

OFFICIAL NOTICE OF BOND SALE

\$33,000,000*

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2011

OF THE

BOARD OF EDUCATION OF NEBO SCHOOL DISTRICT

UTAH COUNTY, UTAH

Bids will be received electronically via the PARITY® electronic bid submission system (“PARITY®”) at the offices of Lewis Young Robertson & Burningham, Inc., the Financial Advisor (the “*Financial Advisor*”) to the Board of Education (the “*Board*”) of Nebo School District, Utah County, Utah (the “*District*”), in Salt Lake City, Utah (as described under “PROCEDURES REGARDING BIDDING” below), by the Business Administrator of the Board, no later than 9:30:00 a.m., Mountain Daylight Time, on Wednesday, August 10, 2011, for the purchase, all or none, of \$33,000,000* aggregate principal amount of the General Obligation School Building Bonds, Series 2011 (the “*Bonds*”) to be issued by the Board. Pursuant to a resolution of the Board adopted on Wednesday, July 13, 2011, the Board has authorized a designated officer of the Board (the “*Designated Officer*”) to review and consider the bids on Wednesday, August 10, 2011.

The Bonds are the fourth series to be sold of a total voted authorization of \$160,000,000 from a special bond election held in the District on June 23, 2009. After the issuance of the Bonds, the Board will have \$85,000,000* remaining voted authorization to issue general obligation bonds.

DESCRIPTION OF BONDS: The Bonds will be dated as of the date of issuance and delivery** thereof, will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature on July 1 of each of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT*	YEAR	PRINCIPAL AMOUNT*
2012	\$4,800,000	2020	\$1,000,000
2013	1,300,000	2021	1,500,000
2014	1,100,000	2022	1,500,000
2015	750,000	2023	4,250,000
2016	750,000	2024	4,250,000
2017	1,000,000	2025	4,250,000
2018	1,300,000	2026	4,250,000
2019	1,000,000		

* Preliminary; subject to change. See caption “ADJUSTMENT OF PRINCIPAL AMOUNT OF THE BONDS” in this OFFICIAL NOTICE OF BOND SALE.

** The anticipated date of delivery of the Bonds is Wednesday, August 31, 2011.

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE BONDS: The Designated Officer, on behalf of the Board, may adjust the aggregate principal amount of the Bonds by the amount necessary to properly size the issue so that the proceeds available to the Board from the purchase price, adjusted as described below, will be not less than \$33,000,000 nor more than \$34,000,000. The adjustment of maturities will not reduce or increase the amount of the Bonds maturing in any year by more than twenty percent (20%) and, with respect to Bonds maturing in any year in the principal amount of \$1,000,000 or more, will not reduce such principal amount to an amount less than \$1,000,000. The dollar amount of the price bid by the successful bidder may be changed as described below, but none of the interest rates specified by the successful bidder will 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 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 Bonds to the public and the price to be paid to the Board, by (b) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above.

If the Board elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the Bonds maturing on one or more of the maturity dates for the Bonds as described above, all as determined by the Designated Officer, on behalf of the Board, with the advice of the Financial Advisor. The Board expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Daylight Time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the Bonds will be adjusted and the corresponding changes to the principal amount of the Bonds maturing on one or more of the above-designated maturity dates for the Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The Board will consider the bid as having been made for the adjusted amount of the Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to the Financial Advisor at fax number (801) 596-2800 within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the Bonds and the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation.

TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION: 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 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.

RATINGS: The Board will, at its own expense, pay fees of Moody's Investors Service, Inc. and Standard & Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc. for rating the Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

PURCHASE PRICE: The purchase price bid for the Bonds shall not be less than the principal amount of the Bonds (\$33,000,000*).

INTEREST RATES: Bidders must specify the rate of interest with respect to each maturity of Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of Bonds, but:

(a) the highest interest rate bid for any of the Bonds shall not exceed five percent (5.00%) per annum;

(b) the highest interest rate bid for any maturity of the Bonds may not exceed the lowest interest rate bid for any maturity of the Bonds by more than three percent (3.00%) per annum;

(c) each interest rate specified in any bid must be in a multiple of one-eighth or one-hundredth of one percent (1/8th or 1/100th of 1%) per annum;

(d) no Bond shall bear more than one rate of interest;

(e) interest shall be computed from the dated date of a Bond to its stated maturity date at the single interest rate specified in the bid for the Bonds of such maturity;

(f) any premium must be paid in the funds specified for the payment of the Bonds as part of the purchase price;

(g) the same interest rate shall apply to all Bonds maturing at one time;

(h) 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 immediately available funds;

(i) there shall be no supplemental interest coupons;

(j) a zero percent (0%) interest rate may not be used; and

(k) interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2012.

* Preliminary; subject to change.

BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT: Zions First National Bank, Salt Lake City, Utah, will be the paying agent and bond registrar for the Bonds. The Board may remove any paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the Bonds are outstanding in book-entry form, the principal of and interest on the Bonds will be paid under the standard procedures of The Depository Trust Company (“DTC”).

REDEMPTION PROVISIONS: The Bonds maturing on or after July 1, 2022 are subject to redemption at the option of the Board on July 1, 2021 (the “*First Redemption Date*”), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Board, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than thirty (30) days’ prior written notice, at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

SECURITY; STATE OF UTAH GUARANTY: The Bonds will be full 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 same as to both principal and interest.

Pursuant to the Utah School Bond Guaranty Act, Title 53A, Chapter 28 of the Utah Code Annotated 1953, as amended, the full faith and credit and unlimited taxing power of the State of Utah will, upon original issuance of the Bonds, be pledged to guarantee full and timely payment of the principal of (at stated maturity) and interest on the Bonds as such payments become due.

AWARD: Award or rejection of bids will be made by the Board, acting through its Designated Officer, on Wednesday, August 10, 2011. The Bonds will be awarded to the responsible bidder offering to pay not less than the principal amount of the Bonds (\$33,000,000*) and specifying a rate or rates of interest that result in the lowest effective interest rate to the Board. The effective interest rate to the Board shall be the interest rate per annum determined on a per annum true interest cost (“TIC”) basis by discounting the scheduled semiannual debt service payments of the Board on the Bonds (based on such rate or rates of interest so bid) to the expected dated date of the Bonds (based on a 360-day year consisting of twelve 30-day months), compounded semiannually and to the bid price.

PROMPT AWARD: The Designated Officer will take action awarding the Bonds or rejecting all bids not later than thirty-six (36) hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

NOTIFICATION: The Financial Advisor will notify the apparent successful bidder by telephone, as soon as possible after the Designated Officer’s receipt of bids, that such bidder’s bid appears to be the best bid received that conforms to the requirements of this Official Notice

* Preliminary; subject to change.

of Bond Sale, subject to verification by the Designated Officer not later than thirty-six (36) hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of notification is waived by the successful bidder.

PROCEDURES REGARDING BIDDING: A prospective bidder must communicate its bid electronically on or before 9:30:00 a.m., Mountain Daylight Time, on Wednesday, August 10, 2011. 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 Financial Advisor at 41 North Rio Grande, Suite 101, Salt Lake City, Utah 84101, telephone (801) 596-0700, or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

The time as maintained by PARITY® shall constitute the official time.

Each prospective bidder shall be solely responsible to register to bid via PARITY® as described above. 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 Board nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Board nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or 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 Bonds.

FORM OF BID: Each bidder is required to transmit electronically via PARITY® an unconditional bid specifying the lowest rate or rates of interest and the purchase price, which shall not be less than the principal amount of the Bonds (\$33,000,000*), at which the bidder will purchase the Bonds. Each bid must be for all the Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the Bonds represented on a TIC basis, as described under "AWARD" above, 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 Financial Advisor by telephone at (801) 596-0700. Thereafter, it may submit its bid by telephone to the Financial Advisor at (801) 596-0700, who shall transcribe such bid into written form, or by facsimile transmission to the Financial Advisor at (801) 596-2800, in either case before 9:30:00 a.m., Mountain Daylight Time, on Wednesday, August 10, 2011. For purposes of bids submitted telephonically to the Financial Advisor (as described above) or by facsimile

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transmission (as described above), the time as maintained by PARITY® shall constitute the official time. Each bid submitted as provided in this paragraph must specify: (a) an offer to purchase not less than all of the Bonds; and (b) the lowest rate of interest at which the bidder will purchase the Bonds at a price of not less than the principal amount of the Bonds (\$33,000,000*), as described under "AWARD" above. The Financial Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the Board. Neither the Board nor the Financial 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 telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Financial Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Financial Advisor prior to 11:00 a.m. Mountain Daylight Time, on Wednesday, August 10, 2011.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Bonds if the Board shall fail to execute the Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$660,000 (the "*Deposit*"), is required only from the successful bidder. 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 Financial Advisor no later than 11:00 a.m., Mountain Daylight Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the Board, with its bid. If a check is used, it must accompany or 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 of its obligation to take up and pay for the Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the Board's risk) in obligations that mature at or before the delivery of the Bonds as described under the caption "MANNER AND TIME OF DELIVERY" below, until disposed of as follows: (a) at such delivery of the Bonds and upon compliance with the successful bidder's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the Board, without adjustment for interest, shall be applied toward the purchase price of the 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 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, acting through its Designated Officer, reserves the right: (a) to waive any irregularity or informality in any bid or in the bidding process; (b) to reject any and all bids for the Bonds; and (c) to resell the Bonds as provided by law.

* Preliminary; subject to change.

MANNER AND TIME OF DELIVERY: The successful bidder will be given at least seven (7) business days' advance notice of the proposed date of the delivery of the Bonds when that date has been determined. It is now estimated that the Bonds will be delivered in book-entry form on or about Wednesday, August 31, 2011. The Bonds will be delivered as a single bond certificate for each maturity of the Bonds, registered in the name of DTC or its nominee. Delivery of the Bonds will be made in Salt Lake City, Utah, except that the successful bidder may at its option and expense designate some other place of delivery, that expense to include travel expenses of two Board officials or two representatives of the Board and closing expenses. The successful bidder must also agree to pay for the Bonds in federal funds that will be immediately available to the Board in Salt Lake City, Utah, on the day of delivery.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the Bonds shall be paid for by the Board.

TAX-EXEMPT STATUS: In the opinion of Chapman and Cutler LLP, Bond Counsel, subject to the Board's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Board covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

ISSUE PRICE: In order to enable the Board to comply with certain requirements of the Code, as amended, the successful bidder will be required to provide a certificate as to the "issue price" of the 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 Bonds, if its bid is accepted by the Board. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification.

LEGAL OPINION AND CLOSING CERTIFICATES: The unqualified approving opinion of Chapman and Cutler LLP covering the legality of the Bonds will be furnished to the successful bidder. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the Bonds.

DISCLOSURE CERTIFICATE: The closing papers will include a certificate executed by the President, the Business Administrator or other officer of the District confirming to the successful bidder that, to the best of the knowledge of the signers thereof, and after reasonable investigation: (a) the Preliminary Official Statement (the "*Preliminary Official Statement*") circulated with respect to the Bonds 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 made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the "*Official Statement*") did not as of its date and does not at the time of the delivery of the 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 the light of the circumstances under which they were made, not misleading; *provided*, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

CONTINUING DISCLOSURE: The Board covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "*Undertaking*") to provide ongoing disclosure about the Board for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder. The Board has not failed to comply in all material respects with each and every Undertaking previously entered into by it in the previous five years pursuant to the Rule.

The successful bidder's obligation to purchase the Bonds shall be conditioned upon the Board delivering the Undertaking on or before the date of delivery of the Bonds.

DELIVERY OF COPIES OF OFFICIAL STATEMENT: The Board shall deliver to the successful bidder no earlier than the second business day or later than the seventh business day after the award of the Bonds as described under the caption "AWARD" above, copies of the Official Statement in sufficient quantity, as directed in writing by the successful bidder, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the Bonds, if any event relating to or affecting the Board shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a prospective purchaser, the Board shall, for so long as the successful bidder is obligated by the

Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder such information with respect to itself as the successful bidder deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

WAIVER OF CONFLICTS: By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Board in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the Board in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel. If a bidder does not agree to such consent and waiver, such bidder should not submit a bid for the Bonds.

ADDITIONAL INFORMATION: For copies of the Preliminary Official Statement, the Official Notice of Sale and information regarding the bidding procedures and other related information with respect to the Bonds, contact the Financial Advisor, Lewis Young Robertson & Burningham, Inc., 41 North Rio Grande, Suite 101, Salt Lake City, Utah 84101, telephone: (801) 596-0700, fax: (801) 596-2800. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at www.i-dealprospectus.com.

DATED this 2nd day of August, 2011.

BOARD OF EDUCATION OF NEBO SCHOOL
DISTRICT, UTAH COUNTY, UTAH

By /s/ R. Dean Rowley
President

[SEAL]

ATTEST:

By /s/ Tracy D Olsen
Business Administrator

[FORM OF OFFICIAL BID FORM]

**TO BE USED ONLY IN THE EVENT A PROSPECTIVE BIDDER CANNOT ACCESS PARITY®
THROUGH NO FAULT OF ITS OWN AS PROVIDED UNDER THE HEADING “PROCEDURES REGARDING
BIDDING” IN THE OFFICIAL NOTICE OF BOND SALE.**

OFFICIAL BID FORM

\$33,000,000*

BOARD OF EDUCATION OF NEBO SCHOOL DISTRICT
UTAH COUNTY, UTAH
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2011

Business Administrator
Board of Education of Nebo School District
c/o Lewis Young Robertson & Burningham, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101

Ladies and Gentlemen:

For \$33,000,000* aggregate par value General Obligation School Building Bonds, Series 2011, of the Board of Education of Nebo School District, Utah County, Utah, dated as of the date of delivery thereof, in denominations of \$5,000 or any whole multiple thereof and maturing on July 1, 2012 through July 1, 2026 inclusive, in the amounts shown herein, with interest payable semi-annually on January 1 and July 1 of each year commencing January 1, 2012, at the rate or rates specified herein until said Bonds are paid, we will pay a purchase price of \$_____.¹

The schedule of maturities, coupon rate or rates, total interest to maturity, premium, if any, the net interest cost, and the true interest cost stated as a nominal annual percentage upon which this bid is based, with interest computed from August 31, 2011, to the maturity date of the Bonds is as follows:

YEAR	PRINCIPAL AMOUNT* ²	COUPON	YEAR	PRINCIPAL AMOUNT* ²	COUPON
2012	\$4,800,000		2020	\$1,000,000	
2013	1,300,000		2021	1,500,000	
2014	1,100,000		2022	1,500,000	
2015	750,000		2023	4,250,000	
2016	750,000		2024	4,250,000	
2017	1,000,000		2025	4,250,000	
2018	1,300,000		2026	4,250,000	
2019	1,000,000				

¹ The purchase price bid may not be less than the par amount of the Bonds, \$33,000,000*. No bid price under \$33,000,000* will be accepted. No coupon may exceed five percent (5.00%) per annum. See “OFFICIAL NOTICE OF BOND SALE.”

² The principal maturing in 20__ to 20__ is being bid as a term bond due in 20__.
The principal maturing in 20__ to 20__ is being bid as a term bond due in 20__.
The principal maturing in 20__ to 20__ is being bid as a term bond due in 20__.

* Preliminary; subject to change.

Total Interest to Maturity \$ _____

Plus Discount (if any) \$ _____

Less Premium (if any)..... \$ _____

Net Interest Cost..... \$ _____

True Interest Cost (TIC), stated as a nominal annual percentage %

This bid is submitted in accordance with and subject to all provisions contained in the OFFICIAL NOTICE OF BOND SALE which by this reference is made a part hereof.

A good faith deposit in the amount of \$660,000 (the “*Deposit*”), is required only from the successful bidder. 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 Financial Advisor no later than 11:00 a.m., Mountain Daylight Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Board, with its bid. If a check is used, it must accompany or precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted. See “OFFICIAL NOTICE OF BOND SALE — Good Faith Deposit.”

We hereby request (or will so request within 24 hours) _____ final OFFICIAL STATEMENTS to be delivered to us by August 19, 2011, that day being no later than seven (7) business days from Wednesday, August 10, 2011.

Respectfully submitted this 10th day of August, 2011

Name of Firm-Account Manager

By _____

Address _____

Accepted for and on behalf of the Board of Education of Nebo School District, Utah County, Utah, this 10th day of August, 2011.

By _____

Its _____

[SEAL]

Preliminary Official Statement Dated August 2, 2011

NEW ISSUE - Issued in Book-Entry Form Only

Ratings: Moody's "Aaa", underlying "Aa2"
S&P "AAA", underlying "A+"

See "STATE OF UTAH GUARANTY" and "MISCELLANEOUS - Bond Rating" herein.

Subject to compliance by the Board with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "LEGAL MATTERS - Tax Exemption" herein for a more complete discussion.

\$33,000,000*
BOARD OF EDUCATION OF
NEBO SCHOOL DISTRICT
UTAH COUNTY, UTAH
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2011

Dated: Date of Delivery (Anticipated August 31, 2011)

Due: July 1, as shown on the inside cover

The \$33,000,000* General Obligation School Building Bonds, Series 2011 (the "Bonds"), are issuable by the Board of Education of Nebo School District, Utah County, Utah (the "Board"), as fully-registered bonds and when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on such Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE BONDS - Book-Entry Only System" herein.

The principal of the Bonds when due is payable upon presentation and surrender thereof at the principal corporate trust office of Zions First National Bank, Salt Lake City, Utah, as Paying Agent (the "Paying Agent"). Semi-annual interest on the Bonds due January 1 and July 1 commencing January 1, 2012, is payable to the owners thereof as shown on the registration books maintained by the Paying Agent as of the day that is fifteen (15) days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar by check or draft of the Paying Agent. The Bonds will be issued as fully-registered bonds, without coupons, in denominations of \$5,000 or any whole multiple thereof.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE BONDS - Redemption Provisions" herein.

The Bonds are 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 Nebo School District, Utah County, Utah, fully sufficient to pay the Bonds as to both principal and interest.

Payment of the principal of and interest on the 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.

See Inside Cover
For Maturity Schedule

The Bonds will be awarded pursuant to competitive bidding to be held via the Parity® electronic bid submission system on August 10, 2011 at 9:30 A.M. M.D.T., as set forth in the Official Notice of Bond Sale.

Lewis Young Robertson & Burningham, Inc. is acting as Financial Advisor.

The Bonds are offered when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Chapman and Cutler LLP, Salt Lake City, Utah, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery, in book-entry form only, through the facilities of DTC on or about August 31, 2011. This cover page contains 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 _____, and the information contained herein speaks only as of that date.

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

Maturity (July 1)	CUSIP	Principal Amount*	Interest Rate	Yield	Maturity (July 1)	CUSIP	Principal Amount*	Interest Rate	Yield
2012		4,800,000			2020		1,000,000		
2013		1,300,000			2021		1,500,000		
2014		1,100,000			2022		1,500,000		
2015		750,000			2023		4,250,000		
2016		750,000			2024		4,250,000		
2017		1,000,000			2025		4,250,000		
2018		1,300,000			2026		4,250,000		
2019		1,000,000							

*Preliminary, subject to change.

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No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This OFFICIAL STATEMENT does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is any sale of the Bonds by any person in any jurisdiction in which it unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of the OFFICIAL STATEMENT nor any sale made thereafter shall, under any circumstances create any implication that there has been no change in the affairs of the Board of Education of Nebo School District, Utah County, Utah or in any other information contained herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE SUCCESSFUL BIDDER(S) MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SUCH TRANSACTIONS MAY INCLUDE OVERALLOTMENTS IN CONNECTION WITH THE PURCHASE OF THE BONDS, THE PURCHASE OF BONDS TO STABILIZE THEIR MARKET PRICE, THE PURCHASE OF BONDS TO COVER THE SUCCESSFUL BIDDER'S(S') SHORT POSITIONS, AND THE IMPOSITION OF PENALTY BIDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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\$33,000,000*
BOARD OF EDUCATION OF
NEBO SCHOOL DISTRICT
UTAH COUNTY, UTAH
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2011

Nebo School District
350 South Main
Spanish Fork, Utah 84660
(801) 354-7400 - (801) 798-4010 (FAX)

BOARD OF EDUCATION

R. Dean Rowley.....	President
Rod Oldroyd	Vice President
Rick Ainge.....	Member
Kristen Betts	Member
Randy Boothe	Member
Christine Riley.....	Member
K.L. Tischner.....	Member

SCHOOL DISTRICT ADMINISTRATION

Rick Nielsen	Superintendent
Tracy D Olsen.....	Business Administrator
Reed B. Park.....	Attorney to the Board

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PAYING AGENT AND REGISTRAR

Zions First National Bank
Corporate Trust Department
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Salt Lake City, Utah 84133
(801) 844-7253 – (801) 524-4838 (FAX)

*Preliminary, subject to change.

OFFICIAL STATEMENT RELATING TO
\$33,000,000*
BOARD OF EDUCATION OF
NEBO SCHOOL DISTRICT
UTAH COUNTY, UTAH
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2011

INTRODUCTION

This introduction contains only a brief description of the Bonds, as hereinafter defined, the security and source of payment for the Bonds and certain information concerning (a) the Board of Education (the "Board") of Nebo School District (the "District"), Utah County (the "County"), Utah, a political subdivision of the State of Utah (the "State"), (b) the Board's \$33,000,000* General Obligation School Building Bonds, Series 2011 (the "Bonds"), and (c) a Resolution adopted on July 13, 2011 (the "Resolution"), which provides for the issuance of the Bonds. The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT as well as of the documents summarized or described herein.

The following APPENDICES are attached hereto: "APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010;" "APPENDIX B –BOOK-ENTRY ONLY SYSTEM;" "APPENDIX C –CONTINUING DISCLOSURE UNDERTAKING;" and "APPENDIX D –PROPOSED FORM OF OPINION OF BOND COUNSEL."

This OFFICIAL STATEMENT contains "forward looking statements" within the meaning of the federal securities laws. When used in this OFFICIAL STATEMENT, the words "project," "estimate," "duplicate," "intend," "expect," "proforma" and similar expressions are intended to identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof. The forward looking statements have neither been reviewed nor reported on by any third party.

The Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale of the Bonds, initially issued in book-entry form only.

Security and Source of Payment

The Bonds are 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 Bonds as to both principal and interest. See "SECURITY FOR THE BONDS" and "FINANCIAL INFORMATION –Tax Levy and Collection."

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

*Preliminary, subject to change.

Purpose for Issuance of the Bonds

The proceeds of the Bonds will be used for the purpose of raising money for purchasing one or more school sites, buildings and furnishings and improving existing school property under the charge of the Board. The balance of the proceeds of the Bonds will be used to pay certain bond issuance expenses. See “THE BONDS –Sources and Uses of Funds” and “THE BONDS –Authority for and Purpose of the Bonds” herein.

Authority for the Issuance of the Bonds

The Bonds are being issued pursuant to the Local Government Bonding Act, Chapter 14 of Title 11, of the Utah Code the (“Local Government Bonding Act”), applicable provisions of Title 53A of the Utah Code and the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code (collectively referred to herein as the “Act”), the Resolution and other provisions of law. The Bonds were authorized at a special election held for that purpose on June 23, 2009. See “THE BONDS –Authority for and Purpose of the Bonds.”

Redemption

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE BONDS –Redemption Provisions.”

Registration, Denominations and Payment

The Bonds are issuable only as fully-registered bonds without coupons 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”), which will act as securities depository of the Bonds. Purchases of 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 Participants (defined below). Beneficial Owners (defined below) of the 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 Bonds.

The principal of the Bonds when due is payable upon presentation and surrender thereof at the principal corporate trust office of Zions First National Bank, as Paying Agent (the “Paying Agent”). Semi-annual interest on the Bonds due January 1 and July 1 of each year commencing January 1, 2012, is payable to the owners thereof as shown on the registration books maintained by the Paying Agent as of the Record Date, as defined in “Transfer and Exchange” below. See “THE BONDS –Book-Entry Only System.”

Transfer or Exchange

Zions First National Bank, as Bond Register (the “Bond Registrar”) will not be required to transfer or exchange any Bond (i) after the Record Date with respect to any interest payment date to and including such interest payment date or (ii) after the Record Date with respect to any redemption of such Bond. *Record Date* means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any Bond, such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will not be less than 15 calendar days before the mailing of such notice of redemption. See “THE BONDS – Registration and Transfer.”

Tax-Exempt Status

Subject to compliance by the Board with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment

used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See “LEGAL MATTERS –Tax Exemption.”

Conditions and Place of Delivery

The Bonds are offered when, as and if issued and received by the successful bidder(s), subject to the approval of legality and other matters by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery in book-entry form only through the facilities of DTC on or about August 31, 2011.

Continuing Disclosure Undertaking

The Board will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) 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. No person, other than the Board and the State, as described below, has undertaken or is otherwise expected to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of Undertaking attached hereto as APPENDIX C.

The Board has not failed to comply in all material respects with each and every undertaking previously entered into by it in the previous five years pursuant to the Rule. A failure by the Board to comply with the Undertaking will not constitute a default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. See “APPENDIX C—CONTINUE DISCLOSURE UNDERTAKING—Consequences of Failure of the Issuer to Provide Information.” The Board must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 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 bonds, including the 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 the MSRB 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. The Board is responsible for continuing disclosure under the Rule for all other matters relating to the Bonds.

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

Basic Documentation

The “basic documentation,” which includes the Resolution and other documentation authorizing the issuance of the Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the Business Administrator or the Financial Advisor.

Public Sale

The Bonds were awarded pursuant to competitive bidding held on _____, as set forth in the Official Notice of Bond Sale, to _____, at a true interest cost (TIC) of _____%.

THE BONDS

General Description

The Bonds will be dated the date of original issuance and delivery, and will mature on July 1 of the years, as set forth on the inside cover page of this OFFICIAL STATEMENT. The Bonds shall bear interest from their date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2012. Interest on the Bonds is payable to the owners thereof as shown on the registration books maintained by the Paying Agent as of the Record Date by check or draft of the Paying Agent.

The Bonds will be issued as fully-registered bonds, initially in book-entry form only, in denominations of \$5,000, or any whole multiple thereof, not exceeding the amount of each maturity. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on such Bonds will be made directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC Participants. See "THE BONDS –Book-Entry Only System."

Sources and Uses of Funds

The proceeds from the sale of the Bonds are estimated to be as follows:

<i>Sources:</i>	Par Amount of Bonds	_____
	Original Issue Premium (1)	_____
	Total	=====
 <i>Uses:</i>	 Deposit to Project Account	 _____
	Costs of Issuance (2)	_____
	Total	=====

1. Net of original issue discount.
2. Includes underwriter's spread, legal fees, financial advisory fees, rating agency fee, registrar and paying agent fees, printing fees and other miscellaneous costs of issuance.

Redemption Provisions

Optional Redemption. The Bonds maturing on or after July 1, 2022, are subject to redemption prior to maturity, at the election of the Board, on July 1, 2021 (the "*First Redemption Date*"), and on any date thereafter, in whole or in part, from such maturities or parts thereof as will be selected by the Board, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Registration and Transfer

In the event the book-entry only system is discontinued, any 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 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Bond Registrar, duly executed. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new Bond or Bonds of the same series, designation, maturity and interest rate of other authorized denominations duly executed by the Board, for a like

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

For every such exchange or transfer of the Bonds, the Bond Registrar shall require the payment by the Bondowner requesting such exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer of the Bonds.

The Bond Registrar shall not be required to transfer or exchange any Bond after the Record Date with respect to any interest payment date to and including such interest payment date, or after the Record Date with respect to any redemption of such Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal of and interest on such Bond and for all other purposes whatsoever. Zions First National Bank is the initial Bond Registrar and the initial Paying Agent.

Authority for and Purpose of the Bonds

The Bonds are being issued pursuant to the Act, the Resolution and other provisions of law.

Bonds to the amount of \$160,000,000 were authorized at a special bond election held for that purpose on June 23, 2009. The proposition submitted to the voters was as follows:

Shall the Board of Education of Nebo School District, Utah County, Utah, be authorized to issue general obligation bonds in an amount not to exceed \$160,000,000 and to mature in no more than 21 years from the date or dates of issuance of such bonds for the purpose of raising money for purchasing one or more school sites, buildings and furnishings and improving existing school property under the charge of the Board of Education, and, to the extent necessary, for providing moneys for the refunding, at or prior to the maturity thereof, of general obligation bonds of the Board authorized hereunder or heretofore issued and now outstanding?

At the election there were 3,133, or 50.99%, votes in favor of the proposition and 3,011, or 49.01%, votes cast against the proposition. The total votes cast were 6,144.

The Bonds are the fourth series to be sold of a total voted authorization of \$160,000,000 and after the issuance of the Bonds the Board will have \$85,000,000* remaining authorization from the June 23, 2009 election.

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*Preliminary, subject to change.

Debt Service on the Bonds

Date	Principal*	Interest	Total Debt Service	Annual Debt
1/1/2012				
7/1/2012	\$4,800,000			
1/1/2013				
7/1/2013	1,300,000			
1/1/2014				
7/1/2014	1,100,000			
1/1/2015				
7/1/2015	750,000			
1/1/2016				
7/1/2016	750,000			
1/1/2017				
7/1/2017	1,000,000			
1/1/2018				
7/1/2018	1,300,000			
1/1/2019				
7/1/2019	1,000,000			
1/1/2020				
7/1/2020	1,000,000			
1/1/2021				
7/1/2021	1,500,000			
1/1/2022				
7/1/2022	1,500,000			
1/1/2023				
7/1/2023	4,250,000			
1/1/2024				
7/1/2024	4,250,000			
1/1/2025				
7/1/2025	4,250,000			
1/1/2026				
7/1/2026	4,250,000			
Total	<u>\$33,000,000</u>	<u></u>	<u></u>	<u></u>

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 Bond certificate will be issued in the aggregate principal amount of such issue, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX B –BOOK-ENTRY ONLY SYSTEM" for a more detailed discussion of the book-entry system and DTC.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of the Bonds for the purpose of payment of the principal of and interest on the Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The Board, the Bond Registrar and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds

*Preliminary, subject to change

under or through DTC or any participant, or any other person which is not shown on the registration books of the Board (kept by the Bond Registrar) as being a registered owner of Bonds, with respect to: the accuracy of any records maintained by DTC or any participant regarding ownership interests in the Bonds; the payment by DTC or any participant of any amount in respect of the principal of or interest on the Bonds; the delivery to any participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Resolution; or any consent given or other action taken by DTC as a registered owner.

As long as the book-entry system is used for the Bonds, the Bond Registrar and Paying Agent will give any notices required to be given to registered owners of Bonds only to DTC. Any failure of DTC to advise any participant, or of any direct participant to notify any indirect participant, or of any participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of any action premised on such notice.

NEITHER THE BOARD, THE BOND REGISTRAR NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANTS OF DTC, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS.

At the option of the Board or upon receipt by the Board of written notice from DTC that DTC is unable or unwilling to discharge its responsibilities, and no substitute depository willing to undertake the functions of DTC hereunder can be found that is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Bondowners transferring or exchanging Bonds shall designate, in accordance with the provisions of the Resolution.

In the event the book-entry system is discontinued, interest on the 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 Bonds will be payable at the principal corporate trust office of the Paying Agent.

SECURITY FOR THE BONDS

The Bonds will be issued pursuant to the laws of the State, including the Act. The Bonds are 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 Bonds as to both principal and interest. See "FINANCIAL INFORMATION –Tax Levy and Collection" and "UTAH SCHOOL FINANCE" herein.

Payment of the principal of and interest on the 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 Guaranty Act. See "STATE OF UTAH GUARANTY" below.

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STATE OF UTAH GUARANTY

Guaranty Provisions

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit and unlimited 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"). The State's guaranty is contained in the Guaranty Act. Section 53A-28-201(2)(a) of the Guaranty Act 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 o[r] 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 the Bonds that the State will not alter, impair, or limit the rights vested by the Program with respect to the Bonds until the 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 of the Bonds 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 Utah Refunding Bond Act, Chapter 27 of Title 11 of the 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 the Bonds are advance refunded. In such an event, the 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 is required to transfer moneys sufficient for scheduled debt service payments on the Bonds to the Paying Agent at least fifteen days before any principal or interest payment date for the Bonds. If the Business Administrator is unable to transfer the scheduled debt service payment to the Paying Agent at least fifteen days before the payment date, the Business Administrator must immediately notify the Paying Agent and the State Treasurer by telephone and in writing sent by facsimile transmission and by first-class United States mail. In addition, if the Paying Agent has not received the scheduled debt service payment at least ten days prior to the scheduled debt service payment date for the Bonds, then the Paying Agent must also notify the State Treasurer by telephone and in writing sent by facsimile transmission and by 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 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 Bonds on behalf of the Board, the State will use cash on hand and available for that purpose to make the payment. Under the Guaranty Act, the State will then reimburse itself from State aid which otherwise would go to the Board for the operation of schools until the State is made whole, with interest and, possibly, penalties. The State does not expect to have to advance moneys for any length of time should it be necessary to do so. 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 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 of Utah and can be issued in a short period of time so that the State could, if necessary, obtain liquidity financing on short notice. Under the Utah Constitution, debt incurred for this purpose does not count toward the constitutional debt limit of the State.

Purpose of the Guaranty

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 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 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 district under the Program. The State Superintendent of Public Instruction 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.

Since the Guaranty Act's inception, the State has not been called upon to pay principal of and interest on any bonds guaranteed under the Guaranty Act.

State of Utah - Financial and Operating Information

The Comprehensive Annual Financial Report of the State for the fiscal year ended June 30, 2010 (the "CAFR") and its most recent official statements and continuing disclosure information for its general obligation debt and lease revenue debts, and the Master Agreement, are currently on file with the MSRB. The financial and operating information with respect to the State contained in the CAFR, and such official statement are hereby included by reference in this OFFICIAL STATEMENT. The CAFR and such official statements and continuing disclosure information, and the Master Agreement are hereby included by reference in this OFFICIAL STATEMENT.

The CAFR and the most current continuing disclosure information may be obtained on the internet at the State Division of Finance's home page. The State's most recent official statements for its general obligation and lease revenue bonds may also be found on the internet. Such information contained on the internet shall not be considered to be a part of this OFFICIAL STATEMENT and is not provided in connection with the offering of the Bonds.

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 Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P").

THE DISTRICT

General Information

The District was established by Article X, Section 6 of the Constitution of the State of Utah, which was passed by a vote of the people in November of 1875 and accepted by the United States government on January 4, 1896. The District is one of 3 independent, K-12 school districts in Utah County. The District serves a population of approximately 116,000 citizens spread over an area of 1,300 square miles comprising the land area in Utah County south of the Provo City limits.

The District currently operates 38 schools: five high schools; an alternative high school; six junior high schools; and twenty-six elementary schools. The District also operates two special purpose programs.

Enrollment History

October 1	Enrollment	Percent Change From Prior Year
2010	29,136	3.02%
2009	28,282	2.50%
2008	27,592	3.78%
2007	26,588	3.32%
2006	25,734	4.01%

Form of Government

The District is presently governed by a seven-member elected Board of Education and a Superintendent of Schools. The business-related duties are overseen by the Business Administrator.

Board of Education

The determination of policies for the management of the District is the responsibility of the Board, elected by the voters within the District. The District is divided into representative precincts, and a member of the Board is elected from each of the precincts. 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 of Schools

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. The only significant statutory requirement is that the Superintendent must prepare and submit to the Board an annual budget itemizing anticipated revenues and expenditures for the next school year. The Superintendent is appointed by the Board for a two-year term and until a successor is appointed.

Business Administrator

The Business Administrator (the “Business Administrator”) is appointed by the Board for a two-year term. The duties of the Business Administrator are to attend all meetings of the Board and keep a journal of the proceedings, countersign all warrants drawn upon the District treasury, keep an account, prepare and publish an annual statement of monies received by the District and amounts paid out of the treasury, hold and maintain the records and papers of the Board, and prepare and submit to the Board a monthly report of the receipts and disbursements of the District treasury.

The current members of the Board, the Superintendent and the Business Administrator are as follows:

Office	Precinct Number	Person	Years In Service	Expiration Of Current Term
President	6	R. Dean Rowley	7	December 31, 2012
Vice President	5	Rod Oldroyd	5	December 31, 2014
Member	4	Rick Ainge	1	December 31, 2014
Member	2	Kristen Betts	1	December 31, 2014
Member	3	Randy Boothe	7	December 31, 2012
Member	7	Christine Riley	3	December 31, 2012
Member	1	K.L. Tischner	7	December 31, 2012
Superintendent		Rick Nielsen	1	June 30, 2012
Business Administrator		Tracy D Olsen	14	June 30, 2013

Capital Planning

On June 23, 2009, the electors of the District approved the issuance of \$160,000,000 of general obligation bonds to provide for capital needs and to accommodate growth in student population. In November 2009, the Board issued \$14,000,000 of these bonds. In September of 2010, an additional \$28,000,000 of bonds were issued to continue the District’s program of construction of two junior high schools (one new and one replacement), up to five elementary schools, property purchases, and site improvements and renovations to existing schools. The Board began construction of the first elementary school in the spring of 2010 and began the first junior high school in the spring of 2011. The first new school will open in the fall of 2011 and all projects are expected to be completed by the fall of 2017. Capital needs beyond this program will depend on the student enrollment growth. The Board and staff are continually reviewing the capital expenditure needs of the District. The Board expects to issue the remaining authorization of \$85,000,000* over the next six years. The issuance of the Bonds continues this program.

Fund Structure (Accounting Basis)

The accounting policies of the District are in compliance with generally accepted accounting principles applicable to governmental units in general and Utah school districts in particular.

The accounts of the District are organized on the basis of funds classified by type, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, fund equity, revenues and expenditures or expenses. See “APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010-Note 1.”

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.

*Preliminary, subject to change.

U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments 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.

See “APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010 –Notes To Financial Statements-Note 2. Deposits and Investments” below.

Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has joined with other public entities in a common risk management and insurance program operated by the State Division of Risk Management. The Board pays premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The Board is subject to a minimal deductible for claims of the risk pool. The Board is partially self insured for other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years. See “APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010–Note 6.”

Employee Workforce and Retirement System

The Board currently employs approximately 2,593 employees calculated on a regular “full-time equivalent” basis. The Board participates in two retirement systems operated by the Utah State Retirement Board. See “APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010-Note 5.”

Post Employment Benefits

The District's early retirement incentive program, which was terminated by the Board effective June 30, 2006, will continue to be funded by the District until all employees participating in the program as of June 30, 2006, are no longer eligible. The program provides early retirement compensation and medical and life insurance coverage to qualified early retired employees. The District finances the obligation on a pay-as-you-go basis and the District's estimate of future costs for this program as of June 30, 2010, which is based on the estimated cash flows for those participating in the program at its termination date, is \$329,274.

The District has a separation payments plan for all eligible employees who retire on or after July 1, 2006. To be eligible, employees must complete at least fifteen years of service in the District and be eligible to and, in fact, retire from the Utah Retirement System. Service in the District need not be consecutive or full-time, but the final five years of service must be in the District. All persons who commence their initial period of employment with the District on or after July 1, 2006, are not eligible for this plan. The plan provides separation payments over five years based on a percentage of the employee's final base contract amount and a fixed-dollar payment of \$50,000 that is not adjusted for inflation. The portion of the benefit calculation that is based on the employee's final base contract amount was 97% for those retiring in the year ending June 30, 2010, and will decrease one percent each year until it reaches 75% of the final base contract amount. Participating individuals may purchase medical insurance coverage under the District's self-funded medical plan by paying an amount equal to the actuarially calculated premium rate for the retiree group, which for the year ended June 30, 2010, was 175% of the premium rate for active employees.

The District finances the separation payments plan obligation on a pay-as-you-go basis and the annual benefit cost (expense) for this plan is actuarially determined to be \$5,437,327. The net benefit liability at June 30, 2010 was \$18,989,199 and was recorded as a long-term liability on the Statement of Net Assets. As of July 1, 2008, the most recent actuarial valuation date, the accrued liability for the plan was \$50,584,063, all of which is unfunded.

Projections of the separation payments plan benefit for financial reporting purposes are based on a substantive agreement between the District and its eligible employees. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in the actuarial accrued liability, consistent with the long-term perspective of the calculations. In the July 1, 2008 actuarial valuation, the projected unit credit using full accrual at full eligibility age method was used. An interest rate assumption of 4% was used along with demographic and other assumptions including mortality rates, public education retirement rates, the District's salary schedules with a 4.75% inflation rate, and employee termination rates by age, gender, and years of service.

Population

Year	Nebo School District (1)	Percent Change	Utah County (2)	Percent Change	State of Utah (2)	Percent Change
2010	NA	NA	516,564	(5.27%)	2,763,885	(1.29%)
2009	116,354	3.72%	545,307	2.73%	2,800,089	2.33%
2008	112,186	4.33%	530,831	3.42%	2,736,424	2.53%
2007	107,527	7.85%	513,263	6.48%	2,668,925	3.24%
2006	99,698	2.69%	482,047	5.98%	2,585,155	3.35%

1. The District's Annual Financial Reports; 2010 data not available.

2. Department of Workforce Services.

Major Employers

Utah County (Annual Averages 2009)

Company	Industry	Employment
Brigham Young University	Higher Education (Private)	15,000-19,999
Alpine School District	Public Education	5,000-6,999
Utah Valley Regional Medical Center	Health Care	4,000-4,999
Nebo School District	Public Education	3,000-3,999
Utah Valley University	Higher Education	3,000-3,999
State of Utah	State Government	3,000-3,999
Wal-Mart	Discount Department Store	2,000-2,999
Utah Office Supply	Office Supplies	1,000-1,999
Provo School District	Public Education	1,000-1,999
Nestles	Food Manufacturing	1,000-1,999
IM Flash Technologies	Electronic Product Mfg.	1,000-1,999
Utah County	Local Government	1,000-1,999
Bullen and Harris	Office Administrative Services	1,000-1,999
Provo City	Local Government	1,000-1,999
Novell	Software Publisher	1,000-1,999
ESG Administration	Employment Services	1,000-1,999
Macey's	Grocery Store	500-999
Orem City	Local Government	500-999
Smith's	Grocery Store	500-999
APX Alarm Security Solutions	Electrical Contractors	500-999
Central Utah Medical Clinic	Health Care	500-999
Payday Benefits	Employment Services	500-999
Pay America of Utah	Employment Services	500-999
U.S. Post Office	Federal Government	500-999
Omniture	Data Processing & Hosting	500-999
My Family.Com	Internet & Web Services	500-999
Timpanogos Regional Medical	Health Care	500-999
Lehi City	Local Government	500-999
Nexeo Staffing	Employment Services	500-999
Costco	Retail Warehouse Club	500-999
Sizzler	Restaurants	500-999

Source: Utah Department of Workforce Services, Workforce Information. Updated June 2010.

Unemployment

Year	Utah County (r)(1)	State of Utah (r)(1)	U.S. Average (2)
2010	7.2%	6.6%	9.6%
2009	6.2	5.3	9.3
2008	3.2	3.4	5.8
2007	2.5	2.7	4.6
2006	2.8	3.0	4.6

Source: (r) Revised.

1. Utah Department of Workforce Services, Unemployment Data.
2. U.S. Department of Labor, Bureau of Labor Statistics.

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Economic Indicators of Utah County

Property Value of Pre-Authorized Construction in the County

Year	New			Additions, Alterations and Repairs		Total Construction	
	Number of Dwelling Units	Residential Value (\$000)	Non-Residential Value (\$000)	Residential Value (\$000)	Non-Residential Value (\$000)	Value (\$000)	Percent Change From Prior Period
2010	1,893	\$ 378,775	\$ 251,123	\$ 31,532	\$ 65,981	\$ 727,411	42.80%
2009	1,484	277,676	130,029	33,139	68,665	509,509	(32.70)
2008	1,415	284,796	355,777	39,771	77,160	757,504	(49.50)
2007	4,970	1,037,687	304,663	50,029	106,899	1,499,277	(19.1)
2006	6,902	1,420,653	286,489	37,645	109,317	1,854,104	35.4

(Source: Bureau of Economic and Business Research, University of Utah.)

Sales and Building in the County

	2010p	2009	2008	2007	2006
Gross Taxable Sales (\$000s)	\$5,777,672	\$6,769,759	\$7,155,220	\$6,847,708	\$6,409,994
Permit Authorized Construction (\$000)	727,411	509,509	757,504	1,499,277	1,369,824
New Residential Building Permits	1,893	1,448	1,415	4,970	5,819
Residential Build Permits Value (\$000)	378,775	277,676	284,796	1,037,687	1,074,621

(Source: Utah Department of Workforce Services.)

P=preliminary

Income and Wages in the County

	2010p	2009	2008	2007	2006
Total Personal Income (\$ Millions)	NA	\$12,231	\$12,610	\$12,137	\$11,057
Per Capita Income	NA	22,430	23,803	23,663	22,925
Average Household Income from IRS Returns	NA	NA	59,701	57,133	50,661
Average Monthly Nonfarm Wage	2,887	2,844	2,836	2,721	2,572

(Source: Utah Department of Workforce Services.)

P=preliminary

Labor Market Data of Utah County

	2010p	2009	2008	2007	2006
Labor Force	223,128	224,371	222,721	222,693	214,583
Employed	205,897	209,111	214,567	217,021	208,421
Unemployed	17,231	15,260	8,154	5,672	6,161
Rate	7.70%	6.80%	3.70%	2.55%	2.87%
Nonfarm Jobs	174,667	175,387	184,849	86,050	176,813
% Change Prior Year	(0.40%)	(5.10%)	(0.65%)	5.22%	5.30%
Mining	56	59	53	55	48
Construction	9,675	10,737	14,672	17,883	15,515
Manufacturing	15,667	16,315	18,673	19,142	18,319
Trade/Trans/Utilities	29,033	29,879	31,200	30,926	28,794
Information	7,867	7,735	8,225	8,159	8,102
Financial Activities	6,066	6,307	6,466	6,660	6,318
Professional/Business Services	21,526	21,378	23,189	22,700	21,867
Education/Health/Social Services	40,341	39,322	38,684	38,087	36,638
Leisure/Hospitality	13,651	13,373	13,956	13,685	13,145
Other Services	4,185	4,140	4,337	4,282	4,120
Government	26,589	26,138	25,394	24,471	23,948
Total Establishments	12,134	12,298	12,620	12,422	12,275
Total Wages (\$millions)	6,052	5,986	6,290	6,076	5,458

Source: Utah Department of Workforce Information.
P=preliminary

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DEBT STRUCTURE

Outstanding Debt Issues

Board of Education of
Nebo School District
Outstanding Debt Issues
(as of July 2, 2011)

Series (1)	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
GENERAL OBLIGATION BONDS				
2011	School Building	\$33,000,000	July 1, 2026	\$ 33,000,000*
2010B	School Building	28,000,000	July 1, 2025	25,500,000
2010A	Refunding	26,825,000	July 1, 2018	23,155,000
2009A	School Building and Refunding	20,280,000	July 1, 2018	11,860,000
2009B	School Building	9,400,000	July 1, 2024	9,400,000
2008	School Building	8,000,000	July 1, 2016	1,840,000
2007	School Building	35,000,000	July 1, 2022	24,340,000
2006	School Building	30,000,000	July 1, 2021	23,000,000
2005B	School Building and Refunding	59,555,000	July 1, 2020	44,535,000
2005A	Refunding	15,945,000	July 1, 2019	14,650,000
2004	School Building	10,000,000	July 1, 2019	6,080,000
Total Outstanding Direct Debt				<u>\$ 217,360,000*</u>

1. For purposes of this OFFICIAL STATEMENT the Bonds will be considered issued and outstanding.

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*Preliminary, subject to change.

Debt Service Schedule of Outstanding General Obligation Bonds (1)

Fiscal Year Ending 6/30	Series 2011		Series 2010B		Series 2010A		Series 2009A		Series 2009B		Series 2008	
	Principal*	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)
	(Due 7/1)		(Due 7/1)		(Due 7/1)		(Due 7/1)		(Due 7/1)		(Due 7/1)	
2012	\$4,800,000		\$ 75,000	\$ 782,438	\$ 1,945,000	\$ 701,963	\$ 3,000,000	\$ 368,200		\$ 423,525	\$ 345,000	\$ 62,675
2013	1,300,000		75,000	780,938	2,340,000	653,338	2,730,000	278,200		423,525	355,000	52,325
2014	1,100,000		75,000	779,438	2,420,000	583,138	2,290,000	196,300	650,000	423,525	365,000	39,900
2015	750,000		75,000	777,938	3,490,000	510,538	1,360,000	127,600	650,000	402,595	380,000	27,125
2016	750,000		75,000	776,438	4,135,000	419,038	855,000	86,800	745,000	379,390	395,000	13,825
2017	1,000,000		75,000	774,938	4,315,000	299,025	830,000	56,875	780,000	350,112		
2018	1,300,000		75,000	773,438	4,510,000	162,375	795,000	27,825	810,000	317,898		
2019	1,000,000		75,000	771,750					850,000	282,177		
2020	1,000,000		100,000	769,500					890,000	243,417		
2021	1,500,000		100,000	765,500					930,000	201,498		
2022	1,500,000		100,000	761,500					980,000	156,765		
2023	4,250,000		8,200,000	758,500					1,030,000	108,647		
2024	4,250,000		8,200,000	492,000					1,085,000	56,529		
2025	4,250,000		8,200,000	246,000								
2026	4,250,000											
Total	\$33,000,000		\$ 25,500,000	\$ 10,010,313	\$23,155,000	\$ 3,329,415	\$11,860,000	\$ 1,141,800	\$ 9,400,000	\$ 3,769,603	\$ 1,840,000	\$ 195,850

Fiscal Year Ending 6/30	Series 2007		Series 2006		Series 2005B		Series 2005A		Series 2004		TOTALS		TOTALS
	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Principal	Interest (Due 1/1 & 7/1)	Total Principal	Total Interest	Total Debt
	(Due 7/1)		(Due 7/1)		(Due 7/1)		(Due 7/1)		(Due 7/1)				Service
2012	\$ 230,000	\$ 1,141,288	\$ 775,000	\$ 1,047,619	\$ 3,290,000	\$ 1,968,188	\$ 935,000	\$ 679,430	\$ 650,000	\$ 264,955	\$16,045,000	\$ 7,440,281	\$23,485,281
2013	730,000	1,132,088	820,000	1,014,681	3,425,000	1,828,363	965,000	639,693	680,000	232,455	13,420,000	7,035,606	20,455,606
2014	760,000	1,102,888	870,000	979,831	3,565,000	1,682,800	1,000,000	598,680	705,000	198,455	13,800,000	6,584,955	20,384,955
2015	795,000	1,070,588	940,000	942,856	3,680,000	1,522,375	1,050,000	556,180	740,000	170,255	13,910,000	6,108,050	20,018,050
2016	825,000	1,036,800	1,005,000	902,906	3,820,000	1,356,775	1,095,000	511,555	770,000	140,655	14,470,000	5,624,182	20,094,182
2017	865,000	1,001,738	1,050,000	860,194	3,960,000	1,203,975	1,140,000	468,850	805,000	109,085	14,820,000	5,124,792	19,944,792
2018	905,000	964,975	1,115,000	815,569	4,110,000	1,025,775	1,185,000	423,250	845,000	75,275	15,650,000	4,586,380	20,236,380
2019	940,000	919,725	1,475,000	770,969	4,000,000	840,825	7,280,000	364,000	885,000	38,940	16,505,000	3,988,386	20,493,386
2020	580,000	872,725	-	710,125	14,685,000	660,825					17,255,000	3,256,592	20,511,592
2021	1,000,000	843,725	14,950,000	710,125							18,480,000	2,520,848	21,000,848
2022	16,710,000	793,725									19,290,000	1,711,990	21,001,990
2023											13,480,000	867,147	14,347,147
2024											13,535,000	548,529	14,083,529
2025											12,450,000	246,000	12,696,000
2026											4,250,000		4,250,000
Total	\$24,340,000	\$10,880,265	\$ 23,000,000	\$ 8,754,875	\$ 44,535,000	\$ 12,089,901	\$ 14,650,000	\$ 4,241,638	\$ 6,080,000	\$ 1,230,075	\$217,360,000	\$ 55,643,735	\$273,003,738

1. The Board is required to make a payment fifteen days prior to an interest payment date under the Guaranty Act. For purposes of this chart the July 1 payments are shown in the prior fiscal year.

*Preliminary, subject to change.

General Obligation Overlapping Indebtedness (as of July 2, 2011)

Entity	2010 Taxable Value (1)(2)	District's Portion of Assessment	Taxable District's Percent	Entity's G.O. Debt	District's Overlapping Debt
Utah County	\$25,862,623,555	\$5,687,619,312	21.99%	\$4,220,000	\$ 928,048
Salem City	312,586,887	312,586,887	100.00%	1,420,000	1,420,000
Springville	1,461,459,622	1,461,459,622	100.00%	9,440,000	9,440,000
Central Utah Water Conservancy District (3)	111,656,432,897	5,687,619,312	5.09%	276,380,000	14,078,403
Total Overlapping General Obligation Debt					<u>25,866,451</u>
Total Direct General Obligation Bonded Indebtedness*					<u>217,360,000</u>
Total Direct and Overlapping General Obligation Debt					<u><u>\$ 243,226,451</u></u>

1. Estimated. Source: Utah State Tax Commission.

2. Taxable Values exclude the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property.

3. Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax. Under current law, CUWCD may levy a tax rate of up to .0004 to pay for operation and maintenance expenses and any outstanding general obligation indebtedness.

Note: The State of Utah general obligation debt is not included in overlapping general obligation debt because the State currently levies no property tax for payment of general obligation bonds.

Legal Debt Limit of the Board*

The general obligation indebtedness of the Board is limited by Utah 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 issuance of the Bonds), are based on estimated fair market values for 2010, and are calculated as follows:

2010 Fair Market Value for Nebo School District (1):	\$8,944,334,571
2010 Fair Market Value x 4% (Debt Limit)	357,773,383
less General Obligation Debt Outstanding:	<u>(217,360,000)</u>
Additional Debt Incurring Capacity:	<u><u>\$ 140,413,383</u></u>

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

Source: Utah State Tax Commission.

*Preliminary, subject to change.

Debt Ratios

	To 2010 Taxable Value (1)	To 2010 Adjusted Fair Market Value (2)	Per Capita Debt (3)
Direct General Obligation Debt	3.82%	2.43%	\$1,868
Direct and Overlapping General Obligation Debt	4.28%	2.72%	\$2,090

1. Based on the State's December 31, 2010 taxable value (excluding fee-in-lieu) for District of \$5,687,619,312.
2. Based on a December 31, 2010 estimated fair market value (including fee-in-lieu) for the District of \$8,944,334,571.
3. Based on the U.S. Census Bureau's 2009 estimate of 116,354.

FINANCIAL INFORMATION

Property Tax Matters

The Property Tax Act, Chapter 2, Title 59 of the Utah Code (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 Utah State Tax Commission (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 a fixed age-based fee. The uniform fee for motor homes is 1.0%, for aerial applicators is 0.2% and for all other aircraft is 0.4%. Motor vehicles weighing 12,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$5 to \$150, depending on the age of the vehicle. Recreation vehicles (except motor homes), motorcycles, watercraft

(except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are also subject to an aged-based fee that ranges from \$10 to \$700, depending on the age of the vehicle. 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 tax is distributed.

Property Tax Valuation Agency Fund. The State Legislature authorizes a multicounty assessing and collecting levy of up to .0002 per dollar of taxable value of taxable property, to fund a Property Tax Valuation Agency Fund (the "PTVAF"). The purpose of the multicounty assessing and collecting levy is to promote the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection and distribution of property taxes. Disbursement of money from the PTVAF to each county is based on statutory qualification and requirements. Additionally, each county must levy an additional property tax of at least .0003 per dollar of taxable value as a county assessing and collecting levy in order to receive funds from the PTVAF. If necessary, a county may levy an additional tax to fund (1) state mandated actions and (2) reappraisal programs.

Tax Levy and Collection

The State Tax Commission must assess all centrally-assessed property by May 1 of each year. County assessors must assess all locally-assessed property 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. 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, 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, may 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, or 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 Markets Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% or 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 “FINANCIAL INFORMATION –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 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 “FINANCIAL INFORMATION –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 budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of 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 public hearing. In most cases, the taxing entity must also advertise the notice of public hearing by publication in a newspaper. The notice of the hearing must state, among other things, the value of the property, the date, time and place of the public hearing, and the tax impact of the proposed increase.

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Taxable and Estimated Fair Market Value

Including Fee-in-Lieu Valuation

Year (1)	Taxable Value	Percentage Change	Estimated Fair Market Value(2)	Percentage Change
2010	\$ 6,213,495,976	(2.38%)	\$ 8,944,334,571	(2.34%)
2009	6,364,911,169	(2.80%)	9,159,111,096	(7.87%)
2008	6,548,539,875	10.18%	9,941,594,064	9.97%
2007	5,943,513,480	23.21%	9,040,060,985	25.89%
2006	4,823,969,331	12.79%	7,180,891,716	15.24%

Excluding Fee-in-Lieu Valuation

Year	Taxable Value	Percentage Change	Estimated Fair Market Value(2)	Percentage Change
2010	\$ 5,687,619,312	(2.57%)	\$ 8,418,457,907	(2.47%)
2009	5,837,465,963	(2.97%)	8,631,665,890	(8.26%)
2008	6,016,006,034	10.98%	9,409,060,223	10.47%
2007	5,420,566,182	23.46%	8,517,113,687	26.23%
2006	4,390,583,067	14.36%	6,747,505,452	16.47%

1. These valuation figures include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property.
2. Estimated fair market value has been calculated by dividing the taxable value of primary residential property by .55, which eliminates 45% exemption on primary residential property granted under the Property Tax Act. See "FINANCIAL INFORMATION – Property Tax Matters."

Source: Property Tax Division, Utah State Tax Commission

Significant Taxpayers in the District

Taxpayer	Type of Business	December 31, 2010 Valuation	Percentage of Total Taxable Valuation
Kern River Transmission Co.	Utility	\$56,001,132	0.98%
PacifiCorp	Utility	40,200,794	0.71%
Union Pacific Railroad	Railroad	40,115,328	0.71%
Questar Pipelines	Utility	35,163,299	0.62%
Stouffer Foods Corp	Manufacturing	24,227,100	0.43%
Western Distribution Inc.	Manufacturing	22,518,800	0.40%
Mountain View Hospital	Health Care	21,072,200	0.37%
Deseret Generation & Trans.	Utility	19,407,246	0.34%
TEM Properties LLC	Manufacturing	17,914,900	0.31%
New Spring Warehouse LLC	Wholesale	16,991,700	0.30%
Total		\$293,612,499	5.16%

Source: Utah County Treasurer

Summary of Taxable Value

	2010 Taxable Value	Percent of 2010	2009 Taxable Value	2008 Taxable Value	2007 Taxable Value	2006 Taxable Value
Real Property:						
Primary Residential	\$3,328,334,557	53.57 %	\$3,405,648,920	\$4,137,068,046	\$3,774,974,050	\$2,871,003,654
Other Residential	339,928,937	5.47 %	434,670,235	34,191,335	30,441,353	23,103,235
Commercial and Industrial	1,135,835,809	18.28 %	1,134,931,783	1,006,234,252	783,128,469	696,007,892
Agricultural	38,025,830	0.61 %	36,602,597	38,444,155	-	-
FAA	31,853,691	0.51 %	31,353,599	30,321,655	72,865,920	109,385,805
Unimproved Non FAA	97,032,643	1.56 %	116,704,681	158,299,136	162,652,127	111,397,716
Total Real Property	\$4,971,011,467	80.00 %	\$5,159,911,815	\$5,404,558,579	\$4,824,061,919	\$3,810,898,302
Personal Property:						
Primary Mobile Homes	9,357,059	0.15 %	9,484,324	9,998,185	9,695,123	9,679,261
Secondary Mobile Homes	-	0.00 %	-	-	-	-
Other Business Personal	372,444,500	5.99 %	351,203,755	295,918,596	271,827,122	265,818,023
Total Personal Property	\$381,801,559	6.14 %	\$360,688,079	\$305,916,781	\$281,522,245	\$275,497,284
Age Based Value Estimate (Age based revenue / .015)	2,229,303,357	8.02 %	506,887,425	511,466,988	498,164,717	393,946,817
Fee-in-lieu property (F-I-L):	104,351,488	0.44 %	20,557,781	21,066,853	24,782,581	39,439,447
Total Motor Vehicles	\$525,876,664	8.46 %	\$527,445,206	\$532,533,841	\$522,947,298	\$433,386,264
Centrally Assessed Values	\$334,806,286	5.39 %	\$316,866,069	\$305,530,674	\$314,982,018	\$304,187,481
Total (excluding Age-based & Fee-in-lieu)	\$5,687,619,312		\$5,837,465,963	\$6,016,006,034	\$5,420,566,182	\$4,390,583,067
Total (including Age-based & Fee-in-lieu)	\$6,213,495,976	100.00 %	\$6,364,911,169	\$6,548,539,875	\$5,943,513,480	\$4,823,969,331

Source: Utah State Tax Commission, Property Tax Division

Tax Collection Record of the District (1)

Tax Year Ended December 31	Total Taxes Levied (2)(3)	Treasurer's Relief (2)	Net Taxes Collected	Delinquent Collections (2)(3)	Total Collections	Percent of Net Taxes Collected to Total Taxes Levied	Percent of Total Collections to Total Taxes Levied
2010	51,138,234	4,778,280	46,339,954	5,347,121	51,687,075	90.62%	101.07%
2009	49,593,263	5,828,581	43,764,682	3,536,531	47,301,213	88.25%	95.38%
2008	48,169,167	5,804,130	42,365,037	3,703,352	46,068,389	87.95%	95.64%
2007	43,507,770	3,989,136	39,518,634	3,690,583	43,209,217	93.84%	96.80%
2006	37,660,455	3,064,495	34,595,960	3,993,313	38,589,273	91.86%	102.47%

1. This schedule is based on assessed values which do not include fee-in-lieu property.
2. Treasurer's Relief includes unpaid taxes, abatements, tax sales and subsequent sales, and other relief. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.
3. Delinquent Collections include delinquent tax, interest, and penalties.

Schedule of Property Tax Rates

	Minimum Tax Rate (1)	2011	2010	2009	2008	2007
Basic Program (2)	Formula	0.001591	0.001495	0.001433	0.001250	0.001311
Voted Leeway (3)	0.002000	0.001300	0.001300	0.001200	0.001200	0.001200
Board Leeway (4)	0.000400	0.000400	0.000400	0.000400	0.000400	0.000400
Reading Program (5)	0.000121	0.000121	0.000121	0.000121	0.000121	0.000121
Transportation (6)	0.000300	0.000199	0.000105	0.000098	0.000091	0.000062
Tort Liability (7)	0.000100	0.000035	0.000034	0.000032	0.000036	0.000040
Tax Comm. Judge (8)	None	-	-	-	-	-
Recreation (9)	None	0.000222	0.000216	0.000203	0.000182	0.000144
Debt Service (10)	None	0.003931	0.003931	0.003732	0.003493	0.003582
Capital Outlay (11)	0.002400	0.001571	0.001571	0.001482	0.001377	0.001290
Total		<u>0.009370</u>	<u>0.009173</u>	<u>0.008701</u>	<u>0.008150</u>	<u>0.008150</u>

Source: Utah State Office of Education

1. Maximum tax rate where applicable under current State law (for the year 2011).
2. Set by law for the District's portion of the State Minimum School Program.
3. General maintenance and operation revenue. The maximum tax rate for the Voted Leeway Program is .002000. However, when considering the maximum tax rate of .002000, the Board-Approved Leeway Program of .000400 is considered to be part of the Voted Leeway Program and, to the extent levied, would reduce the effective maximum tax rate for the Voted Leeway Program to the extent of such levy. In 1993 and 2000, District residents approved a Voted Leeway Program of not to exceed a .000400 and .000200 tax rate, respectively. In 2004 and on June 23, 2009, District residents approved an increase of an additional .000600 and .000100 tax rate respective in the District's existing Voted Leeway Program.
4. Restricted to class-size reduction.
5. Reading improvement program.
6. Fund hazardous bus routes, activity trips and field trips.
7. Liability insurance premium.
8. The Board has the legal right to levy a "judgment levy" in a succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation "judgment" circumstances that the Board has no control over.
9. Recreational activities plus teacher athletic/activity differential.
10. This maximum limitation is not applicable to levies made to provide for payment of the principal and interest on general obligation bonds authorized by vote of school district electors.
11. Construction and remodeling projects and purchase of school sites/equipment, etc.

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 the Fiscal Year Ended June 30, 2010. For the complete discussion see "APPENDIX A – BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010-Management's Discussion and Analysis" (after the Independent Auditor's Report) below.

Five-Year Financial Summary

The summary contained herein was extracted from the District's audited financial statements for the fiscal years ended June 30, 2006 through June 30, 2010. The summaries are unaudited. See "APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

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Nebo School District
Summary Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund
(For the Fiscal Year Ended June 30)

	2010	2009	2008	2007	2006
REVENUES					
Local Sources					
Property Taxes	\$20,540,776	\$19,070,318	\$18,596,144	\$16,181,028	\$15,531,229
Earnings on Investments	186,825	664,841	1,448,859	1,295,627	1,020,444
Other Local	3,114,719	3,131,032	2,738,486	2,989,256	2,785,789
State Sources	115,016,910	119,350,985	118,297,571	100,764,099	90,306,935
Federal Sources	18,933,894	20,433,437	9,688,313	9,456,272	9,422,265
Total Revenues	<u>\$157,793,124</u>	<u>\$162,650,613</u>	<u>\$150,769,373</u>	<u>\$130,686,282</u>	<u>\$119,066,662</u>
EXPENDITURES:					
Current:					
Instruction Services	\$100,939,006	\$104,555,800	\$99,685,045	\$86,605,982	\$79,957,475
Supporting Services					
Students	9,758,046	9,015,741	8,110,920	7,076,014	5,970,668
Instructional Staff	7,287,585	6,435,250	5,229,415	5,073,930	4,305,258
General Administration	1,384,638	1,437,607	1,354,558	942,537	824,756
School Administration	11,465,666	11,201,991	9,553,005	8,359,587	7,177,650
Business	4,528,475	4,621,825	4,008,890	3,331,016	3,012,999
Operation and Maint. of Plant	17,747,942	16,925,444	14,633,839	13,488,217	12,616,293
Student Transportation	7,059,861	6,847,308	6,475,249	5,760,561	4,933,702
Data Processing & Other Support	-	54	205,513	198,616	178,052
Total Expenditures	<u>\$160,171,219</u>	<u>\$161,041,020</u>	<u>\$149,256,434</u>	<u>\$130,836,460</u>	<u>\$118,976,853</u>
Excess (Deficiency) of Revenues Over Expenditures	(\$2,378,095)	\$1,609,593	\$1,512,939	(\$150,178)	\$89,909
Other Financing Sources (Uses)					
Operating Transfers In/out	1,499,981	(72,498)	(400,295)	1,864,346	2,583,824
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	(878,114)	1,537,095	1,112,644	1,714,168	2,673,633
Fund Balance - July 1	15,475,091	13,937,996	12,825,352	11,111,184	8,437,551
Residual Equity Transfer	-	-	-	-	-
Fund Balance - JUNE 30	<u>\$14,596,977</u>	<u>\$15,475,091</u>	<u>\$13,937,996</u>	<u>\$12,825,352</u>	<u>\$11,111,184</u>

Source: The District's Annual Financial Report. Summary is unaudited.

Nebo School District
Balance Sheet - General Fund
(For the Fiscal Year Ended June 30)

	2010	2009	2008	2007	2006
ASSETS AND OTHER DEBITS					
Cash and Temporary Cash Investments	\$20,205,539	\$23,629,108	\$24,399,802	\$19,263,200	\$19,066,173
Receivables:					
Property Taxes	20,720,636	22,898,575	20,479,991	16,230,558	13,799,871
Other Local	155,529	247,841	359,346	271,244	267,201
State	347,556	135,534	223,605	185,294	81,582
Federal	5,401,180	5,376,132	3,708,918	2,985,773	2,996,597
Due from other funds	258,106	96,848	228,087	-	-
Inventories	773,571	530,019	751,994	641,133	628,324
Prepaid Expenditures	-	-	-	559,245	143,148
Insurance deposits	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Assets and Other Debits	<u>\$49,362,117</u>	<u>\$54,414,057</u>	<u>\$51,651,743</u>	<u>\$41,636,447</u>	<u>\$38,482,896</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS					
Liabilities					
Accounts Payable	\$1,087,036	\$5,681,865	\$3,869,679	\$4,413,211	\$5,707,432
Payroll related liabilities	4,314,247	4,309,734	3,521,226	3,182,369	3,920,352
Deferred Revenue:					
Property Taxes	19,900,708	22,685,169	20,042,033	16,014,436	13,563,131
Other Local	758,748	799,078	657,491	453,021	465,592
State	8,704,401	5,462,275	9,616,897	4,651,439	3,522,139
Federal	-	845	6,421	96,619	193,066
Total Liabilities	<u>\$34,765,140</u>	<u>\$38,938,966</u>	<u>\$37,713,747</u>	<u>\$28,811,095</u>	<u>\$27,371,712</u>
Fund Balances:					
Reserved for:					
Inventories	\$773,571	\$530,019	\$751,994	\$641,133	\$628,324
Prepaid expenditures	-	-	-	559,245	143,148
Commitments - new schools	2,736,538	3,714,763	3,643,204	4,572,025	4,562,349
Unreserved:					
Designated for:					
Undistributed reserve	8,000,000	5,500,000	5,500,000	5,500,000	5,500,000
Undesignated	3,086,868	5,730,309	4,042,798	1,552,949	277,363
Total Fund Equity and Other Credits	<u>\$14,596,977</u>	<u>\$15,475,091</u>	<u>\$13,937,996</u>	<u>\$12,825,352</u>	<u>\$11,111,184</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$49,362,117</u>	<u>\$54,414,057</u>	<u>\$51,651,743</u>	<u>\$41,636,447</u>	<u>\$38,482,896</u>

Source: The District's Annual Financial Report. Summary is unaudited.

Nebo School District
Statement of Net Assets – Governmental Activities
(For the Fiscal Year Ended June 30)

	2010	2009	2008	2007	2006
Assets:					
Cash and investments	\$48,096,812	\$39,361,578	\$41,528,234	\$35,155,017	\$44,199,238
Receivables:					
Property taxes	55,008,269	60,664,765	53,835,293	42,283,414	36,759,756
Other local	205,277	443,850	860,563	1,113,104	498,814
State	525,208	459,653	556,717	455,162	329,890
Federal	5,955,718	5,520,879	3,776,666	3,064,778	3,067,553
Inventories	1,672,259	1,264,770	1,775,898	1,639,216	1,544,894
Prepaid expenses	-	-	-	559,245	330,452
Insurance deposits	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Bond issuance costs, net of accumulated amortization	1,315,295	1,034,145	1,076,778	1,072,696	1,036,233
Capital assets:					
Land, construction in progress and water stock	31,862,494	72,508,487	90,134,495	74,640,069	70,829,908
Other capital assets, net of accumulated depreciation	284,604,730	240,240,183	210,068,457	1,916,484,977	156,543,517
Total assets	<u>\$430,746,062</u>	<u>\$422,998,310</u>	<u>\$405,113,101</u>	<u>\$2,077,967,678</u>	<u>\$316,640,255</u>
Liabilities:					
Accounts payable	\$4,375,252	\$6,354,772	\$8,784,132	\$11,101,392	\$12,413,065
Accrued interest payable	-	-	-	-	16,650
Accrued salaries payable	4,314,247	4,309,734	3,521,226	3,182,369	3,920,352
Deferred revenue:					
Property taxes	47,573,525	55,823,187	50,402,610	40,463,800	34,784,656
Other local	758,748	800,476	676,956	470,399	493,811
State	8,704,401	5,462,275	9,622,173	4,651,826	3,717,776
Federal	-	845	6,421	125,622	245,405
Noncurrent liabilities:					
Due within one year	16,813,591	15,794,140	15,951,416	11,369,983	11,637,056
Due in more than one year	177,576,563	177,255,006	180,348,080	160,290,757	136,767,897
Total liabilities	<u>\$260,116,327</u>	<u>\$265,800,435</u>	<u>\$269,313,014</u>	<u>\$231,656,148</u>	<u>\$203,996,668</u>
Net Assets:					
Invested in capital assets, net of related debt	\$142,597,896	\$137,023,426	\$118,122,610	\$105,552,974	\$90,543,032
Restricted for:					
Debt service	4,825,968	3,949,073	4,023,988	4,576,627	4,501,845
Capital projects	20,266,097	10,364,513	7,600,164	3,304,418	6,723,866
School activity	4,788,166	4,476,326	3,999,951	3,932,318	3,750,947
School lunch	1,202,636	727,612	596,573	863,076	837,170
Non K-12 programs	438,798	406,831	418,485	519,026	462,846
Nebo Foundation for Excellence	447,728	452,514	437,429	371,916	354,116
Unrestricted	(3,937,554)	(202,420)	600,887	2,354,695	5,469,767
Total net assets	<u>\$170,629,735</u>	<u>\$157,197,875</u>	<u>\$135,800,087</u>	<u>\$121,475,050</u>	<u>\$112,643,589</u>

Source: The District's Annual Financial Report. Summary is unaudited.

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 the fiscal year ended June 30, 2010, approximately [28.76%] of the District’s funding was provided by Local District Funding, approximately [59.68%] from State Funding and approximately [11.56%] from Federal Funding. See also APPENDIX A –BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010.

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 also “FINANCIAL INFORMATION –Schedule of Property Tax Rates” 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, and vocational and special education.

LEGAL MATTERS

Absence of Litigation

Reed B. Park, Attorney for the Board, has advised that, to his knowledge, there is no pending or threatened litigation which would legally estop, enjoin, or prohibit the issuance, sale and delivery of the Bonds.

Approval of Legal Proceedings

The authorization and issuance of the Bonds are subject to the approval of Chapman and Cutler LLP, Bond Counsel. Certain legal matters will be passed upon for the Board by Reed B. Park, Attorney to the Board. The approving opinion of Bond Counsel will be delivered with the Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in APPENDIX D of this OFFICIAL STATEMENT will be made available upon request by the Business Administrator.

Bond Counsel has reviewed the description of legal matters in those portions of the OFFICIAL STATEMENT under the headings: "THE BONDS - Authority for and Purpose of the Bonds", "SECURITY FOR THE BONDS", and "LEGAL MATTERS —Tax Exemption." Bond Counsel also prepared and has reviewed APPENDIX D to the OFFICIAL STATEMENT, which sets forth the anticipated form of Bond Counsel's opinion on the Bonds.

Except as specifically described in the preceding paragraph, 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 this OFFICIAL STATEMENT or other altering material relating to the Bonds and assumes no responsibility for the statements or information contained on or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion 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 judgement, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Tax Exemption

Federal Income Taxation

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Board has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of the issuance of the Bonds.

Subject to the Board's compliance with the above-referenced covenants, under present law, in the opinion of Chapman and Cutler LLP, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Board with respect to certain material facts within the Board's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such a corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Board complies with the covenants discussed above, (a) the full amount of the original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of the Bonds who dispose of the Bonds prior to the stated maturity (whether by sale, redemption, if applicable, or otherwise), purchase the Bonds in the initial public offering, but at a price different from the Issue Price or purchase the Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption, if applicable, or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Board as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Utah Income Taxation

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any other political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state or local taxes.

MISCELLANEOUS

Independent Accountants

The general purpose financial statements of the Board at and for the year ended June 30, 2010, contained in APPENDIX A to this OFFICIAL STATEMENT have been examined by Gilbert & Stewart, PC, Certified Public Accountants, as set forth in the report dated November 2, 2010, which report is also included in APPENDIX A to this OFFICIAL STATEMENT.

Copies of the District's comprehensive annual financial report, may be requested from the District's Administration Office, 350 South Main, Spanish Fork, Utah 84660.

No History of Default

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

Bond Rating

Moody's has assigned a rating of "Aaa" to the Bonds. Additionally, as of the date of this OFFICIAL STATEMENT, Moody's has assigned an underlying rating of "Aa2" to the Bonds. S&P has assigned a rating of "AAA" to the Bonds. Additionally, as of the date of this OFFICIAL STATEMENT, S&P has assigned an underlying rating of "A+" to the Bonds. These ratings reflect only the views of such rating agencies and an explanation of the significance of such rating may only be obtained from such rating agency. The underlying ratings reflect the standalone rating the Bonds would have received if the Bonds did not have the benefit of the Guaranty Act.

Financial Advisor

The Board has entered into an agreement with Lewis Young Robertson & Burningham, Inc. (the "Financial Advisor") whereunder the Financial Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Bonds, timing of the sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Bonds. The Financial Advisor has participated in the preparation of the OFFICIAL STATEMENT, but 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 no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT. Financial Advisory fees are contingent upon the sale and delivery of the Bonds.

ADDITIONAL INFORMATION

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

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

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

The delivery of the OFFICIAL STATEMENT has been duly authorized by the Board.

BOARD OF EDUCATION OF
NEBO SCHOOL DISTRICT
UTAH COUNTY, UTAH

By: /s/ _____
Board President

**APPENDIX A – BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

Independent Auditor's Report

Board of Education
Nebo School District
Spanish Fork, Utah

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nebo School District (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District management. Our responsibility is to express opinions on these financial statements based on our audit.

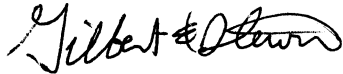
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nebo School District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2010, 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 11 through 19 and the schedule of funding progress on page 43 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, appearing to read "Gilbert & Stewart", with a stylized flourish at the end.

GILBERT & STEWART, CPA'S

November 2, 2010

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

This Management's Discussion and Analysis (MD&A) section of Nebo School District's (District) annual financial report presents management's discussion and analysis of the District's performance during the year ended June 30, 2010. The MD&A is intended to provide an analysis directly related to the information presented in the transmittal letter found in the *introductory section* of this report and the District's basic financial statements, which follow this section.

Financial Highlights

The following highlights are considered by the District to be critical factors in measuring the District's financial performance for the year ended June 30, 2010:

- The District's total assets exceeded liabilities by \$170.6 million at the close of the fiscal year.
- During the year, \$218.3 million generated from taxes and other revenues was \$13.4 million more than expenses for governmental activities. This \$13.4 million increase in net assets is less than the \$21.4 million increase in net assets for the year ended June 30, 2009.
- Total fund balances for governmental funds increased by \$9.8 million during the year ended June 30, 2010. For the year ended June 30, 2009, total fund balances for governmental funds increased by \$4.1 million. The changes for both years were primarily a result of timing differences in the receipt and use of resources designated for capital projects.
- The District has designated \$8.0 million of the *General Fund* balances as an undistributed reserve. The undistributed reserve is allowed by state law and can be up to 5% of the current fiscal year's total *General Fund* budgeted revenues. The reserve is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating.
- On June 23, 2009, District patrons voted to authorize the District to issue \$160.0 million in bonds for new school construction, school improvements, and land acquisitions. The District issued \$14.0 million of these bonds during the year ended June 30, 2010 and issued another \$28.0 million of the bonds subsequent to year end. The District is currently constructing a new elementary school in Spanish Fork, Sierra Bonita Elementary, adding a significant addition to Taylor Elementary in Payson, making significant improvements to Payson High, Spanish Fork High, and Springville High, and is in the planning and evaluation stages for necessary future construction projects which include a junior high in Salem, Salem Junior High, and an elementary school in Payson, Black Hawk Elementary.
- On June 23, 2009, District patrons approved a .0001 increase in the voted leeway to fund the operating and equipping costs of new schools. The District did not implement the increase in the year ending June 30, 2010 but did so for the subsequent fiscal year.

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

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 include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 22 and 23 of this report.

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 are categorized as 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 District'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*.

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund*, *Capital Projects Fund*, and *Debt Service Fund*, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund statements can be found on pages 24 to 28 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 29 to 42 of this report.

Supplementary and Other Information

The schedule of funding progress on page 43 is supplemental information required by the Government Accounting Standards Board. The schedule is designed to show the extent to which the District's Separation Payments Plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

The combining and individual fund statements and schedules referred to earlier are presented immediately following the notes to basic financial statements on pages 44 to 56 of this report. Additional financial and non-financial data are presented in the *other information* section of the report which starts on page 57.

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NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

Government-Wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Below is information which summarizes the District's net assets and the changes from 2009 to 2010. All amounts are in millions of dollars:

	Governmental Activities		Total Change 2009-2010
	2010	2009	
Current and other assets	\$ 114.3	\$ 110.2	\$ 4.1
Capital assets	316.4	312.8	3.6
Total assets	430.7	423.0	7.7
Current and other liabilities	65.7	72.8	(7.1)
Noncurrent liabilities	194.4	193.0	1.4
Total liabilities	260.1	265.8	(5.7)
Net assets:			
Invested in capital assets, net of related debt	142.5	137.0	5.5
Restricted	32.0	20.4	11.6
Unrestricted	(3.9)	(0.2)	(3.7)
Total net assets	\$ 170.6	\$ 157.2	\$ 13.4

The largest portion of the District's net assets, 83.5%, reflects its investment in capital assets less any related outstanding debt used to acquire those assets and net of unspent bond proceeds. The District uses these capital assets to provide services to students and 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.

The next largest portion of the District's net assets, 18.8%, represents resources that are subject to external restrictions on how they may be used. The remainder of net assets is -2.3%. If positive, these resources may be used to meet the District's ongoing obligations to students, employees, and creditors. The negative balance is primarily a result of the District's accrual for post-employment benefits. More information concerning post-employment benefit plans can be found in Note 5 to the basic financial statements.

As of June 30, 2010, the District is only able to report positive balances in two of the three categories of net assets for the District as a whole. However, the District reports positive fund balances for all of its separate governmental funds. For the year ended June 30, 2009, the District was also able to report positive balances in two of the three categories of net assets as well as positive fund balances for all of its separate governmental funds.

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

Changes in Net Assets

Net assets of the District's governmental activities increased by \$13.4 million, or 8.5%, to \$170.6 million. This increase is less than the increase of \$21.4 million for the year ended June 30, 2009. Notable factors that are responsible for the change in the District's net assets for the year ended June 30, 2010 are as follows:

- The District's ongoing construction projects have increased net assets invested in capital assets, net of related debt, by \$5.5 million. Net capital asset additions were \$3.7 million and the related debt net decrease was \$1.8 million.
- The District's total program and general revenues decreased by \$3.6 million, or 1.6%, to \$218.3 million during the current year. Of the total, state and federal aid make up 68.7% while property taxes make up 25.4%. In the prior fiscal year the percentages of total revenues were 70.6% for state and federal aid and 23.5% for property taxes. Taken together, state and federal grants that are classified as program revenue and those not restricted to specific purposes decreased by \$6.7 million while revenues related to property taxes increased by \$3.2 million.
- The total cost of all programs and services increased by \$4.4 million, or 2.2%, to \$204.9 million during the current year. Instructional services account for 61.2% of the total while support services make up 30.6%. In the prior fiscal year the percentage of costs attributable to instructional services was 61.8% while support services made up 29.6%. Supporting services comprise the largest dollar increase in costs at \$3.4 million while costs related to instructional services account for the second largest dollar increase in costs at \$0.3 million.

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NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

Below is information which summarizes the District's net assets changes from 2009 to 2010. All amounts are in millions of dollars:

	Governmental Activities		Total Change
	2010	2009	2009-2010
Revenues:			
Program revenues:			
Charges for services	\$ 4.3	\$ 4.5	\$ (0.2)
Operating grants and contributions	66.7	66.1	0.6
General revenues:			
Property taxes	55.4	52.2	3.2
Federal and state aid not restricted to specific purpose	83.2	90.5	(7.3)
Earnings on investments	0.4	1.3	(0.9)
Miscellaneous	8.3	7.3	1.0
Total revenues	218.3	221.9	(3.6)
Expenses:			
Instructional services	125.5	124.0	1.5
Supporting services:			
Students	10.1	9.2	0.9
Instructional staff	7.3	6.4	0.9
District administration	1.4	1.5	(0.1)
School administration	11.9	11.6	0.3
Business	4.6	4.6	-
Operation and maintenance of facilities	19.2	18.2	1.0
Transportation	8.0	7.7	0.3
Central	0.2	0.2	-
Food services	9.4	9.0	0.4
Interest on long-term liabilities	7.3	8.1	(0.8)
Total expenses	204.9	200.5	4.4
Change in net assets	13.4	21.4	(8.0)
Net assets - beginning	157.2	135.8	21.4
Net assets - ending	\$ 170.6	\$ 157.2	\$ 13.4

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. 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 \$42.0 million, \$9.8 million more than the previous year, which was primarily a result of timing differences in receiving resources for capital projects during the year ended June 30, 2010 that will be used in the following year.

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the *General Fund* are required by Utah State Law to be appropriated in the following year's budget. Fund balances of the *Debt Services Fund*, *Capital Projects Fund*, and other governmental funds are restricted by Utah State Law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Of the \$14.6 million fund balance in the *General Fund*, \$0.8 million is reserved for inventories, \$2.7 million is reserved for future equipping and operating costs of schools, and \$8.0 million is classified as an undistributed reserve as allowed by law. This undistributed reserve is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of contract salaries. The remainder of the *General Fund* balance is reported as unreserved and undesignated.

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 original budget and the final amended budget was an increase of \$4.6 million, or 2.8%, in total *General Fund* expenditures. Instructional services expenditures budget was increased by \$0.6 million and supporting services expenditures budget was increased by \$4.0 million. The budget increases were primarily a result of carryovers in various programs from the previous year not being included in the original budget. This carryover information was not available when the original budget was prepared. Other differences between original budget and final amended budget are due to on-going adjustments at the program and fund levels as new information is received by the District.

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

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.

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

Below is a summary of the capital assets at June 30, 2010 and 2009. All amounts are net of accumulated depreciation and in millions of dollars:

	Governmental Activities		Total Change
	2010	2009	2009-2010
Land and water stock	\$ 29.9	\$ 25.8	\$ 4.1
Construction in progress	2.0	46.7	(44.7)
Buildings and improvements	271.6	228.0	43.6
Furniture and equipment	13.0	12.2	0.8
Total capital assets, net of accumulated depreciation	<u>\$ 316.5</u>	<u>\$ 312.7</u>	<u>\$ 3.8</u>

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

Debt Administration

The general obligation bonded debt of the District is limited by Utah State Law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2010 was \$366.4 million while the net general obligation debt at that date was \$173.9 million, resulting in a legal debt margin of \$192.5 million.

Below is summary information concerning the District's outstanding debt at June 30, 2010 and 2009. All amounts are net of unamortized deferred issuance premiums and deferred refunding costs and are in millions of dollars:

	Governmental Activities		Total Change
	2010	2009	2009-2010
General obligation bonds, net	<u>\$ 173.9</u>	<u>\$ 175.7</u>	<u>\$ (1.8)</u>

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

Changes in Student Enrollment

Estimated new growth for the next five years is expected to add 4,168 students to the District's current enrollment for an overall increase of 14.3%.

NEBO SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2010

Below is a summary of actual enrollment data for the most recent fifteen years along with District estimates for the next ten years:

School Year	Enrollment (1)	Annual Increase	Annual Increase Percentage	5-Year Average Growth Rate
Actual:				
1996-1997	19,256	520	2.78%	2.90%
1997-1998	19,560	304	1.58%	2.65%
1998-1999	19,959	399	2.04%	2.24%
1999-2000	20,519	560	2.81%	2.28%
2000-2001	21,066	547	2.67%	2.37%
2001-2002	22,070	1,004	4.77%	2.77%
2002-2003	23,078	1,008	4.57%	3.37%
2003-2004	23,900	822	3.56%	3.67%
2004-2005	24,887	987	4.13%	3.94%
2005-2006	24,742	(145)	-0.58%	3.29%
2006-2007	25,734	992	4.01%	3.14%
2007-2008	26,588	854	3.32%	2.89%
2008-2009	27,592	1,004	3.78%	2.93%
2009-2010	28,282	690	2.50%	2.60%
2010-2011	29,136	854	3.02%	3.32%
Estimates:				
2011-2012	30,034	898	3.08%	3.14%
2012-2013	30,861	827	2.75%	3.03%
2013-2014	31,769	908	2.94%	2.86%
2014-2015	32,552	783	2.46%	2.85%
2015-2016	33,304	752	2.31%	2.71%
2016-2017	34,092	788	2.37%	2.57%
2017-2018	34,774	682	2.00%	2.42%
2018-2019	35,666	892	2.57%	2.34%
2019-2020	36,496	830	2.33%	2.31%
2020-2021	37,337	841	2.30%	2.31%

(1) Information based on October 1 enrollment counts.

Requests for Information

This financial report is designed to provide a general overview of Nebo School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Office of the Business Administrator, Nebo School District, 350 South Main, Spanish Fork, Utah 84660.

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BASIC FINANCIAL STATEMENTS

NEBO SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets:	
Cash and investments	\$ 48,096,812
Receivables:	
Property taxes	55,008,269
Other local	205,277
State	525,208
Federal	5,955,718
Inventories	1,672,259
Insurance deposits	1,500,000
Bond issuance costs, net of accumulated amortization	1,315,295
Capital assets:	
Land, construction in progress, and water stock	31,862,494
Other capital assets, net of accumulated depreciation	284,604,730
Total assets	<u>430,746,062</u>
Liabilities:	
Accounts payable	4,375,252
Accrued salaries	4,314,247
Deferred revenue:	
Property taxes	47,573,525
Other local	758,748
State	8,704,401
Noncurrent liabilities:	
Due within one year	16,813,591
Due in more than one year	177,576,563
Total liabilities	<u>260,116,327</u>
Net Assets:	
Invested in capital assets, net of related debt	142,597,896
Restricted for:	
Debt service	4,825,968
Capital projects	20,266,097
School activity	4,788,166
Food services	1,202,636
Non K-12 programs	438,798
Nebo Education Foundation	447,728
Unrestricted	(3,937,554)
Total net assets	<u>\$ 170,629,735</u>

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

NEBO SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2010

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities or functions:				
Instructional services	\$ 125,474,892	\$ 956,191	\$ 45,179,454	\$ (79,339,247)
Supporting services:				
Students	10,063,321	-	5,915,492	(4,147,829)
Instructional staff	7,287,585	-	3,077,531	(4,210,054)
District administration	1,445,797	-	1,243,976	(201,821)
School administration	11,921,159	-	420,080	(11,501,079)
Business	4,589,634	-	105,338	(4,484,296)
Operation and maintenance of facilities	19,195,023	-	27,812	(19,167,211)
Transportation	8,023,195	-	4,307,959	(3,715,236)
Central	231,023	-	-	(231,023)
Food services	9,385,945	3,343,551	6,416,329	373,935
Interest on long-term liabilities	7,279,119	-	-	(7,279,119)
Total school district	<u>\$ 204,896,693</u>	<u>\$ 4,299,742</u>	<u>\$ 66,693,971</u>	<u>(133,902,980)</u>
General revenues:				
Property taxes levied for:				
Basic state supported program for regular K-12 instruction				9,124,740
Voted leeway for regular K-12 instruction				7,641,094
Board leeway for class size reduction				2,547,031
Board leeway for K-3 reading program				770,477
Special transportation for hazardous bus routes				624,023
Tort liability claims and insurance				203,763
Community recreation				1,292,618
Debt service of general obligation bonds				23,763,804
Capital outlay				3,050,070
Ten percent of basic program for construction, textbooks, and supplies				6,386,681
Federal and state aid not restricted to specific purposes				83,228,555
Earnings on investments				378,074
Miscellaneous				8,323,910
Total general revenues				<u>147,334,840</u>
Change in net assets				13,431,860
Net assets - beginning				<u>157,197,875</u>
Net assets - ending				<u>\$ 170,629,735</u>

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

NEBO SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 20,205,539	\$ 321,722	\$ 21,848,509	\$ 5,721,042	\$ 48,096,812
Receivables:					
Property taxes	20,720,636	23,574,144	9,418,699	1,294,790	55,008,269
Other local	155,529	-	47,440	2,308	205,277
State	347,556	-	-	177,652	525,208
Federal	5,401,180	-	-	554,538	5,955,718
Due from other funds	258,106	-	-	-	258,106
Inventories	773,571	-	335,514	563,174	1,672,259
Insurance deposits	1,500,000	-	-	-	1,500,000
Total assets	\$ 49,362,117	\$ 23,895,866	\$ 31,650,162	\$ 8,313,504	\$ 113,221,649
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 1,087,036	\$ -	\$ 3,231,519	\$ 56,697	\$ 4,375,252
Accrued salaries	4,314,247	-	-	-	4,314,247
Due to other funds	-	-	-	258,106	258,106
Deferred revenue:					
Property taxes	19,900,708	22,642,455	9,048,918	1,244,155	52,836,236
Other local	758,748	-	-	-	758,748
State	8,704,401	-	-	-	8,704,401
Federal	-	-	-	-	-
Total liabilities	34,765,140	22,642,455	12,280,437	1,558,958	71,246,990
Fund Balances:					
Reserved for:					
Inventories	773,571	-	335,514	563,174	1,672,259
Construction commitments	-	-	6,757,577	-	6,757,577
Commitments to schools	2,736,538	-	-	-	2,736,538
Unreserved:					
Designated for:					
Undistributed reserve	8,000,000	-	-	-	8,000,000
Property and construction	-	-	12,276,634	-	12,276,634
Schools, reported in					
special revenue funds	-	-	-	5,177,125	5,177,125
Undesignated, reported in:					
General fund	3,086,868	-	-	-	3,086,868
Debt service fund	-	1,253,411	-	-	1,253,411
Special revenue funds	-	-	-	1,014,247	1,014,247
Total fund balances	14,596,977	1,253,411	19,369,725	6,754,546	41,974,659
Total liabilities and fund balances	\$ 49,362,117	\$ 23,895,866	\$ 31,650,162	\$ 8,313,504	\$ 113,221,649

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

NEBO SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Total fund balances for governmental funds	\$	41,974,659
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Total net assets reported for governmental activities in the statement of net assets is different because of the following reconciling items:

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

Land	\$	29,839,723	
Construction in progress		2,001,810	
Water stock		20,961	
Buildings and improvements, net of \$105,711,487 accumulated depreciation		271,580,450	
Furniture and equipment, net of \$13,145,431 accumulated depreciation		13,024,280	316,467,224

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 revenue in the funds.	5,262,711
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Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$2,947,099 and accumulated amortization is \$1,631,804.	1,315,295
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at year-end are as follows:

Bonds payable	(171,860,000)		
Unamortized premiums	(3,982,705)		
Unamortized deferred amounts on refunding	1,973,377		
Accrued vacation	(1,202,353)		
Early retirement payable	(329,274)		
Separation payments payable	(18,989,199)	(194,390,154)	

Total net assets of governmental activities	\$	170,629,735
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The notes to the financial statements are an integral part of this statement.

NEBO SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2010

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 20,540,776	\$ 23,342,929	\$ 9,269,619	\$ 1,269,725	\$ 54,423,049
Earnings on investments	186,825	55,059	108,325	27,865	378,074
Food sales	-	-	-	3,343,552	3,343,552
Other local sources	3,114,719	-	86,250	6,681,248	9,882,217
State sources	115,016,910	-	6,867,565	3,281,402	125,165,877
Federal sources	18,933,894	-	-	5,822,755	24,756,649
Total revenues	157,793,124	23,397,988	16,331,759	20,426,547	217,949,418
Expenditures:					
Current:					
Instructional services	100,939,006	-	-	10,569,523	111,508,529
Supporting services:					
Students	9,758,046	-	-	305,275	10,063,321
Instructional staff	7,287,585	-	-	-	7,287,585
District administration	1,384,638	-	-	-	1,384,638
School administration	11,465,666	-	-	-	11,465,666
Business	4,528,475	-	-	-	4,528,475
Operation and maint of facilities	17,747,942	-	-	-	17,747,942
Transportation	7,059,861	-	-	-	7,059,861
Food services	-	-	-	9,284,857	9,284,857
Capital outlay	-	-	18,318,186	-	18,318,186
Debt service:					
Principal retirement	-	15,460,000	-	-	15,460,000
Bond issuance costs	-	414,552	209,544	-	624,096
Interest and fiscal charges	-	7,178,448	243,245	-	7,421,693
Total expenditures	160,171,219	23,053,000	18,770,975	20,159,655	222,154,849
Excess (deficiency) of revenues over (under) expenditures	(2,378,095)	344,988	(2,439,216)	266,892	(4,205,431)
Other financing sources (uses):					
Transfers	1,499,981	-	(2,000,000)	500,019	-
Bond proceeds	-	-	14,000,000	-	14,000,000
Refunding bonds issued	-	42,505,000	-	-	42,505,000
Bond premiums	-	1,428,766	93,207	-	1,521,973
Payments to bond escrow agent	-	(44,058,531)	-	-	(44,058,531)
Sale of capital assets	-	-	28,900	-	28,900
Total other financing sources (uses)	1,499,981	(124,765)	12,122,107	500,019	13,997,342
Net change in fund balances	(878,114)	220,223	9,682,891	766,911	9,791,911
Fund balances - beginning	15,475,091	1,033,188	9,686,834	5,987,635	32,182,748
Fund balances - ending	\$ 14,596,977	\$ 1,253,411	\$ 19,369,725	\$ 6,754,546	\$ 41,974,659

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

NEBO 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, 2010

Net change in fund balances for governmental funds	\$	9,791,911
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Amounts reported for governmental activities in the statement of activities are different because of the following reconciling items:

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

Capital outlays	\$	16,975,598	
Gain on disposal of capital assets		25,800	
Proceeds from sales of capital assets		(28,900)	
Depreciation expense		<u>(13,253,944)</u>	3,718,554

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

General obligation bond proceeds	(14,000,000)		
Bond premium	(93,207)		
Bond issuance costs	209,544		
Refunding bonds issued	(42,505,000)		
Bond premium on refunding	(1,428,766)		
Bond issuance costs on refunding	414,552		
Payment to refunded bond escrow agent	44,058,531		
Repayment of bond principal	15,460,000		
Amortization of bond issuance costs	(121,162)		
Amortization of deferred amounts on bond refundings	(191,113)		
Amortization of bond premium	<u>333,687</u>		2,137,066

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. Therefore, those amounts are reported as deferred revenue in the funds. The deferred revenue for property taxes increased this year.

981,253

In the statement of activities, compensated absences (vacations) and termination benefits (early retirement and separation payments) 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, accrued vacation increased by \$470,433, early retirement payable decreased by \$774,590, and separation payments payable increased by \$3,501,081.

(3,196,924)

Change in net assets of governmental activities	\$	<u><u>13,431,860</u></u>
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The notes to the financial statements are an integral part of this statement.

NEBO SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 21,487,533	\$ 20,174,355	\$ 20,540,776	\$ 366,421
Earnings on investments	800,000	400,000	186,825	(213,175)
Other local sources	3,354,111	3,981,112	3,114,719	(866,393)
State aid	121,060,874	119,572,364	115,016,910	(4,555,454)
Federal aid	13,755,157	20,212,813	18,933,894	(1,278,919)
Total revenues	160,457,675	164,340,644	157,793,124	(6,547,520)
Expenditures:				
Instructional services	107,400,204	108,040,645	100,939,006	7,101,639
Supporting services:				
Students	9,079,040	9,617,121	9,758,046	(140,925)
Instructional staff	6,278,970	8,103,575	7,287,585	815,990
District administration	1,864,670	1,918,071	1,384,638	533,433
School administration	11,137,494	11,202,774	11,465,666	(262,892)
Business	4,644,590	4,717,838	4,528,475	189,363
Operation and maintenance of facilities	16,768,360	18,183,968	17,747,942	436,026
Transportation	6,878,954	6,913,556	7,059,861	(146,305)
Total expenditures	164,052,282	168,697,548	160,171,219	8,526,329
Excess (deficiency) of revenues over (under) expenditures	(3,594,607)	(4,356,904)	(2,378,095)	1,978,809
Other financing sources (uses):				
Transfers	2,100,000	1,489,500	1,499,981	10,481
Total other financing sources (uses)	2,100,000	1,489,500	1,499,981	10,481
Net change in fund balances	(1,494,607)	(2,867,404)	(878,114)	1,989,290
Fund balances - beginning	15,475,091	15,475,091	15,475,091	-
Fund balances - ending	\$ 13,980,484	\$ 12,607,687	\$ 14,596,977	\$ 1,989,290

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

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority of the District. As required by GAAP, these financial statements present the District and its blended component unit, Nebo Education Foundation (Foundation), for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the District's operations. The Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation exclusively services the District and is presented as a special revenue fund of the District. The District is not a component unit of any other primary government.

Government-Wide Financial Statements – The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the District and its blended component unit. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities.

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 expenses for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional services but is also used for school administration and food services) are proportionally 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 program. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

Fund Financial Statements – The *fund financial statements* provide information about the District's funds, including its blended component unit. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

The District reports the following major governmental funds:

- General Fund – The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- Debt Service Fund – The *Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- Capital Projects Fund – 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The *government-wide financial statements* are reported using the economic resources measurement focus. The *government-wide financial statements* are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met. Grants received in advance are recorded as deferred revenue until earned. 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 benefits, separation payments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds except the *Nebo Education Foundation Fund*. Budgets are not adopted on a District level for the

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

Nebo Education Foundation Fund. All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During June 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.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons before the public hearing which is held prior to June 22 of each year.
- After the public hearing the budget is legally adopted by resolution of the Board after consideration of the proposed budget and after obtaining taxpayer input. If the District exceeds the certified tax rate the rates are adopted in August when data is available to set the tax 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 funds from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2010, 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.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings in appropriate funds.

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

Cash and Cash Equivalents – The District considers cash and cash equivalents 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 Pool (PTIF).

Inventories – Inventories are accounted for under the consumption method, wherein inventories are recorded as assets when acquired and expenditures are recorded when the inventories are transferred to the schools or departments for consumption. Inventories recorded in the governmental funds are stated at cost or, if donated, at fair value when received, using a weighted moving average method. Inventories reported in the governmental funds are equally offset by a reservation of fund balance, indicating that they do not constitute available spendable resources even though they are a component of total assets.

Capital Assets – Capital assets are reported in the government-wide financial statements and include land, water stock, and furniture and equipment with an individual cost of \$5,000 or more and buildings and improvement with a cost of \$100,000 or more so long as the estimated useful life of the building or improvement exceeds two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs is not capitalized.

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

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Furniture	20
Portable Classrooms	20
Machinery and Tools	15
Buses	15
Laboratory Equipment	10
Musical Instruments	10
Licensed Vehicles	10
Computers	5

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation leave in amounts varying with tenure and classification. In the event of retirement, an employee is reimbursed for accumulated vacation days to a maximum of 20 days. Sick leave is given to employees based on tenure and classification and no reimbursement or accrual is made for unused sick leave.

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured,

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

for example, as a result of employee resignations and retirements, and the payment of the liability is reported in the fund in which the employee's salary is reported.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance and 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 the applicable bond premium or discount.

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

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

2. DEPOSITS AND INVESTMENTS

The District follows the requirements of the Utah Money Management Act (Act), Section 51, Chapter 7 of the Utah Code, 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 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, repurchasing agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is authorized and makes investments in accordance with the Act and 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.

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

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

District Cash and Investment Balances – Deposits and investments at June 30, 2010 are summarized below:

Carrying amount of deposits	\$ (1,007,013)
Carrying amount of investments	49,103,825
Total deposits and investments	<u>\$ 48,096,812</u>
Cash and investments, major governmental funds, balance sheet	\$ 42,633,876
Cash and investments, nonmajor governmental funds, balance sheet	5,462,936
Cash and investments, governmental activities, statement of net assets	<u>\$ 48,096,812</u>

The District's carrying amount of bank deposits at June 30, 2010 was -\$1,007,013 and the bank balance was \$9,231,327. Of the bank balance, \$1,074,377 was covered by federal depository insurance and \$8,156,950 was uninsured. No deposits are collateralized, nor are they required to be by state statute.

At June 30, 2010, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Utah Public Treasurers'					
Investment Fund	\$ 49,092,307	\$ 49,092,307	\$ -	\$ -	\$ -
Certificate of deposit	11,518	-	11,518	-	-
Total investments	<u>\$ 49,103,825</u>	<u>\$ 49,092,307</u>	<u>\$ 11,518</u>	<u>\$ -</u>	<u>\$ -</u>

Investments of the District are subject to various risks including interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy regarding interest rate risk but manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments not exceed the period of availability of the funds invested. 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.

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, Inc. or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices.

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investment 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 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.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Utah County Treasurer as an agent of the District. Utah Statutes establish the process by which taxes are levied and collected. The Utah County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the Utah County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%. The interest rate period is from January 1 until the date paid.

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

As of June 30, 2010, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2010 or earlier. Taxes levied on January 1, 2010 for the next year are reported as deferred revenue. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period. If they are not collected after this time, the County Treasurer may force the sale of property to collect the delinquent portion.

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 25,752,171	\$ 4,087,552	\$ -	\$ 29,839,723
Construction in progress	46,735,355	4,204,160	(48,937,705)	2,001,810
Water stock	20,961	-	-	20,961
Total capital assets, not being depreciated	72,508,487	8,291,712	(48,937,705)	31,862,494
Capital assets, being depreciated				
Buildings and improvements	322,552,426	54,739,511	-	377,291,937
Furniture and equipment	23,579,629	2,882,080	(291,998)	26,169,711
Total capital assets, being depreciated	346,132,055	57,621,591	(291,998)	403,461,648
Accumulated depreciation:				
Buildings and improvements	(94,474,559)	(11,236,928)	-	(105,711,487)
Furniture and equipment	(11,417,313)	(2,017,016)	288,898	(13,145,431)
Total accumulated depreciation	(105,891,872)	(13,253,944)	288,898	(118,856,918)
Total capital assets, being depreciated, net	240,240,183	44,367,647	(3,100)	284,604,730
Governmental activity capital assets, net	<u>\$ 312,748,670</u>	<u>\$ 52,659,359</u>	<u>\$ (48,940,805)</u>	<u>\$ 316,467,224</u>

For the year ended June 30, 2010 depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 9,305,689
Supporting services:	
District administration	61,159
School administration	455,493
Business	61,159
Operation and maintenance of facilities	1,447,081
Transportation	963,334
Central	231,023
Food services	729,006
Total depreciation expense, governmental activities	<u>\$ 13,253,944</u>

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

At June 30, 2010, the District was involved in several long-term construction and remodeling projects. The major projects are summarized as follows:

Project	Estimated Total Cost	Construction in Progress	Estimated Cost to Complete
Sierra Bonita Elementary	\$ 12,695,755	\$ 877,529	\$ 11,818,226
Taylor Elementary Addition	2,469,062	923,388	1,545,674
Payson Bus Garage	1,500,000	200,893	1,299,107
	<u>\$ 16,664,817</u>	<u>\$ 2,001,810</u>	<u>\$ 14,663,007</u>

The District has reserved \$5,473,406 of the fund balance in the *Capital Projects Fund* for payment of these projects. The funding for the remaining \$9,189,601 of these projects will come from future State and local sources for capital projects and from the proceeds of future bond issuances.

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System (Systems), which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

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

Plan members in the State and School Contributory Retirement System are required to contribute 1% of their annual covered salary (all or part may be paid by the employer for the employee) and the District is required to contribute 14.73% of their member's annual covered salary. In the State and School Noncontributory Retirement System the District is required to contribute 14.22% of the member's annual covered salary. The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the URS Board.

The District's contributions to the State and School Contributory Retirement System for the years ending June 30, 2010, 2009, and 2008 were \$54,885, \$60,413, and \$58,253, respectively. The Noncontributory Retirement System contributions for June 30, 2010, 2009, and 2008 were \$13,594,071, \$13,539,652, and \$12,257,366, respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan – The District participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

1.5% of covered salaries made by the District. The 401(k) plan funds are fully vested to the participants at the time of deposit. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The District 401(k) contributions for the years ended June 30, 2010, 2009, and 2008 were \$1,771,100, \$1,686,843, and \$1,481,241, respectively, and plan assets are administered and held by URS.

Voluntary Contribution Plans – The District allows its employees to voluntarily contribute to a variety of deferred compensation and other investment plans up to specified limits. Although several plans are available through a variety of vendors, the vast majority of employees utilize plans administered and held by URS. The largest of these URS plans falls under Internal Revenue Code Section 401(k) and employee contributions for the years ending June 30, 2010, 2009 and 2008 were \$1,455,918, \$1,465,982, and \$1,503,948, respectively. Contributions and earnings under this plan may be withdrawn by an employee upon termination or may be used as supplemental income upon retirement.

Another URS plan that employees can participate in falls under Internal Revenue Code Section 457. This is a deferred compensation plan and contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Employee contributions to the 457 plan for the years ending June 30, 2010, 2009, and 2008 were \$66,956, \$125,229, and \$76,230, respectively.

Finally, District employees can participate in the URS Roth individual retirement account (Roth IRA). Under this plan, contributions can be withdrawn without tax or penalty consequences. However, if earnings are withdrawn before an employee reaches age 59 and one half, the withdrawals may be subject to taxes and/or penalties. Employee contributions to the Roth IRA plan for the years ending June 30, 2010, 2009, and 2008 were \$14,801, \$12,017, and \$10,433, respectively.

Early Retirement Incentive Plan – The District's early retirement incentive program, which was terminated by the Board effective June 30, 2006, will continue to be funded by the District until all employees participating in the program as of June 30, 2006, are no longer eligible. The program provides early retirement compensation and medical and life insurance coverage to qualified early retired employees. During the year ended June 30, 2010, 44 early-retired employees participated in this program. Direct payments to retired employees and to medical and life insurance providers under this plan for the years ended June 30, 2010, 2009, and 2008 were \$774,590, \$1,084,077, and \$1,420,531, respectively. The District's estimate of future costs for this program, which is based on the estimated cash flows for those participating in the program at its termination date, is \$329,274.

Separation Payments Plan – The District has a separation payments plan for all eligible employees who retire on or after July 1, 2006. To be eligible, employees must complete at least fifteen years of service in the District and be eligible to and, in fact, retire from the Utah Retirement System. Service in the District need not be consecutive or full-time, but the final five years of service must be in the District. All persons who commence their initial period of employment with the District on or after July 1, 2006, are not eligible for this plan. The plan provides separation payments over five years based on a percentage of the employee's final base contract amount and a fixed-dollar payment of \$50,000 that is not adjusted for inflation. Participating individuals may purchase medical insurance coverage under the District's self-

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

funded medical plan by paying an amount equal to the actuarially calculated premium rate for the retiree group, which for the year ended June 30, 2010, was 175% of the premium rate for active employees.

Payments to retired employees under this plan began in July 2007. The District finances the obligation on a pay-as-you-go basis. Payments to retirees for the year ended June 30, 2010, 2009, and 2008 were \$1,936,246, \$1,168,190 and \$917,265, respectively. The annual benefit cost (expense) for this plan is actuarially determined to be \$5,437,327. The net benefit liability at June 30, 2010 is \$18,989,199 and is recorded as a long-term liability on the Statement of Net Assets (see Note 7 for long-term debt). As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for the plan was \$50,584,063, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$73,115,720 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 69.2%.

Projections of the separation payments plan benefit for financial reporting purposes are based on a substantive agreement between the District and its eligible employees. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in the actuarial accrued liability, consistent with the long-term perspective of the calculations. In the July 1, 2008 actuarial valuation, the projected unit credit using full accrual at full eligibility age method was used. An interest rate assumption of 4% was used along with demographic and other assumptions including mortality rates, public education retirement rates, the District's salary schedules with a 4.75% inflation rate, and employee termination rates by age, gender, and years of service.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays experience rated premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

The District also participates in the Utah School Boards Risk Management Mutual Insurance Association which is a risk pool for worker's compensation coverage. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance.

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Noncurrent Liabilities Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 174,315,000	\$ 56,505,000	\$ (58,960,000)	\$ 171,860,000	\$ 13,000,000
Deferred amounts on issuance premium	2,938,285	1,521,972	(477,552)	3,982,705	-
Deferred amounts on refunding	(1,528,041)	(636,449)	191,113	(1,973,377)	-
Total bonds payable, net	175,725,244	57,390,523	(59,246,439)	173,869,328	13,000,000
Accrued vacation	731,920	1,129,161	(658,728)	1,202,353	1,082,118
Separation payments payable	15,488,118	5,437,327	(1,936,246)	18,989,199	2,402,199
Early retirement payable	1,103,864	-	(774,590)	329,274	329,274
Total governmental activities long-term liabilities	<u>\$ 193,049,146</u>	<u>\$ 63,957,011</u>	<u>\$ (62,616,003)</u>	<u>\$ 194,390,154</u>	<u>\$ 16,813,591</u>

Payments on the general obligation bonds are made by the *Debt Service Fund* from property taxes and earnings on investments. Employee benefits are paid by the fund in which the employee works.

General Obligation Bonds and Advance Refundings – The District issues general obligation bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities. Outstanding general obligation bonds at June 30, 2010 are as follows:

Series	Dated	Original Amount	Rate(s)	Maturity Date	Balance
Series 2004	July 20, 2004	10,000,000	3.00% to 5.00%	July 1, 2019	\$ 6,710,000
Series 2005A	March 1, 2005	15,945,000	2.55% to 5.00%	July 1, 2019	15,560,000
Series 2005B	April 5, 2005	59,555,000	2.50% to 4.50%	July 1, 2020	47,360,000
Series 2006	August 24, 2006	30,000,000	4.00% to 4.75%	July 1, 2021	24,080,000
Series 2007	August 28, 2007	35,000,000	4.00% to 5.00%	July 1, 2022	24,520,000
Series 2008	August 22, 2008	8,000,000	3.00% to 3.50%	July 1, 2016	4,140,000
Series 2009A	November 17, 2009	20,280,000	2.50% to 3.50%	July 1, 2018	15,040,000
Series 2009B	November 17, 2009	9,400,000	3.22% to 5.21%	July 1, 2024	9,400,000
Series 2010A	February 25, 2010	26,825,000	2.00% to 3.75%	July 1, 2018	25,050,000
Total outstanding general obligation bonds payable					<u>\$ 171,860,000</u>

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

The debt service requirements to maturity for the general obligation bonds are shown below:

Year Ending June 30	Principal	Interest	Total
2011	\$ 13,000,000	\$ 7,077,816	\$ 20,077,816
2012	11,170,000	6,657,841	17,827,841
2013	12,045,000	6,254,666	18,299,666
2014	12,625,000	5,805,516	18,430,516
2015	13,085,000	5,330,111	18,415,111
2016-2023	109,935,000	21,585,278	131,520,278
Totals	<u>\$ 171,860,000</u>	<u>\$ 52,711,228</u>	<u>\$ 224,571,228</u>

The District entered into two general obligation bond refunding transactions during the year ended June 30, 2010. In both cases, the proceeds were placed in irrevocable trusts to provide for future debt service payments. As a result, the refunded bonds are considered defeased and the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

In the first transaction, the District issued \$15,680,000 of general obligation refunding bonds to provide for future debt service payments of \$15,990,000 of general obligation bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$247,180 and this amount is being netted against the new debt and amortized over the life of the new debt issued. This refunding was undertaken to reduce total debt service payments by \$1,710,979 and resulted in an economic gain of \$1,274,805.

In the second transaction, the District issued \$26,825,000 of general obligation refunding bonds to provide for future debt service payments of \$27,510,000 of general obligation bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$389,269 and this amount is being netted against the new debt and amortized over the life of the new debt issued. This refunding was undertaken to reduce total debt service payments by \$2,278,704 and resulted in an economic gain of \$1,776,500.

Legal Debt Limit – The general obligation indebtedness of the District is limited by Utah State Law to 4% of the fair market value of the total taxable property in the District. The legal debt limit and additional debt incurring capacity of the District, based on estimated fair market values for the calendar year 2009, is calculated as follows:

2009 Fair market value of properties within District (1)	\$ 9,159,111,106
Utah State Law debt limit	<u>4%</u>
Legal debt limit	366,364,444
Less general obligation debt outstanding, net of deferred amounts	<u>(173,869,328)</u>
Additional debt incurring capacity	<u>\$ 192,495,116</u>

(1) Valuation includes the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property.

NEBO SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2010

8. DESIGNATED FOR UNDISTRIBUTED RESERVE

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

9. 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 immaterial.

10. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Utah law requires that actual expenditures not exceed budgeted appropriations for any fund. Actual expenditures in the *School Activity Fund* exceeded budgeted expenditures by \$1,181,094 or 24.9% and actual expenditures in the *Non K-12 Programs Fund* exceeded budgeted expenditures by \$88,073 or 1.9%. Revenues and fund balances in both funds were sufficient and available to fund the excess expenditures.

11. BUDGET CONVERSION

The original and final budgets presented to the Board and subsequently adopted by the Board were presented using a simplified budget report format. As such, the District budget reports are not comparable in presentation to the budget information as shown in the financial statements. The budget information presented in the financial statements has been converted from the District budget presentation format to be in accordance with accounting principles generally accepted in the United States of America (GAAP).

12. SUBSEQUENT EVENT

On September 1, 2010, the District issued Series 2010B General Obligation School Building Bonds in the amount of \$28,000,000 to pay all or part of the cost of purchasing, constructing or otherwise acquiring one or more school sites, building, furnishings and improving existing school property under the charge of the Board. The bonds were authorized at a bond election on June 23, 2009.

NEBO SCHOOL DISTRICT
Required Supplementary Information
Year Ended June 30, 2010

District Separation Payments Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Eligibility Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
07/01/2008	\$ -	\$ 50,584,063	\$ 50,584,063	0.0%	\$ 73,115,720	69.2%
07/01/2006	-	48,335,905	48,335,905	0.0%	69,903,239	69.1%

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

APPENDIX B – BOOK ENTRY ONLY SYSTEM

DTC, the world's largest 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 3.5 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and with www.dtc.org.

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

To facilitate subsequent transfers, all 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the 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 Bond 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 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 the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is in effect, redemption proceeds, distributions, and interest payments on the 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 Direct and Indirect 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 Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 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.

APPENDIX C – CONTINUING DISCLOSURE UNDERTAKING

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the Board of Education of Nebo School District, Utah County, Utah (the “*Issuer*”) in connection with the issuance of \$_____ General Obligation School Building Bonds, Series 2011 (the “*Bonds*”). The Bonds are being issued pursuant to a Resolution of the Issuer adopted on July 13, 2011 (the “*Resolution*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it and the State (pursuant to the Utah School Bond Guaranty Act, Chapter 28, Title 53A, Utah Code Annotated, 1953, as amended) will be the only obligated persons with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Utah.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBERS/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

JULY 1 OF THE YEAR	CUSIP NUMBER	JULY 1 OF THE YEAR	CUSIP NUMBER
2012		2020	
2013		2022	
2014		2023	
2015		2023	
2016		2024	
2017		2025	
2018		2026	
2019			

The Final Official Statement relating to the Bonds is dated _____, 2011 (the “*Final Official Statement*”). The Issuer will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to

EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

Section 6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

Section 7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without

limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

Section 11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such

disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

BOARD OF EDUCATION OF NEBO SCHOOL
DISTRICT, UTAH COUNTY, UTAH

By _____
President

[SEAL]

Address: 350 South Main
Spanish Fork, Utah 84660

ATTEST AND COUNTERSIGN:

By _____
Business Administrator

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data of the type contained in the Official Statement under the following captions:

CAPTION	PAGE
DEBT STRUCTURE	
— Outstanding Debt Issues	
— Debt Service Schedule of Outstanding General Obligation Bonds	
— General Obligation Overlapping Indebtedness	
— Debt Ratios	
FINANCIAL INFORMATION	
— Taxable and Estimated Fair Market Value	
— Significant Taxpayers in the District	
— Summary of Taxable Value	
— Tax Collection Record of the District	
— Schedule of Property Tax Rates	
— Five-Year Financial Summary	

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 200 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah school districts in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, 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 security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

APPENDIX D – PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Re: \$_____ Board of Education of Nebo School District
 Utah County, Utah
 General Obligation School Building Bonds
 Series 2011

We hereby certify that we have examined certified copy of the proceedings of the Board of Education of Nebo School District, Utah County, Utah (the "*Board*"), passed preliminary to the issuance by the Board of its General Obligation School Building Bonds, Series 2011 in the amount of \$_____ (the "*Bonds*"), dated as of the date hereof, being in fully-registered form, in denominations of \$5,000 and any whole multiple thereof, due on July 1 of each of the years, in the amounts and bearing interest as follows:

JULY 1 OF THE YEAR	AMOUNT MATURING	INTEREST RATE PER ANNUM
2012	\$	%
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		

The Bonds are subject to redemption prior to maturity at the times, in the manner and on the terms and conditions set forth in each of the Bonds. We are of the opinion that such proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Utah now in force.

We further certify that we have examined the form of bond prescribed in the proceedings authorizing the issuance of the Bonds and find the same in due form of law. In our opinion, the Bonds, to the amount named, are valid and legally binding upon the Board and all taxable

property in Nebo School District, Utah County, Utah, is subject to the levy of taxes to pay the same without limitation as to rate or amount. It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that enforcement of the rights of the owners of the Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

The guaranty of timely payment of the Bonds provided by the Utah School Bond Guaranty Act is a valid and binding obligation of the State of Utah.

It is our opinion that, subject to the Board's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Board covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is further our opinion that under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,