

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 2016

NEW ISSUE—Issued in Book-Entry Form Only

**Ratings: Moody’s “Aaa” (State of Utah Guaranty)
Moody’s “Aa3” (Underlying)**

See “STATE OF UTAH GUARANTY” and “BOND RATINGS” herein.

In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the Bonds is excludable from gross income for purposes of the federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest paid to corporate holders of the Bonds may be indirectly subject to alternative minimum tax under certain circumstances. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of Utah individual income tax under currently existing law. See “TAX MATTERS,” herein.

\$57,000,000*

**BOARD OF EDUCATION OF
WASATCH COUNTY SCHOOL DISTRICT, UTAH
GENERAL OBLIGATION BONDS
(UTAH SCHOOL BOND GUARANTY PROGRAM), SERIES 2016**

The \$57,000,000* General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 (the “Bonds”) are issuable by the Board of Education of Wasatch County School District, Utah (the “Board”) as fully registered bonds and, when initially issued, will be in book-entry form only, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, NY (“DTC”). DTC will act as securities depository for the Bonds.

Principal of and interest on the Bonds (interest payable February 1 and August 1 of each year, commencing February 1, 2017) are payable by Zions Bank, a division of ZB, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See “THE BONDS—Book-Entry Only System” herein.

The Bonds are subject to optional redemption prior to maturity as described herein. See “THE BONDS—Redemption Provisions” herein.

The Bonds will be general obligations of the Board payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the Wasatch County School District, 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 (the “Guaranty Act”). See “STATE OF UTAH GUARANTY” herein.

George K. Baum & Company is acting as Municipal Advisor to the Board.

Dated: Date of Delivery

Due: February 1, as shown below

| | | | | MATURITY SCHEDULE | | | | | |
|---------------------|----------------------|------------------|-------|--------------------------|---------------------|----------------------|------------------|-------|-------------------|
| Due (February 1) | Principal Amount* | Interest Rate | Yield | CUSIP** 936784 | Due (February 1) | Principal Amount* | Interest Rate | Yield | CUSIP** 936784 |
| 2017 | \$2,055,000 | | | | 2027 | \$2,960,000 | | | |
| 2018 | 1,925,000 | | | | 2028 | 3,045,000 | | | |
| 2019 | 2,000,000 | | | | 2029 | 3,140,000 | | | |
| 2020 | 2,100,000 | | | | 2030 | 3,230,000 | | | |
| 2021 | 2,205,000 | | | | 2031 | 3,330,000 | | | |
| 2022 | 2,315,000 | | | | 2032 | 3,430,000 | | | |
| 2023 | 2,435,000 | | | | 2033 | 3,530,000 | | | |
| 2024 | 2,555,000 | | | | 2034 | 3,640,000 | | | |
| 2025 | 2,685,000 | | | | 2035 | 3,745,000 | | | |
| 2026 | 2,815,000 | | | | 2036 | 3,860,000 | | | |

* Preliminary; subject to change.

** The Board is not responsible for the use of CUSIP numbers and makes no representation as to the accuracy of the CUSIP numbers. The CUSIP numbers reported above are solely for the convenience of readers of this Official Statement.

The Bonds will be awarded pursuant to electronic competitive bidding held via the PARITY® electronic bid submission system on Wednesday, February 17, 2016, as set forth in the Official Notice of Bond Sale dated February 10, 2016.

The Bonds are offered when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Ballard Spahr LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Board by Fabian & Clendenin, Salt Lake City, Utah. It is expected that the Bonds in definitive form will be available for delivery to the successful bidder(s) through the facilities of DTC or its agent on or about March 3, 2016.

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

This Official Statement is dated _____, 2016, and the information contained herein speaks only as of that date.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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 the securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The information contained in this Official Statement has been furnished by the Board, DTC and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by the Board, the District or the successful bidder(s) 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 as having been authorized by the Board or the successful bidder(s).

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 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 this 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 or in any other information contained herein, since the date of this Official Statement.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such act. Any registration or qualification of the Bonds in accordance with applicable provisions of the securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

IN CONNECTION WITH THIS OFFERING, THE SUCCESSFUL BIDDER(S) MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICES OF THE BONDS. 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.

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

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OFFICIAL STATEMENT
RELATED TO
\$57,000,000*
BOARD OF EDUCATION OF
WASATCH COUNTY SCHOOL DISTRICT, UTAH
GENERAL OBLIGATION REFUNDING BONDS
(UTAH SCHOOL BOND GUARANTY PROGRAM), SERIES 2015

INTRODUCTION

This introduction is only a brief description of the Bonds, as hereinafter defined, the security and source of payment for the Bonds and certain information regarding the Board of Education of Wasatch County School District (the “Board”) and the Wasatch County School District, Utah (the “District”). 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.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015,” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL,” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT,” and “APPENDIX D—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.”

The District

The District shares common boundaries with Wasatch County, Utah (the “County”), located in central Utah, approximately 60 miles southeast of Salt Lake City and 30 miles east of the City of Provo. The District comprises an area of approximately 1,209 square miles and had approximately 27,714 residents according to the 2014 estimate of the U.S. Census Bureau. The District presently operates four elementary schools (grades k–4), one intermediate school (grades 5–6), one middle school (grades 7–8), one high school (grades 9–12), and one alternative high school (grades 9–12). Student enrollment in the District for the 2015-2016 school year is 6,286.

The Bonds

This Official Statement, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$57,000,000* General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2016 (the “Bonds”).

Security

The Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the Bonds as to both principal and interest. See “THE BONDS—Security and Sources of Payment” and “FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Ad Valorem Tax System” 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 (the “State”) under the provisions of the Utah School Bond Guaranty Act, Chapter 28 of Title 53A (the “Guaranty Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). See “STATE OF UTAH GUARANTY” herein.

* Preliminary; subject to change.

Authority and Purpose

The Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”); (ii) a resolution of the Board adopted on November 17, 2015 (the Bond Resolution”), which provides for the issuance of the Bonds, and (iii) other applicable provisions of law.

The Bonds are being issued for the purpose of (i) paying part of the costs of acquiring, constructing, furnishing and equipping of an elementary school, a middle school and an educational/community aquatics center and related improvements and (ii) paying authorization and issuance expenses incurred in connection with the Bonds.

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

Shall the Board of Education (the “Board”) of Wasatch County School District, Utah (the “District”), be authorized to issue general obligation bonds in an amount not to exceed Sixty-Two Million Dollars (\$62,000,000) (the “Bonds”) for the purpose of paying all or a portion of the costs of (i) acquiring, constructing, furnishing and equipping of an elementary school, a middle school and an educational/community aquatics center, and all related improvements; and (ii) authorization and issuance of the bonds; said bonds to be due and payable in not to exceed twenty-one (21) years from the date of issuance of the Bonds? (The Board reserves the right to accept any available market premium on the bonds (without a corresponding reduction of the election authorization of \$62,000,000) so long as such acceptance results in the lowest interest cost on the Bonds)?

The results of the Bond Election were declared by the Board, sitting as a Board of Canvassers, by proceedings duly passed on November 17, 2015, from which it appears that the total number of votes cast at the Election was 7,096, that the total number of votes cast in favor of the issuance of the bonds was 3,880, that the total number of votes cast against the issuance of the bonds was 3,216, with approximately 54% being in favor of the issuance of bonds.

The Bonds constitute the first block of bonds to be issued from the Bond Election voted authorization. After the sale and delivery of the Bonds, the Board will have \$5,000,000* authorized unissued bonds from the Bond Election. The District does not have current plans to issue the remaining authorization, but reserves the right to do so as capital costs become more certain and capital needs require.

Redemption Provisions

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

Registration, Denominations, Manner of Payment

The Bonds are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, NY (“DTC”). DTC 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. Beneficial Owners 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.

* Preliminary; subject to change.

Principal of and interest on the Bonds (interest payable February 1 and August 1 of each year, commencing February 1, 2017) are payable by Zions Bank, a division of ZB, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners of the Bonds. So long as DTC is the registered owner, it is, in turn, to remit such principal and interest to its Participants, for subsequent disbursements to the Beneficial Owners of the Bonds, as described under the caption “THE BONDS—Book-Entry Only System” herein.

Tax-Exempt Status

Federal Income Tax. In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the Bonds is excludable from gross income for purposes of the federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest paid to corporate holders of the Bonds may be indirectly subject to alternative minimum tax under certain circumstances. See “TAX MATTERS” herein.

State Income Tax. Bond Counsel is also of the opinion that, under currently existing laws, interest on the Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.

No Further Opinion. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Bonds.

Professional Services

As of the date of this Official Statement, the following have served the Board in the capacity indicated in connection with the issuance of the Bonds:

MUNICIPAL ADVISOR

George K. Baum & Company
15 West South Temple, Suite 1090
Salt Lake City, Utah 84101
(801) 538-0351

BOND REGISTRAR AND PAYING AGENT

Zions Bank, a division of ZB, National Association
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
(801) 844-7517

BOND COUNSEL

Ballard Spahr LLP
201 South Main Street, Suite 800
Salt Lake City, Utah 84111
(801) 531-3000

ATTORNEYS FOR THE BOARD

Fabian & Clendenin
215 South State Street, Suite 1200
Salt Lake City, Utah 84111
(801) 531-8900

Conditions of Delivery, Anticipated Date, Manner, and Place of Delivery

The Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder, subject to the approval of legality by Ballard Spahr LLP, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by Fabian & Clendenin, Salt Lake City, Utah. It is expected that the Bonds, in book-entry form only, will be available for delivery in Salt Lake City, Utah for deposit with a “fast agent” of DTC (Zions Bank, a division of ZB, National Association, Salt Lake City, Utah) on or about March 3, 2016.

Continuing Disclosure Agreement

The Board will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) 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 Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. The proposed form of the Continuing Disclosure Agreement is set forth under “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

The Board has represented that it is in compliance with each of its similar undertakings previously entered into under the Rule. A failure by the Board to comply with the Continuing Disclosure Agreement will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the Board to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 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 Undertaking (the “Master Undertaking”) for the benefit of the beneficial owners of the bonds, including the Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” herein. In the Master Undertaking, the State has undertaken to send certain information annually and to provide notice of certain events to certain information repositories 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” herein. 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 Master Undertaking complies with the requirements of the Rule.

Basic Documentation

The “basic documentation,” which includes the Resolution, the closing documents, 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 “contact persons” as indicated herein.

Contact Persons

As of the date of this Official Statement, the chief contact person for the Board concerning the Bonds is:

Mr. Keith Johansen
Business Administrator
Wasatch County School District
101 East 200 North
Heber City, Utah 84032
Phone (435) 654-0280
E-mail: keith.johansen@wasatch.edu

As of the date of this Official Statement, the chief contact person for the State concerning the State guaranty for the Bonds is:

Mr. David Damschen
Utah State Treasurer
350 North State Street, Suite C-180
(PO Box 142315)
Salt Lake City, Utah 84114-2315
Phone (801) 538-1042

As of the date of this Official Statement, additional requests for information may be directed to the Municipal Advisor:

Mr. Preston Kirk
Mr. Matt Dugdale
George K. Baum & Company
15 West South Temple, Suite 1090
Salt Lake City, Utah 84101
(801) 538-0351
E-mail: kirk@gkbaum.com
dugdale@gkbaum.com

Public Sale/Electronic Bid

The Bonds will be awarded pursuant to electronic competitive bidding held via the PARITY® electronic bid submission system on Wednesday, February 17, 2016, as set forth in the Official Notice of Bond Sale dated February 10, 2016.

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 ad valorem taxing power of the State under the provisions of the Utah School Bond Guaranty Act (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) which provides as follows:

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

In addition, the Guaranty Act provides that the State pledges to and agrees with the holders of 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 guaranteed under the Guaranty Act and (ii) Bonds which are guaranteed by the State for which payment is provided by the deposit of direct obligations of the United States government under the provisions of the Utah Refunding Bond Act 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 refunded in advance of their maturity. 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 on the Bonds to the Paying Agent at least 15 days before any principal or interest payment date on the Bonds. If the Business Administrator is unable to transfer the scheduled debt service payment to the Paying Agent in a timely manner, the Business Administrator must immediately notify the Paying Agent and the Utah State Treasurer (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 before any 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 (or from other legally available moneys) to make the payment. Under the Guaranty Act, the State Treasurer is required to immediately intercept any payments from the Uniform School Fund or from other source of operating moneys provided by the State to the Board. The intercepted payments will be used to reimburse the State until all obligations of the Board to the State, including interest and penalties, are paid in full. See “STATE OF UTAH SCHOOL FINANCE” herein. 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 in the form of general obligation notes as provided in the Guaranty Act. The provisions of the Guaranty Act relating to short-term debt provide that such debt will carry the full faith and credit of the State and will be issued with a maturity of not more than 18 months so that the State could, if necessary, obtain liquidity financing on short notice. Under the State Constitution, debt incurred for this purpose does not count toward the constitutional debt limit of the State.

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, evaluate and, at least annually, report his findings as to 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 the 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, 2015 (the “CAFR”), official statements for the State’s general obligation and lease revenue bond debt and the Master Undertaking are currently on file with the Municipal Securities Rulemaking Board (“MSRB”). The financial and

operating information with respect to the State contained in the CAFR, such official statements and continuing disclosure information, and the Master Undertaking 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. 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. The State's most recent official statements for its general obligation and lease revenue bonds may 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. The Board references such electronic and other financial information for convenience only and accepts no responsibility for the accuracy or updating of such information.

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated "AAA" by Fitch Ratings ("Fitch") and "Aaa" by Moody's Investors Service ("Moody's") and "AAA" by Standard & Poor's Rating Group, a division of The McGraw Hill Companies, Inc. ("S&P").

THE BONDS

General

The Bonds are dated the date of their initial delivery and will mature on February 1 of the years and in the amounts as set forth on the cover page of this Official Statement.

The Bonds shall bear interest from their Dated Date at the rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2017. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Zions Bank, a division of ZB, National Association, Salt Lake City, Utah is the Bond Registrar and Paying Agent for the Bonds under the Resolution (in such respective capacities, the "Bond Registrar" and "Paying Agent").

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

The Bonds are being issued within the constitutional debt limit imposed on school districts in the State. See "DEBT STRUCTURE OF WASATCH COUNTY SCHOOL DISTRICT—General Obligation Legal Debt Limit and Additional Debt Incurring Capacity" herein.

Security and Sources of Payment

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

See "FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Ad Valorem Tax System" and "STATE OF 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 under the provisions of the Guaranty Act. See "STATE OF UTAH GUARANTY" herein.

Redemption Provisions

Optional Redemption. The Bonds maturing on or prior to February 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on or after February 1, 2027 are subject to redemption prior to maturity at the option of the Board in whole or in part on any date on and after February 1, 2026 and if in part, in such order of

maturity as may be directed by the Board at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

Selection for Redemption. If fewer than all of the Bonds of any maturity are to be so redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed shall be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate, each \$5,000 of principal amount of the Bonds being counted as one Bond for this purpose.

Notice and Effect of Redemption. Notice of redemption shall be given by the Bond Registrar by first class mail, postage pre-paid, not less than thirty nor more than sixty days prior to the redemption date, to the registered owner thereof (the "Bondowner"), as of the Record Date (described below) of each Bond that is subject to redemption, at the address of such Bondowner as it appears in the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such Bondowner on or prior to the Record Date. Each notice of redemption shall state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds or portion of Bonds to be redeemed and that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of such Bonds the principal thereof and interest accrued thereon to the redemption date. Each notice of optional redemption may further state that such redemption shall be conditional upon the receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the board shall not be required to redeem such bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any Bond shall not affect the validity of the proceedings for redemption with respect to any other Bond.

In addition to the foregoing notice, further notice of redemption shall be given by the Bond Registrar to certain registered national securities depositories and national information services as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner affect the validity of a call for redemption if notice thereof is given as described in the preceding paragraph.

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 his 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 certify as to registration and authenticate (if applicable) 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 must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 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 (the fifteenth day next preceding such interest payment date) to and including such interest payment date or after the Record Date with respect to any redemption of such Bond. The Record Date

in the case of each redemption is the date specified by the Bond Registrar in the notice of redemption, but in any event is not less than 15 calendar days before the mailing of such notice of redemption.

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 Bonds for the purpose of payment of principal, premium and interest with respect to such Bond and for all other purposes whatsoever.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent. See “APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.”

SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Bonds are estimated to be as follows:

Sources of Funds

| | |
|--------------------------|-----------------|
| Par amount of Bonds | \$ _____ |
| [Net] Reoffering Premium | _____ |
| Total | <u>\$ _____</u> |

Uses of Funds

| | |
|----------------------------------|-----------------|
| Deposit to construction fund | \$ _____ |
| Purchaser’s Discount | _____ |
| Costs of Issuance ⁽¹⁾ | _____ |
| Total | <u>\$ _____</u> |

⁽¹⁾ Includes Municipal Advisor fees, legal fees, rating agency fees, registrar and paying agent fees, and other miscellaneous costs of issuance.

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DEBT SERVICE ON THE BONDS

| <u>Payment Date</u> | <u>Principal*</u> | <u>Interest</u> | <u>Total Payment</u> | <u>Fiscal Total</u> |
|---------------------|-------------------------|-----------------|----------------------|---------------------|
| 02/01/2017 | \$2,055,000.00 | | | |
| 08/01/2017 | — | | | |
| 02/01/2018 | 1,925,000.00 | | | |
| 08/01/2018 | — | | | |
| 02/01/2019 | 2,000,000.00 | | | |
| 08/01/2019 | — | | | |
| 02/01/2020 | 2,100,000.00 | | | |
| 08/01/2020 | — | | | |
| 02/01/2021 | 2,205,000.00 | | | |
| 08/01/2021 | — | | | |
| 02/01/2022 | 2,315,000.00 | | | |
| 08/01/2022 | — | | | |
| 02/01/2023 | 2,435,000.00 | | | |
| 08/01/2023 | — | | | |
| 02/01/2024 | 2,555,000.00 | | | |
| 08/01/2024 | — | | | |
| 02/01/2025 | 2,685,000.00 | | | |
| 08/01/2025 | — | | | |
| 02/01/2026 | 2,815,000.00 | | | |
| 08/01/2026 | — | | | |
| 02/01/2027 | 2,960,000.00 | | | |
| 08/01/2027 | — | | | |
| 02/01/2028 | 3,045,000.00 | | | |
| 08/01/2028 | — | | | |
| 02/01/2029 | 3,140,000.00 | | | |
| 08/01/2029 | — | | | |
| 02/01/2030 | 3,230,000.00 | | | |
| 08/01/2030 | — | | | |
| 02/01/2031 | 3,330,000.00 | | | |
| 08/01/2031 | — | | | |
| 02/01/2032 | 3,430,000.00 | | | |
| 08/01/2032 | — | | | |
| 02/01/2033 | 3,530,000.00 | | | |
| 08/01/2033 | — | | | |
| 02/01/2034 | 3,640,000.00 | | | |
| 08/01/2034 | — | | | |
| 02/01/2035 | 3,745,000.00 | | | |
| 08/01/2035 | — | | | |
| 02/01/2036 | <u>3,860,000.00</u> | | | |
| | <u>\$57,000,000.00*</u> | | | |

* Preliminary; subject to change.
 (Source: Municipal Advisor.)

WASATCH COUNTY SCHOOL DISTRICT

General

The District was established in 1915 and its boundaries are coterminous with those of Wasatch County, Utah (the “County”). The County is located in central Utah, in the heart of the Wasatch Mountains from which its name is derived, and is approximately 60 miles southeast of Salt Lake City and approximately 30 miles east of the City of Provo.

The District has many residents commuting to Summit County and the Wasatch Front (Davis, Salt Lake, Utah and Weber Counties) for employment purposes.

The District presently operates four elementary schools (two in Heber City, one in the unincorporated area of the County, and one in Midway City), an intermediate school, a middle school, and a high school, which incorporates an alternative high school (all located in Heber City). School district enrollment is as follows:

| <u>Fiscal Year</u> | <u>Total Enrollment</u> | <u>Percent Increase from Prior Year</u> |
|--------------------|-------------------------|---|
| 2015-2016 | 6,286 | 5.49% |
| 2014-2015 | 5,959 | 2.99 |
| 2013-2014 | 5,786 | 3.60 |
| 2012-2013 | 5,585 | 6.32 |
| 2011-2012 | 5,253 | 3.22 |
| 2010-2011 | 5,089 | 2.62 |
| 2009-2010 | 4,959 | n/a |

Form of Government

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

The Board is empowered, among other things, to: (i) purchase and sell school sites and buildings; (ii) construct and furnish school buildings; (iii) establish and maintain several kinds of schools, including kindergartens, primary schools, grammar schools, elementary schools, middle schools, special education schools, industrial or manual schools, and high schools; (iv) loan or sell books and supplies to students; (v) make and enforce all necessary rules and regulations for the control and management of the public schools in the District; (vi) adopt bylaws for its own procedure; and (vii) appoint a superintendent of schools, business administrator, and such officers or employees as are deemed necessary for the promotion of the interests of the schools.

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

Business Administrator. The Business Administrator of the District is appointed by the Board and reports to the Superintendent. The duties of the Business Administrator, among others, 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 and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury, and have custody of the records and papers of the Board. The Business Administrator is the custodian of all moneys belonging to the District and is required to prepare and submit to the Board a monthly report of the receipts and disbursements of the Business Administrator’s office. The Business Administrator is appointed by the Board for a two-year term. Compensation is fixed by the Board.

The current members of the Board, the Superintendent and Business Administrator and their respective terms in office are as follows:

| <u>Office</u> | <u>Person</u> | <u>Years in Service</u> | <u>Expiration of Current Term</u> |
|------------------------|--------------------|-------------------------|-----------------------------------|
| President | Mark Davis | 3 | December 31, 2016 |
| Vice President | Ann Horner | 13 | December 31, 2018 |
| Member | Blaik Baird | 7 | December 31, 2016 |
| Member | Debbie Jones | 5 | December 31, 2018 |
| Member | Shad Sorenson | 3 | December 31, 2016 |
| Superintendent | Terry E. Shoemaker | 14 | June 30, 2017 |
| Business Administrator | Keith Johansen | 20 | June 30, 2017 |

Employee Workforce and Retirement System

The District currently employs approximately 346 full-time equivalent certificated employees, approximately 204 full-time equivalent classified employees and approximately 20 full-time equivalent administrative employees for a total full-time equivalent employment of approximately 570 employees.

The District is a member of the Utah Retirement Systems (the “System”). The District also offers a modest “early retirement” incentive package to certificated or administrative employees who meet certain criteria. The District, in conjunction with EideBailly LLP, the District’s independent auditor, has determined that these benefits are termination benefits and has accounted for them accordingly. These benefits have been determined to be affordable and sustainable. The District does not anticipate that the current termination benefit liability will have a material adverse financial impact upon it. See “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015—Notes To Financial Statements—Note 5, Long-Term Obligations—Early Retirement Compensation Payable,” and “—Note 6, Pension Plans,” herein.

Risk Management

The District is insured by a combination of self-insurance and insurance through the Utah State School District’s Risk Management Pool administered by the Utah State Risk Management Office and private insurance policies. The District believes its risk management policies and coverages are normal and within acceptable coverage limits.

Investment of Funds

Investment of Operating Funds; The Utah Money Management Act. The State Money Management Act, Title 51, Chapter 7, Utah Code (the “MM Act”) governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial

institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.”

The Board is currently complying with all of the provisions of the MM Act for all Board operating funds. Substantially all of the District’s funds are invested in the Utah Public Treasurers Investment Fund, as discussed below in this section.

The Utah Public Treasurers’ Investment Fund (“PTIF”). The PTIF is a public treasurers’ investment fund, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return on short-term investments. All moneys transferred to the PTIF are invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

The PTIF invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually. The PTIF itself is not rated. Under current rules, the Board is limited to a daily maximum withdrawal of no more than \$10,000,000.00.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. Deposits are not insured or otherwise guaranteed by the State. However, it is the stated intent of the State Treasurer to manage a stable net asset value pool and maintain a net asset value that does not deviate by more than 0.5%

See “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015—Notes To Financial Statements—Note 2 Cash Deposits and Investments” herein.

DEBT STRUCTURE OF WASATCH COUNTY SCHOOL DISTRICT

Outstanding General Obligation Bonded Indebtedness (as of January 1, 2016)

| <u>Series</u> | <u>Purpose</u> | <u>Original Amount</u> | <u>Final Maturity Date</u> | <u>Current Principal Amount Outstanding</u> |
|---------------------|------------------|------------------------|----------------------------|---|
| 2007 | New Construction | \$45,000,000 | June 1, 2016 | \$2,175,000 |
| 2008 | New Construction | 14,500,000 | June 1, 2027 | 10,605,000 |
| 2014 | Refunding | 39,415,000 | June 1, 2026 | 39,415,000 |
| 2016 ⁽¹⁾ | New Construction | 57,000,000* | June 1, 2036* | <u>57,000,000*</u> |
| Total | | | | <u>\$109,195,000*</u> |

⁽¹⁾ For purposes of this Official Statement, the Bonds are considered issued and outstanding.
 * Preliminary; subject to change.

Debt Service Schedule on Outstanding General Obligation Bonds

| Year Ending June 30 | \$57,000,000* | | \$39,415,000 | | \$14,500,000 | | \$45,000,000 | | Grand Totals | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|-------------------|-----------------------|----------------------|-----------------------|
| | Series 2016 | | Series 2014 | | Series 2008 | | Series 2007 | | Total | Total | Total |
| | Principal* | Interest* | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Debt Service |
| 2016 | \$ - | \$ - | \$ 815,000 | \$ 1,631,950 | \$ 710,000 | \$ 431,694 | \$ 2,175,000 | \$ 108,750 | \$ 3,700,000 | \$ 2,172,394 | \$ 5,872,394 |
| 2017 | 2,055,000 | 1,917,900 | 3,115,000 | 1,591,200 | 740,000 | 408,619 | - | - | 5,910,000 | 3,917,719 | 9,827,719 |
| 2018 | 1,925,000 | 2,049,800 | 3,265,000 | 1,435,450 | 770,000 | 379,019 | - | - | 5,960,000 | 3,864,269 | 9,824,269 |
| 2019 | 2,000,000 | 1,972,800 | 3,465,000 | 1,272,200 | 800,000 | 348,219 | - | - | 6,265,000 | 3,593,219 | 9,858,219 |
| 2020 | 2,100,000 | 1,872,800 | 3,550,000 | 1,168,250 | 830,000 | 316,219 | - | - | 6,480,000 | 3,357,269 | 9,837,269 |
| 2021 | 2,205,000 | 1,767,800 | 3,700,000 | 990,750 | 860,000 | 283,019 | - | - | 6,765,000 | 3,041,569 | 9,806,569 |
| 2022 | 2,315,000 | 1,657,550 | 3,900,000 | 805,750 | 890,000 | 248,619 | - | - | 7,105,000 | 2,711,919 | 9,816,919 |
| 2023 | 2,435,000 | 1,541,800 | 4,130,000 | 610,750 | 920,000 | 213,019 | - | - | 7,485,000 | 2,365,569 | 9,850,569 |
| 2024 | 2,555,000 | 1,420,050 | 4,390,000 | 404,250 | 960,000 | 175,069 | - | - | 7,905,000 | 1,999,369 | 9,904,369 |
| 2025 | 2,685,000 | 1,292,300 | 4,475,000 | 272,550 | 1,000,000 | 135,469 | - | - | 8,160,000 | 1,700,319 | 9,860,319 |
| 2026 | 2,815,000 | 1,158,050 | 4,610,000 | 138,300 | 1,040,000 | 92,969 | - | - | 8,465,000 | 1,389,319 | 9,854,319 |
| 2027 | 2,960,000 | 1,017,300 | - | - | 1,085,000 | 47,469 | - | - | 4,045,000 | 1,064,769 | 5,109,769 |
| 2028 | 3,045,000 | 928,500 | - | - | - | - | - | - | 3,045,000 | 928,500 | 3,973,500 |
| 2029 | 3,140,000 | 837,150 | - | - | - | - | - | - | 3,140,000 | 837,150 | 3,977,150 |
| 2030 | 3,230,000 | 742,950 | - | - | - | - | - | - | 3,230,000 | 742,950 | 3,972,950 |
| 2031 | 3,330,000 | 646,050 | - | - | - | - | - | - | 3,330,000 | 646,050 | 3,976,050 |
| 2032 | 3,430,000 | 546,150 | - | - | - | - | - | - | 3,430,000 | 546,150 | 3,976,150 |
| 2033 | 3,530,000 | 443,250 | - | - | - | - | - | - | 3,530,000 | 443,250 | 3,973,250 |
| 2034 | 3,640,000 | 337,350 | - | - | - | - | - | - | 3,640,000 | 337,350 | 3,977,350 |
| 2035 | 3,745,000 | 228,150 | - | - | - | - | - | - | 3,745,000 | 228,150 | 3,973,150 |
| 2036 | 3,860,000 | 115,800 | - | - | - | - | - | - | 3,860,000 | 115,800 | 3,975,800 |
| Totals | \$ 57,000,000 | \$ 22,493,500 | \$ 39,415,000 | \$ 10,321,400 | \$ 10,605,000 | \$ 3,079,400 | \$ 2,175,000 | \$ 108,750 | \$ 109,195,000 | \$ 36,003,051 | \$ 145,198,051 |

* Preliminary; subject to change.
(Source: The Municipal Advisor.)

Overlapping General Obligation Debt

| <u>Overlapping Taxing Entity</u> | <u>2015* Taxable Value⁽¹⁾</u> | <u>District's Percentage</u> | <u>Entity's General Obligation Debt</u> | <u>District's Portion of Overlapping G.O. Debt</u> |
|---|--|----------------------------------|---|--|
| CUWCD ⁽²⁾ | \$132,705,805,757 | 3.1% | \$240,065,000 | \$7,442,015 |
| Wasatch County | 4,110,776,957 | 100.0 | 2,240,000 | <u>2,240,000</u> |
| Total overlapping general obligation debt ⁽³⁾ | | | | 9,682,015 |
| Total direct general obligation bonded indebtedness | | | | <u>109,195,000*</u> |
| Total overlapping and direct general obligation indebtedness ⁽³⁾ | | | | <u>\$118,877,015*</u> |

(1) Taxable value used in this table excludes all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See "FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Taxable and Market Value of Property in District" herein. 2015 taxable values are preliminary and subject to change.

(2) Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax bonds. These bonds are the only limited ad valorem tax bonds in the State issued under the Water Conservancy Act. By law, CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding limited ad valorem tax bonds.

(3) Does not include State of Utah general obligation debt since the State does not currently levy a property tax for such debt.

* Preliminary; subject to change. Assumes the Bonds are issued and outstanding.

(Sources: Utah State Tax Commission, CUWCD, and Wasatch County.)

General Obligation Legal Debt Limit and Additional Debt Incurring Capacity

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District. The current legal debt limit and additional debt incurring capacity of the Board based on an estimate of fair market value for 2015 and uniform fees for 2014 are calculated as follows:

| | |
|---|------------------------|
| 2015 Fair Market Value* | \$5,290,461,923 |
| Valuation from 2014 uniform fees ⁽¹⁾ | <u>87,376,400</u> |
| Fair Market Value for Debt Incurring Capacity | <u>\$5,377,838,323</u> |
| "Fair Market Value" x 4% Debt Limit | \$215,113,533 |
| Less: General Obligation Debt ⁽²⁾ | <u>109,195,000*</u> |
| Additional Debt Incurring Capacity ⁽²⁾ | <u>\$105,918,533</u> |

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the District the taxable value used to determine uniform fees on tangible personal property is included as a part of the fair market value of the taxable property in the District. 2015 uniform fee valuation is not yet available. See "FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Ad Valorem Tax System—Uniform Fees" and "—Taxable and Market Value of Property in District" herein.

(2) Taking into account the issuance of the Bonds; preliminary; subject to change.

* Preliminary; subject to change.

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

Debt Ratios

The following table sets forth the ratios of general obligation debt that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the District, the estimated market value of such property and the population of the District. The State's general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.

| | To 2015 <u>Taxable Value</u> ⁽¹⁾ | To 2015 Estimated <u>Fair Market Value</u> ⁽²⁾ | <u>Per Capita</u> ⁽³⁾ |
|--|--|--|----------------------------------|
| Direct General Obligation Debt | 2.66% | 2.06% | \$3,940 |
| Direct and Overlapping General Obligation Debt | 2.89 | 2.25 | 4,289 |

(1) Based on preliminary 2015 taxable value of \$4,110,776,957, which value does not include the taxable value used to determine uniform fees on motor vehicles.

(2) Based on preliminary estimate of 2015 fair market value of \$5,290,461,923, which value does not include the taxable value used to determine uniform fees on motor vehicles.

(3) Based on 2014 County population estimate of 27,714 by the U.S. Census Bureau.

(Source: Utah State Tax Commission, Property Tax Division, as to estimated fair market and taxable values only.)

See "FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Ad Valorem Tax System—Uniform Fees" and "—Taxable and Market Value of Property in District" herein.

No Defaulted Obligations

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

FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT

Fund Structure; Accounting Basis

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

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the combined financial statements. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015—Notes To Financial Statements—Note 1. Summary of Significant Accounting Principles" herein.

Budgets and Budgetary Accounting

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

For the fiscal year beginning July 1, the Business Administrator prepares a proposed budget for all funds which is presented to the Board by the Superintendent on or before June 1. State law requires budgets for all governmental fund types to have been adopted by the District.

After a public hearing has been held, the Board, by resolution, legally adopts the final budget prior to June 22. If the tax rate in the proposed budget exceeds the “certified tax rate,” the Board is to comply with Title 59, Chapter 2, of Utah Code Annotated 1953, as amended (the “Property Tax Act”) in adopting the budget. See in this section “Public Hearing on Certain Tax Increases” herein.

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

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

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

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

The General Fund and the Capital Projects Fund budgets are prepared using the modified accrual basis of accounting, adjusted for encumbrances. Unencumbered appropriations lapse at year end.

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

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

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

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

In determining the estimated expendable revenue, any existing deficits arising through excessive expenditures from former years are deducted from the estimated revenue for the ensuing year to the extent of at least 10% of the entire tax revenue of the school district for the previous year. In the event of financial hardships, a local board may deduct from the estimated expendable revenue for the ensuing year, by fund, at least 25% of the deficit amount.

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

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

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

School District Interfund Transfers. The State Board of Education may authorize school district interfund transfers for financially distressed districts if the State Board of Education determines the following: (a) the school district has a significant deficit in its maintenance and operations fund which has resulted from circumstances not subject to the administrative decisions of the school district and which cannot be reasonably reduced under Section 53A-19-104 of the Utah Code; and (b) without the transfer, the school district will not be capable of meeting statewide educational standards adopted by the State Board of Education.

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

Five-Year Financial Summaries

The summaries contained herein were extracted from the District's audited financial statements for the fiscal years ended June 30, 2011 through June 30, 2015. The summaries have not been audited. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015" herein.

WASATCH COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION—Governmental Activities
(This summary has not been audited.)

| | <u>2015</u> | <u>2014</u> | <u>As of June 30,</u> <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|--------------------|--------------------|--------------------------------------|--------------------|--------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and investments | \$15,638,022 | \$13,829,791 | \$18,978,438 | \$15,752,789 | \$15,132,739 |
| Receivables: | | | | | |
| Local | 43,375 | 996,338 | 135,432 | 329,627 | 467,981 |
| State | 124,927 | 164,145 | 163,846 | 108,868 | 84,513 |
| Federal | 1,407,455 | 1,769,363 | 428,805 | 456,207 | 1,088,062 |
| Property taxes | 27,961,740 | 25,448,406 | 25,366,951 | 24,886,826 | 24,915,025 |
| Advance to related party | — | — | — | 5,200 | 5,200 |
| Inventories | 38,951 | 30,060 | 34,268 | 65,233 | 77,020 |
| Bond issuance costs, net | — | — | — | 8,710 | 17,422 |
| Capital assets – Land | 9,285,016 | 9,553,707 | 6,493,711 | 6,732,402 | 7,966,920 |
| Other capital assets, net of depreciation | 98,555,325 | 99,448,441 | 102,125,162 | 103,027,064 | 101,006,318 |
| Pension assets | <u>17,525</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total assets | <u>153,072,336</u> | <u>151,240,251</u> | <u>153,726,613</u> | <u>151,372,926</u> | <u>150,761,200</u> |
| Deferred Outflows of Resources⁽¹⁾ | | | | | |
| Deferred charge on refunding | 2,492,727 | — | — | — | — |
| Pension plans | <u>3,033,109</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total Deferred Outflows of Resources | <u>5,525,836</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 5,231,348 | 4,869,764 | 4,590,106 | 3,529,377 | 3,391,202 |
| Accrued interest | 181,033 | 203,587 | 217,517 | 197,750 | 207,471 |
| Accrued salaries | 277,856 | 253,707 | 233,498 | 212,490 | 285,454 |
| Unearned revenue: | 19,046 | 15,656 | — | — | — |
| Property taxes | — | — | 24,874,919 | 24,560,633 | 24,600,393 |
| Other local | — | — | 6,168 | 25,029 | 34,935 |
| Noncurrent liabilities: | | | | | |
| Due within one year - bond payable, premium, early retirement | 4,718,856 | 4,069,984 | 3,868,551 | 3,694,170 | 3,432,409 |
| Due in more than one year - bond payable, premium, early retirement | 52,307,960 | 54,140,022 | 57,815,508 | 61,534,486 | 64,965,531 |
| Due in more than one year - net pension liability | <u>19,602,987</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total liabilities | <u>82,339,086</u> | <u>63,552,720</u> | <u>91,606,267</u> | <u>93,753,935</u> | <u>96,917,395</u> |
| Deferred Inflows of Resources⁽¹⁾ | | | | | |
| Unavailable property tax revenue | 27,497,619 | 25,108,412 | — | — | — |
| Pension plans | <u>1,851,675</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total Deferred Inflows of Resources | <u>29,349,294</u> | <u>25,108,412</u> | <u>—</u> | <u>—</u> | <u>—</u> |

⁽¹⁾ These category and associated line items were added to the District's balance sheet to meet to meet the requirements of GASB Statements 63 and 65, which required financial reporting of deferred inflows and outflows of resources and the reclassification of certain items.

Continued on next page . . .

| | <u>2015</u> | <u>2014</u> | <u>As of June 30,</u> <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------------------------|---------------------|---------------------|--------------------------------------|---------------------|---------------------|
| Net Position | | | | | |
| Net investment in capital assets | 51,624,498 | 51,411,687 | 47,421,275 | 45,068,535 | 40,964,068 |
| Restricted for: | | | | | |
| Food services | 38,951 | 30,060 | 37,194 | 64,834 | 43,446 |
| Non K-12 programs | – | – | 668,420 | 518,934 | 476,040 |
| Capital projects | 3,999,962 | 3,183,979 | 5,902,284 | 5,045,456 | 2,600,897 |
| Foundation | 98,666 | 49,607 | 45,122 | 44,860 | 44,519 |
| Debt service | 3,030,568 | 2,703,425 | 2,630,940 | 4,286,222 | 4,623,809 |
| Unrestricted | <u>(11,882,853)</u> | <u>5,200,361</u> | <u>5,415,111</u> | <u>2,590,150</u> | <u>5,091,026</u> |
| Total Net Position | <u>\$46,909,792</u> | <u>\$62,579,119</u> | <u>\$62,120,346</u> | <u>\$57,618,991</u> | <u>\$53,843,805</u> |

(Source: Information extracted from the District’s audited financial statements for the years 2011-2015.)

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WASATCH COUNTY SCHOOL DISTRICT
BALANCE SHEET—GOVERNMENTAL FUNDS—General Fund
(This summary has not been audited.)

| | <u>2015</u> | <u>2014</u> | <u>As of June 30</u> <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|---------------------|---------------------|-------------------------------------|---------------------|---------------------|
| Assets: | | | | | |
| Cash and investments | \$7,582,296 | \$8,101,515 | \$9,115,877 | \$7,923,618 | \$7,736,052 |
| Receivables: | | | | | |
| Local | 34,552 | 40,483 | 41,421 | 141,605 | 91,937 |
| State | 28,987 | 16,203 | 18,711 | — | — |
| Federal | 1,393,070 | 1,758,584 | 381,826 | 445,254 | 1,066,238 |
| Property taxes | 17,802,333 | 15,550,820 | 14,604,779 | 14,362,194 | 14,467,305 |
| Advance to related party | — | — | — | 5,200 | 5,200 |
| Total assets | <u>\$26,841,238</u> | <u>\$25,467,605</u> | <u>\$24,162,614</u> | <u>\$22,877,871</u> | <u>\$23,366,732</u> |
| Liabilities and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accrued liabilities | \$4,302,039 | \$3,973,837 | \$3,722,686 | \$3,594,665 | \$3,458,533 |
| Deferred revenues: property taxes | — | — | 14,320,839 | 14,173,393 | 14,238,355 |
| Total liabilities | <u>4,302,039</u> | <u>3,973,837</u> | <u>18,043,525</u> | <u>17,768,058</u> | <u>17,696,888</u> |
| Deferred Inflows of Resources ⁽¹⁾ | | | | | |
| Unavailable property tax revenue | <u>17,518,745</u> | <u>15,342,669</u> | — | — | — |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories | — | — | — | — | 5,200 |
| Advance to related party | — | — | — | 5,200 | — |
| Restricted: | | | | | |
| Non K-12 program | — | 670,750 | — | — | — |
| Committed: | | | | | |
| Contracts and encumbrances | 277,948 | 404,118 | 406,643 | 392,133 | — |
| Employee obligations | 810,973 | 619,366 | 484,382 | 537,725 | — |
| Undistributed reserve | 1,750,000 | 1,750,000 | 1,750,000 | 1,750,000 | 881,256 |
| Assigned: | | | | | |
| Transportation | — | — | — | — | 386,420 |
| Unassigned | <u>2,181,533</u> | <u>2,706,865</u> | <u>3,478,064</u> | <u>2,424,755</u> | <u>4,396,968</u> |
| Total fund balances | <u>5,020,454</u> | <u>6,151,099</u> | <u>6,119,089</u> | <u>5,109,813</u> | <u>5,669,844</u> |
| Total liabilities and fund balances | <u>\$26,841,238</u> | <u>\$25,467,605</u> | <u>\$24,162,614</u> | <u>\$22,877,871</u> | <u>\$23,366,732</u> |

⁽¹⁾ This category and line item were added to the District's balance sheet to meet to meet the requirements of GASB Statements 63 and 65, which required financial reporting of deferred inflows and outflows of resources and the reclassification of certain items.

(Source: Information extracted from the District's audited financial statements for the years 2011-2015.)

WASATCH COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS—General Fund
(This summary has not been audited.)

| | <u>2015</u> | <u>2014</u> | <u>As of June 30</u> <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|--------------------|--------------------|-------------------------------------|--------------------|--------------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Taxes | \$18,505,185 | \$18,428,603 | \$16,951,409 | \$16,688,072 | \$16,364,339 |
| Interest | 74,874 | 90,849 | 113,122 | 120,676 | 92,494 |
| Other | 374,297 | 344,907 | 321,483 | 568,383 | 586,815 |
| State sources | 21,701,350 | 19,917,075 | 18,167,947 | 16,046,112 | 15,191,821 |
| Federal sources | <u>2,404,795</u> | <u>2,142,027</u> | <u>1,854,117</u> | <u>1,680,062</u> | <u>2,616,676</u> |
| Total revenues | <u>43,060,501</u> | <u>40,923,461</u> | <u>37,408,078</u> | <u>35,103,305</u> | <u>34,852,145</u> |
| Expenditures: | | | | | |
| Instructional services | 31,963,491 | 29,902,622 | 25,843,433 | 24,784,147 | 24,502,058 |
| Support services: | | | | | |
| Student and instructional staff | 1,833,426 | 1,776,732 | 1,568,723 | 1,465,804 | 1,322,603 |
| General administration | 2,424,046 | 2,155,009 | 2,023,690 | 2,018,906 | 1,726,614 |
| School administration | 2,625,967 | 2,395,718 | 2,338,038 | 2,223,365 | 1,970,804 |
| Operation and maintenance of plant | 3,359,448 | 3,267,202 | 3,080,456 | 3,157,500 | 3,265,692 |
| Student transportation | 1,749,848 | 1,736,728 | 1,539,262 | 2,013,616 | 1,831,570 |
| Non-instructional services | <u>234,920</u> | <u>325,860</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total expenditures | <u>44,191,146</u> | <u>41,559,871</u> | <u>36,393,602</u> | <u>35,663,338</u> | <u>34,619,341</u> |
| Excess of revenues over (under) expenditures | <u>(1,130,645)</u> | <u>(636,410)</u> | <u>1,014,476</u> | <u>(560,033)</u> | <u>232,804</u> |
| Other financing sources: | | | | | |
| Transfers in (out) | <u>—</u> | <u>668,420</u> | <u>(5,200)</u> | <u>—</u> | <u>—</u> |
| Total other financing sources | <u>—</u> | <u>668,420</u> | <u>(5,200)</u> | <u>—</u> | <u>—</u> |
| Net change in fund balances | (1,130,645) | 32,010 | 1,009,276 | (560,033) | 232,804 |
| Beginning Fund Balances | <u>6,151,099</u> | <u>6,119,089</u> | <u>5,109,813</u> | <u>5,669,844</u> | <u>5,437,040</u> |
| Ending Fund Balances | <u>\$5,020,454</u> | <u>\$6,151,099</u> | <u>\$6,119,089</u> | <u>\$5,109,811</u> | <u>\$5,669,844</u> |

(Source: Information extracted from the District's audited financial statements for the years 2011-2015.)

Tax Levy and Collection

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally-assessed property by May 1 of each year and shall immediately notify the owners or operators of such property, and the county assessors, of such assessment. County assessors must assess all taxable property other than centrally-assessed property before May 22 of each year. Before May 25, 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 final tax rate before June 22, except as described below for rates in excess of the certified tax rate. County auditors must forward to the State Tax commission a statement prepared by the governing body of each taxing entity showing the amount and purpose of each levy.

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 level permitted by law, must notify the taxing entity that the rate has been lowered, and must 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 board of equalization will meet to hear complaints. Within 30 days following the mailing of the notice, taxpayers owning property assessed by a county assessor may file an application 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 no later than October 1, (with extensions requiring State Tax Commission approval). Such decision may be appealed to the State Tax Commission, which must decide all appeals by March 1 of the following year. Owners of centrally-assessed property, or any county with a showing of reasonable cause, may apply to the State Tax Commission on or before June 1 for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days following completion of the hearing and submission of all post hearing briefs. The county auditors must make a record of all changes, corrections and orders and, before November 1, must deliver the corrected assessment rolls to their respective county treasurers. By November 1, the county treasurers are to furnish to 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 following 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 the State and each taxing entity within the county its proportionate share of the taxes, on the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10.00 whichever is greater. However if the delinquent taxes and penalty are paid on or before January 31 of the following year, the penalty is only 1% of the amount of the delinquent taxes or \$10, whichever is greater. The amount of delinquent taxes and penalty bears interest at the federal discount rate in effect on January 1, plus 6% from January 1 until paid, but can be no less than 7% and no more than 10%. If after four years from the date the taxes become delinquent and taxes have not been paid, the affected county may advertise and sell the property at a tax sale.

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 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, exclusive of collections from redemptions, interest and penalties. 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 or any other adjustments. 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 collective levies are the actual levies imposed for such purposes.

On or before July 22 of the year in which such an increase is proposed, notice of the public hearing must be mailed to all property owners and, in most cases, must be advertised by publication. 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.

Ad Valorem Tax System

The Property Tax Act provides that all taxable property within the taxing entity is required to be assessed and taxed at a uniform and equal rate on the basis of 100% 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.” Determinations of “fair market value” shall take into account the current zoning laws applicable to the property in question. Section 3 of Article XIII of the State Constitution (the “State Constitution”) provides that the State Legislature may by law exempt from taxation up to 45% of the fair market value of residential property as defined by law. Pursuant to this provision, the State Legislature has provided that the “fair market value” of primary residential property shall be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally-assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal properties and (v) mines, mining claims and appurtenant machinery, furnishings and improvements, including oil and gas properties. 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. Each county assessor 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.

Many areas within the State have agricultural farmland devoted to the raising of useful plants and animals. For general property tax purposes, agricultural land is assessed based on statutory requirements and the value which the land has for agricultural use or on its agricultural value.

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 either the age or 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, and motor homes, for which the uniform fee is 1.0% of the fair market value. 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 \$10 to \$150, depending on the age of the vehicle. Recreational 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 age-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 Property Tax Valuation Agency Fund (the “PTVAF”) is funded by a statewide “multi-county assessing and collecting levy” not to exceed .0002 per dollar of taxable value of taxable property. Distribution of funds in PTVAF to each county is based on statutory qualification and

requirements. A county receiving PTVAF funds must levy an additional “county assessing and collecting levy” of at least .0003 per dollar of taxable value. The purpose of the multicounty assessing and collecting levy and the county assessing and collecting levy is to promote the: (i) accurate valuation of property; (ii) establishment and maintenance of uniform assessment levels within and among counties; and (iii) efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes.

A county may levy an additional tax to fund state mandated actions to meet legislative mandates or judicial or administrative orders which relate to promoting the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the administration of the property tax system.

Historical Tax Rates

| | Maximum Tax Rate ⁽¹⁾ | <u>Tax Rate</u> | | | | |
|--|------------------------------------|-----------------|----------------|----------------|------------------------------|----------------|
| | | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> | <u>2012-13⁽²⁾</u> | <u>2011-12</u> |
| General Fund: | | | | | | |
| Basic school levy ⁽³⁾ | formula | .001736 | .001419 | .001535 | .001651 | .001591 |
| Board local leeway | .001800 | .001525 | .001595 | .001615 | .001587 | .000000 |
| Voted leeway ⁽⁴⁾ | .001600 | .001420 | .001488 | .001509 | .001486 | .001394 |
| Board voted leeway | — | — | — | — | .000000 | .000456 |
| K-3 reading program | — | — | — | — | .000000 | .000000 |
| Special transportation | — | — | — | — | .000000 | .000309 |
| Tort liability | — | — | — | — | .000000 | .000019 |
| Recreation | — | — | — | — | .000000 | .000256 |
| Total | | <u>.004681</u> | <u>.004502</u> | <u>.004659</u> | <u>.004724</u> | <u>.004025</u> |
| Capital Outlay: | | | | | | |
| Capital local ⁽⁵⁾ | .003000 | .001289 | .001353 | .001374 | .001330 | .001006 |
| 10% of Basic Program | — | — | — | — | .000000 | .000268 |
| 10% of Other | — | — | — | — | .000000 | .000447 |
| Total | | <u>.001289</u> | <u>.001353</u> | <u>.001374</u> | <u>.001330</u> | <u>.001721</u> |
| Debt Service | | | | | | |
| (general obligation bonds): ⁽⁶⁾ | none | <u>.001377</u> | <u>.001513</u> | <u>.001577</u> | <u>.001659</u> | <u>.001538</u> |
| Judgment recovery levy ⁽⁷⁾ | none | — | — | — | .000000 | .000000 |
| Total all funds | | <u>.007347</u> | <u>.007368</u> | <u>.007610</u> | <u>.007713</u> | <u>.007284</u> |

(1) Maximum tax rate where applicable under current State law.

(2) The State changed its accounting/funding classifications for school districts beginning in Fiscal Year 2013. Set by law for the District’s portion of the State Minimum School Program.

(3) General maintenance and operation revenue.

(4) Construction remodeling projects and purchase of school sites/equipment, etc.

(5) The maximum limitation is not applicable to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.

(6) A “judgment levy” is levied for the purpose of collecting additional revenues. The Board has the legal right to levy a “Judgment Levy” in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation “judgment” circumstances that the Board had no control over.

(Source: The District.)

Taxable and Fair Market Value of Property in the District

| Year | Taxable Value | % Change Over Prior Year | Fair Market Value ⁽¹⁾ | % Change Over Prior Year |
|-------|------------------|--------------------------|----------------------------------|--------------------------|
| 2015* | \$4,110,776,957* | 7.37% | \$5,290,461,923* | 8.5% |
| 2014 | 3,828,442,030 | 4.74 | 4,876,422,417 | 5.05 |
| 2013 | 3,655,012,316 | 1.5% | 4,641,989,342 | 1.9 |
| 2012 | 3,602,239,437 | (2.8) | 4,555,345,748 | (2.2) |
| 2011 | 3,705,475,436 | (11.0) | 4,658,098,348 | (9.4) |
| 2010 | 4,162,800,317 | n/a | 5,142,573,051 | n/a |

⁽¹⁾ Estimated fair market values for 2010 through 2014 were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act.

* Preliminary; subject to change.

(Source: Property Tax Division, Utah State Tax Commission (as to Taxable Value only).)

Historical Summary of Taxable Value in the District

| | 2014 | | 2013 | 2012 | 2011 | 2010 |
|---------------------------|------------------------|----------------|------------------------|------------------------|------------------------|------------------------|
| | Taxable Value | % of T.V. | Taxable Value | Taxable Value | Taxable Value | Taxable Value |
| Locally Assessed: | | | | | | |
| Real property: | | | | | | |
| Primary residential | \$1,279,027,737 | 33.41% | \$1,204,463,123 | \$1,163,058,047 | \$1,162,467,227 | \$1,195,655,592 |
| Other residential | 1,937,710,791 | 50.61 | 1,839,771,420 | 1,815,034,709 | 1,908,748,916 | 2,281,423,035 |
| Commercial and industrial | 231,804,705 | 6.05 | 225,796,292 | 222,992,307 | 213,816,899 | 216,745,977 |
| FAA | 7,956,634 | 0.21 | 8,237,443 | 8,160,843 | 8,538,822 | 8,668,657 |
| Unimproved non-FAA | 222,636,127 | 5.82 | 229,968,783 | 245,286,395 | 263,524,760 | 316,592,727 |
| Agricultural | <u>18,791,771</u> | <u>0.49</u> | <u>18,556,863</u> | <u>18,034,859</u> | <u>18,264,463</u> | <u>18,759,885</u> |
| Total real property | <u>3,697,927,765</u> | <u>96.59</u> | <u>3,526,793,924</u> | <u>3,472,567,160</u> | <u>3,575,361,087</u> | <u>4,037,845,873</u> |
| Personal property: | | | | | | |
| Primary mobile homes | 1,837,181 | 0.05 | 1,842,131 | 1,849,666 | 1,849,666 | 1,844,416 |
| Secondary mobile homes | 1,242,149 | 0.03 | 1,212,300 | 1,212,300 | 1,212,300 | 1,234,300 |
| Other business personal | 53,753,502 | <u>1.40</u> | <u>50,797,695</u> | <u>50,099,288</u> | <u>53,095,107</u> | <u>49,811,676</u> |
| Total personal property | <u>56,832,832</u> | <u>1.48</u> | <u>53,852,126</u> | <u>53,161,254</u> | <u>56,157,073</u> | <u>52,890,392</u> |
| Total locally assessed | 3,754,760,597 | 98.08 | 3,580,646,050 | 3,525,728,414 | 3,631,518,160 | 4,090,736,265 |
| Centrally Assessed | <u>73,681,433</u> | 1.92 | <u>74,366,266</u> | <u>76,511,023</u> | <u>73,957,276</u> | <u>72,064,052</u> |
| Total taxable value | <u>\$3,828,442,030</u> | <u>100.00%</u> | <u>\$3,655,012,315</u> | <u>\$3,602,239,437</u> | <u>\$3,705,475,436</u> | <u>\$4,162,800,317</u> |

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

Tax Collection Record for the District

| Year | Total Taxes Levied ⁽¹⁾ | Treasurer's Relief | Net Assessed Taxes | Current Collections | % of Current to Net Assessed Taxes | Delinquent Collections ⁽²⁾ | Total Tax Collected | % of Total Collections to Net Assessed Taxes |
|------|-----------------------------------|--------------------|--------------------|---------------------|------------------------------------|---------------------------------------|---------------------|--|
| 2014 | \$28,221,498 | \$188,778 | \$28,032,720 | \$26,667,156 | 94.5% | \$1,941,550 | \$28,608,706 | 102.1% |
| 2013 | 27,828,090 | 204,695 | 27,623,395 | 26,533,957 | 96.1 | 2,918,538 | 29,452,495 | 106.6 |
| 2012 | 27,761,267 | 196,894 | 27,564,373 | 25,662,090 | 93.1 | 2,617,312 | 28,279,402 | 102.6 |
| 2011 | 26,942,236 | 484,510 | 26,457,726 | 24,740,813 | 93.5 | 3,089,013 | 27,829,826 | 105.2 |
| 2010 | 26,903,082 | 451,582 | 26,451,500 | 23,848,343 | 90.2 | 3,147,931 | 26,996,274 | 102.1 |

⁽¹⁾ The Board has collected Uniform Fees which are included herein for tax year 2014 of \$1,310,646, and for tax year 2013 of \$1,236,713, for tax year 2012 of \$1,170,375; tax year 2011 of \$1,159,341, for tax year 2010 of \$1,235,491, from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

⁽²⁾ Delinquent Collections include interest, sales of real and personal property, and miscellaneous delinquent collections.

(Source: The District.)

Some of the Largest Property Taxpayers

| Taxpayer | Type of Business | 2015 ⁽¹⁾ Taxable Value | Percent of District's total 2015 Taxable Value ⁽¹⁾ |
|----------------------------------|------------------|-----------------------------------|---|
| Deer Crest Janna LLC | Real estate | \$41,293,433 | 1.0% |
| Red Ledges Land Development Inc. | Real estate | 40,912,934 | 1.0 |
| Pacificorp | Electric utility | 26,659,410 | 0.6 |
| Deer Crest Associates | Real estate | 26,126,713 | 0.6 |
| Deer Crest Holdings LLC | Real estate | 20,587,948 | 0.5 |
| VR Acquisitions LLC | Real estate | 13,327,058 | 0.3 |
| Boyer Heber City LC | Real estate | 12,659,661 | 0.3 |
| United Park City Mines Co. | Real estate | 12,398,778 | 0.3 |
| Tuhaye LLC | Real estate | 11,999,074 | 0.3 |
| Individual residence | — | <u>10,278,326</u> | <u>0.3</u> |
| Total | | <u>\$216,243,335</u> | <u>5.3%</u> |

⁽¹⁾ Preliminary; subject to change. Taxable Value used in this table excludes all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See "FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Taxable and Market Value of Property in District (Excluding Fee-In-Lieu Valuation)" herein.

(Source: The District.)

STATE OF UTAH SCHOOL FINANCE

Sources of Funds

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district (“Local Funding”), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes (“State Funding”) and federal sources (“Federal Funding”). For Fiscal Year 2015, approximately 35% of the District’s funding was provided by State Funding, approximately 59% from Local Funding and approximately 6% from Federal Funding. See “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015.”

Local District Funding

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

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’s Uniform School Fund. The Uniform School Fund is funded primarily from personal income taxes and corporate franchise taxes. State Funding is also available, under certain circumstances, to school districts for payment of a portion of capital costs.

Federal Funding

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

Summary of State and Federal Funds

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

| <i>State Funds</i> | Fiscal Year Ended June 30 (Unaudited) | | | | |
|--------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| General Fund | \$21,701,350 | \$19,917,075 | \$18,167,947 | \$16,046,112 | \$15,191,821 |
| Special Revenue Funds | <u>352,194</u> | <u>324,463</u> | <u>844,918</u> | <u>711,242</u> | <u>622,067</u> |
| Total | <u>22,053,544</u> | <u>20,241,538</u> | <u>19,012,865</u> | <u>16,757,354</u> | <u>15,813,888</u> |
| % change over prior year | 8.95 | 6.46 | 13.46 | 5.97 | (2.01) |
| <i>Federal Funds</i> | | | | | |
| General Fund | 2,404,795 | 2,142,027 | 1,854,117 | 1,680,062 | 2,616,676 |
| Special Revenue Funds | <u>1,178,060</u> | <u>1,150,572</u> | <u>1,244,794</u> | <u>1,150,374</u> | <u>1,083,551</u> |
| Total | <u>3,582,855</u> | <u>3,292,599</u> | <u>3,098,911</u> | <u>2,830,436</u> | <u>3,700,227</u> |
| % change over prior year | 8.82 | 6.25 | 9.49 | (23.51) | (14.07) |

(Source: The District's financial statements for the years shown. This summary has not been audited.)

LEGAL MATTERS

General

The authorization and issuance of the Bonds are subject to the approval of Ballard Spahr LLP, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by Fabian & Clendenin. 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 B—PROPOSED FORM OF OPINION OF BOND COUNSEL" of this Official Statement will be made available upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" herein.

The employment of Bond Counsel is limited to the review of the transcripts of legal proceedings authorizing the issuance of the Bonds and the legality of the source of payment of the Bonds, and to the issuance of the legal opinion, in conventional form, relating solely to the validity of the Bonds pursuant to such authority and the excludability of interest on the Bonds for income tax purposes as described above. Except for said legal matters, which will be specifically covered in its opinion, Bond Counsel has assumed no responsibility for the accuracy or completeness of any information furnished to any person in connection with or any offer or sale of the bonds in the Official Statement or otherwise.

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

Absence of Litigation

The attorneys for the Board, Fabian & Clendenin, have officially advised that, to the best of their knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the Bonds.

TAX MATTERS

Federal Income Tax. In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, based on an analysis of currently existing laws, regulations, decisions and interpretations, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Board and continuing compliance by the Board and District with the requirements of the Internal Revenue Code of 1986. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the Bonds may be offered at a premium (“original issue premium”) over principal amount. Original issue premium is amortizable periodically over the term of a Bond through reductions in the holder’s tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Bondholders should consult their tax advisers for an explanation of the amortization rules.

Original Issue Discount. Certain of the Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. Original issue discount on a Bond accrues as tax-exempt interest periodically over the term of the Bond. The accrual of original issue discount increases the holder’s tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Bondholders should consult their tax advisers for an explanation of the accrual rules.

State of Utah Income Tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of Utah individual income taxes under currently existing law.

No Further Opinion. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Changes in Federal and State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. 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. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisers regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

BOND RATINGS

As of the date of this Official Statement, the Bonds are rated “Aaa” by Moody’s Investors Service (“Moody’s”), based upon the State Guaranty Act. Additionally, as of the date of this Official Statement, Moody’s has given the Bonds an underlying rating of “Aa3.” An explanation of these ratings may be obtained from Moody’s.

Any explanation of the significance of these ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the Bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The Board, for the benefit of the beneficial owners of the Bonds, will execute a continuing disclosure undertaking pursuant to which the Board will send certain information annually and provide notice of certain events to the MSRB pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission. See “APPENDIX D—FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Agreement that will be executed and delivered by the Board.

A failure by the Board to comply with the Continuing Disclosure Agreement will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement. See APPENDIX D. A failure by the Board to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

MISCELLANEOUS

Municipal Advisor

The Board has entered into an agreement with George K. Baum & Company, Salt Lake City, Utah (the “Municipal Advisor”) whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the Board, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement.

Independent Accountants

The financial statements as of June 30, 2015 and for the year then ended, included in this Official Statement, have been audited by Eide Bailly LLP, Salt Lake City, Utah (“Eide Bailly”), as stated in its report in “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2015” to this Official Statement. Eide Bailly has not consented to the use of its name, audited financial statements and report in this Official Statement.

Certification Concerning the Official Statement

The closing documents will include a certificate confirming, to the best knowledge, information and belief of the Board that the description and statements contained in this Official Statement are true, correct and complete in all material respects and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein in order to make the statements, in light of circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended, the foregoing confirmation will also encompass such supplements of amendments.

Additional Information

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

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

This Preliminary Official Statement is in a form “deemed final” by the Board for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

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

This Official Statement and its distribution and use have been duly authorized by the Board.

BOARD OF EDUCATION OF WASATCH
COUNTY SCHOOL DISTRICT, UTAH

By: _____
President

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2015**



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June 30, 2015

Wasatch County School District

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Independent Auditor's Report

The Board of Education
Wasatch County School District
Heber City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wasatch County School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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 the District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Effect of Adopting New Accounting Standard

As described in Notes 1 and 11 to the financial statements, the District has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left quadrant of the page.

Salt Lake City, Utah
November 30, 2015

Management's Discussion and Analysis

The following discussion and analysis of the Wasatch County School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015.

Financial Highlights

Net position – As reported in the notes to the financial statements (note #11), the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, on July 1, 2014. This led to a restatement of net position at July 1, 2014 from \$62,579,119 to \$42,421,865.

The District's net position, as shown in the entity-wide statement of net position, exceeded liabilities by \$46,909,792 for the fiscal year ended June 30, 2015, as compared to the above-mentioned restated value of \$42,421,865 at the end of June 30, 2014. This was an increase in net position of \$4,487,927 from the prior year. This amount represents total assets and deferred outflows less total liabilities and deferred inflows.

Fund balance – The District experienced a decrease in its General fund balance from \$6,151,099 at June 30, 2014, to \$5,020,454 at June 30, 2015. This was caused by a sharp decrease in the amount of local property tax redemptions from prior years, combined with the implementation of several programs that receive little or no funding at the State or Federal level, yet are proven to improve educational results at the local level. The Board of Education was willing to adopt these types of programs, with the understanding that it must increase its efforts to secure taxation levels that ensure adequate funding for the District, as stated in the Board's Strategic Plan adopted on July 17, 2003. The Board of Education has made this commitment going forward, which represents a significant effort on the part of the District to maintain fiscal accountability.

Revenue changes – State revenues totaled \$22,053,544 for fiscal year 2015 as compared to \$20,241,538 for fiscal year 2014. This increase is the result of the substantial growth in enrollment of 3.0%, combined with the increase in the funding of the State weighted pupil unit. State revenues for fiscal year 2015 are just \$2,665,135 higher than the amount of \$19,388,409 for fiscal year 2008, prior to the downturn in the economy. This is an overall increase during the 7 year period of 13.75%, even though district student enrollment during that same time period increased by 29.9%. State revenues increased to 35.5% of total revenues for fiscal year 2015 as compared to 35.1% for fiscal year 2014. Local revenues totaled \$36,503,801 for fiscal year 2015 as compared to \$34,140,220 for fiscal year 2014. Local revenues were 58.8% of total revenues for fiscal year 2015 as compared to 59.2% for fiscal year 2014. Federal revenues totaled \$3,582,855 for fiscal year 2015 as compared to \$3,292,599 for fiscal year 2014. The District is pursuing all available Federal funds. Federal revenues were 5.7% of total revenues for fiscal year 2015 as compared to 5.7% for fiscal year 2014. Total revenues for the year ended June 30, 2015 was \$62,140,200 as compared to \$57,674,357 for fiscal year 2014.

Other issues –In an ongoing effort to provide students with the most current and effective educational opportunities, the District will continue with a digital conversion implementation. This implementation consists of the following critical components to be phased in throughout the District: digital interactive curriculum, job embedded professional development, 1:1 devices for all students, and digital friendly classrooms. As a result of this conversion process, available funds were used to purchase devices for grades 9 through 12, as well as added technology and curriculum support personnel. 1:1 devices have now been made available to each student in grades 5 through 12.

The Board of Education refinanced a major portion of the District's outstanding general obligation bonds in July, 2014. The result of this refinancing was a net present value benefit of \$3,096,988 and a reduction in interest expenses of approximately \$300,000 per year over the remaining life of the bonds.

As a result of the steady increase in the number of students, the District is actively acquiring future school sites to be used as additional schools are required. The District was able to sell approximately 10 acres on the very busy Main Street of Heber City where the high school had been located, and used these funds in the acquisition of other sites. Subsequent to the completion of fiscal year 2015, the Board of Education placed on the November, 2015, ballot a general obligation bond proposition in the amount of \$62,000,000 for the building and furnishing of a new elementary school, a new middle level school, and a new aquatic center. This bond proposition passed by a margin of 55% to 45%. Construction of these facilities will begin in the spring of 2016, to be completed by August of 2017.

Salaries and benefits totaled 66.7% of the total expenditures for fiscal year 2015. This compares to 63.7% of the total expenditures for fiscal year 2014. Salary expenses increased 4.5% during fiscal year 2015. Employee benefits costs increased 9.3% during the same time period. This increase included a substantial adjustment to the amount the District contributes to the Utah Retirement System for its employees, as well as a slight increase in the cost of health insurance. Benefits costs totaled 59.2% of salaries expenses for fiscal year 2015, as compared to 56.6% for fiscal year 2014.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements can be found on pages 13 and 14.

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 financial compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – All of the Districts day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's General government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Debt Service fund, and the Capital Projects fund, all of which are considered to be major funds. Data from the other three governmental funds (Student Activities, Food Services, and the Wasatch County School District Foundation) are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 financial statements can be found on pages 16 to 18.

Fiduciary fund – The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statements can be found on pages 48 to 49.

Notes to the basic financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 40.

Other information – The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 46 to 52.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The District had total net position of \$46,909,792 at June 30, 2015, and \$42,421,865 at June 30, 2014. The District has noncurrent liabilities comprised principally of outstanding bonded debt and net pension liability of \$76,629,803 at June 30, 2015, and \$80,752,642 at June 30, 2014. In addition, the noncurrent liabilities include early retirement termination benefits due to former District employees. Capital assets are used to provide services to students in the form of school buildings, buses, computers, furniture, etc. Consequently, these assets are not available for future spending needs. Due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, the District's unrestricted net position was (\$11,882,853) at June 30, 2015, as compared to (\$14,829,287) as of June 30, 2014. The District's unrestricted net position is expected to increase each year as the debt is paid off.

An additional portion of the District's net position, \$7,168,147, represents resources that are subject to external restrictions on how they may be used. These restrictions relate to debt service reserves, capital projects, the school lunch, and the education foundation. The following is a summary of the net position as of June 30, 2015 and 2014:

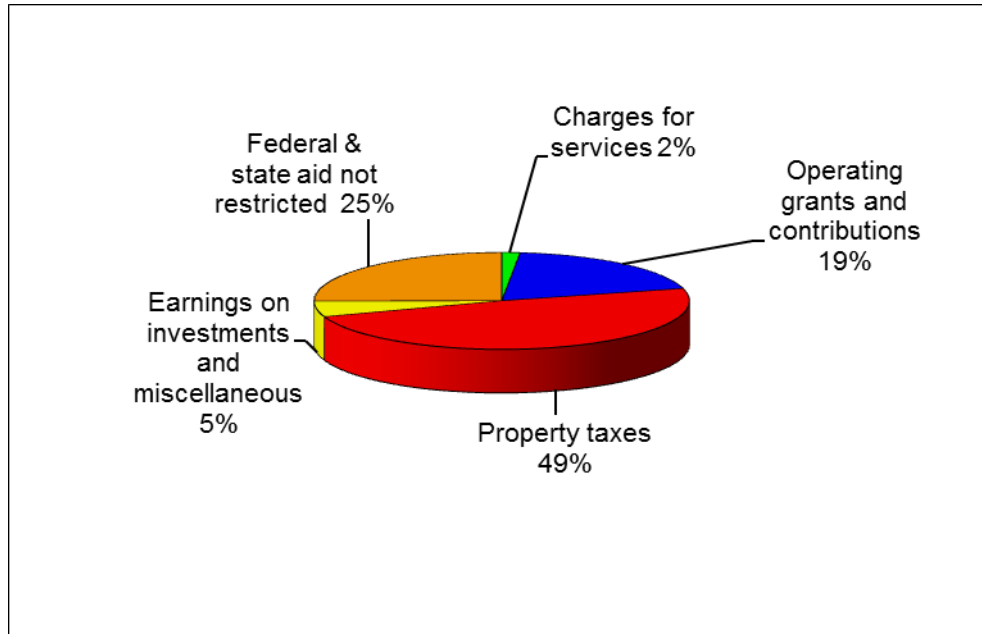
| | 2015 | 2014 |
|---|---------------|---------------|
| Current and other assets | \$ 45,214,470 | \$ 42,238,103 |
| Capital assets | 107,840,341 | 109,002,148 |
| Pension assets | 17,525 | - |
| Total assets | 153,072,336 | 151,240,251 |
| | | |
| Deferred outflows of resources | 5,525,836 | 2,385,382 |
| | | |
| Long-term liabilities outstanding | 76,629,803 | 80,752,642 |
| Other liabilities | 5,709,283 | 5,342,714 |
| Total liabilities | 82,339,086 | 86,095,356 |
| | | |
| Deferred inflows of resources | 29,349,294 | 25,108,412 |
| | | |
| Net assets: | | |
| Invested in capital assets, net of related debt | 51,624,498 | 51,411,687 |
| Restricted | 7,168,147 | 5,839,465 |
| Unrestricted | (11,882,853) | (14,829,287) |
| Total net assets | \$ 46,909,792 | \$ 42,421,865 |

Governmental Activities

Net position increased by \$4,487,927 during fiscal year 2015. The following summarizes the year's revenues, expenses and change in net position for the years ended June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 971,650 | \$ 829,263 |
| Operating grants and contributions | 12,021,772 | 13,047,062 |
| General revenues: | | |
| Property taxes | 30,285,694 | 30,105,938 |
| Federal and state aid not restricted to specific purposes | 15,608,471 | 13,430,350 |
| Earnings on investments | 76,942 | 95,334 |
| Gain on sale of assets | 1,936,868 | - |
| Miscellaneous | 218,192 | 50,212 |
| Total revenues | <u>61,119,589</u> | <u>57,558,159</u> |
| Expenses: | | |
| Instructional services | 38,999,481 | 38,990,021 |
| Supporting services: | | |
| Students | 1,880,241 | 1,832,928 |
| District administration | 2,433,198 | 2,333,395 |
| School administration | 2,578,497 | 2,459,777 |
| Operation and maintenance of facilities | 3,962,212 | 3,822,187 |
| Transportation | 2,342,570 | 2,363,472 |
| School lunch services | 2,202,845 | 2,427,501 |
| Non-instructional services | 509,832 | 325,860 |
| Interest on long-term liabilities | 1,722,786 | 2,544,246 |
| Total expenses | <u>56,631,662</u> | <u>57,099,387</u> |
| Increase in net assets | 4,487,927 | 458,772 |
| Net assets – beginning | 42,421,865 | 41,963,093 |
| Net assets – ending | <u>\$ 46,909,792</u> | <u>\$ 42,421,865</u> |

Revenues by Source - Governmental Activities



Financial Analysis of the District's Funds

Governmental funds – The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending. Under Utah law, it is illegal to budget for an undesignated fund balance. This is in alignment with the concept that the revenues provided to a District are intended to be used during the period for which they were generated. That is to say that at the beginning of a fiscal year, undesignated fund balance is budgeted to be \$0. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, that unspent balance must be budgeted to be used in normal operations during the next fiscal year so as to prevent a District from accumulating excess funds.

Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget and are identified as specific reservations and/or designations of fund balances, they are not available for appropriation. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

Utah law allows for an undistributed reserve fund balance not to exceed 5% of the General fund budget.

Total fund balances in the governmental funds were \$12,188,601 as of June 30, 2015, and \$11,990,564 as of June 30, 2014.

General fund – The General fund is the primary operating fund of the District. The total fund balance in the General fund was \$5,020,454 as of June 30, 2015, compared to \$6,151,099 as of June 30, 2014. The total committed fund balance in the General fund was \$2,838,921, and the remaining \$2,181,533 is unassigned.

General Fund Budgetary Highlights

The Board of Education revised the 2014-2015 Budget during the year. Budget amendments reflected changes in programs and related funding. The difference between the original budget and the final amended budget increased the total amount of budgeted expenditures by \$1,241,907. The fund balance decreased by \$1,130,645 from \$6,151,099 at June 30, 2014, to \$5,020,454 at June 30, 2015.

Final budgeted revenues were revised to \$43,672,588. The amended revenue figures reflected increases in local, state, and federal revenues.

Final actual expenditures were \$626,378 below the amended budget. Final revenues were \$612,087 less than had been anticipated in the amended budget.

Capital Asset and Debt Administration

Capital Assets – The capital projects fund accounts for the costs incurred for acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

The following chart summarizes Capital Assets (Net of Depreciation) at June 30, 2015 and 2014:

| | 2015 | | 2014 |
|----------------------------|----------------|----|-------------|
| Land | \$ 9,285,016 | \$ | 9,553,707 |
| Buildings and improvements | 95,600,576 | | 96,595,741 |
| Vehicles | 2,351,541 | | 2,258,943 |
| Furniture and equipment | 603,208 | | 593,757 |
| Total capital assets | \$ 107,840,341 | \$ | 109,002,148 |

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

Debt Administration – The District has debt relating to General obligation bonds and early retirement termination benefits payable to former District employees.

Total debt reductions during the year included regularly scheduled payments of \$3,750,000 in principal retirement on existing bonds. Early retirement termination benefits to former District employees increased during the year by \$191,607.

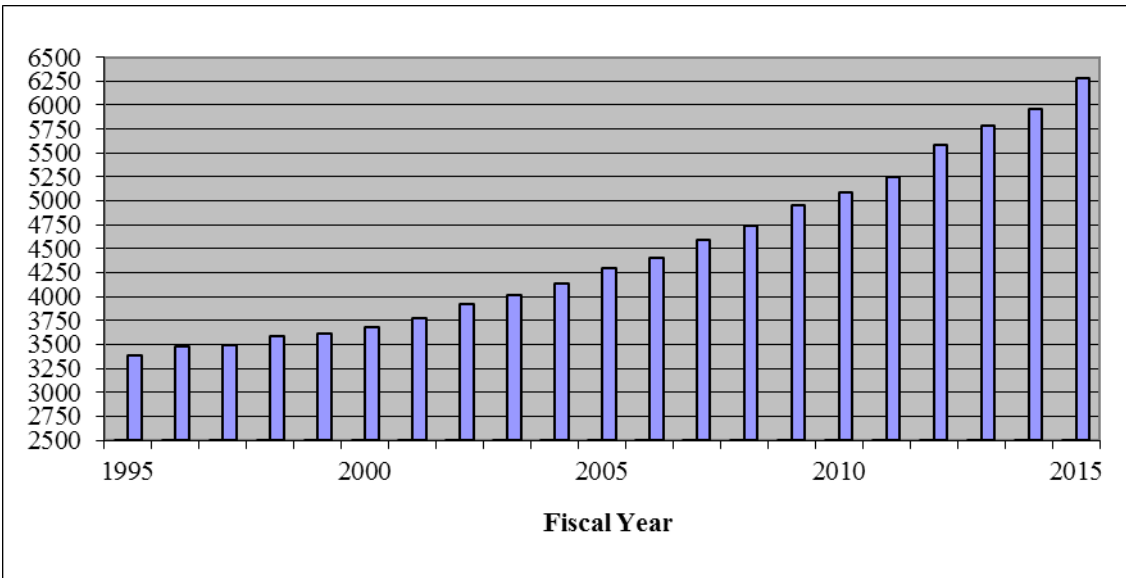
The General obligation bonded debt is limited by Utah law to 4% of the fair market value of the total taxable property. The unused legal debt capacity at June 30, 2015 was \$146,356,953. As mentioned previously, however, the Board of Education did place on the November, 2015, ballot a general obligation bond proposition for \$62,000,000, which passed by a margin of 55% to 45%.

Student Enrollment

Student enrollment has steadily increased since 1990. The County has experienced growth due to its favorable living environment and General economic growth. As a result, property values have increased significantly as new people have moved in. Some businesses have located in the area which has attracted new employees. Also, because of the close proximity of Park City, and the Salt Lake and Provo Valleys to the County, other people have moved into the area but continue to work outside the County's boundaries and commute to their jobs.

The District constructed the Heber Valley Elementary School in 1997 and also remodeled the Midway Elementary School that same year to accommodate more students. In addition, a new middle school was completed in 2000. Completion of Old Mill Elementary and the addition to JR Smith Elementary occurred during 2006. A new high school was completed in August, 2009. Student enrollment is expected to increase steadily into the foreseeable future. The District will continue to deal with the increases to ensure that its students receive the best of educational opportunities.

Student Enrollment History, 1994 Through 2015



Requests for Information

This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a General overview of the District's finances and to show accountability for tax dollars. If you have questions about this report or need additional financial information, contact the Treasurer and Business Administrator, Wasatch School District, 101 East 200 North, Heber City, UT 84032.



Government-Wide Financial Statements
June 30, 2015

Wasatch County School District

Wasatch County School District
Statement of Net Position
June 30, 2015

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Current assets | |
| Cash and investments | \$ 15,638,022 |
| Receivables: | |
| Local | 43,375 |
| State | 124,927 |
| Federal | 1,407,455 |
| Property taxes | 27,961,740 |
| Inventories | 38,951 |
| Capital assets: | |
| Land | 9,285,016 |
| Other capital assets, net of depreciation | 98,555,325 |
| Pension assets | 17,525 |
| Total Assets | 153,072,336 |
| Deferred Outflows of Resources | |
| Deferred charge on refunding | 2,492,727 |
| Pension plans | 3,033,109 |
| Total Deferred Outflows of Resources | 5,525,836 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 5,231,348 |
| Accrued interest | 181,033 |
| Accrued salaries | 277,856 |
| Unearned Revenue | 19,046 |
| Noncurrent liabilities: | |
| Due within one year - bond payable, premium, early retirement | 4,718,856 |
| Due in more than one year - bond payable, premium, early retirement | 52,307,960 |
| Due in more than one year - net pension liability | 19,602,987 |
| Total Liabilities | 82,339,086 |
| Deferred Inflows of Resources | |
| Unavailable property tax revenue | 27,497,619 |
| Pension plans | 1,851,675 |
| Total Deferred Inflows of Resources | 29,349,294 |
| Net Position | |
| Net investment in capital assets | 51,624,498 |
| Restricted for: | |
| Food services | 38,951 |
| Capital projects | 3,999,962 |
| Foundation | 98,666 |
| Debt service | 3,030,568 |
| Unrestricted | (11,882,853) |
| Total Net Position | \$ 46,909,792 |

See Notes to Financial Statements

Wasatch County School District
Statement of Activities
Year Ended June 30, 2015

| Functions | Expenses | Program Revenues | | | Net (Expense) |
|------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| | | | | | Total Governmental Activities |
| Governmental activities | | | | | |
| Instructional services | \$ 38,999,481 | \$ 297,356 | \$ 9,667,705 | \$ - | \$ (29,034,420) |
| Support services | | | | | |
| Student and instructional staff | 1,880,241 | - | 23,373 | - | (1,856,868) |
| General administration | 2,433,198 | - | - | - | (2,433,198) |
| School administration | 2,578,497 | - | - | - | (2,578,497) |
| Operation and maintenance of plant | 3,962,212 | - | - | - | (3,962,212) |
| Student transportation | 2,342,570 | - | 943,483 | - | (1,399,087) |
| School lunch service | 2,202,845 | 651,315 | 1,387,211 | - | (164,319) |
| Non-instructional services | 509,832 | 22,979 | - | - | (486,853) |
| Interest on long-term liabilities | 1,722,786 | - | - | - | (1,722,786) |
| Total school district | \$ 56,631,662 | \$ 971,650 | \$ 12,021,772 | \$ - | (43,638,240) |
| General revenues | | | | | |
| Property taxes levied for: | | | | | |
| | | | | | 24,724,273 |
| | | | | | 5,561,421 |
| | | | | | 15,608,471 |
| | | | | | 76,942 |
| | | | | | 1,936,868 |
| | | | | | 218,192 |
| | | | | | <u>48,126,167</u> |
| | | | | | 4,487,927 |
| | | | | | <u>42,421,865</u> |
| | | | | | <u>\$ 46,909,792</u> |



Fund Financial Statements
June 30, 2015

Wasatch County School District

Wasatch County School District
Balance Sheet – Governmental Funds
June 30, 2015

| | General | Debt Service | Capital Projects | Non Major Governmental Funds | Total Governmental Funds |
|--|-----------------------------|----------------------------|----------------------------|------------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and investments | \$ 7,582,296 | \$ 2,935,262 | \$ 3,973,147 | \$ 1,147,317 | \$ 15,638,022 |
| Receivables: | | | | | |
| Local | 34,552 | - | 8,823 | - | 43,375 |
| State | 28,987 | - | - | 95,940 | 124,927 |
| Federal | 1,393,070 | - | - | 14,385 | 1,407,455 |
| Property taxes | 17,802,333 | 5,250,069 | 4,909,338 | - | 27,961,740 |
| Inventories | - | - | - | 38,951 | 38,951 |
| Total Assets | <u>\$ 26,841,238</u> | <u>\$ 8,185,331</u> | <u>\$ 8,891,308</u> | <u>\$ 1,296,593</u> | <u>\$ 45,214,470</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accrued liabilities | \$ 4,302,039 | \$ - | \$ 67,235 | \$ 1,139,930 | \$ 5,509,204 |
| Unearned revenue | - | - | - | 19,046 | 19,046 |
| Total Liabilities | <u>4,302,039</u> | <u>-</u> | <u>67,235</u> | <u>1,158,976</u> | <u>5,528,250</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable property tax revenue | <u>17,518,745</u> | <u>5,154,763</u> | <u>4,824,111</u> | <u>-</u> | <u>27,497,619</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories | - | - | - | 38,951 | 38,951 |
| Restricted: | | | | | |
| Building construction | - | - | 3,999,962 | - | 3,999,962 |
| Non K-12 programs | - | - | - | - | - |
| Debt service | - | 3,030,568 | - | - | 3,030,568 |
| Food Services | - | - | - | - | - |
| Committed: | | | | | |
| Contracts and Encumbrances | 277,948 | - | - | - | 277,948 |
| Employee Obligations | 810,973 | - | - | - | 810,973 |
| Foundation | - | - | - | 98,666 | 98,666 |
| Undistributed reserve | 1,750,000 | - | - | - | 1,750,000 |
| Unassigned | <u>2,181,533</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,181,533</u> |
| Total Fund Balances | <u>5,020,454</u> | <u>3,030,568</u> | <u>3,999,962</u> | <u>137,617</u> | <u>12,188,601</u> |
| Total Liabilities and Fund Balances | <u>\$ 26,841,238</u> | <u>\$ 8,185,331</u> | <u>\$ 8,891,308</u> | <u>\$ 1,296,593</u> | <u>\$ 45,214,470</u> |

Wasatch County School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2015

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

| | | |
|---|---------------------|-----------------------------|
| Total fund balance - governmental funds | | \$ 12,188,601 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | |
| Cost of the assets | \$ 142,844,362 | |
| Accumulated depreciation | <u>(35,004,021)</u> | 107,840,341 |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. | | (181,033) |
| Pension assets are not financial resources, and therefore are not reported in the funds. | | |
| Net pension asset | <u>\$ 17,525</u> | 17,525 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds | | |
| Deferred outflows related to pensions | \$ 3,033,109 | |
| Deferred inflows related to pensions | <u>(1,851,675)</u> | 1,181,434 |
| Long-term liabilities, including bonds payable, net pension liability and early retirement, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are: | | |
| General obligation bonds | \$ (53,723,116) | |
| Net pension liability | (19,602,987) | |
| Early retirement compensation | <u>(810,973)</u> | <u>(74,137,076)</u> |
| Total net position - governmental activities | | <u><u>\$ 46,909,792</u></u> |

Wasatch County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

| | General | Debt Service | Capital Projects | Non Major Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|------------------------------------|--------------------------------|
| Revenues | | | | | |
| Local Sources: | | | | | |
| Taxes | \$ 18,505,185 | \$ 6,219,088 | \$ 5,561,421 | \$ - | \$ 30,285,694 |
| Interest | 74,874 | - | - | 2,068 | 76,942 |
| Other | 374,297 | - | 2,957,479 | 2,809,389 | 6,141,165 |
| State sources | 21,701,350 | - | - | 352,194 | 22,053,544 |
| Federal sources | 2,404,795 | - | - | 1,178,060 | 3,582,855 |
| Total Revenues | 43,060,501 | 6,219,088 | 8,518,900 | 4,341,711 | 62,140,200 |
| Expenditures | | | | | |
| Instructional services | 31,963,491 | - | 3,896,498 | 2,111,083 | 37,971,072 |
| Support services: | | | | | |
| Student and instructional staff | 1,833,426 | - | - | - | 1,833,426 |
| General administration | 2,424,046 | - | 48,785 | - | 2,472,831 |
| School administration | 2,625,967 | - | - | - | 2,625,967 |
| Operation and maintenance of plant | 3,359,448 | - | 361,969 | - | 3,721,417 |
| Student transportation | 1,749,848 | - | 404,118 | - | 2,153,966 |
| School lunch services | - | - | - | 2,053,964 | 2,053,964 |
| Non-instructional services | 234,920 | - | - | - | 234,920 |
| Facilities acquisition and construction | - | - | 2,991,547 | - | 2,991,547 |
| Debt service: | | | | | |
| Principal retirement | - | 3,750,000 | - | - | 3,750,000 |
| Refunding bond issuance costs | - | 279,260 | - | - | 279,260 |
| Interest and fiscal charges | - | 2,141,945 | - | - | 2,141,945 |
| Total Expenditures | 44,191,146 | 6,171,205 | 7,702,917 | 4,165,047 | 61,951,055 |
| Excess of Revenues Over (Under) Expenditures | (1,130,645) | 47,883 | 815,983 | 176,664 | (90,115) |
| Other financing sources (uses): | | | | | |
| Refunding bonds issued | - | 39,415,000 | - | - | 39,415,000 |
| Premium on refunding bonds issued | - | 4,768,952 | - | - | 4,768,952 |
| Payment to refunded bond agent | - | (43,904,692) | - | - | (43,904,692) |
| Other | - | - | - | 8,892 | 8,892 |
| Total other financing sources | - | 279,260 | - | 8,892 | 288,152 |
| Net change in fund balances | (1,130,645) | 327,143 | 815,983 | 185,556 | 198,037 |
| Beginning Fund Balances | 6,151,099 | 2,703,425 | 3,183,979 | (47,939) | 11,990,564 |
| Ending Fund Balances | <u>\$ 5,020,454</u> | <u>\$ 3,030,568</u> | <u>\$ 3,999,962</u> | <u>\$ 137,617</u> | <u>\$ 12,188,601</u> |

Wasatch County School District
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2015

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

Net change in fund balances-total governmental funds \$ 198,037

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

| | | |
|-------------------------------------|--------------------|-------------|
| Capital outlays | \$ 3,449,055 | |
| Proceeds from sale of real property | (2,957,479) | |
| Gain on sale of capital assets | 1,935,221 | |
| Depreciation expense | <u>(3,588,604)</u> | (1,161,807) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

| | | |
|-----------------|---------------------|-----------|
| Pension expense | <u>\$ 1,753,226</u> | 1,753,226 |
|-----------------|---------------------|-----------|

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. Also, bond issuance costs are reported in the debt service fund in the fund financial statements, but are reported in the general government expenses on the governmental funds statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

| | | |
|---|----------------|-----------|
| Repayment of bond principal | \$ 3,750,000 | |
| Interest expense - general obligation bonds | 22,554 | |
| Bond issuance costs | (279,260) | |
| Amortization of deferred charge - refunding | (475,167) | |
| Amortization of bond premium | <u>871,772</u> | 3,889,899 |

In the statement of activities, certain operating expenses -- special termination salary (early retirement) -- are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, early retirement salary payable decreased by the following:

(191,428)

Change in net position of governmental activities \$ 4,487,927



Notes to Financial Statements
June 30, 2015

Wasatch County School District

Note 1 - Summary of Significant Accounting Principles

The accounting policies of Wasatch County School District (the District) are in compliance with accounting principles generally accepted in the United States of America applicable to governmental units in general and Utah school districts in particular. The following is a summary of the more significant policies:

Reporting Entity

The District is a legally separate, fiscally independent government entity of the State of Utah with its own elected governing body.

The Board of Education, comprised of five elected individuals, is the governing authority for the District. The Board establishes District policies, approves the budget, appoints a superintendent with responsibilities for administering all educational activities of the District, and appoints a business administrator/clerk-treasurer with responsibilities for fiscal matters. In addition, the Board is authorized to issue bonds, incur short-term debt, and levy ad valorem taxes. All funds, including financial activity over which the Board has governance, are included in the financial statements.

In evaluating how to define the government, for financial reporting purposes, the District has considered all potential component units. As required by accounting principles generally accepted in the United States of America, these financial statements include all the fund types of the District and the Wasatch County School District Foundation, a blended component unit, for which the District is considered to be financially accountable. The blended component unit as described below, although legally separate, is in substance, part of the District's operations. The District is not a component unit of any other government.

Blended Component Unit

The Wasatch County School District Foundation (the Foundation), a nonprofit organization under Internal Revenue Services (IRS) regulations, raises tax-deductible donations to be used for educational purposes within the District. The Foundation exclusively services the District. The Foundation's Board is comprised of 11 members, who serve a term of 4 years. The Foundation's Board appoints all members. The Foundation is presented as a special revenue fund of the District. Financial information specific to the Foundation may be obtained by writing the Foundation at 101 East 200 North, Heber City, UT 84032.

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, early retirement, and early retirement healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual because of legal and other requirements and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

- The *general fund* (maintenance and operation fund) is the primary operating fund of the District and accounts for all revenues and expenditures not designated to other funds.
- The *debt service fund* is used to account for funds accumulated for the retirement of general obligation principal, interest, and other related costs.
- The *capital projects fund* (capital outlay fund) is used to account for the acquisition, construction, and maintenance of capital facilities by the District.

The following are classified as non-major governmental funds:

- The non-major governmental funds are comprised of three separate special revenue funds. The Food Services Fund is deemed to be a special revenue fund as a result of substantial local, state, and federal subsidies. The Wasatch County School District Foundation is a blended component unit described above. The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. This accounting reflects the District's fiduciary responsibility with the student activity organizations.

Budget Policies and Procedures

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are legally required and have been adopted for all governmental fund types. However, budgets are not adopted on a district level for the Foundation and the Student Activity Fund. Unencumbered annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The laws of the state govern budget policies. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. For the fiscal year beginning July 1, the business administrator and superintendent prepare a tentative budget which is presented to the Board of Education by the superintendent on or before June 1. By resolution, the Board of Education legally adopts the final budget prior to June 15, after a public hearing has been held.
2. Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the superintendent, but increased appropriations require a public hearing prior to amending the budget.
3. Interim adjustments of estimated revenues and appropriations, during fiscal year 2015, have been included in the final budget approved by the Board on June 16, 2015, as presented in the financial statements.
4. As determined by the state superintendent of public instruction, the level by which expenditures may not legally exceed appropriations is the total budget of a given fund.

Fund Balance Classification

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - Remaining fund balances in the School Lunch Fund.

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees."
 - Resources held by schools in the other governmental funds.
 - Employee obligations related to the phase out of early retirement stipends.

- **Assigned.** This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District's administration comprised of superintendent, assistant superintendents, and business administrator as authorized by the Board of Education.

- **Unassigned.** Residual balances in the General Fund are classified as unassigned.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted tax revenue or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Encumbrances

An encumbrance accounting system, in which purchase orders for the expenditure of funds are recorded to restrict that portion of the applicable appropriation, is used in all funds except the Foundation and the Student Activity Fund. Encumbrances outstanding at the end of the fiscal year are reported as a fund balance reserve. No encumbrances were outstanding at year-end.

Cash and Investments

For purposes of efficient cash flow management and the management of temporary investments, the District utilizes a pooled arrangement for its cash. Interest is allocated based on management approval. Interfund borrowing occurs when a fund overdraws its equity in the pool.

The District’s investments in the State Treasurer’s Investment Pool (an external investment pool) are valued at fair value (based on the corresponding liability to pool participants) according to the provisions of GASB Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The District has also adopted GASB Statement No. 40 Deposits and Investment Risk Disclosures.

Receivables

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectible items have been recorded.

Inventories

Inventories for the Food Services Fund are valued at cost, or if donated, at fair value when received. Inventories at June 30, 2015, consist of purchased food items of \$19,905 along with U.S. Department of Agriculture surplus commodities of \$19,046 contributed by the federal government.

Purchased food is reported using the purchase method (charged to expenditures when purchased rather than when used) and accordingly, the inventory asset amount is reported on the balance sheet and, a reservation of fund balance for purchased food held at the end of the year has been established to convey that the inventories are not available for discretionary expenditure.

Capital Assets

Capital assets include both depreciable and non-depreciable assets and are reported in the government-wide financial statements. Non-depreciable assets include land and current construction in progress. Depreciable assets include buildings and improvements, vehicles, and equipment. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, vehicles and equipment and \$100,000 for buildings and improvements and land improvements. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

| Assets | Years |
|----------------------------|-------|
| Buildings | 40 |
| Modular units | 20 |
| Buses and vehicles | 10-15 |
| Office equipment/furniture | 10 |
| Computer equipment | 3-5 |

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of deferred charges on refunding and unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period. They will be recognized as a reduction in the net pension liability in the upcoming fiscal year.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition to net position that applies to a future reporting period and therefore will be reported as an inflow/revenue in future years. The District reports unavailable revenue on its statement of net position and fund balance sheet. Unavailable revenues arise when property taxes for which the District has a legal claim have not yet been levied and are therefore not available for use. Unavailable revenue is recognized when the tax is collected and available for use. Upon recognition the deferred inflow for unavailable revenue is removed from the combined balance sheet and revenue is recognized on the statement of activities. The district also recognizes deferred inflows on the statement of net position that represent the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unrecognized items not yet credited to pension expense. These will be recognized as pension expense in the related fiscal years.

Unearned Revenue

The District reports unearned revenues on its statement of net position and fund balance sheet. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies or commodities are received prior to the incurrence of qualifying expenditures. In subsequent periods, unearned revenue is recognized when the District has a legal claim to the resources because of the incurrence of qualifying expenditures. Upon recognition, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized on the statement of activities.

Compensated Absences

Full time employees earn varying amounts of vacation and sick leave according to salary classification and years of employment. Vacation leave accrues at 10 to 15 days per year. The unused balance carries forward. Accrued unused vacation days are paid in full at termination or retirement at the then current pay rate. Sick leave accrues at up to 10 days per year. A maximum of up to 130 days may be accumulated. Ten dollars per day will be paid for accumulated sick leave at the time of retirement.

Long-Term Obligations

In the government-wide financial statements and internal service fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of unamortized bond premiums or discounts.

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

Pensions

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

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 11 and the additional disclosures required by these standards are included in Note 6.

Newly Issued Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement provides guidance for determining a fair value measurement for financial reporting purposes and guidance for applying fair value to certain investments and disclosure related to all fair value measurements. The statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. Statement No. 72 is effective for financial statements for periods beginning after June 15, 2015 and early application is encouraged. The District is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contributions pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and

financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Statement No. 73 is effective for fiscal years beginning after June 15, 2016 and early application is encouraged. The Agency has not elected to implement this statement early. The Agency is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. The adoption of this standard is not expected to have a material impact on the financial statements.

Note 2 - Cash Deposits and Investments

Cash Deposits

The District's reconciled carrying amount of bank deposits at June 30, 2015 is \$5,319,333, and the deposit per the bank is \$7,823,523, \$250,000 of which is covered by federal depository insurance. No deposits are collateralized.

Deposit Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The State of Utah does not require collateral on deposits.

Investments

The District's deposits and investment policy follows the requirements of the Utah Money Management Act (Act) (Utah Code Annotated 1953, Chapter 7) in handling its depository and temporary investing transactions. This law requires the depositing of District funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

1. Negotiable or nonnegotiable deposits of qualified depositories,
2. Repurchase agreements with qualified depositories or primary reporting dealers,
3. Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors if the remaining term to maturity is 180 days or less,
4. Bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less,
5. Obligations of the United States Treasury, including bills, notes and bonds,
6. Obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporations, or Student Loan Marketing Association.
7. Shares or certificates in any open-end management investment company registered with the Securities and Exchange under the Investment Company Act of 1940, the portfolio of which is restricted by law or agreement to investments in which public funds may be invested directly.

A Utah Money Management Council was created under the Utah Money Management Act consisting of five individuals appointed by the Governor and qualified by training and experience in the fields of investing and finance. In performing its functions and responsibilities, the council provides a measure of depository protection. The council issues a list of qualified depositories to public treasurer's quarterly, and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the council. State law and council rules govern the finance reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately. The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

The District has invested the majority of its temporarily idle funds (totaling \$10,220,023 as of June 30, 2015) with the State Treasurer's Investment Fund. The investments with the State bore interest at 0.50% at June 30, 2015. The carrying amount is equal to fair value. All securities comprising the State Treasurer's Investment Fund comply with strict investment criteria required by the Utah Money Management Act. All practices of the fund are under the monthly scrutiny of the Utah Money Management Act. The Utah State Auditor audits the fund each year. The degree of risk of the fund depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top-rated domestic commercial paper held by the Utah State Treasurer; the portfolio has a weighted average life of 90 days or less. The fund is not rated. The reported value of the fund is the same as the fair value of the fund shares.

The Wasatch County School District Foundation has separate cash and investments not included in the State Treasurer's Investment Fund and District cash. The funds (totaling \$98,666 as of June 30, 2015) are invested primarily in mutual funds and annuities.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Summary

The above described cash deposits and investments are summarized and presented in the financial statements at fair value in accordance with the following analysis as of June 30, 2015:

| | |
|---|---------------------------------|
| Cash Deposits | \$ 5,319,333 |
| Investments in State Treasurer's Pool (at fair value) | 10,220,023 |
| Wasatch County School District Foundation (at fair value) | <u>98,666</u> |
| Total Cash Deposits and Investments | <u><u>\$ 15,638,022</u></u> |

Note 3 - Property Taxes

The property tax revenues for Wasatch County School District are levied, collected, and distributed by Wasatch County as required by Utah state law. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess property as of January 1 and complete the tax rolls by May 15. As of January 1, a legally enforceable claim exists and in effect a lien is placed on the property. By July 22, the county treasurer is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the county board of equalization between August 15 and August 29 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1, who also delivers the completed assessment rolls to the county treasurer on that same date. Tax notices have a due date of November 30.

As of June 30, 2015, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2015 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected as the county treasurer may force the sale of the property to collect the delinquent portion. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the financial statements. The remaining portion is reported as unavailable property tax revenue.

As of June 30, 2015, the District had accrued a property tax receivable of \$27,961,740. This accrual represents calendar year 2015 property taxes and is due to be collected by November 30, 2015.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|--------------|----------------|-------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,553,707 | \$ 737,805 | \$ (1,006,496) | \$ 9,285,016 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 124,115,639 | 2,168,185 | - | 126,283,824 |
| Vehicles | 4,953,819 | 404,118 | (69,818) | 5,288,119 |
| Equipment | 1,884,591 | 138,947 | (36,135) | 1,987,403 |
| Total capital assets, being depreciated: | 130,954,049 | 2,711,250 | (105,953) | 133,559,346 |
| Accumulated depreciation for: | | | | |
| Buildings and improvements | (27,519,898) | (3,163,350) | - | (30,683,248) |
| Vehicles | (2,694,876) | (311,520) | 69,818 | (2,936,578) |
| Equipment | (1,290,834) | (113,734) | 20,373 | (1,384,195) |
| Total accumulated depreciation | (31,505,608) | (3,588,604) | 90,191 | (35,004,021) |
| Total capital assets, being depreciated, net | 99,448,441 | (877,354) | (15,762) | 98,555,325 |
| Governmental activities capital assets, net | \$ 109,002,148 | \$ (139,549) | \$ (1,022,258) | \$ 107,840,341 |

Depreciation expense for the year ended June 30, 2015 was charged to functions of the District as follows:

| | |
|---|--------------|
| Governmental activities: | |
| Instructional services | \$ 2,746,047 |
| Supporting services: | |
| Student and instructional staff | 56,701 |
| General administration | 24,353 |
| School administration | 65,412 |
| Operation and maintenance of plant | 261,754 |
| Student transportation | 237,355 |
| School lunch services | 196,982 |
| Total depreciation expense, governmental activities | \$ 3,588,604 |

Note 5 - Long Term Obligations

A summary of the changes in long-term obligations for the year ended June 30, 2015, is as follows:

| | June 30 2014 | Additions | Reductions | June 30 2015 | Due Within One Year |
|--|----------------------|----------------------|------------------------|----------------------|------------------------|
| Bonds payable: | | | | | |
| General obligation bonds | \$ 57,470,000 | \$ 39,415,000 | \$ (44,690,000) | \$ 52,195,000 | \$ 3,700,000 |
| Net deferred amounts for issuance premium (discount) | 142,174 | 4,768,952 | (871,772) | 4,039,354 | 700,818 |
| Deferred amounts on refunding | (21,713) | - | 3,202 | (18,511) | (2,947) |
| Total bonds payable | 57,590,461 | 44,183,952 | (45,558,570) | 56,215,843 | 4,397,871 |
| Early retirement compensation payable | 619,545 | 476,755 | (285,327) | 810,973 | 320,985 |
| Total liabilities on the statement of net position | 58,210,006 | 44,660,707 | (45,843,897) | 57,026,816 | 4,718,856 |
| Deferred amounts on refunding reported as deferred outflows | - | (2,964,692) | 471,965 | (2,492,727) | (431,073) |
| Total liability, net | \$ 58,210,006 | \$ 41,696,015 | \$ (45,371,932) | \$ 54,534,089 | \$ 4,287,783 |

General Obligation Bonds Payable

The District has issued general obligation school building bonds for the acquisition and construction of school buildings.

During the year ended June 30, 2015, the District refunded general obligations bonds series 2005 and 2007 through the issuance of general obligation bonds 2014. Total economic gain recognized as a result of the refunding transactions was \$3,096,988. The refunding will result in a reduction in the future cash paid for principal and interest of \$3,526,923.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding at June 30, 2015, are as follows:

Wasatch County School District
Notes to Financial Statements
June 30, 2015

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|--|-----------------------|----------------------------|
| \$45,000,000 general obligation school bonds, issued January 10, 2007, refunded in July 2014 except principal of \$2,175,000 due in December 2015. | 3.5% to 5.0% | \$ 2,175,000 |
| \$14,500,000 general obligation school bonds, issued January 31, 2008, due in annual installments of \$165,000 to \$1,085,000 through June 2027. | 3.0% to 4.38% | 10,605,000 |
| \$39,415,000 general obligation school bonds, issued July 15, 2014, due in annual installments of \$815,000 to \$4,610,000 through June 2016 | 3.0% to 5.00% | <u>39,415,000</u> |
| Total | | <u><u>\$52,195,000</u></u> |

Future debt service requirements to maturity for general obligation bonds outstanding at June 30, 2015, are as follows:

| <u>Fiscal Year(s) Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2016 | \$ 3,700,000 | \$ 2,172,394 | \$ 5,872,394 |
| 2017 | 3,855,000 | 1,999,818 | 5,854,818 |
| 2018 | 4,035,000 | 1,814,468 | 5,849,468 |
| 2019 | 4,265,000 | 1,620,418 | 5,885,418 |
| 2020 | 4,380,000 | 1,484,468 | 5,864,468 |
| 2021 to 2025 | 25,225,000 | 4,139,240 | 29,364,240 |
| 2026 to 2027 | <u>6,735,000</u> | <u>278,737</u> | <u>7,013,737</u> |
| Total | <u><u>\$ 52,195,000</u></u> | <u><u>\$ 13,509,543</u></u> | <u><u>\$ 65,704,543</u></u> |

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2015 was \$198,551,953. The general obligation debt at June 30, 2015 was \$52,195,000, resulting in a legal debt margin of \$146,356,953.

Early Retirement Compensation Payable – In addition to the retirement plans discussed in Note 6, the District provides an early retirement incentive program. Eligibility is restricted to teachers and administrators meeting minimum service and age requirements. Those qualifying under this program, who choose to retire early, may receive compensation for up to three consecutive years. At year-end, 28 retirees had a total of \$810,973 in compensation that is accrued of which \$320,985 was a current liability due within one year in the statement of net position.

Note 6 - Pension Plans

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); multiple employer public employees, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); multiple employer public employees, retirement systems.

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

The Utah Retirement Systems (URS) are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (URS Board) whose members are appointed by the Governor. URS are fiduciary funds defined as pension (and other employee benefit trust funds). URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or by visiting the website: www.urs.org.

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

| System | Final Average Salary | Years of Service required and/or age eligible for benefit | Benefit percent per year services | COLA** |
|--------------------------------|----------------------|---|---|------------|
| Noncontributory System | Highest 3 years | 30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65 | 2.0% per year all years | Up to 4% |
| Tier 2 Public Employees System | Highest 5 years | 35 years any age 20 years age 60* 10 years age 62* 4 years age 65 | 1.5% per year all years | Up to 2.5% |

* with actuarial reductions

** All post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions

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

Contributions rates are as follows:

| | Employee Paid | Paid by Employer for Employee | Employer Contribution Rates |
|--|------------------|-------------------------------------|-----------------------------------|
| Contributory System | | | |
| 112 - State and School Division Tier 2 | N/A | N/A | 18.270% |
| Noncontributory System | | | |
| 16 - State and School Division Tier 1 | N/A | N/A | 22.190% |

Contributions to the noncontributory system and Tier 2 Retirement System during the year ended June 30, 2015 were \$4,700,074 and \$628,834, respectively.

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

At June 30, 2015, the District reported a net pension asset of \$17,525 and a net pension liability of \$19,602,987.

| | Proportionate Share | Net Pension Asset | Net Pension Liability |
|-----------------------------------|------------------------|----------------------|--------------------------|
| Noncontributory System | 0.7802095% | \$ - | \$ 19,602,987 |
| Tier 2 Public Employees System | 0.5782819% | 17,525 | - |
| Total Net Pension Asset/Liability | | \$ 17,525 | \$ 19,602,987 |

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended June 30, 2015, the District recognized an actuarially calculated pension expense of \$3,565,321. At June 30, 2015, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,193,524 |
| Change in assumptions | - | 658,151 |
| Net difference between projected and actual earnings on pension plan investments | 339,194 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | 2,693,915 | - |
| Total | \$ 3,033,109 | \$ 1,851,675 |

\$2,693,915 was reported as deferred outflows of resources related to pensions results from contributions made prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows (Inflows) of Resources |
|---------------------|---|
| 2016 | \$ 389,836 |
| 2017 | 389,836 |
| 2018 | 389,836 |
| 2019 | 323,815 |
| 2020 | 3,065 |
| Thereafter | 16,094 |
| Total | 1,512,482 |

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.75 Percent |
| Salary increases | 3.50 – 10.50 percent, average, including inflation |
| Investment rate of return | 7.50 percent, net of pension plan investment expenses, including inflation. |

Active member mortality rates are a function of the member’s gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2013.

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

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

The 7.5% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate

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

| | 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|------------------------|--------------------------|------------------------|
| Proportionate share of Net pension (asset) / liability | \$ 39,184,599 | \$ 19,585,462 | \$ 3,183,373 |

Pension Plan Fiduciary Net Position

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

Note 7 - 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 to employees; and natural disasters. The District is insured against these occurrences through participation in the Utah State School District’s Risk Management Pool administered by the Utah State Risk Management Office as in addition to umbrella coverage provided by private insurance organizations.

Note 8 - Related Party Transactions

The District is a member of the Northeastern Utah Educational Services (the Center). The Center was organized in 1972 under the sponsorship of the Wasatch County School District, and with the assistance of eight other school districts in the State of Utah, to provide support services and act as a buying cooperative. Transactions with the Center are recorded in the Fiscal Program Agency Fund. The District acts as the financial agent for the Center and receives state appropriations which it immediately forwards to the Center. During the year ended June 30, 2015, \$479,747 was received from various sources and forwarded to the Center.

In addition, the District serves as a payroll service bureau for the Center. For the fiscal year ended June 30, 2015, the District handled \$533,936 in payroll plus retirement and other payroll related items for the Center.

Note 9 - Commitments and Contingencies

The District receives financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could be a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2015.

Note 10 - Deferred Compensation 457 Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District contract employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all assets and rights purchased with those amounts, and all income attributable to those amounts, assets or rights are solely the assets and rights of the employee (without being restricted to the provisions of benefits under the plan), and are not subject to the claims of the District's general creditors.

Employees who elect to participate in the plan do so via payroll deductions. On behalf of those employees, the District forwards their deductions to a third party administrator (the Utah State Retirement System) who acts as trustee for the employees' investment. All plan assets are held in trust by URS. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the District has not included these assets in its investments. The District has no trustee responsibilities or claim on these funds.

Note 11 - Adoption of a new standard

As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

| | |
|--|---------------|
| Net position at June 30, 2014, as previously reported | \$ 62,579,119 |
| Net pension liability at June 30, 2014 | (22,542,636) |
| Deferred outflows of resources related to contributions made during the year ended June 30, 2014 | 2,385,382 |
| Net position at July 1, 2014, as restated | \$ 42,421,865 |



Required Supplementary Information
June 30, 2015

Wasatch County School District

Wasatch County School District
Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
General Funds
Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Local Sources: | | | | |
| Property taxes | \$ 19,330,417 | \$ 18,582,394 | \$ 18,505,185 | \$ (77,209) |
| Interest | 94,500 | 72,386 | 74,874 | 2,488 |
| Other local sources | 377,550 | 358,242 | 374,297 | 16,055 |
| State aid | 21,931,885 | 22,194,938 | 21,701,350 | (493,588) |
| Federal aid | 1,841,265 | 2,464,628 | 2,404,795 | (59,833) |
| Total revenues | <u>43,575,617</u> | <u>43,672,588</u> | <u>43,060,501</u> | <u>(612,087)</u> |
| Expenditures: | | | | |
| Instructional services | 31,394,882 | 32,192,227 | 31,963,491 | 228,736 |
| Supporting services: | | | | |
| Students and instructional staff | 1,880,659 | 1,830,028 | 1,833,426 | (3,398) |
| General administration | 2,390,470 | 2,403,089 | 2,424,046 | (20,957) |
| School administration | 2,488,563 | 2,627,119 | 2,625,967 | 1,152 |
| Operation and maintenance of plant | 3,340,093 | 3,607,629 | 3,359,448 | 248,181 |
| Student transportation | 1,708,143 | 1,788,630 | 1,749,848 | 38,782 |
| Non-instructional services | 372,807 | 368,802 | 234,920 | 133,882 |
| Total expenditures | <u>43,575,617</u> | <u>44,817,524</u> | <u>44,191,146</u> | <u>626,378</u> |
| Excess of Revenues Over (Under) Expenditures | <u>-</u> | <u>(1,144,936)</u> | <u>(1,130,645)</u> | <u>14,291</u> |
| Other financing sources: | | | | |
| Transfers in (out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | (1,144,936) | (1,130,645) | 14,291 |
| Fund balances - beginning | <u>6,151,099</u> | <u>6,151,099</u> | <u>6,151,099</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 6,151,099</u> | <u>\$ 5,006,163</u> | <u>\$ 5,020,454</u> | <u>\$ 14,291</u> |

Wasatch County School District
 Schedule of the Proportionate Share of the Net Pension Liability
 Year Ended June 30, 2015

| | <u>Noncontributory System</u> | <u>Tier 2 Public Employees System</u> |
|---|-----------------------------------|---|
| Proportion of the net pension liability (asset) | 0.7802095% | 0.5782819% |
| Proportionate share of the net pension liability (asset) | \$ 19,602,987 | \$ (17,525) |
| Covered employee payroll | \$ 21,336,583 | \$ 2,830,326 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 91.90% | -0.60% |
| Plan fiduciary net position as a percentage of the total plan liability | 87.20% | 103.50% |

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Wasatch County School District
 Schedule of Contributions
 Year Ended June 30, 2015

| | <u>Noncontributory System</u> | <u>Tier 2 Public Employees System</u> |
|--|-----------------------------------|---|
| Contractually required contributions | \$ 4,700,074 | \$ 628,834 |
| Contributions in relation to the contractually required contribution | <u>(4,700,074)</u> | <u>(628,834)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$ 21,380,088 | \$ 3,448,145 |
| Contributions as a percentage of covered-employee payroll | 21.98% | 18.24% |

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

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.



Supplementary Information
Combining and Individual Fund Statements
June 30, 2015

Wasatch County School District

Wasatch County School District
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local Sources: | | | | |
| Taxes | \$ 5,700,790 | \$ 5,584,625 | \$ 5,561,421 | \$ (23,204) |
| Interest | - | - | - | - |
| Other local revenues | - | 2,957,479 | 2,957,479 | - |
| Total Revenue | <u>5,700,790</u> | <u>8,542,104</u> | <u>8,518,900</u> | <u>(23,204)</u> |
| Expenditures | | | | |
| Instructional services | 3,507,349 | 3,987,101 | 3,896,498 | 90,603 |
| General administration | 65,000 | 40,120 | 48,785 | (8,665) |
| Operation and maintenance of plant | 293,259 | 268,620 | 361,969 | (93,349) |
| Facilities acquisition and construction | 1,431,064 | 3,064,263 | 2,991,547 | 72,716 |
| Student transportation | 404,118 | 404,118 | 404,118 | - |
| Total Expenditures | <u>5,700,790</u> | <u>7,764,222</u> | <u>7,702,917</u> | <u>61,305</u> |
| Excess of Revenue Over (Under) Expenditures | <u>-</u> | <u>777,882</u> | <u>815,983</u> | <u>38,101</u> |
| Net changes in fund balances | - | 777,882 | 815,983 | 38,101 |
| Beginning Fund Balance | <u>3,183,979</u> | <u>3,183,979</u> | <u>3,183,979</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ 3,183,979</u> | <u>\$ 3,961,861</u> | <u>\$ 3,999,962</u> | <u>\$ 38,101</u> |

Wasatch County School District
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 5,930,532 | \$ 6,245,038 | \$ 6,219,088 | \$ (25,950) |
| Other local sources | - | - | - | - |
| Total Revenue | <u>5,930,532</u> | <u>6,245,038</u> | <u>6,219,088</u> | <u>(25,950)</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal retirement | 3,750,000 | 3,750,000 | 3,750,000 | - |
| Refunding bon issuance costs | - | - | 279,260 | (279,260) |
| Interest and fiscal charges | <u>2,180,532</u> | <u>2,180,532</u> | <u>2,141,945</u> | <u>38,587</u> |
| Total Expenditures | <u>5,930,532</u> | <u>5,930,532</u> | <u>6,171,205</u> | <u>(240,673)</u> |
| Excess of Revenue Over (Under) Expenditures | - | <u>314,506</u> | <u>47,883</u> | <u>(266,623)</u> |
| Other financing sources (uses): | | | | |
| Refunding bonds issued | - | - | 39,415,000 | (39,415,000) |
| Premium on refunding bonds issued | - | - | 4,768,952 | (4,768,952) |
| Payment to refunded bond agent | - | - | <u>(43,904,692)</u> | <u>43,904,692</u> |
| Total Other financing sources (uses) | - | - | <u>279,260</u> | <u>(279,260)</u> |
| Net changes in fund balances | - | 314,506 | 327,143 | 12,637 |
| Beginning Fund Balance | <u>2,703,425</u> | <u>2,703,425</u> | <u>2,703,425</u> | - |
| Ending Fund Balance | <u>\$ 2,703,425</u> | <u>\$ 3,017,931</u> | <u>\$ 3,030,568</u> | <u>\$ 12,637</u> |

Wasatch County School District
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2015

| | <u>Special Revenue</u> | | | Total Nonmajor Governmental Funds |
|-------------------------------------|--------------------------|--|-------------------------------|--|
| | <u>Food Services</u> | <u>Wasatch County School District Foundation</u> | <u>Student Activities</u> | |
| Assets | | | | |
| Cash | \$ 21,949 | \$ 98,666 | \$ 1,026,702 | \$ 1,147,317 |
| State receivables | 95,940 | - | - | 95,940 |
| Federal receivables | 14,385 | - | - | 14,385 |
| Inventories | 38,951 | - | - | 38,951 |
| | <u>38,951</u> | <u>-</u> | <u>1,026,702</u> | <u>1,147,317</u> |
| Total Assets | <u>\$ 171,225</u> | <u>\$ 98,666</u> | <u>\$ 1,026,702</u> | <u>\$ 1,296,593</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accrued liabilities | \$ 113,228 | \$ - | \$ 1,026,702 | \$ 1,139,930 |
| Unearned revenue | 19,046 | - | - | 19,046 |
| | <u>19,046</u> | <u>-</u> | <u>1,026,702</u> | <u>1,139,930</u> |
| Total Liabilities | <u>132,274</u> | <u>-</u> | <u>1,026,702</u> | <u>1,158,976</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventories | 38,951 | - | - | 38,951 |
| Committed: | | | | |
| Foundation | - | 98,666 | - | 98,666 |
| | <u>-</u> | <u>98,666</u> | <u>-</u> | <u>98,666</u> |
| Total Fund Balances | <u>38,951</u> | <u>98,666</u> | <u>-</u> | <u>137,617</u> |
| Total Liabilities and Fund Balances | <u>\$ 171,225</u> | <u>\$ 98,666</u> | <u>\$ 1,026,702</u> | <u>\$ 1,296,593</u> |

Wasatch County School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2015

| | Special Revenue | | | Total Nonmajor Governmental Funds |
|--|------------------|--|-----------------------|--|
| | Food Services | Wasatch County School District Foundaiton | Student Activities | |
| Revenues | | | | |
| Earnings on investments | \$ - | \$ 2,068 | \$ - | \$ 2,068 |
| Other local sources | 651,315 | 62,864 | 2,095,210 | 2,809,389 |
| State sources | 352,194 | - | - | 352,194 |
| Federal sources | 1,178,060 | - | - | 1,178,060 |
| Total Revenues | <u>2,181,569</u> | <u>64,932</u> | <u>2,095,210</u> | <u>4,341,711</u> |
| Expenditures | | | | |
| Instruction | - | 15,873 | 2,095,210 | 2,111,083 |
| Support services: | | | | |
| School lunch services | 2,053,964 | - | - | 2,053,964 |
| Non-instructional services | - | - | - | - |
| Total Expenditures | <u>2,053,964</u> | <u>15,873</u> | <u>2,095,210</u> | <u>4,165,047</u> |
| Excess (deficiency) of revenues over expenditures | <u>127,605</u> | <u>49,059</u> | <u>-</u> | <u>176,664</u> |
| Other financing sources: | | | | |
| Other | 8,892 | - | - | 8,892 |
| Net changes in fund balances | 136,497 | 49,059 | - | 185,556 |
| Beginning Fund Balances | <u>(97,546)</u> | <u>49,607</u> | <u>-</u> | <u>(47,939)</u> |
| Ending Fund Balances | <u>\$ 38,951</u> | <u>\$ 98,666</u> | <u>\$ -</u> | <u>\$ 137,617</u> |

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Food Services– Nonmajor Special Revenue Fund
Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|---------------------------|----------------------------|-------------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Other local revenues | \$ 658,398 | \$ 630,463 | \$ 651,315 | \$ 20,852 |
| State sources | 337,924 | 428,330 | 352,194 | (76,136) |
| Federal sources | 1,305,258 | 1,380,082 | 1,178,060 | (202,022) |
| Total Revenue | <u>2,301,580</u> | <u>2,438,875</u> | <u>2,181,569</u> | <u>(257,306)</u> |
| Expenditures | | | | |
| School lunch services | <u>2,301,580</u> | <u>2,609,652</u> | <u>2,053,964</u> | <u>555,688</u> |
| Total Expenditures | <u>2,301,580</u> | <u>2,609,652</u> | <u>2,053,964</u> | <u>555,688</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(170,777)</u> | <u>127,605</u> | <u>298,382</u> |
| Other financing sources: | | | | |
| Other | <u>-</u> | <u>-</u> | <u>8,892</u> | <u>8,892</u> |
| Net changes in fund balances | - | (170,777) | 136,497 | 307,274 |
| Beginning Fund Balance | <u>(97,546)</u> | <u>(97,546)</u> | <u>(97,546)</u> | <u>-</u> |
| Ending Fund Balance | <u><u>\$ (97,546)</u></u> | <u><u>\$ (268,323)</u></u> | <u><u>\$ 38,951</u></u> | <u><u>\$ 307,274</u></u> |

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Foundation– Nonmajor Special Revenue Fund
Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|------------------------------|-------------------------|-------------------------|-------------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Interest | \$ 1,250 | \$ 1,250 | \$ 2,068 | \$ 818 |
| Other local revenues | 61,250 | 161,250 | 62,864 | (98,386) |
| Total Revenue | <u>62,500</u> | <u>162,500</u> | <u>64,932</u> | <u>(98,386)</u> |
| Expenditures | | | | |
| Instruction | <u>62,500</u> | <u>162,500</u> | <u>15,873</u> | <u>146,627</u> |
| Total Expenditures | <u>62,500</u> | <u>162,500</u> | <u>15,873</u> | <u>146,627</u> |
| Net changes in fund balances | - | - | 49,059 | 49,059 |
| Beginning Fund Balance | <u>49,607</u> | <u>49,607</u> | <u>49,607</u> | <u>-</u> |
| Ending Fund Balance | <u><u>\$ 49,607</u></u> | <u><u>\$ 49,607</u></u> | <u><u>\$ 98,666</u></u> | <u><u>\$ 49,059</u></u> |

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Student Activities– Nonmajor Special Revenue Fund
Year Ended June 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|------------------------------|-------------------------|------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Other local revenues | \$ 1,823,000 | \$ 2,060,000 | \$ 2,095,210 | \$ 35,210 |
| Total Revenue | <u>1,823,000</u> | <u>2,060,000</u> | <u>2,095,210</u> | <u>35,210</u> |
| Expenditures | | | | |
| Instruction | <u>1,823,000</u> | <u>2,060,000</u> | <u>2,095,210</u> | <u>(35,210)</u> |
| Total Expenditures | <u>1,823,000</u> | <u>2,060,000</u> | <u>2,095,210</u> | <u>(35,210)</u> |
| Net changes in fund balances | - | - | - | - |
| Beginning Fund Balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT WASATCH COUNTY, UTAH

Because the District's boundaries are identical to the County's boundaries, information is presented below concerning the County. However, the County does not have any liability or responsibility for the payment of the Bonds.

Population

| <u>Year</u> | <u>County</u> | <u>% Change</u> | <u>State</u> | <u>% Change</u> |
|---------------|---------------|-----------------|--------------|-----------------|
| 2015 estimate | n/a | – | 2,995,919 | 1.75% |
| 2014 estimate | 27,714 | 4.33 | 2,944,498 | 1.41 |
| 2013 estimate | 26,563 | 4.69 | 2,903,685 | 1.66 |
| 2012 estimate | 25,374 | 3.88 | 2,856,343 | 1.42 |
| 2011 estimate | 24,427 | 3.81 | 2,816,440 | 1.90 |
| 2010 Census | 23,530 | 54.65% | 2,763,885 | 23.80% |
| 2000 Census | 15,215 | 50.81 | 2,233,169 | 29.6 |
| 1990 Census | 10,089 | 18.37 | 1,722,850 | 17.9 |
| 1980 Census | 8,523 | 45.37 | 1,461,037 | 37.9 |
| 1970 Census | 5,863 | 10.46 | 1,059,273 | 18.9 |
| 1960 Census | 5,308 | -4.77 | 890,627 | 29.3 |
| 1950 Census | 5,574 | -3.13 | 688,862 | 25.2 |
| 1940 Census | 5,754 | n/a | 550,310 | n/a |

(Source: U.S. Census Bureau. Estimates are as of July 1 of the year given.)

Comparative Unemployment Rates

| <u>Year</u> | <u>County</u> | <u>State of Utah</u> | <u>United States</u> |
|-------------|---------------|----------------------|----------------------|
| 2015* | 3.3% | 3.5% | 5.0% |
| 2014 | 3.7 | 3.8 | 6.2 |
| 2013 | 4.8 | 4.7 | 7.4 |
| 2012 | 5.9 | 5.4 | 8.1 |
| 2011 | 7.1 | 6.8 | 8.9 |
| 2010 | 8.4 | 7.8 | 9.6 |
| 2009 | 8.4 | 7.3 | 9.3 |
| 2008 | 3.7 | 3.6 | 5.8 |

* As of December, 2015.

(Sources: Utah Department of Workforce Services; U.S. Bureau of Labor Statistics.)

Economic Indicators

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| LABOR FORCE (1) | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Labor Force | 12,716 | 12,233 | 11,674 | 11,400 | 11,360 |
| Employed | 12,251 | 11,650 | 10,991 | 10,591 | 10,405 |
| Unemployed | 465 | 583 | 683 | 809 | 955 |
| Rate | 3.70% | 4.80% | 5.90% | 7.10% | 8.40% |
| Nonfarm Jobs | 7,232 | 6,748 | 6,273 | 5,973 | 5,838 |
| % change Prior Year | 7.2 | 7.6 | 5.0 | 2.3 | -0.9 |
| <i>Average Employment in:</i> | | | | | |
| Agriculture, Forestry, Fishing & Hunting | 37 | 18 | 15 | 14 | 14 |
| Mining | 0 | 12 | 10 | 56 | 59 |
| Utilities | 76 | 91 | 91 | 90 | 91 |
| Construction | 1,021 | 895 | 794 | 735 | 736 |
| Manufacturing | 269 | 240 | 206 | 216 | 202 |
| Wholesale Trade | 136 | 136 | 122 | 91 | 105 |
| Retail Trade | 986 | 1,007 | 961 | 844 | 719 |
| Transportation and Warehousing | 210 | 198 | 196 | 195 | 187 |
| Information | 97 | 99 | 99 | 101 | 102 |
| Finance and Insurance | 135 | 145 | 152 | 153 | 178 |
| Real Estate and Rental and Leasing | 153 | 148 | 131 | 115 | 142 |
| Professional, Scientific and Technical Services | 336 | 245 | 210 | 208 | 238 |
| Admin., Support, Waste Mgmt, Remediation | 450 | 434 | 377 | 299 | 242 |
| Education Services | 803 | 715 | 677 | 642 | 600 |
| Health Care and Social Assistance | 629 | 608 | 541 | 493 | 479 |
| Arts, Entertainment and Recreation | 177 | 149 | 134 | 111 | 115 |
| Accommodation and Food Services | 1,095 | 1,009 | 965 | 997 | 1,029 |
| Other Services (except Public Admin) | 210 | 199 | 189 | 177 | 161 |
| Public Administration | 433 | 415 | 418 | 446 | 449 |
| Total Establishments | 913 | 878 | 818 | 817 | 825 |
| Total Wages (\$Millions) | 249.9 | 220.3 | 201.3 | 186.7 | 182.1 |
| INCOME AND WAGES | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Total Personal Income (\$Thousands) (2) | 1,070,430 | 1,002,624 | 922,637 | 844,597 | 731,285 |
| Per Capita Income (2) | 38,624 | 37,745 | 36,362 | 34,576 | 30,891 |
| Median Household Income (3) | 65,582 | 65,050 | 65,012 | 64,651 | 65,204 |
| Average Monthly Nonfarm Wage (1) | 2,880 | 2,721 | 2,675 | 2,605 | 2,599 |
| SALES (4) | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Gross Taxable Sales (\$Millions) | 429.5 | 386.2 | 336.5 | 296.2 | 271.1 |

Continued on next page . . .

| BUILDING (5) | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| New Dwelling Units | 432 | 353 | 151 | 209 | 266 |
| New Residential Values (in \$000) | 161,747.7 | 144,903.5 | 54,020.3 | 53,953.3 | 48,936.0 |
| New Non-Residential Values (in \$000) | 18,316.2 | 15,539.0 | 9,140.1 | 4,851.1 | 14,604.0 |
| Additions/Alterations/Repairs Residential (in \$000) | 5,562.6 | 7,834.9 | 3,033.9 | 430.4 | 859.0 |
| Additions/Alterations/Repairs Non-Residential (in \$000) | 5,564.2 | 1,512.1 | 419.5 | 2,707.1 | 5,587.0 |
| Total Construction Value | 191,190.7 | 169,789.5 | 66,613.8 | 61,941.9 | 69,986.0 |

Sources:

- (1) Utah Department of Workforce Services.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates.
- (4) Utah State Tax Commission.
- (5) University of Utah, Bureau of Economic and Business Research.

Major Employers in the County

| Company | Industry | Employment Range |
|----------------------------------|-----------------------------------|------------------|
| Wasatch School District | Public Education | 500-699 |
| Zermatt Resort | Accommodations | 250-499 |
| Wasatch County | Local Government | 100-249 |
| Probst Electric | Building Equipment Contractors | 100-249 |
| Walmart | General Merchandise Store | 100-249 |
| Hotel Cleaning Services | Services to Buildings & Dwellings | 100-249 |
| IHC/Heber Valley Medical Center | Health Care | 100-249 |
| RMD Management | Residential Construction | 100-249 |
| Smith's Marketplace | Grocery Store | 100-249 |
| State of Utah | State Government | 100-249 |
| Day's Market | Grocery Store | 50-99 |
| Earnshaw Electric | Electrical Contractor | 50-99 |
| Swiss Alps Inn/Dairy Keen | Accommodations/Restaurant | 50-99 |
| Heber City | Local Government | 50-99 |
| Redmond Minerals | Nonmetallic Mineral Mining | 50-99 |
| Transportation Staffing Services | Office Administration Services | 50-99 |
| McDonald's | Fast Food Restaurant | 50-99 |
| Tides Are Rising | Direct Mail Advertising | 50-99 |

Note: In addition to the employers listed above there are approximately 52 employers in the County who employ 20-49 employees.

(Source: Utah Department of Workforce Services database last updated July 2014.)

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Bonds, Ballard Spahr LLP, Bond Counsel to the Board, proposes to issue its approving opinion in substantially the following form:

We have acted as bond counsel for the Board of Education (the "Board") of the Wasatch County School District, Utah (the "District") in connection with the issuance by the Board of its \$ _____ General Obligation Bonds (Utah School Bond Guaranty Program), Series 2015 (the "Bonds") pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended; (ii) a resolution of the Board adopted on November 17, 2015 (the "Resolution") which provides for the issuance of the Bonds; and (iii) other applicable provisions of law. The Bonds are being issued to (a) finance part of the cost of new school construction, land acquisition, equipment acquisition, and renovation and improvement of existing school facilities and (b) pay the costs of authorization and issuance of the Bonds.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Utah and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

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

1. The Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable upon the Board.
2. The Bonds are valid and binding general obligations of the Board for the payment of which the full faith and credit of the Board are pledged, and for the payment of which ad valorem taxes may be levied on all taxable property within the boundaries of the District without limit as to rate or amount.
3. Interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Board and continuing compliance by the Board with the requirements of the Internal Revenue Code of 1986. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.
4. Interest on the Bonds is exempt from State of Utah individual income taxes under presently existing law.

In rendering our opinion, we wish to advise you that:

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

(b) We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds; and

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, Bonds.

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Board of Education of Wasatch County School District, Utah (the “Issuer”) and Zions Bank, a division of ZB, National Association, as dissemination agent, in connection with the issuance of the Issuer’s General Obligation Bonds (Utah School Bond Guaranty Program), Series 2016 in the aggregate principal amount of \$ _____ (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted on November 17, 2015 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1900 Duke Street, Suite 600, Alexandria, VA 22314; Telephone (703) 797-6600; Fax (703) 797-6700; and current website is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Issuer dated _____, 2016, relating to the Bonds.

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

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than January 31 of each year, commencing with the fiscal year ending June 30, 2016, provide to the MSRB in electronic format an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) business days prior to said date, the Issuer shall provide its respective Annual Report to the Dissemination Agent (if other than the Issuer). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as

provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of its Annual Reports.

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

(c) The Dissemination Agent shall:

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

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

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

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

(ii) An update of the information of the type contained in the Official Statement in the tables under the headings, "DEBT STRUCTURE OF WASATCH COUNTY SCHOOL DISTRICT," "FINANCIAL INFORMATION REGARDING WASATCH COUNTY SCHOOL DISTRICT—Five-Year Financial Summaries," "—Historical Tax Rates," and "—Tax Collection Record for the District."

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

Section 5. Reporting of Significant Events.

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

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the security;

(vi) Defeasances;

- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings; or
- (ix) Rating changes.

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

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Bonds;
- (v) Bond calls; or
- (vi) Release, substitution or sale of property securing repayment of the Bonds.

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

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

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

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

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

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Zions Bank, a division of ZB, National Association.

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, without the consent of the holders of the Bonds, if such amendment or waiver is supported by an opinion

of counsel expert in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

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

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

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

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

DATE: _____, 2016.

BOARD OF EDUCATION OF WASATCH COUNTY
SCHOOL DISTRICT, UTAH

By: _____
President

Attest & Countersign:

Business Administrator

ZIONS BANK, A DIVISION OF ZB, NATIONAL
ASSOCIATION, as Dissemination Agent

By: _____
Authorized Officer

APPENDIX E

PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 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 Bonds with DTC and their registration in the name of Cede & Co. or such other 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 Bonds may wish to take certain steps to augment the 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 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 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 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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