

*In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2017 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2017 Bonds.*

**\$16,000,000**

**Board of Education of  
Tooele County School District, Utah  
General Obligation School Building Bonds  
(Utah School Bond Guaranty Program), Series 2017**

The \$16,000,000, General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2017 are issuable by the Board of Education of Tooele (pronounced "to-will-ah") County School District, Utah, as fully-registered bonds and, when initially issued, will be in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2017 Bonds.

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

The 2017 Bonds are subject to optional redemption prior to maturity at the option of the successful bidder(s). See "THE 2017 BONDS—Redemption Provisions" herein.

*The 2017 Bonds will be general obligations of the Board payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in Tooele County School District, Utah, fully sufficient to pay the 2017 Bonds as to both principal and interest.*

Payment of the principal of and interest on the 2017 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the

**State of Utah**

under the provisions of the Utah School Bond Guaranty Act. See "STATE OF UTAH GUARANTY" herein.

**Dated:** Date of Delivery<sup>1</sup>

**Due:** June 1, as shown on inside front cover

**See the inside front cover for the maturity schedule of the 2017 Bonds.**

**The 2017 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on June 29, 2017 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated June 16, 2017) to the successful bidder at a "true interest rate" of 2.23%.**

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

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

This OFFICIAL STATEMENT is dated June 29, 2017, and the information contained herein speaks only as of that date.

<sup>1</sup> The anticipated date of delivery is Thursday, July 13, 2017.

**\$16,000,000**

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

**Dated: Date of Delivery<sup>1</sup>**

**Due: June 1, as shown below**

<b>Due June 1</b>	<b>CUSIP® 890346</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2018.....	MX4	\$3,430,000	5.00 %	0.95%
2019.....	MY2	2,730,000	5.00	1.08
2020.....	MZ9	2,690,000	5.00	1.17
2021.....	NA3	3,460,000	5.00	1.26
2022.....	NB1	160,000	5.00	1.39
2023.....	NC9	170,000	5.00	1.53
2024.....	ND7	180,000	5.00	1.64
2025.....	NE5	190,000	5.00	1.80
2026.....	NF2	195,000	5.00	1.97
2027.....	NG0	205,000	5.00	2.10
2028.....	NH8	215,000	5.00	2.23 <sup>c</sup>
2029.....	NJ4	230,000	4.00	2.49 <sup>c</sup>
2030.....	NK1	235,000	4.00	2.68 <sup>c</sup>
2031.....	NL9	245,000	4.00	2.70 <sup>c</sup>
2032.....	NM7	255,000	4.00	2.82 <sup>c</sup>
2033.....	NN5	265,000	3.00	3.18
2034.....	NP0	275,000	3.00	3.24
2035.....	NQ8	280,000	3.00	3.29
2036.....	NR6	290,000	3.125	3.32
2037.....	NS4	300,000	3.125	3.35

<sup>1</sup> The anticipated date of delivery is Thursday, July 13, 2017.

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

<sup>c</sup> Yield to par call on June 1, 2027.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2017 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: the Board of Education of Tooele (pronounced “to-wil-ah”) County School District, Utah (the “Board”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the Board, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2017 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board, since the date hereof.

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

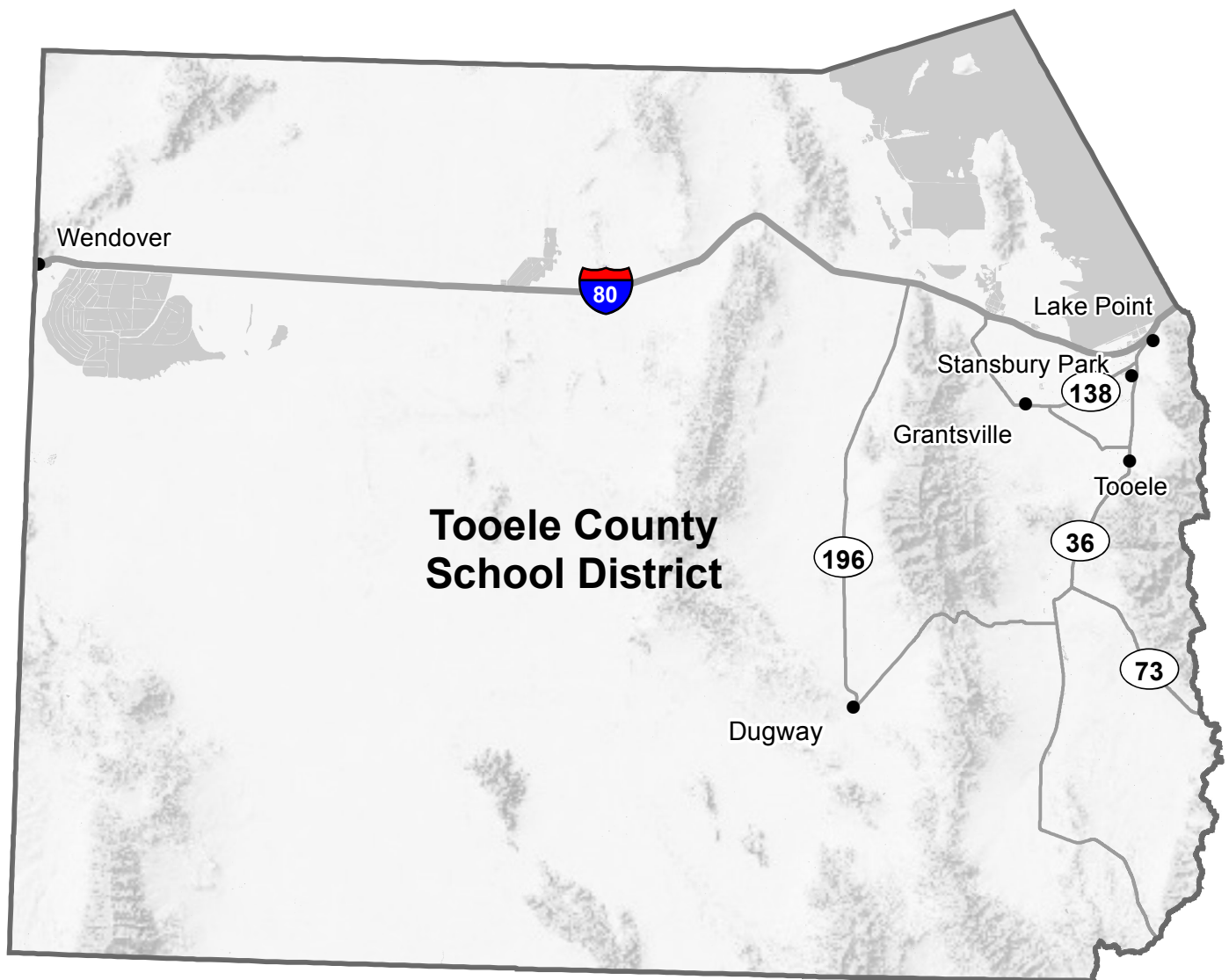
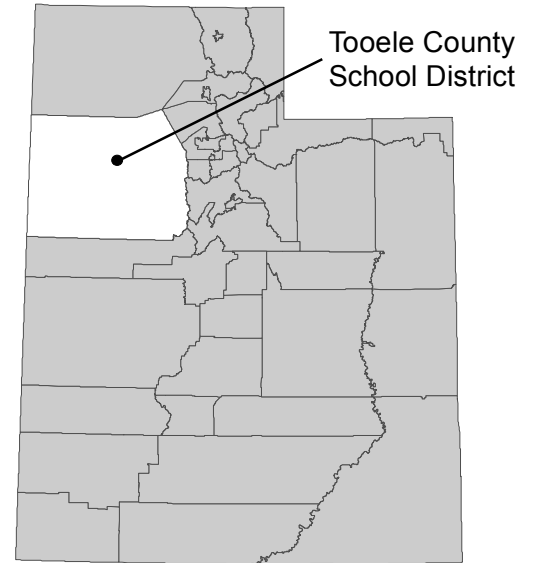
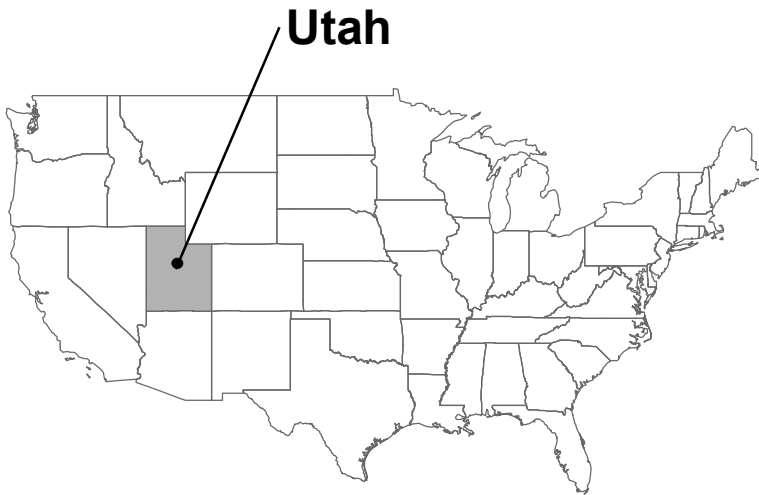
***The yields/prices at which the 2017 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2017 Bonds to dealers and others. In connection with the offering of the 2017 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2017 Bonds. Such transactions may include overallocments in connection with the purchase of 2017 Bonds, the purchase of 2017 Bonds to stabilize their market price and the purchase of 2017 Bonds to cover the successful bidder’s(s’) short positions. Such transactions, if commenced, may be discontinued at any time.***

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

The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2017 Bonds.

***The information available from websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2017 Bonds and is not a part of this OFFICIAL STATEMENT.***

# Utah School Districts



# **OFFICIAL STATEMENT RELATED TO**

**\$16,000,000**

## **Board of Education of Tooele County School District, Utah**

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

#### **INTRODUCTION**

This introduction is only a brief description of the 2017 Bonds, as hereinafter defined, the security and source of payment for the 2017 Bonds and certain information regarding the Board of Education (the “Board”) of Tooele (pronounced “to-wil-ah”) County School District, Utah (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT, including the appendices. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—FINANCIAL STATEMENTS OF TOOEE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

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

#### **Public Sale/Electronic Bid**

The 2017 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY®** electronic bid submission system on June 29, 2017 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated June 16, 2017) to J.P. Morgan Securities LLC, New York, New York at a “true interest rate” of 2.23%.

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

#### **Tooele County School District, Utah**

The District, established in 1915, shares common boundaries with Tooele County, Utah (the “County”). The County was established in 1850 and is situated in the northwestern portion of the State of Utah (the “State”), located approximately 30 miles west of Salt Lake City, Utah. The County is bordered on the west

by the State of Nevada, on the north by Box Elder County, on the east by Davis, Salt Lake and Utah Counties, and on the south by Juab County. The County is the second largest county in the State, covering an area of approximately 6,930 square miles. The County had 64,833 residents according to the 2016 U.S. Census Bureau estimates and ranked as the 7<sup>th</sup> most populous county (out of 29 counties). See location map above.

## **The 2017 Bonds**

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$16,000,000, General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2017 (the “2017 Bond” or “2017 Bonds”), initially issued in book–entry form only.

## **Security**

The 2017 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest. See “THE 2017 BONDS—Security And Sources Of Payment” and “FINANCIAL INFORMATION REGARDING TOOELE COUNTY SCHOOL DISTRICT, UTAH—Tax Levy And Collection” below.

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

## **Authorization For And Purpose Of The 2017 Bonds**

*Authorization.* The 2017 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code; the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and the applicable provisions of Title 53A of the Utah Code, (ii) the resolution of the Board adopted on May 9, 2017 (the “Resolution”), which provides for the issuance of the 2017 Bonds, and (iii) other applicable provisions of law.

The 2017 Bonds were authorized at a special bond election held for that purpose on November 3, 2015 (the “2015 Bond Election”). The proposition submitted to the voters of the District was as follows:

Shall the Board of Education of Tooele County School District, Utah, be authorized to issue general obligation bonds in an amount not to exceed \$49,000,000 and to mature in no more than twenty–one (21) years from the date or dates of issuance of such bonds for the purpose of raising money for constructing and acquiring sites, buildings and furnishings and improving existing school property?

At the 2015 Bond Election there were 3,903 votes cast in favor of the issuance of bonds and 3,189 votes cast against the issuance of bonds, for a total vote count of 7,092, with approximately 55% in favor of the issuance of bonds. The 2017 Bonds are the final block of bonds to be issued from the 2015 Bond Election. After the sale and delivery of the 2017 Bonds the Board no remaining authorized unissued bonds from the 2015 Bond Election.

*Purpose.* The 2017 Bonds are being issued to fund various equipment, acquisition and construction projects as set forth in the 2015 Bond Election proposition and to pay certain costs of issuance. See “THE 2017 BONDS—Sources And Uses Of Funds” below.



## **Redemption Provisions**

The 2017 Bonds are subject to optional redemption prior to maturity. See “THE 2017 BONDS—Redemption Provisions” below.

## **Registration, Denominations, Manner Of Payment**

The 2017 Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2017 Bonds. Purchases of 2017 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2017 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2017 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”

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

So long as DTC or its nominee is the registered owner of the 2017 Bonds, neither the Board nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2017 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2017 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2017 Bonds.

## **Tax Exemption**

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2017 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2017 Bonds.

## **Professional Services**

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

*Bond Counsel*

Farnsworth Johnson PLLC  
180 N University Ave Ste 260  
Provo UT 84601  
801.932.0317  
[brandon@farnsworthjohnson.com](mailto:brandon@farnsworthjohnson.com)

*Attorney for the Board*

Burbidge & White LLC  
15 W S Temple Ste 950  
Salt Lake City UT 84101  
801.359.7000 | f 801.236.5319  
[ptanner@burbidgewhite.com](mailto:ptanner@burbidgewhite.com)

*Bond Registrar and Paying Agent*

Zions Bank, a division of ZB, National Association  
Zions Bank Building  
Corporate Trust Department  
One S Main St 12<sup>th</sup> Fl  
Salt Lake City UT 84133  
801.844.7253 | f 855.547.5428  
[dan.ellison@zionsbank.com](mailto:dan.ellison@zionsbank.com)

*Municipal Advisor*

Zions Public Finance Inc  
Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.7373 | f 801.844.4484  
[alex.buxton@zionsbancorp.com](mailto:alex.buxton@zionsbancorp.com)

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

The 2017 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2017 Bonds by Farnsworth Johnson PLLC, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the attorney for the Board, Burbidge & White LLC, Salt Lake City, Utah. It is expected that the 2017 Bonds, in book–entry form only, will be available for delivery in Salt Lake City, Utah for deposit with Zions Bank, a “fast agent” of DTC, on or about Thursday, July 13, 2017.

**Continuing Disclosure Undertaking**

The Board will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2017 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

**Basic Documentation**

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Board, the District, the 2017 Bonds, and the Resolution are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document, and references herein to the 2017 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2017 Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

**Contact Persons**

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

Alex Buxton, Vice President, [alex.buxton@zionsbancorp.com](mailto:alex.buxton@zionsbancorp.com)  
Eric John Pehrson, Vice President, [eric.pehrson@zionsbancorp.com](mailto:eric.pehrson@zionsbancorp.com)

Zions Public Finance, Inc.  
Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board concerning the 2017 Bonds is:

Lark Reynolds, Business Administrator  
[lreynolds@tooeleschools.org](mailto:lreynolds@tooeleschools.org)

Tooele County School District  
92 S Lodestone Way  
Tooele UT 84074  
435.833.1900 | f 435.833.1912

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the State guaranty for the 2017 Bonds is:

David Damschen, Utah State Treasurer, [ddamschen@utah.gov](mailto:ddamschen@utah.gov)

Utah State Treasurer's Office  
350 N State St Ste C-180  
(PO Box 142315)  
Salt Lake City UT 84114-2315  
801.538.1042 | f 801.538.1465

## CONTINUING DISCLOSURE UNDERTAKING

### Continuing Disclosure Undertaking For 2017 Bonds

The Board will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2017 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in "APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

***The Board represents that in the last five years, there are no instances in which the Board failed to comply, in all material respects, with each disclosure undertaking previously entered into by it pursuant to the Rule.***

The Disclosure Undertaking requires the Board to submit its annual financial statements (for the Fiscal Year Ending June 30) and other operating and financial information not more than 185 days from the end of the Fiscal Year. The Board will submit the Fiscal Year 2017 financial statements and other required operating and financial information for the 2017 Bonds on or before January 1, 2018, and annually thereafter on or before each January 1.

A failure by the Board to comply with the Disclosure Undertaking will not constitute a default under the Resolution and Beneficial Owners of the 2017 Bonds are limited to the remedies described in the Disclosure Undertaking. See “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.” A failure by the Board to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2017 Bonds and their market price.

The State has entered into a Master Continuing Disclosure Agreement (the “Master Agreement”) for the benefit of the Beneficial Owners of the bonds, including the 2017 Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” below. In the Master Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to MSRB through EMMA pursuant to the Rule, but solely as to its responsibilities under its guaranty. See “STATE OF UTAH GUARANTY—State Of Utah—Financial And Operating Information” below. Based on prior disclosure undertakings the State submits its Fiscal Year Ending June 30 CAFR and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year). The State has agreed to submit the State’s Fiscal Year 2017 CAFR and other operating and financial information on or before January 15, 2018 (and annually thereafter on or before each January 15).

The Board is responsible for continuing disclosure under the Rule for all other matters relating to the 2017 Bonds.

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

## **STATE OF UTAH GUARANTY**

### **Guaranty Provisions**

Payment of the principal of and interest on the 2017 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. The Guaranty Act establishes the Utah School Bond Default Avoidance Program (the “Program” or the “Utah School Bond Guaranty Program”). The State’s guaranty is contained in Section 53A–28–201(2)(a) of the Guaranty Act, which provides as follows:

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

In addition, the Guaranty Act provides that the State pledges to and agrees with the holders of bonds guaranteed under the Guaranty Act that the State will not alter, impair, or limit the rights vested by the Program with respect to said bonds until said bonds, together with applicable interest, are fully paid and discharged. However, this pledge does not preclude an alteration, impairment, or limitation if adequate provision is made by law for the protection of the holders of the bonds.

The Guaranty Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) bonds which are guaranteed by the State for which payment is provided by the deposit of direct obligations of the United States government under the provisions of the Refunding Bond Act, Title 11, Chapter 27, Utah Code, will

no longer be secured by the State’s guaranty subsequent to such provision for payment. This is likely to occur only if such bonds are refunded in advance of their maturity. In such an event, such bonds would then be secured solely by the obligations pledged for their payment and not by the State’s guaranty.

## Guaranty Procedures

Under the Guaranty Act, the Business Administrator of the Board (the “Business Administrator”) is required to transfer moneys sufficient for scheduled debt service payments on the 2017 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2017 Bonds. If the Business Administrator is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Business Administrator must immediately notify the Paying Agent and the Utah State Treasurer (the “State Treasurer”) by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. In addition, if the Paying Agent has not received the scheduled debt service payment at least 15 days prior to the scheduled debt service payment date for the 2017 Bonds, then the Paying Agent must at least 10 days before the scheduled debt service payment notify the State Treasurer of that failure by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. The Guaranty Act further provides that if sufficient moneys to pay the scheduled debt service payment have not been transferred to the Paying Agent, then the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the Paying Agent to make the scheduled debt service payment. Payment by the State of a debt service payment on the 2017 Bonds discharges the obligation of the Board to the bondholders for that payment, to the extent of the State’s payment, and transfers the Board’s obligation for that payment to the State.

In the event the State is called upon to make payment of principal of or interest on the 2017 Bonds on behalf of the Board, the State will use cash on hand (or from other legally available moneys) to make the payment. Under the Guaranty Act, the State Treasurer is required to immediately intercept any payments from the Uniform School Fund or from any other source of operating moneys provided by the State to the Board. The intercepted payments will be used to reimburse the State until all obligations of the Board to the State, including interest and penalties, are paid in full. The State does not currently expect to have to advance moneys to the Board pursuant to its guaranty. If, however, at the time the State is required to make a debt service payment under its guaranty on behalf of the Board, sufficient moneys are not on hand and available for that purpose, then the Guaranty Act provides that the State may seek a short-term loan from the Permanent School Fund sufficient to make the required payment (the Permanent School Fund is not required to make such a loan) or issue short-term State debt in the form of general obligation notes as provided in the Guaranty Act. The provisions of the Guaranty Act relating to short-term debt provide that such debt will carry the full faith and credit of the State and will be issued with a maturity of not more than 18 months so that the State could, if necessary, obtain liquidity financing on short notice. Under the State Constitution, debt incurred for this purpose does not count toward the constitutional debt limit of the State.

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

Number of school districts (out of 41 school districts in the State) .....	40
Number of bond issues.....	323
Aggregate total principal amount outstanding within the State’s Fiscal Year 2017 .....	\$2,964,432,000

The approximate aggregate total annual principal and interest payments (interest payments include anticipated federal interest subsidies on “Build America Bonds” and “Qualified School Construction Bonds”) due on bonds guaranteed by the State under the Program during Fiscal Years 2016 through 2021, inclusive, is as follows (currently, the Program’s annual principal and interest payments extend to Fiscal Year 2036):

Fiscal Year 2017 .....	352,155,363
Fiscal Year 2018 .....	352,271,369
Fiscal Year 2019 .....	334,619,952
Fiscal Year 2020 .....	314,990,643
Fiscal Year 2021 .....	309,485,668
Fiscal Year 2022 .....	284,306,205

(Source: Zions Public Finance, Inc.)

## **Purpose Of The Guaranty**

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 2017 Bonds remains with the Board. Accordingly, the Guaranty Act contains provisions, including interception of State aid to the Board, possible action to compel levy of a tax sufficient to reimburse the State for any payments made to bondholders pursuant to its guaranty and various oversight provisions to assure that the Board, and not the State, will ultimately be responsible for debt service on the 2017 Bonds.

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

## **No Call On State Guaranty**

*Since the Guaranty Act's inception in January 1997, the State has not been called upon to pay the principal of and interest on any bonds guaranteed under the Guaranty Act.*

## **State Of Utah—Financial And Operating Information**

The CAFR of the State for Fiscal Year 2016 (the “State CAFR”), its most recent official statements and current continuing disclosure information for its general obligation (CUSIP® 917542) and lease revenue (CUSIP® 917547) bond debt are currently on file with EMMA (<http://www.emma.msrb.org/>). The financial and operating information with respect to the State contained in the State CAFR, such official statements and continuing disclosure information, and the Master Agreement are hereby included by reference in this OFFICIAL STATEMENT; provided, however, the Board has not reviewed or approved and taken the responsibility for such financial and operating information incorporated herein by reference.

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

## **THE 2017 BONDS**

### **General**

The 2017 Bonds will be dated the date of their original issuance and delivery<sup>1</sup> (the “Dated Date”) and will mature on June 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT. The 2017 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2017 Bonds is payable semiannually on each

<sup>1</sup> The anticipated date of delivery is Thursday, July 13, 2017.

June 1 and December 1, commencing December 1, 2017. Interest on the 2017 Bonds will be computed on the basis of a 360-day year comprised of 12, 30-day months.

Zions Bank is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2017 Bonds under the Resolution.

The 2017 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2017 Bonds are being issued within the constitutional debt limit imposed on boards of education of school districts in the State. See “DEBT STRUCTURE OF TOOELE COUNTY SCHOOL DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

### **Sources And Uses Of Funds**

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

*Sources:*

Par amount of 2017 Bonds.....	\$16,000,000.00
Original issue premium.....	<u>1,508,399.05</u>
Total .....	<u>\$17,508,399.05</u>

*Uses:*

Deposit to project construction account.....	\$17,322,093.20
Costs of Issuance (1).....	94,000.00
Successful bidder’s discount.....	49,283.20
Original issue discount.....	<u>43,022.65</u>
Total .....	<u>\$17,508,399.05</u>

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

### **Security And Sources Of Payment**

The 2017 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest.

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

Payment of the principal of and interest on the 2017 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. See “STATE OF UTAH GUARANTY” above.

### **Redemption Provisions**

*Optional Redemption.* The 2017 Bonds maturing on and after June 1, 2028 are subject to redemption prior to maturity in whole or in part at the option of the Board on June 1, 2027 or on any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of the principal amount of the 2017 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

*Selection for Redemption.* If less than all 2017 Bonds of any maturity are to be redeemed, the particular 2017 Bonds or portion of 2017 Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2017 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2017 Bonds for redemption, the Bond Registrar will treat each such 2017 Bond as representing that number of 2017 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2017 Bond by \$5,000.

*Notice of Redemption.* Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE 2017 BONDS—Registration And Transfer; Record Date” below, of each 2017 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2017 Bonds are to be redeemed, the distinctive numbers of the 2017 Bonds or portions of 2017 Bonds to be redeemed, and will also state that the interest on the 2017 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2017 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2017 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the Board will not be required to redeem such 2017 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Any notice of redemption mailed as provided in the Resolution will be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2017 Bond will not affect the validity of the proceedings for redemption with respect to any other 2017 Bond.

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

*For so long as a book-entry system is in effect with respect to the 2017 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2017 Bonds. See “THE 2017 BONDS—Book-Entry System” below.*

## **Registration And Transfer; Record Date**

*Registration and Transfer.* In the event the book-entry system is discontinued, any 2017 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2017 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2017 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2017 Bond or 2017 Bonds of the same series,



designation, maturity and interest rate and of authorized denominations duly executed by the Board, for a like aggregate principal amount.

The 2017 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully-registered 2017 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2017 Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2017 Bonds.

*Record Date.* The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days immediately preceding such interest payment date and (ii) with respect to any redemption of any 2017 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2017 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2017 Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2017 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever.

### **Book-Entry System**

DTC will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2017 Bond certificate will be issued for each maturity of the 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK-ENTRY SYSTEM” for a more detailed discussion of the book-entry system and DTC.

In the event the book-entry system is discontinued, interest on the 2017 Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the Board kept for that purpose by the Bond Registrar. The principal of all 2017 Bonds will be payable at the principal office of the Paying Agent.

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## Debt Service On The 2017 Bonds

Payment Date	The 2017 Bonds		Period Total	Fiscal Total
	Principal	Interest		
December 1, 2017 .....	\$ 0.00	\$ 292,440.21	\$ 292,440.21	
June 1, 2018.....	3,430,000.00	381,443.75	3,811,443.75	\$4,103,883.96
December 1, 2018.....	0.00	295,693.75	295,693.75	
June 1, 2019.....	2,730,000.00	295,693.75	3,025,693.75	3,321,387.50
December 1, 2019.....	0.00	227,443.75	227,443.75	
June 1, 2020.....	2,690,000.00	227,443.75	2,917,443.75	3,144,887.50
December 1, 2020.....	0.00	160,193.75	160,193.75	
June 1, 2021.....	3,460,000.00	160,193.75	3,620,193.75	3,780,387.50
December 1, 2021.....	0.00	73,693.75	73,693.75	
June 1, 2022.....	160,000.00	73,693.75	233,693.75	307,387.50
December 1, 2022.....	0.00	69,693.75	69,693.75	
June 1, 2023.....	170,000.00	69,693.75	239,693.75	309,387.50
December 1, 2023.....	0.00	65,443.75	65,443.75	
June 1, 2024.....	180,000.00	65,443.75	245,443.75	310,887.50
December 1, 2024.....	0.00	60,943.75	60,943.75	
June 1, 2025.....	190,000.00	60,943.75	250,943.75	311,887.50
December 1, 2025.....	0.00	56,193.75	56,193.75	
June 1, 2026.....	195,000.00	56,193.75	251,193.75	307,387.50
December 1, 2026.....	0.00	51,318.75	51,318.75	
June 1, 2027.....	205,000.00	51,318.75	256,318.75	307,637.50
December 1, 2027.....	0.00	46,193.75	46,193.75	
June 1, 2028.....	215,000.00	46,193.75	261,193.75	307,387.50
December 1, 2028.....	0.00	40,818.75	40,818.75	
June 1, 2029.....	230,000.00	40,818.75	270,818.75	311,637.50
December 1, 2029.....	0.00	36,218.75	36,218.75	
June 1, 2030.....	235,000.00	36,218.75	271,218.75	307,437.50
December 1, 2030.....	0.00	31,518.75	31,518.75	
June 1, 2031.....	245,000.00	31,518.75	276,518.75	308,037.50
December 1, 2031.....	0.00	26,618.75	26,618.75	
June 1, 2032.....	255,000.00	26,618.75	281,618.75	308,237.50
December 1, 2032.....	0.00	21,518.75	21,518.75	
June 1, 2033.....	265,000.00	21,518.75	286,518.75	308,037.50
December 1, 2033.....	0.00	17,543.75	17,543.75	
June 1, 2034.....	275,000.00	17,543.75	292,543.75	310,087.50
December 1, 2034.....	0.00	13,418.75	13,418.75	
June 1, 2035.....	280,000.00	13,418.75	293,418.75	306,837.50
December 1, 2035.....	0.00	9,218.75	9,218.75	
June 1, 2036.....	290,000.00	9,218.75	299,218.75	308,437.50
December 1, 2036.....	0.00	4,687.50	4,687.50	
June 1, 2037.....	<u>300,000.00</u>	<u>4,687.50</u>	<u>304,687.50</u>	309,375.00
Totals .....	<u>\$16,000,000.00</u>	<u>\$3,290,633.96</u>	<u>\$19,290,633.96</u>	

## TOOELE COUNTY SCHOOL DISTRICT, UTAH

### General

The District, established in 1915, shares common boundaries with the County. The County was established in 1850 and is situated in the northwestern portion of the State, located approximately 30 miles west of Salt Lake City, Utah. The County is bordered on the west by the State of Nevada, on the north by Box Elder County, on the east by Davis, Salt Lake and Utah Counties, and on the south by Juab County. The County is the second largest county in the State, covering an area of approximately 6,930 square miles. The

County had 63,833 residents according to the 2016 U.S. Census Bureau estimates and ranked as the 7<sup>th</sup> most populated county (out of 29 counties). See location map above.

The Board's office is located in Tooele City, Utah and maintains a web site that may be accessed at <http://www.tooeleschools.org>. For the contact person for the Board see "INTRODUCTION—Contact Persons" above.

Tooele City, Utah (the "City"), incorporated in 1853, is located approximately 30 miles from Salt Lake City, is the largest city in the County with a 2015 Census of 33,157 people and ranks the City as the 22<sup>nd</sup> most populous city in the State (out of approximately 245 municipal entities). The City is the headquarters for the District and is also the county seat of the County. Grantsville City is the other major city within the County and is situated on the shore of the Great Salt Lake about 10 miles northwest of the City.

The District presently operates 27 schools consisting of 16 elementary schools, three junior high schools, six high schools and two special purpose schools. The District operates schools in the communities of the City (eight elementary, two junior high, two high and two special schools), Grantsville City (two elementary, one junior high, and one high school), the City of Wendover (one elementary and one high school), Vernon Town (one elementary school), the unincorporated area of Dugway (one elementary and one high school), the unincorporated areas of Ibapah and Stansbury (one elementary and two elementary schools, and one high school, respectively). Additionally, the District will begin operation of MyTech High, an online school, in Fiscal Year 2018.

The historical enrollment within the District is as follows:

<u>October 1</u>	<u>Total</u>	<u>% Change Over Prior Year</u>
2017 (estimated) (1).....	15,262	6.5%
2016 .....	14,332	2.5
2015 .....	13,988	0.8
2014 (2).....	13,873	(1.7)
2013 .....	14,107	0.5
2012 .....	14,034	2.6
2011 .....	13,675	1.8
2010 .....	13,439	2.0
2009 (2).....	13,180	(1.7)
2008 .....	13,406	3.2

(1) The estimated increase is due to the opening of an online school.

(2) The decrease in enrollment can be attributed to opening of a charter schools within the District in 2009 and in 2014.

(Source: State Office of Education.)

*Additional Information. Student Enrollment Projections.* For a 10-year history of student enrollment by schools see "APPENDIX A—FINANCIAL STATEMENTS OF TOOEE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information—Student Enrollment by School" (page A-63) and "—Comparison of Per Pupil Expenditures in the General Fund" (page A-62).

*Charter Schools Within The District.* Currently there are two charter schools operating within the District and a third will begin operation in August 2017. Excelsior Academy (K-8), established in 2009, has a current enrollment of approximately 775 students. Earlier this year, Excelsior Academy approved an expansion for Fiscal Year 2019 and it is anticipated that this will increase the enrollment to approximately 1,200. Scholar Academy (K-6), opened in 2014, has a current enrollment of approximately 550 students. Bonneville Academy (K-8), will begin operation in Fiscal Year 2018. It is expected that approximately 700

students will attend Bonneville Academy. Students who attend charters schools in the District may live outside the boundaries of the District and the District cannot determine the number of charter school students who live outside the boundaries of the District. Funding for charter schools comes directly from the State based on student attendance.

## Form Of Government

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

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

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

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

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

Office	Person	Years in Position	Expiration of Current Term
President.....	Maresa Manzione	6	January 2021
Vice President .....	Carol Jensen	9	January 2019
Member .....	Scott Bryan	8	January 2021
Member .....	Julia Holt	15	January 2021
Member .....	Alan Mouritsen	4	January 2019
Member .....	Karen Nelson	2	January 2019
Member .....	Kathy Taylor	4	January 2021
Superintendent .....	Dr. Scott Rogers	4	Appointed/June 2018
Business Administrator .....	Lark Reynolds	5	Appointed/June 2018

## **Employee Workforce And Retirement System; Early Retirement Incentive; Post–Employment Benefits**

*Employee Workforce and Retirement System.* As of Fiscal Year 2017 the District employs approximately 1,050 full–time equivalent employees and 800 part–time employees. The District participates in cost–sharing multiple employer public employee retirement systems which are defined benefit retirement plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The retirement compensation plan is administered by the URS under the direction of the URS board, which consists of six members appointed by the Governor of the State and the State Treasurer.

Due to the implementation of Governmental Accounting Standard Board Statement 68, beginning Fiscal Year 2015, the Board is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of URS.

For a detailed discussion regarding retirement benefits and contributions and net pension liability for Fiscal Year 2016 see “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—Note 7. Retirement Plans” (page A–29).

*Post–Employment Benefits.* The District provides a life–time Medicare supplemental insurance for retired employees who have completed at least 15 years of service with the District and 25 years in public education. Eligibility in this benefit was restricted in June 2000 to only those who had previously retired and those current employees who had earned at least 25 years of service (currently 215 retirees receiving benefits coverage in addition to one present employee). The Board currently pays for post–employment benefits on a “pay–as–you–go” basis. For Fiscal Year 2016 the Board’s required annual contribution was \$627,256 and the Board contributed \$680,316. The Board’s unfunded accrued actuarial liability as of Fiscal Year 2016 was approximately \$9.78 million. For a detailed discussion regarding the post–employment benefit plans see “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—Note 8. Postemployment Benefits Other Than Pensions” (page A–34).

*Early Retirement Benefits Payable.* The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of 30 years’ prior service with a minimum of 10 years of service in the District, and who meet the eligibility requirements for and will be receiving URS benefits. Eligible retirees will receive amounts based on age and classification for up to five consecutive years. In addition to early retirement compensation, the District provides medical insurance coverage to qualified early retirees up to age 65. The District’s payments for these benefits totaled \$490,930 for Fiscal Year 2016 and are paid on a “pay–as–you–go” basis. See “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—Note 10. Long–Term Liabilities” (page A–36).

## **Risk Management**

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

As of Fiscal Year 2016, the Administrative Services Risk Management Fund contained approximately \$48.1 million in reserve available to pay for claims incurred.

For a general discussion of insurance coverage, limits of insurance coverage, unemployment compensation and payment claims see “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—Note. 9. Risk Management” (page A–35).

## **Investment Of Funds**

*The State Money Management Act.* The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in–state and permitted out–of–state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

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

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

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

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

See “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—Note 2. Deposits and Investments” (page A–24).

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

## Population

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

	<u>County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2016 Estimate (1).....	64,833	11.4%	3,051,217	10.4%
2010 Census.....	58,218	42.9	2,763,885	23.8
2000 Census.....	40,735	53.1	2,233,169	29.6
1990 Census.....	26,601	2.2	1,722,850	17.9
1980 Census.....	26,033	20.8	1,461,037	37.9
1970 Census.....	21,545	20.6	1,059,273	18.9

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(1) U.S. Bureau of the Census estimates for July 1, 2016. Percentage change is calculated from the 2010 Census.

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

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

### Labor Force, Nonfarm Jobs and Wages within Tooele County

	Calendar Year (1)						% change from prior year				
	2016 (2)	2015	2014	2013	2012	2011	2015-16 (2)	2014-15	2013-14	2012-13	2011-12
Civilian labor force (3).....	30,518	29,388	28,979	28,565	27,776	27,289	3.8	1.4	1.4	2.8	1.8
Employed persons.....	29,357	28,189	27,588	27,011	26,110	25,345	4.1	2.2	2.1	3.5	3.0
Unemployed persons.....	1,162	1,199	1,391	1,554	1,666	1,944	(3.1)	(13.8)	(10.5)	(6.7)	(14.3)
Total private sector (average).....	11,873	11,180	11,112	11,439	11,446	11,450	6.2	0.6	(2.9)	(0.1)	(0.0)
Agriculture, forestry, fishing and hunting.....	119	97	95	95	94	88	22.7	2.1	0.0	1.1	6.8
Mining.....	90	92	87	79	74	80	(2.2)	5.7	10.1	6.8	(7.5)
Construction.....	767	734	868	798	750	705	4.5	(15.4)	8.8	6.4	6.4
Manufacturing.....	1,678	1,710	1,633	1,677	1,707	1,661	(1.9)	4.7	(2.6)	(1.8)	2.8
Wholesale trade.....	184	155	123	125	127	129	18.7	26.0	(1.6)	(1.6)	(1.6)
Retail trade.....	1,873	1,734	1,726	1,748	1,718	1,619	8.0	0.5	(1.3)	1.7	6.1
Transportation and warehousing.....	1,375	1,168	1,046	990	942	892	17.7	11.7	5.7	5.1	5.6
Information.....	154	140	137	145	172	219	10.0	2.2	(5.5)	(15.7)	(21.5)
Finance and insurance.....	194	192	192	191	199	219	1.0	0.0	0.5	(4.0)	(9.1)
Real estate, rental and leasing.....	102	107	109	110	110	104	(4.7)	(1.8)	(0.9)	0.0	5.8
Professional, scientific, and technical services.....	452	490	563	634	666	634	(7.8)	(13.0)	(11.2)	(4.8)	5.0
Admin., support, waste mgmt., remediation.....	1,402	1,249	1,267	1,583	1,735	2,057	12.2	(1.4)	(20.0)	(8.8)	(15.7)
Education services.....	192	129	135	133	127	123	48.8	(4.4)	1.5	4.7	3.3
Health care and social assistance.....	1,366	1,306	1,267	1,257	1,268	1,239	4.6	3.1	0.8	(0.9)	2.3
Arts, entertainment and recreation.....	271	277	287	294	266	262	(2.2)	(3.5)	(2.4)	10.5	1.5
Accommodation and food services.....	1,320	1,268	1,250	1,252	1,173	1,114	4.1	1.4	(0.2)	6.7	5.3
Other services.....	411	390	384	392	372	355	5.4	1.6	(2.0)	5.4	4.8
Total public sector (average).....	3,970	3,837	3,828	3,979	4,368	4,532	3.5	0.2	(3.8)	(8.9)	(3.6)
Federal.....	1,251	1,256	1,290	1,413	1,635	1,813	(0.4)	(2.6)	(8.7)	(13.6)	(9.8)
State.....	193	189	186	184	184	182	2.1	1.6	1.1	0.0	1.1
Local.....	2,526	2,392	2,351	2,382	2,549	2,537	5.6	1.7	(1.3)	(6.6)	0.5
Total payroll (in millions)..... \$	153	\$ 593	\$ 643	\$ 673	\$ 672	\$ 674	5.6	(7.8)	(4.5)	0.1	(0.3)
Average monthly wage..... \$	3,212	\$ 3,291	\$ 3,587	\$ 3,638	\$ 3,543	\$ 3,516	0.6	(8.3)	(1.4)	2.7	0.8
Average employment.....	15,843	15,017	14,940	15,418	15,813	15,981	5.0	0.5	(3.1)	(2.5)	(1.1)
Establishments.....	1,081	1,055	1,038	1,015	977	978	2.7	1.6	2.3	3.9	(0.1)

(1) Utah Department of Workforce Services.

(2) Second quarter data only, unless otherwise indicated. Percent changes based on comparison to the same time of the prior year.

(3) Annual average for all calendar years.



## Employment, Income, Construction, And Sales Taxes Within Tooele County And The State of Utah—continued

### Personal Income; Per Capital Personal Income; Median Household Income within Tooele County and State of Utah (1)

	Calendar Year						% change from prior year				
	2015	2014	2013	2012	2011	2010	2014–15	2013–14	2012–13	2011–12	2010–11
Total Personal Income:											
Tooele County.....	\$ 2,070,460	\$ 1,920,307	\$ 1,843,720	\$ 1,827,687	\$ 1,762,364	\$ 1,670,334	7.8	4.2	0.9	3.7	5.5
State of Utah.....	117,763,901	110,843,820	104,664,413	101,508,754	94,918,680	90,483,243	6.2	5.9	3.1	6.9	4.9
Total Per Capita Personal Income:											
Tooele County.....	\$ 32,890	31,398	30,507	30,555	29,693	28,558	4.8	2.9	(0.2)	2.9	4.0
State of Utah.....	39,308	37,644	36,045	35,538	33,702	32,614	4.4	4.4	1.4	5.4	3.3
Median Household Income:											
Tooele County.....	67,938	59,400	61,927	61,719	60,541	56,053	14.4	(4.1)	0.3	1.9	8.0
State of Utah.....	62,961	60,943	59,715	57,067	55,802	54,740	3.3	2.1	4.6	2.3	1.9

### Construction within Tooele County (2)

	Calendar Year						% change from prior year				
	2016	2015	2014	2013	2012	2011	2015–16	2014–15	2013–14	2012–13	2011–12
Number new dwelling units.....	266.0	392.0	363.0	310.0	248.0	219.0	(32.1)	8.0	17.1	25.0	13.2
New (in \$1,000's):											
Residential value.....	\$ 45,949.5	\$ 80,389.5	\$ 69,891.3	\$ 59,820.0	\$ 36,712.8	\$ 29,414.1	(42.8)	15.0	16.8	62.9	24.8
Non-residential value.....	19,146.6	14,762.9	36,005.9	25,266.2	9,705.1	29,860.6	29.7	(59.0)	42.5	160.3	(67.5)
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	2,146.6	3,639.2	3,193.0	3,183.1	1,244.5	1,448.6	(41.0)	14.0	0.3	155.8	(14.1)
Non-residential value.....	1,172.0	3,109.7	33,377.2	44,300.2	2,197.9	4,550.6	(62.3)	(90.7)	(24.7)	1915.6	(51.7)
Total construction value (in \$1,000's).....	<u>\$ 68,414.7</u>	<u>\$ 101,901.3</u>	<u>\$ 142,467.4</u>	<u>\$ 132,569.5</u>	<u>\$ 49,860.3</u>	<u>\$ 65,273.9</u>	(32.9)	(28.5)	7.5	165.9	(23.6)

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

	Calendar Year						% change from prior year				
	2016	2015	2014	2013	2012	2011	2015–16	2014–15	2013–14	2012–13	2011–12
Taxable Sales (in \$1,000's):											
Tooele County.....	\$ 694,345	\$ 701,819	\$ 633,731	\$ 618,948	\$ 656,289	\$ 600,905	(1.1)	10.7	2.4	(5.7)	9.2
State of Utah.....	56,502,434	53,933,277	51,709,163	49,404,046	47,531,180	44,335,559	4.8	4.3	4.7	3.9	7.2
	Fiscal Year						% change from prior year				
	2016	2015	2014	2013	2012	2011	2015–16	2014–15	2013–14	2012–13	2011–12
Local Sales and Use Tax Distribution:											
Tooele County (and all cities).....	\$ 8,972,130	\$ 8,607,694	\$ 8,099,684	\$ 7,968,140	\$ 7,777,049	\$ 7,101,735	4.2	6.3	1.7	2.5	9.5

- (1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.  
(2) University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.  
(3) Utah State Tax Commission.

## Largest Employers

The following is a list of the largest employers in the County with employment over 100 individuals.

<u>Firm (location)</u>	<u>Business</u>	<u>Employees</u>
Tooele County School District (county-wide) .....	Primary education	1,200–2,600
Wal-Mart (Grantsville City).....	Transportation and warehousing	500–1,000
U. S. Army Test and Evaluation Command .....	Public administration	350–750
Cabela's (Tooele) .....	Transportation and warehousing	250–500
Dealersocket, Inc. (Tooele).....	Admin. support, waste mgmt., remediation	250–500
Detroit Diesel Remanufacturing (Tooele) .....	Manufacturing	250–500
Mountain West Medical Center (Tooele) .....	Health care and social assistance	250–500
U. S. Army Operations Support Command .....	Public administration	250–500
U.S. Magnesium LLC (Rowley).....	Manufacturing	250–500
Wal-Mart (Tooele) .....	Retail trade	250–500
ATI Titanium LLC (Grantsville) .....	Manufacturing	100–250
Broken Arrow Incorporated (Lake Point).....	Construction	100–250
Clean Harbors Aragonite, LLC (Dugway).....	Admin. support, waste mgmt., remediation	100–250
Envirocare of Utah (Grantsville) .....	Admin. support, waste mgmt., remediation	100–250
Excelsior Academy (Grantsville) .....	Admin. support, waste mgmt., remediation	100–250
Jacobs Technology Inc. (Dugway) .....	Professional, scientific & technical	100–250
Macey's (Tooele).....	Retail trade	100–250
Morton Salt (Grantsville).....	Manufacturing	100–250
The Home Depot (Tooele City) .....	Retail trade	100–250
Turf-it Landscaping (Grantsville) .....	Admin. support, waste mgmt., remediation	100–250

(Source: Utah Department of Workforce Services. Updated March 2017, reflecting information as of September 2016.)

## Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Tooele County</u>	<u>State of Utah</u>	<u>United States</u>
2017 (1).....	3.5%	3.1%	4.5%
2016 .....	3.8	3.4	4.9
2015 .....	4.1	3.5	5.3
2014 .....	4.8	3.8	6.2
2013 .....	5.4	4.6	7.4
2012 .....	6.0	5.4	8.1

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

(Source: Utah Department of Workforce Services.)

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## DEBT STRUCTURE OF TOOELE COUNTY SCHOOL DISTRICT, UTAH

### Outstanding General Obligation Bonded Indebtedness

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2017 (a) .....	School building	\$16,000,000	June 1, 2037	\$16,000,000
2016 .....	School building	33,000,000	June 1, 2036	33,000,000
2015 .....	Refunding/MBA	16,960,000	June 1, 2029	15,595,000
2014B .....	Refunding	22,545,000	June 1, 2027	22,545,000
2014 .....	Refunding	13,195,000	June 1, 2021	9,585,000
2011 .....	Refunding	6,395,000	June 1, 2020	<u>1,875,000</u>
Total direct general obligation debt.....				<u>\$98,600,000</u>

(a) For purposes of this OFFICIAL STATEMENT, the 2017 Bonds will be considered issued and outstanding.

(1) All bonds of the Board are rated “Aaa” (State of Utah Guaranty; underlying “Aa3”) by Moody’s and “AAA” (State of Utah Guaranty; underlying “AA-”) by S&P, as of the date of this OFFICIAL STATEMENT.

### Municipal Building Authority of Tooele County School District, Utah

The Board created the Municipal Building Authority of Tooele County School District, Utah (the “Authority”) as a nonprofit corporation in accordance with the provisions of the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code (the “Nonprofit Corporation Act”) and as provided in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code.

The Authority is to be of perpetual duration as set forth in its Articles of Incorporation. The Authority at the present time has no full-time employees or other personnel other than its governing board as described below. The Authority has no property, money or other assets, except for the projects that are or have been constructed by the Authority. The principal place of business of the Authority is at the Board offices.

*Corporate And Statutory Powers.* The Authority has been incorporated for the purpose of acquiring, improving or extending one or more projects and financing their costs on behalf of the Board in accordance with the procedures and subject to the limitations of State law, in order to accomplish the public purposes for which the Board exists.

*Organization.* According to the By-Laws of the Authority, the affairs of the Authority are managed by a Board of Trustees (the “Board of Trustees”). The Board of Trustees consists of seven members of the Board, as may from time to time serve. Each Trustee serves on the Board of Trustees until death, incapacity or removal from the Board. Whenever a Trustee shall cease to be a member of the Board, the successor, upon the election and qualifying for office, thereupon becomes a Trustee of the Authority. Trustees may be removed and replaced by the Board at any time at its discretion.

*Debt Issuance.* The Authority’s debt does not constitute legal debt within the meaning of any constitutional provision or statutory limitation of the Board. The Authority has entered into annual leases with the Board for each school project constructed by the Authority. The leases may be terminated by the Board in any year and payments by the Board may be made only from moneys which are annually budgeted and appropriated by the Board for such purpose.

Debt issued by the Authority is being paid from rental payments received by the Authority from the Board. The Board’s rental payments are being made from the capital projects fund from property taxes and earnings on investments. *The lease revenue bonds issued by the Authority are not secured or issued under*

the same indenture or master lease and **are not** issued on a parity with each other. As of the date of this OFFICIAL STATEMENT, the Authority has outstanding the following lease revenue bonds:

- (i) In 2012, the Authority issued \$2,643,000, Lease Revenue Refunding Bonds, Series 2012 (the “2012 MBA Bonds”), under a 2012 Indenture (the “2012 Indenture”), which bond proceeds were used to refund lease revenue bonds issued by the Authority in 2003. In 2003 the Authority issued \$5,000,000 of lease revenue bonds for the construction and equipping of an elementary school building (the “2003 Project”). The Authority may, from time to time, issue additional bonds under the 2012 Indenture, but the Authority has not done so. The Authority has leased the 2003 Project to the Board, pursuant to a 2012 Master Lease (the “2012 Master Lease”). The Authority has granted to a trustee, for the benefit of the owners of the 2012 MBA Bonds, a security interest in all of the Authority’s right, title and interest in the 2003 Project refinanced with the 2012 MBA Bonds issued under the 2012 Indenture.
- (ii) In 2010, the Authority issued \$6,000,000, Lease Revenue Bonds, Series 2010 (the “2010 MBA Bonds”), under a 2010 Indenture (the “2010 Indenture”), which bond proceeds (together with other legally available moneys) were used for the construction and equipping of an elementary school building (the “2010 Project”). The Authority may, from time to time, issue additional bonds under the 2010 Indenture, but the Authority has not done so. The Authority has leased the 2010 Project to the Board, pursuant to a 2010 Master Lease (the “2010 Master Lease”). The Authority has granted to a trustee, for the benefit of the owners of the 2010 MBA Bonds, a security interest in all of the Authority’s right, title and interest in the 2010 Project financed with the 2010 MBA Bonds issued under the 2010 Indenture.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2012 Indenture				
2012 (1).....	Refunding	\$2,643,000	June 1, 2020	<u>\$1,045,000</u>
2010 Indenture				
2010 (2) (3)....	Building/QSCB (elementary)	\$6,000,000	June 1, 2027	<u>\$6,000,000</u>
Total principal amount of outstanding lease revenue bonds .....				<u>\$7,045,000</u>

- (1) These bonds were placed with a private investor and were not rated (no rating was applied for).
- (2) Rated “A1” by Moody’s; and “A+” by S&P, as of the date of this OFFICIAL STATEMENT.
- (3) These bonds are federally taxable, Qualified School Construction Bonds (“QSCB”) and were issued with a coupon rate of 5.625% per annum. The 2010 Lease Revenue Bonds will mature on June 1, 2027. However, the Authority is required to make an annual sinking fund deposit of \$375,000 (or less, depending on interest earnings) into a sinking fund held by Zions Bank, as escrow agent for the 2010 Lease Revenue Bonds (the current deposit in this sinking fund is approximately \$1,875,000).

See “Debt Schedule Of Outstanding Lease Revenue Bonds Of The Municipal Building Authority of Tooele County School District, Utah By Fiscal Year” below.

## Federal Funding Cuts

*Federal Sequestration.* Pursuant to the Budget Control Act of 2011 (the “BCA”), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as “sequestration”) were ordered in federal fiscal years ending September 30, 2013 through 2021, and were subsequently extended through September 30, 2024. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds (“BABs”) and various other federal expenditures.

The Authority anticipates that any future reductions of subsidy payments with respect to the Authority’s \$6,000,000 of outstanding BABs and reductions in other federal grants as a result of sequestration would have no material impact on its operations or financial position. The Authority and the Board cannot predict whether Congress will take action to avoid sequestration in federal fiscal year 2017 or what, if any, sequestration cuts may occur in federal fiscal year 2018 or thereafter.

## **Other Financial Considerations**

Other than the outstanding general obligation bonds of the Board, the Board has no other outstanding debt.

*Employee Salary Increase.* In effort to remain competitive with surrounding school districts, the Board has authorized an 8.5% teacher salary increase in Fiscal Year 2018. To initially cover the cost of the increase, the District anticipates spending into fund balance reserves of the General Fund for Fiscal Year 2018. It is the intent of the District to increase the Voted Leeway tax rate to fund the salary increase for future years. See “FINANCIAL INFORMATION REGARDING TOOELE COUNTY SCHOOL DISTRICT, UTAH–Historical Tax Rates Of The District” and “STATE OF UTAH SCHOOL FINANCE–Local District Funding” below.

*Future Bond Election.* Because of the anticipated growth in the District, the Board may approach voters to authorize the funding for construction of two secondary schools. It is anticipated that the District may hold such election in either Fiscal Years 2019 or 2020.

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## Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2017 \$16,000,000		Series 2016 \$33,000,000		Series 2015 \$16,960,000		Series 2014B \$22,545,000		Series 2014 \$13,195,000		Series 2011 \$6,395,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 365,000	\$ 618,950	\$ 0	\$ 1,098,250	\$ 1,355,000	\$ 456,000	\$ 570,000	\$ 165,050
2017.....	0	0	0	1,086,500	1,000,000	611,650	0	1,098,250	2,205,000	401,800	2,150,000	142,250
2018.....	3,430,000	673,884	1,200,000	1,230,000	1,030,000	581,650	1,000,000	1,098,250	2,280,000	313,600	600,000	56,250
2019.....	2,730,000	591,388	1,225,000	1,194,000	1,070,000	540,450	1,825,000	1,048,250	2,350,000	245,200	625,000	38,250
2020.....	2,690,000	454,888	1,275,000	1,145,000	1,120,000	486,950	2,070,000	957,000	2,420,000	198,200	650,000	19,500
2021.....	3,460,000	320,388	1,350,000	1,081,250	1,175,000	430,950	2,180,000	853,500	2,535,000	101,400	—	—
2022.....	160,000	147,388	1,400,000	1,013,750	1,240,000	372,200	2,285,000	744,500	—	—	—	—
2023.....	170,000	139,388	1,425,000	996,250	1,260,000	350,500	2,390,000	630,250	—	—	—	—
2024.....	180,000	130,888	1,500,000	925,000	1,325,000	287,500	2,495,000	510,750	—	—	—	—
2025.....	190,000	121,888	1,575,000	850,000	1,385,000	221,250	2,625,000	386,000	—	—	—	—
2026.....	195,000	112,388	1,650,000	771,250	1,435,000	179,700	2,775,000	254,750	—	—	—	—
2027.....	205,000	102,638	1,750,000	688,750	1,475,000	136,650	2,900,000	116,000	—	—	—	—
2028.....	215,000	92,388	1,825,000	601,250	1,520,000	92,400	—	—	—	—	—	—
2029.....	230,000	81,638	1,875,000	546,500	1,560,000	46,800	—	—	—	—	—	—
2030.....	235,000	72,438	1,925,000	490,250	—	—	—	—	—	—	—	—
2031.....	245,000	63,038	2,000,000	432,500	—	—	—	—	—	—	—	—
2032.....	255,000	53,238	2,050,000	372,500	—	—	—	—	—	—	—	—
2033.....	265,000	43,038	2,125,000	290,500	—	—	—	—	—	—	—	—
2034.....	275,000	35,088	2,225,000	205,500	—	—	—	—	—	—	—	—
2035.....	280,000	26,838	2,275,000	138,750	—	—	—	—	—	—	—	—
2036.....	290,000	18,438	2,350,000	70,500	—	—	—	—	—	—	—	—
2037.....	300,000	9,375	—	—	—	—	—	—	—	—	—	—
Totals.....	<u>\$ 16,000,000</u>	<u>\$ 3,290,634</u>	<u>\$ 33,000,000</u>	<u>\$ 14,130,000</u>	<u>\$ 16,960,000</u>	<u>\$ 4,957,600</u>	<u>\$ 22,545,000</u>	<u>\$ 8,795,750</u>	<u>\$ 13,145,000</u>	<u>\$ 1,716,200</u>	<u>\$ 4,595,000</u>	<u>\$ 421,300</u>

Fiscal Year Ending June 30	Series 2007 \$37,000,000		Series 2006 (2) \$21,000,000		Series 2004A \$25,965,000		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2016.....	\$ 1,725,000	\$ 167,625	\$ 2,000,000	\$ 85,000	\$ 3,550,000	\$ 315,750	\$ 9,565,000	\$ 2,906,625	\$ 12,471,625
2017.....	1,800,000	90,000	0	0 (3)	2,765,000	138,250	9,920,000	3,568,700	13,488,700
2018.....	0	0 (1)	0	0 (3)	—	—	9,540,000	3,953,634	13,493,634
2019.....	0	0 (1)	0	0 (3)	—	—	9,825,000	3,657,538	13,482,538
2020.....	0	0 (1)	0	0 (3)	—	—	10,225,000	3,261,538	13,486,538
2021.....	0	0 (1)	0	0 (3)	—	—	10,700,000	2,787,488	13,487,488
2022.....	0	0 (1)	—	—	—	—	5,085,000	2,277,838	7,362,838
2023.....	0	0 (1)	—	—	—	—	5,245,000	2,116,388	7,361,388
2024.....	0	0 (1)	—	—	—	—	5,500,000	1,854,138	7,354,138
2025.....	0	0 (1)	—	—	—	—	5,775,000	1,579,138	7,354,138
2026.....	0	0 (1)	—	—	—	—	6,055,000	1,318,088	7,373,088
2027.....	0	0 (1)	—	—	—	—	6,330,000	1,044,038	7,374,038
2028.....	—	—	—	—	—	—	3,560,000	786,038	4,346,038
2029.....	—	—	—	—	—	—	3,665,000	674,938	4,339,938
2030.....	—	—	—	—	—	—	2,160,000	562,688	2,722,688
2031.....	—	—	—	—	—	—	2,245,000	495,538	2,740,538
2032.....	—	—	—	—	—	—	2,305,000	425,738	2,730,738
2033.....	—	—	—	—	—	—	2,390,000	333,538	2,723,538
2034.....	—	—	—	—	—	—	2,500,000	240,588	2,740,588
2035.....	—	—	—	—	—	—	2,555,000	165,588	2,720,588
2036.....	—	—	—	—	—	—	2,640,000	88,938	2,728,938
2037.....	—	—	—	—	—	—	300,000	9,375	309,375
Totals.....	<u>\$ 3,525,000</u>	<u>\$ 257,625</u>	<u>\$ 2,000,000</u>	<u>\$ 85,000</u>	<u>\$ 6,315,000</u>	<u>\$ 454,000</u>	<u>\$ 118,085,000</u>	<u>\$ 34,108,109</u>	<u>\$ 152,193,109</u>

(1) Principal and interest was refunded by the 2014B Bonds.

(2) This bond issue has been included in this table because final principal and interest payment occurred in Fiscal Year 2016.

(3) Principal and interest was refunded by the 2014 Bonds.

(Source: Zion Public Finance, Inc.)

## Debt Service Schedule Of Outstanding Lease Revenue Bonds Of The Municipal Building Authority Of Tooele County School District, Utah By Fiscal Year

Fiscal Year Ending June 30	Issued under the 2012 Indenture Series 2012; \$2,643,000			Issued under the 2010 Indenture Series 2010; \$6,000,000						Totals All Lease Revenue Debt		
	Principal	Interest	Total Debt Service	Principal	Interest (2)	Federal Interest Rate Subsidy (3)	Remaining Debt Service Interest Pay- ment on the 2010 Bonds	Estimated Annual Contributions to Sinking Account (4)	Total Payment Required For Debt Service (4)	Total Principal (5)	Total Interest (6)	Total Debt Service
2016.....	\$ 328,000 (1)	\$ 33,910	\$ 361,910	\$ 0	\$ 337,500	\$ (316,800)	\$ 20,700	\$ 375,000	\$ 395,700	\$ 703,000	\$ 392,110	\$ 1,095,110
2017.....	331,000 (1)	27,382	358,382	0	337,500	(316,800)	20,700	375,000	395,700	706,000	385,582	1,091,582
2018.....	338,000 (1)	20,796	358,796	0	337,500	(316,800)	20,700	375,000	395,700	713,000	378,996	1,091,996
2019.....	354,000 (1)	14,069	368,069	0	337,500	(316,800)	20,700	375,000	395,700	729,000	372,269	1,101,269
2020.....	353,000 (1)	7,025	360,025	0	337,500	(316,800)	20,700	375,000	395,700	728,000	365,225	1,093,225
2021.....	—	—	—	0	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
2022.....	—	—	—	0	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
2023.....	—	—	—	0	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
2024.....	—	—	—	0	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
2025.....	—	—	—	0	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
2026.....	—	—	—	0	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
2027.....	—	—	—	6,000,000	337,500	(316,800)	20,700	375,000	395,700	375,000	358,200	733,200
Totals.....	<u>\$1,704,000</u>	<u>\$103,182</u>	<u>\$ 1,807,182</u>	<u>\$6,000,000</u>	<u>\$ 4,050,000</u>	<u>\$ (3,801,600)</u>	<u>\$ 248,400</u>	<u>\$ 4,500,000</u>	<u>\$ 4,748,400</u>	<u>\$ 6,204,000</u>	<u>\$ 4,401,582</u>	<u>\$10,605,582</u>

(1) Mandatory sinking fund principal payments from a \$2,643,000 1.99% term bond due June 1, 2020.

(2) Federally taxable bonds. Interest based on a coupon rate of 5.625% per annum.

(3) Assumes a portion of the interest due will be paid from the federal interest rate subsidy up to 5.28% per annum.

(4) The Authority will contribute \$375,000 on June 1, 2017 and approximately \$375,000 (or less, depending on interest earnings) on June 1, 2018 through 2027 into a sinking account, which account may earn interest up to a limit of 4.33%. Contributions of principal amounts, together with interest earnings and the reserve fund amount, should be sufficient to retire the 2010 MBA

(5) Includes sinking fund principal amount contribution payment on the 2010 MBA Bonds.

(6) Does not include federal interest subsidy payment on the 2010 MBA Bonds.

(Source: Zion Public Finance, Inc.)

## Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2016 Taxable Value (1)</u>	<u>Board's Portion of Tax- able Value</u>	<u>Board's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt</u>
<b>Overlapping:</b>					
State of Utah .....	\$240,124,539,695	\$4,290,825,881	1.8%	\$2,173,985,000	<u>\$38,847,304</u>
Total overlapping .....					<u>38,847,304</u>
<b>Underlying:</b>					
Total underlying .....					<u>0</u>
Total overlapping and underlying general obligation debt .....					<u>\$38,847,304</u>
Total overlapping general obligation debt (excluding the State) (2) .....					\$ 0
Total direct general obligation bonded indebtedness.....					<u>98,600,000</u>
Total direct and overlapping general obligation debt (excluding the State) (2).....					<u>\$98,600,000</u>

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

- (1) Preliminary and subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

## Debt Ratios

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

	<u>To 2016 Taxable Value (1)</u>	<u>To 2016 Market Value (2)</u>	<u>To 2016 Population Estimate Per Capita (3)</u>
Direct general obligation debt.....	2.30%	1.69%	\$1,521
Direct and overlapping general obligation debt.....	2.30	1.69	1,521

- (1) Based on a 2016 Taxable Value of \$4,290,825,881, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on a 2016 Market Value of \$5,817,628,206, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on the 2016 U.S. Census Bureau population estimate of 64,833.

*Additional Information.* For a 10-year history of the ratio of annual debt service to total General Fund expenditures see "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information—Ratio of Annual Debt Service to Total General Fund Expenditures" (page A-60).



## General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District. The legal debt limit and additional debt incurring capacity of the Board (after the issuance of the 2017 Bonds) are based on the fair market value for 2016 and the calculated valuation value from 2016 uniform fees, and are calculated as follows:

2016 “Fair Market Value” .....	\$5,817,628,206
2016 valuation from uniform fees (1) .....	<u>172,290,210</u>
Estimated 2016 “Fair Market Value for Debt Incurring Capacity” .....	<u>\$5,989,918,416</u>
“Fair Market Value for Debt Incurring Capacity” times 4% (the “Debt Limit”) .....	\$239,596,737
Less: current outstanding general obligation debt (2) .....	<u>(105,778,077)</u>
Estimated additional debt incurring capacity .....	<u>\$133,818,660</u>

- 
- (1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.
  - (2) For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt footnotes of the Board’s financial statements. The total unamortized bond premium was \$7,178,077 (as of June 30, 2016), and together with current outstanding direct debt of \$98,600,000, results in total outstanding direct debt (net) of \$105,778,077.

*Additional Information.* For Fiscal Year 2016 (Calendar Year 2015) computation of the Board’s general obligation legal debt limit and debt capacity see “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information—Computation of Legal Debt Limit Margin For the Year Ended June 30, 2016” (page A–59).

### No Defaulted Obligations

The Board (nor the Authority) has never failed to pay principal of and interest on its financial obligations when due.

## FINANCIAL INFORMATION REGARDING TOOELE COUNTY SCHOOL DISTRICT, UTAH

### Fund Structure; Accounting Basis

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

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the combined financial statements. See “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—Note 1. Summary of Significant Accounting Policies” (page A–19).

## Budgets And Budgetary Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Additional Information.* See "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Notes to Basic Financial Statements—1. Summary of Significant Accounting Policies—Budgetary Data" (page A-20).

## **Management's Discussion And Analysis**

The administration of the District prepared a narrative discussion, overview, and analysis of the financial activities of the District for Fiscal Year 2016. For the complete discussion see "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Management's Discussion and Analysis" (page A-4).

*The Management's Discussion and Analysis for Fiscal Year 2017 is not available. Under State law the Board must complete its annual financial report for Fiscal Year 2017 by November 30, 2017.*

## **Financial Summaries**

The summaries contained herein were extracted from the District's basic financial statements. The summaries have not been audited. See "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016."

# Tooele County School District

## Statement of Net Position—Governmental Activities

(This summary has not been audited)

	As of June 30				
	2016	2015	2014	2013	2012
<b>Assets</b>					
Capital assets:					
Other capital assets, net of accumulated depreciation.....	\$ 183,952,518	\$ 173,389,645	\$ 178,840,933	\$ 184,256,307	\$ 189,176,630
Land, water shares and construction in progress.....	11,064,780	16,103,555	5,344,271	4,858,462	5,076,457
Receivables:					
Property taxes.....	40,600,217	33,654,699	29,054,696	29,369,695	27,415,281
Federal.....	2,508,768	3,022,152	624,992	982,894	559,759
Other local.....	1,220,983	272,733	12,949	13,602	22,908
State.....	686,323	367,137	477,061	492,163	362,463
Cash and investments.....	26,947,701	29,130,596	28,981,204	25,947,315	26,918,591
Investments restricted for debt service.....	2,865,074	2,493,939	3,841,819	3,464,938	3,090,925
Inventories, deposits and prepaids.....	351,499	316,817	299,651	376,705	253,824
Net pension asset.....	2,194	32,900	—	—	—
Net OPEB asset.....	—	—	—	18,883	147,326
Bond issuance costs, net of accumulated amortization.....	—	—	—	—	780,841
<b>Total assets.....</b>	<b>270,200,057</b>	<b>258,784,173</b>	<b>247,477,576</b>	<b>249,780,964</b>	<b>253,805,005</b>
Deferred outflows of resources:					
Related to pensions.....	17,305,932	5,720,759	—	—	—
Deferred charge on refunding.....	6,360,747	7,262,601	2,621,233	1,722,339	—
<b>Total deferred outflows of resources.....</b>	<b>23,666,679</b>	<b>12,983,360</b>	<b>2,621,233</b>	<b>1,722,339</b>	<b>—</b>
<b>Total assets and deferred inflows of resources.....</b>	<b>\$ 293,866,736</b>	<b>\$ 271,767,533</b>	<b>\$ 250,098,809</b>	<b>\$ 251,503,303</b>	<b>\$ 253,805,005</b>
<b>Liabilities:</b>					
Noncurrent liabilities:					
Due or payable after one year.....	\$ 112,460,745	\$ 114,510,539	\$ 81,960,883	\$ 91,802,734	\$ 100,369,515
Due or payable within one year.....	11,522,864	11,067,408	11,911,264	11,291,353	10,796,383
Accrued salaries and benefits.....	9,794,640	9,784,217	9,363,705	8,107,706	7,898,786
Accounts payable.....	1,503,405	2,016,222	708,957	573,598	708,269
Unearned revenue:					
State of Utah.....	1,456,945	1,238,447	1,052,266	868,317	—
Local.....	6,500	—	3,390	—	—
Federal.....	—	81,142	3,541	—	—
Accrued interest.....	237,257	273,170	330,932	378,576	412,945
Deferred revenue:					
State.....	—	—	—	—	9,668
Federal.....	—	—	—	—	788,756
<b>Total liabilities.....</b>	<b>136,982,356</b>	<b>138,971,145</b>	<b>105,334,938</b>	<b>113,022,284</b>	<b>120,984,322</b>
Deferred inflows of resources:					
Property taxes levied for future year.....	38,473,975	31,515,592	28,285,192	27,205,136	25,230,666
Related to pensions.....	5,068,718	3,575,673	—	—	—
<b>Total deferred inflows of resources.....</b>	<b>43,542,693</b>	<b>35,091,265</b>	<b>28,285,192</b>	<b>27,205,136</b>	<b>25,230,666</b>
<b>Net position:</b>					
Net invested in capital assets.....	127,303,968	111,810,017	95,217,472	93,312,153	88,470,287
Restricted for:					
Capital projects.....	4,639,395	9,679,158	10,450,481	7,572,128	8,597,961
Debt service.....	4,399,816	2,139,633	1,285,233	1,289,738	1,198,618
Food services.....	258,023	288,308	243,973	362,257	633,678
Unrestricted.....	(23,259,515)	(26,211,993)	9,281,520	8,739,607	8,689,473
<b>Total net position.....</b>	<b>113,341,687</b>	<b>97,705,123</b>	<b>116,478,679</b>	<b>111,275,883</b>	<b>107,590,017</b>
<b>Total liabilities, deferred inflows of resources and net position.....</b>	<b>\$ 293,866,736</b>	<b>\$ 271,767,533</b>	<b>\$ 250,098,809</b>	<b>\$ 251,503,303</b>	<b>\$ 253,805,005</b>

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

# Tooele County School District

## Statement of Activities (1)

### Total Governmental Activities

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Position				
	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
Governmental activities:					
Instruction.....	\$ (48,695,462)	\$ (40,447,911)	\$ (46,624,967)	\$ (47,669,279)	\$ (48,346,479)
Supporting services:					
Operation and maintenance of facilities.....	(9,888,286)	(9,202,360)	(8,621,453)	(7,686,462)	(7,478,466)
School administration.....	(5,550,194)	(5,531,974)	(5,604,841)	(5,793,053)	(5,206,933)
Students.....	(2,502,657)	(2,197,947)	(2,407,002)	(2,485,776)	(2,608,300)
Student transportation.....	(1,657,441)	(1,525,858)	(1,839,853)	(1,767,210)	(1,698,793)
Instructional staff.....	(1,533,736)	(1,302,906)	(1,215,181)	(1,118,165)	(931,984)
Central.....	(1,082,597)	(1,082,389)	(1,204,861)	(1,154,003)	—
District administration.....	(820,190)	(1,185,026)	(827,181)	(836,872)	(815,246)
Business services.....	—	—	—	—	(798,985)
Personnel services.....	—	—	—	—	(322,968)
Interest on long-term liabilities.....	(3,158,879)	(3,086,947)	(4,203,791)	(4,869,601)	(5,409,365)
Food services.....	(39,861)	106,335	(185,193)	92,684	(255,536)
Total school district.....	<u>(74,929,303)</u>	<u>(65,456,983)</u>	<u>(72,734,323)</u>	<u>(73,287,737)</u>	<u>(73,873,055)</u>
General revenues:					
Federal and state aid not restricted to specific purposes.....	45,297,300	42,536,285	42,105,504	39,930,302	39,972,845
Property taxes levied for:					
Debt service.....	11,794,881	10,977,085	11,813,470	13,326,521	12,348,177
Board local.....	9,352,110	8,703,683	8,013,576	8,068,033	—
Basic.....	6,494,106	6,043,837	4,482,169	5,176,961	4,336,510
Capital local.....	6,000,314	5,584,283	4,096,810	3,044,718	—
Tax increment.....	4,093,358	4,081,699	—	—	—
Voted local.....	2,244,506	2,088,884	1,895,209	1,881,391	—
10% of basic for capital outlay, textbooks and supplies....	—	—	—	—	3,283,565
Voted leeway for K–12 instruction.....	—	—	—	—	1,740,405
Board leeway for class size reduction.....	—	—	—	—	1,160,270
Community recreation.....	—	—	—	—	736,772
Special transportation.....	—	—	—	—	498,916
Board leeway for reading program.....	—	—	—	—	350,982
Tort liability.....	—	—	—	—	278,465
Capital outlay.....	—	—	—	—	107,325
Miscellaneous.....	5,051,892	5,338,275	5,370,349	6,145,138	4,291,270
Earnings on investments.....	257,400	167,427	160,032	181,380	269,654
Total general revenues.....	<u>90,585,867</u>	<u>85,521,458</u>	<u>77,937,119</u>	<u>77,754,444</u>	<u>69,375,156</u>
Change in net position.....	<u>15,656,564</u>	<u>20,064,475</u>	<u>5,202,796</u>	<u>4,466,707</u>	<u>(4,497,899)</u>
Net position—beginning, as restated.....	<u>97,705,123</u>	<u>77,640,648</u>	<u>111,275,883</u>	<u>106,809,176</u>	<u>112,087,916</u>
Net position—ending.....	<u>\$ 113,361,687</u>	<u>\$ 97,705,123</u>	<u>\$ 116,478,679</u>	<u>\$ 111,275,883</u>	<u>\$ 107,590,017</u>

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete. For a detailed itemized report see “FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Statement of Activities for the Fiscal Year Ended June 30, 2016” below.

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

# Tooele County School District

## Balance Sheet—Governmental Funds

### Major Funds—General Fund

(This summary has not been audited.)

	Fiscal Year Ending June 30				
	2016	2015	2014	2013	2012
<b>Assets</b>					
Cash and investments.....	\$20,174,102	\$ 18,618,650	\$19,178,480	\$16,172,995	\$16,261,971
Receivables:					
Property taxes.....	17,975,872	16,951,130	13,814,819	14,548,917	13,226,521
Federal.....	1,579,508	1,278,586	369,421	928,059	472,249
State.....	254,789	84,198	26,990	53,636	26,146
Other local.....	31,516	716	1,290	3,909	11,173
Inventories, deposits and prepaids.....	94,781	89,718	99,690	159,181	104,511
Due from other funds.....	50,799	—	299,107	172,330	216,235
Total assets.....	<u>\$40,161,367</u>	<u>\$ 37,022,998</u>	<u>\$33,789,797</u>	<u>\$32,039,027</u>	<u>\$30,318,806</u>
<b>Liabilities:</b>					
Accrued salaries and benefits.....	\$ 9,373,220	\$ 9,363,912	\$ 9,327,967	\$ 8,107,706	\$ 7,898,786
Unearned revenue:					
State.....	1,315,412	1,147,238	954,523	—	—
Federal.....	—	81,142	3,541	—	—
Local.....	—	—	3,390	—	—
Accounts payable.....	236,052	373,081	378,062	462,202	546,374
Deferred revenue:					
State.....	—	—	—	763,525	650,882
Property taxes.....	—	—	—	—	12,978,895
Federal.....	—	—	—	—	9,668
Total liabilities.....	<u>10,924,684</u>	<u>10,965,373</u>	<u>10,667,483</u>	<u>9,333,433</u>	<u>22,084,605</u>
Deferred inflows of resources:					
Property taxes levied for future year.....	16,914,318	15,887,564	13,433,476	13,482,041	—
Unavailable property tax revenue.....	808,025	822,820	464,400	884,744	—
Total deferred inflows of resources.....	<u>17,722,343</u>	<u>16,710,384</u>	<u>13,897,876</u>	<u>14,366,785</u>	<u>—</u>
<b>Fund balances:</b>					
Unassigned.....	3,480,062	4,257,589	4,124,814	3,179,694	3,139,565
Committed to:					
Economic stabilization.....	4,250,000	3,500,000	3,500,000	3,500,000	3,500,000
Employee benefit obligations.....	3,689,497	1,499,934	1,499,934	1,499,934	1,490,125
Nonspendable:					
Inventories, deposits and prepaids.....	94,781	89,718	99,690	159,181	104,511
Total fund balances.....	<u>11,514,340</u>	<u>9,347,241</u>	<u>9,224,438</u>	<u>8,338,809</u>	<u>8,234,201</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$40,161,367</u>	<u>\$ 37,022,998</u>	<u>\$33,789,797</u>	<u>\$32,039,027</u>	<u>\$30,318,806</u>

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

# Tooele County School District

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds—Major Funds—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
Revenues:					
State sources.....	\$63,464,894	\$61,848,623	\$59,893,971	\$57,606,436	\$55,392,140
Local:					
Property taxes.....	18,095,195	15,531,344	15,436,717	15,084,052	12,875,268
Other local.....	1,407,126	1,653,899	1,583,266	1,559,915	771,122
Earnings on investments.....	217,959	135,707	107,672	99,019	162,723
Tuition and fees.....	—	—	—	319,633	221,983
Federal sources.....	5,749,606	5,849,546	5,356,198	5,816,753	5,843,868
Total revenues.....	<u>88,934,780</u>	<u>85,019,119</u>	<u>82,377,824</u>	<u>80,485,808</u>	<u>75,267,104</u>
Expenditures:					
Current:					
Instruction.....	57,194,836	55,874,044	54,413,542	53,912,687	52,710,918
Supporting services:					
Operation and maintenance of facilities.....	10,420,128	10,258,116	9,583,969	9,051,032	9,004,073
School administration.....	5,794,998	5,911,278	5,779,097	5,837,309	5,360,325
Students.....	4,115,392	4,246,642	3,495,307	3,233,001	3,087,259
Student transportation.....	3,528,228	3,295,497	3,425,872	3,246,496	2,975,159
Instructional staff.....	2,797,760	2,574,531	2,086,538	2,362,295	2,141,767
Central.....	1,094,799	1,117,189	1,204,861	1,154,003	798,985
General administration.....	764,747	669,738	629,965	749,241	732,619
Non instructional.....	1,056,793	949,717	815,940	835,136	322,968
Total expenditures.....	<u>86,767,681</u>	<u>84,896,752</u>	<u>81,435,091</u>	<u>80,381,200</u>	<u>77,134,073</u>
Excess (deficiency) revenues over expenditures.....	2,167,099	122,367	942,733	104,608	(1,866,969)
Other financing sources (uses):					
Interfund transfers (out).....	—	436	(57,104)	—	—
Total other financing sources (uses)....	<u>—</u>	<u>436</u>	<u>(57,104)</u>	<u>—</u>	<u>—</u>
Net change in fund balance.....	2,167,099	122,803	885,629	104,608	(1,866,969)
Fund balances at beginning of year.....	9,347,241	9,224,438	8,338,809	8,234,201	10,101,170
Fund balances at end of year.....	<u>\$11,514,340</u>	<u>\$ 9,347,241</u>	<u>\$ 9,224,438</u>	<u>\$ 8,338,809</u>	<u>\$ 8,234,201</u>

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

*Additional Information.* For a 10-year financial history of various District funds see “APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information” at the indicated pages as set forth below.

- (i) Percent of unrestricted fund balance to general fund expenditures see “Percent of Unrestricted Fund Balance to General Fund Expenditures” (page A-52);
- (ii) Revenues by source for the general fund see “Revenues by Source for the General Fund (page A-53); and
- (iii) Expenditure by function for the general fund see “Expenditure by Function for the General Fund” (page A-54).

## **Tax Levy And Collection**

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

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property or any county with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. By November 1, each county treasurer furnishes each taxpayer a notice containing the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.



Taxes are due November 30 (if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

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

### **Public Hearing On Certain Tax Increases**

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so, by resolution, only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity collected for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

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

### **Property Tax Matters**

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

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

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

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

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## Historical Tax Rates Of The District

		Tax Rate (Fiscal Year)				
	Maximum Tax Rate (1)	<u>2016–17</u>	<u>2015–16</u>	<u>2014–15</u>	<u>2013–14</u>	<u>2012–13</u>
General Fund:						
Board local levy (2).....	.002500	.002500	.002500	.002537	.002619	.002573
Basic school levy (3).....	formula	.001675	.001736	.001419	.001535	.001651
Voted local levy (4).....	.000600	<u>.000600</u>	<u>.000600</u>	<u>.000600</u>	<u>.000600</u>	<u>.000600</u>
Totals .....		<u>.004775</u>	<u>.004836</u>	<u>.004556</u>	<u>.004754</u>	<u>.004824</u>
Capital outlay:						
Capital local levy (5).....	.003000	<u>.001451</u>	<u>.001604</u>	<u>.001297</u>	<u>.000989</u>	<u>.000971</u>
Debt service (general obligation bonds):						
Debt service (6).....	none	<u>.003367</u>	<u>.003153</u>	<u>.003740</u>	<u>.003850</u>	<u>.004250</u>
Judgment recovery levy (7) .....	none	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total .....		<u>.009593</u>	<u>.009593</u>	<u>.009593</u>	<u>.009593</u>	<u>.010045</u>

- (1) Maximum tax rate where applicable under current State law.
- (2) Under certain circumstances authorized by the Utah State Tax Commission the tax rate may exceed the legal maximum tax rate limit.
- (3) Set by law for the District's portion of the State Minimum School Program.
- (4) General maintenance and operation revenue. *In November 1998, District residents approved a voted leeway program of not to exceed a .000600 tax rate.*
- (5) Construction remodeling projects and purchase of school sites/equipment, etc.
- (6) This maximum limitation is not applicable to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.
- (7) 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: Reports from the Utah State Tax Commission. Compiled the Municipal Advisor.)

See "STATE OF UTAH SCHOOL FINANCE" below.

*Additional Information.* For the District's presentation of a 10-year history of property tax rates see "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information—Property Tax Rates (Per \$1) by Fund" (page A–56).

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## Comparative Total Property Tax Rates Within Tooele County

This table reflects those municipal entities and the total property tax rates within the County.

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Calendar Year)				
	2016	2015	2014	2013	2012
Tooele County School District:					
Grantsville City.....	.015357	.014841	.015297	.015523	.015115
Ophir Town.....	.011827	.011226	.011843	.011844	.011487
Rush Valley Town.....	.013465	.012192	.012817	.012823	.012460
Stockton Town.....	.014667	.014312	.014967	.015032	.014689
Tooele City.....	.014016	.014314	.013991	.014651	.014331
Vernon City.....	.012624	.012031	.012630	.011769	.012278
City of Wendover.....	.014885	.014314	.014949	.014715	.014337
Unincorporated areas (2).....	.015891	.015456	.016258	.015879	.015497

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

(2) These tax rates represent a taxing district within the unincorporated municipalities within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Reports from the Utah State Tax Commission.)

## Tax Collection Record

Ad valorem property taxes are due on November 30<sup>th</sup> of each year. Calendar Year 2015 tax collections was due November 30, 2015.

Tax Year End	(1) Total Taxes Levied	(2) Treasurer's Relief	Net Taxes Assessed	Current Collections	(3) Deliq., Personal Property and Miscellaneous Collections	(4) Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed
12/31								
2016*	\$41,161,911	\$745,965	\$40,415,945	\$38,630,179	\$1,790,516	\$40,420,695	95.6%	100.0%
2015	38,740,598	623,070	38,117,528	35,689,200	1,406,783	37,095,983	93.6	97.3
2014	36,264,536	588,909	35,675,627	34,089,702	2,597,113	36,686,815	95.6	102.8
2013	30,364,166	621,546	29,742,620	27,366,626	1,473,365	28,839,991	92.0	97.0
2012	30,154,927	479,902	29,675,025	26,934,716	1,900,986	28,835,702	90.8	97.2

\* Preliminary; subject to change.

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.

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

(4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for tax year 2015 of \$2,584,353\*; for tax year 2015 of \$2,461,101; for tax year 2014 of \$2,287,809; for tax year 2013 of \$2,288,494; and for tax year 2012 of \$2,483,923; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

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

*Additional Information.* For the District's presentation of a 10-year history of (i) property tax levies and collections see "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information—Property Tax Levies and Collections" (page A-57) and (ii) property tax revenues by fund see "—Other Information—Property Tax Revenues by Fund" (page A-55).

## Taxable, Fair Market And Market Value Of Property

Calendar Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/ Market Value (2)	% Change Over Prior Year
2016 .....	\$ 4,290,825,881	6.9	\$ 5,817,628,206	7.8
2015 .....	4,013,497,073	6.2	5,397,614,429	6.3
2014 .....	3,780,312,312	1.2	5,076,582,629	2.1
2013 .....	3,737,235,055	4.8	4,970,809,080	5.0
2012 .....	3,564,993,856	4.9	4,733,833,054	1.9

- (1) Taxable valuation includes redevelopment agency valuation. The estimated redevelopment agency valuation for Calendar Year 2016 was approximately \$468.3 million; for Calendar Year 2015 was approximately \$436.4 million; for Calendar Year 2014 was approximately \$474.2 million; for Calendar Year 2013 was approximately \$604.9 million; and for Calendar Year 2012 was approximately \$728.9 million.
- (2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act.

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

## Historical Summaries Of Taxable Values Of Property

	Calendar Year					
	2016		2015	2014	2013	2012
	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed):						
Total centrally assessed.....	\$ 808,719,861	18.8 %	\$ 793,865,622	\$ 641,169,081	\$ 646,148,505	\$ 558,381,156
Set by County Assessor (locally assessed):						
Real property (land and buildings):						
Primary residential.....	1,860,524,907	43.4	1,686,079,407	1,578,914,155	1,502,302,493	1,423,081,218
Secondary residential.....	13,095,535	0.3	13,049,194	14,529,139	15,030,338	14,630,442
Commercial and industrial.....	912,292,395	21.3	845,458,705	818,490,346	803,500,380	792,342,740
FAA (greenbelt).....	6,182,728	0.1	6,117,574	6,369,911	6,590,739	6,446,591
Unimproved non FAA (vacant)....	242,065,790	5.6	212,517,558	200,521,120	207,231,246	215,515,272
Agricultural.....	25,423,267	0.6	19,964,479	16,500,840	15,670,420	15,543,100
Total real property.....	3,059,584,622	71.3	2,783,186,917	2,635,325,511	2,550,325,616	2,467,559,363
Personal property:						
Primary mobile homes.....	5,566,823	0.1	5,619,584	5,416,233	5,399,093	5,500,024
Secondary mobile homes.....	73,568,758	1.7	177,249	177,249	178,249	122,149
Other business.....	343,385,817	8.0	430,647,701	498,224,238	535,183,592	533,431,164
SCME (1).....	0	0.0	0	0	0	0
Total personal property.....	422,521,398	9.8	436,444,534	503,817,720	540,760,934	539,053,337
Total locally assessed.....	3,482,106,020	81.2	3,219,631,451	3,139,143,231	3,091,086,550	3,006,612,700
Total taxable value.....	\$ 4,290,825,881	100.0 %	\$ 4,013,497,073	\$ 3,780,312,312	\$ 3,737,235,055	\$ 3,564,993,856
Total taxable value.....	\$ 4,290,825,881		\$ 4,013,497,073	\$ 3,780,312,312	\$ 3,737,235,055	\$ 3,564,993,856

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

(Source: Information taken from reports of the State Tax Commission. Compiled by Zions Public Finance, Inc.)

## Some Of The Largest Taxpayers

The information presented below is for the District's Fiscal Year 2017 (Calendar Year 2016).

Taxpayer	Type of Business	2016 Taxable Value (1)	% of Dist- rict's 2016 Taxable Value
ATI Titanium (2).....	Metal refining	\$ 282,533,659	6.5%
PacifiCorp .....	Electric utility	196,818,239	4.5
Magnesium Corp of America.....	Mineral mining	178,404,847	4.1
Intrepid Potash-Wendover LLC .....	Mineral mining	126,327,498	2.9
Union Pacific Railroad.....	Transportation	96,650,105	2.2
Energy Solutions, LLC .....	Hazardous waste disposal	70,215,293	1.6
UNEV Pipeline .....	Oil and gas pipeline	42,172,346	1.0
Wal Mart .....	Warehouse/transportation	41,000,000	0.9
Cabela's Wholesale Inc. ....	Warehouse/transportation	39,500,000	0.9
Questar Gas.....	Natural gas utility	<u>32,751,371</u>	0.8
Totals .....		<u>\$1,106,373,358</u>	25.3%

- (1) Taxable Value used in this table *excludes* the taxable value used to determine Uniform Fees on tangible personal property. See "Taxable, Fair Market And Market Value Of Property Within The District" above.
- (2) ATI Titanium has closed its business. ATI Titanium had the largest taxable valuation in the County; however, ad valorem property taxes collected were within a redevelopment project area with the redevelopment area keeping the majority of the property tax. The closing of ATI Titanium is not expected to have a significant impact on the District.

(Source: Tooele County Treasurer.)

*Additional Information.* For a list of the District's largest property tax payers for Fiscal Year 2016 (Calendar Year 2015) see "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016—Other Information—Ten Largest Taxpayers" (page A-58).

## STATE OF UTAH SCHOOL FINANCE

### Sources Of Funds

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district ("Local District Funding"), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes ("State Funding") and federal sources ("Federal Funding"). For Fiscal Year 2016, approximately 71% from State Funding, approximately 22% of the District's funding was provided by Local District Funding and approximately 6% from Federal Funding. See "APPENDIX A—FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016."

### Local District Funding

School districts are authorized by State law to levy taxes, certain of which require voter approval, on real property for various purposes. Funding for operation and maintenance is derived primarily through a minimum tax levy (the "Minimum Tax Levy") by each school district at a rate established each year by the State. Imposition of this Minimum Tax Levy is required for a school district to qualify for receipt of contributions by the State for such purposes. Additional tax levies for, among other things, educational programs and capital outlay and debt service to finance capital outlays may be made at the option of a school

district. Certain of such levies will entitle a school district to State guaranteed levels of funding or receipt of specific additional contributions from the State. The Board has received all voter approval necessary for the taxes it currently levies. See “FINANCIAL INFORMATION REGARDING TOOELE COUNTY SCHOOL DISTRICT, UTAH—Historical Tax Rates Of The District” above.

## State Funding

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

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

## Federal Funding

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

## Summary Of State And Federal Funding

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

	Fiscal Year (unaudited)				
	2016	2015	2014	2013	2012
<i>State Funds</i>					
General .....	\$63,464,894	\$61,848,623	\$59,893,971	\$57,606,436	\$55,392,140
Other governmental .....	2,199,495	2,042,582	1,981,304	3,465,899	2,727,217
Capital projects .....	<u>2,030,226</u>	<u>386,867</u>	<u>430,094</u>	<u>502,077</u>	<u>1,265,864</u>
Total .....	<u>\$67,694,615</u>	<u>\$64,278,072</u>	<u>\$62,305,369</u>	<u>\$59,912,172</u>	<u>\$59,385,221</u>
% change over prior year .....	5.3%	3.2%	4.0%	0.9%	0.3%
<i>Federal Funds</i>					
General .....	\$5,749,606	\$5,849,546	\$5,356,198	\$5,816,753	\$5,483,868
Other governmental .....	3,462,514	3,550,806	3,488,254	3,465,899	3,606,417
Capital projects .....	<u>6,459,293</u>	<u>8,926,445</u> (1)	<u>630,724</u>	<u>303,019</u>	<u>316,800</u>
Total .....	<u>\$15,671,413</u>	<u>\$18,326,797</u>	<u>\$9,475,176</u>	<u>\$9,585,671</u>	<u>\$9,767,085</u>
% change over prior year .....	(14.5)%	93.4%	(1.2)%	(1.9)%	(17.0)%

(1) This large increase was due to the construction of a school building on federal government land (known as Dugway Proving Grounds). The federal government will contribute approximately \$15 million towards project construction, with the District contributing approximately \$3 million.

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

See “FINANCIAL INFORMATION REGARDING TOOELE COUNTY SCHOOL DISTRICT, UTAH—Financial Summaries” above.

## **LEGAL MATTERS**

### **Absence Of Litigation**

The attorney for the Board, Burbidge & White LLC, Salt Lake City, Utah, has 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 2017 Bonds.

## **TAX EXEMPTION**

### **Federal Income Taxation Of 2017 Bonds**

In the opinion of Farnsworth Johnson PLLC (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the 2017 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the 2017 Bonds substantially in the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the 2017 Bonds is less than the amount to be paid at maturity of such 2017 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2017 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2017 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2017 Bonds is the first price at which a substantial amount of such maturity of the 2017 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2017 Bonds accrues daily over the term to maturity of such 2017 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2017 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2017 Bonds. Beneficial Owners of the 2017 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2017 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2017 Bonds in the original offering to the public at the first price at which a substantial amount of such 2017 Bonds is sold to the public.

Any 2017 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.



The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2017 Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the 2017 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2017 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2017 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2017 Bonds may adversely affect the value of, or the tax status of interest on, the 2017 Bonds.

Although Bond Counsel is of the opinion that interest on the 2017 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2017 Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the 2017 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2017 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2017 Bonds ends with the issuance of the 2017 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the Beneficial Owners regarding the tax-exempt status of the 2017 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the Board and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2017 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2017 Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

### **State Tax Exemption For The 2017 Bonds**

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2017 Bonds may result in other state and local tax consequences to certain

taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

## **MISCELLANEOUS**

### **General**

The authorization and issuance of the 2017 Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by the attorney for the Board, Burbidge & White LLC, Salt Lake City, Utah. The approving opinion of Bond Counsel will be delivered with the 2017 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2017 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2017 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### **Bond Ratings**

As of the date of this OFFICIAL STATEMENT, the 2017 Bonds have been rated “Aaa” by Moody’s and “AAA” by S&P based upon the Guaranty Act. An explanation of the above ratings may be obtained from Moody’s and S&P. The Board has not directly applied to Fitch for a rating on the 2017 Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody’s and S&P have given the 2017 Bonds an underlying rating of “Aa3” and “AA–”, respectively.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the outstanding general obligation bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2017 Bonds.

### **Municipal Advisor**

The Board has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the 2017 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2017 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Board, with respect to accuracy

and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

### **Independent Auditors**

The financial statements of the Board as of June 30, 2016 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Squire & Company, PC, Certified Public Accountants and Business Consultants, Orem, Utah (“Squire”), as stated in their report in “APPENDIX A—FINANCIAL STATEMENTS OF TOOEE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015” to this OFFICIAL STATEMENT.

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

### **Additional Information**

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

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

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

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

**Board of Education of Tooele County School District, Utah**

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## **APPENDIX A**

### **FINANCIAL STATEMENTS OF TOOELE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2016**

The financial statements for Fiscal Year 2016 are contained herein. Copies of current and prior financial statements are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

*The District’s basic financial statements for Fiscal Year 2017 must be completed under State law by November 30, 2017.*

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**TOOELE COUNTY SCHOOL DISTRICT**

**Basic Financial Statements  
With Supplementary and Other Information**

Year Ended June 30, 2016

## **INTRODUCTORY SECTION**



# TOOELE COUNTY SCHOOL DISTRICT

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## TOOELE COUNTY SCHOOL DISTRICT

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

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### Elected Officials

<u>Members of the Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Voting Precinct</u>
Maresa Manzione President of the Board District 4	January 2013	December 2016	Tooele 13, 14, 15, & 16 Erda 1
Carol Jensen Vice President of the Board District 6	January 2015	December 2018	Stansbury Park 1, 2, 3, & 6 Erda 2
Kathy Taylor Member of the Board District 1	January 2013	December 2016	Tooele 17, 18, 19, 20, & 21
Julia Holt Member of the Board District 2	January 2013	December 2016	Tooele 1, 2, 3, 4, 5, 6, & 8
Scott Bryan Member of the Board District 3	January 2013	December 2016	Tooele 7, 9, 10, 11, & 12 Lincoln
Karen Nelson Member of the Board District 5	June 2016	December 2018	Grantsville 1.2, 2 & 5 Stansbury Park 4, 5, & 7 Ibapah, Lake Point, & Wendover
Alan Mouritsen Member of the Board District 7	January 2015	December 2018	Granstville 1.1, 3, 4, & 6 Dugway, Ophir, Rush Valley, Stockton, Terra, & Vernon

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

### Appointed Officials

	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Dr. Scott Rogers Superintendent	July 2015	June 2017	July 2013
Lark N. Reynolds Business Administrator	July 2015	June 2017	July 2012

## **FINANCIAL SECTION**



## Independent Auditor's Report

Board of Education  
Tooele County School District

### **Report on the Basic Financial Statements**

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

### ***Management's Responsibility for the Basic Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tooele County School District as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

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

The combining and individual fund financial statements and schedules 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Squire & Company, PC*

Orem, Utah  
November 22, 2016

## Management's Discussion and Analysis

This section of Tooele County School District's (the District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The District's total net position was \$113.4 million at the close of the most recent fiscal year, most of which is invested in capital assets.
- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 6.4% in 2016 to \$39.9 million as a result of an increase in the taxable value of property.
- During the year, expenses were \$15.7 million less than the \$131.0 million generated in taxes and state, federal, and other revenues from governmental activities.
- The District's student enrollment increased by 112 students to a total of 13,985 during 2016.

### Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 12 to 13 of this report.

The government-wide financial statements of the District are reported as governmental activities; the District has no business-type activities. Governmental activities and functions include instructional services, supporting services, food services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

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

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide



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

- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The District maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *debt service fund*, and the *capital projects fund*, each of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the form of combining and individual fund financial statements and schedules 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 14 to 18 of this report.

**Notes to the basic financial statements** – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 to 38 of this report.

**Required supplementary information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligations to provide other postemployment benefits to its employees and retirees and the District's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 39 through 42 of this report.

**Other supplementary information** – The combining and individual statements and schedules referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund financial statements and schedules can be found on pages 43 to 51 of this report.

**Other information** – Other information is included which contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data, cover several years, and are designed to reflect social and economic data and financial and fiscal trends as well as the fiscal capacity of the District. This other information begins on page 52.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.4 million at the close of the most recent fiscal year.

### TOOELE COUNTY SCHOOL DISTRICT'S Net Position

June 30, 2016 and 2015

(in millions of dollars)

	Governmental Activities		Total Change
	2016	2015	2016-2015
Current and other assets	\$ 75.2	\$ 69.4	\$ 5.8
Capital assets	195.0	189.5	5.5
Total assets	270.2	258.9	11.3
Deferred outflows of resources	23.7	12.9	10.8
Current and other liabilities	13.0	13.4	(0.4)
Long-term liabilities outstanding	124.0	125.6	(1.6)
Total liabilities	137.0	139.0	(2.0)
Deferred inflows of resources	43.5	35.1	8.4
Net position:			
Net investment in capital assets	127.3	111.8	15.5
Restricted	9.4	12.1	(2.7)
Unrestricted	(23.3)	(26.2)	2.9
Total net position	\$ 113.4	\$ 97.7	\$ 15.7

- The largest portion of the District's net position (\$127.3 million) reflects its investment in capital assets less any related debt (general obligation bonds payable and lease revenue bonds payable) used to acquire those assets that is still outstanding net of unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position (\$9.4 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for debt service and capital projects.
- The remaining net position (a deficit of \$23.3 million) is unrestricted. This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems. The existence of an unrestricted net position deficit indicates the District's overall economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.
- Net investment in capital assets increased by \$15.5 million primarily attributable to the continued construction of Dugway High School.

The District's net position increased by \$15.7 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

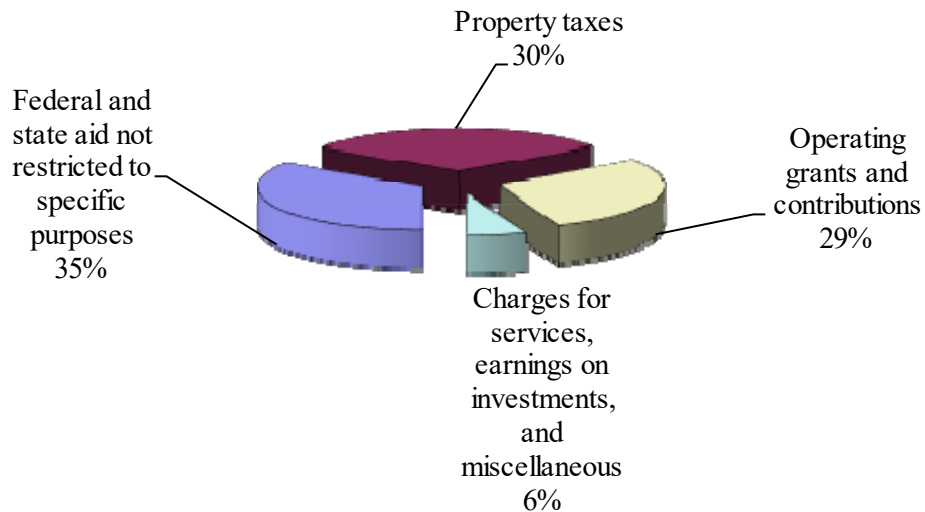
**TOOELE COUNTY SCHOOL DISTRICT'S Change in Net Position**  
**Years Ended June 30, 2016 and 2015**  
(in millions of dollars)

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2016</b>	<b>2015</b>	<b>2016-2015</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2.3	\$ 2.2	\$ 0.1
Operating grants and contributions	38.1	40.1	(2.0)
General revenues:			
Property taxes	39.9	37.5	2.4
Federal and state aid not restricted to specific programs	45.3	42.5	2.8
Earnings on investments	0.3	0.2	0.1
Miscellaneous	5.1	5.3	(0.2)
Total revenues	<u>131.0</u>	<u>127.8</u>	<u>3.2</u>
<b>Expenses:</b>			
Instruction	77.0	70.0	7.0
Supporting services:			
Students	4.0	4.1	(0.1)
Instructional staff	2.8	2.5	0.3
General administration	0.8	1.2	(0.4)
School administration	5.7	5.7	-
Central	1.1	1.1	-
Operation and maintenance of facilities	10.4	10.1	0.3
Student transportation	3.8	3.6	0.2
Food services	6.5	6.3	0.2
Interest on long-term liabilities	3.2	3.1	0.1
Total expenses	<u>115.3</u>	<u>107.7</u>	<u>7.6</u>
<b>Change in net position</b>	<u>15.7</u>	<u>20.1</u>	<u>(4.4)</u>
<b>Net position, beginning</b>	<u>97.7</u>	<u>77.6</u>	<u>20.1</u>
<b>Net position, ending</b>	<u>\$ 113.4</u>	<u>\$ 97.7</u>	<u>\$ 15.7</u>

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

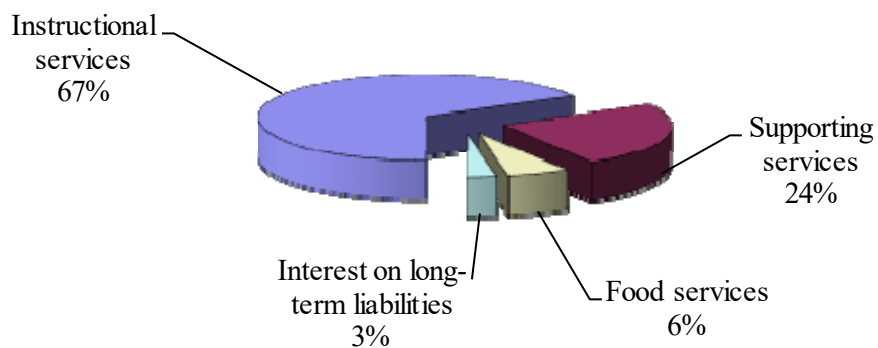
- The District is dependent on revenues generated by property taxes. Property tax revenues increased by 6.4% in 2016 to \$39.9 million as a result of an increase in the taxable value of property.
- Federal aid decreased by \$2.7 million. This decrease was primarily a result of a decrease in revenue the District received to assist in the construction of Dugway High School.
- State aid increased by \$3.4 million. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. Certain students receive a weighting greater than one. The state guarantees that, if local taxes do not provide money equal to the amount generated by the WPU, it will make up the difference with state funding. The value of the WPU increased by 4.0% during the year ended June 30, 2016 (\$3,092 during 2016 as compared to \$2,972 in 2015).

**Tooele County School District  
Revenues by Source - Governmental Activities  
Year Ended June 30, 2016**



- Instruction represents the largest dollar increase in expense of \$7.0 million which is primarily due to an increase in pension expense as well as an increase in instruction-related capital outlay costs.

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



## Financial Analysis of the District's Funds

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

**Governmental funds** – The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$22.1 million, \$0.7 million less than the previous year. Included in this year's change in combined fund balance is a decrease in the *capital projects fund* of \$2.1 million and a decrease in the *debt service fund* of \$0.7 million. In addition, the following changes in *general fund* balances should be noted:

- Expenditures for general District purposes totaled \$86.8 million. Instruction represents 65.9% of *general fund* expenditures.
- *General fund* salaries totaled \$59.0 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$25.3 million to arrive at 86.8% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories, deposits, and prepaids that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes and remaining fund balances in the *food services fund*. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2016, the District's combined governmental fund balance is \$22.1 million (\$0.4 million in nonspendable, \$8.2 million in restricted, \$8.0 million in committed, \$2.0 million in assigned, and \$3.5 million in unassigned fund balances).

## General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$0.6 million or 0.6% in total *general fund* expenditures to provide for new programs or increases in existing programs. During the year, final budgeted revenues were higher than original budgetary estimates by \$1.0 million or 1.2%, to account for anticipated increases in property tax revenue as well as increases in state and federal funding.

Even with these adjustments, actual expenditures were \$2.5 million less than final budgeted amounts. The most significant positive variance was \$1.4 million in instruction. Conversely, revenues were \$0.3 million less than the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

## Capital Asset and Debt Administration

**Capital assets** – The *capital projects fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. During the year ended June 30, 2016, the District spent \$14.3 million on capital assets.

Capital assets are outlined below:

### TOOELE COUNTY SCHOOL DISTRICT'S Capital Assets

June 30, 2016 and 2015

(Net of accumulated depreciation, in millions of dollars)

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2016</b>	<b>2015</b>	<b>2016-2015</b>
Land	\$ 8.3	\$ 4.8	\$ 3.50
Water shares	0.1	0.1	-
Construction in progress	2.6	11.2	(8.6)
Buildings and improvements	178.4	167.6	10.8
Equipment	2.8	2.9	(0.1)
School buses	2.1	2.2	(0.1)
Vehicles	0.7	0.7	-
Total capital assets, net	<u>\$ 195.0</u>	<u>\$ 189.5</u>	<u>\$ 5.5</u>

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

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, 2016 is \$222.4 million. Net general obligation debt at June 30, 2016 is \$66.7 million, resulting in a legal debt margin of \$155.7 million.

### TOOELE COUNTY SCHOOL DISTRICT'S Outstanding Debt

June 30, 2016 and 2015

(Net of unamortized premiums and discounts, in millions of dollars)

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2016</b>	<b>2015</b>	<b>2016-2015</b>
Net general obligation bonds	\$ 66.7	\$ 77.2	\$ (10.5)
Net lease revenue bonds	7.4	7.7	(0.3)
Total outstanding debt	<u>\$ 74.1</u>	<u>\$ 84.9</u>	<u>\$ (10.8)</u>

Additional information on the District's long-term debt can be found in Note 10 to the basic financial statements.

## Changing Enrollment within the District

Estimated new growth for the next five years is expected to add 787 students to the District's current enrollment; this is an overall increase of 5.6%. The following enrollment information is based on counts taken on October 1 of each year.

## TOOELE COUNTY SCHOOL DISTRICT'S Enrollment

<u>Year</u>	<u>District Enrollment</u>	<u>Annual Increase</u>
Actual:		
2006-2007	12,507	6.05%
2007-2008	12,988	3.85%
2008-2009	13,406	3.22%
2009-2010	13,180	-1.69%
2010-2011	13,439	1.97%
2011-2012	13,675	1.76%
2012-2013	14,034	2.63%
2013-2014	14,107	0.52%
2014-2015	13,873	-1.66%
2015-2016	13,985	0.81%
Estimates:		
2016-2017	14,200	1.54%
2017-2018	14,351	1.06%
2018-2019	14,536	1.29%
2019-2020	14,641	0.72%
2020-2021	14,772	0.89%

### Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Tooele County School District, Office of the Business Administrator, 92 Lodestone Way, Tooele, UT 84074.

## **BASIC FINANCIAL STATEMENTS**



**TOOELE COUNTY SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 26,947,701
Receivables:	
Property taxes	40,600,217
Other local	1,220,983
State	686,323
Federal	2,508,768
Investments restricted for debt service	2,865,074
Inventories, deposits, and prepaids	351,499
Net pension asset	2,194
Capital assets:	
Land, water shares, and construction in progress	11,064,780
Other capital assets, net of accumulated depreciation	183,952,518
Total assets	<u>270,200,057</u>
<b>Deferred outflows of resources:</b>	
Deferred charge on refunding	6,360,747
Related to pensions	17,305,932
Total deferred outflows of resources	<u>23,666,679</u>
<b>Liabilities:</b>	
Accounts payable	1,503,405
Accrued interest	237,257
Accrued salaries and benefits	9,794,640
Unearned revenue:	
Local	6,500
State	1,456,945
Noncurrent liabilities:	
Due or payable within one year	11,522,864
Due or payable after one year	112,460,745
Total liabilities	<u>136,982,356</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for future year	38,473,975
Related to pensions	5,068,718
Total deferred inflows of resources	<u>43,542,693</u>
<b>Net position:</b>	
Net investment in capital assets	127,303,968
Restricted for:	
Debt service	4,399,816
Capital projects	4,639,395
Food services	258,023
Unrestricted	(23,259,515)
Total net position	<u>\$ 113,341,687</u>

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Statement of Activities**  
Year Ended June 30, 2016

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
<b>Governmental activities:</b>				
Instruction	\$ 77,059,060	\$ 360,992	\$ 28,002,606	\$ (48,695,462)
Supporting services:				
Students	4,068,137	-	1,565,480	(2,502,657)
Instructional staff	2,774,228	-	1,220,492	(1,553,736)
District administration	820,190	-	-	(820,190)
School administration	5,676,105	-	125,911	(5,550,194)
Central	1,082,597	-	-	(1,082,597)
Operation and maintenance of facilities	10,380,845	9,770	482,789	(9,888,286)
Student transportation	3,806,308	40,528	2,108,339	(1,657,441)
Food services	6,466,194	1,863,222	4,563,111	(39,861)
Interest on long-term liabilities	3,164,879	6,000	-	(3,158,879)
Total school district	<u>\$ 115,298,543</u>	<u>\$ 2,280,512</u>	<u>\$ 38,068,728</u>	<u>(74,949,303)</u>
<b>General revenues:</b>				
Property taxes levied for:				
Basic				6,494,106
Voted local				2,244,506
Board local				9,352,110
Debt service				11,794,881
Capital local				6,000,314
Tax increment				<u>4,093,358</u>
Total property taxes				39,979,275
Federal and state aid not restricted to specific purposes				45,297,300
Earnings on investments				257,400
Miscellaneous				<u>5,051,892</u>
Total general revenues				<u>90,585,867</u>
Change in net position				15,636,564
<b>Net position - beginning</b>				<u>97,705,123</u>
<b>Net position - ending</b>				<u><u>\$ 113,341,687</u></u>

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2016

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets:</b>					
Cash and investments	\$ 20,174,102	\$ 1,006,532	\$ 3,524,518	\$ 2,242,549	\$ 26,947,701
Receivables:					
Property taxes	17,975,872	12,661,869	5,469,456	4,493,020	40,600,217
Other local	31,516	-	1,174,883	14,584	1,220,983
State	254,789	-	-	431,534	686,323
Federal	1,579,508	-	867,956	61,304	2,508,768
Investments restricted for debt service	-	-	2,865,074	-	2,865,074
Inventories, deposits, and prepaids	94,781	-	25,877	230,841	351,499
Due from other funds	50,799	-	-	-	50,799
Total assets	<u>\$ 40,161,367</u>	<u>\$ 13,668,401</u>	<u>\$ 13,927,764</u>	<u>\$ 7,473,832</u>	<u>\$ 75,231,364</u>
<b>Liabilities:</b>					
Accounts payable	\$ 236,052	\$ -	\$ 1,253,060	\$ 14,293	\$ 1,503,405
Accrued salaries and benefits	9,373,220	-	-	421,420	9,794,640
Unearned revenue:					
Local	-	-	-	6,500	6,500
State	1,315,412	-	-	141,533	1,456,945
Due to other funds	-	-	-	50,799	50,799
Total liabilities	<u>10,924,684</u>	<u>-</u>	<u>1,253,060</u>	<u>634,545</u>	<u>12,812,289</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - note receivable	-	-	244,883	-	244,883
Unavailable property tax revenue	808,025	569,763	245,538	-	1,623,326
Property taxes levied for future year	16,914,318	11,926,809	5,139,828	4,493,020	38,473,975
Total deferred inflows of resources	<u>17,722,343</u>	<u>12,496,572</u>	<u>5,630,249</u>	<u>4,493,020</u>	<u>40,342,184</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories, deposits, and prepaids	94,781	-	25,877	230,841	351,499
Restricted for:					
Debt service	-	1,171,829	2,865,074	-	4,036,903
Capital projects	-	-	4,153,504	-	4,153,504
Food services	-	-	-	27,182	27,182
Committed to:					
Economic stabilization	4,250,000	-	-	-	4,250,000
Employee benefit obligations	3,689,497	-	-	-	3,689,497
Foundation	-	-	-	56,148	56,148
Assigned to:					
Schools	-	-	-	2,032,096	2,032,096
Unassigned	3,480,062	-	-	-	3,480,062
Total fund balances	<u>11,514,340</u>	<u>1,171,829</u>	<u>7,044,455</u>	<u>2,346,267</u>	<u>22,076,891</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,161,367</u>	<u>\$ 13,668,401</u>	<u>\$ 13,927,764</u>	<u>\$ 7,473,832</u>	<u>\$ 75,231,364</u>

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**

June 30, 2016

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<b>Total fund balances for governmental funds</b>	\$ 22,076,891
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	8,327,026	
Water shares		145,600	
Construction in progress		2,592,154	
Buildings and improvements, net of \$67,977,032 accumulated depreciation		178,320,343	
Equipment, net of \$4,479,476 accumulated depreciation		2,842,832	
School buses, net of \$6,503,013 accumulated depreciation		2,064,934	
Vehicles, net of \$1,687,458 accumulated depreciation		724,409	195,017,298

The net pension asset is not an available resource and therefore is not reported in the governmental funds.	2,194
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Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources.	1,623,326
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The District's note receivable payments will be collected after year-end, and are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.	244,883
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$206,850 and accrued interest for lease revenue bonds is \$30,407.	(237,257)
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

General obligation bonds payable	(59,520,000)		
Unamortized general obligation bonds premiums	(7,178,077)		
Unamortized deferred amounts on refunding	6,243,991		
Lease revenue bonds payable	(7,376,000)		
Unamortized lease revenue bonds deferred amounts on refunding	116,756		
Early retirement benefits payable	(2,135,367)		
Compensated absences payable	(822,352)		
Net OPEB obligation	(56,508)		
Net pension liability	(46,895,305)		
Deferred outflows of resources related to pensions	17,305,932		
Deferred inflows of resources related to pensions	(5,068,718)		(105,385,648)

<b>Total net position of governmental activities</b>	<b>\$ 113,341,687</b>
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The notes to the basic financial statements are an integral part of this statement.

**TOOELE COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2016

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues:</b>					
Local:					
Property taxes	\$ 18,095,195	\$ 11,797,797	\$ 6,001,797	\$ 4,093,358	\$ 39,988,147
Earnings on investments	217,959	-	31,418	8,023	257,400
Other local	1,407,126	-	53,959	5,881,667	7,342,752
State	63,464,894	-	2,030,226	2,199,495	67,694,615
Federal	5,749,606	-	6,459,293	3,462,514	15,671,413
Total revenues	<u>88,934,780</u>	<u>11,797,797</u>	<u>14,576,693</u>	<u>15,645,057</u>	<u>130,954,327</u>
<b>Expenditures:</b>					
Current:					
Instruction	57,194,836	-	-	5,098,780	62,293,616
Supporting services:					
Students	4,115,392	-	-	-	4,115,392
Instructional staff	2,797,760	-	-	8,864	2,806,624
General administration	764,747	-	-	-	764,747
School administration	5,794,998	-	-	-	5,794,998
Central	1,094,799	-	-	-	1,094,799
Operation and maintenance of facilities	10,420,128	-	-	-	10,420,128
Student transportation	3,528,228	-	-	1,600	3,529,828
Non instructional	1,056,793	-	-	4,093,358	5,150,151
Food services	-	-	-	6,456,619	6,456,619
Capital outlay	-	-	16,285,897	-	16,285,897
Debt service:					
Payment of bond principal	-	9,565,000	328,000	-	9,893,000
Payment of bond interest and fees	-	2,906,354	371,291	-	3,277,645
Total expenditures	<u>86,767,681</u>	<u>12,471,354</u>	<u>16,985,188</u>	<u>15,659,221</u>	<u>131,883,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,167,099</u>	<u>(673,557)</u>	<u>(2,408,495)</u>	<u>(14,164)</u>	<u>(929,117)</u>
<b>Other financing sources (uses):</b>					
Proceeds from sale of capital assets	-	-	270,984	-	270,984
Total other financing sources (uses)	-	-	270,984	-	270,984
Net change in fund balances	2,167,099	(673,557)	(2,137,511)	(14,164)	(658,133)
<b>Fund balances - beginning</b>	<u>9,347,241</u>	<u>1,845,386</u>	<u>9,181,966</u>	<u>2,360,431</u>	<u>22,735,024</u>
<b>Fund balances - ending</b>	<u>\$ 11,514,340</u>	<u>\$ 1,171,829</u>	<u>\$ 7,044,455</u>	<u>\$ 2,346,267</u>	<u>\$ 22,076,891</u>

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
Year Ended June 30, 2016

<b>Net change in fund balances-total governmental funds</b>	\$ (658,133)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land, water shares, equipment, school buses, and vehicles and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets is as follows:

Capital outlays	\$ 14,265,804	
Proceeds from sale of capital assets	(270,984)	
Gain on sale of capital assets	(2,328,937)	
Depreciation expense	(6,152,133)	5,513,750

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

Repayment of bond principal	9,565,000	
Principal payments on lease revenue bonds	328,000	
Amortization of deferred refunding costs	(901,854)	
Interest expense	35,913	
Amortization of bond premiums	978,707	10,005,766

Property tax revenue is recognized when levied (claim to resources established) rather than when available. The portion not available soon enough to pay for the current period's expenditures is recognized as a deferred inflow of resources in the funds.	(8,872)
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In the statement of activities, certain operating expenses - compensated absences (vacation and sick and personal leave) and termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, benefit obligations changed by the following amounts:

Accrued vacation and personal leave	(19,600)	
Early retirement payable	(306,362)	
Pension expense	1,054,368	728,406

The annual other postemployment benefit (OPEB) cost is the amount that is recognized as an expense in the statement of activities whereas in the governmental funds only the amounts paid are recorded as an expenditure. Payments were more than actuarially required amounts during the year.

	55,647
<b>Change in net position of governmental activities</b>	<b>\$ 15,636,564</b>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2016

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Local:				
Property taxes	\$ 17,399,917	\$ 17,811,195	\$ 18,095,195	\$ 284,000
Earnings on investments	90,000	167,000	217,959	50,959
Other local	1,246,111	782,488	1,407,126	624,638
State	63,758,830	64,606,631	63,464,894	(1,141,737)
Federal	5,722,252	5,885,542	5,749,606	(135,936)
Total revenues	<u>88,217,110</u>	<u>89,252,856</u>	<u>88,934,780</u>	<u>(318,076)</u>
<b>Expenditures:</b>				
Current:				
Instruction	58,194,484	58,547,130	57,194,836	1,352,294
Supporting services:				
Students	4,729,898	4,826,082	4,115,392	710,690
Instructional staff	2,755,507	2,882,284	2,797,760	84,524
General administration	736,976	733,876	764,747	(30,871)
School administration	6,210,469	5,804,130	5,794,998	9,132
Business services	1,222,383	1,226,926	1,094,799	132,127
Operation and maintenance of facilities	10,385,616	10,649,617	10,420,128	229,489
Student transportation	3,650,576	3,498,573	3,528,228	(29,655)
Non instructional	804,845	1,084,238	1,056,793	27,445
Total expenditures	<u>88,690,754</u>	<u>89,252,856</u>	<u>86,767,681</u>	<u>2,485,175</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(473,644)	-	2,167,099	2,167,099
<b>Fund balances - beginning</b>	<u>8,281,705</u>	<u>9,347,241</u>	<u>9,347,241</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 7,808,061</u>	<u>\$ 9,347,241</u>	<u>\$ 11,514,340</u>	<u>\$ 2,167,099</u>

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting entity** – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves the budget, levies taxes, issues bonds, and appoints a superintendent with administrative responsibilities encompassing all District educational activities and a business administrator who oversees fiscal activities.

As required by GAAP, these financial statements present the activities of the District and its component units, the Tooele Education Foundation (the Foundation) and the Municipal Building Authority of the Tooele County School District (the Building Authority), for which the District is financially accountable. The District is not a component unit of any other primary government. Although legally separate entities, blended component units are, in substance, part of the District's operations

- The Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation's board is approved by the Board of Education. The Foundation exclusively services the District. The Foundation is presented as a special revenue fund of the District.
- The Building Authority has the same board as the District and provides financing services exclusively to the District. The District has committed resources to service debt obligations of the Building Authority. The Building Authority is reported with the governmental funds of the District.

**Government-wide and fund financial statements** – The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the government (the District). These statements include the financial activities of the overall government. As a general rule the effect of interfund activity is eliminated from the government-wide financial statements.

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

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



**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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The District reports the following major governmental funds:

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

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

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

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

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

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.

## TOOELE COUNTY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

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- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
  - If the District does not exceed the certified property tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified property tax rate, the budget is adopted in August when additional data is available to set the rates.
  - Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by an administrative transfer of money from one appropriation to another within any given fund.
  - Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2016, have been included in the final budget approved by the Board, as presented in the financial statements.
  - Expenditures may not legally exceed budgeted appropriations at the fund level.

**Deposits and investments** – The cash balances of substantially all funds are pooled and invested by the District. The District's investments are reported at fair value. Earnings on pooled funds are allocated to funds based on the average balance of each participating fund.

**Inventories** – Inventories are valued at cost or, if donated, at fair value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories reported in the governmental funds are equally offset by a nonspendable portion of the fund balance, indicating that they are not expected to be converted to cash.

**Prepays** – Prepaid items of all funds are recorded as expenditures/expense when consumed rather than when purchased.

**Note receivable** – In the fund financial statements, governmental fund types recognize payments received during the current period as other financing sources and is included as other local receivables on the statement of net position and governmental funds balance sheets.

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

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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Assets	Years
Buildings	50
Portable classrooms	25
Athletic field improvements	20
Kitchen equipment	15
Maintenance equipment and trucks	15
School buses	12
Audio visual and other equipment	10
Passenger vehicles	10
Computers and copiers	5

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

**Compensated absences** – Under terms of association agreements, twelve-month or full-year contract employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for current value of accumulated vacation days to a maximum of 30 days. Upon retirement, employees are compensated for accumulated sick leave at \$25 per day with a maximum of 250 days. Vacation pay is accrued when incurred in the government-wide financial statements. No accrual is made for sick leave. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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

- **Deferred charge on refunding** – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## TOOELE COUNTY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments, b) changes in proportion and differences between contributions and proportionate share of contributions, and c) District contributions subsequent to the measurement date of December 31, 2015.

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

The following items arise only under a modified accrual basis of accounting and are reported in the governmental funds balance sheet; these items are deferred and recognized as inflows of resources in the period that the amount becomes available:

- Unavailable property tax revenue – consists of uncollected, delinquent property taxes.
- Unavailable revenue note receivable – consists of the amount remaining on note receivable.

The following source is reported in both the statement of net position and the governmental funds balance sheet:

- Property taxes levied for future year – property taxes levied on January 1, 2016 for the following school year.

The following source is reported in the statement of net position:

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

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

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

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

Fund balance classifications are summarized as follows:

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

## TOOELE COUNTY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

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- 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 unspent tax revenues levied for specific purposes, such as, capital projects and debt service. Also, the remaining fund balances in the *food services fund* are restricted.
  - Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
    - a) Economic stabilization. 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” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and Utah State Auditor.
    - b) Employee benefit obligations for unpaid early retirement benefits.
  - Assigned – This category includes 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 business administrator as authorized by the Board of Education. The District has assigned fund balances held in other governmental funds for schools.
  - Unassigned – Residual balances in the *general fund* are classified as unassigned.

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

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

## 2. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments at June 30, 2016 as shown on the financial statements is as follows:

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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Carrying amount of deposits	\$ 930,463
Carrying amount of investments	<u>28,882,313</u>
Total cash and investments	<u><u>\$ 29,812,776</u></u>

Total cash and investments reported in the financial statements at June 30, 2016 are summarized as follows:

Cash and investments	\$ 26,947,702
Investments restricted for debt service	<u>2,865,074</u>
Total cash and investments	<u><u>\$ 29,812,776</u></u>

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

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

**Deposits** – The District's carrying amount of bank deposits at June 30, 2016 is \$930,463 and the bank balance is \$2,042,900. Of the bank balance \$1,188,944 is covered by federal depository insurance and \$853,956 is uninsured and uncollateralized. No deposits are collateralized, nor are any required to be by state statute.

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

**Investments** – All of the District's investments are with the PTIF. The Building Authority has investments separate from the District and invests in the PTIF.

The PTIF is an external government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top-rated domestic commercial paper held by the Utah State Treasurer; the portfolio has a weighted average life of 90 days or less. The PTIF is not rated. The reported value of the pool approximates the fair value of the pool shares. The District has \$26,017,238 and the Building Authority has \$2,865,074 invested in the PTIF at June 30, 2016.

- Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to

## TOOELE COUNTY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.

- **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules.

### 3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

- Public Treasurers' Investment Fund position of \$28,882,312, the unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held (Level 2 inputs).

### 4. PROPERTY TAXES

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

## TOOELE COUNTY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2.5% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 31 of the following year, these delinquent taxes, including penalties, are subject to an interest charge; the interest period is from January 1 until date paid.

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

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

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

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

During the year ended June 30, 2016, incremental taxes levied by the District for redevelopment agencies totaling \$4,093,358 were recorded as revenue with an equivalent amount of expenditure in non instructional in the other governmental funds (in the *incremental tax fund*).

#### 5. NOTE RECEIVABLE

In September 2014 the District sold a residential building and executed a note receivable agreement secured by the building. The note receivable requires the buyer to make monthly payments of \$1,528 to the District with the remaining balance due September 2019. The note receivable bears interest at 5.0%. The annual anticipated payments at June 30, 2016 are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 6,234	\$ 12,099	\$ 18,333
2018	6,553	11,780	18,333
2019	6,888	11,445	18,333
2020	225,208	3,717	228,925
Total	<u>\$ 244,883</u>	<u>\$ 39,041</u>	<u>\$ 283,924</u>



**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**6. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,755,862	\$ 3,734,164	\$ (163,000)	\$ 8,327,026
Water shares	145,600	-	-	145,600
Construction in progress	11,202,093	9,578,591	(18,188,530)	2,592,154
Total capital assets not being depreciated	16,103,555	13,312,755	(18,351,530)	11,064,780
Capital assets being depreciated:				
Buildings and improvements	232,682,851	18,188,530	(4,574,006)	246,297,375
Equipment	7,005,995	422,860	(106,547)	7,322,308
School buses	8,236,795	331,152	-	8,567,947
Vehicles	2,212,830	199,037	-	2,411,867
Total capital assets being depreciated	250,138,471	19,141,579	(4,680,553)	264,599,497
Accumulated depreciation for:				
Buildings and improvements	(65,038,505)	(5,104,319)	2,165,792	(67,977,032)
Equipment	(4,075,411)	(492,253)	88,188	(4,479,476)
School buses	(6,102,416)	(400,597)	-	(6,503,013)
Vehicles	(1,532,494)	(154,964)	-	(1,687,458)
Total accumulated depreciation	(76,748,826)	(6,152,133)	2,253,980	(80,646,979)
Total capital assets being depreciated, net	173,389,645	12,989,446	(2,426,573)	183,952,518
Governmental activity capital assets, net	<u>\$ 189,493,200</u>	<u>\$ 26,302,201</u>	<u>\$ (20,778,103)</u>	<u>\$ 195,017,298</u>

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

<b>Governmental activities:</b>	
Instruction	\$ 5,703,163
Supporting services:	
District administration	62,491
School administration	1,978
Operation and maintenance of facilities	39,503
Student transportation	302,814
Food services	42,184
Total depreciation expense, governmental activities	<u>\$ 6,152,133</u>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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

Project	Amount Authorized	Costs to Date	Costs to Complete
Old Mill Elementary	\$ 13,204,444	\$ 1,855,452	\$ 11,348,992
Sterling Elementary	14,980,784	736,702	14,244,082
Total	<u>\$ 28,185,228</u>	<u>\$ 2,592,154</u>	<u>\$ 25,593,074</u>

The general obligation school building bonds will be used to finance the costs to complete these projects (see Note 10).

**7. STATE RETIREMENT PLANS**

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

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

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

Defined Contribution Plans (individual account plans):

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

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

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

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

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

first four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

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

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

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

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

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

For the year ended June 30, 2016, District and employee contributions to the plans were as follows:

	District Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 8,582,710	\$ -
Tier 1 Contributory System	12,765	533
Tier 2 Contributory System	1,342,643	-
401(k) Plan	992,483	677,521
457 Plan and other individual plans	-	75,963

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

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** – At June 30, 2016, the District reported a net pension asset of \$2,194 and a net pension liability of \$46,895,305 for the following plans:

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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	Proportionate Share	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	1.4895131%	\$ -	\$ 46,789,872
Tier 1 Contributory System	0.1682473%	-	105,433
Tier 2 Contributory System	1.0050074%	2,194	-
Total		<u>\$ 2,194</u>	<u>\$ 46,895,305</u>

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

For the year ended June 30, 2016, the District recognized pension expense of \$9,009,092 for the defined benefit pension plans and pension expense of \$992,483 for the defined contribution plans. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,690,921
Changes of assumptions	-	932,097
Net difference between projected and actual earnings on pension plan investments	12,231,467	-
Changes in proportion and differences between contributions and proportionate share of contributions	36,022	445,700
District contributions subsequent to the measurement date	5,038,443	-
Total	<u>\$ 17,305,932</u>	<u>\$ 5,068,718</u>

The \$12,231,467 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2015 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2017	\$ 1,507,263
2018	1,507,263
2019	1,633,302
2020	2,585,057
2021	(6,239)
Thereafter	(27,875)

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

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

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 84,687,901	\$ 46,789,872	\$ 15,012,324
Tier 1 Contributory System	238,385	105,433	(7,350)
Tier 2 Contributory System	402,327	(2,194)	(308,783)
Total	<u>\$ 85,328,613</u>	<u>\$ 46,893,111</u>	<u>\$ 14,696,191</u>

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

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Payables to the pension plans** – At June 30, 2016, the District reported payables of \$1,496,346 for contributions to defined benefit and defined contribution plans.

**8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan description** – The District provides lifetime Medicare supplemental insurance for retired employees who have completed at least 15 years of service with the District and 25 years in public education. Eligibility for this benefit was restricted in June 2000 to only those who had previously retired and those current employees who had earned at least 25 years of service. There are currently 207 retirees receiving benefit coverage in addition to 1 present employee who has earned vested coverage upon retirement. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

**Funding policy** – The District currently pays for postemployment benefits on a “pay-as-you-go” basis. Although the District is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that “pay-as-you-go” funding will continue.

**Annual OPEB cost and Net OPEB (asset) obligation** – The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the employer’s annual required contribution (ARC), an amount actuarially determined in accordance with current accounting and reporting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the Plan, and changes in the District’s net OPEB (asset) obligation in the Plan:

Annual required contribution	\$ 627,256
Interest on net OPEB obligation (asset)	4,486
Adjustment to annual required contribution	<u>(7,073)</u>
Annual OPEB cost	624,669
Contributions made	<u>(680,316)</u>
Decrease in net OPEB asset	(55,647)
Net OPEB asset beginning of year	<u>112,155</u>
Net OPEB obligation end of year	<u><u>\$ 56,508</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the current year and the two preceding years were as follows:

Year Ended June 30,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
2014	\$ 669,485	\$ 531,316	79.4%	\$ 119,286
2015	623,297	630,428	101.1%	112,155
2016	624,669	680,316	108.9%	56,508

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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**Funded status and funding progress** – The funded status of the plan as of June 30, 2016 is as follows:

Actuarial accrued liability (AAL)	\$ 9,777,359
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 9,777,359</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 56,082
UAAL as a percentage of covered payroll	17,434.04%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial methods and assumptions** – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.50% initially, reduced by decrements to an ultimate rate of 4.60% after eighty years. Both rates include a 2.50% inflation assumption. The actuarial value of assets was not determined as the District has not advance funded its obligation. The UAAL is being amortized as a level dollar amount over an open twenty six year period.

## **9. RISK MANAGEMENT**

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



**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The Utah School Boards Risk Management Mutual Insurance Association covers all District employees for workers' compensation.

**10. LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable:					
General obligation bonds payable	\$ 69,085,000	\$ -	\$ (9,565,000)	\$ 59,520,000	\$ 9,920,000
General obligation bonds premium	8,156,784	-	(978,707)	7,178,077	-
Net general obligation bonds payable	77,241,784	-	(10,543,707)	66,698,077	9,920,000
Lease revenue bonds payable	7,704,000	-	(328,000)	7,376,000	331,000
Early retirement benefits payable	1,829,005	797,292	(490,930)	2,135,367	613,982
Compensated absences payable	802,752	693,761	(674,161)	822,352	657,882
Net OPEB obligation	112,155	624,669	(680,316)	56,508	-
Net pension liability	37,888,251	11,521,469	(2,514,415)	46,895,305	-
Total governmental activity long-term liabilities	<u>\$ 125,577,947</u>	<u>\$ 13,637,191</u>	<u>\$ (15,231,529)</u>	<u>\$ 123,983,609</u>	<u>\$ 11,522,864</u>

**General obligation bonds** – The District issues general obligation bonds to provide funds for the construction of new facilities, acquisition of property, renovation and improvement of facilities, and procurement of other equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Payments on the general obligation bonds are made by the *debt service fund* from property taxes.

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 9,920,000	\$ 2,437,200	\$ 12,357,200
2018	4,910,000	2,049,750	6,959,750
2019	5,870,000	1,872,150	7,742,150
2020	6,260,000	1,661,650	7,921,650
2021	5,890,000	1,385,850	7,275,850
2022-2026	19,215,000	3,937,400	23,152,400
2027-2029	7,455,000	391,850	7,846,850
Total	<u>\$ 59,520,000</u>	<u>\$ 13,735,850</u>	<u>\$ 73,255,850</u>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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General obligation school building bonds payable at June 30, 2016, with their outstanding balances, are comprised of the following individual issues:

Series 2004 - General Obligation Refunding Bonds - original issue of \$25,965,000 with interest rates ranging from 2.00% to 5.00%	\$ 2,765,000
Series 2007 - General Obligation Bonds - original issue of \$37,000,000 with interest rates ranging from 4.00% to 5.00%	1,800,000
Series 2011 - General Obligation Refunding Bonds - original issue of \$6,395,000 with interest rates ranging from 2.00% to 4.00%	4,025,000
Series 2014 - General Obligation Refunding Bonds - original issue of \$13,195,000 with interest rates ranging from 2.00% to 4.00%	11,790,000
Series 2014B - General Obligation Refunding Bonds - original issue of \$22,545,000 with interest rates ranging from 4.00% to 5.00%	22,545,000
Series 2015 - General Obligation Refunding Bonds - original issue of \$16,960,000 with interest rates ranging from 1.75% to 5.00%	16,595,000
	<u>\$ 59,520,000</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in Tooele County. The legal debt limit at June 30, 2016 is \$222,467,513, with general obligation debt outstanding of \$66,698,077 (which is net of bond premiums, discounts, and deferred amounts on refunding), resulting in a legal debt margin of \$155,769,436.

**Lease revenue bonds** – In August 2010, the Building Authority of Tooele County School District issued \$6,000,000 of Qualified School Construction Bonds to finance the reconstruction of Grantsville Elementary School. The bonds accrue interest at a net rate of 0.345% (5.625% net of a credit of 5.280%), payable semi-annually, and will mature on June 1, 2027. The bonds require the principal amount of \$6,000,000 to be paid at maturity. If the interest rate credit were to be discontinued the Building Authority would be required to pay interest at the full amount rather than the net amount. In accordance with the requirements of the bonds, the Building Authority has placed \$600,000 in a debt service reserve fund. The Building Authority has also agreed to transfer \$375,000 annually into a sinking fund. At June 30, 2016 the reserve account and sinking fund have balances of \$604,323 and \$2,260,751, respectively. The District will make annual payments to the Building Authority from the *capital projects fund* for use of the building.

In March 2012, the Building Authority of Tooele County School District issued \$2,643,000 of lease revenue refunding bonds. The bonds were issued at an effective interest rate of 1.99% and will mature on June 1, 2020. The District will make annual payments to the Building Authority from the *capital projects fund*.

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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The annual requirements to amortize all lease revenue bonds outstanding as of June 30, 2016, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 331,000	\$ 364,882	\$ 695,882
2018	338,000	358,296	696,296
2019	354,000	351,569	705,569
2020	353,000	344,525	697,525
2021	-	337,500	337,500
2022-2026	-	1,687,500	1,687,500
2026-2027	6,000,000	337,500	6,337,500
Total	<u>\$ 7,376,000</u>	<u>\$ 3,781,772</u>	<u>\$ 11,157,772</u>

**Early retirement incentive** – The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of 30 years prior service with a minimum of 10 years of service in the District, and who meet the eligibility requirements for and will be receiving URS benefits. Eligible retirees will receive amounts based on age and classification for up to five consecutive years. In addition to early retirement compensation, the District provides medical insurance coverage to qualified early retirees up to age 65. The District's payments for these benefits totaled \$490,930 for the year ended June 30, 2016. Future retirement payments for employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid from the fund from which the employee retires.

**11. LITIGATION AND LEGAL COMPLIANCE**

At certain times, claims or lawsuits are pending in which the District is involved. The District's counsel and insurance carriers estimate that the District's potential obligations resulting from such claims or litigation would not materially affect the financial statements of the District.

All fund balances are positive at June 30, 2016.

**12. GRANTS**

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

**13. SUBSEQUENT EVENTS**

In July 2016, the District issued \$33,000,000 of general obligation school building bonds. The bonds have interest rates ranging from 1.3% to 5.0% with a final maturity of June 2036.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Ratio Funded (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2014	\$ -	\$ 9,777,359	\$ 9,777,359	0.0%	\$ 88,955	10,991.35%
July 1, 2012	-	10,845,122	10,845,122	0.0%	471,592	2,299.68%
July 1, 2010	-	12,017,212	12,017,212	0.0%	715,106	1,680.48%

Effective July 1, 2008, the District implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accordingly, the actuarial valuation dated July 1, 2008 is the first valuation to be reported. The District has elected to establish additional resources for a portion of the unfunded actuarial accrued liability by committing fund balance resources in the *general fund* rather than making contributions to a pension trust fund. Doing so does not qualify as "funding" as defined by the GASB.

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –**  
**Utah Retirement Systems**  
Plan Years Ended December 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>Tier 1 Noncontributory System:</b>		
District's proportion of the net pension liability (asset)	1.4895131%	1.5073443%
District's proportionate share of the net pension liability (asset)	\$ 46,789,872	\$ 37,872,458
District's covered-employee payroll	\$ 39,924,419	\$ 41,370,402
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	117.2%	91.5%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.2%
<b>Tier 1 Contributory System:</b>		
District's proportion of the net pension liability (asset)	0.1682473%	0.1440346%
District's proportionate share of the net pension liability (asset)	\$ 105,433	\$ 15,793
District's covered-employee payroll	\$ 53,296	\$ 52,778
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.8%	29.9%
Plan fiduciary net position as a percentage of the total pension liability	92.4%	98.7%
<b>Tier 2 Contributory System:</b>		
District's proportion of the net pension liability (asset)	1.0050074%	1.0856406%
District's proportionate share of the net pension liability (asset)	\$ (2,194)	\$ (32,900)
District's covered-employee payroll	\$ 6,489,271	\$ 5,307,730
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	100.2%	103.5%

These schedules only present information for the 2015 and 2014 measurement periods of the plans; prior-year information is not available.

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedules of District Contributions –**  
**Utah Retirement Systems**  
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Tier 1 Noncontributory System:</b>		
Contractually required contribution	\$ 8,582,710	\$ 8,831,600
Contributions in relation to the contractually required contribution	<u>(8,582,710)</u>	<u>(8,831,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 39,084,890	\$ 40,775,151
Contributions as a percentage of covered-employee payroll	22.0%	21.7%
<b>Tier 1 Contributory System:</b>		
Contractually required contribution	\$ 12,765	\$ 9,988
Contributions in relation to the contractually required contribution	<u>(12,765)</u>	<u>(9,988)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 71,551	\$ 57,170
Contributions as a percentage of covered-employee payroll	17.8%	17.5%
<b>Tier 2 Contributory System:</b>		
Contractually required contribution	\$ 1,342,643	\$ 1,008,053
Contributions in relation to the contractually required contribution	<u>(1,342,643)</u>	<u>(1,008,053)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,360,564	\$ 5,587,340
Contributions as a percentage of covered-employee payroll	18.2%	18.0%

These schedules only present information for the District's 2016 and 2015 reporting periods; prior-year information is not available. Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Tier 2 plan contributions include required contributions to finance the unfunded actuarial accrued liability of the Tier 1 plans and for death benefits.

**TOOELE COUNTY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**

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

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



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2016  
With Comparative Totals for 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local:				
Property taxes	\$ 17,811,195	\$ 18,095,195	\$ 284,000	\$ 15,531,344
Earnings on investments	167,000	217,959	50,959	135,707
Other local	782,488	1,407,126	624,638	1,653,898
State	64,606,631	63,464,894	(1,141,737)	61,848,624
Federal	5,885,542	5,749,606	(135,936)	5,849,545
Total revenues	89,252,856	88,934,780	(318,076)	85,019,118
<b>Expenditures:</b>				
Current:				
Salaries	50,461,052	49,996,570	464,482	48,807,346
Employee benefits	25,289,051	25,323,913	(34,862)	24,897,955
Purchased professional services	1,895,044	2,088,491	(193,447)	1,807,661
Purchased property services	780,722	672,221	108,501	686,889
Other purchased services	2,229,683	1,144,177	1,085,506	1,125,762
Supplies	7,199,859	6,426,835	773,024	6,140,237
Property	889,666	652,633	237,033	1,104,122
Other objects	507,779	462,841	44,938	326,779
Total expenditures	89,252,856	86,767,681	2,485,175	84,896,751
Excess of revenues over expenditures	-	2,167,099	2,167,099	122,367
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	6,981
Transfers out	-	-	-	(6,545)
Total other financing sources (uses)	-	-	-	436
Net change in fund balances	-	2,167,099	2,167,099	122,803
<b>Fund balances - beginning</b>	9,347,241	9,347,241	-	9,224,438
<b>Fund balances - ending</b>	\$ 9,347,241	\$ 11,514,340	\$ 2,167,099	\$ 9,347,241

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

Year Ended June 30, 2016

With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
<b>Revenues:</b>				
Property taxes	\$ 11,612,633	\$ 11,797,797	\$ 185,164	\$ 12,749,610
Earnings on investments	-	-	-	267
Total revenues	11,612,633	11,797,797	185,164	12,749,877
<b>Expenditures:</b>				
Payment of bond principal	9,565,000	9,565,000	-	9,625,000
Payment of bond interest and fees	2,913,125	2,906,354	6,771	2,418,354
Bond issuance costs	-	-	-	248,350
Total expenditures	12,478,125	12,471,354	6,771	12,291,704
Excess (deficiency) of revenues over (under) expenditures	(865,492)	(673,557)	191,935	458,173
<b>Other financing sources (uses):</b>				
Refunding bonds issued	-	-	-	22,545,000
Premium on refunding bonds issued	-	-	-	4,536,113
Payments to refunded bond escrow agent	-	-	-	(26,832,763)
Total other financing sources (uses)	-	-	-	248,350
Net change in fund balances	(865,492)	(673,557)	191,935	706,523
<b>Fund balances - beginning</b>	1,845,386	1,845,386	-	1,138,863
<b>Fund balances - ending</b>	\$ 979,894	\$ 1,171,829	\$ 191,935	\$ 1,845,386

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund**  
Year Ended June 30, 2016  
With Comparative Totals for 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local:				
Property taxes	\$ 5,907,601	\$ 6,001,797	\$ 94,196	\$ 4,421,456
Earnings on investments	23,500	31,418	7,918	25,572
Other local	-	53,959	53,959	304,435
State	2,030,226	2,030,226	-	386,867
Federal:				
Interest subsidy	295,257	295,258	1	293,829
Other federal	7,275,836	6,164,035	(1,111,801)	8,632,616
Total revenues	<u>15,532,420</u>	<u>14,576,693</u>	<u>(955,727)</u>	<u>14,064,775</u>
<b>Expenditures:</b>				
Capital outlay:				
Salaries	70,057	67,875	2,182	67,548
Employee benefits	30,666	30,446	220	29,832
Purchased services	2,546,275	1,615,838	930,437	1,779,999
Supplies	966,967	792,481	174,486	447,191
Property	13,214,394	13,771,247	(556,853)	10,391,780
Other objects	8,000	8,010	(10)	43,068
Debt service:				
Payment of bond principal	371,410	328,000	43,410	320,000
Payment of bond interest and fees	1,258,000	371,291	886,709	795,585
Bond issuance costs	-	-	-	217,380
Total expenditures	<u>18,465,769</u>	<u>16,985,188</u>	<u>1,480,581</u>	<u>14,092,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,933,349)</u>	<u>(2,408,495)</u>	<u>524,854</u>	<u>(27,608)</u>
<b>Other financing sources (uses):</b>				
Refunding bonds issued	-	-	-	16,960,000
Premium on refunding bonds issued	-	-	-	1,945,592
Payments to refunded bond escrow agent	-	-	-	(20,424,260)
Proceeds from sale of capital assets	607,000	270,984	(336,016)	273,163
Total other financing sources (uses)	<u>607,000</u>	<u>270,984</u>	<u>(336,016)</u>	<u>(1,245,505)</u>
Net change in fund balances	<u>(2,326,349)</u>	<u>(2,137,511)</u>	<u>188,838</u>	<u>(1,273,113)</u>
<b>Fund balance - beginning</b>	<u>9,181,966</u>	<u>9,181,966</u>	<u>-</u>	<u>10,455,079</u>
<b>Fund balance - ending</b>	<u>\$ 6,855,617</u>	<u>\$ 7,044,455</u>	<u>\$ 188,838</u>	<u>\$ 9,181,966</u>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2016

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Food Services</b>	<b>Student Activities</b>	<b>Incremental Tax</b>	<b>Foundation</b>	
<b>Assets:</b>					
Cash and investments	\$ -	\$ 2,176,076	\$ -	\$ 66,473	\$ 2,242,549
Receivables:					
Property taxes	-	-	4,493,020	-	4,493,020
Other local	-	14,584	-	-	14,584
State	431,534	-	-	-	431,534
Federal	61,304	-	-	-	61,304
Inventories	230,841	-	-	-	230,841
Total assets	<u>\$ 723,679</u>	<u>\$ 2,190,660</u>	<u>\$ 4,493,020</u>	<u>\$ 66,473</u>	<u>\$ 7,473,832</u>
<b>Liabilities:</b>					
Accounts payable	\$ 12,212	\$ 2,081	\$ -	\$ -	\$ 14,293
Accrued salaries and benefits	402,645	14,950	-	3,825	421,420
Unearned revenue:					
Local	-	-	-	6,500	6,500
State	-	141,533	-	-	141,533
Due to other funds	50,799	-	-	-	50,799
Total liabilities	<u>465,656</u>	<u>158,564</u>	<u>-</u>	<u>10,325</u>	<u>634,545</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for future year	<u>-</u>	<u>-</u>	<u>4,493,020</u>	<u>-</u>	<u>4,493,020</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories	230,841	-	-	-	230,841
Restricted for:					
Food services	27,182	-	-	-	27,182
Committed to:					
Foundation	-	-	-	56,148	56,148
Assigned to:					
Schools	-	2,032,096	-	-	2,032,096
Total fund balances	<u>258,023</u>	<u>2,032,096</u>	<u>-</u>	<u>56,148</u>	<u>2,346,267</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 723,679</u>	<u>\$ 2,190,660</u>	<u>\$ 4,493,020</u>	<u>\$ 66,473</u>	<u>\$ 7,473,832</u>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2016

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Food Services</b>	<b>Student Activities</b>	<b>Incremental Tax</b>	<b>Foundation</b>	
<b>Revenues:</b>					
Local:					
Property taxes	\$ -	\$ -	\$ 4,093,358	\$ -	\$ 4,093,358
Earnings on investments	-	8,023	-	-	8,023
Other local	1,863,222	3,938,475	-	79,970	5,881,667
State	1,100,598	1,098,897	-	-	2,199,495
Federal	3,462,514	-	-	-	3,462,514
Total revenues	<u>6,426,334</u>	<u>5,045,395</u>	<u>4,093,358</u>	<u>79,970</u>	<u>15,645,057</u>
<b>Expenditures:</b>					
Instruction	-	4,965,306	-	133,474	5,098,780
Supporting services:					
Instructional staff	-	8,864	-	-	8,864
Student transportation	-	1,600	-	-	1,600
Non instructional	-	-	4,093,358	-	4,093,358
Food services	<u>6,456,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,456,619</u>
Total expenditures	<u>6,456,619</u>	<u>4,975,770</u>	<u>4,093,358</u>	<u>133,474</u>	<u>15,659,221</u>
Excess of revenues over expenditures / net change in fund balances	(30,285)	69,625	-	(53,504)	(14,164)
<b>Fund balances - beginning</b>	<u>288,308</u>	<u>1,962,471</u>	<u>-</u>	<u>109,652</u>	<u>2,360,431</u>
<b>Fund balances - ending</b>	<u>\$ 258,023</u>	<u>\$ 2,032,096</u>	<u>\$ -</u>	<u>\$ 56,148</u>	<u>\$ 2,346,267</u>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
*Food Services*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2016  
With Comparative Totals for 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Other local	\$ 1,998,000	\$ 1,863,222	\$ (134,778)	\$ 1,839,916
State	990,000	1,100,598	110,598	1,029,209
Federal	3,562,000	3,462,514	(99,486)	3,550,806
Total revenues	6,550,000	6,426,334	(123,666)	6,419,931
<b>Expenditures:</b>				
Salaries	2,064,527	1,950,884	113,643	1,963,283
Employee benefits	797,130	803,895	(6,765)	793,617
Purchased services	19,740	21,522	(1,782)	21,102
Supplies	3,364,000	3,204,786	159,214	3,212,816
Property	10,000	1,266	8,734	962
Other objects	399,494	474,266	(74,772)	383,816
Total expenditures	6,654,891	6,456,619	198,272	6,375,596
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	(104,891)	(30,285)	74,606	44,335
<b>Fund balances - beginning</b>	288,308	288,308	-	243,973
<b>Fund balances - ending</b>	<u>\$ 183,417</u>	<u>\$ 258,023</u>	<u>\$ 74,606</u>	<u>\$ 288,308</u>

**TOOELE 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, 2016  
With Comparative Totals for 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local:				
Earnings on investments	\$ 7,788	\$ 8,023	\$ 235	\$ 6,148
Other local	4,432,485	3,938,475	(494,010)	3,374,356
State	1,240,424	1,098,897	(141,527)	1,013,373
Total revenues	<u>5,680,697</u>	<u>5,045,395</u>	<u>(635,302)</u>	<u>4,393,877</u>
<b>Expenditures:</b>				
Current:				
Salaries	1,231,660	571,047	660,613	547,170
Employee benefits	38,469	81,380	(42,911)	84,881
Purchased services	844,517	772,230	72,287	607,409
Supplies	3,507,548	3,439,329	68,219	2,688,064
Property	47,129	102,370	(55,241)	271,737
Other objects	11,374	9,414	1,960	12,903
Total expenditures	<u>5,680,697</u>	<u>4,975,770</u>	<u>704,927</u>	<u>4,212,164</u>
Excess of revenues over expenditures	-	69,625	69,625	181,713
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	6,545
Transfers out	-	-	-	(6,981)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(436)</u>
Net change in fund balances	-	69,625	69,625	181,277
<b>Fund balances - beginning</b>	<u>1,962,471</u>	<u>1,962,471</u>	<u>-</u>	<u>1,781,194</u>
<b>Fund balances - ending</b>	<u><u>\$ 1,962,471</u></u>	<u><u>\$ 2,032,096</u></u>	<u><u>\$ 69,625</u></u>	<u><u>\$ 1,962,471</u></u>



**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Incremental Tax**

Year Ended June 30, 2016  
With Comparative Totals for 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Property taxes	\$ 4,250,000	\$ 4,093,358	\$ (156,642)	\$ 4,081,699
<b>Expenditures:</b>				
Other objects	4,250,000	4,093,358	156,642	4,081,699
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	-	-	-
<b>Fund balances - beginning</b>	-	-	-	-
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOOELE COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Foundation**  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2016  
With Comparative Totals for 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Other local	\$ 150,000	\$ 79,970	\$ (70,030)	\$ 91,693
<b>Expenditures:</b>				
Current:				
Purchased services	70,875	30,689	40,186	(578)
Supplies	79,125	102,785	(23,660)	77,289
Total expenditures	150,000	133,474	16,526	76,711
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	(53,504)	(53,504)	14,982
<b>Fund balances - beginning</b>	109,652	109,652	-	94,670
<b>Fund balances - ending</b>	\$ 109,652	\$ 56,148	\$ (53,504)	\$ 109,652

**OTHER INFORMATION**  
**(Unaudited)**

# TOOELE COUNTY SCHOOL DISTRICT

Percent of Unrestricted Fund Balance to  
General Fund Expenditures  
For the Years Ended June 30, 2007 through 2016  
and Percent of Unassigned Fund Balance to  
General Fund Expenditures  
For the Years Ended June 30, 2011 through 2016

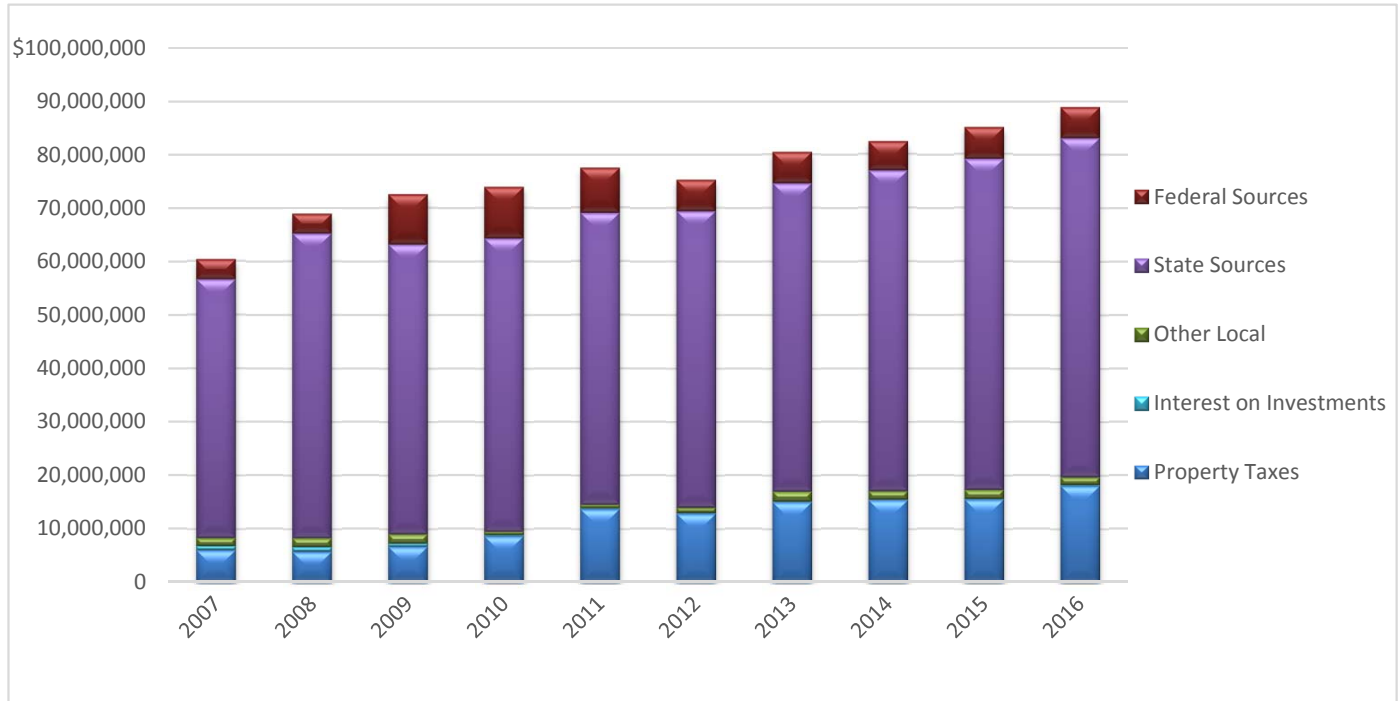
<u>Year Ended June 30,</u>	<u>Unrestricted Fund Balance</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Unrestricted Fund Balance to General Fund Expenditures</u>
2007	\$ 8,360,926	\$ 60,831,088	13.74%
2008	9,437,156	70,765,968	13.34%
2009	10,056,072	74,960,427	13.42%
2010	10,031,037	75,297,864	13.32%
2011	9,935,949	77,400,941	12.84%
2012	8,129,690	77,134,073	10.54%
2013	8,179,628	80,381,201	10.18%
2014	9,124,748	81,435,091	11.20%
2015	9,257,524	84,896,751	10.90%
2016	11,419,560	86,767,683	13.16%

<u>Year Ended June 30,</u>	<u>Unassigned Fund Balance</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Unassigned Fund Balance to General Fund Expenditures</u>
2011	\$ 4,956,289	\$ 77,400,941	6.40%
2012	3,139,565	77,134,073	4.07%
2013	3,179,694	80,381,201	3.96%
2014	4,124,814	81,435,091	5.07%
2015	4,257,590	84,896,751	5.02%
2016	3,480,063	86,767,683	4.01%

## TOOELE COUNTY SCHOOL DISTRICT

Revenues by Source for the General Fund  
For the Years Ended June 30, 2007 through 2016

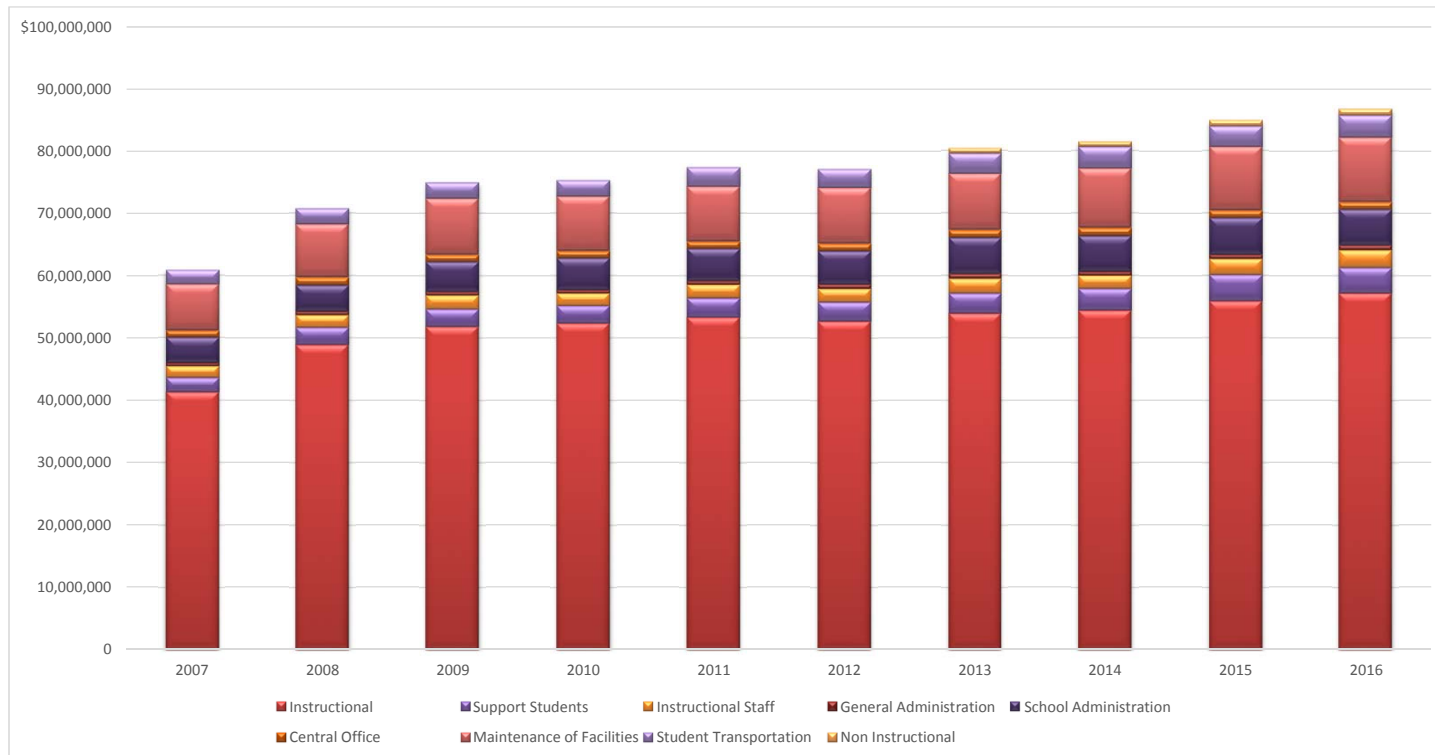
Year Ended June 30,	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
2007	\$ 6,065,062	\$ 806,387	\$ 1,483,769	\$ 48,254,645	\$ 3,709,934	\$ 60,319,797
2008	5,791,835	897,381	1,641,289	56,892,443	3,700,328	68,923,276
2009	6,699,277	632,852	1,743,897	54,112,041	9,361,076	72,549,143
2010	8,717,562	218,637	624,667	54,764,186	9,602,196	73,927,248
2011	13,747,034	181,772	639,708	54,426,444	8,405,983	77,400,941
2012	12,875,268	162,723	993,105	55,392,140	5,843,868	75,267,104
2013	15,084,052	99,019	1,879,548	57,606,436	5,816,753	80,485,808
2014	15,436,716	107,672	1,583,267	59,893,971	5,356,198	82,377,824
2015	15,531,344	135,707	1,653,899	61,848,623	5,849,546	85,019,119
2016	18,095,195	217,959	1,407,126	63,464,894	5,749,606	88,934,780



## TOOELE COUNTY SCHOOL DISTRICT

Expenditures by Function for the General Fund  
For the Years Ended June 30, 2007 through 2016

Year Ended June 30,	Instructional	Support Students	Support Instructional Staff	General Administration	School Administration	Central Office	Operation & Maintenance of Facilities	Student Transportation	Non Instructional	Total Expenditures
2007	\$ 41,307,143	\$ 2,295,660	\$ 1,859,312	\$ 533,490	\$ 4,080,265	\$ 1,022,850	\$ 7,476,341	\$ 2,256,027	\$ -	\$ 60,831,088
2008	48,878,269	2,800,787	1,989,155	573,998	4,246,468	1,188,563	8,557,927	2,530,801	-	70,765,968
2009	51,851,153	2,806,260	2,204,689	556,478	4,844,623	1,110,594	9,020,605	2,566,025	-	74,960,427
2010	52,350,800	2,817,561	1,987,701	543,502	5,127,658	1,073,403	8,827,017	2,570,222	-	75,297,864
2011	53,325,910	3,096,278	2,165,291	589,027	5,208,595	1,082,841	8,851,228	3,081,771	-	77,400,941
2012	52,710,917	3,087,259	2,141,767	732,619	5,360,325	1,121,954	9,004,074	2,975,158	-	77,134,073
2013	53,912,687	3,233,001	2,362,295	749,241	5,837,309	1,154,003	9,051,032	3,246,496	835,136	80,381,200
2014	54,413,542	3,495,307	2,086,538	629,965	5,779,097	1,204,861	9,583,969	3,425,872	815,940	81,435,091
2015	55,874,044	4,246,642	2,574,531	669,738	5,911,278	1,117,189	10,258,116	3,295,497	949,716	84,896,751
2016	57,194,836	4,115,392	2,797,760	764,747	5,794,998	1,094,799	10,420,128	3,528,228	1,056,793	86,767,681



**TOOELE COUNTY SCHOOL DISTRICT**

Property Tax Revenues by Fund

For the Years Ended June 30, 2007 through 2016

Year Ended June 30,	General Fund Revenues									Special Revenue Funds		Capital Outlay and Debt Service	Total Funds
	Basic	Class Size Reduction	Reading	Special Transportation	Tort Liability	Voted Local	10% of Basic	Board Local	Total General Fund	Community Recreation	Incremental Tax		
2007	\$ 3,856,362	\$ -	\$ -	\$ 505,814	\$ 185,443	\$ 1,517,443	\$ -	\$ -	\$ 6,065,062	\$ 505,814	\$ -	\$15,927,744	\$22,498,620
2008	3,327,598	-	262,961	465,510	195,737	1,540,029	-	-	5,791,835	513,351	-	15,241,116	21,546,302
2009	3,720,168	-	360,112	535,704	297,613	1,785,680	-	-	6,699,277	639,869	-	17,693,114	25,032,260
2010	4,425,173	1,235,220	321,157	558,937	311,893	1,865,182	-	-	8,717,562	824,509	-	17,154,112	26,696,183
2011	5,117,483	1,369,226	414,192	588,768	328,614	2,053,840	3,874,911	-	13,747,034	869,459	-	14,698,646	29,315,139
2012	4,883,460	1,228,092	371,498	549,571	307,023	1,842,138	3,693,486	-	12,875,268	813,611	-	11,657,663	25,346,542
2013	5,162,473	-	-	-	-	1,876,126	-	8,045,453	15,084,052	-	-	16,325,422	31,409,474
2014	4,984,299	-	-	-	-	1,948,260	-	8,504,157	15,436,716	-	-	15,712,720	31,149,436
2015	4,837,352	-	-	-	-	2,045,392	-	8,648,600	15,531,344	-	4,081,699	17,171,334	36,784,377
2016	6,495,711	-	-	-	-	2,245,061	-	9,354,422	18,095,194	-	4,093,358	17,799,594	39,988,146

**TOOELE COUNTY SCHOOL DISTRICT**

Property Tax Rates (Per \$1) by Fund

For the Years Ended June 30, 2007 through 2016

Year Ended June 30,	General Fund								Total General Fund	Special Revenue Funds		Total Funds
	Basic	Class Size Reduction	Special Transportation	Tort Liability	Board Leeway - Reading	Voted Local	10% of Basic	Board Local		Community Recreation	Capital Outlay and Debt Service	
2007	0.001515	-	0.000200	0.000075	-	0.000600	-	-	0.002390	0.000200	0.006306	0.008896
2008	0.001311	-	0.000182	0.000075	0.000099	0.000600	-	-	0.002267	0.000200	0.005944	0.008411
2009	0.001250	-	0.000180	0.000100	0.000121	0.000600	-	-	0.002251	0.000215	0.005945	0.008411
2010	0.001433	0.000400	0.000181	0.000101	0.000104	0.000604	-	-	0.002823	0.000267	0.005555	0.008645
2011	0.001495	0.000400	0.000172	0.000096	0.000121	0.000600	0.001132	-	0.004016	0.000254	0.004294	0.008564
2012	0.001591	0.000400	0.000179	0.000100	0.000121	0.000600	0.001203	-	0.004194	0.000265	0.003797	0.008256
2013	0.001651	-	-	-	-	0.000600	-	0.002573	0.004824	-	0.005221	0.010045
2014	0.001535	-	-	-	-	0.000600	-	0.002619	0.004754	-	0.004839	0.009593
2015	0.001419	-	-	-	-	0.000600	-	0.002537	0.004556	-	0.005037	0.009593
2016	0.001736	-	-	-	-	0.000600	-	0.002500	0.004836	-	0.004757	0.009593



# TOOELE COUNTY SCHOOL DISTRICT

Property Tax Levies and Collections  
For the Years Ended June 30, 2007 through 2016

Year Ended June 30,	Tax Rate (Per \$1)	Taxable Value *	Net Taxes Levied	Current Collections	Percent of Current Collections	Delinquent Collections	Total Property Tax Collections	Percent of Total Assessment	Fee in Lieu of Taxes	Total Collections
2007	.008896	\$ 2,558,750,567	\$22,762,645	\$18,645,935	81.91%	\$ 1,075,406	\$ 19,721,341	86.64%	\$ 2,777,279	\$ 22,498,620
2008	.008411	2,913,171,010	24,502,681	18,401,087	75.10%	74,133	18,475,220	75.40%	3,071,082	21,546,302
2009	.008411	2,977,645,344	25,044,975	21,105,319	84.27%	918,490	22,023,809	87.94%	3,008,451	25,032,260
2010	.008645	3,295,188,469	28,486,904	23,053,188	80.93%	874,973	23,928,161	84.00%	2,768,022	26,696,183
2011	.008564	3,597,548,388	30,809,404	25,057,946	81.33%	1,600,810	26,658,756	86.53%	2,656,383	29,315,139
2012	.008256	3,397,928,868	28,053,301	21,458,272	76.49%	1,174,775	22,633,047	80.68%	2,713,495	25,346,542
2013	.010045	3,564,993,856	35,810,363	26,119,515	72.94%	1,502,122	27,621,637	77.13%	3,787,837	31,409,474
2014	.009593	3,737,235,055	35,851,296	27,172,292	75.79%	1,460,041	28,632,333	79.86%	2,517,103	31,149,436
2015	.009593	3,780,312,311	36,264,536	32,270,105	88.99%	1,982,035	34,252,140	94.45%	2,532,237	36,784,377
2016	.009593	4,013,497,073	38,501,477	35,786,403	92.95%	1,422,713	37,209,116	96.64%	2,779,030	39,988,146

\* Source: Utah State Tax Commission Final TC-233B Report including Real, Personal, and Centrally Assessed Property

# TOOELE COUNTY SCHOOL DISTRICT

Ten Largest Taxpayers in  
Tooele County School District  
December 31, 2015

<u>Taxpayer</u>	<u>Business</u>	<u>2015 Taxable Value</u>	<u>Percent of the District's 2015 Taxable Value</u>
ATI Titanium LLC	Metal Refining	\$ 300,792,131	7.49%
Pacificorp	Electric Utility	197,029,051	4.91%
Intrepid Potash-Wendover LLC	Mineral Mining	161,803,385	4.03%
Magnesium Corp of America	Magnesium Refining	126,282,514	3.15%
Union Pacific Railroad Company	Transportation Utility	94,120,439	2.35%
Energy Solutions LLC	Waste Management	68,537,988	1.71%
UNEV Pipeline, LLC	Petroleum Pipeline	42,011,173	1.05%
Wal-Mart Stores East LP	Distribution Center Retail Sales	37,400,000	0.93%
Questar Gas Co	Natural Gas Utility	31,138,361	0.78%
ARC RBSLCUT001 LLC	Motorsports Park	28,705,300	0.72%
Totals		<u>\$ 1,087,820,342</u>	<u>27.10%</u>
Taxable value of Tooele County School District at December 31, 2015		<u>\$ 4,013,497,073</u>	

Source: Tooele County Treasurer

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.

## TOOELE COUNTY SCHOOL DISTRICT

Computation of Legal Debt Margin  
For the Year Ended June 30, 2016

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2015 "Fair Market Value" (1)	\$ 5,397,614,429
2015 Estimated Valuation from Uniform Fees (1)(2)	<u>164,073,394</u>
Estimated "Fair Market Value for Debt Incurring Capacity"	<u><u>\$ 5,561,687,823</u></u>
 "Fair Market Value for Debt Incurring Capacity" X 4% (the "Debt Limit")	 \$ 222,467,513
 Less: Current Outstanding General Obligation Debt	 <u>(66,698,077)</u>
Legal Debt Margin / Additional Debt Incurring Capacity	<u><u>\$ 155,769,436</u></u>

(1) From Report 510 (233b List of Final Values)

(2) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.

**TOOELE COUNTY SCHOOL DISTRICT**  
Ratio of Annual Debt Service to Total General Fund Expenditures  
For the Years Ended June 30, 2007 through 2016

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<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
2007	\$ 6,285,000	\$ 3,669,056	\$ 9,954,056	\$ 60,947,473	16.33%
2008	6,775,000	4,886,439	11,661,439	70,765,968	16.48%
2009	7,010,000	5,107,595	12,117,595	74,960,427	16.17%
2010	7,520,000	4,834,676	12,354,676	75,297,864	16.41%
2011	7,710,000	4,532,176	12,242,176	77,400,941	15.82%
2012	7,690,000	4,121,411	11,811,411	77,134,073	15.31%
2013	8,775,000	3,672,480	12,447,480	80,381,200	15.49%
2014	9,165,000	3,044,690	12,209,690	81,435,091	14.99%
2015	9,625,000	2,418,356	12,043,356	84,896,751	14.19%
2016	9,565,000	2,906,354	12,471,354	86,767,683	14.37%

# TOOELE COUNTY SCHOOL DISTRICT

Summary of Weighted Pupil Units (WPU)  
For the Years Ended June 30, 2007 through 2016

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Pupils in Grades K-12	11,632.473	12,038.432	12,436.268	12,368.854	12,448.561	12,754.754	13,034.616	13,062.240	13,204.886	13,140.249
Necessary Existent Small Schools	387.985	406.957	408.934	413.970	406.018	435.531	488.978	521.978	507.436	516.091
Professional Staff	949.616	958.295	1,001.926	997.060	1,028.366	1,107.984	1,166.829	1,199.160	1,208.631	1,226.796
Administrative Staff	25.000	25.000	25.000	0.000	0.000	0.000	0.000	0.000	-	-
Foreign Exchange Students		0.000	1.000	2.000	5.000	8.000	9.000	9.000	12.000	10.000
Special Education	1,899.943	2,041.268	2,150.847	2,232.126	2,256.591	2,303.649	2,310.335	2,274.980	2,395.078	2,289.233
Applied Technology Education	672.258	739.688	819.094	757.759	866.857	916.496	902.732	1,031.545	971.565	1,016.595
Class Size Reduction	773.355	825.732	863.005	856.168	832.580	848.238	863.707	869.660	871.944	843.738
Total WPU	<u>16,340.630</u>	<u>17,035.372</u>	<u>17,706.074</u>	<u>17,627.937</u>	<u>17,843.973</u>	<u>18,374.652</u>	<u>18,776.197</u>	<u>18,968.563</u>	<u>19,171.540</u>	<u>19,042.702</u>
Value Per Each WPU	<u>\$2,417</u>	<u>\$2,514</u>	<u>\$2,577</u>	<u>\$2,577</u>	<u>\$2,577</u>	<u>\$2,816</u>	<u>\$2,842</u>	<u>\$ 2,899</u>	<u>\$ 2,972</u>	<u>\$ 3,092</u>
Total Basic Program	\$39,495,305	\$42,826,930	\$44,562,958	\$45,427,198	\$45,983,918	\$51,153,455	\$52,778,330	\$54,367,044	\$56,338,136	\$58,202,111
Local Levy Proceeds	<u>(3,763,966)</u>	<u>(3,398,540)</u>	<u>(3,720,167)</u>	<u>(4,492,912)</u>	<u>(4,951,943)</u>	<u>(5,125,885)</u>	<u>(5,252,469)</u>	<u>(4,917,649)</u>	<u>(5,052,455)</u>	<u>(6,479,874)</u>
State Guarantee	<u>\$35,731,339</u>	<u>\$39,428,390</u>	<u>\$40,842,791</u>	<u>\$40,934,286</u>	<u>\$41,031,975</u>	<u>\$46,027,570</u>	<u>\$47,525,861</u>	<u>\$49,449,395</u>	<u>\$51,285,681</u>	<u>\$51,722,237</u>

# TOOELE COUNTY SCHOOL DISTRICT

Comparison of Per Pupil Expenditures in the General Fund  
For the Years Ended June 30, 2007 through 2016

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
General Fund:										
Instruction	\$ 3,949	\$ 3,814	\$ 4,046	\$ 4,001	\$ 3,999	\$ 3,883	\$ 3,880	\$ 3,895	\$ 4,058	\$ 4,125
Support Services:										
Students	226	219	219	215	232	227	233	250	308	297
Instructional staff	161	155	172	152	162	158	170	149	187	202
General administration	46	45	43	42	44	54	54	45	49	55
School administration	343	331	381	392	391	395	420	414	429	418
Central Office	96	92	87	82	81	83	83	86	81	79
Operation and maintenance of facilities	691	669	704	675	664	663	651	686	745	752
Student transportation	182	197	200	196	231	219	234	245	239	254
Total support services	<u>1,745</u>	<u>1,708</u>	<u>1,806</u>	<u>1,754</u>	<u>1,805</u>	<u>1,799</u>	<u>1,845</u>	<u>1,876</u>	<u>2,039</u>	<u>2,057</u>
Non instructional	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>58</u>	<u>69</u>	<u>76</u>
Totals	<u>\$ 5,694</u>	<u>\$ 5,522</u>	<u>\$ 5,852</u>	<u>\$ 5,755</u>	<u>\$ 5,804</u>	<u>\$ 5,682</u>	<u>\$ 5,785</u>	<u>\$ 5,829</u>	<u>\$ 6,166</u>	<u>\$ 6,258</u>
Final enrollment	<u>12,377</u>	<u>12,816</u>	<u>13,211</u>	<u>13,086</u>	<u>13,336</u>	<u>13,575</u>	<u>13,896</u>	<u>13,970</u>	<u>13,768</u>	<u>13,864</u>

# TOOELE COUNTY SCHOOL DISTRICT

## Student Enrollment by School

For the Years Ended June 30, 2007 through 2016

Year Ended June 30,	Elementary															
	Anna Smith	Copper Canyon	Dugway	East	Grants- ville	Harris	Ibapah	Middle Canyon	Northlake	Overlake	Rose Springs	Settlement Canyon	Stansbury Park	Vernon	West	Willow
2007	229	607	133	651	728	534	13	648	694	615	710	-	580	30	726	543
2008	222	615	128	685	765	524	18	635	640	656	803	-	608	27	739	591
2009	216	629	119	527	817	511	19	652	513	667	889	654	616	35	453	594
2010	216	583	116	499	-	484	15	554	558	600	740	666	763	44	452	960
2011	242	599	108	505	-	479	16	544	541	571	773	680	784	37	427	990
2012	265	618	113	477	786	457	19	500	546	564	840	646	767	37	399	679
2013	270	654	111	506	779	429	22	502	537	600	842	625	842	35	398	677
2014	277	628	79	520	761	418	22	491	533	583	842	664	914	22	385	675
2015	284	550	64	460	745	394	25	473	514	563	749	611	925	26	389	704
2016	269	608	55	463	723	407	33	590	553	597	674	580	753	27	408	702

Year Ended June 30,	Jr High			High						Total
	Clarke N. Johnsen	Grants- ville	Tooele	Dugway	Grants- ville	Tooele	Stansbury	Wendover	Blue Peak	
2007	568	630	534	120	1,046	1,820	-	160	58	12,377
2008	579	689	542	119	1,091	1,907	-	189	44	12,816
2009	612	684	570	105	1,169	1,942	-	168	50	13,211
2010	815	724	639	99	667	1,409	1,254	173	56	13,086
2011	838	761	671	99	678	1,314	1,408	181	90	13,336
2012	792	368	798	77	729	1,374	1,444	185	95	13,575
2013	842	380	839	80	758	1,390	1,502	190	86	13,896
2014	873	395	831	60	719	1,432	1,537	194	115	13,970
2015	868	401	848	59	749	1,538	1,538	184	107	13,768
2016	809	435	852	66	786	1,628	1,557	178	111	13,864

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## **APPENDIX B**

### **PROPOSED FORM OF OPINION OF BOND COUNSEL**

#### **[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]**

**[TO BE DATED CLOSING DATE]**

Re: \$16,000,000  
Board of Education of  
Tooele County School District, Utah  
General Obligation School Building Bonds  
(Utah School Bond Guaranty Program),  
Series 2017

We have acted as bond counsel to the Board of Education of Tooele County School District, Utah (the “*Issuer*”) in connection with the issuance by the Issuer of its \$16,000,000 General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2017 dated the date hereof (the “*Bonds*”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

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

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and legally binding upon the Issuer and all taxable property in Tooele County School District, Utah, is subject to the levy of taxes to pay the same without limitation as to rate or amount.

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

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; *however*, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to

certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the disclosure document, if any, relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

Very truly yours,

## APPENDIX C

### PROPOSED FORM OF

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

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the Board of Education of Tooele County School District, Utah (the “*Issuer*”) in connection with the issuance of \$16,000,000 General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2017 (the “*Bonds*”). The Bonds are being issued pursuant to a Resolution of the Issuer adopted on May 9, 2017 (collectively, the “*Resolution*”).

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

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

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

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

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

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

“*Commission*” means the Securities and Exchange Commission.

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

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

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*MSRB*” means the Municipal Securities Rulemaking Board.

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

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

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

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

“*State*” means the State of Utah.

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

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

JUNE 1 OF THE YEAR	CUSIP NUMBER	JUNE 1 OF THE YEAR	CUSIP NUMBER
2018	890346 MX4	2028	890346 NH8
2019	890346 MY2	2029	890346 NJ4
2020	890346 MZ9	2030	890346 NK1
2021	890346 NA3	2031	890346 NL9
2022	890346 NB1	2032	890346 NM7
2023	890346 NC9	2033	890346 NN5
2024	890346 ND7	2034	890346 NP0
2025	890346 NE5	2035	890346 NQ8
2026	890346 NF2	2036	890346 NR6
2027	890346 NG0	2037	890346 NS4

The Final Official Statement relating to the Bonds is dated June 29, 2017 (the “*Final Official Statement*”). The Issuer will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

*Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE.* Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such

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

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

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

*Section 5. REPORTABLE EVENTS DISCLOSURE.* Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

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

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

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

- (a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted; or

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

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

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

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

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

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

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

*Section 12. RECORDKEEPING.* The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

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

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

*(Signature page follows.)*

DATED as of the day and year first above written.

BOARD OF EDUCATION OF TOOELE COUNTY SCHOOL  
DISTRICT, UTAH

By \_\_\_\_\_  
President

Address: 92 S Lodestone Way  
Tooele, Utah 84074



## **EXHIBIT I**

### **ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS**

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

#### **CAPTION**

##### **DEBT STRUCTURE OF TOOELE COUNTY SCHOOL DISTRICT, UTAH**

- Outstanding General Obligation Bonded Indebtedness
- Municipal Building Authority of Tooele County School District, Utah
- Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year
- Debt Service Schedule of Outstanding Lease Revenue Bonds of the Municipal Building Authority of Tooele County School District, Utah by Fiscal Year

##### **FINANCIAL INFORMATION REGARDING TOOELE COUNTY SCHOOL DISTRICT, UTAH**

- Financial Summaries
- Historical Tax Rates
- Taxable, Fair Market and Market Value of Property
- Historical Summaries of Taxable Values of Property
- Tax Collection Record
- Some of the Largest Taxpayers

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

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 185 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

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

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

## **EXHIBIT II**

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

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer\*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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

## APPENDIX D

### BOOK-ENTRY SYSTEM

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

Purchases of 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017 Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to

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

Redemption notices shall be sent to DTC. If less than all of the 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Board or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017 Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2017 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2017 Bond certificates will be printed and delivered to DTC.

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

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