
OFFICIAL NOTICE OF BOND SALE

And

PRELIMINARY OFFICIAL STATEMENT

Board of Education of Davis School District, Utah



Davis School District
Learning First

\$80,000,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017

Electronic bids will be received up to 9:30:00 A.M., M.D.T., via the **PARITY**® electronic bid submission system, on Wednesday, March 22, 2017.

* Preliminary; subject to change.

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OFFICIAL NOTICE OF BOND SALE

(Bond Sale to be Conducted Electronically)

Board of Education of Davis School District, Utah

\$80,000,000*

General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by the Business Administrator of the Board of Education (the “Board”) of the Davis School District, Utah (the “District”), at the office of Zions Public Finance, Inc., Salt Lake City, Utah, the Municipal Advisor to the Board (the “Municipal Advisor”) on the *PARITY*® bidding system (“*PARITY*®”) at 9:30:00 a.m., Mountain Daylight Time (“M.D.T.”), on Wednesday, March 22, 2017, for the purchase all or none (“AON”) of \$80,000,000* aggregate principal amount of the Board’s General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017 (the “2017 Bonds”).

The bids will be publicly reviewed and considered by certain designated officers of the Board on Wednesday, March 22, 2017.

Description of 2017 Bonds

The 2017 Bonds will be dated the date of delivery thereof, will be fully-registered bonds, in book-entry form, in denominations of \$5,000 or integral multiples thereof, and will mature on June 1 of the years and in the principal amounts as follows:

Maturity (June 1)	<u>Amount*</u>	Maturity (June 1)	<u>Amount*</u>
2018	\$1,425,000	2028	\$4,500,000
2019	500,000	2029	4,725,000
2020	500,000	2030	4,950,000
2021	500,000	2031	5,100,000
2022	3,550,000	2032	5,275,000
2023	3,650,000	2032	5,475,000
2024	3,775,000	2034	5,650,000
2025	3,875,000	2035	5,850,000
2026	4,075,000	2036	6,075,000
2027	4,275,000	2037	<u>6,275,000</u>
Total			<u>\$80,000,000*</u>

The 2017 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee. The Depository Trust Company will act as securities depository for the 2017 Bonds. Purchases of beneficial interests in the 2017 Bonds will be made in book-entry form in the denomination of \$5,000 or any whole multiple thereof.

* Preliminary; subject to change. See “Adjustment of Principal Amount of the 2017 Bonds” in this OFFICIAL NOTICE OF BOND SALE.

Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option

The 2017 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the 2017 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates, as adjusted.

Adjustment of Principal Amount of the 2017 Bonds

The Board reserves the right, following determination of the best bid(s) to reduce or increase the principal amount of each maturity of the 2017 Bonds. The adjustment of maturities may be made in such amounts as are necessary to provide the Board with desired debt service payments during the life of the 2017 Bonds and to properly size the issue so that the proceeds available to the Board will be approximately \$85,100,000. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the Board will consider the bid as having been made for the adjusted amount of the 2017 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2017 Bonds to the public and the price to be paid to the Board, by (b) the principal amount of the 2017 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The Board expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., M.D.T., on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2017 Bonds will be adjusted and the corresponding changes to the principal amount of 2017 Bonds maturing on one or more of the above-designated maturity dates for the 2017 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder(s) is required to indicate by electronic means or facsimile transmission to the Municipal Advisor at eric.pehrson@zionsbancorp.com or fax number 801.844.4484 within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2017 Bonds and the amount received from the sale of the 2017 Bonds to the public that will be retained by the successful bidder(s) as its compensation.

Possible Rejection of All Bids

As described below under "Sale Reservations," the Board reserves the right to reject any and all bids and to resell the 2017 Bonds. In such case the Board may elect to negotiate a subsequent sale of the 2017 Bonds.

Ratings

The Board will, at its own expense, pay fees of Moody's Investors Service, Inc. ("Moody's") for rating the 2017 Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

Purchase Price

The purchase price bid for the 2017 Bonds shall not be less than 100% of the principal amount of the 2017 Bonds (\$80,000,000).

Interest Rates

The 2017 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of 1/8 or 1/20 of 1% per annum. In addition:

1. no rate bid may exceed 5.00% per annum;
2. all 2017 Bonds of the same maturity must bear a single rate of interest;
3. a zero rate cannot be named for all or any part of the time from the date of any 2017 Bond to its stated maturity;
4. premium must be paid in the funds specified for the payment of the 2017 Bonds as part of the purchase price;
5. interest shall be computed from the dated date of a 2017 Bond to its stated maturity date at the single interest rate specified in the bid for the 2017 Bonds of such maturity;
6. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for federal funds;
7. there shall be no supplemental interest coupons; and
8. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest for the 2017 Bonds will be payable semiannually on June 1 and December 1 beginning December 1, 2017, at the rate or rates to be fixed at the time the 2017 Bonds are sold.

Payment of Principal and Interest

Principal and interest are payable by U.S. Bank National Association, Corporate Trust Services, as Paying Agent and Registrar, to the registered owners of the 2017 Bonds. So long as The Depository Trust Company, New York, New York ("DTC"), is the registered owner, DTC will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the 2017 Bonds as described under the caption "THE 2017 BONDS—Book-Entry System" in the Board's Preliminary OFFICIAL STATEMENT with respect to the 2017 Bonds. Interest on the 2017 Bonds will be payable by check or draft mailed to the registered owners thereof (initially DTC) as shown on the registration books kept for the Board by the Registrar.

Optional Redemption

The 2017 Bonds maturing on and after June 1, 2027 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 1, 2026, 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 2017 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Security

The 2017 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 of the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2017 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 Bond Guaranty Act, Chapter 28 of Title 53A, Utah Code Annotated 1953, as amended.

Procedures Regarding Electronic Bidding

No bid will be accepted unless the Board has determined that such bidder has provided the requested Deposit, as the case may be, as described under “Good Faith Deposit” below.

Bids will be received by means of the *PARITY*® electronic bid submission system. A prospective bidder must communicate its bid electronically through *PARITY*® on or before 9:30:00 a.m. M.D.T., on Wednesday, March 22, 2017. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY*® conflict with this OFFICIAL NOTICE OF BOND SALE, the terms of this OFFICIAL NOTICE OF BOND SALE shall control. For further information about *PARITY*®, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, New York 10018; 212.849.5021. The time as maintained by *PARITY*® shall constitute the official time.

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this OFFICIAL NOTICE OF BOND SALE. Neither the Municipal Advisor, the Board nor i-Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the Board nor i-Deal LLC shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*®. The Board is using *PARITY*® as a communication mechanism, and not as the Board’s agent, to conduct the electronic bidding for the 2017 Bonds.

Notification

The Municipal Advisor will notify the apparent successful bidder(s) (electronically via *PARITY*®) as soon as possible after the Board’s receipt of bids, that such bidder’s bid appears to be the lowest and best bid received which conforms to the requirements of this OFFICIAL NOTICE OF BOND SALE, subject to verification and to official action to be taken by the Board as described in the next succeeding paragraph.

The award of the 2017 Bonds to the successful bidder will be considered by certain designated officers of the Board on Wednesday, March 22, 2017, pursuant to a resolution previously adopted by the Board.

Form Of Bid

Each bidder for the 2017 Bonds is required to transmit electronically via *PARITY*® an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price (as described under “Purchase Price” above) at which the bidder will purchase the 2017 Bonds. Each bid must be for all the 2017 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2017 Bonds represented on a TIC basis, as described under “Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of *PARITY*®; provided, however, that in the event a prospective bidder cannot access *PARITY*®, through no fault of its own, it may so notify the office of the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at

801.844.7373, who shall transcribe such bid into written form or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before the respective time bids are due as stated above, on Wednesday, March 22, 2017. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by *PARITY*®, shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the 2017 Bonds and the total purchase price of all of the 2017 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the Board nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder(s) will provide written confirmation of its bid (by electronic means or facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., M.D.T., on Wednesday, March 22, 2017.

Right of Cancellation

The successful bidder(s) shall have the right, at its option, to cancel its obligation to purchase the 2017 Bonds if the Board shall fail to execute the 2017 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder(s) shall be entitled to the return of the Deposit.

Award

Award or rejection of bids will be made on Wednesday, March 22, 2017 by certain designated officers of the Board. The 2017 Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest cost to the Board, computed from the date of the 2017 Bonds to maturity and taking into consideration the premium or discount, if any, in the purchase price of the 2017 Bonds. The effective interest rate to the Board shall be the interest rate per annum determined on a per annum true interest cost (“TIC”) based on the discounting of the scheduled semiannual debt service payments of the Board on the 2017 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2017 Bonds, compounded semiannually, and to the bid price, excluding accrued interest to the date of delivery. Interest cost shall be computed on a 360-day year of 12, 30-day months.

Good Faith Deposit

A good faith deposit (the “Deposit”) in the amount of \$800,000 is required only from the successful bidder(s). The Deposit shall be payable to the order of the Board in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 noon, M.D.T., on Wednesday, March 22, 2017. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Board. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Board shall, as security for the faithful performance by the successful bidder(s) of its obligation to take up and pay for the 2017 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder(s) and hold the proceeds of the Deposit of the successful bidder(s), or invest the same (at the Board’s risk) in obligations which mature at or before the delivery of the 2017 Bonds as described under the caption “Manner and Time of Delivery” below, until disposed of as follows: (a) at such delivery of the 2017 Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the 2017 Bonds, the full amount of the Deposit held by the Board, without adjustment for interest, shall be applied toward the purchase price of the 2017 Bonds at that time and the full amount of any interest earnings thereon shall be retained by the Board; and (b) if the successful bidder fails to take up and pay for the

2017 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Board as liquidated damages.

Sale Reservations

The Board reserves the right: (i) to waive any irregularity or informality in any bid or in the bidding process; (ii) to reject any and all bids for the 2017 Bonds; and (iii) to resell the 2017 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder(s) will be given at least seven business days advance notice of the proposed date of the delivery of the 2017 Bonds when that date has been tentatively determined. It is now estimated that the 2017 Bonds will be delivered in book-entry form on or about Wednesday, April 5, 2017. Delivery of the 2017 Bonds will be made in Salt Lake City, Utah. The successful bidder(s) must also agree to pay for the 2017 Bonds in federal funds which will be immediately available to the Board on the day of delivery.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the 2017 Bonds, at the expense of the Board, but neither the failure to print such numbers on any 2017 Bond nor any error with respect thereof shall constitute cause for a failure or refusal by the successful bidder(s) thereof to accept delivery of and pay for the 2017 Bonds in accordance with terms of this OFFICIAL NOTICE OF BOND SALE.

Tax-Exempt Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board, the interest on the 2017 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 imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The above opinions are subject to the condition that the Board complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2017 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 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2017 Bonds.

Interest on the 2017 Bonds is exempt from State of Utah individual income taxes.

Issue Price

In order to enable the Board to comply with certain conditions of the Internal Revenue Code of 1986, as amended, the successful bidder(s) will be required to provide a certificate as to the "issue price" of the 2017 Bonds. Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the 2017 Bonds, if its bid is accepted by the Board. It will be the responsibility of the successful bidder(s) to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Blake Wade of Gilmore & Bell, P.C., Bond Counsel, 15 West South Temple, Suite 520, Salt Lake City, Utah 84101; 801.364.5080; bwade@gilmorebell.com. A form of the required certification is attached hereto as "Exhibit A".

Legal Opinion and Closing Documents

The approving opinion of Gilmore & Bell, P.C., covering the legality of the 2017 Bonds will be furnished to the successful bidder(s) without charge. There will also be furnished the usual closing certificates dated as of the date of delivery of and payment for the 2017 Bonds, including a certificate from the attorney for the District that there is no litigation pending or, to the knowledge of the signer thereof, threatened, affecting the validity of the 2017 Bonds.

Disclosure Certificate

The Board will deliver to the successful bidder(s) a certificate of officer(s) of the Board, dated the date of the delivery of the 2017 Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said officer(s): (a) the descriptions and statements contained in the Preliminary OFFICIAL STATEMENT circulated with respect to the 2017 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the Final OFFICIAL STATEMENT are at the time of delivery of the 2017 Bonds true and correct in all material respects and do not at the time of the delivery of the 2017 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, should the Final OFFICIAL STATEMENT be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Final OFFICIAL STATEMENT shall relate to the Final OFFICIAL STATEMENT as so supplemented or amended.

Official Statement

Copies of the Board's Preliminary OFFICIAL STATEMENT may be obtained as specified below prior to the time bids are taken. The Preliminary OFFICIAL STATEMENT is in a form "deemed final" by the Board for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, but is subject to revision, amendment and completion in a final OFFICIAL STATEMENT.

The Board shall deliver to the successful bidder(s) no later than the seventh business day after the award of the 2017 Bonds as described under the caption "Award" above, a final OFFICIAL STATEMENT in electronic format, to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission and the rules of the Municipal Securities Rulemaking Board.

Continuing Disclosure Undertaking

Pursuant to Securities and Exchange Commission Rule 15c2-12, the Board will undertake in a Continuing Disclosure Undertaking to provide certain ongoing disclosure, including annual operating data and financial information (including audited financial statements) and notices of the occurrence of certain material events. A description of the undertaking is set forth in the Preliminary OFFICIAL STATEMENT.

Additional Information

For copies of this OFFICIAL NOTICE OF BOND SALE, the Preliminary OFFICIAL STATEMENT and information regarding the electronic bidding procedures and other related information, contact Johnathan Ward (johnathan.ward@zionsbancorp.com) or Eric Pehrson (eric.pehrson@zionsbancorp.com), Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109; 801.844.7373; fax: 801.844.4484; the Municipal Advisor to the Board.

DATED this 9th day of March, 2017.

BOARD OF EDUCATION OF DAVIS SCHOOL DISTRICT, UTAH

/s/ John L. Robison

President

EXHIBIT A

FORM OF CERTIFICATE OF PURCHASER

On behalf of _____, as Purchaser, I hereby certify in connection with the issuance of the \$_____ Board of Education of Davis School District, Utah, General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017 (the "2017 Bonds") as follows:

1. We have made a bona fide public offering of the 2017 Bonds to the public at the reoffering price as set forth below:

Maturity Date (<u>June 1</u>)	Principal <u>Amount of Maturity</u>	Initial Reoffering Price at which Substantial Amount <u>Was Sold</u>	Total Price if Total Maturity Sold <u>at Initial Price</u>
---------------------------------------	----------------------------------------	-------------------------------------------------------------------------------	------------------------------------------------------------------

2. If such issue price were paid for all of the 2017 Bonds, the total issue price to the public would be \$_____.

3. A substantial amount (not less than 10%) of the 2017 Bonds was sold, or was reasonably expected at the time of the bid for the 2017 Bonds to be sold, to the public or final purchasers (not including bond houses, or brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices.

4. Based upon our experience, the issue price of the 2017 Bonds does not exceed their fair market value as of the date of sale thereof.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his official signature this _____ day of _____, 2017.

[PURCHASER]

By: _____

Title: _____

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PRELIMINARY OFFICIAL STATEMENT

\$80,000,000*



Davis School District
Learning First

Board of Education of Davis School District, Utah

General Obligation Bonds, (Utah School Bond Guaranty Program), Series 2017

On Wednesday, March 22, 2017 up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2017 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Board of Education of Davis School District, Utah (the “Board”), previously adopted on February 7, 2017.

The Board has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2017 Bonds as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2017 Bonds contact the Municipal Advisor:



Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated March 9, 2017, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED MARCH 9, 2017

NEW ISSUE

Rating: Moody's "Aaa" (State of Utah Guaranty; underlying "Aa2")
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 2017 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 imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

\$80,000,000*



Board of Education of Davis School District, Utah

General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017

The \$80,000,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017 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 2017 Bonds.

Principal of and interest on the 2017 Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2017) are payable by U.S. Bank National Association, Corporate Trust Services, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2017 BONDS—Book-Entry System" herein.

The 2017 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "THE 2017 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2017 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 of the taxable property in Davis School District, Utah, fully sufficient to pay the 2017 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2017 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 Bond Guaranty Act. 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 2017 Bonds.

The 2017 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Wednesday, March 22, 2017 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 9, 2017).

Zions Public Finance, Inc., Salt Lake City, Utah, is acting 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 __, 2017, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of delivery is Wednesday, April 5, 2017.

Davis School District, Utah

\$80,000,000*

General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017

Dated: Date of Delivery¹

Due: June 1, as shown below

Due June 1	CUSIP® 239019	Principal Amount*	Interest Rate	Yield/ Price
2018.....		\$1,425,000	%	%
2019.....		500,000		
2020.....		500,000		
2021.....		500,000		
2022.....		3,550,000		
2023.....		3,650,000		
2024.....		3,775,000		
2025.....		3,875,000		
2026.....		4,075,000		
2027.....		4,275,000		
2028.....		4,500,000		
2029.....		4,725,000		
2030.....		4,950,000		
2031.....		5,100,000		
2032.....		5,275,000		
2033.....		5,475,000		
2034.....		5,650,000		
2035.....		5,850,000		
2036.....		6,075,000		
2037.....		6,275,000		

\$_____ % Term Bond due June 1, 20__—Price of _____ %
(CUSIP® 239019 __)

¹ The anticipated date of delivery is Wednesday, April 5, 2017.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

* Preliminary; subject to change.

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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 2017 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 2017 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board, since the date hereof.

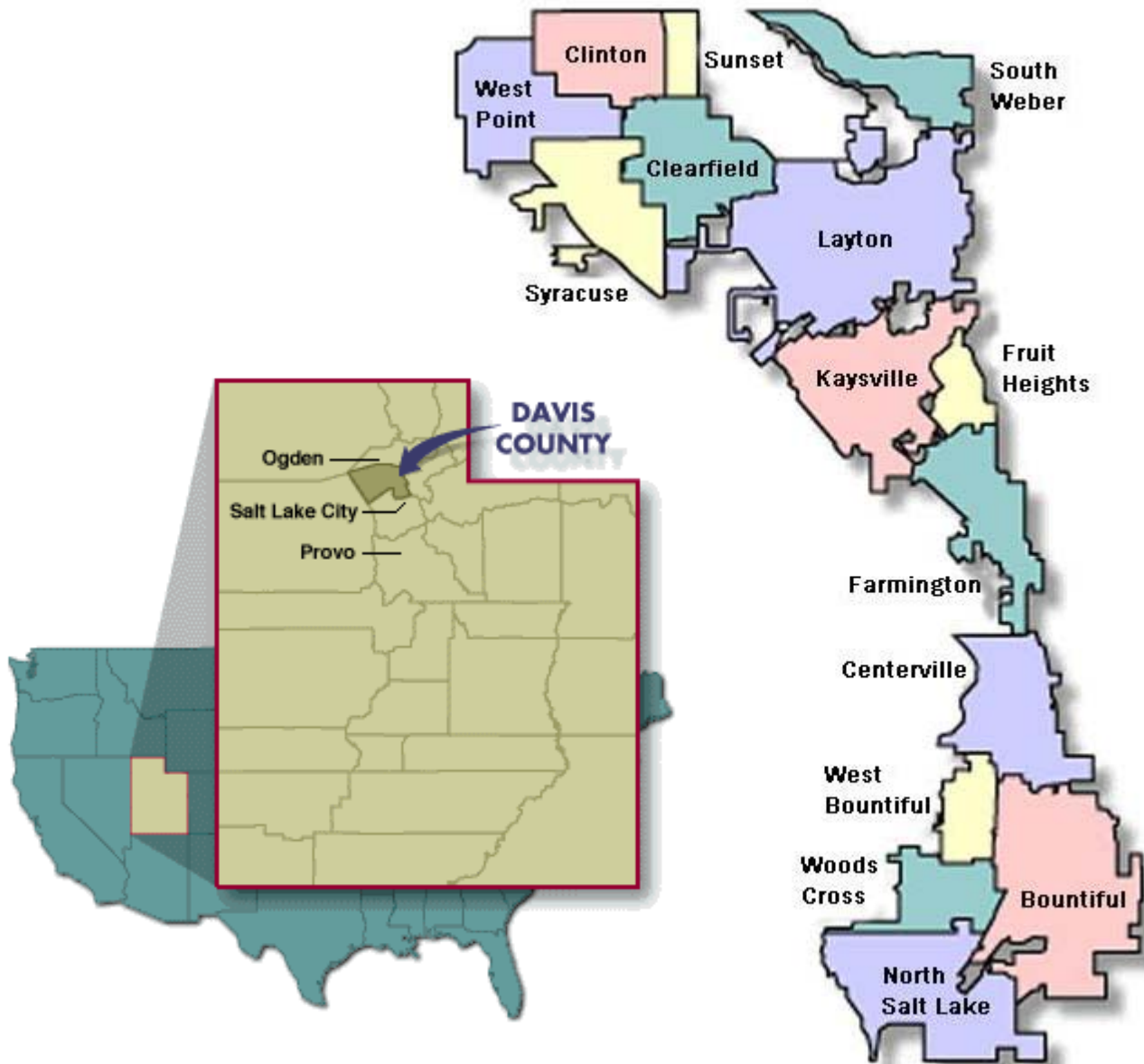
The 2017 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2017 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 2017 Bonds to dealers and others. In connection with the offering of the 2017 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2017 Bonds. Such transactions may include overallocments in connection with the purchase of 2017 Bonds, the purchase of 2017 Bonds to stabilize their market price and the purchase of 2017 Bonds to cover the successful bidder’s(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 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2017 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 in connection with the offering of the 2017 Bonds and is not a part of this OFFICIAL STATEMENT.



OFFICIAL STATEMENT RELATED TO

\$80,000,000*

Board of Education of Davis School District, Utah

General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017

INTRODUCTION

This introduction is only a brief description of the 2017 Bonds, as hereinafter defined, the security and source of payment for the 2017 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 2016;” “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 2017 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY®** electronic bid submission system on Wednesday, March 22, 2017 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 9, 2017).

See the “OFFICIAL NOTICE OF BOND SALE” above.

The 2017 Bonds may be offered and sold to certain dealers (including dealers depositing the 2017 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

* Preliminary; subject to change.

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 located 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 336,043 residents according to the 2015 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 2017 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$80,000,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017 (the “2017 Bond” or “2017 Bonds”), initially issued in book–entry form only.

Security

The 2017 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 of the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest. See “THE 2017 BONDS—Security And Sources Of Payment” and “FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Tax Levy And Collection” below.

Payment of the principal of and interest on the 2017 Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State under the provisions of the Utah School Bond Guaranty Act, Title 53A, Chapter 28 (the “Guaranty Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). See “STATE OF UTAH GUARANTY” below.

Authorization For And Purpose Of The 2017 Bonds

Authorization. The 2017 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code; the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and the applicable provisions of Title 53A of the Utah Code, (ii) the resolution of the Board adopted on February 7, 2017 (the “Resolution”), which provides for the issuance of the 2017 Bonds, and (iii) other applicable provisions of law.

The 2017 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.

* Preliminary; subject to change.

The 2017 Bonds are the second block of bonds to be issued from the 2015 Bond Election. After the sale and delivery of the 2017 Bonds, the Board will have approximately \$189,825,000* authorized unissued bonds from the 2015 Bond Election.

Purpose. The 2017 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 2017 BONDS—Sources And Uses Of Funds” below.

Redemption Provisions

The 2017 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2017 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

Registration, Denominations, Manner Of Payment

The 2017 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 2017 Bonds. Purchases of 2017 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 2017 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 2017 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2017 Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2017) are payable by U.S. Bank National Association, Corporate Trust Services (“U.S. Bank”), as paying agent (the “Paying Agent”) for the 2017 Bonds, to the registered owners of the 2017 Bonds. So long as Cede & Co. is the registered owner of the 2017 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2017 Bonds, as described in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2017 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 2017 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2017 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2017 Bonds.

Tax-Exempt Status Of The 2017 Bonds

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 “Code”), the interest on the 2017 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 imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the 2017 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” below. Bond Counsel expresses no opinion regarding any

* Preliminary; subject to change.

other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2017 Bonds.

Professional Services

In connection with the issuance of the 2017 Bonds, the following have served the Board in the capacity indicated.

Attorney for the Board

Ben Onofrio
Davis School District
PO Box 588 (45 E State St)
Farmington UT 84025–0588
801.402.5255 | f 801.402.5249
bonofrio@dsdmail.net

Bond Registrar and Paying Agent

U.S. Bank National Association
Corporate Trust Services
170 S Main St Ste 200
Salt Lake City UT 84101
801.534.6083 | f 801.534.6013
brandon.elzinga@usbank.com

Bond Counsel

Gilmore & Bell PC
15 W S Temple 5th Fl
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
bwade@gilmorebell.com

Municipal Advisor

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
johnathan.ward@zionsbancorp.com

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The 2017 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 2017 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 attorney for the Board, Ben Onofrio, Legal Issues Specialist. It is expected that the 2017 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 Wednesday, April 5, 2017.

Continuing Disclosure Undertaking

The Board will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2017 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 2017 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 2017 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 2017 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 John Pehrson, 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 2017 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 2017 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

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2017 Bonds

The Board will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2017 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 in the last five years, there are no instances in which the Board failed to comply, in all material respects, with each disclosure undertaking previously entered into by it 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 2017 CAFR and other required operating and financial information for the 2017 Bonds on or before January 31, 2018, 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 2017 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 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2017 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 2017 Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” below. In the Master Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to 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” below. 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 2017 CAFR and other operating and financial information on or before January 15, 2018 (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 2017 Bonds.

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

STATE OF UTAH GUARANTY

Guaranty Provisions

Payment of the principal of and interest on the 2017 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 Utah School Bond Default Avoidance Program (the “Program” or the “Utah School Bond Guaranty Program”). The State’s guaranty is contained in Section 53A–28–201(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 2017 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2017 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 2017 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 2017 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 2017 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 bond issues.....	321
Aggregate total principal amount outstanding within the State's Fiscal Year 2017	\$3,122,169,000

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 2017 through 2022, inclusive, is as follows (currently, the Program’s annual principal and interest payments extend to Fiscal Year 2037):

Fiscal Year 2017	\$352,156,563
Fiscal Year 2018	344,329,611
Fiscal Year 2019	330,563,271
Fiscal Year 2020	310,967,518
Fiscal Year 2021	305,496,161
Fiscal Year 2022	277,400,332

(Source: Zions Public Finance, Inc.)

Purpose Of The Guaranty

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 2017 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 2017 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

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 2016 (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 or approved and 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”).

THE 2017 BONDS

General

The 2017 Bonds will be dated the date of their original issuance and delivery* (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 2017 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 2017 Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2017. Interest on the 2017 Bonds will be computed on the basis of 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 2017 Bonds under the Resolution.

The 2017 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 2017 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.

Sources And Uses Of Funds

The proceeds from the sale of the 2017 Bonds are estimated to be applied as set forth below:

Sources:

Par amount of 2017 Bonds.....	\$
Original issue premium.....	
Total	\$

Uses:

Deposit to project construction account.....	\$
Successful bidder’s discount.....	
Original issue discount.....	
Costs of Issuance (1).....	
Total	\$

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

Security And Sources Of Payment

The 2017 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 of the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest.

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

* The anticipated date of delivery is Wednesday, April 5, 2017.

Payment of the principal of and interest on the 2017 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” above.

Redemption Provisions

Optional Redemption. The 2017 Bonds maturing on and after June 1, 2027 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 1, 2026, 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 2017 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Selection for Redemption. If less than all 2017 Bonds of any maturity are to be redeemed, the particular 2017 Bonds or portion of 2017 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 2017 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 2017 Bonds for redemption, the Bond Registrar will treat each such 2017 Bond as representing that number of 2017 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2017 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 2017 BONDS—Registration And Transfer; Record Date” below, of each 2017 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 2017 Bonds are to be redeemed, the distinctive numbers of the 2017 Bonds or portions of 2017 Bonds to be redeemed, and will also state that the interest on the 2017 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 2017 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 2017 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 2017 Bonds. In the event that 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 manner in which 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 or not the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2017 Bond will not affect the validity of the proceedings for redemption with respect to any other 2017 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 2017 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 no-

tice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2017 Bonds. See “THE 2017 BONDS—Book—Entry System” below.

Mandatory Sinking Fund Redemption At Bidder’s Option

The 2017 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option.”

Registration And Transfer; Record Date

Registration and Transfer. In the event the book—entry system is discontinued, any 2017 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 2017 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 2017 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully—registered 2017 Bond or 2017 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 2017 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully—registered 2017 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2017 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 2017 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 2017 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 2017 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 2017 Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2017 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of 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 2017 Bonds. The 2017 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 2017 Bond certificate will be issued for each maturity of the 2017 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 2017 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 2017 Bonds will be payable at the principal office of the Paying Agent.

Debt Service On The 2017 Bonds

Payment Date	The 2017 Bonds		Period Total	Fiscal Total
	Principal*	Interest		
December 1, 2017.....	\$ 0.00	\$	\$	
June 1, 2018.....	1,425,000.00			
December 1, 2018.....	0.00			
June 1, 2019.....	500,000.00			
December 1, 2019.....	0.00			
June 1, 2020.....	500,000.00			
December 1, 2020.....	0.00			
June 1, 2021.....	500,000.00			
December 1, 2021.....	0.00			
June 1, 2022.....	3,550,000.00			
December 1, 2022.....	0.00			
June 1, 2023.....	3,650,000.00			
December 1, 2023.....	0.00			
June 1, 2024.....	3,775,000.00			
December 1, 2024.....	0.00			
June 1, 2025.....	3,875,000.00			
December 1, 2025.....	0.00			
June 1, 2026.....	4,075,000.00			
December 1, 2026.....	0.00			
June 1, 2027.....	4,275,000.00			
December 1, 2027.....	0.00			
June 1, 2028.....	4,500,000.00			
December 1, 2028.....	0.00			
June 1, 2029.....	4,725,000.00			
December 1, 2029.....	0.00			
June 1, 2030.....	4,950,000.00			
December 1, 2030.....	0.00			
June 1, 2031.....	5,100,000.00			
December 1, 2031.....	0.00			
June 1, 2032.....	5,275,000.00			
December 1, 2032.....	0.00			
June 1, 2033.....	5,475,000.00			
December 1, 2033.....	0.00			
June 1, 2034.....	5,650,000.00			
December 1, 2034.....	0.00			
June 1, 2035.....	5,850,000.00			
December 1, 2035.....	0.00			
June 1, 2036.....	6,075,000.00			
December 1, 2036.....	0.00			
June 1, 2037.....	<u>6,275,000.00</u>			
Totals.....	<u>\$80,000,000.00</u>	\$	\$	

* Preliminary; subject to change.

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 located 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 approximately eight miles south of Ogden City, Utah. The County had 336,043 residents according to the 2015 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 located in Farmington City and Farmington City serves as the county seat. The Board maintains a Web site 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, eight high schools and six special purpose schools). For a 10-year history of District facilities see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Statistical Section—District Facilities and Personnel Positions" (CAFR page 106).

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

<u>October 1</u>	<u>Total</u>	<u>% Increase Over Prior Year</u>
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
2008	65,014	0.7
2007	64,551	2.7

(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.

Additional Information. Student Enrollment Projections. For a history of Fiscal Year average daily membership, October 1 student enrollments and for student enrollment projections through 2037 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Statistical Section—Average Daily Membership and October Enrollment" (CAFR page 107) and "—Student Enrollment Projections" (CAFR page 111).

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:

Office	Person	Years in Position	Expiration of Current Term
President.....	John L. Robison	1	January 2021
Vice President	Mona Andrus	3	January 2019
Member	Gordon S. Eckersley	3	January 2019
Member	Brigit Gerrard	1	January 2021
Member	Tamara O. Lowe	14	January 2019
Member	Liz Mumford	1	January 2021
Member	Julie Tanner	3	January 2019
Superintendent	Reid P. Newey	1	Appointed/Dec. 2018
Business Administrator	Craig A. Carter	8	Appointed/July 2017
Finance Director.....	Tim Leffel	7	At Will

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

Employee Workforce and Retirement System. As of Fiscal Year 2016 the District employed approximately 6,100 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 2016–Notes to Basic Financial Statements–Note 6. Retirement Plans” (CAFR page 58).

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 revenues were not sufficient to cover the liability. The District’s direct payment for early retirement benefits for Fiscal Year 2016 was \$2,967,086. 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 2016–Notes to Basic Financial Statements–8. Long–Term Liabilities–Early Retirement payable” (CAFR page 67).

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 2016, the Administrative Services Risk Management Fund contained approximately \$48.1 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 2016–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 of 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 2016—Notes to Basic Financial Statements—Note 2. Deposits and Investments” (CAFR page 52).

Investment of 2017 Bond Proceeds. The proceeds of the 2017 Bonds will be held by the Board and invested so as to be readily available. The 2017 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

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Population

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

	<u>Davis County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2015 Estimate (1)	336,043	9.6%	3,051,217	10.4%
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, 2015. Percentage change is calculated from the 2010 Census.

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

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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				
	2015	2014	2013	2012	2011	2010	2014-15	2013-14	2012-13	2011-12	2010-11
Civilian labor force.....	160,089	156,266	152,979	148,808	146,802	146,959	2.4	2.1	2.8	1.4	(0.1)
Employed persons.....	154,772	150,671	146,466	141,492	137,871	136,698	2.7	2.9	3.5	2.6	0.9
Unemployed persons.....	5,317	5,595	6,513	7,316	8,931	10,261	(5.0)	(14.1)	(11.0)	(18.1)	(13.0)
Total private sector (average).....	92,321	88,161	84,521	81,482	78,310	75,302	4.7	4.3	3.7	4.1	4.0
Agriculture, forestry, fishing and hunting.....	365	366	346	246	241	246	(0.3)	5.8	40.7	2.1	(2.0)
Mining.....	157	196	174	180	159	137	(19.9)	12.6	(3.3)	13.2	16.1
Utilities.....	115	96	95	109	109	111	19.8	1.1	(12.8)	0.0	(1.8)
Construction.....	9,171	8,379	7,536	7,157	6,870	6,742	9.5	11.2	5.3	4.2	1.9
Manufacturing.....	12,031	11,304	10,861	10,504	9,815	8,989	6.4	4.1	3.4	7.0	9.2
Wholesale trade.....	2,703	2,640	2,646	2,515	2,599	2,514	2.4	(0.2)	5.2	(3.2)	3.4
Retail trade.....	14,090	13,726	13,277	13,417	12,779	12,502	2.7	3.4	(1.0)	5.0	2.2
Transportation and warehousing.....	4,324	4,036	3,808	4,071	3,966	4,107	7.1	6.0	(6.5)	2.6	(3.4)
Information.....	1,244	1,338	1,344	1,409	1,357	1,103	(7.0)	(0.4)	(4.6)	3.8	23.0
Finance and insurance.....	2,508	2,411	2,405	2,325	2,408	2,567	4.0	0.2	3.4	(3.4)	(6.2)
Real estate, rental and leasing.....	1,344	1,217	1,190	1,127	1,158	1,142	10.4	2.3	5.6	(2.7)	1.4
Professional, scientific, and technical services.....	8,191	8,062	7,977	7,199	6,945	6,206	1.6	1.1	10.8	3.7	11.9
Management of companies and enterprises.....	885	848	855	808	736	801	4.4	(0.8)	5.8	9.8	(8.1)
Admin., support, waste mgmt., remediation.....	6,141	5,897	5,582	5,133	4,864	4,800	4.1	5.6	8.7	5.5	1.3
Education services.....	2,256	1,893	1,671	1,390	1,355	1,260	19.2	13.3	20.2	2.6	7.5
Health care and social assistance.....	11,851	11,606	11,262	10,768	10,370	9,810	2.1	3.1	4.6	3.8	5.7
Arts, entertainment and recreation.....	2,896	2,716	2,508	2,527	2,209	2,291	6.6	8.3	(0.8)	14.4	(3.6)
Accommodation and food services.....	8,974	8,570	8,198	7,902	7,731	7,441	4.7	4.5	3.7	2.2	3.9
Other services.....	3,438	3,228	3,130	2,934	2,881	2,780	6.5	3.1	6.7	1.8	3.6
Unclassified establishments.....	5	0	0	0	0	0	-	-	-	-	-
Total public sector (average).....	26,364	26,163	26,228	26,530	26,825	25,073	0.8	(0.2)	(1.1)	(1.1)	7.0
Federal.....	12,574	12,259	12,333	12,636	13,023	12,996	2.6	(0.6)	(2.4)	(3.0)	0.2
State.....	1,016	1,068	1,102	1,132	1,104	1,045	(4.9)	(3.1)	(2.7)	2.5	5.6
Local.....	12,773	12,837	12,794	12,762	12,698	11,032	(0.5)	0.3	0.3	0.5	15.1
Total payroll (in millions)..... \$	3,577	\$ 4,591	\$ 4,328	\$ 4,221	\$ 4,057	\$ 3,769	(22.1)	6.1	2.5	4.0	7.6
Average monthly wage..... \$	3,229	\$ 3,346	\$ 3,257	\$ 3,256	\$ 3,216	\$ 3,129	(3.5)	2.7	0.0	1.2	2.8
Average employment.....	92,321	114,325	110,749	108,012	105,135	100,375	(19.2)	3.2	2.5	2.7	4.7
Establishments.....	7,550	7,651	7,444	7,143	7,010	6,890	(1.3)	2.8	4.2	1.9	1.7

(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				
	2015	2014	2013	2012	2011	2010	2014-15	2013-14	2012-13	2011-12	2010-11
Total Personal Income (in \$1,000's):											
Davis County.....	\$ 13,441,555	\$ 12,782,095	\$ 12,168,443	\$11,869,281	\$11,148,399	\$10,447,361	5.2	5.0	2.5	6.5	6.7
State of Utah.....	116,992,288	110,841,885	106,072,574	102,772,080	96,888,550	90,483,243	5.5	4.5	3.2	6.1	7.1
Total Per Capita Personal Income:											
Davis County.....	40,000	38,770	37,702	37,559	35,734	33,944	3.2	2.8	0.4	5.1	5.3
State of Utah.....	39,045	37,664	36,542	35,995	34,415	32,614	3.7	3.1	1.5	4.6	5.5
Median Household Income:											
Davis County.....	72,268	70,797	70,456	69,019	68,974	64,840	2.1	0.5	2.1	0.1	6.4
State of Utah.....	62,961	60,943	59,715	57,067	55,802	54,740	3.3	2.1	4.6	2.3	1.9

Construction within Davis County (2)

	Calendar Year						% change from prior year				
	2016	2015	2014	2013	2012	2011	2015-16	2014-15	2013-14	2012-13	2011-12
Number new dwelling units.....	1,721	1,693	1,643	1,774	2,033	1,354	3.7	3.0	(7.4)	(12.7)	50.1
New (in \$1,000's):											
Residential value.....	\$ 377,935.2	\$ 366,998.2	\$ 316,597.1	\$ 394,027.1	\$ 332,625.4	\$ 241,536.1	4.6	15.9	(19.7)	18.5	37.7
Non-residential value.....	172,821.1	370,979.7	139,615.9	84,858.7	48,848.4	57,456.6	(55.0)	165.7	64.5	73.7	(15.0)
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	29,958.4	28,639.5	25,622.3	16,873.2	20,717.0	18,025.8	10.7	11.8	51.9	(18.6)	14.9
Non-residential value.....	73,250.4	52,720.3	40,291.6	56,458.1	24,552.2	43,325.4	38.0	30.8	(28.6)	130.0	(43.3)
Total construction value (in \$1,000's).....	<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>	<u>\$ 360,343.9</u>	(21.1)	56.9	(5.4)	29.4	18.4

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

	Calendar Year						% change from prior year				
	2015	2014	2013	2012	2011	2010	2014-15	2013-14	2012-13	2011-12	2010-11
Taxable Sales (in \$1,000's):											
Davis County.....	\$ 4,897,829	\$ 4,550,828	\$ 4,268,195	\$ 4,001,710	\$ 3,784,536	\$ 3,599,416	7.6	6.6	6.7	5.7	5.1
State of Utah.....	53,933,277	51,709,163	49,404,046	47,531,180	44,335,559	41,907,568	4.3	4.7	3.9	7.2	5.8
	Fiscal Year						% change from prior year				
	2015	2014	2013	2012	2011	2010	2014-15	2013-14	2012-13	2011-12	2010-11
Local Sales and Use Tax Distribution:											
Davis County (and all cities).....	\$ 51,284,441	\$ 47,953,175	\$ 45,626,942	\$42,920,410	\$39,657,466	\$38,362,708	6.9	5.1	6.3	8.2	3.4

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

(3) Utah State Tax Commission.

(2) University of Utah Bureau of Economic and Business Research, Utah Construction Report.

Additional Information. A 10-year history of the District’s presentation of demographic and economic statistics (CAFR page 103) and labor market data (CAFR page 104) are provided in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016–Statistical Section.”

Largest Employers

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

<u>Firm/Location (1)</u>	<u>Business</u>	<u>Employees</u>
Davis School District (county-wide)	Educational services	12,900–22,470
Wal-Mart (county-wide)	Retail trade	1,050–2,100
ATK Space Systems (Clearfield)	Manufacturing	1,000–2,000
GMRI, Inc.	Accommodation and food services	1,000–2,000
Lifetime Products (Clearfield)	Manufacturing	1,000–2,000
Northrup Grumman Corp. (Clearfield)	Professional, scientific, & technical	1,000–2,000
Utility Trailer and Manufacturing (Clearfield)	Manufacturing	1,000–2,000
Wendy’s	Accommodation and food services	1,000–2,000
Western States Lodging and Mgmt.	Accommodation and food services	1,000–2,000
Smith’s Marketplace (county-wide)	Retail trade	850–1,995
Progrexion Teleservices, Inc. (North Salt Lake)	Professional, scientific, & technical	770–1,550
Alliant (Clearfield City)	Manufacturing	500–1,000
Boeing Company	Manufacturing	500–1,000
Davis County Government.....	Public administration	500–1,000
Davis Hospital and Medical Center (Layton).....	Health care and social assistance	500–1,000
FedEx Ground.....	Transportation and warehousing	500–1,000
General Dynamics Information Tech.....	Admin., support, waste mgmt., remediation	500–1,000
Lagoon Corporation Inc. (Farmington).....	Arts, entertainment, and recreation	500–1,000
Lakeview Hospital (Bountiful City).....	Health care and social assistance	500–1,000
Lexington Law Firm (Bountiful)	Professional, scientific, & technical	500–1,000
Management & Training Corp.	Health care and social assistance	500–1,000
May Trucking Co. (Layton)	Transportation and warehousing	500–1,000
McDonald’s of Centerville)	Accommodation and food services	500–1,000
Member Service Center (Clearfield).....	Admin., support, waste mgmt., remediation	500–1,000
Parallon Enterprises, LLC (Layton)	Management of companies and enterprises	500–1,000
Smith’s Distribution Center (Layton)	Transportation and warehousing	500–1,000
South Davis Community Hospital (Bountiful).....	Health care and social assistance	500–1,000
Tanner Memorial Clinic	Health care and social assistance	500–1,000
Yes (North Salt Lake)	Health care and social assistance	500–1,000

(1) The Department of Defense (Hill Air Force Base) employment information was not included in the March 2016 data, however, it is believed that this base employs between 10,000 to 15,000 people.

(Source: Utah Department of Workforce Services. Updated September 2016; reflecting information as of March 2016.)

Additional Information. For a presentation of the largest employers in the District in Calendar Years 2015 and 2006 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016–Statistical Section–Principal Employers” (CAFR page 105).

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Davis County</u>	<u>State of Utah</u>	<u>United States</u>
2017 (1).....	2.7%	3.1%	4.8%
2016	3.3	3.5	4.9
2015	3.3	3.5	5.3
2014	3.6	3.8	6.2
2013	4.3	4.6	7.4
2012	4.9	5.4	8.1

(1) Preliminary, subject to change. As of January 2017 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

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DEBT STRUCTURE OF DAVIS SCHOOL DISTRICT, UTAH

Outstanding General Obligation Bonded Indebtedness

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2017 (a)	School building	\$80,000,000*	June 1, 2037	\$ 80,000,000*
2016	School building	68,500,000	June 1, 2036	68,500,000
2015C (2)	Refunding	53,010,000	June 1, 2022	51,885,000
2015B	Refunding	67,025,000	June 1, 2029	66,360,000
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	16,705,000
2013A	School building	20,000,000	June 1, 2033	20,000,000
2012	School building	35,000,000	June 1, 2032	35,000,000
2011C	Refunding	32,200,000	June 1, 2018	15,540,000
2011A	School building	45,000,000	June 1, 2031	45,000,000
2010A (3)	School building/BABs	68,500,000	June 1, 2030	64,305,000
2009 (4)	School building	43,000,000	June 1, 2018 (6)	3,575,000
2008 (4)	School building	64,000,000	June 1, 2017 (6)	2,800,000
2007 (5)	School building	55,000,000	June 1, 2017 (7)	5,100,000
2005B	Refunding	24,905,000	June 1, 2017	<u>3,685,000</u>
Total direct general obligation debt				<u>\$540,010,000*</u>

* Preliminary; subject to change.

(a) For purposes of this *OFFICIAL STATEMENT* the 2017 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 “Aa2”) by Moody’s, as of the date of this Supplemental Continuing Disclosure Memorandum.

(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) These bonds were issued as federally taxable (originally 35% issuer subsidy, direct pay) “Build America Bonds.”

(4) Portions of these bonds have been refunded by the 2015B Bonds.

(5) Portions of these bonds have been refunded by the 2015C Bonds.

(6) Final maturity date after portions of these bonds has been refunded by the 2015B Bonds.

(7) Final maturity date after portions of these bonds has been refunded by the 2015C Bonds.

(Source: Compiled by Zions Public Finance, Inc.)

Additional Information. For the Board’s general obligation debt outstanding as of Fiscal Year 2016 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—8. Long-Term Liabilities—General Obligation Bonds” (CAFR page 65).

Future Issuance Of Debt

Future Issuance Of Debt. The Board has approximately [\$189,825,000] 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 2018 through 2021.

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2017 \$80,000,000*		Series 2016 \$68,500,000		Series 2015C \$53,010,000		Series 2015B \$67,025,000		Series 2015A \$40,000,000		Series 2014 \$25,000,000	
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,125,000 (1)	693,960	\$ 665,000	\$ 1,951,223	\$ 3,445,000	\$ 1,313,988	\$ 0	\$ 816,300
2017.....	0	0	1,475,000	2,221,683	4,625,000 (1)	892,422	85,000	2,530,400	0	1,209,575	0	816,300
2018.....	1,425,000	3,470,422	0	1,755,781	10,020,000 (1)	812,872	3,015,000	2,526,150	0	1,209,575	0	816,300
2019.....	500,000	2,974,750	3,125,000	1,755,781	10,190,000 (1)	640,528	4,985,000	2,465,850	1,665,000	1,209,575	0	816,300
2020.....	500,000	2,964,750	2,200,000	1,693,281	10,340,000 (1)	465,260	5,220,000	2,216,600	1,750,000	1,126,325	0	816,300
2021.....	500,000	2,954,750	3,225,000	1,649,281	10,540,000 (1)	287,412	5,470,000	1,955,600	1,785,000	1,091,325	1,435,000	816,300
2022.....	3,550,000	2,939,750	3,300,000	1,584,781	6,170,000 (1)	106,124	5,605,000	1,846,200	1,820,000	1,055,625	1,480,000	773,250
2023.....	3,650,000	2,833,250	3,375,000	1,518,781	—	—	5,895,000	1,565,950	1,875,000	1,001,025	1,515,000	739,950
2024.....	3,775,000	2,723,750	3,425,000	1,451,281	—	—	6,185,000	1,271,200	1,920,000	954,150	1,590,000	664,200
2025.....	3,875,000	2,610,500	3,500,000	1,382,781	—	—	6,495,000	961,950	1,970,000	906,150	1,650,000	600,600
2026.....	4,075,000	2,416,750	3,575,000	1,312,781	—	—	6,735,000	702,150	2,030,000	847,050	1,700,000	551,100
2027.....	4,275,000	2,213,000	3,650,000	1,241,281	—	—	6,935,000	500,100	2,090,000	786,150	1,755,000	500,100
2028.....	4,500,000	1,999,250	3,725,000	1,168,281	—	—	7,145,000	292,050	2,155,000	723,450	1,805,000	447,450
2029.....	4,725,000	1,774,250	3,800,000	1,075,156	—	—	2,590,000	77,700	2,240,000	637,250	1,860,000	393,300
2030.....	4,950,000	1,538,000	3,925,000	965,906	—	—	—	—	2,310,000	567,250	1,915,000	337,500
2031.....	5,100,000	1,389,500	4,050,000	848,156	—	—	—	—	2,400,000	474,850	1,975,000	277,656
2032.....	5,275,000	1,211,000	4,150,000	726,656	—	—	—	—	2,500,000	378,850	2,040,000	213,469
2033.....	5,475,000	1,026,375	4,275,000	602,156	—	—	—	—	2,580,000	294,475	2,105,000	147,169
2034.....	5,650,000	834,750	4,425,000	463,219	—	—	—	—	2,685,000	191,275	2,175,000	76,125
2035.....	5,850,000	637,000	4,575,000	313,875	—	—	—	—	2,780,000	97,300	—	—
2036.....	6,075,000	432,250	4,725,000	159,469	—	—	—	—	—	—	—	—
2037.....	6,275,000	219,625	—	—	—	—	—	—	—	—	—	—
Totals....	<u>\$80,000,000</u>	<u>\$39,163,672</u>	<u>\$68,500,000</u>	<u>\$23,890,371</u>	<u>\$53,010,000</u>	<u>\$ 3,898,578</u>	<u>\$67,025,000</u>	<u>\$20,863,123</u>	<u>\$40,000,000</u>	<u>\$ 16,075,213</u>	<u>\$ 25,000,000</u>	<u>\$ 10,619,669</u>

Fiscal Year Ending June 30	Series 2013B \$20,550,000		Series 2013A \$20,000,000		Series 2012 \$35,000,000		Series 2011C \$32,200,000		Series 2011A \$45,000,000		Series 2010A (3) \$68,500,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (4)
2016.....	\$ 3,845,000	\$ 765,613	\$ 0	\$ 625,513	\$ 0	\$ 1,218,956	\$ 7,250,000	\$ 1,063,500	\$ 0	\$ 1,938,556	\$ 0	\$ 3,149,573
2017.....	3,960,000	650,263	0	625,513	0	1,218,956	7,600,000	701,000	0	1,938,556	3,785,000	3,149,573
2018.....	4,080,000	531,463	0	625,513	0	1,218,956	7,940,000	397,000	2,445,000	1,938,556	3,880,000	3,007,635
2019.....	4,245,000	368,263	1,060,000	625,513	1,965,000	1,218,956	—	—	2,540,000	1,840,756	3,980,000	2,854,375
2020.....	4,420,000	187,850	1,100,000	583,113	2,005,000	1,179,656	—	—	2,645,000	1,739,156	4,090,000	2,685,225
2021.....	—	—	1,145,000	539,113	2,085,000	1,099,456	—	—	2,750,000	1,633,356	4,205,000 (2)	2,505,265
2022.....	—	—	1,190,000	493,313	2,170,000	1,016,056	—	—	2,860,000	1,523,356	4,330,000 (2)	2,309,733
2023.....	—	—	1,230,000	457,613	2,255,000	929,256	—	—	2,975,000	1,408,956	4,465,000 (2)	2,108,388
2024.....	—	—	1,255,000	433,013	2,345,000	839,056	—	—	3,095,000	1,289,956	4,595,000	1,900,765
2025.....	—	—	1,280,000	406,344	2,440,000	745,256	—	—	3,215,000	1,166,156	4,740,000	1,677,908
2026.....	—	—	1,320,000	367,944	2,535,000	647,656	—	—	3,345,000	1,037,556	4,895,000	1,443,278
2027.....	—	—	1,355,000	328,344	2,640,000	546,256	—	—	3,490,000	895,394	5,055,000	1,196,080
2028.....	—	—	1,400,000	287,694	2,745,000	440,656	—	—	3,645,000	738,344	5,235,000	923,110
2029.....	—	—	1,440,000	245,694	2,825,000	358,306	—	—	3,815,000	569,763	5,425,000	629,950
2030.....	—	—	1,485,000	202,494	2,910,000	273,556	—	—	3,995,000	388,550	5,625,000	323,438
2031.....	—	—	1,530,000	156,088	2,995,000	186,256	—	—	4,185,000	198,788	—	—
2032.....	—	—	1,580,000	106,363	3,085,000	96,406	—	—	—	—	—	—
2033.....	—	—	1,630,000	55,013	—	—	—	—	—	—	—	—
2034.....	—	—	—	—	—	—	—	—	—	—	—	—
2035.....	—	—	—	—	—	—	—	—	—	—	—	—
2036.....	—	—	—	—	—	—	—	—	—	—	—	—
2037.....	—	—	—	—	—	—	—	—	—	—	—	—
Totals....	<u>\$20,550,000</u>	<u>\$ 2,503,450</u>	<u>\$20,000,000</u>	<u>\$ 7,164,188</u>	<u>\$35,000,000</u>	<u>\$13,233,656</u>	<u>\$22,790,000</u>	<u>\$ 2,161,500</u>	<u>\$45,000,000</u>	<u>\$ 20,245,756</u>	<u>\$ 64,305,000</u>	<u>\$ 29,864,293</u>

* Preliminary; subject to change.

(a) Interest has been estimated at an average interest rate of 3.75% per annum.

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

(2) Mandatory sinking fund principal payments from a \$13,000,000, 4.65% term bond due June 1, 2023.

(3) Issued as federally taxable, 35% federal interest subsidy payment, Build America Bonds.

(4) Does not reflect an originally 35% federal interest rate subsidy on the 2010A Bonds.

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

Fiscal Year Ending June 30	Series 2009 \$43,000,000		Series 2008 \$64,000,000		Series 2007 \$55,000,000		Series 2006 \$47,000,000		Series 2005B \$24,905,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016.....	\$ 1,675,000	\$ 219,125	\$ 2,675,000	\$ 240,313	\$ 4,875,000	\$ 448,875	\$ 3,550,000	\$ 150,875	\$ 4,125,000	\$ 390,500
2017.....	1,750,000	152,125	2,800,000	140,000	5,100,000	229,500	0	0 (2)	3,685,000	184,250
2018.....	1,825,000	82,125	0	0 (1)	0	0 (2)	0	0 (2)	—	—
2019.....	0	0 (1)	0	0 (1)	0	0 (2)	0	0 (2)	—	—
2020.....	0	0 (1)	0	0 (1)	0	0 (2)	0	0 (2)	—	—
2021.....	0	0 (1)	0	0 (1)	0	0 (2)	0	0 (2)	—	—
2022.....	0	0 (1)	0	0 (1)	0	0 (2)	—	—	—	—
2023.....	0	0 (1)	0	0 (1)	—	—	—	—	—	—
2024.....	0	0 (1)	0	0 (1)	—	—	—	—	—	—
2025.....	0	0 (1)	0	0 (1)	—	—	—	—	—	—
2026.....	0	0 (1)	0	0 (1)	—	—	—	—	—	—
2027.....	0	0 (1)	0	0 (1)	—	—	—	—	—	—
2028.....	0	0 (1)	0	0 (1)	—	—	—	—	—	—
2029.....	0	0 (1)	—	—	—	—	—	—	—	—
2030.....	—	—	—	—	—	—	—	—	—	—
2031.....	—	—	—	—	—	—	—	—	—	—
2032.....	—	—	—	—	—	—	—	—	—	—
2033.....	—	—	—	—	—	—	—	—	—	—
2034.....	—	—	—	—	—	—	—	—	—	—
2035.....	—	—	—	—	—	—	—	—	—	—
2036.....	—	—	—	—	—	—	—	—	—	—
2037.....	—	—	—	—	—	—	—	—	—	—
Totals....	<u>\$ 5,250,000</u>	<u>\$ 453,375</u>	<u>\$ 5,475,000</u>	<u>\$ 380,313</u>	<u>\$ 9,975,000</u>	<u>\$ 678,375</u>	<u>\$ 3,550,000</u>	<u>\$ 150,875</u>	<u>\$ 7,810,000</u>	<u>\$ 574,750</u>

Fiscal Year Ending June 30	Totals*		
	Total Principal	Total Interest (3)	Total Debt Service
2016.....	\$ 33,230,000	\$ 14,986,868	\$ 48,216,868
2017.....	34,865,000	20,130,538	54,995,538
2018.....	34,630,000	17,896,676	52,526,676
2019.....	34,255,000	16,760,647	51,015,647
2020.....	34,270,000	15,647,516	49,917,516
2021.....	33,140,000	14,516,858	47,656,858
2022.....	32,475,000	13,541,688	46,016,688
2023.....	27,235,000	12,453,669	39,688,669
2024.....	28,185,000	11,414,121	39,599,121
2025.....	29,165,000	10,263,895	39,428,895
2026.....	30,210,000	9,122,515	39,332,515
2027.....	31,245,000	7,992,955	39,237,955
2028.....	32,355,000	6,795,285	39,150,285
2029.....	28,720,000	5,525,119	34,245,119
2030.....	27,115,000	4,448,194	31,563,194
2031.....	22,235,000	3,352,794	25,587,794
2032.....	18,630,000	2,548,119	21,178,119
2033.....	16,065,000	1,933,563	17,998,563
2034.....	14,935,000	1,367,619	16,302,619
2035.....	13,205,000	843,425	14,048,425
2036.....	4,725,000	159,469	4,884,469
2037.....	6,275,000	219,625	6,494,625
Totals....	<u>\$567,165,000</u>	<u>\$191,921,156</u>	<u>\$759,086,156</u>

* Preliminary; subject to change.

(1) Principal and interest has been refunded by the 2015B Bonds.

(2) Principal and interest has been refunded by the 2015C Bonds.

(3) Does not reflect an originally 35% federal interest rate subsidy on the 2010A Bonds.

Additional Information. For the schedule of annual debt service requirement of the District as of Fiscal Year 2016 for Fiscal Years 2017 through 2036 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Statistical Section—Schedule of Annual Debt Service Requirements Years Ending June 30, 2017 to 2036” (CAFR pages 101 and 102).

Overlapping And Underlying General Obligation Debt

Taxing Entity	2016 Taxable Value (1)	Board's Portion of Tax- able Value	Board's Per- centage	Entity's General Obligation Debt	Board's Portion of G.O. Debt
<i>Overlapping:</i>					
State of Utah	\$240,124,539,695	\$20,391,317,626	8.5%	\$2,173,985,000	\$184,788,725
WBWCD (2) (3)	51,936,625,431	20,389,840,002	39.3	19,862,674	7,806,031
Davis County	20,391,317,626	20,391,317,626	100.0	14,185,000	<u>14,185,000</u>
Total overlapping					<u>206,779,756</u>
<i>Underlying:</i>					
North Davis Sewer					
District (4).....	10,099,388,073	8,714,090,798	86.3	26,970,000	23,275,110
South Davis Rec.					
District (5).....	7,755,530,288	7,755,530,288	100.0	10,590,000	10,590,000
North Salt Lake					
City (3).....	1,708,124,806	1,708,124,806	100.0	560,000	0
Clearfield City.....	1,641,151,534	1,641,151,534	100.0	4,455,000	4,455,000
Farmington City	1,609,485,366	1,609,485,366	100.0	7,979,000	<u>7,979,000</u>
Total underlying					<u>46,299,110</u>
Total overlapping and underlying general obligation debt					<u>\$253,078,866</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (6)					\$ 21,991,031
Total <i>direct</i> general obligation bonded indebtedness.....					<u>540,010,000*</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State) (6)					<u>\$562,001,031*</u>

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

* Preliminary; subject to change.

- (1) Preliminary; subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (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 of 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 sales of water.
- (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) A portion of this entity is located in Weber County.
- (5) South Davis Recreation District members are the cities of: Bountiful, Centerville, North Salt Lake, Woods Cross, and West Bountiful.
- (6) 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 of the District as of Fiscal Year 2016 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Statistical Section—Overlapping and Underlying General Obligation Debt June 30, 2016” (CAFR page 99).

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 2016 Estimated Taxable Value (1)	To 2016 Estimated Market Value (2)	To 2015 Population Estimate Per Capita (3)
<i>Direct</i> general obligation debt*	2.65%	1.72%	\$1,607
<i>Direct and overlapping</i> general obligation debt*	2.76	1.79	\$1,672

* Preliminary; subject to change.

(1) Based on an estimated 2016 Taxable Value of \$20,391,317,626, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on an estimated 2016 Market Value of \$31,414,458,159, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on the 2015 population estimate of 336,043 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 2016—Statistical Section—Ratios of Outstanding Debt Last Ten Fiscal Years December 31, 2007 through 2016” (CAFR page A-98).

See “FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property Within The District” below.

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. The legal debt limit and additional debt incurring capacity of the Board (after the issuance of the 2017 Bonds) are based on the estimated fair market value for 2016 and the calculated valuation value from 2015 uniform fees, and are calculated as follows:

Estimated 2016 “Fair Market Value”	\$31,414,458,159
2015 valuation from uniform fees (1)	<u>774,509,815</u>
Estimated 2016 “Fair Market Value for Debt Incurring Capacity”	<u>\$32,188,967,974</u>
“Fair Market Value for Debt Incurring Capacity” times 4% (the “Debt Limit”)	\$1,287,558,719
Less: current outstanding general obligation debt (2)	<u>(555,741,445)*</u>
Estimated additional debt incurring capacity	<u>\$ 731,817,274*</u>

(1) 2016 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 \$15,731,445 (as of June 30, 2016), and together with current outstanding debt of \$540,010,000*, results in total outstanding debt of \$555,741,445*.

* Preliminary; subject to change.

(Source: Zions Public Finance, Inc.)

Additional Information. For a 10-year Fiscal Year history of the Board’s general obligation legal debt limit and debt capacity see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016–Statistical Section–General Obligation Legal Debt Limit and Debt Capacity Last Ten Years June 30, 2007 through 2016” (CAFR page 100).

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, 2024. 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 anticipates that any future reductions of subsidy payments with respect to the Board’s \$64,305,000 of outstanding BABs and reductions in other federal grants as a result of sequestration would have no material impact on its operations or financial position. The Board cannot predict whether Congress will take action 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 in particular.

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be 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 the means by which 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 2016—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 “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 in excess of 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 53A-19-104 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 2016—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 2016. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Management's Discussion and Analysis" (CAFR page 23).

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 2016, the District has committed \$20 million of the General Fund fund balance to economic stabilization. For Fiscal Year 2016, the District has \$11.6 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 commit-

ment 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 2017 is not available. Under State law the Board must complete its annual financial report for Fiscal Year 2017 by November 30, 2017.

Financial Summaries

The summaries contained herein were extracted from the District’s basic financial statements. The summaries have not been audited. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016.”

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Davis School District

Statement of Net Position

Primary Government

(This summary has not been audited)

	June 30				
	2016	2015	2014	2013	2012
Assets:					
Capital assets:					
Other capital assets, net of depreciation.....	\$ 508,160,063	\$ 518,964,140	\$ 503,488,736	\$ 507,584,556	\$ 489,485,049
Land and construction in progress.....	105,636,796	62,663,733	76,889,836	72,733,962	88,491,573
Cash and investments.....	221,561,699	174,675,319	134,743,998	118,410,961	128,224,887
Receivables:					
Property taxes.....	160,144,325	157,530,714	142,302,808	135,535,869	132,298,516
Federal government.....	5,975,181	4,163,746	3,967,491	4,318,540	8,195,990
State of Utah.....	2,676,006	1,839,115	2,709,124	1,884,801	1,797,283
Other local.....	801,252	1,612,870	1,411,680	1,574,742	1,081,462
Inventories.....	7,636,215	8,177,478	7,925,164	7,493,207	7,423,280
Net pension asset.....	8,889	122,081	—	—	—
Prepaid expenses.....	—	—	—	169,203	—
Bond issuance costs, net.....	—	—	—	—	2,369,335
Total assets.....	<u>1,012,600,426</u>	<u>929,749,196</u>	<u>873,438,837</u>	<u>849,705,841</u>	<u>859,367,375</u>
Deferred outflows of resources:					
Related to pensions.....	88,168,581	27,989,590	—	—	—
Deferred charge on refunding.....	9,072,317	2,098,125	2,717,566	3,426,536	—
Total deferred outflows of resources.....	<u>97,240,898</u>	<u>30,087,715</u>	<u>2,717,566</u>	<u>3,426,536</u>	<u>—</u>
Total assets and deferred outflows of resources.....	<u>\$ 1,109,841,324</u>	<u>\$ 959,836,911</u>	<u>\$ 876,156,403</u>	<u>\$ 853,132,377</u>	<u>\$ 859,367,375</u>
Liabilities:					
Noncurrent liabilities:					
Due or payable after one year.....	\$ 684,107,968	\$ 596,310,783	\$ 399,640,073	\$ 402,781,025	\$ 407,655,025
Due or payable within one year.....	43,640,688	40,087,767	35,653,937	33,735,221	37,473,380
Accrued salaries and benefits.....	40,855,094	38,936,582	45,209,605	45,060,570	43,884,251
Accounts payable.....	32,602,359	19,560,276	9,345,598	6,419,026	13,683,902
Unearned revenue:					
State of Utah.....	6,715,150	4,460,313	3,933,421	3,757,535	2,761,585
Other local.....	506	26,974	21,429	23,320	27,425
Federal government.....	—	—	—	—	32,648
Accrued interest.....	1,250,360	1,352,882	1,341,965	1,472,717	1,431,558
Notes payable.....	—	—	—	—	—
Total liabilities.....	<u>809,172,125</u>	<u>700,735,577</u>	<u>495,146,028</u>	<u>493,249,414</u>	<u>506,949,774</u>
Deferred inflows of resources:					
Property taxes levied for future year.....	155,079,687	149,354,784	132,143,035	125,889,901	123,996,523
Related to pensions.....	24,565,873	17,514,718	—	—	—
Total deferred inflows of resources.....	<u>179,645,560</u>	<u>166,869,502</u>	<u>132,143,035</u>	<u>125,889,901</u>	<u>123,996,523</u>
Net position:					
Net investment in capital assets.....	186,950,288	180,418,550	177,407,774	175,499,293	175,371,313
Restricted for:					
Capital projects.....	39,613,308	35,719,823	32,058,034	26,185,822	24,885,467
School food services.....	8,424,421	6,128,878	4,419,970	4,214,876	4,147,549
Debt service.....	3,646,207	2,589,904	—	—	333,482
State multi-district programs.....	—	—	—	47,949	1,473,724
Unrestricted (1).....	(117,610,585)	(132,625,323)	34,981,562	28,045,122	22,209,543
Total net position.....	<u>121,023,639</u>	<u>92,231,832</u>	<u>248,867,340</u>	<u>233,993,062</u>	<u>228,421,078</u>
Total liabilities, deferred inflows of resources and net position.....	<u>\$ 1,109,841,324</u>	<u>\$ 959,836,911</u>	<u>\$ 876,156,403</u>	<u>\$ 853,132,377</u>	<u>\$ 859,367,375</u>

(1) For Fiscal Years 2016 and 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 Zions Public Finance, Inc.)

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				
	2016	2015	2014	2013	2012
Primary government:					
Governmental activities:					
Instructional services.....	\$ (272,984,269)	\$ (244,980,956)	\$ (244,588,916)	\$ (241,133,065)	\$ (237,410,371)
Supporting services:					
School food service.....	2,245,298	1,805,829	(38,994)	(273,079)	(192,171)
Operation and maintenance of facilities.....	(43,139,792)	(39,915,373)	(40,985,868)	(40,653,176)	(39,907,063)
School administration.....	(27,757,321)	(25,584,901)	(26,159,760)	(25,496,045)	(24,984,804)
Instructional staff.....	(14,915,876)	(13,428,319)	(13,974,072)	(13,434,273)	(12,576,196)
Central.....	(12,659,090)	(11,396,865)	(11,529,035)	(11,320,640)	(10,448,017)
Students.....	(10,491,609)	(9,532,669)	(10,060,616)	(10,072,943)	(9,980,398)
Student transportation.....	(6,222,463)	(6,603,973)	(5,309,129)	(5,342,697)	(5,656,961)
District administration.....	(3,353,586)	(2,881,653)	(2,379,394)	(2,891,631)	(2,473,683)
Interest on long-term liabilities.....	(14,182,733)	(16,265,030)	(16,085,726)	(17,299,437)	(16,129,645)
Total governmental activities.....	(403,461,441)	(368,783,910)	(371,111,510)	(367,916,986)	(359,759,309)
Business-type activities:					
Pioneer Adult Rehabilitation Center.....	(497,181)	1,365,703	873,471	618,415	627,810
Total primary government.....	(403,958,622)	(367,418,207)	(370,238,039)	(367,298,571)	(359,131,499)
General revenues:					
Federal and state aid not restricted to specific purposes.....	246,318,610	227,240,368	221,985,012	210,949,940	206,430,844
Property taxes levied for:					
Debt service.....	48,146,166	46,572,252	42,773,677	41,971,606	40,360,346
Board local.....	37,634,821	35,641,999	33,100,608	33,510,760	30,299,651
Basic.....	32,610,097	25,651,071	26,451,647	26,984,004	31,448,165
Voted local.....	24,571,553	24,671,393	25,634,545	26,120,019	—
Capital outlay.....	17,337,683	16,930,993	15,413,272	16,342,018	5,507,806
Tax increment.....	6,860,325	6,599,320	—	—	—
10% of basic for capital outlay, textbooks, and supplies.....	—	—	—	—	13,628,609
Class size reduction.....	—	—	—	—	7,575,216
Transportation.....	—	—	—	—	3,813,543
Community recreation.....	—	—	—	—	3,775,682
Reading program.....	—	—	—	—	2,466,437
Miscellaneous.....	17,895,542	18,165,848	19,182,509	18,632,517	18,618,204
Earnings on investments.....	1,375,631	681,166	571,047	729,027	1,540,530
Total general revenues.....	432,750,428	402,154,410	385,112,317	375,239,891	365,465,033
Change in net position.....	28,791,806	34,736,203	14,874,278	7,941,320	6,333,534
Net position—beginning (as restated) (2).....	92,231,832	57,495,629	233,993,062	226,051,743	222,087,544
Net position—ending.....	\$ 121,023,638	\$ 92,231,832	\$ 248,867,340	\$ 233,993,063	\$ 228,421,078

- (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 Zions Public Finance, Inc.)

Davis School District
Balance Sheet—Governmental Funds
Major Funds—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
Assets:					
Cash and investments.....	\$ 119,028,286	\$ 69,895,863	\$ 66,605,935	\$ 55,524,379	\$ 57,293,440
Receivables:					
Property taxes.....	90,597,102	88,295,678	81,955,705	79,752,339	77,963,761
Federal government.....	5,762,366	3,940,138	3,860,895	3,901,786	7,897,070
State of Utah.....	1,002,036	728,352	1,004,959	267,716	463,385
Other local.....	288,726	287,494	261,686	276,320	58,547
Inventories.....	6,002,494	5,671,302	1,232,892	1,298,455	1,563,781
Due from other funds.....	—	—	6,017,204	11,728,372	5,300,354
Prepaid expenditures.....	—	—	—	169,203	—
Total assets.....	\$ 222,681,010	\$ 168,818,827	\$ 160,939,276	\$ 152,918,570	\$ 150,540,338
Liabilities:					
Accrued salaries and benefits.....	\$ 40,855,094	\$ 38,936,582	\$ 45,209,605	\$ 45,060,570	\$ 43,884,251
Due to other funds.....	33,197,475	—	—	—	4,638,104
Unearned revenue:					
State of Utah.....	6,715,150	4,460,313	3,933,421	3,757,535	2,761,585
Federal government.....	—	—	—	—	32,648
Accounts payable.....	6,919,809	1,060,567	1,157,377	1,503,469	958,224
Total liabilities.....	87,687,528	44,457,462	50,300,403	50,321,574	52,274,812
Deferred inflows of resources:					
Property taxes levied for future year.....	87,656,511	83,645,267	76,031,444	74,069,901	75,930,068
Unavailable property tax revenue.....	1,272,840	1,509,042	1,585,634	2,152,376	—
Total deferred inflows of resources.....	88,929,351	85,154,309	77,617,078	76,222,277	75,930,068
Fund balances:					
Committed to:					
Economic stabilization.....	20,000,000	4,500,000	2,000,000	—	—
Termination benefits.....	4,500,000	4,500,000	4,500,000	4,000,000	4,000,000
Workers compensation.....	500,000	500,000	500,000	300,000	300,000
Unassigned.....	11,625,750	18,497,093	16,485,230	14,548,294	12,639,259
Nonspendable:					
Inventories.....	6,002,494	5,671,302	1,232,892	1,467,658	1,563,781
Assigned to:					
Programs.....	635,887	788,661	3,553,673	5,808,767	3,582,418
Schools.....	300,000	250,000	250,000	250,000	250,000
Medical insurance.....	2,500,000	4,500,000	4,500,000 (1)	—	—
Total fund balances.....	46,064,131	39,207,056	33,021,795	26,374,719	22,335,458
Total liabilities, deferred inflows of resources, and fund balances.....	\$ 222,681,010	\$ 168,818,827	\$ 160,939,276	\$ 152,918,570	\$ 150,540,338

(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 Zions Public Finance, Inc.)

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				
	2016	2015	2014	2013	2012
Revenues:					
State of Utah.....	\$ 310,405,731	\$ 292,128,732	\$ 283,594,334	\$ 271,423,455	\$ 269,878,986
Property taxes.....	95,052,673	86,041,055	85,753,540	87,430,998	79,639,044
Federal government.....	31,631,894	29,530,441	29,482,652	33,277,243	32,670,480
Other local sources.....	8,736,925	9,410,030	10,604,423	9,342,907	10,434,724
Earnings on investments.....	620,624	372,656	206,778	331,169	1,040,599
Total revenues.....	<u>446,447,847</u>	<u>417,482,914</u>	<u>409,641,727</u>	<u>401,805,772</u>	<u>393,663,833</u>
Expenditures:					
Current:					
Instruction.....	302,319,756	282,326,073	276,406,737	274,541,223	267,146,874
Support services:					
Operation and maintenance of facilities....	43,268,575	40,514,129	40,479,639	40,108,854	39,348,007
School administration.....	28,518,964	26,766,307	26,037,360	25,380,335	24,860,824
Instructional staff.....	20,244,708	18,445,968	17,802,062	16,995,074	16,651,193
Students.....	15,573,759	14,694,917	14,703,541	14,738,515	14,514,691
Student transportation.....	12,881,560	13,168,618	11,332,852	11,134,619	11,823,524
Central.....	14,277,804	12,960,814	12,561,013	12,284,036	11,754,227
District administration.....	2,505,646	2,325,792	2,171,447	2,583,855	2,550,252
Debt Service:					
Tax anticipation note interest.....	—	—	—	—	622,548
Total expenditures.....	<u>439,590,772</u>	<u>411,202,618</u>	<u>401,494,651</u>	<u>397,766,511</u>	<u>389,272,140</u>
Revenues over (under) expenditures.....	<u>6,857,075</u>	<u>6,280,296</u>	<u>8,147,076</u>	<u>4,039,261</u>	<u>4,391,693</u>
Other financing sources (uses):					
Transfers.....	—	(95,035)	(1,500,000)	—	—
Total other financing sources (uses).....	<u>—</u>	<u>(95,035)</u>	<u>(1,500,000)</u>	<u>—</u>	<u>—</u>
Net change in fund balances.....	<u>6,857,075</u>	<u>6,185,261</u>	<u>6,647,076</u>	<u>4,039,261</u>	<u>4,391,693</u>
Fund balances—beginning.....	<u>39,207,056</u>	<u>33,021,795</u>	<u>26,374,719</u>	<u>22,335,458</u>	<u>17,943,765</u>
Fund balances—ending.....	<u>\$ 46,064,131</u>	<u>\$ 39,207,056</u>	<u>\$ 33,021,795</u>	<u>\$ 26,374,719</u>	<u>\$ 22,335,458</u>

(Source: Information taken from the District's audited basic financial statements. Compiled by Zions Public Finance, Inc.)

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 2016–Statistical Section” at the indicated pages as set forth below.

- (i) “Net Position by Component Last Ten Fiscal Years June 30, 2007 to 2016” (CAFR page 90);
- (ii) “Expenses, Program Revenue, and Net (Expense) Revenue Last Ten Fiscal Years–Years Ended June 30, 2007 to 2016” (CAFR page 91);
- (iii) “Fund Balances–Governmental Funds Last Ten Fiscal Years–Years Ended June 30, 2007 to 2016” (CAFR page 92);
- (iv) “Changes in Fund Balances–Governmental Funds Last Ten Fiscal Years–Years Ended June 30, 2007 to 2016” (CAFR page 93); and
- (iv) “Expenditures by Function–General Fund Last Ten Fiscal Years–Years Ended June 30, 2007 to 2016” (CAFR page 108).

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 the purpose of 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 with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 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 before November 1 the corrected assessment rolls to the county treasurers. By November 1, each county treasurer furnishes each taxpayer a notice containing 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.

Taxes are due November 30 (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. 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 (provided that 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 in the second preceding paragraph, 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 in excess of the certified tax rate. A resolution levying a tax in excess of 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 collected 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 new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. 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 on the basis of 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 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 an 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 located 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

		Tax Rate (Fiscal Year)				
	Maximum Tax Rate (1)	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
General Fund:						
Board local leeway.....	.002500	.001957	.002009	.001968	.002068	.002066
Basic school levy (2).....	formula	.001675	.001736	.001419	.001535	.001651
Voted local levy (3).....	.001800	<u>.001201</u>	<u>.001313</u>	<u>.001365</u>	<u>.001522</u>	<u>.001600</u>
Totals.....		<u>.004833</u>	<u>.005058</u>	<u>.004752</u>	<u>.005125</u>	<u>.005317</u>
Capital local levy (4).....	.003000	<u>.000877</u>	<u>.000926</u>	<u>.000936</u>	<u>.001014</u>	<u>.001053</u>
Debt service (general obligation bonds):						
Debt service (5).....	none	<u>.002415</u>	<u>.002571</u>	<u>.002571</u>	<u>.002571</u>	<u>.002571</u>
Judgment recovery levy (6)	none	—	—	—	—	—
Total all funds.....		<u>.008125</u>	<u>.008555</u>	<u>.008259</u>	<u>.008710</u>	<u>.008941</u>

- (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) Construction remodeling projects and purchase of school sites/equipment, etc.
- (5) 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.
- (6) A "judgment levy" is levied for the purpose of 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.

(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 Total Property Tax Rates Within Davis County

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Calendar Year)				
	2016	2015	2014	2013	2012
Davis School District:					
Bountiful City .....	.012621	.013103	.013055	.013896	.014255
Centerville City .....	.012480	.013210	.013161	.013970	.014337
Clearfield City .....	.014791	.015265	.015308	.016012	.016308
Clinton City .....	.014260	.014749	.014025	.014599	.015367
Farmington City .....	.013535	.014014	.013878	.015045	.015042
Fruit Heights City .....	.013698	.014533	.013992	.014791	.015095
Kaysville City .....	.013526	.013946	.013955	.013767	.014069
Layton City .....	.013614	.014092	.014025	.014814	.015125
North Salt Lake City .....	.013243	.013543	.013530	.014318	.014667
South Weber City .....	.012423	.012882	.012896	.013602	.013926
Sunset City .....	.013930	.014454	.014387	.015125	.015533
Syracuse City .....	.013382	.013803	.013788	.014555	.014873
West Bountiful City .....	.013181	.013702	.013651	.014515	.014859
West Point City .....	.014344	.014888	.014959	.015769	.016074
Woods Cross City .....	.012788	.013073	.013022	.013840	.014219
Unincorporated areas (2) .....	.012789	.013156	.013132	.013736	.013942

- (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 2016—Statistical Section—Direct and Overlapping Property Tax Rates Last Ten Tax Years—December 31, 2006 through December 31, 2016" (CAFR page 95).

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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
2016 (1)	\$ 20,391,317,626	8.1	\$ 31,414,458,159	8.8
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
2013	16,456,475,562	4.2	25,133,286,793	4.4
2012	15,795,391,788	0.8	24,070,679,556	0.6

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

(2) Taxable valuation includes redevelopment agency valuation. The estimated redevelopment agency valuation for Calendar Year 2016 was approximately \$965 million; for Calendar Year 2015 was approximately \$921.7million; for Calendar Year 2014 was approximately \$816.5 million; for Calendar Year 2013 was approximately \$659.7 million; and for Calendar Year 2012 was approximately \$555.6 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.

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

Historical Summaries Of Taxable Values Of Property

	Calendar Year					
	2016		2015	2014	2013	2012
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed):						
Total centrally assessed.....	\$ 592,007,417	2.9 %	\$ 569,514,497	\$ 508,265,018	\$ 517,316,496	\$ 496,420,100
Set by County Assessor (locally assessed):						
Real property (land and buildings):						
Primary residential.....	13,450,000,000	66.0	12,207,442,841	11,786,637,726	10,582,589,387	10,090,880,676
Secondary residential.....	105,000,000	0.5	102,730,674	91,160,917	61,518,472	57,566,192
Commercial and industrial.....	3,758,200,000	18.4	3,562,140,710	3,428,093,215	3,253,136,887	3,234,363,755
FAA (greenbelt).....	6,948,998	0.0	6,874,859	7,558,106	8,426,494	6,811,572
Unimproved non FAA (vacant)....	490,000,000	2.4	432,338,326	458,164,214	407,400,481	432,053,268
Agricultural.....	6,900,000	0.0	6,711,192	5,669,812	4,968,136	5,573,772
Total real property.....	17,817,048,998	87.4	16,318,238,602	15,777,283,990	14,318,039,857	13,827,249,235
Personal property:						
Primary mobile homes.....	22,727,318	0.1	22,727,318	23,490,284	22,402,117	23,359,929
Secondary mobile homes.....	480,373	0.0	480,373	722,220	710,284	634,119
Other business.....	1,959,053,520	9.6	1,959,053,520	1,694,716,392	1,598,006,808	1,447,728,405
SCME (1).....	0	0.0	0	0	0	0
Total personal property.....	1,982,261,211	9.7	1,982,261,211	1,718,928,896	1,621,119,209	1,471,722,453
Total locally assessed.....	19,799,310,209	97.1	18,300,499,813	17,496,212,886	15,939,159,066	15,298,971,688
Total taxable value.....	\$20,391,317,626	100.0 %	\$ 18,870,014,310	\$18,004,477,904	\$ 16,456,475,562	\$15,795,391,788
Total taxable value (2).....	\$20,391,317,626		\$ 18,870,014,310	\$18,004,477,904	\$ 16,456,475,562	\$15,795,391,788

* Preliminary; subject to change.

(1) SCME (semi-conductor manufacturing equipment).

(2) 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 2016–Statistical Section–Assessed Value and Estimated Actual Value of Taxable Property Last Ten Tax Years December 31, 2006 through 2015” (CAFR page 94).

Tax Collection Record

Ad valorem property taxes are due on November 30th of each year. Final Calendar Year 2016 tax collections (due November 30, 2016) are not available.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer’s Relief	Net Taxes Assessed	Current Collections	(3) Deliq., Personal Property and Miscellaneous Collections	(4) Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed
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
2012	135,191,795	2,475,929	132,715,866	126,685,121	7,024,940	133,710,060	95.5	100.7
2011	132,718,043	2,376,964	130,341,079	123,390,184	8,081,659	131,471,843	94.7	100.9

(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 2015 of \$11,617,647; for tax year 2014 of \$10,758,340; for tax year 2013 of \$10,824,339; for tax year 2012 of \$10,787,452; and for tax year 2011 of \$10,956,944; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(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 2016–Statistical Section–Property Tax levies and Collections Last Ten Tax Years December 31, 2006 through 2015” (CAFR page 97).

Some Of The Largest Taxpayers

Information for Fiscal Year 2016 (Calendar Year 2015) is currently not available. The District’s single largest property tax payer in Fiscal Year 2015 (Calendar Year 2014) was Chevron U.S.A., a petroleum refinery located in North Salt Lake City, Utah. The company comprised approximately 2.7% of the District’s total taxable valuation for Calendar Year 2014. The top 10 largest property tax payers comprised approximately 10.2% of the District total taxable valuation for Calendar Year 2014.

For a list of the District’s 10 largest property tax payers for Calendar Year 2015 and Calendar Year 2006 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016–Statistical Section–Principal Property Tax Payers Current Year and Nine Years Ago December 31, 2015 and 2006” (CAFR page 96).

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 2016, approximately 56% of the District’s funding was provided by State Funding, approximately 36% was provided by Local District Funding, and approximately 8% was provided from Federal Funding. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016.”

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				
	2016	2015	2014	2013	2012
State Funds					
General.....	\$310,405,731	\$292,128,732	\$283,594,334	\$271,423,455	\$269,878,986
Other governmental.....	4,219,760	4,161,045	3,724,074	3,666,210	5,677,141
Capital projects	<u>5,349,248</u>	<u>297,469</u>	<u>633,298</u>	<u>259,925</u>	<u>140,571</u>
Total	<u>\$319,974,739</u>	<u>\$296,587,246</u>	<u>\$287,951,706</u>	<u>\$275,349,590</u>	<u>\$275,696,698</u>
% change over prior year	7.9%	3.0%	4.6%	(0.1)%	7.6%
Federal Funds					
General.....	\$31,631,894	\$29,530,441	\$29,482,652	\$33,277,243	\$32,670,480
Other governmental.....	11,730,006	11,126,718	12,122,147	11,664,795	11,577,877
Debt service	<u>1,027,390</u>	<u>1,021,879</u>	<u>1,028,279</u>	<u>1,067,353</u>	<u>—</u>
Total	<u>\$44,389,290</u>	<u>\$41,679,038</u>	<u>\$42,633,078</u>	<u>\$46,009,391</u>	<u>\$44,248,357</u>
% change over prior year	6.5%	(2.2)%	(7.3)%	4.0%	(29.0)%

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

See "FINANCIAL INFORMATION REGARDING DAVIS SCHOOL DISTRICT, UTAH—Financial Summaries" above.

LEGAL MATTERS

Absence Of Litigation

The attorney for the Board, Ben Onofrio, Legal Issues Specialist, has advised that, to the best of his 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 2017 Bonds.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2017 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 2017 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 2017 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 2017 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law currently existing as of the issue date of the 2017 Bonds:

Federal Tax Exemption. The interest on the 2017 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 2017 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond counsel's opinions are provided as of the date of the original issue of the 2017 Bonds, subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2017 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 2017 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2017 Bonds.

State of Utah Tax Exemption. The interest on the 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2017 Bonds but has reviewed the discussion under this heading "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a 2017 Bond over its issue price. The issue price of a 2017 Bond is the first price at which a substantial amount of the 2017 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a 2017 Bond during any accrual period generally equals (1) the issue price of the 2017 Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on the 2017 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 the 2017 Bond during that accrual period. The amount of OID 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 2017 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a 2017 Bond is issued at a price that exceeds the stated redemption price at maturity of the 2017 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that 2017 Bond. Under Section 171 of the Code, the purchaser of that 2017 Bond must amortize the premium over the term of the 2017 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2017 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This 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 2017 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 2017 Bond, an owner of the 2017 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 2017 Bond (other than in respect of accrued and unpaid interest) and

such owner's adjusted tax basis in the 2017 Bond. To the extent a 2017 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 2017 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 2017 Bonds, and to the proceeds paid on the sale of the 2017 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 2017 Bonds should be aware that ownership of the 2017 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 2017 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2017 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 2017 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

General

The authorization and issuance of the 2017 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 attorney for the Board, Ben Onofrio, Legal Issues Specialist. The approving opinion of Bond Counsel will be delivered with the 2017 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in "APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL" will be made available upon request from the contact persons as indicated under "INTRODUCTION—Contact Persons" above.

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 2017 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 2017 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.

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2017 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 2017 Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody's has given the 2017 Bonds an underlying rating of "Aa2."

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 obligation bonds will continue for any given period of time 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 2017 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 2017 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2017 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, 2016 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 2016" (CAFR page 23) to this OFFICIAL STATEMENT.

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 PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

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

Board of Education of Davis School District, Utah

By: _____

John L. Robison, President

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APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016

The comprehensive annual financial report of the Board for Fiscal Year 2016 are 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 2017 must be completed under State law by November 30, 2017.

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 33rd consecutive year, beginning with Fiscal Year 1982 through Fiscal Year 2015. For the Fiscal Year 2015 certificate see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF DAVIS SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Section 1. Introductory—Certificate of Achievement” (CAFR page 18). *The Board has submitted its Fiscal Year 2016 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The Board believes that its Fiscal Year 2016 CAFR continues to meet the Certificate of Achievement program requirements*

In order 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

Comprehensive Annual Financial Report



for fiscal year
ended June 30
2016

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Comprehensive Annual Financial Report

of the

DAVIS SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2016

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

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

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DAVIS SCHOOL DISTRICT

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Section 1

INTRODUCTORY



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November 15, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

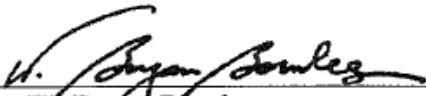
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award,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

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


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

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

Respectfully submitted,

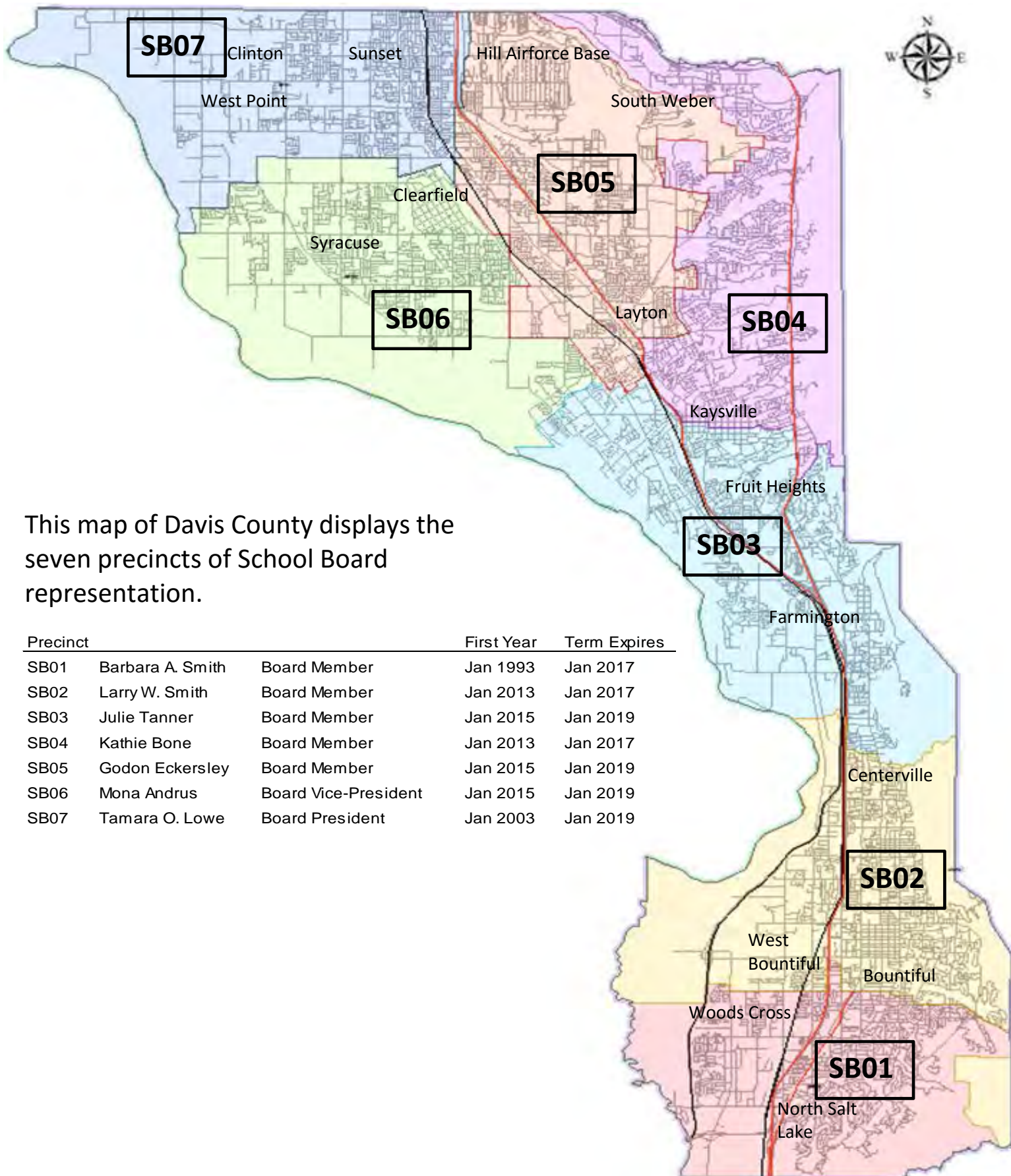


Dr. W. Bryan Bowles
SUPERINTENDENT



Craig Carter
BUSINESS ADMINISTRATOR

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



DAVIS SCHOOL DISTRICT

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

Elected Officials

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

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

Appointed Officials

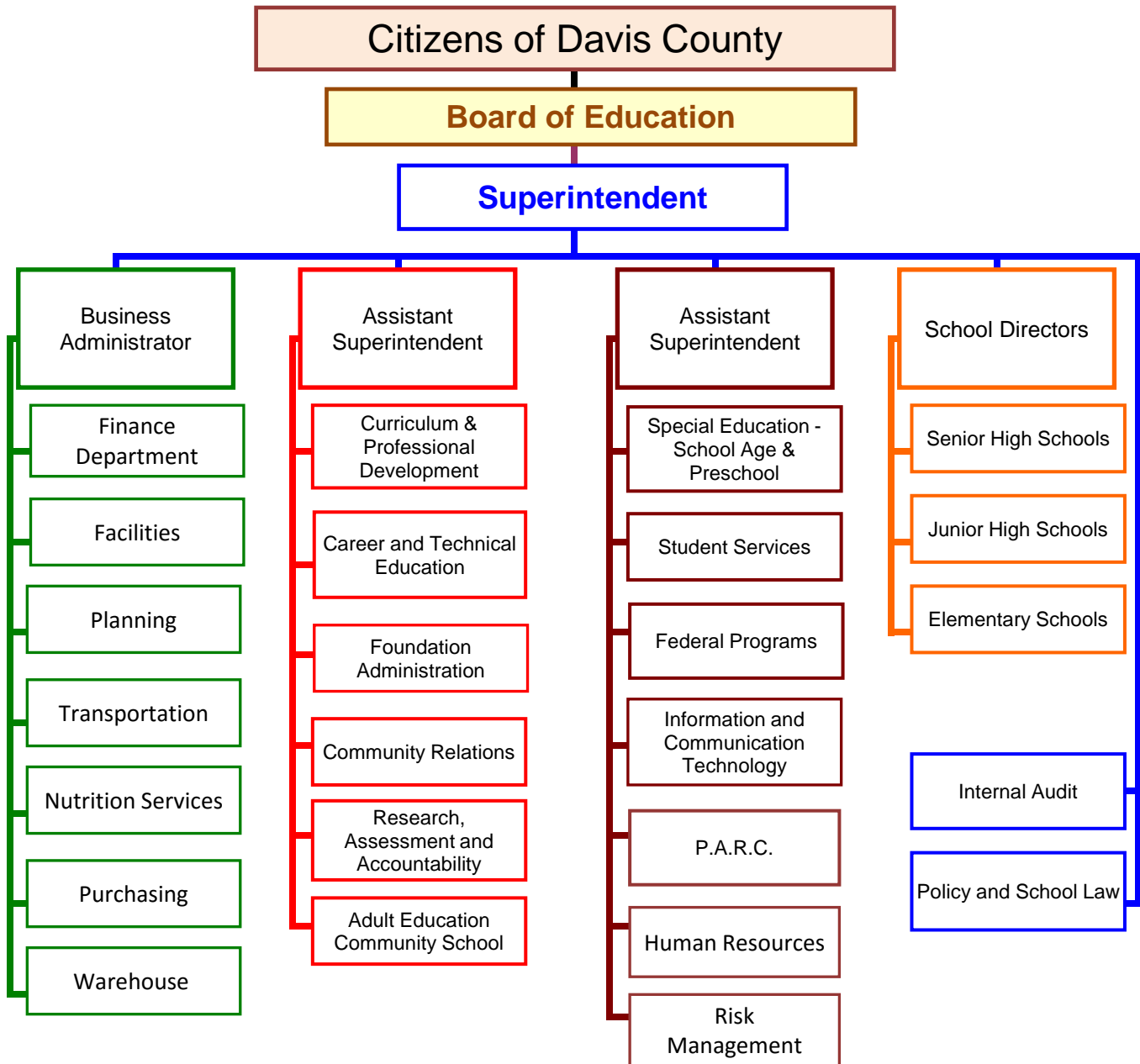
	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
W. Bryan Bowles Superintendent	July 2016	July 2018	July 2002
Craig Carter Business Administrator	July 2015	July 2017	January 2010

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

DAVIS SCHOOL DISTRICT

Organizational Chart

Year Ended June 30, 2016





Government Finance Officers Association

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

Presented to

**Davis County School District
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

VISION

Davis School District provides an environment where
LEARNING COMES FIRST!

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

Parents are INVESTED in their student's education.

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

The community SUPPORTS the educational process.

Our efforts are guided by the following values and beliefs :

STUDENTS:

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

PARENTS:

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

EMPLOYEES:

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

COMMUNITY:

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

EDUCATION SYSTEM:

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

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Section 2



FINANCIAL

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Independent Auditor's Report

Board of Education
Davis School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School District (the District) as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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

Squire & Company, PC

Orem, Utah
November 15, 2016

Management's Discussion and Analysis

This section of Davis School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2016. Please read it in conjunction with the transmittal letter found on pages 11 through 14 of this report and the District's financial statements, which follow this section.

Financial Highlights

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

Overview of the Financial Statements

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

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

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

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

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

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

- **Governmental activities.** Most of the District's basic services are included here, such as instruction, various supporting services and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities.** The District charges fees to students and customers and receives specific grants from various local, state, and federal agencies to help cover the costs of certain services it provides. The Pioneer Adult Rehabilitation Center is included here.
- **Component unit.** The District includes one other entity in the report, the Davis School District Foundation. Although legally separate, this "component unit" is included because the District is the fiscal agent and is financially accountable for it, and its purpose is to solicit donations to support educational programs of the District.

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

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

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

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

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

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

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

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

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 46 to 69 of this report.

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

Individual fund statements and schedules are presented immediately following the notes to the basic financial statements. Individual fund statements and schedules can be found on pages 73 to 86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$121.0 million at the close of the most recent fiscal year.

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

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

The largest portion of the District's net position (\$186.9 million) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- An additional portion of the District's net position (\$51.7 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for school food services, debt service, and capital projects.

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

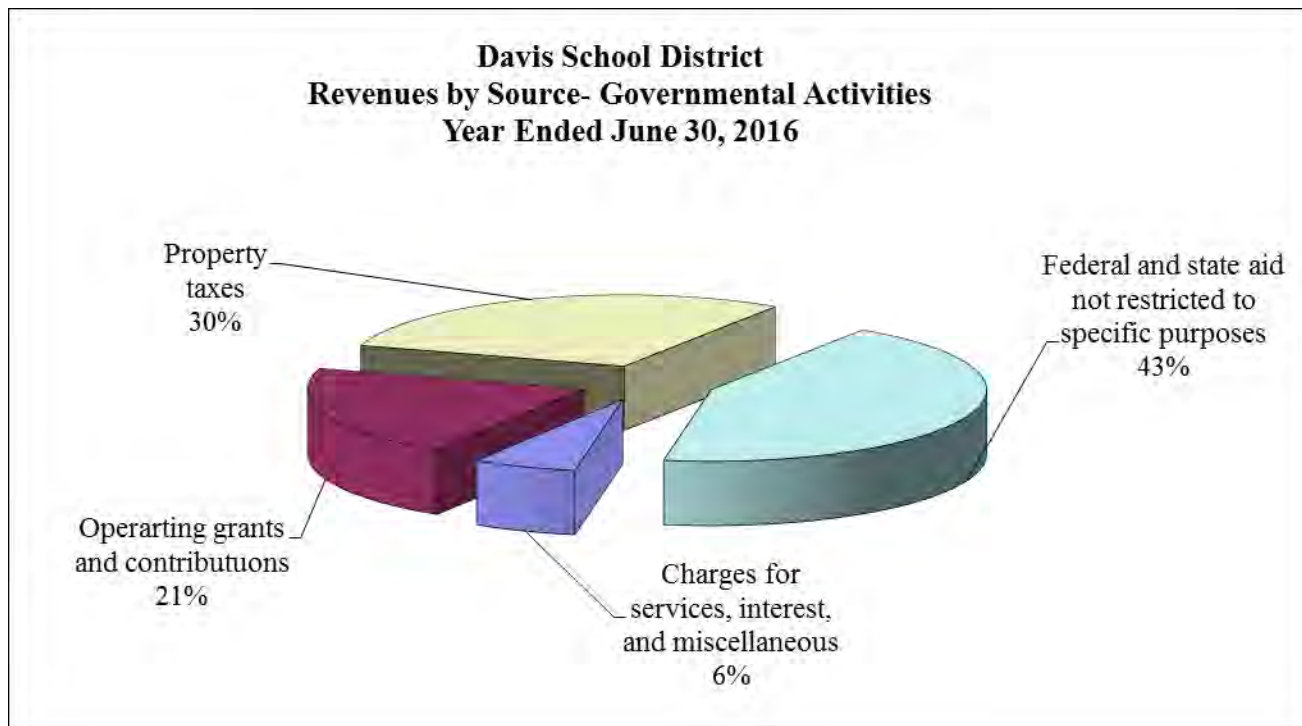
DAVIS SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2016 and 2015
(in millions of dollars)

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

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

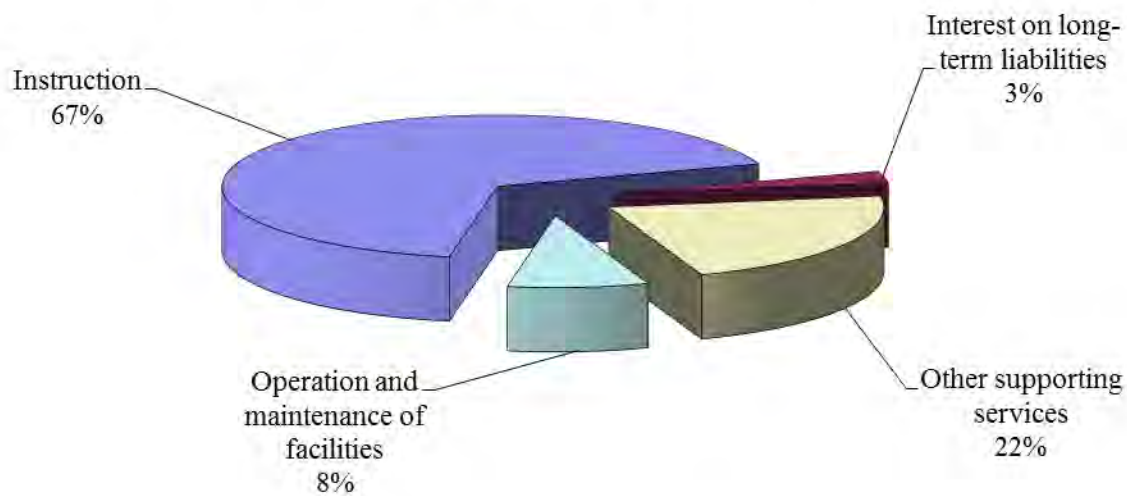
Governmental activities. The key elements of the increase in the District's net position for the year ended June 30, 2016 are as follows:

- Revenues increased \$37.8 million or 7.2% and continue to be primarily from federal and state aid and property taxes.
- Federal and state aid not restricted to specific purposes increased by 8.4% or \$19.1 million. Total federal aid increased 6.5% to \$44.4 million primarily due to spending levels. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the amount generated by the WPU the state will make up the difference with state funding. The value of the WPU increased 4% from \$2,972 (2015) to \$3,092 (2016).
- Tax revenues increased to \$167.2 million or by 7.1%. This increase was a result of the combination of an increase in the taxable value of property and a decrease in the overall tax rate.



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

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



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

- Overall revenues decreased \$4.5 million and expenses decreased \$3.7 million due to decreased contract agreements.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$148.4 million, \$25.0 million more than the previous year. This increase was due primarily to increased revenue from the State of Utah and the issuance of \$68.5 million general obligation bonds offset by costs related to planned capital projects. The *Debt Service Fund* added \$1.1 million to fund balance. The *General Fund* had a \$6.9 million increase in fund balance. In addition, the following changes in revenues and expenditures should be noted:

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

- *General Fund* salaries totaled \$262.8 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$127.9 million to arrive at 88.9% of total *General Fund* expenditures.

Governmental funds report the differences between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. Nonspendable fund balance represents items such as inventories which are not resources that can be readily converted to cash. Restricted fund balance includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. Committed balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Assigned balances in the *General Fund* and in other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. Unassigned balances in the *General Fund* are all other available net fund resources. At June 30, 2016, the District's combined governmental fund balance is \$148.4 million (\$7.6 million in nonspendable, \$90.3 million in restricted, \$35.5 million in committed, \$3.4 million in assigned, and \$11.6 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$0.3 million or 0.1% in total *General Fund* expenditures.

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

In addition to these adjustments, the District maintained cost cutting measures to hold expenditures below the amended budget in order to build reserves for unanticipated future costs. Consequently, actual expenditures were \$0.5 million below final budgeted amounts. Additionally, revenues were \$1.3 million above the final budgeted amount. The final budget also anticipated an increase to fund balance of \$6.0 million where the original budget did not have a planned increase to fund balance.

Capital Asset and Debt Administration

Capital Assets. The *Capital Projects Fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District spent \$56.6 million for capital assets. Major projects include the construction of new elementary schools in West Farmington and West Kaysville and an addition at Millcreek Junior High School.

The District continues to experience moderate growth in total students and a shift in student population to the north and southwest section of the District. The District's 10th high school is under construction and will open in the fall of 2018. Other major projects under construction include classroom additions at Woods Cross High School and Mueller Park Junior High School. The District is also in the planning stages for a junior high school that will open in the fall of 2019.

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

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

	Governmental Activities		Business-type Activities		Total		Total Change
	2016	2015	2016	2015	2016	2015	2016-2015
Land	\$ 55.0	\$ 48.7	\$ -	\$ -	\$ 55.0	\$ 48.7	\$ 6.3
Construction in progress	50.6	13.9	-	-	50.6	13.9	36.7
Buildings and improvements	495.1	506.7	1.8	1.9	496.9	508.6	(11.7)
Furniture and equipment	3.8	3.5	0.1	-	3.9	3.5	0.4
Transportation equipment	7.4	6.9	-	-	7.4	6.9	0.5
Total capital assets	<u>\$ 611.9</u>	<u>\$ 579.7</u>	<u>\$ 1.9</u>	<u>\$ 1.9</u>	<u>\$ 613.8</u>	<u>\$ 581.6</u>	<u>\$ 32.2</u>

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

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

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

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2016 is \$1,220 million. General obligation debt, net of unamortized premiums, at June 30, 2016 is \$475.7 million, resulting in a legal debt margin of \$729.2 million.

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

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

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2036.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Changing Enrollment within the District

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

DAVIS SCHOOL DISTRICT'S Student Enrollment

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

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

Requests for Information

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

DAVIS SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

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

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

DAVIS SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2016

		Net (Expense) Revenue and Changes in Net Position				Component Unit
Activities/Functions	Expenses	Program Revenues		Primary Government		District Foundation
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
Instruction	\$ 359,887,370	\$ 6,509,349	\$ 80,393,752	\$ (272,984,269)	\$ (272,984,269)	
Supporting services:						
Students	15,389,400	-	4,897,791	(10,491,609)	(10,491,609)	
Instructional staff	19,896,958	-	4,981,082	(14,915,876)	(14,915,876)	
District administration	3,406,681	-	53,095	(3,353,586)	(3,353,586)	
School administration	28,852,782	-	1,095,461	(27,757,321)	(27,757,321)	
Central	14,580,029	-	1,920,939	(12,659,090)	(12,659,090)	
Operation and maintenance of facilities	44,283,161	317,443	825,926	(43,139,792)	(43,139,792)	
Student transportation	14,150,069	-	7,927,606	(6,222,463)	(6,222,463)	
School food service	22,144,738	8,440,270	15,949,766	2,245,298	2,245,298	
Interest on long-term liabilities	14,182,733	-	-	(14,182,733)	(14,182,733)	
Total governmental activities	536,773,921	15,267,062	118,045,419	(403,461,440)	(403,461,440)	
Business-type activities:						
Pioneer Adult Rehabilitation Center	11,223,145	9,993,209	732,755	-	(497,181)	
Total primary government	\$ 547,997,066	\$ 25,260,271	\$ 118,778,174	(403,461,440)	(403,958,621)	
Component unit:						
Davis School District Foundation	\$ 1,352,444	\$ -	\$ 1,571,233		\$ 218,789	
General revenues:						
Property taxes levied for:						
Basic				32,610,097	-	-
Voted local				24,571,553	-	-
Board local				37,634,821	-	-
Debt service				48,146,166	-	-
Capital outlay				17,337,683	-	-
Tax increment				6,860,325	-	-
Federal and state revenue not restricted to specific purposes				246,318,610	-	-
Earnings on investments				1,326,808	48,823	5,056
Miscellaneous				17,895,542	-	-
Total general revenues				432,701,605	48,823	5,056
Change in net position				29,240,165	(448,358)	223,845
Net position - beginning, as restated				83,608,759	8,623,073	1,176,636
Net position - ending				\$ 112,848,924	\$ 8,174,715	\$ 1,400,481

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

DAVIS SCHOOL DISTRICT

Balance Sheet Governmental Funds

June 30, 2016

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

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

DAVIS SCHOOL DISTRICT

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

June 30, 2016

Total fund balances for governmental funds		\$ 148,443,449
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 55,053,367	
Construction in progress	50,583,429	
Buildings and improvements, net of \$360,146,173 accumulated depreciation	495,069,278	
Furniture and equipment, net of \$15,343,659 accumulated depreciation	3,760,259	
Transportation equipment, net of \$24,608,080 accumulated depreciation	<u>7,408,321</u>	611,874,654
The net pension asset is not an available resource and therefore is not reported in the governmental funds.		8,844
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		2,152,855
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(1,250,360)
An internal service fund is used by management to charge the costs of self insurance to individual funds and programs. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		5,728,192
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds payable	(460,010,000)	
Deferred charge on refunding	9,072,317	
Unamortized premiums	(15,731,445)	
Accrued vacation	(4,837,182)	
Accrued sick leave	(2,568,143)	
Accrued personal leave	(1,446,593)	
Early retirement payable	(9,044,235)	
Net pension liability	(232,820,688)	
Deferred outflows of resources related to pensions	87,717,431	
Deferred inflows of resources related to pensions	<u>(24,440,172)</u>	(654,108,710)
Total net position - governmental activities		<u>\$ 112,848,924</u>

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

DAVIS SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2016

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

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

Net change in fund balances-total governmental funds	\$ 24,994,841
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	\$ 56,625,730	
Gain on sale of capital assets	137,256	
Proceeds from sale of capital assets	(137,256)	
Depreciation expense	<u>(24,431,763)</u>	32,193,967

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

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

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

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

Property tax revenue is recognized when levied (claim to resources established) rather than when available. The portion not available soon enough to pay for the current period's expenditures is reported as deferred inflows of resources in the funds.	(469,868)
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In the statement of activities, certain operating expenses - compensated absences (vacation and sick and personal leave) and termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, benefit obligations changed by the following amounts:

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

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

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

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

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

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

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

With Comparative Totals for 2015

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

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

DAVIS SCHOOL DISTRICT

Statements of Fund Cash Flows
Proprietary Funds

Year Ended June 30, 2016

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Davis School District Foundation, a legally separate organization for which the District is considered to be financially accountable. Due to the relationship between the District and the Foundation, it would be misleading to exclude the financial information of the Foundation from this report. The Foundation exclusively services the District. The District makes all personnel decisions for the Foundation and pays for all operating costs of the Foundation. The Foundation is reported as a separate column in the District’s government-wide financial statements as a discretely presented component unit; the Foundation is reported as a governmental fund type. Separate financial statements for the Foundation may be obtained at the District’s administrative office.

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

The District reports the following major governmental funds:

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

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

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

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

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2016, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

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

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

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

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

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

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

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

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

Deferred outflows/inflows of resources – In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following sources that qualify for reporting in this category; these items are reported in the statement of net position.

- Deferred charge on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and b) changes in proportion and differences between contributions and proportionate share of contributions, and c) District contributions subsequent to the measurement date of December 31, 2015.

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

Fund balance classifications are summarized as follows:

- Nonspendable – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to prepaid items and inventories are classified as nonspendable.
- Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the unspent tax revenue for specific purposes (debt service and capital projects) and amounts in other governmental funds (school food services).
- Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The Board of Education has resolved to commit fund balance amount in the governmental funds for the following purposes:
 - Workers compensation claims.
 - Employee benefit obligations for unpaid compensated absences including vacation, sick, and personal leave.
 - Amounts held in other governmental fund resources for schools.
 - As defined in Utah law as an "undistributed reserve," the District maintains up to five percent of *General Fund* budgeted expenditures for economic stabilization. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

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commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and the Utah State Auditor.

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

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

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

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2016, as shown on the financial statements is as follows:

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

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

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

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

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

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

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2016, the uninsured amount of the District's and Foundation's pooled bank deposits was uncollateralized.

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

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

At June 30, 2016, the District has \$184,604,323 invested in the Utah Public Treasurers' Investment Fund; the PTIF is not rated. The District has \$5,608,356 invested in government agencies rated AA+ and Aaa or higher by Standard & Poor's and Moody's Investors Service, Inc., respectively. The District also has \$3,661,985 invested in corporate bonds rated BBB+ and Baa1 or higher by Standard & Poor's and Moody's

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Investors Service, Inc., respectively. The Davis School District Foundation has \$11,933 invested in mutual funds that are unrated.

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Davis School District:			
Utah Public Treasurers' Investment Fund (PTIF)	\$ 184,604,323	\$ 184,604,323	\$ -
Government agencies	5,608,356	-	5,608,356
Corporate bonds	3,661,985	-	3,661,985
Total District	193,874,664	184,604,323	9,270,341
Davis School District Foundation, a component unit of the District			
Mutual funds investing in:			
Taxable bonds	2,097	2,097	-
International stock	9,836	9,836	-
Total Foundation	11,933	11,933	-
Total investments	\$ 193,886,597	\$ 184,616,256	\$ 9,270,341

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.

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

3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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

4. PROPERTY TAXES

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30.

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

As of June 30, 2016, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2016 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

5. CAPITAL ASSETS

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

6. RETIREMENT PLANS

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

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

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

Defined Contribution Plans (individual account plans):

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

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

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

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

7. RISK MANAGEMENT

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

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

Unemployment compensation is handled on a cost of benefits reimbursement basis with the state of Utah. The District is self-insured for worker's compensation claims up to \$250,000 per incident which are processed by a third party administrator. During the year ended June 30, 2016, the District paid worker's compensation claims in the amount of \$1,006,346. A co-insurance policy provides for individual worker's compensation claims in excess of \$250,000. This District has not established a liability for either claims outstanding or for the claims incurred but not reported (IBNR) because management believes the amount would be immaterial to the financial statements.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

8. LONG-TERM LIABILITIES

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

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016, including interest payments, are listed as follows:

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

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

Bond Series 2005B - GO Refunding Bonds - original issue of \$24,905,000 with interest rates ranging from 3.25% to 5.0%	\$ 3,685,000
Bond Series 2007 - GO Bonds - original issue of \$55,000,000 with interest rates ranging from 4.0% to 5.0%	5,100,000
Bond Series 2008 - GO Bonds - original issue of \$64,000,000 with interest rates ranging from 3.0% to 5.0%	2,800,000
Bond Series 2009 - GO Bonds - original issue of \$43,000,000 with interest rates ranging from 2.0% to 5.0%	3,575,000
Bond Series 2010A - GO Bonds (BABs) - original issue of \$68,500,000 with interest rates ranging from 1.0% to 5.75% (up to 35% interest rate subsidy)	64,305,000
Bond Series 2011A - GO Bonds - original issue of \$45,000,000 with interest rates ranging from 4.0% to 4.75%	45,000,000
Bond Series 2011C - GO Refunding Bonds - original issue of \$33,200,000 with interest rates ranging from 4.0% to 5.0%	15,540,000
Bond Series 2012 - GO Bonds - original issue of \$35,000,000 with interest rates ranging from 2.0% to 4.0%	35,000,000
Bond Series 2013A - GO Bonds - original issue of \$20,000,000 with interest rates ranging from 2.0% to 4.0%	20,000,000
Bond Series 2013B - GO Refunding Bonds - original issue of \$20,550,000 with interest rates ranging from 3.0% to 4.25%	16,705,000
Bond Series 2014 - GO Bonds - original issue of \$25,000,000 with interest rates ranging from 2.25% to 5.0%	25,000,000
Bond Series 2015A - GO Bonds - original issue of \$40,000,000 with interest rates ranging from 2.0% to 5.0%	36,555,000
Bond Series 2015B - GO Refunding Bonds - original issue of \$67,025,000 with interest rates ranging from 2.0% to 5.0%	66,360,000
Bond Series 2015C - GO Refunding Bonds - original issue of \$53,010,000 with interest rate of 1.72%	51,885,000
Bond Series 2016 - GO Bonds - original issue of \$68,500,000 with interest rates ranging from 2.0% to 3.375%	68,500,000
	<u>\$ 460,010,000</u>

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in Davis County. The legal debt limit at June 30, 2016 is \$1,220,649,568 with general obligation debt outstanding, net of issuance premiums, of \$491,472,890, resulting in a legal debt margin of \$729,176,678.

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

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

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

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

Early retirement payable – The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of ten years of service in the District, and who meet the eligibility requirements for and will be receiving Utah Retirement System benefits. Eligible retirees will receive a contribution of 16% of their annual salary per year, for up to three consecutive years, into a qualified 401(a) and/or 403(b) plan, or until they become eligible to receive unreduced social security benefits, whichever occurs first. Employees who retire under the incentive program will continue to be enrolled in group medical and dental programs until they become eligible for Medicare, or for 10 consecutive years following retirement, whichever comes first. Enrollment is contingent upon the retiree contributing the same premium as required of active employees for the first 3 years and the full premium for the following 7 years. For the years ended June 30, 2016 and 2015 the District's direct payments to retirees were \$2,967,086 and \$2,390,338 and payments of insurance premiums on behalf of retirees were \$1,942,127 and \$1,565,727, respectively. Future retirement payments of employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide financial statements in the year of retirement. This liability is paid from the fund from which the employee retires.

9. LITIGATION AND LEGAL COMPLIANCE

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

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

10. GRANTS

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

DAVIS SCHOOL DISTRICT
Notes to Basic Financial Statements
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11. RESTATEMENT

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

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

12. SUBSEQUENT EVENT

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

DAVIS SCHOOL DISTRICT

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

Plan Years Ended December 31, 2015 and 2014

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

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

DAVIS SCHOOL DISTRICT

Schedule of District Contributions – *Utah Retirement Systems*

Years Ended June 30, 2016 and 2015

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

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

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

DAVIS SCHOOL DISTRICT
Notes to Required Supplementary Information

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

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

Individual Fund Statements and Schedules

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

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

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

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

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

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

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *General Fund*

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016
With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Debt Service Fund*

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

Comparative Balance Sheets *Capital Projects Fund*

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

Year Ended June 30, 2016

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

DAVIS SCHOOL DISTRICT

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

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

Nonmajor Special Revenue Fund

Year Ended June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

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

DAVIS SCHOOL DISTRICT

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

June 30, 2016

With Comparative Totals for 2015

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

DAVIS SCHOOL DISTRICT

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

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

Section 3



STATISTICAL

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STATISTICAL SECTION

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

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

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

DAVIS SCHOOL DISTRICT

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

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

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

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

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

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

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

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

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

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

DAVIS SCHOOL DISTRICT

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

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

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

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

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

DAVIS SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

Years Ended June 30, 2007 to 2016

(modified accrual basis of accounting)

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

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

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

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

DAVIS SCHOOL DISTRICT

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

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

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

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

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

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

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

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

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

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

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

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

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

DAVIS SCHOOL DISTRICT

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

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

(1) Personal income data was not yet available.

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

DAVIS SCHOOL DISTRICT

Overlapping and Underlying General Obligation Debt June 30, 2016

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

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

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

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

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

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

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

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

* Source: Davis County Clerk / Auditor's Office

DAVIS SCHOOL DISTRICT

**General Obligation Legal Debt Limit and Debt Capacity
Last Ten Years
December 31, 2007 through 2016**

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

DAVIS SCHOOL DISTRICT

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

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

DAVIS SCHOOL DISTRICT

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

PRINCIPAL

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

INTEREST

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

TOTAL PAYMENT

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

DAVIS SCHOOL DISTRICT

Demographic and Economic Statistics Years Ended 2006 - 2015

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

Percentage Increase from 2006 to 2015:

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

(2) Personal Income data was not yet available

(3) Utah Department of Workforce Services

DAVIS SCHOOL DISTRICT

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

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

(1) Preliminary data through June 2016.

(Source: Utah Department of Workforce Services)

DAVIS SCHOOL DISTRICT

Principal Employers Prior Year and Nine Years Ago

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

* Source: Utah Department of Workforce Services

DAVIS SCHOOL DISTRICT

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

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

* Source: Davis School District records

DAVIS SCHOOL DISTRICT

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

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

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

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

* Source: Davis School District records

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

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

DAVIS SCHOOL DISTRICT

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

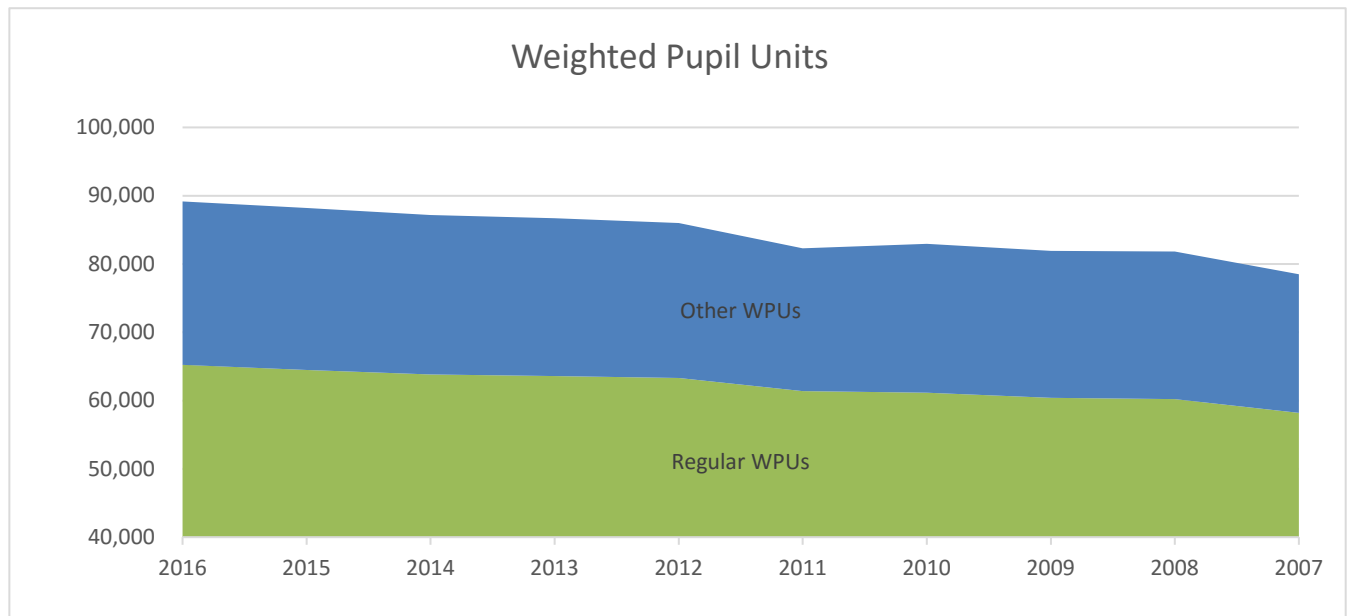
Function	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$ 4,636	\$ 4,374	\$ 4,322	\$ 4,316	\$ 4,237	\$ 4,301	\$ 4,288	\$ 4,464	\$ 4,382	\$ 3,893
Supporting services:										
Students	246	228	230	232	230	231	245	236	222	201
Instructional staff	314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

DAVIS SCHOOL DISTRICT

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

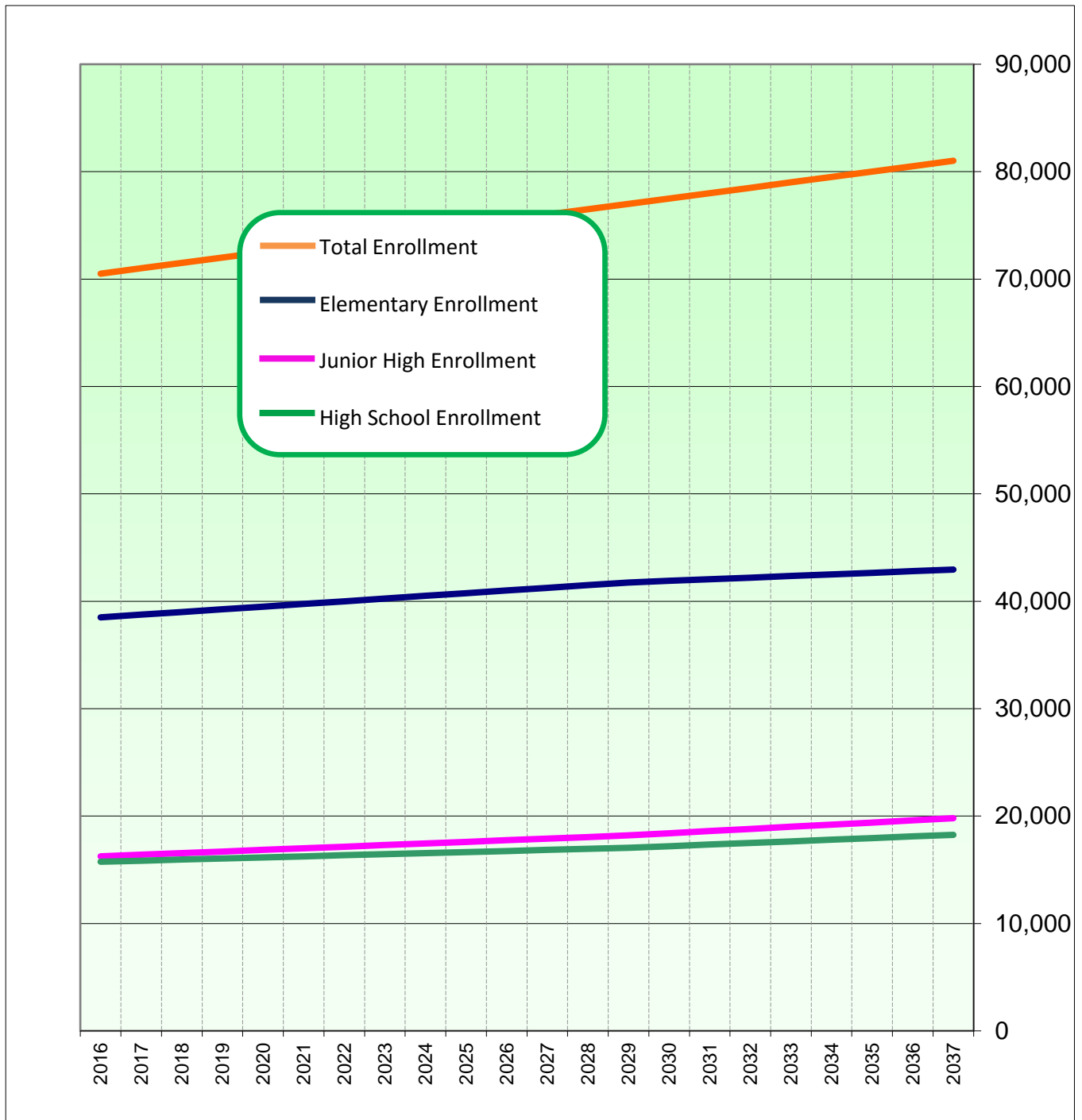
WPU TYPE	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Regular Grades K-12	65,249	64,494	63,809	63,613	63,300	61,390	61,148	60,424	60,225	58,201
<u>Other WPUs by Formula</u>										
Professional staff	6,318	6,332	6,247	6,308	6,267	4,914	5,809	5,801	5,782	5,587
Administrative Cost	-	-	-	-	-	-	-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

* Source: Utah State Office of Education final recipient report



DAVIS SCHOOL DISTRICT

Student Enrollment Projections Next Twenty Years



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

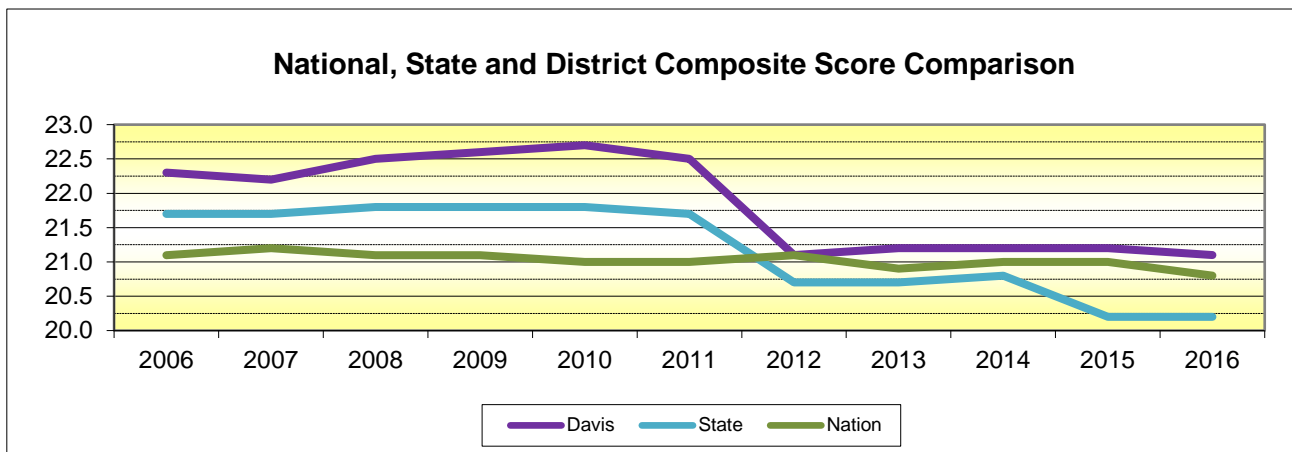
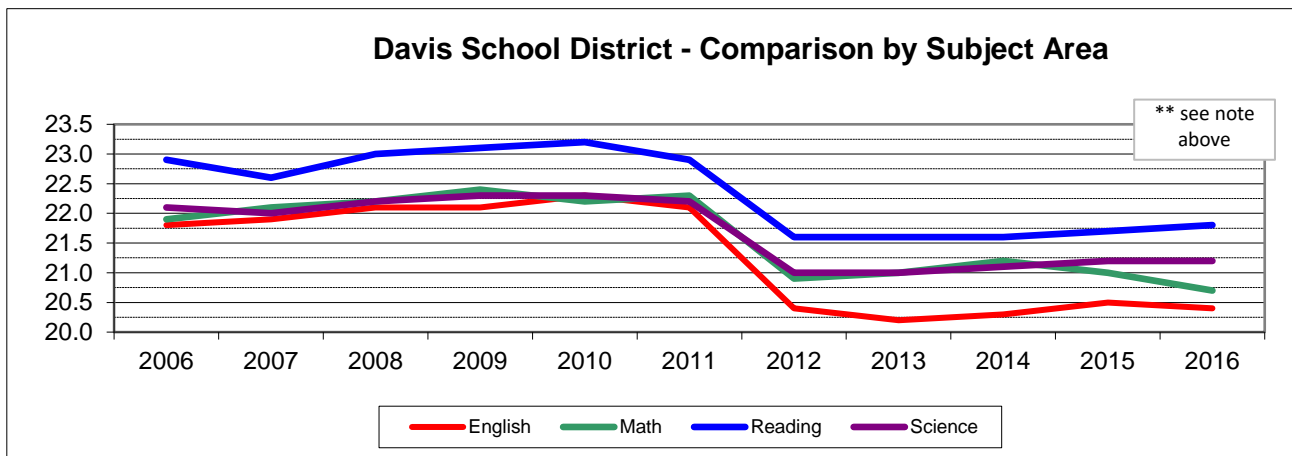
DAVIS SCHOOL DISTRICT

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

AVERAGE SCORES on a 36 point scale

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

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



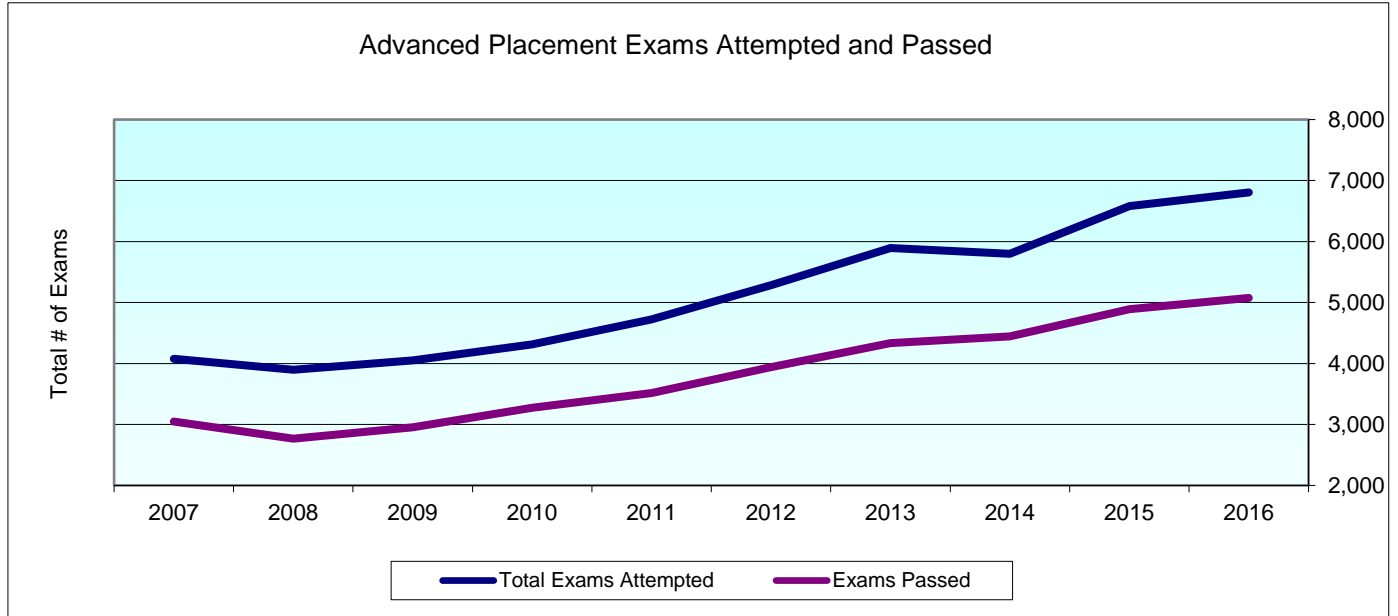
* Source: Davis School District and Utah State Office of Education records

DAVIS SCHOOL DISTRICT

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

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

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



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

* Source: Davis School District records

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2017 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Board, proposes to issue its final approving opinion in substantially the following form:

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 \$_____ General Obligation Bonds (Utah School Bond Guaranty Program), Series 2017 (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 7, 2017 (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 authorization and issuance of the Bonds.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Utah and to a review of the transcript of such proceedings and certificates. As to 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. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

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 imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Board complies with all requirements of the Internal Revenue Code of 1986, as amended (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,

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 Bond Guaranty Program), Series 2017, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Issuer adopted on February 7, 2017 (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.

“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 1900 Duke Street, Suite 600, Alexandria, VA 22314; Telephone (703) 797-6600; Fax (703) 797-6700; 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 _____, 2017, 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, 2017, 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 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 Within The County," "—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; or

(ix) Rating changes.

(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; or

(vi) Release, substitution or sale of property securing repayment of the Bonds.

(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 attorneys 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: _____, 2017.

BOARD OF EDUCATION OF DAVIS SCHOOL DISTRICT, UTAH

President

Attest & Countersigned:

Business Administrator

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 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 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 2017 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 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017 Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 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 2017 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 2017 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 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2017 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 2017 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, 2017 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, 2017 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