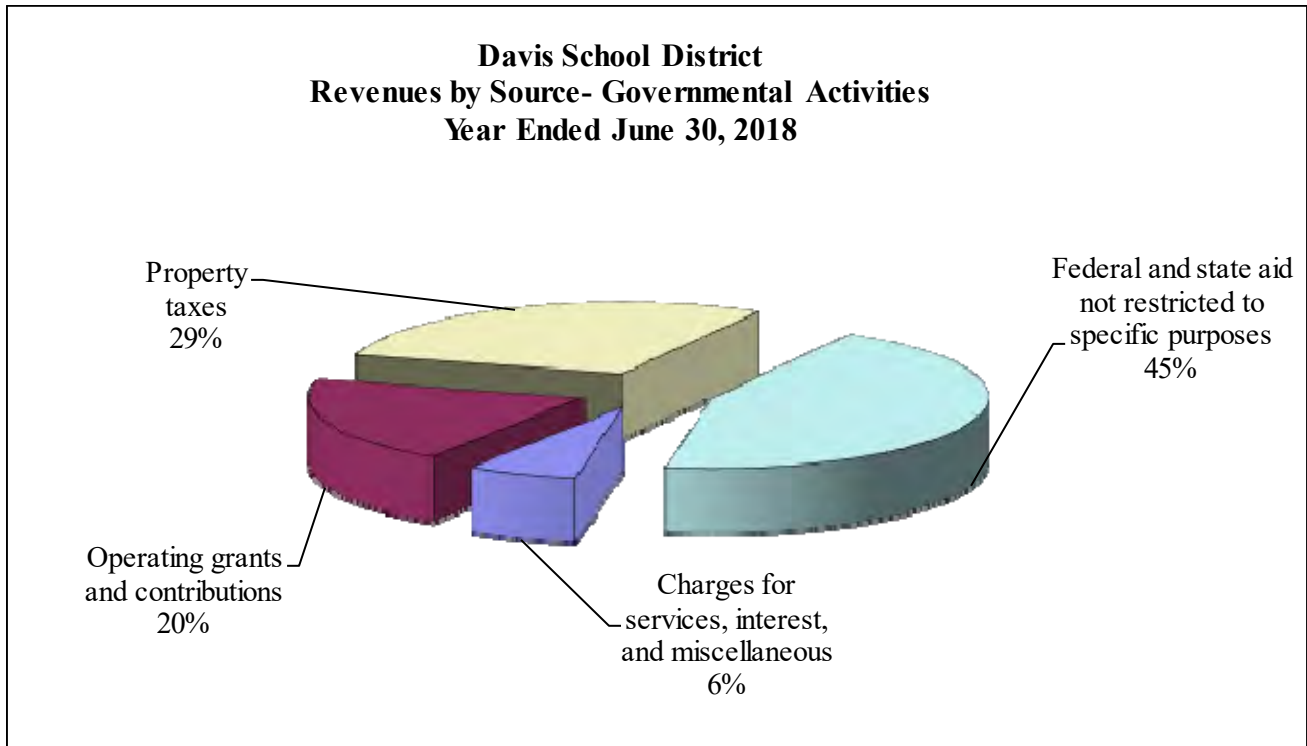
DAVIS SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2018 and 2017
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change 2018-2017
	2018	2017	2018	2017	2018	2017	
Revenues:							
Program revenues:							
Charges for services	\$ 15.0	\$ 14.8	\$ 7.6	\$ 7.5	\$ 22.6	\$ 22.3	\$ 0.3
Operating grants and contributions	128.9	123.8	1.0	0.9	129.9	124.7	5.2
General revenues:							
Property taxes	187.7	175.7	-	-	187.7	175.7	12.0
Federal and state aid not restricted to specific purposes	287.4	265.5	-	-	287.4	265.5	21.9
Interest	4.0	2.3	0.1	-	4.1	2.3	1.8
Miscellaneous	22.7	22.1	-	-	22.7	22.1	0.6
Total revenues	<u>645.7</u>	<u>604.2</u>	<u>8.7</u>	<u>8.4</u>	<u>654.4</u>	<u>612.6</u>	<u>41.8</u>
Expenses:							
Instruction	407.2	388.0	-	-	407.2	388.0	19.2
Support services:							
Student	17.6	16.3	-	-	17.6	16.3	1.3
Instructional staff	21.8	21.1	-	-	21.8	21.1	0.7
District administration	2.9	2.8	-	-	2.9	2.8	0.1
School administration	37.9	35.8	-	-	37.9	35.8	2.1
Business administration	17.6	16.0	-	-	17.6	16.0	1.6
Operation and maintenance of facilities	52.5	45.1	-	-	52.5	45.1	7.4
Student transportation	18.0	14.6	-	-	18.0	14.6	3.4
School food service	25.2	23.9	-	-	25.2	23.9	1.3
Interest on long-term liabilities	17.5	16.1	-	-	17.5	16.1	1.4
Pioneer Adult Rehab Center	-	-	9.0	10.1	9.0	10.1	(1.1)
Total expenses	<u>618.2</u>	<u>579.7</u>	<u>9.0</u>	<u>10.1</u>	<u>627.2</u>	<u>589.8</u>	<u>37.4</u>
Changes in net position	27.5	24.5	(0.3)	(1.7)	27.2	22.8	4.4
Net position, beginning	138.7	112.8	6.5	8.2	145.2	121.0	24.2
Net effect of prior period restatement	-	1.4	-	-	-	1.4	(1.4)
Net position, ending	<u>\$ 166.2</u>	<u>\$ 138.7</u>	<u>\$ 6.2</u>	<u>\$ 6.5</u>	<u>\$ 172.4</u>	<u>\$ 145.2</u>	<u>\$ 27.2</u>

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

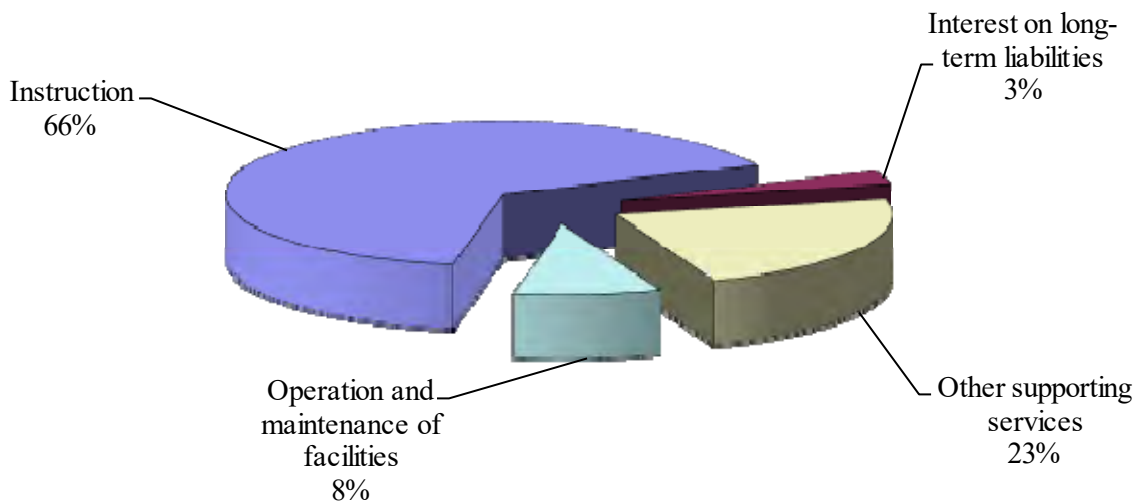
Governmental activities. The key elements of the increase in the District’s net position for the year ended June 30, 2018 are as follows:

- Revenues increased \$41.5 million or 6.9% and continue to be primarily from federal and state aid and property taxes.
- Federal and state aid not restricted to specific purposes increased by 8.3% or \$21.9 million. Total federal aid decreased 2.6% to \$44.9 million primarily due to spending levels. State aid is based primarily on weighted pupil units (WPU’s) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the amount generated by the WPU the state will make up the difference with state funding. The value of the WPU increased 4% from \$3,184 (2017) to \$3,311 (2018).
- Tax revenues increased to \$187.7 million or by 6.8%. This increase was a result of the combination of an increase in the taxable value of property and a decrease in the overall tax rate.



- Expenses for governmental activities increased \$38.5 million or by 6.6%. This increase was primarily the result of increased personnel expenditures for instruction as a result of the State WPU funding increase and capital spending for new schools.

**Davis School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2018**



Business-type activities. The \$0.3 million decrease in the District's net position for the year ended June 30, 2018 was a result of the operations of the Pioneer Adult Rehabilitation Center.

- Overall revenues increased \$0.3 million and expenses decreased \$1.1 million due to changes in contract agreements.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$162.7 million, \$15.5 million less than the previous year. This decrease was due primarily to increased expenditures in capital outlay for new schools. The *Debt Service Fund* and the *General Fund* had a \$2.5 million increase and a \$10.9 million increase in fund balance, respectively. In addition, the following changes in revenues and expenditures should be noted:

- Revenues for *General Fund* totaled \$511.9 million, an increase of 7.7%, during the current fiscal year. This increase is primarily due to increased revenues from the State of Utah. State revenues were up 8.8% from the prior year in the *General Fund* due to increases in state appropriations for enrollment growth. Revenues for debt service and capital projects were up 8.6% and down 4.3%, respectively. The increase in debt service was primarily a result of an increase in the taxable value of property. The decrease in capital projects revenue was a result of the State of Utah enacting a new charter school tax levy. In prior years, the District used capital revenues to satisfy this payment. For the year ending June 30, 2018, the District lowered its capital rate to offset the new charter school tax rate as required by the State Legislature.
- Expenditures for *General Fund* totaled \$501.0 million, an increase of 8.8% during the current fiscal year. Instruction represents 67.1% of *General Fund* expenditures. Capital project expenditures were up 26.4% due to the construction of a new high school in West Farmington and remodels of Viewmont and Woods Cross High Schools.

- *General Fund* salaries totaled \$298.0 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$140.8 million to arrive at 89.6% of total *General Fund* expenditures.

Governmental funds report the differences between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. Nonspendable fund balance represents items such as inventories which are not resources that can be readily converted to cash. Restricted fund balance includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. Committed balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Assigned balances in the *General Fund* and in other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. Unassigned balances in the *General Fund* are all other available net fund resources. At June 30, 2018, the District's combined governmental fund balance is \$162.7 million (\$7.1 million in nonspendable, \$76.2 million in restricted, \$41.3 million in committed, \$17.1 million in assigned, and \$21.0 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$4.2 million or 0.8% in total *General Fund* expenditures.

During the year, final budgeted revenues were more than original budgetary estimates by \$10.3 million or 2.1%. The increase primarily reflects higher equalization funding and higher than anticipated interest revenue growth.

In addition to these adjustments, the District maintained cost cutting measures to hold expenditures below the amended budget in order to build reserves for unanticipated future costs. Consequently, actual expenditures were \$3.0 million below final budgeted amounts (including budgeted fund balance increases). Additionally, revenues were \$7.7 million above final budgeted amounts. The final budget also anticipated an increase to fund balance of \$6.1 million where the original budget did not have a planned increase to fund balance.

Capital Asset and Debt Administration

Capital Assets. The *Capital Projects Fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District spent \$100.0 million for capital assets. Major projects include the construction of a new high school in West Farmington and major remodels of Woods Cross and Viewmont High Schools.

The District continues to experience moderate growth in total students and a shift in student population to the north and southwest section of the District. The District's 10th high school was completed and opened in the fall of 2018. Other major projects completed include remodels at Woods Cross High School and Viewmont High School, and a classroom addition at Mueller Park Junior High School. The District has also continued construction on a junior high school that will open in the fall of 2019.

Capital assets at June 30, 2018 and 2017 are outlined below:

DAVIS SCHOOL DISTRICT'S Capital Assets
June 30, 2018 and 2017
(net of accumulated depreciation in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change
	2018	2017	2018	2017	2018	2017	2018-2017
Land	\$ 55.9	\$ 56.4	\$ -	\$ -	\$ 55.9	\$ 56.4	\$ (0.5)
Construction in progress	172.2	79.5	-	-	172.2	79.5	92.7
Buildings and improvements	491.0	513.3	1.7	1.8	492.7	515.1	(22.4)
Furniture and equipment	4.0	3.6	0.1	0.1	4.1	3.7	0.4
Transportation equipment	11.8	8.0	-	-	11.8	8.0	3.8
Total capital assets	<u>\$ 734.9</u>	<u>\$ 660.8</u>	<u>\$ 1.8</u>	<u>\$ 1.9</u>	<u>\$ 736.7</u>	<u>\$ 662.7</u>	<u>\$ 74.0</u>

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

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

On March 15, 2018 the District issued \$69.4 million of this authorization for high school #10 in West Farmington and to continue remodels of Viewmont and Woods Cross High School. The District also completed a classroom addition at Mueller Park Junior High School and continued construction on junior high #17.

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2017 is \$1,453.3 million. General obligation debt, net of unamortized premiums, at June 30, 2018 is \$561.5 million, resulting in a legal debt margin of \$891.8 million.

DAVIS SCHOOL DISTRICT'S Outstanding Debt
June 30, 2018 and 2017
Net of Accumulated Amortization
(in millions of dollars)

	Governmental activities		Total Change
	2018	2017	2018-2017
Net general obligation bonds	<u>\$ 561.5</u>	<u>\$ 523.7</u>	<u>\$ 37.8</u>

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2038.

Additional information on the District's long-term debt can be found in Note 8 to the basic financial statements.

Changing Enrollment within the District

Student enrollment counts are officially taken on October 1 of each year. Student growth continues to be moderate as reflected in the October 2018 count. The District anticipated growth of approximately 800 students for the 2018-19 school year; however, actual growth was 300 students. Growth continues to be focused in the northwest section of the District. The chart below reflects the counts taken between October 1, 2014 and October 1, 2018 and shows total student growth of 3,693 students over the five-year period, a 5.3% increase.

DAVIS SCHOOL DISTRICT'S Student Enrollment

District fiscal year	2015	2016	2017	2018	2019	Total
October 1st enrollment	69,139	69,879	71,021	71,908	72,264	
Total enrollment change	568	740	1,142	887	356	3,693
Percentage change	0.8%	1.1%	1.6%	1.2%	0.5%	5.3%

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

Requests for Information

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

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DAVIS SCHOOL DISTRICT

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 243,148,234	\$ 4,503,528	\$ 247,651,762
Receivables:			
Property taxes	189,337,943	-	189,337,943
Other local	319,816	665,114	984,930
State of Utah	2,634,688	-	2,634,688
Federal government	6,778,695	-	6,778,695
Inventories	7,076,015	81,762	7,157,777
Capital assets:			
Land and construction in progress	228,115,333	-	228,115,333
Other capital assets, net of accumulated depreciation	506,804,637	1,773,438	508,578,075
Total assets	1,184,215,361	7,023,842	1,191,239,203
Deferred outflows of resources:			
Deferred charge on refunding	8,539,364	-	8,539,364
Related to pensions	111,827,841	474,552	112,302,393
Total deferred outflows of resources	120,367,205	474,552	120,841,757
Liabilities:			
Accounts payable	44,714,743	35,918	44,750,661
Accrued interest	1,277,321	-	1,277,321
Accrued salaries and benefits	46,661,930	-	46,661,930
Unearned revenue:			
Other local	7,001	-	7,001
State of Utah	3,672,842	-	3,672,842
Federal government	91,159	-	91,159
Noncurrent liabilities:			
Due or payable within one year	46,845,647	36,504	46,882,151
Due or payable after one year	721,520,968	846,705	722,367,673
Total liabilities	864,791,611	919,127	865,710,738
Deferred inflows of resources:			
Property taxes levied for future year	180,065,720	-	180,065,720
Related to pensions	93,484,187	396,709	93,880,896
Total deferred inflows of resources	273,549,907	396,709	273,946,616
Net position:			
Net investment in capital assets	200,404,850	1,773,438	202,178,288
Restricted for:			
Debt service	5,668,373	-	5,668,373
Capital projects	42,902,452	-	42,902,452
School food services	10,149,312	-	10,149,312
Unrestricted	(92,883,939)	4,409,120	(88,474,819)
Total net position	\$ 166,241,048	\$ 6,182,558	\$ 172,423,606

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

DAVIS SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2018

Activities/Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
Instruction	\$ 406,694,108	\$ 6,232,304	\$ 85,898,097	\$ (314,563,707)		\$ (314,563,707)
Supporting services:						
Students	17,614,204	-	5,377,148	(12,237,056)		(12,237,056)
Instructional staff	21,771,252	-	5,139,821	(16,631,431)		(16,631,431)
District administration	3,383,761	-	61,480	(3,322,281)		(3,322,281)
School administration	37,856,767	-	1,987,905	(35,868,862)		(35,868,862)
Central	17,615,021	-	2,787,549	(14,827,472)		(14,827,472)
Operation and maintenance of facilities	52,507,281	234,978	1,188,130	(51,084,173)		(51,084,173)
Student transportation	18,047,620	-	10,269,416	(7,778,204)		(7,778,204)
School food service	25,159,895	8,569,757	16,238,717	(351,421)		(351,421)
Interest on long-term liabilities	17,546,012	-	-	(17,546,012)		(17,546,012)
Total governmental activities	618,195,921	15,037,039	128,948,262	(474,210,620)		(474,210,620)
Business-type activities:						
Pioneer Adult Rehabilitation Center	9,069,798	7,567,108	1,025,397	-	\$ (477,293)	(477,293)
Total primary government	\$ 627,265,719	\$ 22,604,147	\$ 129,973,659	(474,210,620)	(477,293)	(474,687,913)
General revenues:						
Property taxes levied for:						
Basic				37,368,682	-	37,368,682
Voted local				25,196,458	-	25,196,458
Board local				44,214,689	-	44,214,689
Debt service				54,462,817	-	54,462,817
Capital outlay				16,722,138	-	16,722,138
Incremental taxes				9,763,113	-	9,763,113
Federal and state revenue not restricted to specific purposes				287,384,030	-	287,384,030
Earnings on investments				4,026,286	110,765	4,137,051
Miscellaneous				22,630,075	-	22,630,075
Total general revenues				501,768,288	110,765	501,879,053
Change in net position				27,557,668	(366,528)	27,191,140
Net position - beginning				138,683,380	6,549,086	145,232,466
Net position - ending				\$ 166,241,048	\$ 6,182,558	\$ 172,423,606

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

DAVIS SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2018

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 105,333,480	\$ 4,146,820	\$ 89,351,166	\$ 20,923,165	\$ 219,754,631
Receivables:					
Property taxes	103,291,768	59,843,164	15,459,074	10,743,937	189,337,943
Other local	293,814	-	-	26,002	319,816
State of Utah	1,616,995	-	-	1,017,693	2,634,688
Federal government	6,635,082	-	-	143,613	6,778,695
Inventories	5,651,863	-	-	1,424,152	7,076,015
Total assets	<u>\$ 222,823,002</u>	<u>\$ 63,989,984</u>	<u>\$ 104,810,240</u>	<u>\$ 34,278,562</u>	<u>\$ 425,901,788</u>
Liabilities:					
Accounts payable	\$ 1,401,455	\$ -	\$ 28,939,277	\$ 237,976	\$ 30,578,708
Accrued salaries and benefits	46,661,930	-	-	-	46,661,930
Unearned revenue:					
Other local	-	-	-	7,001	7,001
State of Utah	3,672,842	-	-	-	3,672,842
Federal government	91,159	-	-	-	91,159
Total liabilities	<u>51,827,386</u>	<u>-</u>	<u>28,939,277</u>	<u>244,977</u>	<u>81,011,640</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,207,556	615,770	189,447	123,517	2,136,290
Property taxes levied for future year	97,856,826	57,044,290	14,544,184	10,620,420	180,065,720
Total deferred inflows of resources	<u>99,064,382</u>	<u>57,660,060</u>	<u>14,733,631</u>	<u>10,743,937</u>	<u>182,202,010</u>
Fund balances:					
Nonspendable:					
Inventories	5,651,863	-	-	1,424,152	7,076,015
Restricted for:					
Debt service	-	6,329,924	-	-	6,329,924
Capital projects	-	-	61,137,332	-	61,137,332
School food services	-	-	-	8,725,160	8,725,160
Committed to:					
Workers compensation	500,000	-	-	-	500,000
Termination benefits	4,500,000	-	-	-	4,500,000
Schools	-	-	-	11,379,613	11,379,613
Economic stabilization	25,000,000	-	-	-	25,000,000
Assigned to:					
Foundation	-	-	-	1,760,723	1,760,723
Programs	5,500,000	-	-	-	5,500,000
Textbooks	2,000,000	-	-	-	2,000,000
Employee compensation	5,000,000	-	-	-	5,000,000
Schools	325,000	-	-	-	325,000
Medical insurance	2,500,000	-	-	-	2,500,000
Unassigned	20,954,371	-	-	-	20,954,371
Total fund balances	<u>71,931,234</u>	<u>6,329,924</u>	<u>61,137,332</u>	<u>23,289,648</u>	<u>162,688,138</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 222,823,002</u>	<u>\$ 63,989,984</u>	<u>\$ 104,810,240</u>	<u>\$ 34,278,562</u>	<u>\$ 425,901,788</u>

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

DAVIS SCHOOL DISTRICT

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

June 30, 2018

Total fund balances for governmental funds \$ 162,688,138

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$ 55,893,547	
Construction in progress	172,221,786	
Buildings and improvements, net of \$404,861,072 accumulated depreciation	491,050,293	
Furniture and equipment, net of \$16,386,621 accumulated depreciation	3,964,927	
Transportation equipment, net of \$21,224,174 accumulated depreciation	<u>11,789,417</u>	734,919,970

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 2,136,290

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (1,277,321)

An internal service fund is used by management to charge the costs of self insurance to individual funds and programs. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year-end is: 9,257,568

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds payable	(539,425,000)	
Deferred charge on refunding	8,539,364	
Unamortized premiums	(22,053,811)	
Accrued vacation	(5,567,443)	
Accrued sick leave	(3,114,681)	
Accrued personal leave	(1,459,007)	
Early retirement payable	(9,640,797)	
Net pension liability	(187,105,876)	
Deferred outflows of resources related to pensions	111,827,841	
Deferred inflows of resources related to pensions	<u>(93,484,187)</u>	<u>(741,483,597)</u>

Total net position - governmental activities \$ 166,241,048

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

DAVIS SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
 Year Ended June 30, 2018

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 106,792,006	\$ 54,456,534	\$ 16,754,023	\$ 9,639,596	\$ 187,642,159
Earnings on investments	2,137,243	-	1,579,089	309,954	4,026,286
Other local	9,246,187	-	466,335	20,302,500	30,015,022
School lunch sales	-	-	-	7,635,337	7,635,337
State of Utah	361,689,641	-	5,378,592	4,316,160	371,384,393
Federal government	32,042,146	983,196	-	11,922,557	44,947,899
Total revenues	<u>511,907,223</u>	<u>55,439,730</u>	<u>24,178,039</u>	<u>54,126,104</u>	<u>645,651,096</u>
Expenditures:					
Current:					
Instruction	336,237,490	-	-	28,843,911	365,081,401
Supporting services:					
Students	17,708,229	-	-	-	17,708,229
Instructional staff	22,001,747	-	-	-	22,001,747
District administration	2,711,466	-	-	-	2,711,466
School administration	37,375,321	-	-	-	37,375,321
Central	16,935,865	-	-	-	16,935,865
Operation and maintenance of facilities	51,134,507	-	-	-	51,134,507
Student transportation	16,928,910	-	-	-	16,928,910
School food service	-	-	-	24,951,399	24,951,399
Capital outlay	-	-	125,329,185	-	125,329,185
Debt service:					
Bond principal	-	34,530,000	-	-	34,530,000
Bond interest	-	18,360,825	-	-	18,360,825
Bond issuance costs	-	189,182	472,063	-	661,245
Fees and miscellaneous charges	-	7,501	-	-	7,501
Total expenditures	<u>501,033,535</u>	<u>53,087,508</u>	<u>125,801,248</u>	<u>53,795,310</u>	<u>733,717,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,873,688</u>	<u>2,352,222</u>	<u>(101,623,209)</u>	<u>330,794</u>	<u>(88,066,505)</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	69,375,000	-	69,375,000
General obligation bonds premium	-	-	2,521,000	-	2,521,000
Refunding bonds issued	-	36,805,000	-	-	36,805,000
Refunding bonds premium	-	3,592,355	-	-	3,592,355
Refunded bonds escrow payment	-	(40,208,173)	-	-	(40,208,173)
Proceeds from sale of capital assets	-	-	477,031	-	477,031
Total other financing sources (uses)	<u>-</u>	<u>189,182</u>	<u>72,373,031</u>	<u>-</u>	<u>72,562,213</u>
Net change in fund balances	<u>10,873,688</u>	<u>2,541,404</u>	<u>(29,250,178)</u>	<u>330,794</u>	<u>(15,504,292)</u>
Fund balances - beginning	<u>61,057,546</u>	<u>3,788,520</u>	<u>90,387,510</u>	<u>22,958,854</u>	<u>178,192,430</u>
Fund balances - ending	<u>\$ 71,931,234</u>	<u>\$ 6,329,924</u>	<u>\$ 61,137,332</u>	<u>\$ 23,289,648</u>	<u>\$ 162,688,138</u>

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2018

Net change in fund balances-total governmental funds \$ (15,504,292)

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

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

Capital outlays	\$ 100,043,599	
Gain on sale of capital assets	16,755	
Proceeds from sale of capital assets	(477,031)	
Depreciation expense	<u>(25,416,758)</u>	74,166,565

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

General obligation bond proceeds	(106,180,000)	
Bond premium	(6,113,355)	
Amortization of deferred amounts on refunding	(1,589,872)	
Amortization of bond premium	2,300,215	
Repayment of bond principal	34,530,000	
Refunded bonds escrow payment	40,208,173	
Interest expense - general obligation bonds	<u>111,971</u>	(36,732,868)

Property tax revenue is recognized when levied (claim to resources established) rather than when available. The portion not available soon enough to pay for the current period's expenditures is reported as deferred inflows of resources in the funds. 85,738

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

Accrued vacation	(432,067)	
Accrued sick and personal leave	(303,430)	
Early retirement payable	(736,974)	
Pension expense	<u>4,712,947</u>	3,240,476

An internal service fund is used by the District to charge the costs of health and dental insurance to individual funds. The assets and liabilities of this internal service fund are included with governmental activities in the statement of net position. The change in net position of this internal service fund is: 2,302,049

Change in net position of governmental activities \$ 27,557,668

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 102,143,277	\$ 105,840,300	\$ 106,792,006	\$ 951,706
Earnings on investments	765,000	2,372,100	2,137,243	(234,857)
Other local	8,209,200	9,377,300	9,246,187	(131,113)
State of Utah	352,516,423	354,771,700	361,689,641	6,917,941
Federal government	30,227,200	31,803,900	32,042,146	238,246
Total revenues	<u>493,861,100</u>	<u>504,165,300</u>	<u>511,907,223</u>	<u>7,741,923</u>
Expenditures:				
Current:				
Instruction	340,833,800	337,057,600	336,237,490	820,110
Supporting services:				
Students	17,684,700	17,766,500	17,708,229	58,271
Instructional staff	19,249,300	22,412,300	22,001,747	410,553
District administration	2,733,100	2,788,000	2,711,466	76,534
School administration	35,830,200	37,631,400	37,375,321	256,079
Central	18,063,600	16,754,300	16,935,865	(181,565)
Operation and maintenance of facilities	46,059,900	46,995,600	51,134,507	(4,138,907)
Student transportation	13,406,500	16,648,600	16,928,910	(280,310)
Total expenditures	<u>493,861,100</u>	<u>498,054,300</u>	<u>501,033,535</u>	<u>(2,979,235)</u>
Excess of revenues over expenditures / net change in fund balances	-	6,111,000	10,873,688	4,762,688
Fund balances - beginning	<u>61,057,546</u>	<u>61,057,546</u>	<u>61,057,546</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 61,057,546</u></u>	<u><u>\$ 67,168,546</u></u>	<u><u>\$ 71,931,234</u></u>	<u><u>\$ 4,762,688</u></u>

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

DAVIS SCHOOL DISTRICT
Statements of Fund Net Position
Proprietary Funds
June 30, 2018

	<u>Enterprise Fund Pioneer Adult Rehab Center</u>	<u>Governmental Activities- Internal Service Fund Self Insurance</u>
Assets:		
Current assets:		
Cash and investments	\$ 4,503,528	\$ 23,393,603
Receivables - other local	665,114	-
Inventories - supplies	81,762	-
Total current assets	<u>5,250,404</u>	<u>23,393,603</u>
Noncurrent assets:		
Capital assets:		
Buildings and improvements	3,660,322	-
Equipment	753,789	-
Accumulated depreciation	<u>(2,640,673)</u>	<u>-</u>
Net capital assets	<u>1,773,438</u>	<u>-</u>
Total assets	<u>7,023,842</u>	<u>23,393,603</u>
Deferred outflows of resources:		
Related to pensions	<u>474,552</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable	35,918	14,136,035
Compensation liability	36,504	-
Total current liabilities	<u>72,422</u>	<u>14,136,035</u>
Noncurrent liabilities:		
Compensation liability	52,703	-
Net pension liability	<u>794,002</u>	<u>-</u>
Total noncurrent liabilities	<u>846,705</u>	<u>-</u>
Total liabilities	<u>919,127</u>	<u>14,136,035</u>
Deferred inflows of resources:		
Related to pensions	<u>396,709</u>	<u>-</u>
Net position:		
Investment in capital assets	1,773,438	-
Unrestricted	<u>4,409,120</u>	<u>9,257,568</u>
Total net position	<u>\$ 6,182,558</u>	<u>\$ 9,257,568</u>

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2018

	Enterprise Fund Pioneer Adult Rehab Center	Governmental Activities- Internal Service Fund Self Insurance
Operating revenues:		
Charges for services	\$ 7,561,069	\$ 67,926,299
Other local	6,039	-
Total operating revenues	7,567,108	67,926,299
Operating expenses:		
Salaries and benefits	6,538,283	-
Depreciation	133,086	-
Indirect charges	329,383	-
Other	2,069,046	65,624,250
Total operating expenses	9,069,798	65,624,250
Operating income (loss)	(1,502,690)	2,302,049
Nonoperating income (expense):		
Earnings on investments	110,765	-
State of Utah	1,025,397	-
Total nonoperating income (expense)	1,136,162	-
Income (loss) / change in net position	(366,528)	2,302,049
Total net position - beginning	6,549,086	6,955,519
Total net position - ending	\$ 6,182,558	\$ 9,257,568

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

DAVIS SCHOOL DISTRICT

**Statements of Fund Cash Flows
Proprietary Funds
Year Ended June 30, 2018**

	Enterprise Fund Pioneer Adult Rehab Center	Governmental Activities- Internal Service Fund Self Insurance
Cash flows from operating activities:		
Receipts from interfund services provided	\$ -	\$ 68,108,631
Receipts from customers	7,587,625	-
Payments to suppliers	(2,456,844)	(64,363,886)
Payments to employees	(6,721,410)	-
Net cash provided (used) by operating activities	(1,590,629)	3,744,745
Cash flows from noncapital financing activities:		
Receipt of state subsidies	1,025,397	-
Cash flows from investing activities:		
Receipt of earnings on investments	110,765	-
Net change in cash and cash equivalents	(454,467)	3,744,745
Cash and cash equivalents - beginning	4,957,995	19,648,858
Cash and cash equivalents - ending (displayed as cash and investments on the statements of fund net position)	\$ 4,503,528	\$ 23,393,603
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,502,690)	\$ 2,302,049
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	133,086	-
Pension expense	(184,362)	-
Changes in operating assets and liabilities:		
Receivable - other local	20,517	182,332
Inventories - supplies	(16,479)	-
Accounts payable	(41,936)	1,260,364
Compensation liability	1,235	-
Total adjustments	(87,939)	1,442,696
Net cash provided (used) by operating activities	\$ (1,590,629)	\$ 3,744,745
Noncash investing, capital, and financing activities	none	none

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund’s principal services.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District reports the following major governmental funds:

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

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

Additionally, the District reports the *District Self Insurance Fund* (an internal service fund) which accounts for employee benefits provided to other funds of the District on a cost-reimbursement basis.

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the District’s patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2018, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Long-term obligations – In the government-wide financial statements and the *Self Insurance Fund*, long-term debt and other long-term obligations are reported in the applicable statement of net position. Bond premiums and discounts, as well as refunding costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of unamortized bond premiums or discounts.

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

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

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

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

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

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

Fund balance classifications are summarized as follows:

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2018, as shown on the financial statements, is as follows:

Carrying amount of deposits	\$ 25,124,169
Carrying amount of investments	<u>222,527,593</u>
Total cash and investments	<u><u>\$ 247,651,762</u></u>
Governmental funds cash and investments	\$ 219,754,631
Enterprise funds cash and investments	4,503,528
Internal service funds cash and investments	<u>23,393,603</u>
Total cash and investments	<u><u>\$ 247,651,762</u></u>

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

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

Rules of the Council allow the Davis School District Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

Deposits – At June 30, 2018, the District and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Davis School District	\$ 21,914,280	\$ 22,323,942	\$ 250,000
Davis School District Foundation	<u>3,209,889</u>	<u>3,209,889</u>	<u>-</u>
Total deposits	<u><u>\$ 25,124,169</u></u>	<u><u>\$ 25,533,831</u></u>	<u><u>\$ 250,000</u></u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2018, the uninsured amount of the District’s and Foundation’s pooled bank deposits was uncollateralized.

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

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

At June 30, 2018, the District has \$212,643,503 invested in the Utah Public Treasurers’ Investment Fund; the PTIF is not rated. The District has \$5,272,129 invested in government agencies rated AA+ and Aaa or higher by Standard & Poor’s and Moody’s Investors Service, Inc., respectively. The District also has \$4,596,507 invested in corporate bonds rated BBB+ and Baa1 or higher by Standard & Poor’s and Moody’s Investors Service, Inc., respectively. The Davis School District Foundation has \$15,454 invested in mutual funds that are unrated.

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Davis School District:			
Utah Public Treasurers' Investment Fund (PTIF)	\$ 212,643,503	\$ 212,643,503	\$ -
Government agencies	5,272,129	1,042,462	4,229,667
Corporate bonds	4,596,507	2,530,616	2,065,891
Total District	222,512,139	216,216,581	6,295,558
Davis School District Foundation:			
Mutual funds investing in:			
International stock	15,454	15,454	-
Total Foundation	15,454	15,454	-
Total investments	\$ 222,527,593	\$ 216,232,035	\$ 6,295,558

- Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers’ acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years. The District has no investment policy that would further limit its interest rate risk.

- **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody’s Investors Service or by Standard & Poor’s. The District has no investment policy that would further limit its investment choices.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District’s total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation’s investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation’s public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The Foundation’s investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

3. FAIR VALUE MEASUREMENTS

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

The District has the following recurring fair value measurements as of June 30, 2018:

- U.S. Treasury securities of \$5,272,129 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$4,596,507 are valued using a matrix pricing model (Level 2 inputs).
- Public Treasurers’ Investment Fund position of \$212,643,503 is valued at the District’s position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

The Foundation has the following recurring fair value measurements as of June 30, 2018:

- Mutual funds of \$15,454 are valued using quoted market prices (Level 1 inputs).

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. PROPERTY TAXES

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

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

As of June 30, 2018, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2017 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

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

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

During the year ended June 30, 2018, incremental taxes levied by the District for the redevelopment agencies totaling \$6,922,493 were recorded as revenue with an equivalent amount of expenditure for instruction in the other governmental funds (in the *Pass-Through Taxes Fund*).

Per *Utah Code 53F-2-703*, a portion of the District’s board local levy is paid to the statewide charter school levy account. The portion is based on the number of charter school students residing within the District’s boundaries. In 2018, the amount collected by the County and paid directly to the State was \$2,717,103; this amount was reported in the District’s *Pass-Through Taxes Fund*.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 56,353,822	\$ -	\$ (460,275)	\$ 55,893,547
Construction in progress	79,496,722	92,725,064	-	172,221,786
Total capital assets, not being depreciated	<u>135,850,544</u>	<u>92,725,064</u>	<u>(460,275)</u>	<u>228,115,333</u>
Capital assets, being depreciated:				
Buildings and improvements	895,911,365	-	-	895,911,365
Furniture and equipment	19,515,293	1,540,367	(704,112)	20,351,548
Transportation equipment	30,059,925	5,778,168	(2,824,502)	33,013,591
Total capital assets, being depreciated	<u>945,486,583</u>	<u>7,318,535</u>	<u>(3,528,614)</u>	<u>949,276,504</u>
Accumulated depreciation for:				
Buildings and improvements	(382,591,445)	(22,269,627)	-	(404,861,072)
Furniture and equipment	(15,886,203)	(1,204,530)	704,112	(16,386,621)
Transportation equipment	(22,106,074)	(1,942,601)	2,824,501	(21,224,174)
Total accumulated depreciation	<u>(420,583,722)</u>	<u>(25,416,758)</u>	<u>3,528,613</u>	<u>(442,471,867)</u>
Total capital assets, being depreciated, net	<u>524,902,861</u>	<u>(18,098,223)</u>	<u>(1)</u>	<u>506,804,637</u>
Governmental activity capital assets, net	<u>\$ 660,753,405</u>	<u>\$ 74,626,841</u>	<u>\$ (460,276)</u>	<u>\$ 734,919,970</u>
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,660,322	\$ -	\$ -	\$ 3,660,322
Furniture and equipment	753,789	-	-	753,789
Total capital assets, being depreciated	<u>4,414,111</u>	<u>-</u>	<u>-</u>	<u>4,414,111</u>
Accumulated depreciation for:				
Buildings and improvements	(1,926,039)	(95,128)	-	(2,021,167)
Furniture and equipment	(581,548)	(37,958)	-	(619,506)
Total accumulated depreciation	<u>(2,507,587)</u>	<u>(133,086)</u>	<u>-</u>	<u>(2,640,673)</u>
Business-type activity capital assets, net	<u>\$ 1,906,524</u>	<u>\$ (133,086)</u>	<u>\$ -</u>	<u>\$ 1,773,438</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

For the year ended June 30, 2018, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 19,681,653
Supporting services:	
Students	186,860
Instructional staff	100,433
District administration	36,028
School administration	1,070,087
Central	1,037,350
Operation and maintenance of facilities	1,805,021
Student transportation	1,238,247
School food services	<u>261,078</u>
Total depreciation expense, governmental activities	<u>\$ 25,416,758</u>
Business-type activities:	
Pioneer Adult Rehabilitation Center	<u>\$ 133,086</u>

The District is obligated at June 30, 2018 under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Farmington High #10 2015 Bond	\$ 82,198,111	\$ 81,567,386	\$ 630,725
VHS Renovation 2015 Bond	32,807,210	29,672,187	3,135,023
Woods Cross High Addition	26,220,785	25,416,556	804,229
Layton Jr High #17 2015 Bond	42,201,367	21,416,178	20,785,189
Mueller Park Addit 2015 Bond	10,633,543	9,934,565	698,978
C-5 Remodel 2016-17	520,587	139,188	381,399
Farmington Bus Shop	6,862,987	2,937,468	3,925,519
Mountain High Addition	11,694,597	644,597	11,050,000
W Bount Elem Re-Build 2015 Bond	939,759	173,059	766,700
Catering Kitchen	<u>320,678</u>	<u>320,602</u>	<u>76</u>
	<u>\$ 214,399,624</u>	<u>\$ 172,221,786</u>	<u>\$ 42,177,839</u>

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

6. RETIREMENT PLANS

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Defined Contribution Plans (individual account plans):

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

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

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

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

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

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

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

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

For the year ended June 30, 2018, District required contribution rates for the plans were as follows:

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	Defined Benefit Plans Rates			Totals
	District	Amortization	Paid by	
	Contribution	of UAAL *	District for Employee	
Tier 1 Noncontributory System	12.25%	9.94%	1.5%	23.69%
Tier 1 Contributory System	5.45%	12.25%	-	17.70%
Tier 2 Contributory System *	8.30%	9.94%	1.78%	20.02%
Tier 2 Defined Contribution Plan *	0.08%	9.94%	10.00%	20.02%

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

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

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

For the year ended June 30, 2018, District and employee contributions to the plans were as follows:

	District Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 45,159,337	\$ -
Tier 1 Contributory System	202,455	11,438
Tier 2 Contributory System	9,857,397	-
401(k) Plan	5,763,561	3,788,013
457 Plan and other individual plans	-	896,565

* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2018, the District reported a net pension liability of \$187,899,878 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 187,131,667
Tier 1 Contributory System	-	339,009
Tier 2 Contributory System	-	429,202
Total	\$ -	\$ 187,899,878

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The net pension liability (asset) were measured as of December 31, 2017 and the total pension liability was determined by an actuarial valuation as of January 1, 2017, rolled forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2017 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2017	Change
Tier 1 Noncontributory System	7.6525134%	0.1900927%
Tier 1 Contributory System	5.1517894%	-0.0530476%
Tier 2 Contributory System	4.8680402%	0.4777369%

For the year ended June 30, 2018, the District recognized pension expense of \$51,200,325 for the defined benefit pension plans and pension expense of \$5,763,561 for the defined contribution plans. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,069	\$ 11,241,652
Changes of assumptions	47,827,047	1,465,739
Net difference between projected and actual earnings on pension plan investments	31,794,560	80,373,896
Changes in proportion and differences between contributions and proportionate share of contributions	4,706,776	799,609
District contributions subsequent to the measurement date	27,957,942	-
Total	\$ 112,302,394	\$ 93,880,896

The \$27,957,942 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2017 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ 6,531,158
2020	11,340,021
2021	(10,328,765)
2022	(17,467,686)
2023	(91,258)
Thereafter	480,086

Actuarial assumptions – The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include a decrease in the earnings assumptions from 7.20% to 6.95%, a decrease in the inflation assumption from 2.60% to 2.50%, and increases in life expectancy for most groups based on a new post retirement mortality table using actual experience. Additional changes of assumptions include a decrease to the wage inflation assumption from 3.35% to 3.25% and a decrease to the payroll growth assumption from 3.1% to 3.0%.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.90%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Total	100.00%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was reduced to 6.95% from 7.20% from the prior measurement date.

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 408,587,600	\$ 187,131,667	\$ 2,039,076
Tier 1 Contributory System	4,467,738	339,009	(3,176,010)
Tier 2 Contributory System	5,053,644	429,202	(3,136,906)
Total	\$ 418,108,982	\$ 187,899,878	\$ (4,273,840)

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

Payables to the pension plans – At June 30, 2018, the District reported payables of \$12,953,150 for contributions to defined benefit pension plans and defined contribution plans.

7. RISK MANAGEMENT

The *Self Insurance Fund*, an internal service fund, was established to pay self-insurance claims for health and dental coverage provided to qualified District employees. The District carries commercial insurance, which covers claims in excess of \$200,000. The fund collects premiums, established by the District and plan administrator, from other District funds. The District has recorded an estimate of claims incurred but not reported (IBNR) of \$14,136,035 as of June 30, 2018. This liability is based on experience and information provided by the plan administrator. The following table shows a history of accrued claims payable for the years ended June 30, 2018 and 2017:

	2018	2017
Beginning accrued claim payable	\$ 12,875,671	\$ 10,931,867
Claims (including incurred but not reported)	65,624,250	63,653,391
Payment of claims and administrative costs	(64,363,886)	(61,709,587)
Ending accrued claims payable	\$ 14,136,035	\$ 12,875,671

Unemployment compensation is handled on a cost of benefits reimbursement basis with the state of Utah. The District is self-insured for worker’s compensation claims up to \$250,000 per incident which are processed by a third party administrator. During the year ended June 30, 2017, the District paid worker’s compensation claims in the amount of \$853,290. A co-insurance policy provides for individual worker’s compensation claims in excess of \$250,000. This District has not established a liability for either claims outstanding or for the claims incurred but not reported (IBNR) because management believes the amount would be immaterial to the financial statements.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 505,145,000	\$ 106,180,000	\$ (71,900,000)	\$ 539,425,000	\$ 36,755,000
Deferred amounts for issuance premium	18,544,501	6,113,355	(2,604,045)	22,053,811	-
Total bonds payable, net	523,689,501	112,293,355	(74,504,045)	561,478,811	36,755,000
Accrued vacation	5,135,376	3,930,203	(3,498,136)	5,567,443	3,792,453
Accrued sick leave	2,824,424	787,974	(497,717)	3,114,681	548,866
Accrued personal leave	1,445,834	882,615	(869,442)	1,459,007	877,363
Early retirement payable	8,903,823	5,929,670	(5,192,696)	9,640,797	4,871,965
Net pension liability	243,926,381	(960,165)	(55,860,340)	187,105,876	-
Total governmental activity long-term liabilities	<u>\$ 785,925,339</u>	<u>\$ 122,863,652</u>	<u>\$ (140,422,376)</u>	<u>\$ 768,366,615</u>	<u>\$ 46,845,647</u>
Business-type activities:					
Accrued vacation	\$ 71,956	\$ 71,375	\$ (68,611)	\$ 74,720	\$ 30,575
Accrued sick leave	14,919	4,240	(6,213)	12,946	5,298
Accrued personal leave	1,097	533	(89)	1,541	631
Net pension liability	1,266,238	(234,943)	(237,293)	794,002	-
Total business-type activity long-term liabilities	<u>\$ 1,354,210</u>	<u>\$ (158,795)</u>	<u>\$ (312,206)</u>	<u>\$ 883,209</u>	<u>\$ 36,504</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 36,755,000	\$ 19,635,007	\$ 56,390,007
2020	34,970,000	17,841,648	52,811,648
2021	33,770,000	16,665,990	50,435,990
2022	35,115,000	15,713,319	50,828,319
2023	30,135,000	14,396,700	44,531,700
2024-2028	168,845,000	52,407,053	221,252,053
2029-2033	131,495,000	23,565,725	155,060,725
2034-2038	68,340,000	5,814,575	74,154,575
Total	<u>\$ 539,425,000</u>	<u>\$ 166,040,017</u>	<u>\$ 705,465,017</u>

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General obligation school building bonds payable at June 30, 2018 with their outstanding balances are comprised of the following individual issues:

Bond Series 2010A - GO Bonds (BABs) original issue of \$68,500,000 with interest rates ranging from 1.0% to 5.75% (up to 35% interest rate subsidy)	\$ 56,640,000
Bond Series 2011A - GO Bonds - original issue of \$45,000,000 with interest rates ranging from 4.0% to 4.75%	5,185,000
Bond Series 2012 - GO Bonds - original issue of \$35,000,000 with interest rates ranging from 2.0% to 4.0%	35,000,000
Bond Series 2013A - GO Bond - original issue of \$20,000,000 with interest rates ranging from 2.0% to 4.0%	20,000,000
Bond Series 2013B - GO Refunding Bonds - original issue of \$20,550,000 with interest rates ranging from 3.0% to 4.25%	8,665,000
Bond Series 2014 - GO Bonds - original issue of \$25,000,000 with interest rates ranging from 2.25% to 5.0%	25,000,000
Bond Series 2015A - GO Bonds - original issue of \$40,000,000 with interest rates ranging from 2.0% to 5.0%	36,555,000
Bond Series 2015B - GO Refunding Bonds - original issue of \$67,025,000 with interest rates ranging from 2.0% to 5.0%	63,260,000
Bond Series 2015C - GO Refunding Bonds - original issue of \$53,010,000 with interest rate of 1.72%	37,240,000
Bond Series 2016 - GO Bonds - original issue of \$68,500,000 with interest rates ranging from 2.0% to 3.375%	67,025,000
Bond Series 2017 - GO Bonds - original issue of \$80,000,000 with interest rates ranging from 3.0% to 5.0%	78,675,000
Bond Series 2017B - GO Refunding Bonds - original issue of \$36,805,000 with interest rate of 2.0% to 5.0%	36,805,000
Bond Series 2018 - GO Bonds - original issue of \$69,375,000 with interest rates ranging from 3.0% to 5.0%	69,375,000
	\$ 539,425,000

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in Davis County. The legal debt limit at June 30, 2018 is \$1,453,295,530 with general obligation debt outstanding, net of issuance premiums, of \$561,478,811, resulting in a legal debt margin of \$891,816,719.

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

Bond issuance – In March 2018, the District issued \$69,375,000 of general obligation school building bonds. The bonds have interest rates ranging from 3.0% to 5.0% with a final maturity of June 2038.

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Advance refunding – On November 28, 2017, the District issued \$36,805,000 of general obligation refunding bonds with a premium of \$3,592,355. The bonds were issued with interest rates ranging from 2.0% to 5.0% and will mature June 2031. The District issued the bonds to advance refund \$37,370,000 of outstanding Series 2011A general obligation bonds. The District deposited the net proceeds along with other resources in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2011A general obligation bonds. As a result, that portion of the Series 2011A general obligation bonds is considered defeased, and the District has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 13 years by \$4,965,006. This resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$4,151,231.

Early retirement payable – The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah Retirement System benefits. Eligible retirees will receive a contribution of 16% of their annual salary per year, for up to three consecutive years, into a qualified 401(a) and/or 403(b) plan, or until they become eligible to receive unreduced social security benefits, whichever occurs first. Employees who retire under the incentive program will continue to be enrolled in group medical and dental programs until they become eligible for Medicare, or for 10 consecutive years following retirement, whichever comes first. Enrollment is contingent upon the retiree contributing the same premium as required of active employees for the first 3 years and the full premium for the following 7 years. For the years ended June 30, 2018 and 2017, the District’s direct payments to retirees were \$3,003,410 and \$2,944,696 and payments of insurance premiums on behalf of retirees were \$2,189,286 and \$2,106,387, respectively. Future retirement payments of employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide financial statements in the year of retirement. This liability is paid from the fund from which the employee retires.

9. LITIGATION AND LEGAL COMPLIANCE

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

All fund balances are positive at June 30, 2018. Total expenditures exceeded budget amount by \$2,979,235 of 0.6% for the *General Fund* for the year ended June 30, 2018.

10. GRANTS

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

Required Supplementary Information

DAVIS SCHOOL DISTRICT

**Schedules of the Proportionate Share of the Net Pension Liability (Asset) –
Utah Retirement Systems
Last Four Plan (Calendar) Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tier 1 Noncontributory System				
District's proportion of the net pension liability (asset)	7.6525134%	7.4624207%	7.3414109%	7.4134528%
District's proportion share of the net pension liability (asset)	\$ 187,131,668	\$ 241,850,854	\$ 230,614,740	\$ 186,265,127
District's covered payroll	\$ 205,549,266	\$ 204,451,285	\$ 201,027,809	\$ 207,180,521
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	91.0%	118.3%	114.7%	89.9%
Plan fiduciary net position as a percentage of the total pension liability	89.2%	84.9%	84.5%	87.2%
Tier 1 Contributory System				
District's proportion of the net pension liability (asset)	5.1517894%	5.2048370%	5.4310774%	5.2473969%
District's proportion share of the net pension liability (asset)	\$ 339,009	\$ 2,852,030	\$ 3,403,396	\$ 575,369
District's covered payroll	\$ 1,172,178	\$ 1,395,246	\$ 1,720,443	\$ 1,924,123
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.9%	204.4%	197.8%	29.9%
Plan fiduciary net position as a percentage of the total pension liability	99.2%	93.4%	92.4%	98.7%
Tier 2 Contributory System				
District's proportion of the net pension liability (asset)	4.8680402%	4.3903033%	4.0722871%	4.0284960%
District's proportion share of the net pension liability (asset)	\$ 429,202	\$ 489,735	\$ (8,890)	\$ (122,081)
District's covered payroll	\$ 47,803,221	\$ 36,003,896	\$ 26,295,729	\$ 19,714,988
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.9%	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	97.4%	95.1%	100.2%	103.5%

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

DAVIS SCHOOL DISTRICT

**Schedules of District Contributions –
Utah Retirement Systems
Last Four Reporting Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tier 1 Noncontributory System				
Contractually required contribution	\$ 45,159,337	\$ 44,408,786	\$ 44,466,708	\$ 43,924,810
Contributions in relation to the contractually required contribution	<u>(45,159,337)</u>	<u>(44,408,786)</u>	<u>(44,466,708)</u>	<u>(43,924,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	205,977,635	202,863,727	\$ 203,305,674	\$ 203,539,652
Contributions as a percentage of covered payroll	21.9%	21.9%	21.9%	21.6%
Tier 1 Contributory System				
Contractually required contribution	\$ 202,455	\$ 216,832	\$ 279,041	\$ 323,810
Contributions in relation to the contractually required contribution	<u>(202,455)</u>	<u>(216,832)</u>	<u>(279,041)</u>	<u>(323,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,143,812	\$ 1,225,041	\$ 1,576,505	\$ 1,858,776
Contributions as a percentage of covered payroll	17.7%	17.7%	17.7%	17.4%
Tier 2 Contributory System				
Contractually required contribution	\$ 10,747,735	\$ 8,182,874	\$ 6,160,316	\$ 4,551,043
Contributions in relation to the contractually required contribution	<u>(10,747,735)</u>	<u>(8,182,874)</u>	<u>(6,160,316)</u>	<u>(4,551,043)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 62,425,275	\$ 47,831,200	\$ 36,010,273	\$ 26,761,238
Contributions as a percentage of covered payroll	17.2%	17.1%	17.1%	17.0%

* These schedules only present information for the District's 2015 and subsequent reporting periods; prior-year information is not available.

DAVIS SCHOOL DISTRICT
Notes to Required Supplementary Information

A. CHANGES IN ASSUMPTIONS-UTAH RETIREMENT SYSTEMS

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

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

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

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation rate was decreased from 2.75% to 2.60%.
- With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

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

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

B. SCHEDULES OF DISTRICT CONTRIBUTIONS-UTAH RETIREMENT SYSTEMS

Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

Individual Fund Statements and Schedules

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for the resources used in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment for the education programs for all students within the District. Financing is provided by an annual property tax levy not to exceed 0.0024 as authorized by Utah Code 53 A-16-107. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

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

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

Pass-Through Taxes Fund – The Pass-Through Taxes Fund is used to account for property taxes levied by the District, but remitted directly to charter schools and redevelopment agencies located within the boundaries of the District. Charter school taxes are levied as mandated by Utah Code 53 A-1 and incremental taxes are levied as authorized by Utah Code 17C-1. Pass-through taxes are recorded as revenue with an equivalent amount of expenditure representing the fact that these amounts are forwarded directly to the charter schools and redevelopment agencies by the County, and used at those entities' discretion.

District Foundation Fund - The District Foundation fund is used to account for financial resources collected and spent by the District's 501(c)(3) foundation. Revenues are generated through donations from community members and businesses are used to augment the educational needs of teachers and students of the District.

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets

General Fund

June 30, 2018

With Comparative Totals for 2017

	2018	2017
Assets:		
Cash and investments	\$ 105,333,480	\$ 95,404,811
Receivables:		
Property taxes	103,291,768	92,588,484
Other local	293,814	243,685
State of Utah	1,616,995	2,266,297
Federal government	6,635,082	8,724,768
Inventories	5,651,863	5,568,408
Total assets	<u>\$ 222,823,002</u>	<u>\$ 204,796,453</u>
Liabilities:		
Accounts payable	\$ 1,401,455	\$ 1,318,241
Accrued salaries and benefits	46,661,930	44,373,102
Unearned revenue:		
State of Utah	3,672,842	6,546,532
Federal government	91,159	-
Total liabilities	<u>51,736,227</u>	<u>52,237,875</u>
Deferred inflows of resources:		
Unavailable property tax revenue	1,207,556	1,219,733
Property taxes levied for future year	97,856,826	90,281,299
Total deferred inflows of resources	<u>99,064,382</u>	<u>91,501,032</u>
Fund balances:		
Nonspendable:		
Inventories	5,651,863	5,568,408
Committed to:		
Workers compensation	500,000	500,000
Termination benefits	4,500,000	4,500,000
Economic stabilization	25,000,000	23,000,000
Assigned to:		
Programs	5,500,000	2,742,000
Textbooks	2,000,000	2,000,000
Employee compensation	5,000,000	4,000,000
Schools	325,000	300,000
Medical insurance	2,500,000	2,500,000
Unassigned	20,954,371	15,947,138
Total fund balances	<u>71,931,234</u>	<u>61,057,546</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 222,731,843</u>	<u>\$ 204,796,453</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 105,840,300	\$ 106,792,006	\$ 951,706	\$ 100,154,506
Earnings on investments	2,372,100	2,137,243	(234,857)	1,670,298
Other local	9,377,300	9,246,187	(131,113)	8,584,633
State of Utah	354,771,700	361,689,641	6,917,941	332,463,144
Federal government	31,803,900	32,042,146	238,246	32,582,867
Total revenues	<u>504,165,300</u>	<u>511,907,223</u>	<u>7,741,923</u>	<u>475,455,448</u>
Expenditures:				
Current:				
Instruction	337,057,600	336,237,490	820,110	314,917,995
Supporting services:				
Students	17,766,500	17,708,229	58,271	16,015,062
Instructional staff	22,412,300	22,001,747	410,553	20,886,518
District administration	2,788,000	2,711,466	76,534	2,772,126
School administration	37,631,400	37,375,321	256,079	34,455,761
Central	16,754,300	16,935,865	(181,565)	15,079,440
Operation and maintenance of facilities	46,995,600	51,134,507	(4,138,907)	43,193,068
Student transportation	16,648,600	16,928,910	(280,310)	13,142,063
Total expenditures	<u>498,054,300</u>	<u>501,033,535</u>	<u>(2,979,235)</u>	<u>460,462,033</u>
Excess of revenues over expenditures / net change in fund balances	6,111,000	10,873,688	4,762,688	14,993,415
Fund balances - beginning	<u>61,057,546</u>	<u>61,057,546</u>	-	<u>46,064,131</u>
Fund balances - ending	<u>\$ 67,168,546</u>	<u>\$ 71,931,234</u>	<u>\$ 4,762,688</u>	<u>\$ 61,057,546</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
Debt Service Fund

June 30, 2018

With Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 4,146,820	\$ 3,218,252
Receivables - property taxes	<u>59,843,164</u>	<u>47,216,971</u>
Total assets	<u>\$ 63,989,984</u>	<u>\$ 50,435,223</u>
Deferred inflows of resources:		
Unavailable property tax revenue	\$ 615,770	\$ 609,487
Property taxes levied for future year	<u>57,044,290</u>	<u>46,037,216</u>
Total deferred inflows of resources	<u>57,660,060</u>	<u>46,646,703</u>
Fund balances:		
Restricted for:		
Debt service	<u>6,329,924</u>	<u>3,788,520</u>
Total deferred inflows of resources and fund balances	<u>\$ 63,989,984</u>	<u>\$ 50,435,223</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 51,214,700	\$ 54,456,534	\$ 3,241,834	\$ 50,046,169
Federal interest subsidy	1,027,390	983,196	(44,194)	1,026,288
Total revenues	52,242,090	55,439,730	3,197,640	51,072,457
Expenditures:				
Debt service:				
Bond principal	34,530,000	34,530,000	-	34,865,000
Bond interest	19,181,686	18,360,825	820,861	16,660,115
Bond issuance costs	-	189,182	(189,182)	-
Fees and miscellaneous charges	250,114	7,501	242,613	8,400
Total expenditures	53,961,800	53,087,508	874,292	51,533,515
Excess (deficiency) of revenues over (under) expenditures	(1,719,710)	2,352,222	4,071,932	(461,058)
Other Financing Sources (Uses):				
Refunding bonds issued	-	36,805,000	(36,805,000)	-
Refunding bonds premium	-	3,592,355	(3,592,355)	-
Refunding bonds escrow payment	-	(40,208,173)	40,208,173	-
Total other financing sources (uses)	-	189,182	(189,182)	-
Net change in fund balances	(1,719,710)	2,541,404	3,882,750	(461,058)
Fund balances - beginning	3,788,520	3,788,520	-	4,249,578
Fund balances - ending	\$ 2,068,810	\$ 6,329,924	\$ 3,882,750	\$ 3,788,520

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
Capital Projects Fund

June 30, 2018

With Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 89,351,166	\$ 115,693,021
Receivables:		
Property taxes	15,459,074	14,645,964
Other local	-	20,507
Total assets	<u>\$ 104,810,240</u>	<u>\$ 130,359,492</u>
Liabilities:		
Accounts payable	<u>\$ 28,939,277</u>	<u>\$ 25,586,902</u>
Deferred inflows of resources:		
Unavailable property tax revenue	189,447	221,332
Property taxes levied for future year	<u>14,544,184</u>	<u>14,163,748</u>
Total deferred inflows of resources	<u>14,733,631</u>	<u>14,385,080</u>
Fund balances:		
Restricted for:		
Capital projects	<u>61,137,332</u>	<u>90,387,510</u>
Total fund balances	<u>61,137,332</u>	<u>90,387,510</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 104,810,240</u>	<u>\$ 130,359,492</u>

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2018

With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 15,200,000	\$ 16,754,023	\$ 1,554,023	\$ 18,174,116
Earnings on investments	1,100,000	1,579,089	479,089	440,265
Other local	175,800	466,335	290,535	440,842
State of Utah	5,105,031	5,378,592	273,561	6,197,356
Total revenues	<u>21,580,831</u>	<u>24,178,039</u>	<u>2,597,208</u>	<u>25,252,579</u>
Expenditures:				
Capital outlay:				
Buildings and improvements	130,392,200	119,753,812	10,638,388	82,712,462
Equipment	20,890,200	3,605,413	17,284,787	13,469,352
Other	2,671,500	1,969,960	701,540	2,979,351
Debt service:				
Bond issuance costs	-	472,063	(472,063)	395,200
Total expenditures	<u>153,953,900</u>	<u>125,801,248</u>	<u>28,152,652</u>	<u>99,556,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,373,069)</u>	<u>(101,623,209)</u>	<u>30,749,860</u>	<u>(74,303,786)</u>
Other financing sources:				
General obligation bonds issued	69,375,000	69,375,000	-	80,000,000
General obligation bonds premium	2,521,000	2,521,000	-	4,990,408
Proceeds from sale of capital assets	477,069	477,031	(38)	498,049
Total other financing sources	<u>72,373,069</u>	<u>72,373,031</u>	<u>(38)</u>	<u>85,488,457</u>
Net change in fund balances	<u>(60,000,000)</u>	<u>(29,250,178)</u>	<u>30,749,822</u>	<u>11,184,671</u>
Fund balances - beginning	<u>90,387,510</u>	<u>90,387,510</u>	<u>-</u>	<u>79,202,839</u>
Fund balances - ending	<u>\$ 30,387,510</u>	<u>\$ 61,137,332</u>	<u>\$ 30,749,822</u>	<u>\$ 90,387,510</u>

DAVIS SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2018

With Comparative Totals for 2017

	Special Revenue				Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	District Foundation Fund	Pass-Through Taxes Fund	
Assets:					
Cash and investments	\$ 7,628,742	\$ 11,507,050	\$ 1,787,373	\$ -	\$ 20,923,165
Receivables:					
Property taxes	-	-	-	10,743,937	10,743,937
Other local	26,002	-	-	-	26,002
State of Utah	1,017,693	-	-	-	1,017,693
Federal government	143,613	-	-	-	143,613
Inventories	1,424,152	-	-	-	1,424,152
Total assets	<u>\$ 10,240,202</u>	<u>\$ 11,507,050</u>	<u>\$ 1,787,373</u>	<u>\$ 10,743,937</u>	<u>\$ 34,278,562</u>
Liabilities:					
Accounts payable	\$ 90,890	\$ 120,436	\$ 26,650	\$ -	\$ 237,976
Unearned revenue - other local	-	7,001	-	-	7,001
Total liabilities	<u>90,890</u>	<u>127,437</u>	<u>26,650</u>	<u>-</u>	<u>244,977</u>
Deferred inflows of resources:					
Unavailable property tax revenue	-	-	-	123,517	123,517
Property taxes levied for future year	-	-	-	10,620,420	10,620,420
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,743,937</u>	<u>10,743,937</u>
Fund balances:					
Nonspendable:					
Inventories	1,424,152	-	-	-	1,424,152
Restricted for:					
School food services	8,725,160	-	-	-	8,725,160
Committed to:					
Schools	-	11,379,613	-	-	11,379,613
Assigned to:					
Foundation	-	-	1,760,723	-	1,760,723
Total fund balances	<u>10,149,312</u>	<u>11,379,613</u>	<u>1,760,723</u>	<u>-</u>	<u>23,289,648</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,240,202</u>	<u>\$ 11,507,050</u>	<u>\$ 1,787,373</u>	<u>\$ 10,743,937</u>	<u>\$ 34,278,562</u>

DAVIS SCHOOL DISTRICT

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018**

	Special Revenue			Pass-Through Taxes Fund	Total Nonmajor Governmental Funds
	School Food Services	Student Activities Fund	District Foundation Fund		
Revenues:					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 9,639,596	\$ 9,639,596
Earnings on investments	-	292,840	17,114	-	309,954
School lunch sales	7,635,337	-	-	-	7,635,337
Student fees	-	14,323,223	-	-	14,323,223
Other local	934,420	3,094,656	1,950,201	-	5,979,277
State of Utah	4,316,160	-	-	-	4,316,160
Federal government	11,922,557	-	-	-	11,922,557
Total revenues	24,808,474	17,710,719	1,967,315	9,639,596	54,126,104
Expenditures:					
Current:					
Food	13,361,901	-	-	-	13,361,901
Salaries and benefits	9,620,853	1,463,820	-	-	11,084,673
Indirect charges	635,000	-	-	-	635,000
Purchased services	-	2,264,214	8,224	-	2,272,438
Grants and awards	-	-	1,431,641	-	1,431,641
Supplies and equipment	-	13,565,843	470,573	-	14,036,416
Other	1,333,645	-	-	9,639,596	10,973,241
Total expenditures	24,951,399	17,293,877	1,910,438	9,639,596	53,795,310
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(142,925)	416,842	56,877	-	330,794
Fund balances - beginning	10,292,237	10,962,771	1,703,846	-	22,958,854
Fund balances - ending	\$ 10,149,312	\$ 11,379,613	\$ 1,760,723	\$ -	\$ 23,289,648

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
School Food Services Fund
Nonmajor Special Revenue Fund

June 30, 2018

With Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 7,628,742	\$ 6,786,317
Receivables:		
Other local	26,002	26,002
State of Utah	1,017,693	1,846,187
Federal government	143,613	171,335
Inventories	1,424,152	1,591,777
Total assets	<u>\$ 10,240,202</u>	<u>\$ 10,421,618</u>
Liabilities:		
Accounts payable	<u>\$ 90,890</u>	<u>\$ 129,381</u>
Fund balances:		
Nonspendable:		
Inventories	1,424,152	1,591,777
Restricted for:		
School food services	<u>8,725,160</u>	<u>8,700,460</u>
Total fund balances	<u>10,149,312</u>	<u>10,292,237</u>
Total liabilities and fund balances	<u>\$ 10,240,202</u>	<u>\$ 10,421,618</u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Food Services Fund
Nonmajor Special Revenue Fund
 Year Ended June 30, 2018
 With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
School lunch sales	\$ 7,602,400	\$ 7,635,337	\$ 32,937	\$ 7,646,736
Other local	901,700	934,420	32,720	866,681
State of Utah	5,426,200	4,316,160	(1,110,040)	4,420,356
Federal sources:				
Federal government	9,615,700	9,588,236	(27,464)	9,887,749
Contributed food commodities	2,500,000	2,334,321	(165,679)	2,643,172
Total revenues	<u>26,046,000</u>	<u>24,808,474</u>	<u>(1,237,526)</u>	<u>25,464,694</u>
Expenditures:				
Current:				
Food	14,158,500	13,361,901	796,599	11,989,741
Salaries and benefits	10,386,900	9,620,853	766,047	9,576,740
Indirect charges	605,700	635,000	(29,300)	732,883
Other	894,900	1,333,645	(438,745)	1,297,514
Total expenditures	<u>26,046,000</u>	<u>24,951,399</u>	<u>1,094,601</u>	<u>23,596,878</u>
Excess (deficiency) revenues over (under) expenditures / net change in fund balances	-	(142,925)	(142,925)	1,867,816
Fund balances - beginning	<u>10,292,237</u>	<u>10,292,237</u>	<u>-</u>	<u>8,424,421</u>
Fund balances - ending	<u>\$ 10,292,237</u>	<u>\$ 10,149,312</u>	<u>\$ (142,925)</u>	<u>\$ 10,292,237</u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Student Activities Fund
Nonmajor Special Revenue Fund
 Year Ended June 30, 2018
 With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ 300,000	\$ 292,840	\$ (7,160)	\$ 222,720
Student fees	16,020,300	14,323,223	(1,697,077)	14,112,880
Other local	2,800,000	3,094,656	294,656	2,860,932
Total revenues	<u>19,120,300</u>	<u>17,710,719</u>	<u>(1,409,581)</u>	<u>17,196,532</u>
Expenditures:				
Current:				
Salaries and benefits	1,461,300	1,463,820	(2,520)	1,272,295
Purchased services	2,280,800	2,264,214	16,586	2,138,216
Supplies and equipment	15,378,200	13,565,843	1,812,357	13,325,730
Total expenditures	<u>19,120,300</u>	<u>17,293,877</u>	<u>1,826,423</u>	<u>16,736,241</u>
Excess of revenues over expenditures / net change in fund balances	-	416,842	416,842	460,291
Fund balances - beginning	<u>10,962,771</u>	<u>10,962,771</u>	-	<u>10,502,480</u>
Fund balances - ending	<u>\$ 10,962,771</u>	<u>\$ 11,379,613</u>	<u>\$ 416,842</u>	<u>\$ 10,962,771</u>

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets
District Foundation Fund
Nonmajor Special Revenue Fund

June 30, 2018

With Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 1,787,373	\$ 1,721,019
	<u> </u>	<u> </u>
Liabilities:		
Accounts payable	\$ 26,650	\$ 17,173
	<u> </u>	<u> </u>
Fund balances:		
Assigned to:		
Foundation	1,760,723	1,703,846
	<u> </u>	<u> </u>
Total fund balances	1,760,723	1,703,846
	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 1,787,373	\$ 1,721,019
	<u> </u>	<u> </u>

DAVIS SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
District Foundation Fund
Nonmajor Special Revenue Fund
 Year Ended June 30, 2018
 With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ 16,400	\$ 17,114	\$ 714	\$ 10,700
Other local	2,072,100	1,950,201	(121,899)	1,928,100
Total revenues	<u>2,088,500</u>	<u>1,967,315</u>	<u>(121,185)</u>	<u>1,938,800</u>
Expenditures:				
Current:				
Purchased services	10,700	8,224	2,476	33,200
Grants and awards	1,577,400	1,431,641	145,759	1,085,700
Supplies and equipment	500,400	470,573	29,827	819,900
Total expenditures	<u>2,088,500</u>	<u>1,910,438</u>	<u>178,062</u>	<u>1,938,800</u>
Excess of revenues over expenditures / net change in fund balances	-	56,877	56,877	-
Fund balances - beginning	<u>1,703,846</u>	<u>1,703,846</u>	<u>-</u>	<u>1,703,846</u>
Fund balances - ending	<u>\$ 1,703,846</u>	<u>\$ 1,760,723</u>	<u>\$ 56,877</u>	<u>\$ 1,703,846</u>

DAVIS SCHOOL DISTRICT

Balance Sheet
Pass-Through Taxes Fund
Nonmajor Special Revenue Fund

June 30, 2018

With Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Receivables - property taxes	<u>\$ 10,743,937</u>	<u>\$ 9,706,279</u>
Deferred inflows of resources:		
Unavailable property tax revenue	\$ 123,517	\$ -
Property taxes levied for future year	<u>10,620,420</u>	<u>9,706,279</u>
Total deferred inflows of resources	10,743,937	9,706,279
Fund balances	<u>-</u>	<u>-</u>
Total deferred inflows of resources and fund balances	<u>\$ 10,743,937</u>	<u>\$ 9,706,279</u>

DAVIS SCHOOL DISTRICT

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

Pass-Through Taxes Fund
Nonmajor Special Revenue Fund

Year Ended June 30, 2018

With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 12,000,000	\$ 9,639,596	\$ (2,360,404)	\$ 7,471,295
Expenditures:				
Current:				
Other	12,000,000	9,639,596	2,360,404	7,471,295
Excess of revenues over expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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SECTION 3

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	92-95
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	96-99
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	100-104
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	105-108
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	109-115

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

DAVIS SCHOOL DISTRICT

**Net Position by Component
Last Ten Fiscal Years
June 30, 2009 to 2018
(accrual basis of accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 200,404,850	\$ 186,641,372	\$ 185,028,083	\$ 178,471,364	\$ 175,357,204	\$ 173,328,822	\$ 173,064,860	\$ 174,860,195	\$ 162,525,261	\$ 172,706,765
Restricted	58,720,137	61,927,219	51,683,936	44,438,605	36,478,004	30,448,647	30,840,222	29,696,408	37,552,880	19,656,001
Unrestricted	(92,883,939)	(109,885,211)	(130,113,889)	(140,185,908)	28,901,864	22,970,027	17,903,393	11,562,746	5,341,079	4,390,406
Total governmental activities net position	166,241,048	138,683,380	106,598,130	82,724,061	240,737,072	226,747,496	221,808,475	216,119,349	205,419,220	196,753,172
Business-type activities:										
Net investment in capital assets	1,773,438	1,906,524	1,922,205	1,947,186	2,050,570	2,170,471	2,306,453	2,471,868	8,601,952	9,050,435
Unrestricted	4,409,120	4,642,562	7,124,464	7,560,585	6,079,698	5,075,095	4,306,150	3,496,327	5,303,161	4,668,112
Total business-type activities net position	6,182,558	6,549,086	9,046,669	9,507,771	8,130,268	7,245,566	6,612,603	5,968,195	13,905,113	13,718,547
Primary government:										
Net investment in capital assets	202,178,288	188,547,896	186,950,288	180,418,550	177,407,774	175,499,293	175,371,313	177,332,063	171,127,213	181,757,200
Restricted	58,720,137	61,927,219	51,683,936	44,438,605	36,478,004	30,448,647	30,840,222	29,696,408	37,552,880	19,656,001
Unrestricted	(88,474,819)	(105,242,649)	(122,989,425)	(132,625,323)	34,981,562	28,045,122	22,209,543	15,059,073	10,644,240	9,058,518
Total primary government net position	\$ 172,423,606	\$ 145,232,466	\$ 115,644,799	\$ 92,231,832	\$ 248,867,340	\$ 233,993,062	\$ 228,421,078	\$ 222,087,544	\$ 219,324,333	\$ 210,471,719

Note: Beginning in FY2015, the District implemented GASB Statements 68 and 71, recording its proportional share of net pension liabilities.

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

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

DAVIS SCHOOL DISTRICT
Expenses, Program Revenue, and Net (Expense) Revenue
Last Ten Fiscal Years
Years Ended June 30, 2009 to 2018
(accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
Instruction	\$ 406,694,108	\$ 387,976,967	\$ 366,385,053	\$ 326,865,284	\$ 323,996,904	\$ 323,996,042	\$ 321,957,585	\$ 312,117,909	\$ 310,189,021	\$ 316,419,648
Supporting services:										
Student	17,614,204	16,319,254	15,761,163	14,178,453	14,871,912	14,908,145	14,678,910	14,411,550	14,938,346	14,480,533
Instructional staff	21,771,252	21,131,799	20,349,554	17,728,205	17,902,356	17,103,095	16,766,753	17,203,966	17,540,865	18,784,230
District administration	3,383,761	2,830,987	3,054,420	2,956,948	2,449,838	2,980,232	2,580,567	2,563,461	2,530,814	2,380,765
School administration	37,856,767	35,805,440	29,552,403	26,500,999	26,991,039	26,900,999	25,766,865	25,410,359	24,433,070	24,114,226
Central	17,615,021	15,994,617	15,074,684	13,256,243	12,179,177	12,138,177	11,127,059	11,127,059	10,967,498	11,250,051
Operation and maintenance of facilities	52,507,281	45,090,934	44,891,036	41,033,443	41,998,125	41,608,600	40,874,660	39,985,531	39,100,467	40,207,052
Student transportation	18,047,620	14,623,262	14,326,152	14,170,991	12,633,841	12,435,361	12,966,197	12,034,150	11,700,687	13,051,891
School food service	25,159,895	23,891,856	18,952,809	21,796,126	24,206,081	23,289,137	23,662,972	22,300,697	-	-
Interest on long-term liabilities	17,546,012	16,099,119	14,182,733	16,265,030	16,085,726	17,299,437	16,129,644	17,752,462	16,246,317	15,913,160
Total governmental activities expenses	618,195,921	579,764,235	542,140,017	494,773,724	494,339,455	492,099,994	487,552,330	474,807,144	447,647,085	456,601,556
Business-type activities:										
School food service	-	-	-	-	-	-	-	-	21,545,474	23,044,968
Pioneer Adult Rehabilitation Center	9,069,798	10,130,337	11,235,889	13,826,446	12,911,819	9,005,112	7,507,772	9,090,860	9,375,339	9,317,305
Total business-type activities expenses	9,069,798	10,130,337	11,235,889	13,826,446	12,911,819	9,005,112	7,507,772	9,090,860	30,920,813	32,362,273
Total primary government expenses	\$ 627,265,719	\$ 589,894,572	\$ 553,375,906	\$ 508,600,170	\$ 507,251,274	\$ 501,105,106	\$ 495,060,102	\$ 483,988,004	\$ 478,567,898	\$ 488,963,829
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 6,232,304	\$ 5,896,445	\$ 6,509,349	\$ 6,347,013	\$ 6,002,732	\$ 5,573,818	\$ 5,615,784	\$ 5,121,667	\$ 5,344,050	\$ 6,097,770
Operation and maintenance of facilities	234,978	354,790	317,443	302,692	304,575	270,423	219,788	277,254	174,528	312,990
School food service	8,569,757	8,513,417	8,440,270	8,314,193	8,320,866	7,929,725	8,443,228	8,464,384	-	-
Operating grants and contributions	128,948,262	123,749,980	118,045,419	111,025,916	108,599,772	110,409,041	113,514,211	125,074,921	92,780,152	93,062,061
Total governmental activities program revenues	143,985,301	138,514,632	133,312,481	125,989,814	123,227,945	124,183,007	127,793,021	138,938,226	98,298,730	98,472,821
Business-type activities:										
Charges for services:										
School food service	-	-	-	-	-	-	-	-	8,624,099	9,258,379
Pioneer Adult Rehabilitation Center	7,567,108	7,467,276	9,993,209	14,460,197	12,998,486	8,875,291	7,291,473	8,868,745	8,163,327	7,850,429
Operating grants and contributions	1,025,397	957,532	732,755	731,952	786,804	748,236	844,109	858,656	14,307,910	13,667,393
Total business-type activities program revenues	8,592,505	8,424,808	10,725,964	15,192,149	13,785,290	9,623,527	8,135,582	9,727,401	31,095,336	30,776,201
Total primary government program revenues	\$ 152,577,806	\$ 146,939,440	\$ 144,038,445	\$ 141,181,963	\$ 137,013,235	\$ 133,806,534	\$ 135,928,603	\$ 148,665,627	\$ 129,394,066	\$ 130,249,022
Net (expense)/revenue										
Governmental activities	\$ (474,210,619)	\$ (441,249,603)	\$ (408,827,536)	\$ (368,783,910)	\$ (371,111,510)	\$ (367,916,987)	\$ (359,759,309)	\$ (335,968,918)	\$ (349,348,355)	\$ (357,128,735)
Business-type activities	(477,293)	(1,705,529)	(609,925)	(1,365,703)	873,471	618,415	627,810	636,541	174,523	(1,586,072)
Total primary government net expense	\$ (474,687,912)	\$ (442,955,132)	\$ (409,337,461)	\$ (367,419,207)	\$ (370,238,039)	\$ (367,298,572)	\$ (359,131,499)	\$ (335,332,377)	\$ (349,173,832)	\$ (358,714,807)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for:										
General purposes	\$ 106,779,829	\$ 100,101,398	\$ 94,816,471	\$ 85,964,463	\$ 85,186,800	\$ 86,614,783	\$ 71,789,469	\$ 69,968,472	\$ 61,965,768	\$ 58,647,721
Transportation	-	-	-	-	-	-	3,613,543	3,602,265	2,978,690	2,527,051
Recreation	-	-	-	-	-	-	3,715,662	3,541,738	3,121,559	3,185,950
Debt service	54,462,817	50,008,667	48,146,166	46,572,252	42,773,677	41,971,606	40,360,346	43,590,844	45,311,846	47,200,296
Capital outlay	16,722,138	18,162,423	17,337,683	16,930,963	15,413,272	16,942,018	19,136,415	12,339,103	12,717,483	12,451,258
Pass-through taxes	9,763,113	7,471,295	6,860,325	6,599,320	-	-	-	-	-	-
Federal and state revenue not restricted to specific purposes	287,384,030	265,470,952	246,316,610	227,240,368	221,985,012	210,949,940	206,430,844	193,513,053	212,766,736	235,038,001
Earnings on investments	4,026,286	2,346,969	1,326,808	669,366	559,816	714,479	1,523,932	1,203,598	1,414,418	2,974,785
Miscellaneous	22,630,075	22,121,843	17,895,542	18,165,848	19,162,509	18,632,517	18,618,204	16,022,937	16,137,903	17,979,165
Business-type activities:										
Earnings on investments	110,765	79,900	48,823	11,800	11,231	14,548	16,598	13,092	12,043	38,200
Total primary government general revenues	\$ 501,879,053	\$ 465,763,477	\$ 432,750,428	\$ 402,154,410	\$ 385,112,317	\$ 375,239,891	\$ 365,465,033	\$ 343,795,102	\$ 358,026,446	\$ 380,004,227
Change in Net Position										
Governmental activities	\$ 27,557,669	\$ 24,433,974	\$ 23,874,069	\$ 33,358,700	\$ 13,989,576	\$ 7,908,356	\$ 5,689,126	\$ 7,813,092	\$ 8,666,048	\$ 22,875,492
Business-type activities	(366,528)	(1,625,629)	(461,102)	1,377,503	864,702	632,983	644,408	649,633	186,566	(1,547,872)
Total primary government	\$ 27,191,140	\$ 22,808,345	\$ 23,412,967	\$ 34,736,203	\$ 14,874,278	\$ 7,941,319	\$ 6,333,534	\$ 8,462,725	\$ 8,852,614	\$ 21,327,620

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

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

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

DAVIS SCHOOL DISTRICT

**Fund Balances - Governmental Funds
Last Ten Fiscal Years
Years Ended June 30, 2009 to 2018
(modified accrual basis of accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund:										
Nonspendable (inventory & prepaids)	\$ 5,651,863	\$ 5,568,408	\$ 6,002,494	\$ 5,671,302	\$ 1,232,892	\$ 1,467,658	\$ 1,563,781	\$ 1,524,352	\$ 1,871,715	\$ 2,891,149
Restricted for state programs	-	-	-	-	-	-	-	-	4,833,446	3,353,937
Committed to workers compensation	500,000	500,000	500,000	500,000	500,000	300,000	300,000	300,000	300,000	300,000
Committed to termination benefits	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,000,000	4,000,000	4,000,000	3,500,000	3,000,000
Committed to economic stabilization	25,000,000	23,000,000	20,000,000	4,500,000	2,000,000	-	-	-	-	-
Assigned	15,325,000	11,542,000	3,435,887	5,538,661	8,303,673	6,058,767	3,060,000	-	-	-
Unassigned	20,954,371	15,947,138	11,625,750	18,497,093	16,485,230	14,548,294	13,411,677	12,119,413	9,683,447	7,461,676
Total fund balances	\$ 71,931,234	\$ 61,057,546	\$ 46,064,131	\$ 39,207,056	\$ 33,021,795	\$ 26,374,719	\$ 22,335,458	\$ 17,943,765	\$ 20,188,608	\$ 17,006,762
Debt service fund:										
Restricted for debt service	\$ 6,329,924	\$ 3,788,520	\$ 4,249,578	\$ 3,122,533	\$ -	\$ -	\$ 400,718	\$ 6,545,393	\$ 7,641,448	\$ 6,642,114
Total fund balances	\$ 6,329,924	\$ 3,788,520	\$ 4,249,578	\$ 3,122,533	\$ -	\$ -	\$ 400,718	\$ 6,545,393	\$ 7,641,448	\$ 6,642,114
Capital projects fund:										
Restricted for capital projects	\$ 61,137,332	\$ 90,387,510	\$ 79,202,839	\$ 64,391,390	\$ 46,110,408	\$ 40,858,464	\$ 49,313,628	\$ 51,396,420	\$ 54,075,594	\$ 1,658,065
Total fund balances	\$ 61,137,332	\$ 90,387,510	\$ 79,202,839	\$ 64,391,390	\$ 46,110,408	\$ 40,858,464	\$ 49,313,628	\$ 51,396,420	\$ 54,075,594	\$ 1,658,065
Other governmental funds										
Nonspendable (inventory & prepaids)	\$ 1,424,152	\$ 1,591,777	\$ 1,586,119	\$ 1,190,751	\$ 1,062,785	\$ 1,587,032	\$ 2,080,190	\$ 2,419,282	\$ -	\$ -
Restricted for school food services	8,725,160	8,700,460	6,838,302	4,938,127	3,357,185	2,627,844	2,067,359	1,526,308	-	-
Restricted for state multi-district program	-	-	-	-	-	47,949	1,473,724	1,266,314	1,037,178	907,567
District Foundation	1,760,723	1,703,846	-	-	-	-	-	-	-	-
Committed to schools	11,379,613	10,962,771	10,502,480	10,598,751	10,089,919	9,521,189	9,628,924	8,944,171	8,301,003	7,752,907
Total fund balances	\$ 23,289,648	\$ 22,958,854	\$ 18,926,901	\$ 16,727,629	\$ 14,509,889	\$ 13,784,014	\$ 15,250,197	\$ 14,156,075	\$ 9,338,181	\$ 8,660,474
Total Governmental Funds:										
Nonspendable (inventory & prepaids)	\$ 7,076,015	\$ 7,160,185	\$ 7,588,613	\$ 6,862,053	\$ 2,295,677	\$ 3,054,690	\$ 3,643,971	\$ 3,943,634	\$ 1,871,715	\$ 2,891,149
Restricted	77,953,139	104,580,336	90,290,719	72,452,050	49,467,593	43,534,257	53,255,429	60,734,435	67,587,666	12,561,683
Committed	41,379,613	38,962,771	35,502,480	20,098,751	17,089,919	13,821,189	13,928,924	13,244,171	12,101,003	11,052,907
Assigned	15,325,000	11,542,000	3,435,887	5,538,661	8,303,673	6,058,767	3,060,000	-	-	-
Unassigned	20,954,371	15,947,138	11,625,750	18,497,093	16,485,230	14,548,294	13,411,677	12,119,413	9,683,447	7,461,676
Total fund balances	\$ 162,688,138	\$ 178,192,430	\$ 148,443,449	\$ 123,448,608	\$ 93,642,092	\$ 81,017,197	\$ 87,300,001	\$ 90,041,653	\$ 91,243,831	\$ 33,967,415

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

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

Note: Beginning in FY2017, the District implemented GASB Statement #80. The District Foundation was changed from a component unit to a special revenue fund. As a result of this change, the beginning fund balance increased by \$1,400,481.

DAVIS SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Years Ended June 30, 2009 to 2018
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 187,642,159	\$ 175,846,086	\$ 167,630,513	\$ 156,139,109	\$ 144,298,349	\$ 145,947,457	\$ 139,024,115	\$ 133,065,138	\$ 125,560,761	\$ 122,201,760
Interest	4,026,286	2,346,989	1,326,808	669,366	599,816	714,479	1,523,932	1,203,398	1,414,418	2,974,785
Other local sources	30,015,022	28,762,897	25,431,575	25,601,983	26,510,000	23,873,594	23,873,594	21,828,606	23,663,481	24,296,610
School lunch sales	7,635,337	7,646,736	7,593,773	7,569,576	7,588,551	7,222,390	7,969,119	8,069,906	-	-
State of Utah	371,384,393	343,080,856	319,974,739	296,887,246	287,951,706	275,949,590	275,995,143	266,306,648	257,915,550	278,493,927
Federal government	44,947,899	46,140,076	44,389,290	41,679,038	42,633,078	45,009,381	45,020,775	62,281,326	47,631,338	49,606,135
Total revenues	645,651,096	603,823,650	566,346,698	528,241,475	509,533,483	500,454,310	493,406,678	482,755,222	456,205,548	477,573,217
Expenditures:										
Current:										
Instruction	365,081,401	340,732,811	325,166,810	303,792,266	290,924,478	290,960,045	282,501,091	265,400,084	275,043,883	284,621,809
Supporting services:										
Students	17,708,229	16,015,062	15,573,759	14,694,917	14,703,541	14,738,515	14,514,891	14,254,115	14,954,793	14,352,317
Instructional staff	22,001,747	20,866,518	20,244,708	18,448,968	17,802,062	16,995,074	16,691,193	17,104,002	17,440,418	18,677,876
District administration	2,711,466	2,772,126	2,505,646	2,325,792	2,171,447	2,593,855	2,560,252	2,553,577	2,518,401	2,362,001
School administration	37,375,321	34,455,761	28,518,964	26,766,307	26,037,360	25,380,332	24,860,824	24,543,982	24,238,662	23,421,684
Central	16,935,865	15,079,440	14,277,804	12,960,814	12,561,013	12,284,036	11,794,227	10,739,697	10,536,906	10,896,515
Operation and maint of facilities	51,134,507	43,193,068	43,268,575	40,514,129	40,479,639	40,108,854	39,348,007	38,414,026	38,155,323	38,766,895
Student transportation	16,928,910	13,142,063	12,881,560	13,168,618	11,332,852	11,134,619	11,823,524	10,863,057	10,460,090	11,809,938
School food service	24,951,399	23,596,878	22,094,493	21,893,048	23,961,993	22,948,731	23,268,842	36,066,132	-	-
Capital outlay	125,329,165	99,556,365	78,653,808	39,716,863	36,796,986	41,399,708	58,224,251	59,333,018	70,280,016	94,623,465
Debt service:										
Tax anticipation note interest	-	-	-	-	-	-	622,548	655,188	765,433	944,904
Bond principal	34,530,000	34,865,000	33,230,000	26,975,000	26,495,000	29,635,000	28,935,000	27,725,000	28,825,000	27,380,000
Bond interest	18,360,825	16,660,115	14,949,568	17,468,199	17,544,525	18,544,686	17,774,694	17,124,320	15,515,618	15,242,302
Bond issuance costs	661,245	8,400	512,741	660,188	243,332	366,063	221,980	470,822	1,016,808	-
Capital lease payments	-	-	97,271	97,271	214,340	311,425	647,310	1,565,081	1,847,456	2,208,107
Fees and miscellaneous charges	7,501	-	36,400	7,400	7,750	4,800	15,350	14,255	23,050	14,520
Total expenditures	733,717,801	660,963,607	612,011,907	539,486,780	521,266,318	527,395,756	533,713,784	526,826,356	511,641,857	545,322,333
Excess (deficiency) of revenues over (under) expenditures	(88,066,505)	(57,139,957)	(45,665,209)	(11,247,305)	(11,732,835)	(26,941,446)	(40,307,106)	(44,071,134)	(55,436,309)	(67,749,116)
Other financing sources (uses):										
General obligation bonds issued	69,375,000	80,000,000	68,500,000	40,000,000	25,000,000	20,000,000	35,000,000	45,000,000	111,500,000	-
General obligation bonds premium	2,521,000	4,990,408	1,510,053	1,138,631	468,930	512,567	2,543,576	569,687	1,209,725	-
Refunding bond issued	36,805,000	-	120,035,000	-	-	20,550,000	-	39,410,000	-	-
Refunding bond premium	3,592,355	-	6,930,694	-	-	2,839,916	-	5,511,216	-	-
Payment to refunded bond escrow agent	(40,208,173)	-	(126,452,853)	-	(23,243,841)	-	-	(44,700,377)	-	-
Transfer out	-	-	-	(65,095)	(1,500,000)	-	-	-	-	-
Proceeds from sale of capital assets	477,031	498,049	137,256	10,225	388,800	-	21,878	60,554	3,000	114,915
Total other financing sources (uses)	72,562,213	85,488,457	70,660,050	41,053,821	24,357,730	20,658,642	37,565,454	45,851,080	112,712,725	114,915
Net change in fund balances	(15,504,292)	28,348,500	24,994,841	29,806,516	12,624,895	(6,282,804)	(2,741,652)	1,779,946	57,276,416	(67,634,201)
Fund balances - beginning (as restated)	178,192,430	149,843,930	123,448,608	93,642,092	81,017,197	87,300,001	90,041,653	88,261,707	33,967,415	101,601,616
Fund balances - ending	\$ 162,688,138	\$ 178,192,430	\$ 148,443,449	\$ 123,448,608	\$ 93,642,092	\$ 81,017,197	\$ 87,300,001	\$ 90,041,653	\$ 91,243,831	\$ 33,967,415

Debt service	\$ 52,890,825	\$ 51,525,115	\$ 48,276,839	\$ 44,540,470	\$ 44,253,865	\$ 48,491,121	\$ 47,979,552	\$ 47,069,589	\$ 46,973,507	\$ 45,775,313
Noncapital expenditures	633,674,002	586,534,379	555,386,177	514,271,468	497,805,464	502,801,352	499,517,501	483,791,257	458,035,722	468,032,714
Debt service as a percentage of noncapital expenditures	8.3%	8.8%	8.7%	8.7%	8.9%	9.6%	9.6%	9.7%	10.3%	9.8%

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

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

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

DAVIS SCHOOL DISTRICT

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Years
December 31, 2008 through 2017**

Tax Year	Commercial & Industrial			Agriculture	Personal	Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Value		Assessed Value as a Percentage of Actual Value
	Residential					Total Taxable Assessed Value	Estimated Actual Value		Actual Value		
2017	\$ 14,481,985,166	\$ 5,538,002,128	\$ 190,558,209	\$ 2,461,629,632	\$ 22,672,175,135	0.007469	\$ 34,987,059,677	64.8%			
2016	13,172,061,449	5,021,196,704	116,721,149	2,136,054,321	20,446,033,623	0.008125	31,623,889,734	64.7%			
2015	12,137,403,230	4,633,378,279	124,107,984	1,982,261,211	18,877,150,704	0.008555	29,257,820,639	64.5%			
2014	11,769,131,872	4,393,893,837	121,848,651	1,718,928,896	18,003,803,256	0.008259	28,052,491,146	64.2%			
2013	10,574,438,844	4,151,940,907	115,058,346	1,621,119,209	16,462,557,306	0.008710	24,965,085,765	65.9%			
2012	10,124,228,191	4,085,617,326	119,949,215	1,471,722,453	15,801,517,185	0.008941	24,023,945,974	65.8%			
2011	10,127,751,543	3,993,246,252	117,895,470	1,441,813,546	15,680,706,811	0.007860	25,595,666,942	61.3%			
2010	10,657,206,804	4,210,672,598	144,417,417	1,185,481,355	16,197,778,174	0.007118	25,058,738,383	64.6%			
2009	11,031,774,065	4,035,424,758	157,847,356	1,307,517,190	16,532,563,369	0.006764	25,477,711,753	64.9%			
2008	11,483,109,031	4,019,964,643	195,089,731	1,206,790,087	16,904,953,492	0.007176	26,372,578,441	65.1%			

* Source: Davis County CAFR

DAVIS SCHOOL DISTRICT

**Direct and Overlapping Property Tax Rates
Last Ten Tax Years
December 31, 2008 through 2017
(rate per \$1 of assessed value)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Davis School District direct rates:										
General	0.004481	0.004833	0.005058	0.004752	0.005125	0.005317	0.004582	0.003593	0.003445	0.003145
Capital outlay & debt service	0.002988	0.003292	0.003497	0.003507	0.003585	0.003624	0.003812	0.003833	0.003291	0.003251
Tort liability	-	-	-	-	-	-	0.000067	0.000062	0.000059	0.000056
Special transportation	-	-	-	-	-	-	0.000201	0.000187	0.000146	0.000138
Recreation	-	-	-	-	-	-	0.000199	0.000185	0.000177	0.000174
Total direct rate	0.007469	0.008125	0.008555	0.008259	0.008710	0.008941	0.008861	0.007860	0.007118	0.006764
Overlapping Rates: *										
County funds	0.002210	0.002014	0.002153	0.002161	0.002331	0.002391	0.002383	0.002213	0.002108	0.001997
County library	0.000376	0.000342	0.000361	0.000361	0.000389	0.000396	0.000392	0.000363	0.000348	0.000332
Average cities and towns	0.001463	0.001455	0.001594	0.001558	0.001559	0.001584	0.001565	0.001414	0.001314	0.001246
Miscellaneous taxing districts	0.000524	0.000399	0.000422	0.000433	0.000454	0.000458	0.000437	0.000407	0.000391	0.000243

* Source: Davis County CAFR

DAVIS SCHOOL DISTRICT

**Principal Property Tax Payers
Current Year and Nine Years Ago
December 31, 2017 and 2008**

Taxpayer	Type of Business	December 31, 2017			December 31, 2008		
		Taxable Value	Rank	Percent of District's Total Taxable Value	Taxable Value	Rank	Percent of District's Total Taxable Value
Woods Cross Refining Comp - LLC	Petroleum distribution	\$ 848,941,490	1	4.15%	n/a	n/a	n/a
Chevron U.S.A. Inc	Petroleum refinery	426,495,650	2	2.09%	205,798,040	1	1.44%
PacifiCorp	Electrical distribution	222,235,818	3	1.09%	101,308,896	3	0.71%
Station Park Centercal LLC	Retail	213,198,826	4	1.04%	n/a	n/a	n/a
Freeport Center	Distribution / warehouse	186,302,860	5	0.91%	160,038,928	2	1.12%
ATK Aerospace	Manufacturing	155,950,991	6	0.76%	n/a	n/a	n/a
Big West Oil	Petroleum distribution	141,042,963	7	0.69%	97,570,908	5	0.68%
Smith's Food King Properties	Distribution / retail sales	137,552,488	8	0.67%	59,452,456	6	0.42%
Layton Hills Mall CMBS LLC	Retail	110,725,417	9	0.54%	n/a	4	n/a
Questar Gas	Natural gas utility	109,948,414	10	0.54%	52,938,235	9	0.37%
LHM Utah LLC 2	Distribution / retail sales	n/a	n/a	n/a	96,304,753	8	0.67%
Phillips 66	Petroleum distribution	n/a	n/a	n/a	81,755,884	10	0.57%
Walmart	Retail	n/a	n/a	n/a	78,550,394	7	0.55%
Totals		\$ 2,552,394,917		12.48%	\$ 933,718,494		6.53%

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

**Property Tax Levies and Collections
Last Ten Tax Years
December 31, 2008 through 2017**

Tax Year Ended December 31,	Property Taxes Levied For The Calendar Year	Property Taxes Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Property Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 170,886,005	\$ 151,891,258	88.88%	\$ -	\$ 151,891,258	88.88%
2016	166,980,431	159,543,862	95.55%	6,964,431	166,508,293	99.72%
2015	160,846,154	153,067,636	95.16%	7,589,431	160,657,066	99.88%
2014	149,474,220	141,407,236	94.60%	7,993,551	149,400,787	99.95%
2013	138,006,512	129,788,061	94.04%	8,216,862	138,004,922	100.00%
2012	135,191,786	126,685,112	93.71%	8,505,977	135,191,089	100.00%
2011	132,718,042	123,390,184	92.97%	9,327,858	132,718,042	100.00%
2010	122,353,329	113,302,665	92.60%	9,050,664	122,353,329	100.00%
2009	113,595,980	105,840,796	93.17%	7,755,184	113,595,980	100.00%
2008	111,309,835	102,906,028	92.45%	8,403,807	111,309,835	100.00%

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

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

DAVIS SCHOOL DISTRICT

**Ratios of Outstanding Debt
Last Ten Fiscal Years
December 31, 2009 through 2018**

Year Ended June 30,	Outstanding Net General Obligation Bonds (2)	Net General Bonded Debt As Percentage of Taxable Value	Net Bonded Debt Per Capita	Net Bonded Debt Per Student	Capital Leases	Total Debt	Debt As Percentage of Taxable Value	Debt As Percentage of Total Personal Income	Debt Per Capita	Debt Per Student
2018	\$ 561,478,811	2.48%	\$ 1,615	\$ 7,808	-	\$ 561,478,811	2.48%	NA (1)	\$ 1,615	\$ 7,808
2017	523,689,501	2.56%	1,530	7,374	-	523,689,501	2.56%	3.70%	1,530	7,374
2016	475,741,445	2.52%	1,416	6,808	-	475,741,445	2.52%	3.54%	1,416	6,808
2015	432,179,325	2.40%	1,311	6,311	93,118	432,272,443	2.40%	3.38%	1,311	6,313
2014	419,864,750	2.55%	1,304	6,123	182,260	420,047,010	2.55%	3.40%	1,304	6,126
2013	422,952,209	2.68%	1,339	6,189	379,978	423,332,187	2.68%	3.61%	1,340	6,194
2012	432,398,920	2.76%	1,383	6,384	663,206	433,062,126	2.76%	3.99%	1,385	6,393
2011	425,467,324	2.63%	1,383	6,445	2,200,022	427,667,346	2.64%	4.11%	1,391	6,478
2010	405,799,117	2.45%	1,319	6,200	3,665,955	409,465,072	2.48%	4.02%	1,331	6,256
2009	322,663,116	1.91%	1,069	4,963	5,029,299	327,692,415	1.94%	3.26%	1,085	5,040

(1) Personal income data was not yet available.

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

DAVIS SCHOOL DISTRICT

**Overlapping and Underlying General Obligation Debt
June 30, 2018**

Taxing Entity	2017 Taxable Value (1)	District's Estimated Portion of Taxable Value	Estimated District's Percentage (7)	Entity's General Obligation Debt (6)	District's Estimated Portion of Debt
Overlapping:					
State of Utah	\$ 258,702,348,415	\$ 22,663,164,649	8.8%	\$ 2,053,720,000	\$ 180,727,360
Davis County	22,672,175,135	22,672,175,135	100.0%	504,580,000	504,580,000
Total overlapping					<u>685,307,360</u>
Underlying:					
WBWCD (2) (3)	56,578,614,675	22,670,671,440	40.1%	18,618,938	7,466,194
North Davis Sewer District	11,123,520,030	9,560,109,387	85.9%	23,755,000	20,405,545
South Davis Rec. District (4)	8,731,302,165	8,731,302,165	100.0%	8,815,000	8,815,000
Clearfield City (3)	1,718,065,095	1,718,065,965	100.0%	2,520,000	-
Farmington City	1,806,634,631	1,806,634,631	100.0%	7,369,000	7,369,000
Total underlying					<u>44,055,739</u>
Total overlapping and underlying general obligation debt					<u>\$ 729,363,099</u>
Total overlapping general obligation debt (excluding the State) (5)					<u>\$ 504,580,000</u>
Total direct general obligation bonded indebtedness					561,478,811
Total direct and overlapping debt (excluding the State) (5)					<u>\$ 1,066,058,811</u>

- (1) 2017 values are preliminary and subject to change. Taxable value used in this table excludes the taxable value used to determine uniform fees on tangible personal property.
- (2) The Weber Basin Water Conservancy District ("WBWCD") covers all of Morgan County, most of Davis County and Weber County, and portions of Box Elder and Summit Counties. Principal and interest on WBWCD general obligation bonds are paid from sales of water. WBWCD's outstanding general obligation bonds are limited ad valorem tax bonds. By law, WBWCD may levy a tax rate of up to .000200 to pay, first, for any outstanding general obligation indebtedness, then for operation and maintenance expenses, and then for any other lawful purpose.
- (3) All or portions of these governmental entities' outstanding general obligation debt are supported by user fee revenues from water or sewer. The District's portion of overlapping general obligation debt has been reduced to the extent that such general obligation debt is supported by "user fee revenues".
- (4) South Davis Recreation District members are Bountiful, Centerville, North Salt Lake, Woods Cross, and West Bountiful.
- (5) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.
- (6) Governmental activities debt is limited to general obligation debt for these entities; information on other debt is not available.
- (7) Percentage based on total shared area of land in respective geographical boundaries.

* Source: Davis County CAFR

DAVIS SCHOOL DISTRICT

**General Obligation Legal Debt Limit and Debt Capacity
Last Ten Years
December 31, 2009 through 2018**

Year Ended June 30,	Estimated Fair Market Value	Estimated Value from Uniform Fees	Estimated Fair Market Value for Debt Incurred		Debt Limit (4% of Fair Market Value)	General Obligation Debt	Debt Issuance Premiums	Additional Debt Capacity	Percentage of Debt To Debt Limit
			Capacity	Value					
2018	\$ 34,987,059,677	\$ 1,345,328,581	\$ 36,332,388,258	\$ 1,453,295,530	\$ 539,425,000	\$ 22,053,811	\$ 891,816,719	38.63%	
2017	31,623,889,734	1,292,725,501	32,916,615,235	1,316,664,609	505,145,000	18,544,501	792,975,108	39.77%	
2016	29,257,820,639	1,258,418,555	30,516,239,194	1,220,649,568	460,010,000	15,731,445	744,908,123	38.97%	
2015	28,052,491,146	1,181,154,351	29,233,645,497	1,169,345,820	420,660,000	11,519,325	737,166,495	36.96%	
2014	24,965,085,765	1,181,530,533	26,146,616,298	1,045,864,652	407,635,000	12,229,750	625,999,902	40.15%	
2013	24,023,945,974	1,174,052,533	25,197,998,507	1,007,919,940	409,130,000	13,822,209	584,967,731	41.96%	
2012	25,595,666,942	1,192,245,935	26,787,912,877	1,071,516,515	420,556,596	11,842,324	639,117,595	40.35%	
2011	25,058,738,383	1,219,363,049	26,278,101,432	1,051,124,057	417,843,207	7,624,117	625,656,733	40.48%	
2010	25,477,711,753	1,361,982,489	26,839,694,242	1,073,587,770	398,636,001	7,163,116	667,788,653	37.80%	
2009	26,372,578,441	1,353,063,017	27,725,641,458	1,109,025,658	314,809,345	7,853,771	786,362,542	29.09%	

DAVIS SCHOOL DISTRICT

**Schedule of Annual Debt Service Requirements
Years Ending June 30, 2019 to 2038**

Year Ending June 30,	Principal	Interest	Total Payment
2019	\$ 36,755,000	\$ 19,635,007	\$ 56,390,007
2020	34,970,000	17,841,648	52,811,648
2021	33,770,000	16,665,990	50,435,990
2022	35,115,000	15,713,319	50,828,319
2023	30,135,000	14,396,700	44,531,700
2024	31,315,000	13,113,153	44,428,153
2025	32,550,000	11,780,476	44,330,476
2026	33,790,000	10,447,696	44,237,696
2027	35,030,000	9,158,049	44,188,049
2028	36,160,000	7,907,679	44,067,679
2029	32,480,000	6,713,044	39,193,044
2030	30,620,000	5,619,181	36,239,181
2031	25,750,000	4,525,356	30,275,356
2032	22,555,000	3,716,663	26,271,663
2033	20,090,000	2,991,481	23,081,481
2034	19,260,000	2,319,631	21,579,631
2035	17,680,000	1,681,469	19,361,469
2036	15,375,000	1,082,425	16,457,425
2037	11,025,000	556,050	11,581,050
2038	5,000,000	175,000	5,175,000
	<u>\$ 539,425,000</u>	<u>\$ 166,040,017</u>	<u>\$ 705,465,017</u>

DAVIS SCHOOL DISTRICT

Debt Service Schedule of Outstanding General Obligation Bonds
Year Ended June 30, 2018

PRINCIPAL																
Year Ending	2009	2010AB	2011A	2011C	2012	2013A	2013B	2014A	2015A	2015B	2015C	2016A	2017A	2017B	2018A	Total
June 30,	\$ 43,000,000	\$ 68,500,000	\$ 45,000,000	\$ 7,210,000	\$ 32,200,000	\$ 20,000,000	\$ 20,550,000	\$ 25,000,000	\$ 40,000,000	\$ 67,025,000	\$ 53,010,000	\$ 68,500,000	\$ 68,500,000	\$ 36,805,000	\$ 69,375,000	\$ 539,425,000
2019	\$ -	\$ 3,980,000	\$ 2,540,000	\$ -	\$ 1,965,000	\$ 1,060,000	\$ 4,245,000	\$ -	\$ 1,665,000	\$ 4,985,000	\$ 10,190,000	\$ 3,125,000	\$ 500,000	\$ -	\$ 2,500,000	\$ 36,755,000
2020	-	4,090,000	2,645,000	-	2,005,000	1,100,000	4,420,000	-	1,750,000	5,220,000	10,340,000	2,200,000	500,000	-	700,000	34,970,000
2021	-	4,205,000	1,145,000	-	2,085,000	1,145,000	-	1,435,000	1,785,000	5,470,000	10,540,000	3,225,000	500,000	-	700,000	33,770,000
2022	-	4,330,000	-	-	2,170,000	1,190,000	-	1,480,000	1,820,000	5,605,000	6,170,000	3,300,000	3,450,000	2,800,000	2,800,000	35,115,000
2023	-	4,465,000	-	-	2,255,000	1,230,000	-	1,515,000	1,875,000	5,895,000	-	3,375,000	3,625,000	2,950,000	2,950,000	30,135,000
2024	-	4,595,000	-	-	2,345,000	1,255,000	-	1,590,000	1,920,000	6,185,000	-	3,425,000	3,825,000	3,075,000	3,100,000	31,315,000
2025	-	4,740,000	-	-	2,440,000	1,280,000	-	1,650,000	1,970,000	6,495,000	-	3,500,000	4,000,000	3,225,000	3,250,000	32,550,000
2026	-	4,895,000	-	-	2,535,000	1,320,000	-	1,700,000	2,030,000	6,735,000	-	3,575,000	4,200,000	3,400,000	3,400,000	33,790,000
2027	-	5,055,000	-	-	2,640,000	1,355,000	-	1,755,000	2,090,000	6,935,000	-	3,650,000	4,425,000	3,575,000	3,550,000	35,030,000
2028	-	5,235,000	-	-	2,745,000	1,400,000	-	1,805,000	2,155,000	7,145,000	-	3,725,000	4,625,000	3,650,000	3,675,000	36,160,000
2029	-	5,425,000	-	-	2,825,000	1,440,000	-	1,860,000	2,240,000	7,390,000	-	3,800,000	4,775,000	3,725,000	3,800,000	37,480,000
2030	-	5,625,000	-	-	2,910,000	1,485,000	-	1,915,000	2,310,000	7,600,000	-	3,925,000	4,925,000	3,825,000	3,700,000	38,620,000
2031	-	-	-	-	2,995,000	1,530,000	-	1,975,000	2,400,000	-	-	4,050,000	5,075,000	3,900,000	3,825,000	39,800,000
2032	-	-	-	-	3,085,000	1,580,000	-	2,040,000	2,500,000	-	-	4,150,000	5,250,000	-	3,950,000	41,000,000
2033	-	-	-	-	-	1,630,000	-	2,105,000	2,580,000	-	-	4,275,000	5,425,000	-	4,075,000	42,200,000
2034	-	-	-	-	-	-	-	2,175,000	2,685,000	-	-	4,425,000	5,600,000	-	4,375,000	43,400,000
2035	-	-	-	-	-	-	-	-	2,780,000	-	-	4,575,000	5,800,000	-	4,525,000	44,600,000
2036	-	-	-	-	-	-	-	-	-	-	-	4,725,000	5,975,000	-	4,675,000	45,800,000
2037	-	-	-	-	-	-	-	-	-	-	-	-	6,200,000	-	4,825,000	47,000,000
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	48,200,000
Total	\$ -	\$ 56,640,000	\$ 5,185,000	\$ -	\$ 35,000,000	\$ 20,000,000	\$ 8,665,000	\$ 25,000,000	\$ 36,555,000	\$ 63,260,000	\$ 37,240,000	\$ 67,025,000	\$ 78,675,000	\$ 36,805,000	\$ 69,375,000	\$ 539,425,000

INTEREST																
Year Ending	2009	2010AB	2011A	2011C	2012	2013A	2013B	2014A	2015A	2015B	2015C	2016A	2017A	2017B	2018A	Total
June 30,	\$ -	\$ 2,854,375	\$ 207,400	\$ -	\$ 1,218,956	\$ 625,513	\$ 368,263	\$ 816,300	\$ 1,209,575	\$ 2,465,850	\$ 640,528	\$ 1,755,781	\$ 3,028,531	\$ 1,344,725	\$ 3,099,211	\$ 19,635,007
2019	\$ -	\$ 2,854,375	\$ 207,400	\$ -	\$ 1,218,956	\$ 625,513	\$ 368,263	\$ 816,300	\$ 1,209,575	\$ 2,465,850	\$ 640,528	\$ 1,755,781	\$ 3,028,531	\$ 1,344,725	\$ 3,099,211	\$ 19,635,007
2020	-	2,685,225	105,800	-	1,179,656	583,113	187,850	816,300	1,126,325	2,216,600	465,260	1,693,281	3,003,531	1,344,725	2,433,981	17,841,648
2021	-	2,505,265	-	-	1,099,456	598,113	-	816,300	1,091,325	1,955,600	287,412	1,649,281	2,978,531	1,344,725	2,398,981	16,665,990
2022	-	2,309,733	-	-	1,016,056	493,313	-	773,250	1,055,625	1,846,200	106,124	1,584,781	2,953,531	1,210,725	2,363,981	15,713,319
2023	-	2,108,388	-	-	929,256	457,613	-	739,950	1,001,025	1,565,950	-	1,518,781	2,781,031	1,070,725	2,223,981	14,396,700
2024	-	1,900,765	-	-	839,056	433,013	-	664,200	954,150	1,271,200	-	1,451,281	2,599,781	923,225	2,078,481	13,113,153
2025	-	1,677,908	-	-	745,256	406,344	-	600,600	906,150	961,950	-	1,382,781	2,408,531	769,475	1,921,481	11,780,476
2026	-	1,443,278	-	-	647,656	367,944	-	551,100	847,050	702,150	-	1,312,781	2,208,531	608,225	1,758,981	10,447,696
2027	-	1,196,080	-	-	546,256	328,344	-	500,100	786,150	500,100	-	1,241,281	1,998,531	438,225	1,622,981	9,158,049
2028	-	923,110	-	-	440,656	287,694	-	447,450	723,450	292,050	-	1,168,281	1,777,281	366,725	1,480,981	7,907,679
2029	-	629,950	-	-	358,306	245,694	-	393,300	637,250	1,075,156	-	1,075,156	1,638,531	286,425	1,370,731	6,713,044
2030	-	323,438	-	-	273,556	202,494	-	337,500	567,250	77,700	-	965,906	1,495,281	197,025	1,256,731	5,619,181
2031	-	-	-	-	186,256	156,088	-	277,656	474,850	-	-	848,156	1,335,219	101,400	1,145,731	4,525,356
2032	-	-	-	-	96,406	106,363	-	213,469	378,850	-	-	726,656	1,163,938	-	1,030,981	3,716,663
2033	-	-	-	-	-	55,013	-	147,169	294,475	-	-	602,156	980,188	-	912,481	2,991,481
2034	-	-	-	-	-	-	-	76,125	191,275	-	-	463,219	803,875	-	785,138	2,319,631
2035	-	-	-	-	-	-	-	-	97,300	-	-	313,875	621,875	-	648,419	1,681,469
2036	-	-	-	-	-	-	-	-	-	-	-	159,469	426,125	-	496,631	1,082,425
2037	-	-	-	-	-	-	-	-	-	-	-	-	217,000	-	339,050	556,050
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000	175,000
Total	\$ -	\$ 20,557,513	\$ 313,200	\$ -	\$ 9,576,788	\$ 5,287,650	\$ 556,113	\$ 8,170,789	\$ 12,342,075	\$ 13,855,350	\$ 1,499,324	\$ 19,912,906	\$ 34,419,844	\$ 10,006,350	\$ 29,542,136	\$ 166,040,017

TOTAL PAYMENT																
Year Ending	2009	2010AB	2011A	2011C	2012	2013A	2013B	2014A	2015A	2015B	2015C	2016A	2017A	2017B	2018A	Total
June 30,	\$ -	\$ 6,834,375	\$ 2,747,400	\$ -	\$ 3,183,956	\$ 1,685,513	\$ 4,613,263	\$ 816,300	\$ 2,874,575	\$ 7,450,850	\$ 10,830,528	\$ 4,880,781	\$ 3,528,531	\$ 1,344,725	\$ 5,999,211	\$ 56,390,007
2019	\$ -	\$ 6,834,375	\$ 2,747,400	\$ -	\$ 3,183,956	\$ 1,685,513	\$ 4,613,263	\$ 816,300	\$ 2,874,575	\$ 7,450,850	\$ 10,830,528	\$ 4,880,781	\$ 3,528,531	\$ 1,344,725	\$ 5,999,211	\$ 56,390,007
2020	-	6,775,225	2,750,800	-	3,184,656	1,683,113	4,607,850	816,300	2,876,325	7,436,600	10,805,260	3,893,281	3,503,531	1,344,725	5,133,981	52,811,648
2021	-	6,710,265	-	-	3,184,456	1,684,113	-	2,251,300	2,876,325	7,425,600	10,827,412	4,874,281	3,478,531	4,024,725	3,098,981	50,435,990
2022	-	6,639,733	-	-	3,186,056	1,683,313	-	2,253,250	2,875,625	7,451,200	6,276,124	4,884,781	6,403,531	4,010,725	5,163,981	50,828,319
2023	-	6,573,388	-	-	3,184,256	1,687,613	-	2,254,950	2,876,025	7,460,950	-	4,893,781	6,406,031	4,020,725	5,173,981	44,531,700
2024	-	6,495,765	-	-	3,184,056	1,688,013	-	2,254,200	2,874,150	7,456,200	-	4,876,281	6,424,781	3,998,225	5,176,481	44,428,153
2025	-	6,417,908	-	-	3,185,256	1,686,344	-	2,250,600	2,876,150	7,456,950	-	4,882,781	6,408,531	3,994,475	5,171,481	44,330,476
2026	-	6,338,278	-	-	3,182,656	1,687,944	-	2,251,100	2,877,050	7,437,150	-	4,897,781	6,408,531	4,009,225	5,158,981	44,237,696
2027	-	6,251,080	-	-	3,186,256	1,683,344	-	2,255,100	2,878,150	7,435,100	-	4,891,281	6,423,531	4,015,225	5,172,981	44,188,049
2028	-	6,158,110	-	-	3,185,656	1,687,694	-	2,252,450	2,878,450	7,437,050	-	4,893,281	6,402,281	4,016,725	5,155,981	44,067,679
2029	-	6,054,950	-	-	3,183,306	1,685,694	-	2,253,300	2,877,250	7,435,000	-	4,875,156	6,413,531	4,011,425	5,170,731	39,193,044
2030	-	5,948,438	-	-	3,183,556	1,687,494	-	2,252,500	2,877,250	-	-	4,890,906	6,420,281	4,022,025	4,958,731	36,239,181
2031	-	-	-	-	3,181,256	1,686,088	-	2,252,656	2,874,850	-	-	4,898,156	6,410,219	4,001,400	4,970,731	30,275,356
2032	-	-	-	-	3,181,406	1,686,363	-	2,253,469	2,878,850	-	-	4,876,656	6,413,938	-	4,980,981	26,271,663
2033	-	-	-	-	-	1,685,013	-	2,252,169	2,874,475	-	-	4,877,156	6,405,188	-	4,987,481	23,081,481
2034	-	-	-	-	-	-	-	2,251,125	2,876,275	-	-	4,888,219	6,403,875	-	5,160,138	21,579,631
2035	-	-	-	-	-	-	-	-	2,877,300	-	-	4,888,875	6,421,875	-	5,173,419	19,361,469
2036	-	-	-	-	-	-	-	-	-	-	-	4,884,469	6,401,125	-	5,171,831	16,457,425
2037	-	-	-													

DAVIS SCHOOL DISTRICT

**Demographic and Economic Statistics
Years Ended 2008 - 2017**

Year Ended December 31,	County Population (1)	Personal Income	Per Capita Income	Births	Deaths	Unemployment Rate (3)	School District October 1 Enrollment
2017	347,637	N/A (2)	N/A (2)	5,473	1,826	3.1%	71,908
2016	342,281	14,149,554,259	\$41,339	5,687	1,762	3.3%	71,021
2015	336,043	13,441,720,000	\$40,000	5,870	1,710	3.3%	69,879
2014	329,692	12,782,158,840	38,770	5,772	1,684	3.6%	68,478
2013	322,094	12,359,390,968	38,372	5,720	1,612	4.2%	68,571
2012	315,809	11,724,093,316	37,124	5,844	1,544	5.0%	68,342
2011	312,603	10,864,517,265	34,755	5,704	1,514	6.2%	67,736
2010	307,550	10,400,418,350	33,817	5,799	1,329	7.0%	66,019
2009	307,656	10,184,644,224	33,104	6,069	1,339	5.9%	65,452
2008	301,915	10,048,636,945	33,283	6,203	1,359	3.3%	65,014

Percentage Increase from 2008 to 2017:

18.5%	(2)	(2)	1.9%	32.9%	-10.0%	9.8%
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(1) Davis County CAFR

(2) Personal income data was not yet available

(3) Utah Department of Workforce Services

DAVIS SCHOOL DISTRICT

**Labor Market Data
Davis County
Years Ended June 30, 2009 to 2018**

	2018 (1)	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total civilian work force	171,503	170,335	164,977	160,321	155,909	152,577	148,630	146,629	146,959	144,875
Employed	166,174	165,116	159,781	154,896	150,319	146,091	141,372	137,787	136,698	135,345
Unemployed	5,329	5,219	5,196	5,425	5,590	6,486	7,258	8,842	10,261	9,530
Unemployment rate	3.1%	3.1%	3.1%	3.4%	3.6%	4.3%	4.9%	6.0%	7.0%	6.6%
Total non-agricultural employment	126,731	126,380	121,365	118,683	114,300	113,178	108,006	101,239	100,376	99,914
Mining	98	128	134	157	196	174	180	139	137	163
Contract construction	10,345	10,303	10,018	9,260	8,365	7,615	7,163	6,331	6,742	7,285
Manufacturing	13,426	12,087	11,786	12,031	11,302	10,874	10,504	9,289	8,989	8,894
Trade, transportation and utilities	23,459	24,257	23,106	22,367	20,490	20,946	20,119	18,777	19,234	19,663
Information	1,178	1,364	1,327	1,410	1,338	1,509	1,410	1,297	1,103	1,041
Financial services	4,411	3,981	3,864	3,852	3,629	3,597	3,452	3,499	2,567	2,797
Professional and business services	14,871	15,182	14,723	15,253	14,803	14,474	13,137	12,096	12,949	12,605
Education and health services	12,610	11,815	11,318	12,686	13,498	12,933	12,147	11,496	11,070	10,500
Leisure and hospitality	12,648	13,655	13,018	12,832	11,287	11,662	10,425	8,840	9,732	9,472
Other services	3,648	3,630	3,619	3,470	3,229	3,166	2,939	2,790	2,780	2,869
Government	30,037	29,978	28,452	25,365	26,163	26,228	26,530	26,685	25,073	24,625

(1) Preliminary data through Mar 2018

(Source: Utah Department of Workforce Services)

DAVIS SCHOOL DISTRICT

**Principal Employers
Current Year and Nine Years Ago**

Business	2018			2009		
	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment
Hill Air Force Base	10,000 - 14,999	1	9.4%	10,000 - 14,999	1	10.2%
Davis School District	7,000 - 9,999	2	6.3%	5,000 - 6,999	2	4.8%
Smith's Distribution Center	2,000 - 2,999	3	1.9%	1,000 - 1,999	6	1.4
Lifetime Products, Inc.	1,000 - 1,999	4	1.3%	1,000 - 1,999	5	1.4%
Walmart	1,000 - 1,999	5	1.3%	1,000 - 1,999	7	1.4%
Lagoon Inc.	1,000 - 1,999	6	1.3%	1,000 - 1,999	4	1.4%
ATK Space Systems / Alliant	1,000 - 1,999	7	1.3%	n/a	n/a	n/a
Your Employment Solutions	1,000 - 1,999	8	1.3%	n/a	n/a	n/a
Utility Trailer & Manufacturing	1,000 - 1,999	9	1.3%	n/a	n/a	n/a
Davis County	500 - 999	10	0.6%	1,000 - 1,999	3	1.4%
Albertson's	n/a	n/a	n/a	500 - 999	8	0.7%
Citicorp Credit Services	n/a	n/a	n/a	500 - 999	9	0.7%
Davis Hospital and Medical Center	n/a	n/a	n/a	500 - 999	10	0.7%
Totals	<u>24,500 - 40,990</u>		<u>25.7%</u>	<u>21,500 - 34,990</u>		<u>160.6%</u>

* Source: Utah Department of Workforce Services

DAVIS SCHOOL DISTRICT

**District Facilities and Personnel Positions
Years Ended June 30, 2009 to 2018**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Facilities Operated:										
Elementary Schools	62	62	62	60	59	59	59	59	58	57
Junior High Schools	16	16	16	16	16	16	16	15	15	14
High Schools	8	8	8	8	8	8	8	8	8	8
Special Purpose Schools	6	6	6	6	6	6	6	6	6	6
Total Number of School Buildings	92	92	92	90	89	89	89	88	87	85
Full-Time Equivalent Positions of the District:										
Administrators, Managers	58.0	61.0	58.0	59.0	57.0	58.0	57.0	57.0	59.8	62.5
School Principals	87.0	87.0	86.0	85.0	83.0	83.0	83.0	82.0	82.0	82.0
School Assistant Principals / Interns	104.0	103.0	98.5	93.5	95.5	91.5	90.5	85.5	100.5	101.6
Elementary Classroom Teachers	1,482.0	1,476.9	1,463.0	1,451.5	1,467.0	1,484.4	1,469.5	1,453.6	1,450.1	1,479.0
Secondary Classroom Teachers	1,230.5	1,191.4	1,163.9	1,130.6	1,135.6	1,119.7	1,095.9	1,078.7	1,112.6	1,138.9
Guidance Personnel	123.3	123.3	118.8	116.8	116.3	117.3	117.8	114.3	128.5	128.8
Special Education	610.6	579.3	562.3	547.2	549.0	544.0	541.1	537.4	535.4	520.8
Librarians / Media Specialists	78.5	78.6	77.4	77.0	75.0	75.5	76.2	74.4	79.8	77.9
Supervisors of Instruction	28.6	29.6	30.6	29.6	31.6	31.6	33.5	30.0	34.9	41.8
Other Professional Staff	237.4	236.5	229.3	217.0	180.8	176.3	168.9	176.1	172.5	166.5
Teacher Assistants	1,005.8	950.1	862.0	825.1	803.4	806.9	859.8	828.6	807.2	797.2
Secretarial	213.7	213.0	208.6	211.9	213.3	214.1	213.2	213.4	213.4	213.2
Office Assistants	173.5	171.5	163.9	163.4	160.9	162.1	173.7	173.5	187.3	186.2
Custodial	383.0	363.5	363.3	356.6	359.2	364.1	357.3	360.5	363.0	368.2
Maintenance	120.8	120.1	119.3	121.6	119.9	119.6	123.2	138.5	132.2	132.1
Nutrition Services	257.4	257.1	258.8	257.2	261.3	262.8	260.5	253.0	247.5	240.7
Transportation	196.4	196.7	202.9	213.5	221.3	216.0	211.7	211.3	218.6	226.8
Warehouse	34.9	35.6	37.1	32.9	33.2	33.6	35.9	35.9	36.9	37.4
Total number of District positions FTE	<u>6,425.3</u>	<u>6,274.0</u>	<u>6,103.4</u>	<u>5,989.4</u>	<u>5,963.2</u>	<u>5,960.5</u>	<u>5,968.7</u>	<u>5,903.7</u>	<u>5,962.2</u>	<u>6,001.6</u>

* Source: Davis School District records

DAVIS SCHOOL DISTRICT

**Average Daily Membership and October Enrollment
Years Ended June 30, 2008 to 2016**

<u>Year Ended June 30,</u>	<u>Average Daily Membership</u>	<u>Annual Increase</u>	<u>October 1st Enrollment</u>	<u>Annual Increase</u>
2018	67,084	676	71,908	887
2017	66,408	1,109	71,021	1,142
2016	65,299	750	69,879	740
2015	64,549	590	69,139	568
2014	63,959	347	68,571	229
2013	63,612	568	68,342	606
2012	63,044	1,339	67,736	1,717
2011	61,705	698	66,019	567
2010	61,007	288	65,452	438
2009	60,719	715	65,014	463

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

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

* Source: Davis School District records

DAVIS SCHOOL DISTRICT
Expenditures by Function - General Fund
Last Ten Fiscal Years
Years Ended June 30, 2009 to 2018

Function	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$336,237,490 67.11%	\$314,917,995 68.40%	\$302,319,756 68.77%	\$282,326,073 68.66%	\$276,406,737 68.85%	\$274,541,223 69.02%	\$267,146,874 68.61%	\$265,400,085 69.02%	\$261,618,511 68.71%	\$271,071,924 69.10%
Supporting services:										
Students	17,708,229 3.53%	16,015,062 3.48%	15,573,759 3.54%	14,694,917 3.57%	14,703,541 3.66%	14,738,515 3.71%	14,514,691 3.73%	14,254,114 3.71%	14,954,793 3.93%	14,352,317 3.66%
Instructional staff	22,001,747 4.39%	20,886,518 4.54%	20,244,708 4.61%	18,445,968 4.49%	17,802,062 4.43%	16,995,074 4.27%	16,651,193 4.28%	17,104,002 4.45%	17,440,418 4.58%	18,677,876 4.76%
District administration	2,711,466 0.54%	2,772,126 0.60%	2,505,646 0.57%	2,325,792 0.57%	2,171,447 0.54%	2,583,855 0.65%	2,550,252 0.66%	2,553,577 0.66%	2,518,401 0.66%	2,362,001 0.60%
School administration	37,375,321 7.46%	34,455,761 7.48%	28,518,964 6.49%	26,766,307 6.51%	26,037,360 6.49%	25,380,335 6.38%	24,860,824 6.39%	24,543,982 6.38%	24,238,662 6.37%	23,421,684 5.97%
Central	16,935,865 3.38%	15,079,440 3.27%	14,277,804 3.25%	12,960,814 3.15%	12,561,013 3.13%	12,284,036 3.09%	11,754,227 3.02%	10,739,697 2.79%	10,536,906 2.77%	10,896,515 2.78%
Operation & maintenance of facilities	51,134,507 10.21%	43,193,068 9.38%	43,268,575 9.84%	40,514,129 9.85%	40,479,639 10.08%	40,108,854 10.08%	39,348,007 10.11%	38,414,026 9.99%	38,155,323 10.02%	38,766,895 9.88%
Student transportation	16,928,910 3.38%	13,142,063 2.85%	12,881,560 2.93%	13,168,618 3.20%	11,332,852 2.82%	11,134,619 2.80%	11,823,524 3.04%	10,863,058 2.83%	10,460,090 2.75%	11,809,938 3.01%
Tax anticipation note interest	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	622,548 0.16%	655,188 0.17%	785,433 0.21%	944,904 0.24%
Total Expenditures	\$501,033,535	\$460,462,033	\$439,590,772	\$411,202,618	\$401,494,651	\$397,766,511	\$389,272,140	\$384,527,729	\$380,708,537	\$392,304,054

DAVIS SCHOOL DISTRICT

**Expenditures Per ADM by Function - General Fund
Last Ten Fiscal Years
Years Ended June 30, 2009 to 2018**

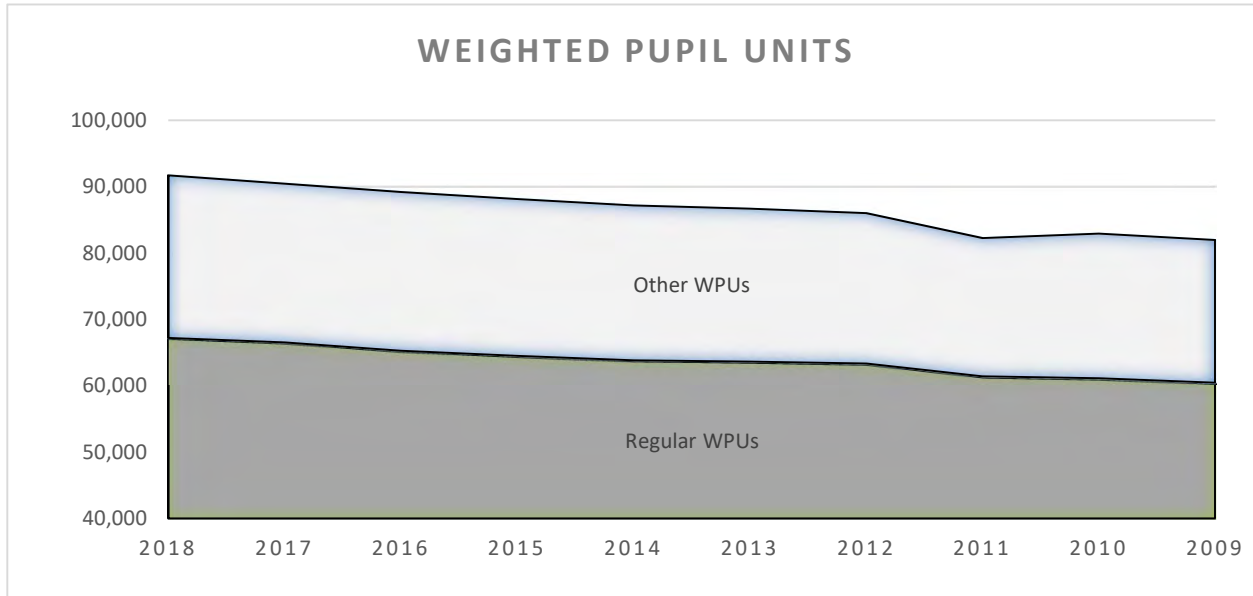
Function	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$ 5,012	\$ 4,742	\$ 4,630	\$ 4,374	\$ 4,322	\$ 4,316	\$ 4,237	\$ 4,301	\$ 4,288	\$ 4,464
Supporting services:										
Students	264	241	238	228	230	232	230	231	245	236
Instructional staff	328	315	310	286	278	267	264	277	286	308
District administration	40	42	38	36	34	41	40	41	41	39
School administration	557	519	437	415	407	399	394	398	397	386
Central	252	227	219	201	196	193	186	174	173	179
Operation & maintenance of facilities	762	650	663	628	633	631	624	623	625	638
Student transportation	252	198	197	204	177	175	188	176	171	195
Tax anticipation note interest	-	-	-	-	-	-	10	11	13	16
Total expenditures per ADM	<u>\$ 7,469</u>	<u>\$ 6,934</u>	<u>\$ 6,732</u>	<u>\$ 6,370</u>	<u>\$ 6,277</u>	<u>\$ 6,253</u>	<u>\$ 6,175</u>	<u>\$ 6,232</u>	<u>\$ 6,240</u>	<u>\$ 6,461</u>

DAVIS SCHOOL DISTRICT

**Weighted Pupil Units (WPU's)
Regular WPUs and Other by Formula
Years Ended June 30, 2009 to 2018**

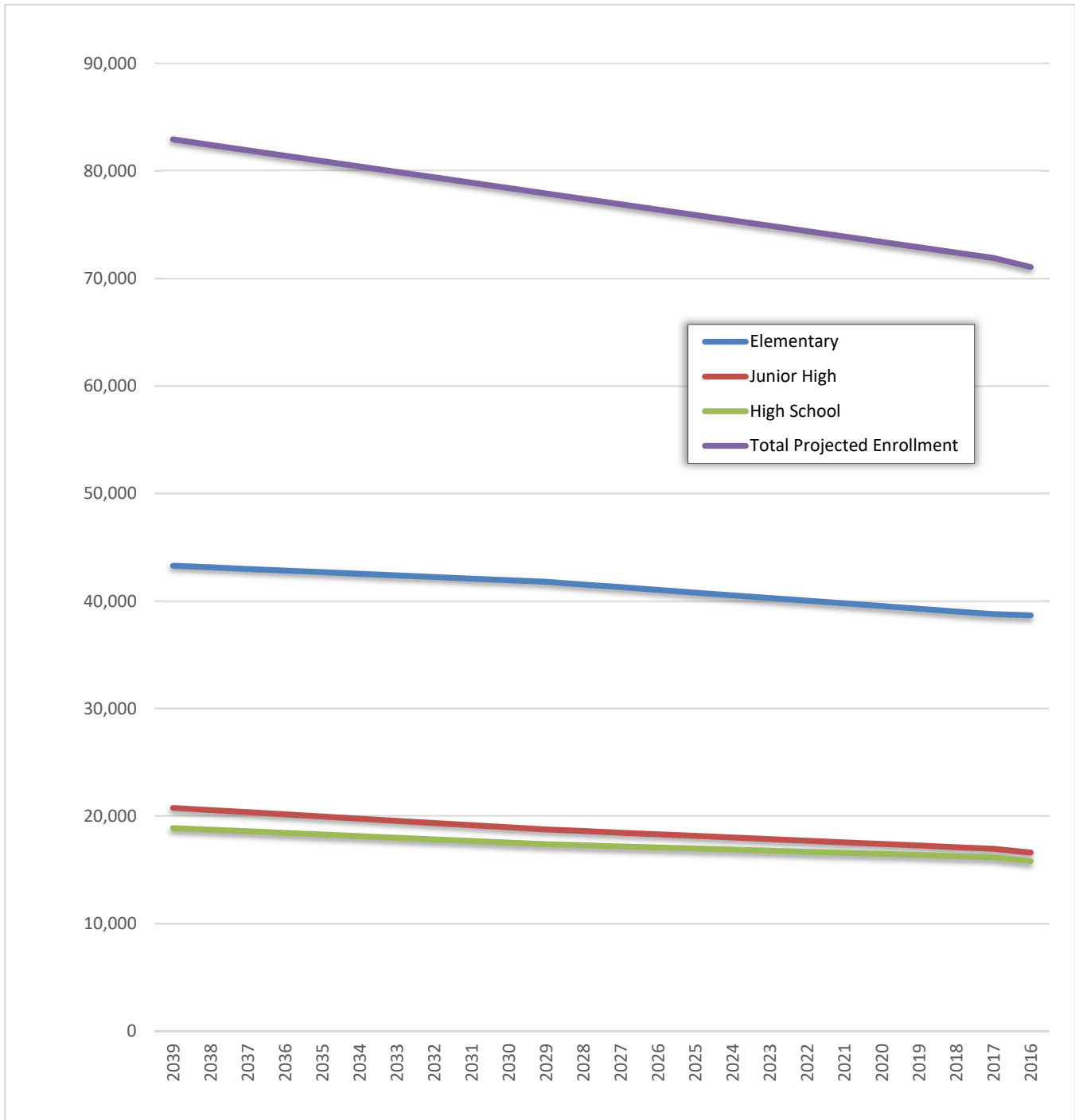
WPU TYPE	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Regular Grades K-12	67,196	66,495	65,249	64,494	63,809	63,613	63,300	61,390	61,148	60,424
Other WPUs by Formula										
Professional staff	6,448	6,382	6,318	6,332	6,247	6,308	6,267	4,914	5,809	5,801
Administrative Cost	-	-	-	-	-	-	-	-	-	16
Foreign Exch Students	30	30	34	38	39	32	34	34	29	24
Special Education	10,921	10,444	10,336	10,144	9,870	9,537	9,302	8,894	8,934	8,689
Career and Technical Ed	2,734	2,783	2,955	2,952	2,965	2,999	2,890	2,928	2,996	2,971
Class-Size Reduction	4,400	4,309	4,266	4,225	4,231	4,211	4,205	4,132	4,042	4,011
Total other WPU's	24,534	23,948	23,909	23,691	23,352	23,087	22,698	20,902	21,810	21,512
TOTAL ALL WPU's	91,729	90,443	89,158	88,185	87,161	86,700	85,998	82,292	82,958	81,936

* Source: Utah State Board of Education final recipient report



DAVIS SCHOOL DISTRICT

Student Enrollment Projections Next Twenty Years



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

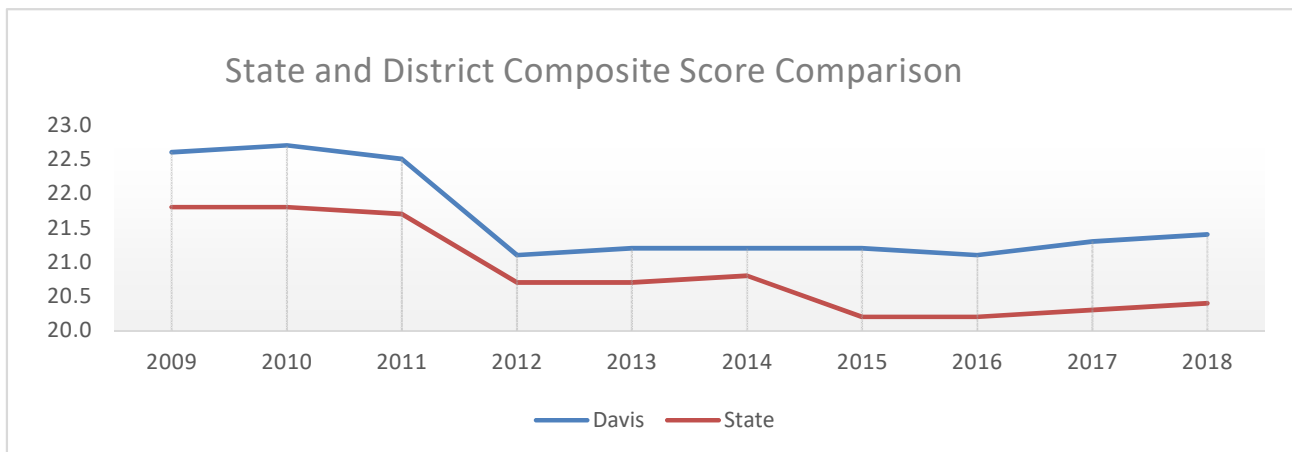
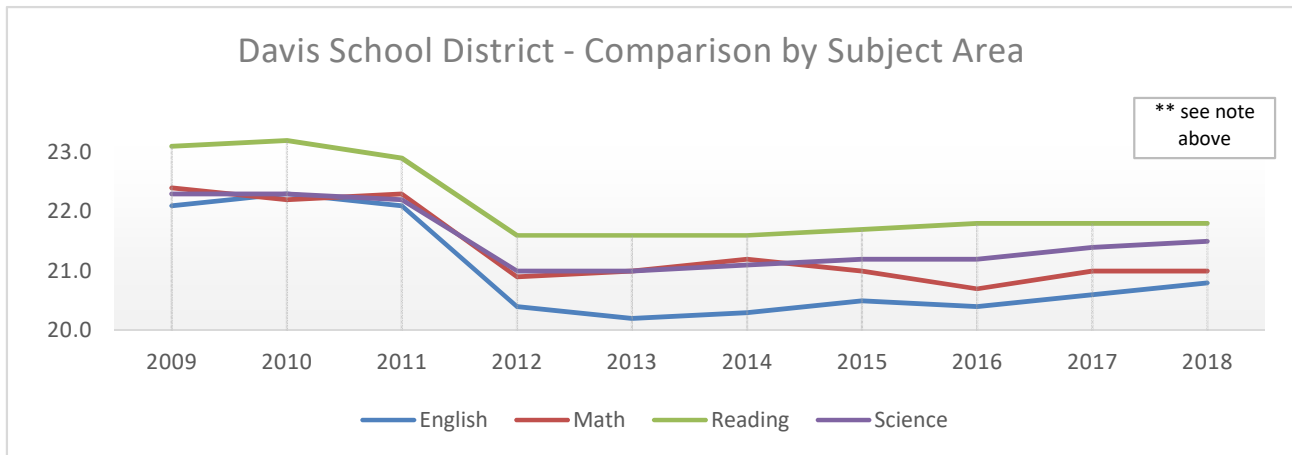
DAVIS SCHOOL DISTRICT

American College Test (ACT) Results Years Ended June 30, 2009 to 2018

AVERAGE SCORES on a 36 point scale

Year	English	Math	Reading	Science Reasoning	Composite District	Composite State
2018	20.8	21.0	21.8	21.5	** 21.4	20.4
2017	20.6	21.0	21.8	21.4	** 21.3	20.3
2016	20.4	20.7	21.8	21.2	** 21.1	20.2
2015	20.5	21.0	21.7	21.2	** 21.2	20.2
2014	20.3	21.2	21.6	21.1	** 21.2	20.8
2013	20.2	21.0	21.6	21.0	** 21.2	20.7
2012	20.4	20.9	21.6	21.0	** 21.1	20.7
2011	22.1	22.3	22.9	22.2	22.5	21.7
2010	22.3	22.2	23.2	22.3	22.7	21.8
2009	22.1	22.4	23.1	22.3	22.6	21.8

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



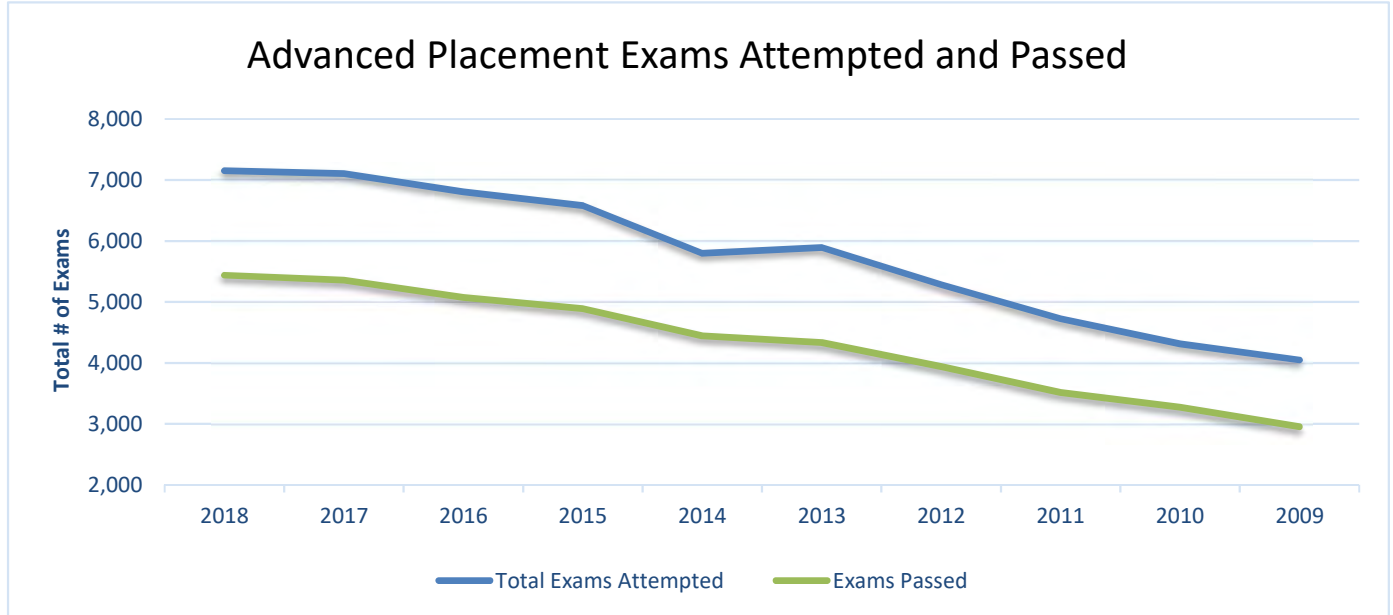
* Source: Davis School District and Utah State Office of Education records

DAVIS SCHOOL DISTRICT

Advanced Placement Exam Results Years Ended June 30, 2009 to 2018

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Mathematics	1,112	1,068	1,083	1,174	1,073	1,079	962	938	996	896
Computer Science	44	25	6	3	1	5	6	1	1	1
English	1,414	1,649	1,329	1,355	1,217	1,443	1,421	1,164	1,166	1,119
Science	931	782	767	736	582	562	415	447	389	400
Social Studies	3,092	3,116	3,190	2,891	2,657	2,469	2,199	1,925	1,502	1,373
Fine Arts	323	293	273	346	244	301	261	235	251	243
Foreign Languages	236	171	157	77	27	36	21	15	9	16
Total Exams Attempted	7,152	7,104	6,805	6,582	5,801	5,895	5,285	4,725	4,314	4,048
Exams Passed	5,439	5,357	5,075	4,890	4,445	4,335	3,942	3,513	3,272	2,952
PERCENTAGE PASSING	76.05%	75.41%	74.58%	74.29%	76.62%	73.54%	74.59%	74.35%	75.85%	72.92%



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

* Source: Davis School District records

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

We have acted as bond counsel to the Board of Education (the “Board”) of Davis School District, Utah (the “District”) in connection with the issuance by the Board of its \$50,000,000 General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019A (the “Bonds”) pursuant to (i) authorization given by a majority of the qualified electors of the District voting at a special bond election held on November 3, 2015; (ii) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended; (iii) a resolution of the Board adopted on February 5, 2019 (the “Resolution”); and (iv) other applicable provisions of law. The Bonds are being issued to (a) pay all or part of the cost of new school construction, land acquisition, equipment acquisition, and renovation and improvement of existing school facilities and (b) pay the costs of issuance of the Bonds.

Regarding questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable upon the Board.
2. The Bonds are valid and binding general obligations of the Board for the payment of which the full faith and credit of the Board are pledged, and for the payment of which ad valorem taxes may be levied on all taxable property within the boundaries of the District without limit as to rate or amount.
3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Board complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.
4. Interest on the Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds.

The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

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APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Certificate”) is executed and delivered by the Board of Education of the Davis School District, Utah (the “Issuer”) in connection with the issuance of the Issuer’s General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019A, in the aggregate principal amount of \$50,000,000 (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Issuer adopted on February 5, 2019 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500; and current website is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Issuer dated March 27, 2019, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of each fiscal year of the Issuer (presently June 30) commencing with the fiscal year ending June 30, 2019, provide to the MSRB in electronic format an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide its respective Annual Report to the Dissemination Agent (if other than the Issuer). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of their Annual Reports.

(b) If the Issuer is unable to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice in a timely manner to the MSRB in electronic format.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the annual reports to be submitted; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. (a) The Issuer's Annual Report shall contain or incorporate by reference the following:

(i) A copy of the Issuer's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the Issuer's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(ii) An update of the information of the type contained in the Official Statement under the headings "DEBT STRUCTURE OF DAVIS SCHOOL DISTRICT, UTAH" and "FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH —Financial Summaries," "—Historical Tax Rates Of The District," "—Comparative Total Property Tax Rates Within Davis County," "—Taxable, Fair Market And Market Value Of Property," "—Historical Summaries Of Taxable Value Of Property," "—Tax Collection Record," and "—Some Of The Largest Taxpayers."

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) business days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
 - (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
 - (iii) Non-payment related defaults;
 - (iv) Modifications to the rights of the owners of the Bonds;
 - (v) Bond calls;
 - (vi) Release, substitution or sale of property securing repayment of the Bonds;
- or
- (vii) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under (b) above, whether because of a notice from the Dissemination Agent or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event under (b) above would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the Issuer determines that the Listed Event under (b) above would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format of the Bonds.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, without the consent of the holders of the Bonds, if such amendment or waiver is supported by an opinion of counsel with expertise in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence, gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: April 11, 2019

BOARD OF EDUCATION OF
DAVIS SCHOOL DISTRICT, UTAH

President

Attest & Countersigned:

Business Administrator

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APPENDIX D

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019A Bonds, except in the event that use of the book-entry system for the 2019A Bonds is discontinued.

To facilitate subsequent transfers, all 2019A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019A Bond documents. For example, Beneficial Owners of 2019A Bonds may wish to ascertain that the nominee holding the 2019A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Board or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019A Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2019A Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

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Davis School District

Learning First