

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2017 Bonds (hereinafter defined) is not included in gross income under present federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2017 Bonds is not included in alternative minimum taxable income, as defined in Section 55(b)(2) of the Code, under present federal income tax laws, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the 2017 Bonds is not included in Idaho taxable income under present Idaho income tax laws. See “LEGAL MATTERS—Tax Exemption.”

The 2017 Bonds have been designated “qualified tax-exempt obligations” under Section 265(b)(3) of the Code. See “LEGAL MATTERS—Qualified Tax-Exempt Obligations” herein.

\$4,560,000

**Joint School District No. 148 (Grace)
Caribou, Franklin, and Bannock Counties, State of Idaho**

**General Obligation Bonds, Series 2017
(Sales Tax Guaranty and Credit Enhancement Programs)**

The \$4,560,000 General Obligation Bonds, Series 2017 (Sales Tax Guaranty and Credit Enhancement Programs) (the “2017 Bonds”), dated the date of original issuance, are issuable by Joint School District No. 148, Caribou, Franklin, and Bannock Counties, State of Idaho (the “District”), 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 (the “DTC”). DTC will act as securities depository for the 2017 Bonds.

Principal of and interest on the 2017 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2018) are payable by ZB, National Association dba Zions Bank, Boise Idaho, as Paying Agent (the “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. See “THE 2017 BONDS—Redemption Provisions” herein.

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

Payment of the principal of and interest on the 2017 Bonds when due is further secured by the

State of Idaho

pursuant to the guaranty under the Idaho School Bond Guaranty Act and the Idaho Endowment Fund Investment Board pursuant to the Credit Enhancement Program. See “STATE OF IDAHO GUARANTY” herein.

Dated: Date of Delivery¹

Due: September 15, as shown on inside 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 November 14, 2017 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated November 3, 2017) to Vining Sparks IBG, Limited Partnership, Chicago, Illinois, at a “true interest rate” of 2.65%.

Zions Public Finance, Inc., Boise, Idaho, 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 November 14, 2017, and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Thursday, November 30, 2017.

\$4,560,000

General Obligation Bonds, Series 2017
(Sales Tax Guaranty and Credit Enhancement Programs)

Dated: Date of Delivery¹

Due: September 15, as shown below

<u>Due September 15</u>	<u>CUSIP® 142082</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2018.....	AA4	\$105,000	5.00 %	1.15%
2019.....	AB2	150,000	5.00	1.30
2020.....	AC0	160,000	5.00	1.45
2021.....	AD8	165,000	5.00	1.50
2022.....	AE6	175,000	5.00	1.55
2023.....	AF3	185,000	5.00	1.60
2024.....	AG1	195,000	5.00	1.70
2025.....	AH9	200,000	5.00	1.80
2026.....	AJ5	210,000	5.00	1.90
2027.....	AK2	225,000	5.00	2.00
2028.....	AL0	235,000	5.00	2.05 ^c
2029.....	AM8	245,000	4.75	2.10 ^c
2030.....	AN6	255,000	4.25	2.10 ^c
2031.....	AP1	270,000	3.00	2.45 ^c
2032.....	AQ9	275,000	3.00	2.50 ^c
2033.....	AR7	285,000	3.00	2.60 ^c
2034.....	AS5	295,000	3.125	2.70 ^c
2035.....	AT3	300,000	3.25	2.80 ^c
2036.....	AU0	310,000	3.25	2.90 ^c
2037.....	AV8	320,000	3.25	3.00 ^c

¹ The anticipated date of delivery is Thursday, November 30, 2017.

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^c Priced to the call date of September 15, 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 principal amount 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: Joint School District No. 148, Caribou, Franklin, and Bannock Counties, State of Idaho; Zions Public Finance, Inc., Boise, Idaho, as Municipal Advisor; ZB, National Association dba Zions Bank, Boise, Idaho, as Paying Agent; the successful bidder; or any other entity. All other information contained herein has been obtained from the District, The Depository Trust Company, New York, New York, 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 District, since the date hereof.

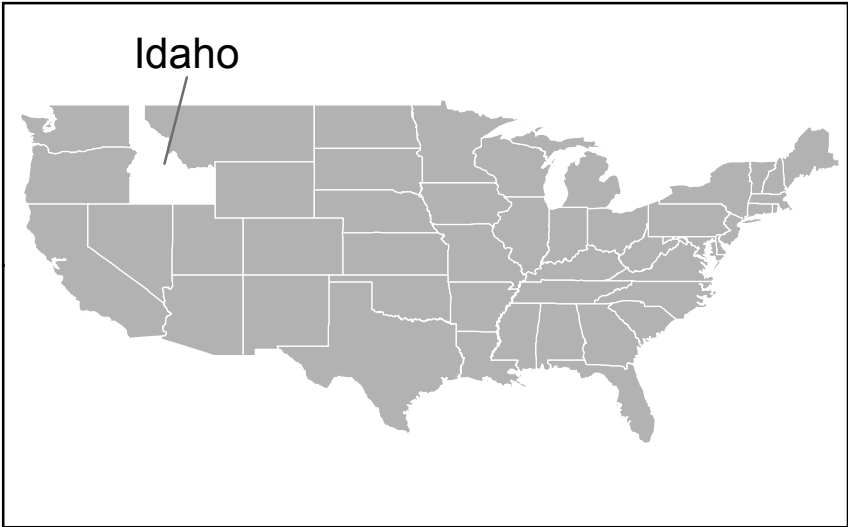
The 2017 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of 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 on the inside front cover page of this OFFICIAL STATEMENT. In addition, the successful bidder 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 may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2017 Bonds. Such transactions may include overallotments 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 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 District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, change, 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 District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to change after the issuance of the 2017 Bonds because of 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.



Coeur d'Alene

Lewiston

**Grace
Joint School District
(No. 148)**

Boise

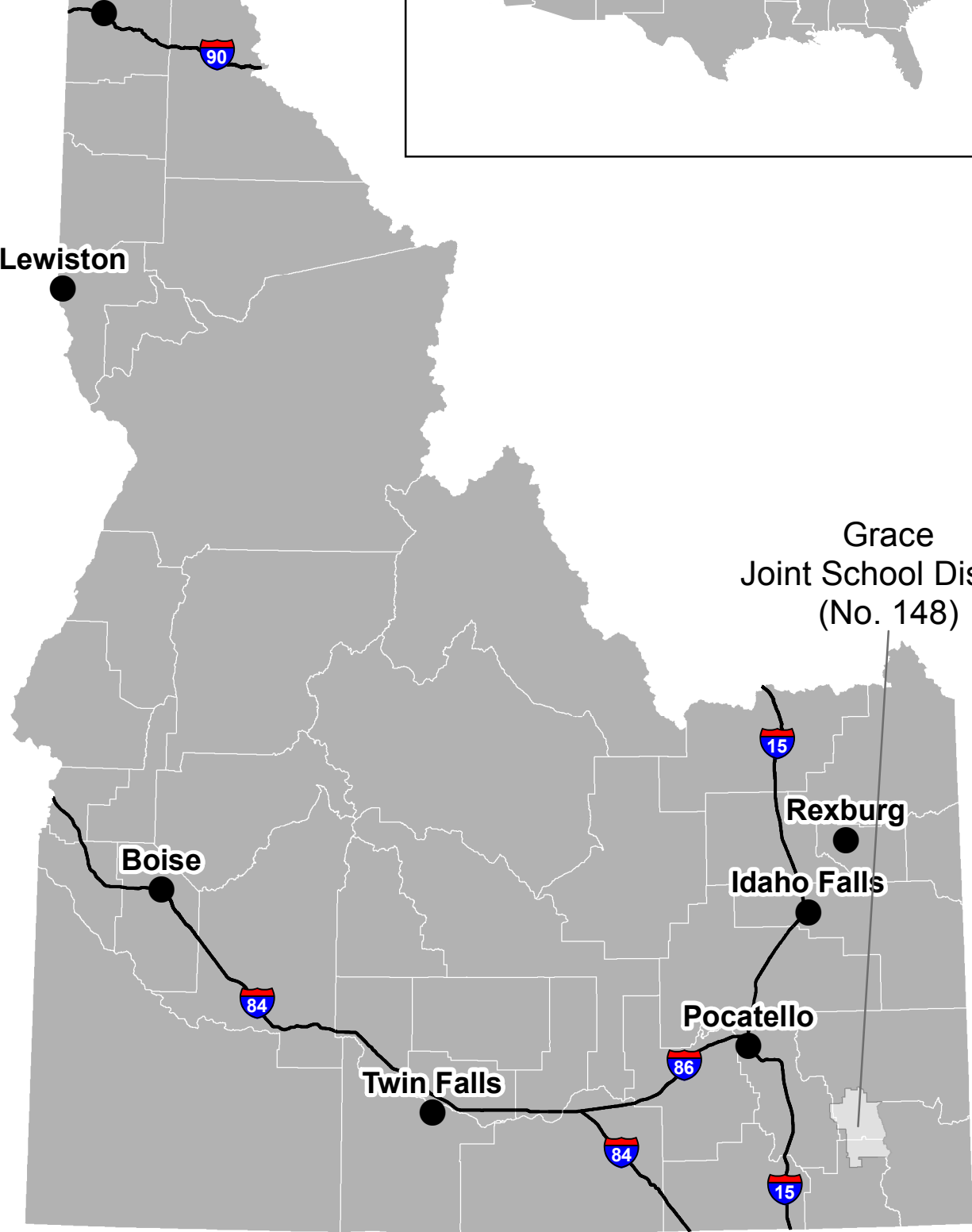
Rexburg

Idaho Falls

Pocatello

Twin Falls

**Grace Joint School District, No. 148
Caribou, Franklin, and Bannock Counties**



OFFICIAL STATEMENT RELATED TO

\$4,560,000

Joint School District No. 148 (Grace)

Caribou, Franklin, and Bannock Counties, State of Idaho

General Obligation Bonds, Series 2017 (Sales Tax Guaranty and Credit Enhancement Programs)

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 Joint School District No. 148, Caribou, Franklin, and Bannock Counties, State of Idaho (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT;” 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. 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 were awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on November 14, 2017 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated November 3, 2017) to Vining Sparks IBG, Limited Partnership, Chicago, Illinois, at a “true interest rate” of 2.65%.

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.

The District

The District is located in the southeastern corner of the State of Idaho (the “State”) in the Gem Valley. The District serves western Caribou County (the “County”) with approximately 15% of the District’s land area in Franklin and Bannock Counties (the County, Franklin County, and Bannock County collectively referred to herein as the “Counties”). The County had an estimated 6,887 residents according to the 2016 Census Bureau estimates. The District is headquartered in the City of Grace (the “City”). The U.S. Census Bureau estimated

the City had a population of 910 in 2016. The District was established in 1953. The District served an estimated population of 2,200 residents, per the 2015 U.S. Census Bureau. See “THE DISTRICT” below.

As a school district, the District is funded from a combination of local tax sources and state funds. See “TAXES AND STATE FUNDING” below.

The 2017 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the District of its \$4,560,000 General Obligation Bonds, Series 2017 (Sales Tax Guaranty and Credit Enhancement Programs) (the “2017 Bonds or “2017 Bond”), initially issued in book–entry form.

Security

The 2017 Bonds will be general obligations of the District, 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 “TAXES AND STATE FUNDING—Tax Levy And Collection” below.

Payment of the principal of and interest on the 2017 Bonds when due is guaranteed by the State pursuant to the sales tax pledge under the provisions of the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code (the “Sales Tax Guaranty Program”) and the Credit Enhancement Program supported by the public schools’ endowment fund, pursuant to Section 57–728, Idaho Code (the “Credit Enhancement Program”). See “STATE OF IDAHO GUARANTY” below.

Authority And Purpose

The 2017 Bonds are being issued pursuant to (i) the School Bonds Law, Title 33, Chapter 11, as amended, the Registered Public Obligations Act, Title 57, Chapter 9, and the Municipal Bond Law, Title 57, Chapter 2, Idaho Code (collectively, the “Act”), (ii) Resolution of the District adopted on November 1, 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 August 29, 2017. The proposition submitted to the voters was as follows:

Shall the Board of Trustees of School District No. 148, Caribou, Franklin and Bannock Counties, State of Idaho, be authorized to issue general obligation school bonds of said District in the principal amount not to exceed \$5,000,000 for the purpose of financing the costs of acquiring, constructing, equipping and furnishing a new elementary school, together with costs and expenses related thereto, the final installment of such bonds to fall due not later than twenty (20) years from the date of issuance thereof, all as provided in the Bond Election Resolution adopted by the Board on June 7, 2017?

At the election, there were 142 votes cast in favor of the issuance of bonds and 46 votes cast against the issuance of bonds, for a total vote count of 188, with approximately 75.5% in favor of the issuance of the 2017 Bonds, exceeding the two-thirds voter–approved requirement to authorize issuance of the 2017 Bonds.

Under Idaho law, a challenge to an election outcome must be filed within 40 days of the date of canvass. The Counties canvassed the final election results on the following dates: Caribou County, August 30, 2017 and Franklin County, September 5, 2017. Bannock County properties consisted of land only. Therefore, Bannock County did not canvass the election results. Therefore, the 40-day challenge period expired on October 15, 2017.

After the sale and delivery of the 2017 Bonds, the District will have no remaining authorized but unissued bonds from the August 29, 2017 voted authorization.

The 2017 Bonds are being issued for the purposes set forth in the 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” herein.

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” below.

Principal of and interest on the 2017 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2018) are payable by ZB, National Association dba Zions Bank, Boise, Idaho (“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 under “APPENDIX D—BOOK-ENTRY SYSTEM” below.

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

Tax-Exempt Status Of The 2017 Bonds

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2017 Bonds is not included in gross income under present federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2017 Bonds is not included in alternative minimum taxable income, as defined in Section 55(b)(2) of the Code, under present federal income tax laws, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the 2017 Bonds is not included in Idaho taxable income under present Idaho income tax laws. See “LEGAL MATTERS—Tax Exemption” below.

Qualified Tax-Exempt Obligations

The 2017 Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Code, as amended. See “LEGAL MATTERS—Qualified Tax-Exempt Obligations” herein.

Professional Services

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

Bond Counsel

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208.336.8858 | f 208.367.1560
eemaki@erntedlaw.com

Paying Agent and Bond Registrar

ZB, National Association dba Zions Bank
800 W Main St Ste 700
Boise ID 83702
208.501.7493 | f 208.855.9705
mark.henson@zionsbancorp.com

Municipal Advisor

Zions Public Finance, Inc.
800 W Main St, Ste 700
Boise ID 83702
208.501.7533 | f 855.855.9702
christian.anderson@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, subject to the approval of legality of the 2017 Bonds by Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the District by Eberharter-Maki & Tappen, Boise, Idaho. It is expected that the 2017 Bonds, in book-entry form only, will be available for delivery in Boise, Idaho for deposit with the Paying Agent, as fast agent of DTC, on or about Thursday, November 30, 2017.

Information Reporting Agreement (Disclosure Undertaking)

The District will enter into an Information Reporting Agreement (the “Disclosure Undertaking”) for the benefit of the owners of the 2017 Bonds. For a detailed discussion of the Disclosure Undertaking, previous undertakings and timing of submissions see “INFORMATION REPORTING AGREEMENT” below and “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the District’s Board of Trustees (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 District and other parties to the transaction may be obtained from the “contact persons” as indicated below.

(The remainder of this page has been intentionally left blank.)

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Boise, Idaho, as municipal advisor to the District (the “Municipal Advisor”):

Christian Anderson, Vice President, christian.anderson@zionsbancorp.com

Zions Public Finance, Inc.
Zions Bank Building
800 W Main St Ste 700
Boise ID 83702
208.501.7533 | f 855.855.9702

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the District concerning the 2017 Bonds are:

Jamie Holyoak, Superintendent, jholyoak@sd148.org
Billie Ann Straatman, Business Manager, bstraatman@sd148.org

Joint School District No. 148
117 W Fourth South
Grace ID 83241
208.425.3984 | f 208.425.3809

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

Paul Stewart, Investment Officer, paul.stewart@sto.idaho.gov

Office of the Idaho State Treasurer
700 West Jefferson Ste 126
Boise ID 83720
208.332.2938 | f 208.332.2961
sto.idaho.gov

INFORMATION REPORTING AGREEMENT

The District will enter into 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 INFORMATION REPORTING AGREEMENT.”

The Disclosure Undertaking requires the District to submit its annual financial report (Fiscal Year Ending June 30) and other operating and financial information on or before December 27 (180 days from the end of the Fiscal Year). The District will submit the Fiscal Year 2018 financial report and other operating and financial information for the 2017 Bonds on or before December 27, 2018, and annually thereafter on or before each December 27.

A failure by the District to comply with the Disclosure Undertaking will not constitute a default under the Resolution, and Bondowners of the 2017 Bonds are limited to the remedies provided in the Disclosure Undertaking. A failure by the District 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. Any such failure may adversely affect the marketability of the 2017 Bonds.

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

STATE OF IDAHO GUARANTY

The Guaranty; Pledge of State Sales Tax

School districts are eligible to apply for a guarantee by the Idaho State School Bond Guaranty Program pursuant to the provisions of the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code (the “Sales Tax Guaranty Program”) and may apply for further credit enhancement by the Credit Enhancement Program supported by the public school’s endowment fund, pursuant to section 57-728, Idaho Code (the “Credit Enhancement Program”) (the Sales Tax Guaranty Program and the Credit Enhancement Program, collectively referred to herein as the “Programs”). School districts may have outstanding up to \$40 million of school bonds guaranteed by both the Programs and may obtain a guaranty solely by the Sales Tax Guaranty Program if bonds to be guaranteed or already guaranteed are more than \$40 million.

As of the date of this OFFICIAL STATEMENT, Moody’s has assigned its “Aa1” rating to bonds that are guaranteed by the Sales Tax Guaranty Program. Moody’s has assigned its “Aaa” rating to bonds that are guaranteed by the Credit Enhancement Program and the Sales Tax Guaranty Program. *The 2017 Bonds are guaranteed by both Programs.*

The Sales Tax Guaranty Program

General. Any school district may apply to the Idaho State Treasurer (the “State Treasurer”) for the State’s guaranty of its eligible bonds. Pursuant to the Sales Tax Guaranty Program, the sales tax 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, refunding bonds issued on and after March 1, 1999, which meet certain requirements detailed below, for voter-approved bonds which were voted on by the electorate prior to March 1, 1999, and voter-approved bonds for new projects which were voted on by the electorate on and after March 1, 1999, 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) (the “Guaranty”). The Guaranty is good for the life of the bond, even if the State Treasurer later determines a district is ineligible for future guaranties. See in this section “State Treasurer to Monitor District’s Fiscal Solvency” below.

On September 26, 2017, the State Treasurer issued to the District a Certificate of Eligibility for the Sales Tax Guaranty Program for the 2017 Bonds (the “Certificate of Eligibility”).

The Certificate of Eligibility evidences the District’s eligibility for the Sales Tax Guaranty Program for 90 days from the date of issuance. Once the 2017 Bonds are issued pursuant to the Certificate of Eligibility, the Guaranty is in effect for so long as the 2017 Bonds are outstanding.

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

Program Limitations. In 2013, the State adopted a debt capacity policy that caps the Sales Tax Guaranty Program at the combined “maximum annual debt service” of bonds issued thereunder and the Idaho Bond Bank Authority’s revenue bonds/municipal loan program at no greater than 20% of prior Fiscal Year audited State sales tax revenue. The State’s sales tax revenue for Fiscal Year 2016 was \$1.581 billion. The combined maximum annual debt service under the Sales Tax Guaranty Program and Idaho Bond Bank Authority’s revenue bonds/municipal program as of September 1, 2017 was \$158.212 million, resulting in a percentage of 10%.

As of the date of this OFFICIAL STATEMENT, the District has no other bonds outstanding that are guaranteed by the Sales Tax Guaranty Program.

Credit Enhancement Program

If approved to participate in the Sales Tax Guaranty Program, a school district may also apply to the Credit Enhancement Program. Pursuant to the Credit Enhancement Program, the endowment fund investment board (the “Endowment Board”) is mandated to purchase notes issued by the State for the purpose of making debt service payments under the Sales Tax Guaranty Program.

Under the Credit Enhancement Program, the following shall take effect in the event moneys from the sales tax are insufficient to pay a school district’s debt service payment under the Sales Tax Guaranty Program: (i) the Endowment Board may purchase on behalf of the public school endowment fund, or from other funds administered by the Endowment Board, notes from the State issued by the State Treasurer under such terms as are negotiated between the Endowment Board and the State Treasurer; or (ii) upon the request of the State Treasurer, the Endowment Board shall purchase on behalf of the public school endowment fund notes issued by the State Treasurer, the proceeds of which shall be sufficient to pay debt service payments as they become due (the “Notes”).

The Notes shall bear interest at a rate equal to the annual rate of one year treasury bills, as published by the federal reserve, plus 400 basis points, plus, for the first six months of the term of the Notes, an amount, as determined by the Endowment Board, up to a maximum of 50 basis points, to cover all additional administrative and transaction costs related to the purchase of the Notes. The Notes will have a maximum term of one year, and may be renewed at the request of the State Treasurer; the Notes shall be repaid from a school district’s reimbursement payments pursuant to the Sales Tax Guaranty Program and the State may make additional payments on the Notes. The Endowment Board may require the State Treasurer to compel a school district to modify its fiscal practices and its general operations if the Endowment Board determines that there is a substantial likelihood that a school district will not be able to make future payments.

Pursuant to the provisions of the Credit Enhancement Program, the Endowment Board shall make available \$300 million from the public-school endowment fund for the purposes of purchasing Notes under this program, and the principal amount of bonds guaranteed by the Credit Enhancement Program shall not be greater than \$1.2 billion. The aggregate principal amount of school district bonds outstanding that may be guaranteed by the Credit Enhancement Program shall not exceed \$40 million per district. The 2017 Bonds will be guaranteed under the Programs.

On September 28, 2017, the Endowment Board issued to the District its Certificate of Approval of Credit Enhancement for the 2017 Bonds. The Certificate of Approval evidences the District’s eligibility for the Credit Enhancement Program for 90 days following the issuance of the certificate.

As of the date of this OFFICIAL STATEMENT, the District has no other bonds outstanding that are guaranteed by the Credit Enhancement Program.

Guaranty Procedures

The Programs are for the protection of the bondholders. Ultimate liability for the payment of the 2017 Bonds remains with the District. Accordingly, the Sales Tax Guaranty Program contains provisions, including interception of State aid to the District, 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 District, and not the State, will ultimately be responsible for debt service on the 2017 Bonds.

Under the Sales Tax Guaranty Program, the District's Superintendent 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 Superintendent is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Superintendent must immediately notify the Paying Agent and the State Treasurer. 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 the Paying Agent must notify the State Treasurer in writing at least 10 days prior to the payment date. The Sales Tax Guaranty Program further provides that if sufficient moneys 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 District to the bondholders for that payment to the extent of the State's payment, and transfers the District's obligation for that payment to the State.

If one or more payments are made by the State Treasurer pursuant to the Sales Tax Guaranty Program, the State Treasurer shall immediately intercept any payments from any sources of operating moneys provided by the State to the District that would otherwise be paid to the District, and apply these intercepted payments to reimburse the State until all obligations of the District to the State arising from these payments are paid in full, including interest and penalties payable pursuant to the Sales Tax Guaranty Program. The State has no obligation to replace any moneys intercepted. The Sales Tax Guaranty Program obligates the District to reimburse all moneys drawn by the State Treasurer on its behalf, pay interest to the State on all moneys paid at not less than the average prime rate for national money center banks plus 1%, and to pay any additional penalties, which may be imposed by the State Treasurer pursuant to the Sales Tax Guaranty Program at a rate of not more than 5% of the amount paid by the State pursuant to its Guaranty, for each instance payment is made. If the State Treasurer determines amounts obtained pursuant to the Sales Tax Guaranty Program will not be sufficient to reimburse the State within one year from a payment the State makes, the State Treasurer must pursue any legal action against the District necessary to compel it to levy and provide tax revenues sufficient to pay debt service and to meet its repayment obligations to the State.

The District may use property taxes or other moneys to replace intercepted funds if the moneys are derived from taxes originally levied to make the payment but which were not timely received by the District; taxes from a supplemental levy made to make the missed payment or to replace the intercepted moneys; moneys transferred from the undistributed reserve, if any, of the District, or any other source of money on hand and legally available. The District may not replace operating funds intercepted by the State with moneys collected and held to make payments on the 2017 Bonds if that replacement would divert moneys from the payment of future debt service on the 2017 Bonds and increase the risk that the Guaranty would be called upon an additional time.

Since the inception of the Programs, the State has not been called upon to pay the principal of or interest on any bonds guaranteed under the Programs.

State Treasurer to Monitor District's Fiscal Solvency

The Sales Tax Guaranty Program also charges the State Treasurer with the responsibility to monitor, evaluate and, at least annually, report his or her findings as to the fiscal solvency of each school district. Pursuant to the Sales Tax Guaranty Program, the State Treasurer will receive annual statements of the financial condition of the District and a copy of the complete audit of the financial statements of the District, which is prepared pursuant to Section 33-701, Idaho Code. The State Treasurer is also required to report his conclusions regarding

the fiscal solvency of the District at least annually to the Governor, the Idaho State Legislature (the “State Legislature”), the Endowment Board and the State Superintendent of Public Instruction. In addition, the State Treasurer must immediately report any circumstances suggesting that the District will be unable to meet its debt service obligations and immediately recommend a course of remedial action.

Status Of The Programs

As of the date of this OFFICIAL STATEMENT, the State has the following bonds guaranteed under the Programs:

	Sales Tax Guaranty <u>Program (1) (2)</u>	Sales Tax Guaranty and Credit Enhance- ment Programs (2)
Number of school districts with bonds outstanding	63	61
Number of outstanding bond issues	120	88
Outstanding principal guaranteed	\$1,207,723,736	\$526,472,578

(1) Districts included in the Sales Tax Guaranty Program column may also have bonds that are secured by both Programs.

(2) This total does not include \$31,935,000 for two pending Idaho School Bond Guarantees.

(Source: Office of the Idaho State Treasurer.)

State Of Idaho–Financial And Operating Information

The State produces a Comprehensive Annual Financial Report (“CAFR”) in accordance with generally accepted accounting principles as defined by the Government Accounting Standards Board. The State’s Fiscal Year 2016 CAFR may be found at <http://www.sco.idaho.gov>. The State’s most recent official statement for its tax anticipation notes (base CUSIP®451434) is currently on file with EMMA. Such information contained on websites shall not be considered to be a part of this OFFICIAL STATEMENT and is not provided in connection with the offering of the 2017 Bonds.

BOND LEVY EQUALIZATION SUPPORT PROGRAM

Bond Levy Subsidy Program

In 2002, the State created a Bond Levy Equalization Support Program (the “Bond Levy Subsidy Program”). The Bond Levy Subsidy Program provides for a subsidy payment (the “Levy Subsidy”) from the State’s Bond Levy Equalization Fund to school districts to offset a portion of the costs of annual bond interest and redemption payments made on bonds approved at elections occurring on or after September 15, 2002.

Availability Of The Levy Subsidy

To determine the amount of the average payment, the Idaho State Department of Education (the “DOE”) calculates a value index (the “Value Index”) annually for each school district based upon the following three components: (i) the district’s market value per support unit for equalization divided by two; (ii) the average annual seasonally adjusted unemployment rate in the county in which a plurality of the school district’s market value for assessment purposes of taxable property (the “Taxable Assessed Value”) is located; and (iii) the per capita income in the county in which a plurality of the school district’s Taxable Assessed Value is located.

The Levy Subsidy payment to a district is determined by multiplying one, minus the district’s Value Index, times the district’s average annual principal and interest on bonded indebtedness, subject to the provisions that every school district with a Value Index of less than 1.50 will receive a minimum payment of no less than 10%

of its interest payments. School districts with a Value Index of 1.50 or greater receive no Levy Subsidy. The DOE disburses Levy Subsidy payments no later than September 1 of each year for school districts in which voters have approved the issuance of qualifying bonds by no later than January 1 of that calendar year.

To be entitled to a Levy Subsidy payment from the DOE, a district is required to annually report the status of all qualifying bonds to the DOE by January 1 of each year, including bonds approved by the voters that have not been issued. Information submitted includes the following: (1) the actual or estimated bond interest and redemption payment schedule; (2) any qualifying bond that has been paid in full; and (3) other information as may be required by the DOE.

The 2017 State Legislature appropriated \$20.5 million for Levy Subsidy for the Fiscal Year 2018 disbursement which was disbursed to qualifying school districts on or about September 1, 2017. Amounts available for Levy Subsidy payments in future years are subject to appropriation by the State Legislature each year. Fiscal Year 2018 disbursements were funded from a mix of sources: Approximately \$7.3 million from the General Fund (transferred from cigarette tax revenue), approximately \$1.1 million of fund balance carry over, and \$12.05 million of Idaho Lottery proceeds which are directed by statute to the Bond Levy Equalization Program. The long term legislative intent of the State Legislature is to fund Levy Subsidy to the extent possible from dedicated funds such as the Idaho Lottery and not from the General Fund. The decline in the portion of the appropriation for Levy Subsidy appropriated from the General Fund from \$9,947,500 in Fiscal Year 2017 to \$7,305,800 in Fiscal Year 2018 is consistent with this legislative intent.

The Value Index is recalculated annually. There can be no assurance that the District will qualify to receive levy equalization payments from the State or that there will be sufficient funds in the Bond Levy Equalization Fund of the State to make payments to all eligible districts. Further, there can be no assurance that the Bond Levy Subsidy Program will not be altered, amended or discontinued in the future.

Benefit Of Levy Subsidy To The District

Based on information provided by the DOE, the District's Value Index for Fiscal Year 2018 is approximately 0.7371 which would entitle the District to receive an annual Levy Subsidy payment equal to approximately 26.3% of the average annual debt service on qualifying bonds. The Value Index for future fiscal years (beginning with Fiscal Year 2019) will be recalculated annually by the DOE and provided in July, shortly after the beginning of the applicable fiscal year. Based on information provided by the District, the District's value index for Fiscal Year 2019 is not expected to exceed the 1.50 index cap. If the District's Value Index is above 1.50 for any fiscal year during the repayment of the 2017 Bonds, the District will not receive a subsidy payment for that fiscal year.

For newly-authorized bonds, such as the 2017 Bonds, school districts receive the first Levy Subsidy payment on September 1 of the year following the calendar year in which the bonds were issued.

THE 2017 BONDS

General

The 2017 Bonds will be dated the date of their original issuance and delivery¹ (the "Dated Date") and will mature on September 15 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 March 15 and September 15, commencing March 15, 2018. Interest on the 2017 Bonds will be computed on the basis of a

¹ The anticipated date of delivery is Thursday, November 30, 2017.

360-day year comprised of 12, 30-day months. Zions Bank is the bond registrar and Paying Agent for the 2017 Bonds under the Resolution (in such respective capacities, the initial “Bond Registrar”).

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.

Sources And Uses Of Funds

The sources and uses of funds in connection with the issuance of the 2017 Bonds are estimated to be as follows:

Sources:

Par amount of 2017 Bonds.....	\$4,560,000.00
Original issue premium.....	<u>551,033.10</u>
Total	<u>\$5,111,033.10</u>

Uses:

Deposit to Project Fund	\$5,000,000.00
Costs of Issuance (1).....	62,428.94
Underwriter’s discount.....	<u>48,604.16</u>
Total	<u>\$5,111,033.10</u>

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, credit enhancement application 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 District, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest. See “TAXES AND STATE FUNDING—Ad Valorem Tax System” and “STATE OF IDAHO SCHOOL FINANCE” below.

Payment of the principal of and interest on the 2017 Bonds will be guaranteed by the Programs. See “STATE OF IDAHO GUARANTY” above.

Redemption Provisions

Optional Redemption. The 2017 Bonds maturing on or after September 15, 2028, are subject to redemption at the option of the District on September 15, 2027 (the “First Redemption Date”), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the District, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days’ prior written notice, at a redemption price equal to 100% of the principal amount of the 2017 Bonds to be redeemed, plus accrued interest thereon to the redemption date. The 2017 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

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 2016 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” below, of each 2016 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the District 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 District 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 such notice mailed 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 to DTC and certain registered securities depositories and national information services as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and 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

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 District, 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.

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 term “Record Date” means (i) with respect to each interest payment date, the first day of the month of each interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 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 District, 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 (on the 2017 Bonds) 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 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.

The District, the Bond Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the 2017 Bonds registered in its name for the purpose of payment of the principal of and interest on the 2017 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of 2017 Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The District, the Bond Registrar and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2017 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the District.

So long as Cede & Co. is the registered owner of the 2017 Bonds, as nominee of DTC, 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.

Neither the District, the Bond Registrar nor the Paying Agent will have any responsibility or obligation to any Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice to the Participants, or Beneficial Owners of the 2017 Bonds.

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 District 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		
March 15, 2018.....	\$ 0.00	\$ 54,561.72	\$ 54,561.72	\$ 54,561.72
September 15, 2018.....	105,000.00	93,534.38	198,534.38	
March 15, 2019.....	0.00	90,909.38	90,909.38	289,443.76
September 15, 2019.....	150,000.00	90,909.38	240,909.38	
March 15, 2020.....	0.00	87,159.38	87,159.38	328,068.76
September 15, 2020.....	160,000.00	87,159.38	247,159.38	
March 15, 2021.....	0.00	83,159.38	83,159.38	330,318.76
September 15, 2021.....	165,000.00	83,159.38	248,159.38	
March 15, 2022.....	0.00	79,034.38	79,034.38	327,193.76
September 15, 2022.....	175,000.00	79,034.38	254,034.38	
March 15, 2023.....	0.00	74,659.38	74,659.38	328,693.76
September 15, 2023.....	185,000.00	74,659.38	259,659.38	
March 15, 2024.....	0.00	70,034.38	70,034.38	329,693.76
September 15, 2024.....	195,000.00	70,034.38	265,034.38	
March 15, 2025.....	0.00	65,159.38	65,159.38	330,193.76
September 15, 2025.....	200,000.00	65,159.38	265,159.38	
March 15, 2026.....	0.00	60,159.38	60,159.38	325,318.76
September 15, 2026.....	210,000.00	60,159.38	270,159.38	
March 15, 2027.....	0.00	54,909.38	54,909.38	325,068.76
September 1, 2027.....	225,000.00	54,909.38	279,909.38	
March 15, 2028.....	0.00	49,284.38	49,284.38	329,193.76
September 15, 2028.....	235,000.00	49,284.38	284,284.38	
March 15, 2029.....	0.00	43,409.38	43,409.38	327,693.76
September 15, 2029.....	245,000.00	43,409.38	288,409.38	
March 15, 2030.....	0.00	37,590.63	37,590.63	326,000.01
September 15, 2030.....	255,000.00	37,590.63	292,590.63	
March 15, 2031.....	0.00	32,171.88	32,171.88	324,762.51
September 1, 2031.....	270,000.00	32,171.88	302,171.88	
March 15, 2032.....	0.00	28,121.88	28,121.88	330,293.76
September 15, 2032.....	275,000.00	28,121.88	303,121.88	
March 15, 2033.....	0.00	23,996.88	23,996.88	327,118.76
September 15, 2033.....	285,000.00	23,996.88	308,996.88	
March 15, 2034.....	0.00	19,721.88	19,721.88	328,718.76
September 1, 2034.....	295,000.00	19,721.88	314,721.88	
March 15, 2035.....	0.00	15,112.50	15,112.50	329,834.38
September 15, 2035.....	300,000.00	15,112.50	315,112.50	
March 15, 2036.....	0.00	10,237.50	10,237.50	325,350.00
September 1, 2036.....	310,000.00	10,237.50	320,237.50	
March 15, 2037.....	0.00	5,200.00	5,200.00	325,437.50
September 1, 2037.....	<u>320,000.00</u>	<u>5,200.00</u>	<u>325,200.00</u>	325,200.00
Totals.....	<u>\$4,560,000.00</u>	<u>\$2,008,158.76</u>	<u>\$6,568,158.76</u>	

SECURITY AND SOURCES OF PAYMENT

The 2017 Bonds are general obligations of the District and the full faith, credit and resources of the District are pledged for the punctual payment of the principal of and interest on the 2017 Bonds. The 2017 Bonds are secured by ad valorem taxes to be levied against all taxable property within the District. More specifically, for the purpose of paying the principal of and interest on the 2017 Bonds as the same will become due, the District will levy on all taxable property located within the District, in addition to all other taxes, direct annual taxes sufficient in amount to provide for the payment of principal of and interest on the 2017 Bonds. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the

2017 Bonds and for no other purpose. See “TAXES AND STATE FUNDING—Ad Valorem Tax System” below.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The 2017 Bonds also have the benefit of the Programs as described above under the caption: “STATE OF IDAHO GUARANTY,” and are eligible for the Levy Subsidy as described above under the caption “BOND LEVY EQUALIZATION SUPPORT PROGRAM.”

The funds made available under the Levy Subsidy are appropriated on an annual basis by the State Legislature and therefore do not constitute security for the 2017 Bonds because Bondowners cannot compel appropriation of the Levy Subsidy. However, in the Resolution the District covenants to deposit all payments received under the Levy Subsidy into the bond fund for the 2017 Bonds and to use them for no other purpose. See “Bond Fund For The 2017 Bonds” below. Accordingly, the Levy Subsidy provides an additional source of payment for the Bonds and once received by the District such funds are pledged as security for the 2017 Bonds.

The 2017 Bonds do not constitute a debt or indebtedness of the Counties, the State (except as described under “STATE OF IDAHO GUARANTY”), or any political subdivision thereof other than the District.

Bond Fund For The 2017 Bonds

The Resolution creates a bond fund for the deposit of revenues and disbursement of payments of debt service on the 2017 Bonds (the “Bond Fund”). In the Resolution, the District covenants to levy and collect property taxes sufficient, together with other funds, to pay debt service on the 2017 Bonds, to deposit such revenues into the Bond Fund and to use the funds on deposit in the Bond Fund for no other purpose than for payment of principal and interest on the 2017 Bonds as they become due.

The Idaho system of ad valorem tax collection and disbursement does not require counties to segregate tax collections dedicated to pay principal and interest on bonded indebtedness of political subdivisions from the other revenues the county collects on behalf of the political subdivision. In addition to the revenues collected from the dedicated ad valorem tax levy for the District’s bonds, such revenues include revenues from the District’s Emergency Levy and Tort Levy. See “TAXES AND STATE FUNDING—Ad Valorem Tax System” and “TAXES AND STATE FUNDING—School District Levies” herein. The District maintains certain policies and internal controls to ensure that monies received from the Counties are properly allocated to their intended purposes, and that monies received from the bond levy are promptly deposited into the Bond Fund. The District also has policies and internal controls in place to prevent withdrawals from the Bond Fund for any purpose other than payment of principal and interest on the 2017 Bonds.

Similarly, Levy Subsidy payments received from the State are direct deposited to the District in the same manner as other state funds. In the Resolution, the District covenants to deposit the Levy Subsidy payments into the Bond Fund, and the District’s internal controls verify that Levy Subsidy payments are properly allocated to the payment of debt service and promptly recorded into the Bond Fund.

The Resolution pledges the revenues from the bond levy, Levy Subsidy payments once received, and all funds on deposit in the Bond Fund for the payment of principal and interest on the 2017 Bonds.

The 2017 Bonds will be general obligations of the District, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the District, fully sufficient to pay the 2017 Bonds as to both principal and interest. See “TAXES AND STATE FUNDING—Ad Valorem Tax System” and “STATE OF IDAHO SCHOOL FINANCE” below.

THE DISTRICT

General

The District is located in the southeastern corner of the State. The District serves the western part of the County with approximately 15% of the District's land area in Franklin and Bannock Counties. The County had an estimated 6,887 residents according to the 2016 Census Bureau estimates. The District is headquartered in the City. The U.S. Census Bureau estimated the City had a population of 910 in 2016. The District was established in 1953. The District served an estimated population of 2,200 residents, per the 2015 U.S. Census Bureau.

Other portions of the County are served by three other school districts: Joint School District No. 21 (Marsh Valley), Joint School District No. 150 (Soda Springs), and School District No. 149 (North Gem).

The District presently operates two elementary schools and one junior/senior high school.

District Enrollment And Average Daily Attendance

The amount of State funding provided to each school district is determined, in part, by support units calculated for each district, which units are calculated largely based on average daily attendance ("ADA") at each district. ADA is calculated in accordance with Idaho Code § 33-1003A, based on the entire school year except that the 28 weeks having the highest ADA, not necessarily consecutive, may be used. Accordingly, an increase or decrease in a district's enrollment and ADA will affect the level of state funding received by the district. In the event a school district's annual ADA drops for a period of one year, Idaho Code § 33-1003 provides for only a minimal percentage decrease in funding to allow a school district one year to adjust to the lower ADA. Although the District's ADA has remained relatively stable to date, students of the District could be recruited to a number of area charter schools or could petition to enroll in a neighboring school district, which would result in a reduction of state funding based on the District's decreased ADA.

Following is a table showing the historical ADA for the District, calculated in accordance with Idaho statutes.

Historical Average Daily Attendance and Enrollment

Fiscal Year (1)	Elementary (P-4)	Middle (5-8)	Secondary (9-12)	Total	% Change	ADA
2018 (2).....	156	218	149	523	(1.5)%	497
2017 (3).....	221	161	149	531	1.5	499
2016.....	214	167	142	523	12.7	498
2015.....	193	136	135	464	(2.7)	446
2014.....	208	140	129	477	2.8	458
2013.....	214	132	118	464	8.9	438
2012.....	180	131	115	426	1.9	398
2011.....	168	128	122	418	(2.6)	404
2010.....	184	128	117	429	(4.2)	406
2009.....	187	137	124	464	(0.2)	422

(1) Historical enrollment as of fall each year, except otherwise indicated.

(2) Current enrollment; source: the District.

(3) Midterm reporting period.

(Source: The Idaho State Department of Education.)

Form Of Government

Board of Trustees. The determination of policies for the management of the District is the responsibility of its Board, the members of which are elected by the qualified electors within the District. The District is divided into five representative zones, and a member of the Board is elected from each of the five zones. 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 are used to 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 current Superintendent is employed by the Board for a three-year term.

Business Manager. The Business Manager (the “Business Manager”) is appointed by the Board and reports to the Superintendent. The duties of the Business Manager, among others, are to (i) keep an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury and (ii) have custody of the records and papers of the Board. The Business Manager 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 Manager’s office.

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

<u>Office</u>	<u>Person</u>	<u>Years in Service</u>	<u>Expiration of Current Term/Contract</u>
Chairperson	Troy McCurdy	6	July 2019
Vice Chairperson	David Kendall	9	July 2021
Trustee	Eva Jean Simonson	6	July 2019
Trustee	Randy Lloyd	11	July 2021
Trustee	Justin Anderson	2	July 2019
Superintendent	Jamie Holyoak	7	Appointed
Business Mgr./Clerk	Billie Ann Straatman	11	Appointed

District Staff

The District employs approximately 149 persons in the following capacities: 37 certified staff (including teachers); 2 administrators; 65 classified staff; 25 adjunct coaches; and 20 substitutes.

Pension System; No Other Post–Employment Benefits

Pension System. The District is a member of the Idaho State Public Employees’ Retirement System (“PERSI”). PERSI is the administrator of a multiple employer cost-sharing defined benefit public employee retirement system. A retirement board (the “PERSI Board”), appointed by the governor and confirmed by the

legislature, manages the system which includes selecting investment managers to direct the investment, exchange and liquidation of assets in the managed accounts and to establish policy for asset allocation and other investment guidelines. The PERSI Board is charged with the fiduciary responsibility of administering the plan.

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”), the Firefighters’ Retirement Fund, and the Judge’s Retirement Fund; two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k); and two Sick Leave Insurance Reserve Trust Funds, one for State employers and one for school district employers.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half-time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. On July 1, 2016, PERSI had 68,517 active members, 31,862 inactive members (of whom 12,251 are entitled to vested benefits), and 44,181 annuitants. As of July 1, 2016, there were 775 participating employers in the PERSI Base Plan. Total membership in PERSI was 144,560.

As of July 1, 2016, PERSI’s actuarial value of assets total \$13,884.2 million and the actuarial liabilities funded by PERSI total \$16,128.3 million. This means that as of July 1, 2016 PERSI is 86.3% funded. Governmental Accounting Standards Board (“GASB”) Statement 25 (Reporting Standards for defined benefit pension plans) has replaced Projected Benefits Obligations as the measure of pension plan funding status. As required by GASB Statement 25, the PERSI Schedule of Funding Progress shows a Funded Ratio of 86.3% and an amortization period of 36.6 years for the PERSI Base Plan, based on contribution rates and scheduled increases established as of the valuation date. The Schedule of Employer Contributions shows that PERSI employers have contributed at least 100% of the Actuarially Required Contributions.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI’s inception. Because of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the PERSI Board, at its October 18, 2016 meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2018. The current contribution rates are shown below:

	Member		Employer	
	General/ Teacher	Fire/ Police	General/ Teacher	Fire/ Police
Contribution Rates (1).....	6.79%	8.36 %	11.32%	11.66%

(1) Rate as of June 30, 2016.

(Source: PERSI 2016 CAFR for Fiscal Year 2016.)

The next major PERSI experience study to be completed in 2018, will cover the period of July 1, 2013 through June 30, 2017.

The District reported a liability for its proportionate share of the net pension liability. The net pension liability is measured as of July 1 annually, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability is based on the District’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. On July 1, 2016, the District’s proportion was .0639413 percent or \$1,296,188.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information and may be found at <http://www.persi.idaho.gov>. See “APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017—Notes To The Financial Statements—Note E. Pension Plan” (page A–21).

No Other Post–Employment Benefits. The District does not offer post–employment benefits beyond what is offered through PERSI.

Risk Management

The District manages its risks through the purchase of individual insurance policies through a commercial insurance company. The District has flood and earthquake protection included in its insurance policies. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The District believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the District provides.

Investment Of Funds

Chapter 12 of Title 67, Idaho Code, provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. District procedures are consistent with the Idaho Code. The Idaho Code limits investments to the following general types: (i) certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of State and local governmental entities; (ii) time deposits accounts and tax anticipation and interest–bearing notes; (iii) bonds, treasury bills, debentures or other similar obligations issued or guaranteed by agencies or instrumentalities of the government of the State of Idaho or the United States; and (iv) repurchase agreements.

The District is governed by Idaho Code 67–1210 and 67–1210A. Local governments, including the District, are also authorized to invest in the Local Government Investment Pool (“LGIP”) and the Joint Powers Investment Pool (“Pool”), established as cooperative endeavors to enable public entities of the state of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. Both the LGIP and the Pool are managed by the State Treasurer’s Office. Information about the LGIP and the Pool investments is available from the Idaho State Treasurer at <http://sto.idaho.gov>. The District does invest in the LGIP.

Investments are stated at cost, except for investments in the deferred compensation agency fund, which are reported at market value. Interest income on such investments is recorded as earned in the General Fund of the District unless otherwise specified by law.

See “APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017—Notes To The Financial Statements—Note B. Cash and Investments” (page A–18).

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DEMOGRAPHIC INFORMATION ABOUT THE DISTRICT

Population

The following historical population information is provided for the City and the County.

	<u>The City</u>	<u>% Over Prior Period</u>	<u>The County</u>	<u>% Over Prior Period</u>
2016 Estimate.....	910	(0.5)%	6,887	1.7%
2010 Census	915	(7.6)	6,963	(4.7)
2000 Census	990	1.7	7,304	4.9
1990 Census	973	(20.0)	6,963	(19.9)
1980 Census	1,216	47.2	8,695	33.1
1970 Census (2)	826	13.9	6,534	9.3

- (1) 2016 estimate percent change as compared to the 2010 Census.
 (2) 1970 percent change as compared to 1960 Census.
 (Source: U.S. Department of Commerce, Bureau of the Census.)

Economic Indicators of the County

Per Capita, Total Personal Income and Median Income

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Per Capita Income (1)					
Caribou County	\$38,795	\$37,567	\$36,867	\$36,719	\$34,513
% change from prior year	3.3	1.9	0.4	6.4	10.4
State of Idaho	38,392	37,153	35,706	34,691	33,296
% change from prior year	3.3	4.1	2.9	4.2	4.9
Total Personal Income (1)					
Caribou County (\$ in thousands)	\$262,642	\$256,020	\$251,505	\$248,916	\$236,515
% change from prior year	2.6	1.8	1.0	5.2	8.5
State of Idaho (\$ in millions)	63,535	60,738	57,581	55,370	52,745
% change from prior year	4.6	5.5	4.0	5.0	5.8
Median Income (2)					
Caribou County	\$57,017	\$55,770	\$54,574	\$55,010	\$49,665
% change from prior year	2.2	2.2	(0.8)	10.8	0.9
State of Idaho	48,311	47,572	46,621	45,296	43,345
% change from prior year	1.6	2.0	2.9	4.5	0.2

- (1) Source: Bureau of Economic Analysis, U.S. Department of Commerce.
 (2) Source: U.S. Census Bureau.

(The remainder of this page has been intentionally left blank.)

Largest Employers (1)

The following is a list of the largest employers in the County:

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Monsanto	Manufacturing	300–399
Agrium.....	Manufacturing	200–299
Caribou Memorial Hospital	Health care	100–199
N A Degerstrom Inc.....	Mining	100–199
School District #150	Local Government - Education	100–199
Caribou County.....	Local government - Administration	90–99
Joint School District #148.....	Local Government - Education	90–99
J.R. Simplot Co.....	Mining	90–99
Broulim’s Supermarket Inc.....	Retail Trade	50–59
Airgas.....	Wholesale Trade	40–49
North Gem School District #149	Local Government–Education	40–49
City of Grace.....	Local government–Administration	40–49
Lallatin’s Foodtown.....	Retail Trade	30–39
Bear River Electric LLC.....	Construction	30–39
NCSG Crane & Heavy Haul Services	Construction	30–39
Todd Hunzeker Ford Inc.....	Retail Trade	20–29
Jorgensen Management Inc.....	Administrative and Support Services	20–29
US Forest Service	Federal Government	20–29
WM Services Crane and Rigging	Real Estate and Leasing	10–19
Pacificorp.....	Retail Trade	10–19

(1) Some employers may not be included on this list because they have not signed a consent form.

(Source: Idaho Department of Labor, Communications and Research, Quarterly Report of Employment and Wages information gathered May 2017; 2016 annual average.)

Labor Market Data of the County and Employment by Industry

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total civilian work force.....	3,753	3,773	3,857	3,900	3,970
Unemployed.....	138	156	163	207	242
Percent of labor force unemployed.....	3.7	4.1	4.2	5.3	6.1
Total employment.....	3,728	3,693	3,694	3,617	3,615
Total covered employment	3,207	3,164	3,229	3,232	3,198
Average annual covered wages.....	\$53,269	\$50,766	\$50,713	\$49,168	\$48,745
Agriculture, forestry, fishing and hunting.....	127	127	116	104	98
Mining.....	455	291	275	394	382
Construction.....	321	336	354	342	356
Manufacturing.....	722	721	734	726	711
Trade, utilities, and transportation	394	414	413	402	406
Information	21	17	20	20	16
Financial activities	73	194	177	87	110
Professional and business services.....	154	124	167	172	143
Educational and health services	113	113	121	117	108
Leisure and hospitality.....	93	126	147	161	167
Other services	39	34	42	54	53
Government	693	667	663	654	649

(Source: Quarterly Report of Employment & Wages, Idaho Department of Labor; information gathered May 2017; annual average.)

Annual New Privately–Owned Residential Building Permits Within The County

<u>Year</u>	<u>Reported Only</u>		<u>Construction Cost</u>
	<u>Buildings</u>	<u>Units</u>	
2016	11	11	\$2,289,413
2015	10	10	2,115,230
2014	9	9	1,975,693
2013	8	8	1,986,510
2012	8	8	1,244,599

(Source: U.S. Census Bureau.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>The County</u>	<u>State of Idaho</u>	<u>United States</u>
2017 (1).....	2.8%	3.0%	4.3%
2016	3.7	3.8	4.9
2015	4.1	4.2	5.3
2014	4.2	4.9	6.2
2013	5.3	6.1	7.4
2012	6.1	7.2	8.1

(1) Preliminary; subject to change. July 2017 only, seasonally adjusted.

(Source: U.S Bureau of Labor Statistics.)

DEBT STRUCTURE OF THE DISTRICT

Outstanding General Obligation Bonded Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
2017 (1).....	School building	\$ 4,560,000	September 15, 2037	<u>\$4,560,000</u>

(1) For purposes of this OFFICIAL STATEMENT, the 2017 Bonds will be considered issued and outstanding. Rated “Aaa” (State of Idaho Guaranty) by Moody’s as of the date of this OFFICIAL STATEMENT.

No Other Debt Obligations

The District has no other debt obligations outstanding, as of the date of this OFFICIAL STATEMENT.

Other Financial Considerations; Future Issuance Of Debt

Short-term borrowing. Under Idaho Code, the District is permitted to issue notes for a period of up to one year in anticipation of taxes, State funds and other revenues receivable in the current fiscal year. The District does not currently have any notes outstanding.

The cycle for receiving State funds and local tax revenues places the greatest potential stress on the District’s general fund cash flow in June and July of each year until State funds are received in mid-August. The

District monitors its budget and cash flow monthly and maintains a contingency plan for short-term bank financing in the June-August time frame if needed.

Leases and Other Obligations. Idaho Code provides broad authority for the District to purchase personal property and equipment for school purposes. The District may finance such purchases over more than one year if such purchases constitute “ordinary and necessary” expenses as interpreted under the Idaho Constitution. The District may also finance such purchases under lease-purchase agreements that give the District the right to non-renew the lease on an annual basis as part of its budget and appropriation process and the right to cancel the lease without penalty. The District does not currently have any lease obligations.

Future issuance of debt. Other than the issuance of the 2017 Bonds the District does not anticipate the issuance of any other debt within the next three years.

Overlapping General Obligation Debt

As of the date of this OFFICIAL STATEMENT, there is no overlapping general obligation debt within the District’s boundaries. (Source: Office of the County Treasurer.)

Debt Ratios

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

	To 2017 Tax- able Assessed Value (1)	To 2017 Full Market Value (2)	To 2015 Population Estimate Per Capita (3)
Direct General Obligation Debt	3.08%	2.52%	\$2,073
Direct and Overlapping General Obligation Debt	3.08	2.52	2,073

(1) Based on a 2017 Taxable Assessed Value of \$147,832,959, which value excludes homeowners’ exemptions. Taxable Assessed Value is the Full Market Value less statutory exemptions and is the value against which tax levies are applied.

(2) Based on a 2017 Full Market Value of \$180,650,391, which value includes homeowners’ exemptions.

(3) Based on the District’s 2015 population estimate of 2,200 according to the U.S. Census Bureau.

(Source of values: Idaho State Tax Commission)

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

Section 33–1103, Idaho Code, establishes limits on bonded indebtedness for school districts in Idaho. An elementary school district that employs not less than 6 teachers, or a school district operating an elementary school or schools, and a secondary school or schools, or issuing bonds for the acquisition of a secondary school or schools, may issue bonds in an amount not to exceed 5% of the Taxable Assessed Value plus all taxable property excluded from taxation pursuant to Idaho Code, 63–602G (the “Full Market Value”) plus the value of any urban renewal within the District, less the Current Outstanding Indebtedness (hereinafter defined). “Current Outstanding Indebtedness” means the sum of unredeemed outstanding bonds, minus all moneys in the bond interest and redemption funds, and minus the sum of all taxes levied for the redemption of such principal of the bonds. The Current Outstanding Indebtedness and the unexhausted debt-incurring power of a district shall each be determined as of the date of approval by the electors in the school bond election. The 2017 Bonds are general obligation bonds subject to this debt limitation.

The legal debt limit and additional debt incurring capacity of the District are based on the Full Market Value for 2017, and are calculated as follows:

2017 Full Taxable Market Value	<u>\$180,650,391</u>
General Obligation Debt Capacity	
Full Taxable Market Value times 5% (“Debt Limit”).....	\$9,032,520
Less: Current Outstanding Indebtedness	<u>(4,560,000)</u>
Estimated Additional Debt Incurring Capacity (1).....	<u>\$4,472,520</u>

No Defaulted Obligations

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

FINANCIAL INFORMATION REGARDING THE DISTRICT

Fund Structure; Accounting Basis

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the State’s school districts’ accounting policies 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 set of self-balancing accounts that comprise its assets, liabilities, fund equity, 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 in the financial statements. See “APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017—Notes To The Financial Statements—Note A—Summary of Significant Accounting Policies” below.

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.

No later than 28 days prior to its annual meeting (the annual meeting is the date of its regular July meeting in each year) the board of trustees of each school district shall have prepared a budget, in form prescribed by the state superintendent of public instruction, and shall have called and caused to be held a public hearing thereon, and at such public hearing, or at a special meeting held no later than 14 days after the public hearing, shall adopt a budget for the ensuing year.

Financial Management

Fund Accounting System (GASB Statement 54). The Board adopted a formal fund balance policy designed to encourage consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. The District will maintain adequate fund balances and reserves in order to: (i) provide sufficient cash flow for daily financial needs; (ii) secure and maintain investment grade bond ratings; (iii) offset significant economic downturns or revenue shortfalls; and (iv) provide funds for unforeseen expenditures related to emergencies.

Undistributed Reserve In School District Budget. A board of trustees of any school district may create and establish a general fund contingency reserve within the annual school district budget. The general fund contingency reserve may not exceed 5% of the total general fund budget, or the equivalent value of one “support unit” as defined and described under the Idaho Code. Disbursements from said fund may be made by resolution from

time to time as the board of trustees determines necessary for contingencies that may arise. The balance of said fund shall not be accumulated beyond the budgeted fiscal year. If any money remains in the contingency reserve, it shall be treated as an item of income in the following year's budget.

Financial Reporting

The financial statements of the District (the "Financial Statements") are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as prescribed by the Governmental Accounting Standard Board ("GASB"). In addition to presenting the financial position, results of operations and changes in financial position of the District's funds, the Financial Statements reconcile differences in reporting activities between the budgetary basis, as presented in the annual approved budget, and the generally accepted accounting principles as is used in the preparation of the financial report.

GASB 67 and 68

In 2012, GASB approved Statements 67 and 68 that modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Effective Fiscal Year 2014, the Public Employee Retirement System of Idaho ("PERSI") became subject to GASB 67. Effective Fiscal Year 2015, the District became required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of PERSI due to the implementation of GASB 68. PERSI published the schedule of allocations and net pension amounts for each employer in the PERSI Base Plan as of its June 30 Fiscal Year and beginning with the Fiscal Year 2015. See "APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017—Statement of Net Position" below.

Financial Summaries

The summaries contained herein were extracted from the District's basic financial statements and required supplementary information for Fiscal Years 2013 through 2017. The summaries have not been audited. See "APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017" below.

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Joint School District No. 148 (Grace)

Statement of Net Position

Governmental Activities

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Assets					
Current assets:					
Cash and investments.....	\$ 1,904,907	\$ 1,539,951	\$ 1,312,276	\$ 1,252,797	\$ 1,094,894
Receivables:					
Local sources.....	175,240	169,899	179,020	188,063	175,123
State sources.....	101,510	256,629	170,487	122,400	53,836
Federal sources.....	225,364	206,377	215,755	188,524	230,747
Noncurrent assets:					
Nondepreciable capital assets.....	102,000	102,000	102,000	102,000	102,000
Depreciable net capital assets.....	1,861,742	1,788,609	1,778,420	1,789,091	1,932,100
Total assets.....	<u>4,370,763</u>	<u>4,063,465</u>	<u>3,757,958</u>	<u>3,642,875</u>	<u>3,588,700</u>
Deferred outflows or resources					
Pension sources.....	892,693	542,553	234,812	-	-
Total deferred outflows of resources.....	<u>892,693</u>	<u>542,553</u>	<u>234,812</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources.....	<u>\$ 5,263,456</u>	<u>\$ 4,606,018</u>	<u>\$ 3,992,770</u>	<u>\$ 3,642,875</u>	<u>\$ 3,588,700</u>
Liabilities:					
Current liabilities:					
Accounts payable.....	-	32,667	2,024	-	-
Due to trust fund.....	-	-	-	16,667	33,333
Salaries and benefits.....	365,893	331,473	296,922	313,405	285,792
Long-term debt, current.....	-	-	32,578	-	31,911
Total current liabilities.....	<u>365,893</u>	<u>364,140</u>	<u>331,524</u>	<u>330,072</u>	<u>351,036</u>
Noncurrent liabilities:					
Long-term debt, noncurrent.....	-	-	-	32,578	63,589
Net pension liability.....	1,296,188	817,274	474,100	-	-
Total noncurrent liabilities.....	<u>1,296,188</u>	<u>817,274</u>	<u>474,100</u>	<u>32,578</u>	<u>63,589</u>
Total liabilities.....	<u>1,662,081</u>	<u>1,181,414</u>	<u>805,624</u>	<u>362,650</u>	<u>414,625</u>
Deferred Inflows of Resources:					
Pension sources.....	423,933	527,153	652,654	-	-
Total liabilities and deferred inflows of resources.....	<u>2,086,014</u>	<u>1,708,567</u>	<u>1,458,278</u>	<u>362,650</u>	<u>414,625</u>
Net Position:					
Net investment in capital assets.....	1,963,742	1,890,609	1,847,842	1,858,513	1,938,600
Restricted for:					
Special programs.....	297,388	216,082	162,248	121,107	61,326
Capital projects.....	281,854	380,122	432,485	481,978	474,154
Unrestricted.....	634,458	410,638	91,917	818,627	699,995
Total net position.....	<u>3,177,442</u>	<u>2,897,451</u>	<u>2,534,492</u>	<u>3,280,225</u>	<u>3,174,075</u>
Total liabilities, deferred inflows of resources, and net pension.....	<u>\$ 5,263,456</u>	<u>\$ 4,606,018</u>	<u>\$ 3,992,770</u>	<u>\$ 3,642,875</u>	<u>\$ 3,588,700</u>

(Source: Information taken from the District's basic financial statements and supplementary information. This summary itself has not been audited.)

Joint School District No. 148 (Grace)

Statement of Activities

Total Governmental Activities

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Assets				
	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Governmental activities:					
Instructional programs:					
Elementary school.....	\$ (1,105,437)	\$ (862,779)	\$ (670,049)	\$ (752,637)	\$ (742,672)
Secondary school.....	(909,991)	(840,964)	(770,880)	(796,691)	(802,250)
Special education.....	(209,178)	(206,497)	(204,021)	(226,809)	(229,071)
Special education preschool.....	-	-	-	(2,529)	-
School activity.....	(115,759)	(127,310)	(91,682)	(99,892)	(86,308)
Support service programs:					
Attendance, guidance, and health care.....	(101,975)	(49,855)	(54,082)	(51,586)	(53,110)
Instruction - improvement.....	(99,569)	(63,865)	(26,703)	(99,465)	(45,490)
Educational media.....	(7,386)	(8,339)	(8,029)	(9,300)	(11,767)
Board of education.....	(18,229)	(11,450)	(16,202)	(9,391)	(13,281)
District administration.....	(148,752)	(157,209)	(155,436)	(95,211)	(113,489)
School administration.....	(158,151)	(163,879)	(160,775)	(158,935)	(156,560)
Business operations.....	(47,645)	(51,453)	(48,803)	(48,275)	(46,226)
Building care and upkeep.....	(292,755)	(282,283)	(269,025)	(310,979)	(257,423)
Maintenance—non-student occupied.....					
Maintenance—student occupied.....	(188,440)	(215,417)	(219,159)	(186,634)	(190,648)
Maintenance—grounds.....	(1,475)	(3,747)	(4,128)	(2,946)	(6,075)
Pupil-to school transportation.....	(282,350)	(275,443)	(301,702)	(287,804)	(276,984)
Pupil-activity transportation.....	(31,536)	(40,140)	(17,374)	(35,437)	(18,938)
Transportation.....	(13,024)	(8,004)	(10,710)	(17,653)	(17,527)
Noninstructional programs:					
Child nutrition.....	21,536	10,473	2,593	20,835	20,507
Capital assets - student occupied.....	(139,003)	(134,537)	(132,634)	(130,992)	(193,344)
Total government activities.....	<u>\$ (3,849,119)</u>	<u>\$ (3,492,698)</u>	<u>\$ (3,158,801)</u>	<u>\$ (3,302,331)</u>	<u>\$ (3,240,656)</u>
General revenues:					
Local taxes.....	473,627	451,527	465,823	464,731	450,692
Other local revenue.....	57,096	47,069	243,980	75,583	55,551
State sources.....	3,598,387	3,357,061	2,737,817	2,868,167	2,621,501
Total general revenues.....	<u>4,129,110</u>	<u>3,855,657</u>	<u>3,447,620</u>	<u>3,408,481</u>	<u>3,127,744</u>
Change in net position.....	279,991	362,959	288,819	106,150	(112,912)
Net position, as previously stated.....	-	-	3,280,225	-	-
Restatement (1).....	-	-	(1,034,552)	-	-
Net position—beginning, as restated.....	<u>2,897,451</u>	<u>2,534,492</u>	<u>2,245,673</u>	<u>3,174,075</u>	<u>3,286,987</u>
Net position—ending.....	<u>\$ 3,177,442</u>	<u>\$ 2,897,451</u>	<u>\$ 2,534,492</u>	<u>\$ 3,280,225</u>	<u>\$ 3,174,075</u>

(1) The District's Fiscal Year 2015 net position was restated per GASB 68.

This report is presented in summary format concerning the single item of "Net (Expense) Revenue and Changes in Net Position" and is not intended to be complete. For a detailed itemized report see "APPENDIX A—GRACE JOINT SCHOOL DISTRICT NO. 148 IDAHO BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR 2017—Statement Of Activities Fiscal Year Ended June 30, 2017" below.

(Source: Information taken from the District's basic financial statements and supplementary information. This summary itself has not been audited.)

Joint School District No. 148 (Grace)

Balance Sheet—Governmental Funds—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Assets					
Cash and investments.....	\$ 1,377,280	\$ 984,074	\$ 770,259	\$ 696,930	\$ 583,663
Receivables:					
Local sources.....	118,797	114,058	120,773	124,178	117,541
State sources.....	86,475	248,574	167,910	116,554	48,071
Due from other funds.....	240,399	214,432	215,755	194,370	236,512
Total assets.....	\$ 1,822,951	\$ 1,561,138	\$ 1,274,697	\$ 1,132,032	\$ 985,787
Liabilities:					
Salaries and benefits.....	\$ 365,893	\$ 331,473	\$ 296,922	\$ 313,405	\$ 285,792
Accounts payable.....	-	25,107	-	-	-
Total liabilities.....	365,893	356,580	296,922	313,405	285,792
Deferred Inflows of Resources:					
Current deferred inflows of resources					
Unavailable tax revenues.....	9,976	16,307	12,487	9,653	13,239
Fund balances:					
Unassigned.....	1,447,082	1,188,251	965,288	808,974	686,756
Total fund balances.....	1,447,082	1,188,251	965,288	808,974	686,756
Total liabilities and fund balances..	\$ 1,822,951	\$ 1,561,138	\$ 1,274,697	\$ 1,132,032	\$ 985,787

(Source: Information taken from the District's basic financial statements and supplementary information. This summary itself has not been audited.)

Joint School District No. 148 (Grace)

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

(This summary has not been audited)

Fiscal Year Ended June 30

	2017	2016	2015	2014	2013
Revenues:					
Local taxes.....	\$ 330,302	\$ 300,133	\$ 320,606	\$ 316,419	\$ 300,400
Other local resources.....	56,836	47,069	84,705	68,674	55,541
State sources.....	3,516,402	3,321,757	2,716,897	2,837,124	2,621,501
Total revenues.....	3,903,540	3,668,959	3,122,208	3,222,217	2,977,442
Expenditures:					
Instructional programs:					
Elementary school.....	1,091,382	908,061	670,049	752,637	742,672
Secondary school.....	866,196	908,412	761,752	798,087	798,338
Special education.....	209,178	206,497	204,021	226,809	229,071
Special education preschool.....	-	-	-	2,529	-
School activity.....	128,864	127,310	91,682	99,892	86,308
Support service programs:					
Attendance, guidance and health care.....	101,975	51,739	54,082	51,586	53,110
Instructional-improvement.....	99,569	71,950	26,703	62,825	2,768
Education media.....	7,386	8,339	8,029	9,300	11,767
Board of education.....	18,229	11,450	16,202	9,391	13,281
District administration.....	148,752	157,209	155,436	95,211	113,489
School administration.....	158,151	163,879	160,775	158,935	156,560
Business operations.....	47,645	51,453	48,803	48,275	46,226
Building care and upkeep.....	292,755	282,283	269,025	310,979	257,423
Maintenance-student occupied.....	124,803	135,999	131,413	119,163	102,539
Maintenance-grounds.....	1,475	3,747	4,128	2,946	6,075
Pupil-to-school transportation.....	223,719	223,386	233,737	238,586	234,498
Pupil-to-activity transportation.....	31,536	40,140	17,374	35,437	18,938
Transportation.....	13,024	8,004	10,710	17,653	17,527
Non-instructional programs:					
Child nutrition.....	10,070	10,730	9,973	9,758	9,062
Total expenditures.....	3,574,709	3,370,588	2,873,894	3,049,999	2,899,652
Excess of revenues over (under) expenditures.....	328,831	298,371	248,314	172,218	77,790
Other financing sources (uses):					
Operating transfers out.....	(70,000)	(75,408)	(92,000)	(50,000)	(42,486)
Changes in fund balance.....	258,831	222,963	156,314	122,218	35,304
Fund balance, beginning of year.....	1,188,251	965,288	808,974	686,756	651,452
Fund balance, end of year.....	\$1,447,082	\$1,188,251	\$ 965,288	\$ 808,974	\$ 686,756

(Source: Information taken from the District's basic financial statements and supplementary information. This summary itself has not been audited.)

TAXES AND STATE FUNDING

Overview

This section describes the process for levying and collecting taxes as well as receipt of State resources. Significant recent changes to State funding sources are described below and under the heading entitled “STATE OF IDAHO SCHOOL FINANCE.”

Operating Resources. The District receives revenues from three primary sources for operations: local sources, State sources, and federal sources. In Fiscal Year 2017, State sources represented 90% of the District’s total General Fund revenue, and local sources (from property taxes) represented 10%. The District’s tax levy is certified to the Boards of County Commissioners in September. The County Treasurer from each of the Counties disburses tax receipts to the District approximately one month after the statutory payment dates.

Resources for Capital Projects. The District may pay for capital improvements from unappropriated resources, voter-approved general obligation bonds, voter-approved special plant facilities levies, and donations. General obligation bond levies and special plant facilities levies are property tax levies that are certified above and beyond all other amounts certified to be levied and collected.

Tax Levy And Collection

The District’s taxes are collected by the Counties. Prior to the second Monday in September, the District certifies its levy for all funds, including the debt service fund, to the Boards of County Commissioners of the Counties. These levies are based on the equalized or adjusted valuations assessed within the District. These levies are then incorporated within the total levy for all local government units for each property owner. Taxes become due on December 20 but may be paid in installments on December 20 and June 20. Payment is made to the treasurer of each county and transmitted to the District monthly. A penalty of 2% is applied to taxes paid after the December 20 and June 20 payment dates plus interest at the rate of 1% per month, calculated from January 1 of the year following the date of the levy, on the amount of the unpaid installment plus the penalty. Delinquent taxes on property outstanding for three years subject the property to a county tax deed, and said property can be auctioned off for tax purposes.

Ad Valorem Tax System

Property taxes are established and collected by individual counties and taxing districts to provide local services and do not generate revenue for State use. The State has the responsibility of overseeing property tax procedures to make sure they comply with State laws. In addition, the Idaho State Tax Commission is responsible for valuing public utilities, railroad car companies and railroads which, collectively, are called operating property.

Property taxes apply to homes (including manufactured housing), farms, businesses, industry, warehouses, offices, most privately owned real estate, and operating property, as well as personal property such as machinery and equipment, farm implements and office furniture and equipment. Exemptions from property tax include inventories, livestock, stored property in transit, pollution control facilities, household belongings, clothing, property licensed motor or recreational vehicles, and most property belonging to religious, fraternal and educational organizations and institutions. Partial exemptions are available for residential improvement and the speculative value of agricultural land. Partial tax credits are available to elderly, widowed and disabled homeowners.

Timberland is taxed per the acreage involved and rural electrical associations pay a 3 ½% tax on adjusted gross revenue instead of property tax. Counties collect the tax, which is computed by the State Tax Commission and apportioned on a wire mile basis.

Complaints or disagreement concerning assessed values of real or personal property are being taken to the assessors of the respective county. If differences are not resolved at this level, a property owner may proceed

through the County Board of Equalization, State Board of Tax Appeals or District Court, and the Idaho State Supreme Court. Operating property assessments must be appealed to the State Tax Commission, then through the courts.

Certain property acts in the Idaho Code provide that all real and personal property within the District are to be subject to assessment as of January 1 of each year, unless otherwise provided by law. All taxes levied upon real property shall be a lien upon the real property assessed. All taxes levied upon personal property shall be a lien upon the real property of the owner.

Property Tax Exemptions

Homeowner's Property Tax Exemption. The homeowner's property tax exemption provides a permanent exemption from ad valorem taxation for 50% of the market value for assessment purposes of a homeowner's primary residence including up to one acre of the land value, up to a maximum of \$100,000 (the "Homeowner's Exemption") for Tax Year 2017, which represents an increase of 5.55% from Tax Year 2016 (\$94,745). In 2016, the State Legislature amended Idaho Code Section 63-602G to fix the maximum amount of the Homeowner's Exemption at \$100,000.

Business Investment Property Tax Exemption: Under Idaho Code 63-602NN local county commissioners can declare that all or a portion of the market value of the improvements of a defined project with investments that meet certain tax incentive criteria can be exempt from property tax for a specified period. The exemption can be up to 100% per year for up to five years for each project. The investment must be in new manufacturing facilities valued at a minimum of \$3 million (which was lowered to \$500,000 on July 1, 2017) and land is not eligible for the exemption. Any existing buildings are not eligible for the exemption and approval of the exemption is at the discretion of the local county commissioners.

Use of the business investment property tax exemption ("Business Exemption") only exempts the collection of property taxes on new business investment and does not impact the District's ability to repay the 2017 Bonds. Following the expiration of the Business Exemption the value of the new investment of property will be included in the District's Taxable Assessed Value for future tax levy certifications. As of the date of this OFFICIAL STATEMENT, there are no projects within the County that currently receive the Business Exemption.

Personal Property Tax Exemption: The 2017 Bonds are secured by an unlimited tax on taxable property in the District. Taxable property includes real property and personal property. In 2008, the State Legislature amended Idaho Code Section 63-602KK to exempt the first \$100,000 of personal property tax value effective the year after the state general fund revenues increased 5% over the fiscal 2008 base year. The 2013 State Legislature adopted HB 315 which creates a new \$3,000 exemption on a de minimus item of taxable property, includes operating property in the exemption (which was excluded in the 2008 legislation) and triggers the \$100,000 exemption on business personal property on January 1, 2013. Section 63-602KK contains a provision for appropriations from the State sales tax receipts to taxing districts to replace the lost revenues, estimated at \$20 million. Because of the replacement provision, the District does not expect HB 315 to influence the District's finances. However, there is no assurance the State Legislature will appropriate sufficient moneys in future years to replace the lost revenues.

School District Levies

Tax Levy Procedure. Prior to the commencement of each Fiscal Year, the Board adopts a resolution to adopt its annual budget and approve submission of its property tax levies to the Boards of County Commissioners of the Counties. The budget and tax levy process is described under "FINANCIAL INFORMATION REGARDING THE DISTRICT—Budgets and Budgetary Accounting" above. The District's tax levy is certified to the Boards of County Commissioners in September. The County Treasurers disburse tax receipts to the District approximately one month after the statutory payable dates. The District may levy the following ad valorem taxes for the following purposes:

Supplemental M&O Levy. Subject to voter approval school districts can levy and collect a supplemental maintenance and operation levy (the “Supplemental M&O Levy”). The Supplemental M&O Levy may be authorized for up to two years for a non–charter district through an election approved by a simple majority of the district electors voting in such an election. *The District currently levies a Supplemental M&O Levy.*

Emergency Levy; Tort Levy; Judgment Levy. Taxes may be levied and collected for the purpose of paying for a specific, unanticipated expenditure, judgment, or legal claim for which funds were not budgeted in the prior year (a “Emergency, Tort, or Judgement Levy”). *The District currently levies a Tort levy, but not an Emergency or Judgement Levy.*

Tuition Levy. When a pupil leaves the school district of his residence to attend a nonresident school, the receiving district is authorized to charge for the tuition of its nonresident pupils where tuition has not been waived. The District is authorized to levy (above the regular maintenance and operation levy, if levied) for the purpose of paying tuition costs of students who, under the authorization of the board of trustees of the district, attend school in another district either in or out of the State (the “Tuition Levy”). *The District does not levy a Tuition Levy.*

Bond Levy. Subject to voter approval and debt limitations the District may levy a tax for the purposes of repaying voter approved debt for specific capital projects (the “Bond Levy”). *The District has certified a Bond Levy for the 2017 Bonds.*

Plant Facilities Levy. A plant facilities levy must be authorized by voter approval. The annual dollar amount of the levy requested is limited to an amount that does not exceed 0.4% of the taxable market value of a school district as of December 31 of the year immediately prior to the year of election (the “Plant Facilities Levy”). The collection term of a Plant Facilities Levy is limited to 10 years. *The District has levied a Plant Facilities Levy for the last five years.*

Historical Tax Rates

	Tax Rate				
	<u>2017–18</u>	<u>2016–17</u>	<u>2015–16</u>	<u>2014–15</u>	<u>2013–14</u>
Supplemental Maintenance and Operation .....	.002029317	.002098310	.002177287	.002257002	.002265155
Tort Liability .....	.000077331	.000074945	.000072714	.000068402	.000085608
Emergency .....	.000000000	.000000000	.000000000	.000000000	.000000000
Tuition .....	.000000000	.000000000	.000000000	.000000000	.000000000
Judgement.....	<u>.000000000</u>	<u>.000000000</u>	<u>.000000000</u>	<u>.000291334</u>	<u>.000073368</u>
Total Maintenance and					
Operation Fund .....	.001822699	.002173255	.002250001	.002616738	.002424131
Bond Levy .....	.001822699	.000000000	.000000000	.000000000	.000000000
Plant.....	<u>.001014659</u>	<u>.001049155</u>	<u>.001088644</u>	<u>.001128501</u>	<u>.001132578</u>
All Funds	<u>.004944006</u>	<u>.003222410</u>	<u>.003338645</u>	<u>.003745239</u>	<u>.003556709</u>

(Source: *Tax Levies for School Purposes*, State Superintendent of Public Instruction.)

Comparative Total School District Tax Rates

Tax Levying District	Tax Rate				
	2017-18	2016-17	2015-16	2014-15	2013-14
Firth No. 59 .....	.001228932	.001238158	.001777062	.001848574	.001735240
Bear Lake No. 33.....	.001432116	.001562474	.001560931	.001698953	.001768710
Marsh Valley No. 21 .....	.002044222	.002471546	.002549467	.002116266	.002047254
Soda Springs No. 150.....	.003043511	.002342558	.002415561	.002639703	.002905945
Shelley No. 60 .....	.003338717	.003236850	.003469726	.003766047	.003553027
North Gem No. 149 .....	.004486483	.004945331	.002907689	.003526491	.003364030
Blackfoot No. 55 .....	.004499646	.004576807	.004578606	.003791292	.003163288
<i>The District</i>	<i>.004944006</i>	<i>.003222410</i>	<i>.003338645</i>	<i>.003745239</i>	<i>.003556709</i>
Snake River SD No. 52.....	.006696120	.006949226	.006299872	.005946279	.006098581

(Source: *Tax Levies for School Purposes*, State Superintendent of Public Instruction.)

Market Value Of Property Of The District (1)

Tax Year (2)	Full Market Value (3)	% change over prior year	Taxable Assessed Value (4)	% change over prior year
2017	\$180,650,391	3.4%	\$147,832,959	3.4%
2016	174,766,080	4.4	142,972,170	3.8
2015	167,390,797	3.2	137,786,146	3.7
2014	162,136,922	0.4	132,919,704	0.4
2013	161,523,692	0.2	132,441,262	0.8

(1) Includes valuations from Caribou, Franklin, and Bannock Counties.

(2) "Tax Year" runs from July 1 through June 30.

(3) Includes the Homeowner's Exemption.

(4) "Taxable Assessed Value" is the full market value less statutory exemptions and incremental changes to the base value in any urban renewal area that overlaps the District pursuant to Title 50 of the Code. Statutory exemption includes a homeowner's exemption and property tax reductions. The Taxable Assessed Value is the value against which tax levies are applied.

(Source: The Idaho State Tax Commission.)

Tax Collection Record Of The District (1)

Year (1)	Tax Levy In Dollars	Amount Collected (2)	% Collected
2016	\$461,379	\$454,492	98.5%
2015	463,381	459,181	99.1
2014	501,182	499,824	99.7
2013	471,060	471,045	100.0
2012	462,937	462,937	100.0

(1) The tax year runs from January 1 to December 31. Ad valorem taxes, including delinquent taxes, penalties and amounts canceled, are collected by the Treasurers of Caribou, Franklin, and Bannock Counties and are remitted to the District during the month following collection.

(2) Includes property tax collections from Caribou, Franklin, and Bannock Counties.

(Source: The Offices of the Caribou, Franklin, and Bannock Treasurers.)

The Largest Taxpayers Of The District

The following list represents the ten largest taxpayers in the District (Caribou County only):

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017 Taxable Value</u>	<u>% of District's 2017 Tax- able Value</u>
Pacificorp	Electric Utilities	\$20,847,201	16.9%
Northwest Pipeline Corp.....	Natural Gas Supplier	4,972,116	4.0
Stoddard Farms of Grace.	Farm	4,085,891	3.3
Jorgensen Farms LTD PTN	Farm	2,769,942	2.2
Gibbs Marcus.....	Farm	2,012,484	1.6
R Lloyd Brothers.....	Farm	1,984,289	1.6
Union Pacific Railroad Co.....	Railroad	1,827,236	1.5
Neibaur Chad B.....	Farm	1,734,866	1.4
Intermountain Gas Co.....	Natural Gas Supplier	1,705,483	1.4
Mathews Bros LLC.....	Farm	<u>1,681,782</u>	1.4
Totals		<u>\$43,621,290</u>	35.3%

(Source: The Office of the Caribou County Treasurer.)

STATE OF IDAHO SCHOOL FINANCE

General

The State Legislature appropriates State and federal moneys for support of public school districts (the “Schools Appropriations”). The Schools Appropriations are deposited into the “Public School Income Fund” for further distribution by the DOE to school districts pursuant to a formula set forth in Idaho Code Section 33–1002 and accompanying rules and regulations of the DOE. See “State Support to the District” below. The amount of State funding provided to each school district is determined, in part, by support units calculated for each district, which units are calculated largely based on ADA at each district. ADA is calculated in accordance with Idaho Code Section 33–1003A, based on the entire school year except that the 28 weeks having the highest ADA, not necessarily consecutive, may be used. Accordingly, an increase or decrease in a district’s ADA will affect the level of state funding received by the district. See “THE DISTRICT—District Enrollment And Average Daily Attendance” herein for a discussion of the District’s ADA.

The State sets an annual budget based on the State’s Fiscal Year which begins on July 1 and ends on the following June 30. Both the executive and legislative branches play a role in the budget setting process. All State agencies, including the DOE, submit a budget request to the Division of Financial Management (the “DFM”) in the Governor’s office and to the Legislative Services Office not later than September 1 of each year. The Governor, through DFM, then prepares a proposed budget for the subsequent fiscal year, and the Governor submits this budget recommendation to the State Legislature within five days after the commencement of the annual legislative session in early January. The Governor’s budget recommendation is based on revenue projections developed by DFM.

A joint committee composed of the Senate Finance Committee and the House Appropriations Committee (“JFAC”) then initiates legislative action on the state budget. Considering the Governor’s recommendation, JFAC hears presentations of, or reviews without hearings, budget requests of all State agencies and drafts a series of appropriation bills that are sent to the entire legislative body. The JFAC budget is based on the revenue

projections of a joint legislative economic outlook committee. Upon passage by each legislative body, the appropriation bills for each agency are sent to the Governor for signature. The Governor has “line-item” veto power for distinct appropriations. The Idaho Constitution requires a balanced budget, stating that appropriations must match the projected revenues currently provided for by law.

The State Legislature usually adjourns before April 15, once it has adopted a budget, set appropriations for the upcoming fiscal year, and, if necessary, revised the current fiscal year’s budget. The appropriations, as enacted by the State Legislature, constitute the limit for each agency’s authorized expenditures, subject to limited flexibility for emergency situations and/or unanticipated revenue.

If during the course of a fiscal year the Governor determines anticipated revenues expected to be available fail to meet the State Legislature’s authorized expenditures, the Governor may issue an executive order to reduce (or holdback) the spending authority on file in the office of the State Controller for any department, agency, or institution of the State.

Beginning 2003, the State established a series of budget reserve funds, including principally a Public Education Stabilization Fund (the “Education Stabilization Fund”) and a general budget reserve fund (the “General Reserve Fund”). Both funds act as reserve accounts from which the State can draw funds to make up revenue shortfalls and into which funds are deposited in times of surplus. The Education Stabilization Fund is dedicated only for public education. In Fiscal Years 2009–2011 almost the entire balances in both the Education Stabilization Fund and the General Reserve Fund were drawn down to support budgets for those years. Beginning in Fiscal Year 2012 the State Legislature has appropriated surplus funds for deposit in these funds each year, restoring the Education Stabilization Fund to approximately \$88 million and the General Reserve Fund to approximately \$256 million at June 30, 2016.

Appropriations To Public Schools

The State Legislature adjourned its 2017 session on March 29, 2017, having set the appropriations and budgets for Fiscal Year 2018. The State Legislature approved an increase of approximately 6.3% for public school support appropriations from the General Fund and a 6.0% increase from all funds for Fiscal Year 2018 compared to Fiscal Year 2017.

Schools Appropriations for Fiscal Years 2014–2017 and the budgeted appropriation for Fiscal Year 2018 are presented in the table below.

Historical and Budgeted State Appropriations

	Fiscal Year (\$ In Thousands)				
	2018	2017	2016	2015	2014
General Fund	\$1,685,262	\$1,584,669	\$1,475,784	\$1,374,598	\$1,308,365
Transfers from Public Education Stabilization Fund	0	0	0	0	0
Dedicated Funds (1).....	91,637	77,496	74,189	86,812	74,568
Federal Funds.....	<u>264,339</u>	<u>264,339</u>	<u>264,339</u>	<u>215,224</u>	<u>215,224</u>
Total State appropriation	<u>\$2,041,238</u>	<u>\$1,926,504</u>	<u>\$1,814,312</u>	<u>\$1,676,634</u>	<u>\$1,598,157</u>
% change over previous year ..	6.0%	6.2%	8.2%	4.9%	2.0%

(1) Includes Lottery Receipts, Endowment Fund Receipts, Miscellaneous Receipt Balances, and Cigarette Taxes & Lottery Income.

(Source: the State Legislature, Sine Die Report.)

The State funding schedule for distributions is as follows:

Payment Date	Payment Amount
August 15	50%
November 15	20%
February 15	20%
May 15	10%
July 15	Final payment adjustment (1)

Percentages approximate the distribution to be received, final amounts may vary.

(1) For the Fiscal Year ending the previous June 30.

Legislation Affecting Public School Appropriations

The State Legislature annually reviews the overall framework for funding of public schools. Generally, these actions relate to operations funding and do not affect the District’s ability to pay debt service on the 2017 Bonds, which is funded from local property tax revenues allowed to be levied without limitation as needed to pay debt service on the 2017 Bonds.

The current template for Legislative action is a set of twenty recommendations developed by a broad-based task force appointed by the Governor in 2013 (the “Task Force Recommendations”). The 2014 State Legislature took action with regard to seven of the Task Force Recommendations, including an increase in operations funding to help reverse the recession era cuts to education funding with the intent to restore operations funding to pre-recession levels within five years. The 2015 State Legislature further increased operations funding and adopted additional recommendations, including adoption of a “career ladder” compensation system and a commitment over the next five years to increase funding for teacher salaries by a total of approximately \$214 million, of which approximately \$33 million was approved for funding in the Fiscal Year 2016 Budget. The 2016 State Legislature added pupil service staff to the career ladder and appropriated \$39.56 million for the second year of instructors on the career ladder for the Fiscal Year 2017 Budget. For Fiscal Year 2018, the 2017 Legislative appropriated an additional \$61.928 million, thus funding the third year of the five-year plan, and appropriated an additional \$6.9 million, representing a three percent increase, for base salaries for administrators and classified staff, which are categories of employees not on the career ladder.

The District cannot predict the outcome of other recommendations of the task force or of other possible proposals regarding education funding, programs, or requirements, all of which are subject to the plenary authority of the State Legislature to consider and approve or reject.

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State Support To The District

In Fiscal Year 2017, the dedicated and appropriated funding sources from the State account for approximately 83% of the District’s budgeted General Fund revenue. A summary of funds the District has received from the State over the past five years follows:

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
August.....	\$1,625,346	\$1,319,261	\$1,345,481	\$ 735,010	\$ 676,027
October (1).....	n/a	n/a	n/a	735,921	675,694
November.....	649,231	528,810	539,651	491,272	454,681
February.....	584,213	796,364	303,251	360,655	294,930
May.....	372,171	305,760	250,901	272,532	318,792
July.....	<u>86,475</u>	<u>248,574</u>	<u>167,910</u>	<u>116,554</u>	<u>48,071</u>
Total.....	<u>\$3,317,436</u>	<u>\$3,198,769</u>	<u>\$2,607,194</u>	<u>\$2,711,944</u>	<u>\$2,468,195</u>
% change over prior year.	3.7%	22.7%	(3.9)%	9.9%	n/a

(1) The 2014 Legislature amended the schedule, increasing the payment received in August from 30% to 50% of the total distribution for the year, and eliminating the October payment. See “State Funding Schedule” herein.

(Source: The District.)

See “FINANCIAL INFORMATION REGARDING THE DISTRICT—Five-Year Financial Summaries” above.

Legislative Referrals

Referrals are proposed laws that originate from the State Legislature to be voted on by the people. In Idaho, both houses of the State Legislature must vote and must pass by two-thirds of its members to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. According to the Elections Division of the Idaho Secretary of State, there are no current proposed Legislative referrals.

The Initiative Process

Article I, Section 3 of the Idaho Constitution provides that the people of the State have reserved to themselves the power of initiative and referendum, pursuant to which measures to enact or repeal laws can be placed on the statewide general election ballot for consideration by the voters. The initiative and referendum powers relate only to laws; the Idaho Supreme Court has ruled that the Idaho Constitution cannot be amended by initiative or referendum.

In 1997, the State Legislature enacted significant procedural prerequisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with the Idaho Secretary of State’s office. The Idaho Attorney General is required by law to review and make recommendations (if any) on the petition to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, shall provide a ballot title for the measure. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Idaho Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the form of the petition has been approved by the Secretary of State, the proponents of the measure shall print the petition and, during an 18-month circulation period or until

April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

To be placed on a general election ballot, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by a number of qualified voters equal to at least 6% of the qualified electors, i.e., registered voters, at the immediately previous general election. The 2013 State Legislature adopted SB 1108 which increases the number of registered voters needed to place an initiative or referendum on the ballot by requiring signatures of 6% of the registered voters in at least a majority of the State's 35 legislative districts, as well as 6% of the total registered voters of the State.

Proponents of measures are permitted to compensate persons obtaining signatures for the petition, but in such instances the petition must contain a notice of such payment to the elector whose signature is being sought.

Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, there are no initiative petitions that have qualified for the ballot since 2006, at which time there were two initiatives that qualified.

LEGAL MATTERS

Absence Of Litigation Concerning The 2017 Bonds

The attorney for the District, Eberharter–Maki & Tappen, P.A., Boise, Idaho, 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

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2017 Bonds is not included in gross income under present federal income tax laws pursuant to Section 103 of the Code, and is exempt from all State of Idaho income taxes under present State income tax laws, and interest on the 2017 Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. The Code imposes several requirements that must be met with respect to the 2017 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations).

Certain of these requirements must be met on a continuous basis throughout the term of the 2017 Bonds. These requirements include: (i) limitations as to the use of proceeds of the 2017 Bonds, and (ii) limitations on the extent to which the proceeds of the 2017 Bonds may be invested in higher yielding investments. The Board will covenant that they will take all steps to comply with the requirements of the Code to the extent necessary to maintain the exclusion of interest on the 2017 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations) under present federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the 2017 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the 2017 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance.

Section 55 of the Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Code, for taxable years beginning after 1989, 75% of the excess of a corporation's

“adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2017 Bonds.

The Code contains numerous provisions that may affect an investor's decision to purchase the 2017 Bonds. Beneficial Owners should be aware that the ownership of tax exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “Subchapter S” corporations, may result in adverse federal tax consequences. Bond Counsel’s opinion relates only to the exclusion of interest on the 2017 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on ownership of the 2017 Bonds. Beneficial Owners should consult their own tax advisors as to the applicability of these consequences.

Amendments to the federal tax laws could be proposed or enacted in the future, and there can be no assurance that any such future amendments which may be made to the federal tax laws will not adversely affect the value of the 2017 Bonds, the exclusion of interest on the 2017 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2017 Bonds or any other date, or result in other adverse federal tax consequences.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the 2017 Bonds. If an audit is commenced, under current procedures the IRS may treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2017 Bonds until the audit is concluded, regardless of the ultimate outcome. 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 District 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 District or the Beneficial Owners to incur significant expense.

The opinions expressed by Bond Counsel are based on existing law as of the date of delivery of the 2017 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed litigation. Amendments to the federal or state laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2017 Bonds, the exclusion of interest on the 2017 Bonds or any other from gross income or alternative minimum taxable income or both from the date of issuance of the 2017 Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2017 Bonds. For example, although the U.S. Supreme Court recently decided that the U.S. Constitution does not preclude the current practice that states grant more favorable tax treatment to bonds issued by issuers inside the state than bonds issued outside that state, the pendency of such case caused uncertainty until it was decided. There can be no assurance that other cases may from time to time create uncertainty or could result in a change in the treatment for state tax purposes of obligations such as the 2017 Bonds, or a change in the market value of the 2017 Bonds. Owners of the 2017 Bonds are advised to consult with their own tax advisors with respect to such matters.

Qualified Tax–Exempt Obligations

The District has designated the 2017 Bonds as “qualified tax–exempt obligations” pursuant to the small issuer exception provided by Section 265(b)(3) of the Code, which affords banks and thrift institutions purchasing the 2017 Bonds more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code for taxable years of such financial institutions ending after December 31, 1986.

Premium Bonds

The initial public offering price of certain maturities of the 2017 Bonds (the “Premium Bonds”), as shown on the inside front cover, are issued at original offering prices more than their original principal amount. The difference between the amount of the Premium Bonds at the original offering price and the principal amount payable at maturity represents “bond premium” under the Code. As a result of requirements of the Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Bond may realize a taxable gain upon disposition of such a bond, even though such bond is sold or redeemed for an amount equal to the original owner’s cost of acquiring such bond. All owners of 2017 Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of 2017 Bonds, whether the disposition is pursuant to a sale of the 2017 Bonds or other transfer, or redemption.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the 2017 Bonds from the gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult with their own tax advisors with respect to the effects of any proposed or future legislation.

Municipal Reorganization

Idaho Code Section 67–3903 permits school districts, as taxing districts of the State, to file a petition for federal bankruptcy relief, in accordance with Chapter 9 of the United States Bankruptcy Code, which permits municipalities to file a voluntary petition for the adjustment of debts. Prior to filing such petition, the taxing district is required to adopt a resolution authorizing the filing. The statute authorizes the taxing district to take actions to consummate a plan of readjustment pursuant to its bankruptcy proceedings, including cancellation and remission of moneys payable under bonds, warrants or other obligations; issuance of refunding bonds on certain conditions, adoption of necessary ordinances, assessment, levy and collection of taxes to enforce collections necessary pursuant to the plan of readjustment, cancellation or reduction in taxes or special assessments for bonds refunded under the plan as a result of reduction in debt service accomplished by such refunding and to take any other actions necessary for accomplishment of the plan. Prior to refunding bonds or levying any taxes or special assessments, the taxing district is required to provide notice and hold a hearing prior to the adoption of the plan for readjustment requiring such actions.

Bankruptcy proceedings by the District could have an adverse effect on the owners of the 2017 Bonds, including but not limited to delay in the enforcement of their remedies, subordination of their claims to those supplying goods or services to the District and to the administrative expenses of the bankruptcy proceedings and the imposition of a plan of reorganization reducing or delaying payment of the 2017 Bonds.

The District does not expect to file a petition for federal bankruptcy relief.

General

The authorization and issuance of the 2017 Bonds are subject to the approval of Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, Bond Counsel. Certain legal matters will be passed upon for the District by Eberharter-Maki & Tappen, P.A., Boise, Idaho. 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” of this OFFICIAL STATEMENT will be made available upon request from the contact person as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has reviewed this document only to confirm that the portions of it describing the 2017 Bonds and the authority to issue the 2017 Bonds, the security for the 2017 Bonds and tax matters relative to the 2017 Bonds present a fair summary of such matters.

MISCELLANEOUS

Bond Ratings

The District has received a rating for the 2017 Bonds from Moody’s. As of the date of this OFFICIAL STATEMENT, the 2017 Bonds have been rated “Aaa” by Moody’s based upon the Programs. Moody’s rates all bond issues guaranteed under the both Programs “Aaa”. An explanation of the above ratings may be obtained from Moody’s. The District has not directly applied to S&P or Fitch Ratings for a rating on the 2017 Bonds.

Such ratings do not constitute a recommendation by the rating agency to buy, sell or hold the 2017 Bonds. Such ratings reflect only the views of Moody’s and any desired explanation of the significance of such ratings should be obtained from Moody’s. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the ratings given the 2017 Bonds will continue for any given period or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its 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 District has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the District 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 District, 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; Qualified Opinion

All State school districts, pursuant to Idaho Code 33-701, must obtain an audit annually. The required audit may be performed by independent public accountants certified by the State as capable of auditing municipal corporations. The District’s audit reports for Fiscal Years 2013 through 2016 fairly represent the District’s financial condition and results of its operations and the cash flows of its proprietary fund types are in conformance with GAAP.

The financial statements of the District as of June 30, 2017 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Quest CPAs, P.C., Payette, Idaho (“Quest”) as stated in its report in “APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017.” The District’s audits for Fiscal Years 2013 through 2017 were performed by Quest.

Quest 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.

Qualified Opinion. As noted in the Independent Auditor’s Report, the Governmental Accounting Standard Board (“GASB”) Statement No. 45 was not implemented in the District’s 2017 Basic Financial Statements; thus, resulting in a qualified opinion. However, it should also be noted that except for the departure of the GASB Statement No. 45, it is the opinion of Quest that all aspects of the District’s 2017 Annual Financial Report are presented fairly, in all material respects. For additional information regarding the District’s qualified opinion, please see “APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR JOINT SCHOOL DISTRICT NO. 148 FOR FISCAL YEAR 2017—Independent Auditor’s Report” (page 1).

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 District.

**Board of Trustees of Joint School District No. 148,
Caribou, Franklin, and Bannock Counties, State of Idaho**

APPENDIX A

**ANNUAL FINANCIAL STATEMENTS FOR
JOINT SCHOOL DISTRICT NO. 148
FOR FISCAL YEAR 2017**

The annual financial statements for Fiscal Year 2017 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.

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GRACE JOINT SCHOOL DISTRICT NO. 148

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2017

GRACE JOINT SCHOOL DISTRICT NO. 148

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Grace Joint School District No. 148

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grace Joint School District No. 148 (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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.

Basis for Qualified Opinion on Governmental Activities

Management believes the costs of implementing GASB 45 (having actuarial calculations performed for other post-employment benefits) cannot be justified at this time. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2017, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2017, and the respective changes in financial position thereof 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 budgetary comparison schedules, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

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

The combining and individual nonmajor fund financial statements 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
October 2, 2017

BASIC FINANCIAL STATEMENTS

GRACE JOINT SCHOOL DISTRICT NO. 148

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$1,904,907
Receivables:	
Local Sources	175,240
State Sources	101,510
Federal Sources	225,364
Total Current Assets	<u>2,407,021</u>
Noncurrent Assets	
Nondepreciable Capital Assets	102,000
Depreciable Net Capital Assets	1,861,742
Total Noncurrent Assets	<u>1,963,742</u>
Total Assets	<u><u>4,370,763</u></u>
Deferred Outflows of Resources	
Pension Sources	892,693
Total Deferred Outflows of Resources	<u>892,693</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$5,263,456</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$0
Salaries & Benefits Payable	365,893
Total Current Liabilities	<u>365,893</u>
Noncurrent Liabilities	
Net Pension Liability	1,296,188
Total Noncurrent Liabilities	<u>1,296,188</u>
Total Liabilities	<u><u>1,662,081</u></u>
Deferred Inflows of Resources	
Pension Sources	423,933
Total Deferred Inflows of Resources	<u>423,933</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>2,086,014</u></u>
Net Position	
Net Investment in Capital Assets	1,963,742
Restricted:	
Special Programs	297,388
Capital Projects	281,854
Unrestricted	634,458
Total Net Position	<u>3,177,442</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u><u>\$5,263,456</u></u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Statement of Activities
Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
Governmental Activities				
Instructional Programs				
Elementary School	\$1,179,312		\$73,875	(\$1,105,437)
Secondary School	960,237	\$2,285	47,961	(909,991)
Special Education	312,232		103,054	(209,178)
Special Education Preschool	8,342		8,342	0
Gifted & Talented	0			0
School Activity	115,759			(115,759)
Support Service Programs				
Attendance - Guidance - Health	107,346		5,371	(101,975)
Special Education Support Services	0			0
Instruction Improvement	160,235		60,666	(99,569)
Educational Media	7,386			(7,386)
Board of Education	18,229			(18,229)
District Administration	148,752			(148,752)
School Administration	158,151			(158,151)
Business Operation	47,645			(47,645)
Buildings - Care	292,755			(292,755)
Maintenance - Student Occupied	188,440			(188,440)
Maintenance - Grounds	1,475			(1,475)
Pupil-To-School Transportation	282,350			(282,350)
Pupil-Activity Transportation	31,536			(31,536)
General Transportation	13,024			(13,024)
Non-Instructional Programs				
Child Nutrition	201,516	59,234	163,818	21,536
Capital Assets - Student Occupied	139,003			(139,003)
Capital Assets - Non-Student Occupied	0			0
Total	<u>\$4,373,725</u>	<u>\$61,519</u>	<u>\$463,087</u>	<u>\$0</u>
General Revenues				
Local Taxes				473,627
Other Local Revenue				57,096
State Revenue				3,598,387
Federal Revenue				0
Total				<u>4,129,110</u>
Change in Net Position				279,991
Net Position - Beginning				<u>2,897,451</u>
Net Position - Ending				<u>\$3,177,442</u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Balance Sheet - Governmental Funds

June 30, 2017

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Plant Facilities Fund</u>	<u>Bus Depreciation Fund</u>
Assets				
Cash & Investments	\$1,377,280	\$143,084	\$177,347	\$52,892
Receivables:				
Local Sources	118,797		56,443	
State Sources	86,475			
Federal Sources				
Due From Other Funds	240,399			
Total Assets	<u>\$1,822,951</u>	<u>\$143,084</u>	<u>\$233,790</u>	<u>\$52,892</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	\$365,893			
Total Liabilities	<u>365,893</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	9,976		4,828	
Total Deferred Inflows of Resources	<u>9,976</u>	<u>0</u>	<u>4,828</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs		143,084		
Capital Projects			228,962	52,892
Unassigned	1,447,082			
Total Fund Balances	<u>1,447,082</u>	<u>143,084</u>	<u>228,962</u>	<u>52,892</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,822,951</u>	<u>\$143,084</u>	<u>\$233,790</u>	<u>\$52,892</u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Balance Sheet - Governmental Funds

June 30, 2017

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash & Investments	\$154,304	\$1,904,907
Receivables:		
Local Sources	0	175,240
State Sources	15,035	101,510
Federal Sources	225,364	225,364
Due From Other Funds	0	240,399
Total Assets	<u><u>\$394,703</u></u>	<u><u>\$2,647,420</u></u>
Liabilities		
Accounts Payable	\$0	\$0
Due To Other Funds	240,399	240,399
Salaries & Benefits Payable	0	365,893
Total Liabilities	<u><u>240,399</u></u>	<u><u>606,292</u></u>
Deferred Inflows of Resources		
Unavailable Tax Revenues	0	14,804
Total Deferred Inflows of Resources	<u><u>0</u></u>	<u><u>14,804</u></u>
Fund Balances		
Restricted:		
Special Programs	154,304	297,388
Capital Projects	0	281,854
Unassigned	0	1,447,082
Total Fund Balances	<u><u>154,304</u></u>	<u><u>2,026,324</u></u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$394,703</u></u>	<u><u>\$2,647,420</u></u>

Balance Sheet - Governmental Funds

June 30, 2017

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities**Total Governmental Fund Balances** \$2,026,324

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,963,742

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 14,804

Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds. (827,428)

Net Position of Governmental Activities \$3,177,442

GRACE JOINT SCHOOL DISTRICT NO. 148

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2017

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Plant Facilities Fund</u>	<u>Bus Depreciation Fund</u>
Revenues				
Local Taxes	\$330,302		\$152,782	
Other Local Revenue	56,836	\$59,245	249	
State Revenue	3,516,402			
Federal Revenue		163,818		
Total Revenues	<u>3,903,540</u>	<u>223,063</u>	<u>153,031</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School	1,091,382			
Secondary School	866,196			
Special Education	209,178			
Special Education Preschool				
Gifted & Talented				
School Activity	128,864			
Support Service Programs				
Attendance - Guidance - Health	101,975			
Special Education Support Services				
Instruction Improvement	99,569			
Educational Media	7,386			
Board of Education	18,229			
District Administration	148,752			
School Administration	158,151			
Business Operation	47,645			
Buildings - Care	292,755			
Maintenance - Student Occupied	124,803		221,365	
Maintenance - Grounds	1,475			
Pupil-To-School Transportation	223,719			99,934
Pupil-Activity Transportation	31,536			
General Transportation	13,024			
Non-Instructional Programs				
Child Nutrition	10,070	191,446		
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>3,574,709</u>	<u>191,446</u>	<u>221,365</u>	<u>99,934</u>
Excess (Deficiency) of Revenues Over Expenditures				
	328,831	31,617	(68,334)	(99,934)
Other Financing Sources (Uses)				
Transfers In				70,000
Transfers Out	(70,000)			
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>0</u>	<u>0</u>	<u>70,000</u>
Net Change in Fund Balances	258,831	31,617	(68,334)	(29,934)
Fund Balances - Beginning	1,188,251	111,467	297,296	82,826
Fund Balances - Ending	<u>\$1,447,082</u>	<u>\$143,084</u>	<u>\$228,962</u>	<u>\$52,892</u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2017

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues		
Local Taxes	\$0	\$483,084
Other Local Revenue	2,285	118,615
State Revenue	97,020	3,613,422
Federal Revenue	284,234	448,052
Total Revenues	<u>383,539</u>	<u>4,663,173</u>
Expenditures		
Instructional Programs		
Elementary School	73,875	1,165,257
Secondary School	82,542	948,738
Special Education	103,054	312,232
Special Education Preschool	8,342	8,342
Gifted & Talented	0	0
School Activity	0	128,864
Support Service Programs		
Attendance - Guidance - Health	5,371	107,346
Special Education Support Services	0	0
Instruction Improvement	60,666	160,235
Educational Media	0	7,386
Board of Education	0	18,229
District Administration	0	148,752
School Administration	0	158,151
Business Operation	0	47,645
Buildings - Care	0	292,755
Maintenance - Student Occupied	0	346,168
Maintenance - Grounds	0	1,475
Pupil-To-School Transportation	0	323,653
Pupil-Activity Transportation	0	31,536
General Transportation	0	13,024
Non-Instructional Programs		
Child Nutrition	0	201,516
Capital Assets - Student Occupied	0	0
Capital Assets - Non-Student Occupied	0	0
Total Expenditures	<u>333,850</u>	<u>4,421,304</u>
Excess (Deficiency) of Revenues Over Expenditures	49,689	241,869
Other Financing Sources (Uses)		
Transfers In	0	70,000
Transfers Out	0	(70,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Net Change in Fund Balances	49,689	241,869
Fund Balances - Beginning	104,615	1,784,455
Fund Balances - Ending	<u>\$154,304</u>	<u>\$2,026,324</u>

GRACE JOINT SCHOOL DISTRICT NO. 148
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2017

Page 3 of 3

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

Net Change in Fund Balances - Total Governmental Funds \$241,869

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. 73,133

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (9,457)

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (25,554)

Change in Net Position of Governmental Activities \$279,991

GRACE JOINT SCHOOL DISTRICT NO. 148

Statement of Fiduciary Net Position

June 30, 2017

	Private Purpose Trust Funds - Scholarship	Agency Funds - Student Activity	Total
Assets			
Cash & Investments	\$55,168	\$133,483	\$188,651
Total Assets	<u>\$55,168</u>	<u>\$133,483</u>	<u>\$188,651</u>
Liabilities			
Due to Student Groups		\$133,483	\$133,483
Total Liabilities	<u>\$0</u>	<u>133,483</u>	<u>133,483</u>
Net Assets			
Restricted:			
Scholarships	55,168		55,168
Total Net Position	<u>55,168</u>	<u>0</u>	<u>55,168</u>
Total Liabilities and Net Position	<u>\$55,168</u>	<u>\$133,483</u>	<u>\$188,651</u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2017

	Private Purpose Trust Funds - Scholarship
Additions	
Contributions	
Investment Income (Loss)	\$448
Total Additions	<u>448</u>
Deductions	
Scholarships Awarded	500
Total Deductions	<u>500</u>
Change in Net Position	(52)
Net Position - Beginning	55,220
Net Position - Ending	<u><u>\$55,168</u></u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Grace Joint School District No. 148 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Franklin, Caribou, and Bannock Counties.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

General Fund – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Capital Projects Funds – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets, and the bus depreciation fund, used to account for the acquisition of transportation equipment.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds of the School include:

Private Purpose Trust Funds – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a scholarship trustee.

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is paid to the general fund unless Idaho Code specifies otherwise. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$20,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

Pensions – For purposes of measuring the net pension liability and pension expense/revenue, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources – The School's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

Concentrations of Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning concentrations of credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$1,872,482
Investments - Local Government Investment Pool	<u>221,076</u>
Total	<u><u>\$2,093,558</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$1,872,482 and the bank balances were \$2,256,377. Of the bank balances, \$250,000 was insured, and the remainder was uninsured and uncollateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. More information on the local governmental investment pool including regulatory information, restriction on withdrawals, and rating and risk information can be found at sto.idaho.gov. Government accounting standards board statements requires government entities to disclose credit quality ratings, concentration of credit risk, and interest rate risk on investment balances. Investments in the local government investment pool are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements.

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Local Sources				
Local Taxes	\$116,831		\$56,443	\$173,274
Other Local Sources	1,966			1,966
Total	<u>\$118,797</u>		<u>\$56,443</u>	<u>\$175,240</u>
State Sources				
Foundation Program	\$86,475			\$86,475
Special Programs		\$15,035		15,035
Total	<u>\$86,475</u>	<u>\$15,035</u>		<u>\$101,510</u>
Federal Sources				
Special Programs		\$225,364		\$225,364
Total		<u>\$225,364</u>		<u>\$225,364</u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$102,000			\$102,000
Total	<u>102,000</u>	<u>\$0</u>	<u>\$0</u>	<u>102,000</u>
Depreciable Capital Assets				
Buildings	4,608,981	157,728		4,766,709
Equipment	1,053,473	13,105		1,066,578
Transportation	974,744	99,934		1,074,678
Subtotal	<u>6,637,198</u>	<u>270,767</u>	<u>0</u>	<u>6,907,965</u>
Accumulated Depreciation				
Buildings	3,270,279	137,692		3,407,971
Equipment	1,053,473	1,311		1,054,784
Transportation	524,837	58,631		583,468
Subtotal	<u>4,848,589</u>	<u>197,634</u>	<u>0</u>	<u>5,046,223</u>
Total	<u>1,788,609</u>	<u>73,133</u>	<u>0</u>	<u>1,861,742</u>
Net Capital Assets	<u>\$1,890,609</u>	<u>\$73,133</u>	<u>\$0</u>	<u>\$1,963,742</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$139,003
Pupil-To-School Transportation	58,631
Total	<u>\$197,634</u>

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

E. PENSION PLAN

Plan Description

The School contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2016 it was 6.79% for general

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The School's contributions were \$232,999 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016, the School's proportion was .0639413 percent.

For the year ended June 30, 2017, the School recognized pension expense (revenue) of \$258,553. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$129,156
Changes in assumptions or other inputs	\$28,813	
Net difference between projected and actual earnings on pension plan investments	630,881	294,777
Employer contributions subsequent to the measurement date	<u>232,999</u>	
Total	<u><u>\$892,693</u></u>	<u><u>\$423,933</u></u>

\$232,999 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

GRACE JOINT SCHOOL DISTRICT NO. 148
Notes to Financial Statements

Year Ended	
6/30/18	\$1,317
6/30/19	1,317
6/30/20	150,380
6/30/21	82,748
Total	<u><u>\$235,762</u></u>

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The total pension liability as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation)

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

Capital Market Assumptions

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equities	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
			Expected	
	Expected Return*	Expected Inflation	Real Return	Expected Risk
Total Fund				
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

was projected to be available to make all projected future benefit payments of current plan members. 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 long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
School's proportionate share of the net pension liability (asset)	\$2,542,662	\$1,296,188	\$259,608

Pension plan fiduciary net position

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

F. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	
	<u>Nonmajor Governmental</u>	<u>Total</u>
General	\$240,399	\$240,399
Total	\$240,399	\$240,399

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

GRACE JOINT SCHOOL DISTRICT NO. 148

Notes to Financial Statements

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$70,000	Depreciation
Bus Depreciation	\$70,000		Depreciation
Total	<u>\$70,000</u>	<u>\$70,000</u>	

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2017

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$310,715	\$310,715	\$330,302	\$19,587
Other Local Revenue	12,200	12,200	56,836	44,636
State Revenue	3,508,415	3,508,415	3,516,402	7,987
Federal Revenue	10,000	10,000	0	(10,000)
Total Revenues	<u>3,841,330</u>	<u>3,841,330</u>	<u>3,903,540</u>	<u>62,210</u>
Expenditures				
Instructional Programs				
Elementary School	1,026,608	1,026,608	1,091,382	(64,774)
Secondary School	1,076,918	1,076,918	866,196	210,722
Special Education	274,300	274,300	209,178	65,122
Special Education Preschool	0	0	0	0
Gifted & Talented	3,700	3,700	0	3,700
School Activity	129,445	129,445	128,864	581
Support Service Programs				
Attendance - Guidance - Health	55,700	55,700	101,975	(46,275)
Special Education Support Services	0	0	0	0
Instruction Improvement	91,000	91,000	99,569	(8,569)
Educational Media	11,460	11,460	7,386	4,074
Board of Education	17,500	17,500	18,229	(729)
District Administration	178,800	178,800	148,752	30,048
School Administration	168,326	168,326	158,151	10,175
Business Operation	55,743	55,743	47,645	8,098
Buildings - Care	289,388	289,388	292,755	(3,367)
Maintenance - Student Occupied	135,500	135,500	124,803	10,697
Maintenance - Grounds	7,500	7,500	1,475	6,025
Pupil-To-School Transportation	296,375	296,375	223,719	72,656
Pupil-Activity Transportation	29,000	29,000	31,536	(2,536)
General Transportation	10,100	10,100	13,024	(2,924)
Non-Instructional Programs				
Child Nutrition	11,700	11,700	10,070	1,630
Capital Assets - Student Occupied	50,000	50,000	0	50,000
Capital Assets - Non-Student Occupied	0	0	0	0
Total Expenditures	<u>3,919,063</u>	<u>3,919,063</u>	<u>3,574,709</u>	<u>344,354 *</u>
Excess (Deficiency) of Revenues Over Expenditures	(77,733)	(77,733)	328,831	406,564
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(70,000)	(70,000)	(70,000)	0 *
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>0</u>
Net Change in Fund Balances	(147,733)	(147,733)	258,831	406,564
Fund Balances - Beginning	147,733	147,733	1,188,251	1,040,518
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$1,447,082</u>	<u>\$1,447,082</u>

*Total expenditures (over) under appropriations are: \$344,354

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2017

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Revenues				
Other Local Revenue	\$52,814	\$52,814	\$59,245	\$6,431
Federal Revenue	130,000	130,000	163,818	33,818
Total Revenues	<u>182,814</u>	<u>182,814</u>	<u>223,063</u>	<u>40,249</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	218,814	218,814	191,446	27,368
Total Expenditures	<u>218,814</u>	<u>218,814</u>	<u>191,446</u>	<u>27,368</u> *
Excess (Deficiency) of Revenues Over Expenditures				
	(36,000)	(36,000)	31,617	67,617
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(36,000)	(36,000)	31,617	67,617
Fund Balances - Beginning	36,000	36,000	111,467	75,467
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$143,084</u>	<u>\$143,084</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$27,368</u>

GRACE JOINT SCHOOL DISTRICT NO. 148
Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's portion of the net pension liability	0.0639413%	0.0620634%	0.0644020%
School's proportionate share of the net pension liability	\$1,296,188	\$817,274	\$474,100
School's covered payroll	\$1,872,880	\$1,725,680	\$1,744,735
School's proportional share of the net pension liability as a percentage of its covered payroll	69.21%	47.36%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%	94.95%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

GRACE JOINT SCHOOL DISTRICT NO. 148

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$232,999	\$212,010	\$195,347
Contributions in relation to the statutorily required contribution	\$232,999	\$212,010	\$195,347
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	<u>\$2,058,295</u>	<u>\$1,872,880</u>	<u>\$1,725,680</u>
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

SUPPLEMENTARY INFORMATION

GRACE JOINT SCHOOL DISTRICT NO. 148
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds			
	Forest Reserve	Driver Education	Professional Technical	Technology
Assets				
Cash & Investments	\$11,713	\$15,960		\$111,225
Receivables:				
Local Sources				
State Sources			\$15,035	
Federal Sources				
Due From Other Funds				
Total Assets	\$11,713	\$15,960	\$15,035	\$111,225
Liabilities				
Accounts Payable				
Due To Other Funds			\$15,035	
Salaries & Benefits Payable				
Total Liabilities	\$0	\$0	15,035	\$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	11,713	15,960		111,225
Capital Projects				
Unassigned				
Total Fund Balances	11,713	15,960	0	111,225
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$11,713	\$15,960	\$15,035	\$111,225

GRACE JOINT SCHOOL DISTRICT NO. 148
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds			
	Substance Abuse	Title I-A ESEA IBP	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool
Assets				
Cash & Investments	\$15,406			
Receivables:				
Local Sources				
State Sources				
Federal Sources		\$73,875	\$107,674	\$8,342
Due From Other Funds				
Total Assets	<u>\$15,406</u>	<u>\$73,875</u>	<u>\$107,674</u>	<u>\$8,342</u>
Liabilities				
Accounts Payable				
Due To Other Funds		\$73,875	\$107,674	\$8,342
Salaries & Benefits Payable				
Total Liabilities	<u>\$0</u>	<u>73,875</u>	<u>107,674</u>	<u>8,342</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	15,406			
Capital Projects				
Unassigned				
Total Fund Balances	<u>15,406</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$15,406</u>	<u>\$73,875</u>	<u>\$107,674</u>	<u>\$8,342</u>

GRACE JOINT SCHOOL DISTRICT NO. 148
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds			Total
	Title VI-B ESEA REAP	Perkins III Professional Technical Act	Title II-A Improving Teacher Quality	
Assets				
Cash & Investments				\$154,304
Receivables:				
Local Sources				0
State Sources				15,035
Federal Sources		\$5,371	\$30,102	225,364
Due From Other Funds				0
Total Assets	\$0	\$5,371	\$30,102	\$394,703
Liabilities				
Accounts Payable				\$0
Due To Other Funds		\$5,371	\$30,102	240,399
Salaries & Benefits Payable				0
Total Liabilities	\$0	5,371	30,102	240,399
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs				154,304
Capital Projects				0
Unassigned				0
Total Fund Balances	0	0	0	154,304
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$0	\$5,371	\$30,102	\$394,703

GRACE JOINT SCHOOL DISTRICT NO. 148
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2017

	<u>Special Revenue Funds</u>			
	<u>Forest Reserve</u>	<u>Driver Education</u>	<u>Professional Technical</u>	<u>Technology</u>
Revenues				
Local Taxes				
Other Local Revenue		\$2,285		
State Revenue		2,188	\$23,269	\$62,946
Federal Revenue	\$5,179			29,298
Total Revenues	<u>5,179</u>	<u>4,473</u>	<u>23,269</u>	<u>92,244</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School		5,089	23,269	54,184
Special Education				
Special Education Preschool				
Gifted & Talented				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement	1,551			
Educational Media				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>1,551</u>	<u>5,089</u>	<u>23,269</u>	<u>54,184</u>
Excess (Deficiency) of Revenues				
Over Expenditures	3,628	(616)	0	38,060
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	3,628	(616)	0	38,060
Fund Balances - Beginning	8,085	16,576	0	73,165
Fund Balances - Ending	<u>\$11,713</u>	<u>\$15,960</u>	<u>\$0</u>	<u>\$111,225</u>

GRACE JOINT SCHOOL DISTRICT NO. 148
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2017

	Special Revenue Funds			
	Substance Abuse	Title I-A ESEA IBP	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$8,617			
Federal Revenue		\$73,875	\$107,674	\$8,342
Total Revenues	<u>8,617</u>	<u>73,875</u>	<u>107,674</u>	<u>8,342</u>
Expenditures				
Instructional Programs				
Elementary School		73,875		
Secondary School				
Special Education			103,054	
Special Education Preschool				8,342
Gifted & Talented				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement			4,620	
Educational Media				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>0</u>	<u>73,875</u>	<u>107,674</u>	<u>8,342</u>
Excess (Deficiency) of Revenues Over Expenditures	8,617	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	8,617	0	0	0
Fund Balances - Beginning	6,789	0	0	0
Fund Balances - Ending	<u>\$15,406</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

GRACE JOINT SCHOOL DISTRICT NO. 148
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2017

	Special Revenue Funds			Total
	Title VI-B	Perkins III	Title II-A	
	ESEA REAP	Professional Technical Act	Improving Teacher Quality	
Revenues				
Local Taxes				\$0
Other Local Revenue				2,285
State Revenue				97,020
Federal Revenue	\$24,393	\$5,371	\$30,102	284,234
Total Revenues	<u>24,393</u>	<u>5,371</u>	<u>30,102</u>	<u>383,539</u>
Expenditures				
Instructional Programs				
Elementary School				73,875
Secondary School				82,542
Special Education				103,054
Special Education Preschool				8,342
Gifted & Talented				0
School Activity				0
Support Service Programs				
Attendance - Guidance - Health		5,371		5,371
Special Education Support Services				0
Instruction Improvement	24,393		30,102	60,666
Educational Media				0
Board of Education				0
District Administration				0
School Administration				0
Business Operation				0
Buildings - Care				0
Maintenance - Student Occupied				0
Maintenance - Grounds				0
Pupil-To-School Transportation				0
Pupil-Activity Transportation				0
General Transportation				0
Non-Instructional Programs				
Child Nutrition				0
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Total Expenditures	<u>24,393</u>	<u>5,371</u>	<u>30,102</u>	<u>333,850</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	49,689
Other Financing Sources (Uses)				
Transfers In				0
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,689</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>104,615</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$154,304</u>

OTHER REPORTS

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Trustees
Grace Joint School District No. 148

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grace Joint School District No. 148 (the School), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 2, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
October 2, 2017

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2017 Bonds, Hawley Troxell Ennis & Hawley LLP, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

(The remainder of this page has been intentionally left blank.)

[Date of Delivery]

Board of Trustees
Joint School District No. 148, Caribou, Franklin and
Bannock Counties, State of Idaho
117 W. Fourth South
Grace, ID 83241

Re: *Joint School District No. 148, Caribou, Franklin and Bannock Counties, State of Idaho -- General Obligation Bonds, Series 2017*

This is to certify that we have acted as Bond Counsel in connection with the issuance by Joint School District No. 148, Caribou, Franklin and Bannock Counties, State of Idaho (the "District"), of its General Obligation Bonds, Series 2017 in the principal amount of \$4,560,000 (the "Bonds"), dated the date hereof, and issued pursuant to a Resolution of the District adopted November 1, 2017 (the "Resolution") and the Certificate as to Pricing and Related Matters dated November 14, 2017, authorized pursuant to the Resolution (the "Pricing Certificate," and together with the Resolution, the "Resolution"). The Bonds represent the general obligation bonds authorized in the aggregate principal amount of up to \$5,000,000 pursuant to an election held in the District on August 29, 2017, and are being issued under the authority of chapter 11 of Title 33 and chapters 2 and 9 of Title 57, Idaho Code, as amended. We have examined the Constitution and laws of the State of Idaho and such certified proceedings and other papers as we deem necessary to render this opinion.

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

The Bonds bear interest from their date at the rates per annum payable pursuant to the provisions of the Resolution, and mature on the dates in each of the designated years and in the principal amounts set forth below:

<u>September 15</u> <u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest Rate</u> <u>(Per Annum)</u>
2018	\$105,000	5.000%
2019	150,000	5.000
2020	160,000	5.000
2021	165,000	5.000
2022	175,000	5.000
2023	185,000	5.000
2024	195,000	5.000
2025	200,000	5.000
2026	210,000	5.000
2027	225,000	5.000
2028	235,000	5.000
2029	245,000	4.750
2030	255,000	4.250
2031	270,000	3.000
2032	275,000	3.000
2033	285,000	3.000
2034	295,000	3.125
2035	300,000	3.250
2036	310,000	3.250
2037	320,000	3.250

The Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds are subject to optional redemption prior to maturity as provided in the Resolution.

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

1. The Resolution has been duly adopted and authorized by the District's Board of Trustees and constitutes a legal, valid, and binding agreement of the District, enforceable against the District in accordance with its terms, except as such enforceability may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and public policy limitations on the exercise of any rights to indemnification and contribution.

2. The Bonds have been duly authorized, executed, and delivered under the Constitution and the laws of the State of Idaho.

3. The Bonds are valid and legally binding general obligations of the District, enforceable in accordance with their terms except to the extent such enforcement is limited by

the bankruptcy laws of the United States of America and by the reasonable exercise of the sovereign police power of the State of Idaho.

4. Provision has been made for the levy and collection each year of ad valorem taxes on all the taxable property within the District sufficient to pay the principal of and interest on the Bonds as the same become due, and all of the taxable property in the District is subject to the levy of ad valorem taxes to pay the same without limitation as to rate or amount.

5. The interest on the Bonds is not includable in gross income of the owners of the Bonds 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; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The foregoing opinion set forth in this paragraph 5 assumes that the District will comply with certain covenants in the Resolution relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code").

6. To the extent that interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes, interest on the Bonds is exempt from taxes imposed by the Idaho Income Tax Act, as amended.

7. The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

8. Based upon the certificate of eligibility issued to the District by the Treasurer of the State of Idaho, payment of the interest and the principal of the Bonds when due is guaranteed by the sales tax collected by the State of Idaho under the provisions of the Idaho School Bond Guaranty Act, Title 33, chapter 53, Idaho Code. Based upon the certificate of approval of credit enhancement issued to the District by the State of Idaho Endowment Fund Investment Board, payment of the principal of and interest on the Bonds when due is further guaranteed by the school district bond credit enhancement program under Title 57, chapter 7, Idaho Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Bonds should consult their own tax advisors as to the applicability of any such collateral consequences.

Very truly yours,

HAWLEY TROXELL ENNIS & HAWLEY LLP

APPENDIX C

PROPOSED FORM OF INFORMATION REPORTING AGREEMENT

JOINT SCHOOL DISTRICT NO. 148, CARIBOU, FRANKLIN
AND BANNOCK COUNTIES, STATE OF IDAHO

INFORMATION REPORTING AGREEMENT

\$4,560,000 initial principal amount of General Obligation Bonds, Series 2017, dated November 30, 2017 (the "Bonds"), of Joint School District No. 148, Caribou, Franklin and Bannock Counties, State of Idaho (the "Issuer") and issued pursuant to a Resolution authorizing the issuance and providing for the sale of the Bonds (the "Resolution")

THIS INFORMATION REPORTING AGREEMENT (the "Agreement") is executed and delivered by the Issuer and Zions Public Finance, Inc. (also known for purposes of this Agreement as the "Disclosure Agent") as of the date set forth below in order for the Issuer to authorize and direct the Disclosure Agent, as the agent of the Issuer, to make certain information available to the public in compliance with Section (b)(5)(i) of Rule 15c2-12, as hereinafter defined.

WITNESSETH:

1. **Background.** The Issuer has issued the Bonds pursuant to the Resolution. The CUSIP number assigned to the final maturity of the Bonds is 142082AV8.

2. **Appointment of Disclosure Agent.** The Issuer hereby appoints the Disclosure Agent, and any successor Disclosure Agent acting as such under the Resolution, as its agent under this Agreement to disseminate the financial information and notices furnished by the Issuer hereunder in the manner and at the times as herein provided and to discharge the other duties assigned.

3. **Information to be Furnished by the Issuer.** The Issuer hereby covenants for the benefit of the registered and beneficial owners of the Bonds that, as long as the Bonds are outstanding under the Resolution, the Issuer will deliver the following information to the Disclosure Agent:

a. Within 180 days after the end of the Issuer's fiscal year (no later than December 27 of each year), the audited financial statements of the Issuer prepared in accordance with generally-accepted accounting principles, together with the report thereon of the Issuer's independent auditors, beginning with fiscal year ending June 30, 2018. If audited financial statements are not available by the time specified herein, unaudited financial statements will be provided and audited financial statements will be provided when, and if, available. The Issuer shall include with each submission a written representation addressed to the Disclosure Agent to the effect that the financial statements are the financial statements required by this Agreement and that they comply with the applicable requirements of this Agreement. For the purposes of

determining whether information received from the Issuer is the required financial statements, the Disclosure Agent shall be entitled conclusively to rely on the Issuer's written representation made pursuant to this Section.

b. Within 180 days after the end of the Issuer's fiscal year (no later than December 27 of each year), beginning with fiscal year ending June 30, 2018, the other financial, statistical and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical and operating data contained in the Issuer's Official Statement, specifically the tables and/or information contained under the following headings and subheadings of the Official Statement reflected on the below-referenced pages of the Official Statement:

THE DISTRICT

- District Enrollment and Average Daily Attendance - Historical Average Daily Attendance and Enrollment - page 16

DEBT STRUCTURE OF THE DISTRICT

- Outstanding General Obligation Bonded Indebtedness - page 22

FINANCIAL INFORMATION REGARDING THE DISTRICT

- Financial Summaries- pages 26-29

TAXES AND STATE FUNDING

- Historical Tax Rates- page 32
- Market Value of Property of the District- page 33
- Tax Collection Record of the District- page 33
- The Largest Taxpayers of the District- page 34

STATE OF IDAHO SCHOOL FINANCE

- State Support to the District- page 37

c. The Disclosure Agent shall provide notice to the Issuer of its requirement to provide the information listed in Sections 3.a. and 3.b. at least thirty (30) days prior to the date such information is to be provided to the Disclosure Agent by the Issuer. Any or all of the items listed above in Sections 3.a. or 3.b. may be incorporated by reference from other documents, including official statements of debt issues of the Issuer which have been previously submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference.

d. Within ten (10) business days after the occurrence of the event, written notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-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 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 obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(15) In a timely manner, notice of a failure of the Issuer or the obligated person to provide the required annual financial information specified in Sections 3.a. and 3.b. above, on or before the date specified therein, in the form attached hereto as Exhibit A.

e. Although the Disclosure Agent disclaims any affirmative obligation to monitor occurrences affecting the Issuer, the Disclosure Agent shall promptly advise the Issuer whenever, in the course of performing its duties under the Resolution, the Disclosure Agent identifies an occurrence which would require the Issuer to provide a notice of the occurrence of any of the events listed in Section 3.d. above; provided that the failure of the Disclosure Agent so to advise the Issuer of such occurrence shall not constitute a breach by the Disclosure Agent of any of its duties and responsibilities hereunder. The Disclosure Agent shall only send notice of such event listed in Section 3.d. above to the Repository if such written notice is provided to it by the Issuer, and in no event shall the Disclosure Agent be required to determine the materiality of such event.

4. Manner and Time by Which Information is to be made Public by the Disclosure Agent.

a. The information required to be delivered to the Disclosure Agent pursuant to Sections 3.a. and 3.b. hereof shall be referred to as the Continuous Disclosure Information (the "Continuous Disclosure Information"), and the notices required to be delivered to the Disclosure Agent pursuant to Section 3.d. hereof shall be referred to as the Event Information (the "Event Information").

b. After the receipt of any Continuous Disclosure Information or any Event Information, the Disclosure Agent will deliver the information as provided in the following Section 4.c.

c. It shall be the Disclosure Agent's duty

(1) to deliver the Continuous Disclosure Information to the Repository once it is received from the Issuer not later than ten (10) business days after receipt thereof; and

(2) to deliver the Event Information to the Repository immediately upon receipt from the Issuer and in any event, not more than two (2) business days following receipt from the Issuer.

d. The Disclosure Agent shall have no duty or obligation to disclose to the Repository any information other than (i) Continuous Disclosure Information that the Disclosure Agent actually has received from the Issuer and (ii) Event Information about which the Disclosure Agent has received written notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Agreement. The Disclosure Agent's

duties and obligations are only those specifically set forth in this Agreement, and the Disclosure Agent shall have no implied duties or obligations.

e. All Continuous Disclosure Information and Event Information, or other financial information and notices pursuant to this undertaking are to be provided to the Repository in electronic PDF format (word-searchable) as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

5. Indemnification.

a. The Disclosure Agent shall have no obligation to examine or review the Continuous Disclosure Information or the Event Information and shall have no liability or responsibility for the form of or the accurateness or completeness of, the Continuous Disclosure Information or the Event Information disseminated by the Disclosure Agent hereunder. The Continuous Disclosure Information shall contain a legend to such effect. The Disclosure Agent's duties under this Agreement are ministerial in nature.

b. The Issuer hereby agrees to hold harmless and to indemnify the Disclosure Agent, its employees, officers, directors, agents and attorneys from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees and expenses, whether incurred before trial, at trial, or on appeal, or in any bankruptcy or arbitration proceedings), which may be incurred by the Disclosure Agent by reason of or in connection with the disclosure of information in accordance with this Agreement, except to the extent such claims, damages, losses, liabilities, costs or expenses result directly from the willful or negligent conduct of the Disclosure Agent in the performance of its duties under this Agreement. This Section 5.b shall survive the termination of the Agreement, payment of the Bonds and the removal and resignation of the Disclosure Agent. In no event shall Disclosure Agent be liable for special, indirect, or consequential losses or damages of any kind whatsoever (including but not limited to lost profits) even if Disclosure Agent has previously been advised of such losses and damages.

6. Compensation. The Issuer hereby agrees to compensate the Disclosure Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time hereunder.

7. Enforcement. The obligations of the Issuer under this Agreement shall be for the benefit of the registered and beneficial holders of the Bonds. Any holder of the Bonds then outstanding, including any Beneficial Owner of the Bonds (as defined in the Resolution), may enforce specific performance of such obligations by any judicial proceeding available. However, any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default under the Resolution.

This Agreement shall inure solely to the benefit of the Issuer, the Disclosure Agent and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

8. Definitions. As used herein, the following terms shall have the following meanings:

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"obligated person" as defined in Rule 15c2-12 shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the municipal securities to be sold in the offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Official Statement" shall mean the final official statement relating to the Bonds dated November 14, 2017.

"Repository" shall mean MSRB through its Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>, or such other nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to the Rule, the identity of which will be provided to the Disclosure Agent by the Issuer as required.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

9. Amendments and Termination. This Agreement may be amended with the mutual agreement of the Issuer and the Disclosure Agent and without the consent of any registered or beneficial holders of the Bonds under the following conditions and upon receipt of an opinion of nationally recognized bond counsel delivered to the Disclosure Agent opining as to the following:

a. the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

b. this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

c. the amendment does not materially impair the interests of holders of the Bonds, as determined by parties unaffiliated with the Issuer (such as the Disclosure Agent or nationally recognized bond counsel).

Any party to this Agreement may terminate this Agreement by giving written notice of an intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Disclosure Agent may resign as Disclosure Agent by giving written notice of intent to resign to the Issuer at least ninety (90) days prior to resignation.

The undertaking contained in this Agreement shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid in full pursuant to the terms of the Resolution; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written undertaking (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Disclosure Agent, otherwise, do not apply to the Bonds. The Issuer shall notify the Repository if this Agreement is terminated pursuant to (iii), above.

10. Successor Disclosure Agent. Upon the transfer of the duties created under the Resolution from the current Disclosure Agent to a successor Disclosure Agent, such successor Disclosure Agent shall succeed to the duties under this Agreement without any further action on the part of any party, and the then current Disclosure Agent shall have no further duties or obligations upon the transfer to a successor Disclosure Agent. Such Successor Disclosure Agent may terminate this Agreement or cause it to be amended as provided in section 9.

11. 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 Continuous Disclosure Information or Event Information, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Continuous Disclosure Information or Event Information, 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 Continuous Disclosure Information or Event Information.

12. Notices. Notices and the required information under this Agreement shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Agreement may designate from time to time.

13. Counterparts. This Agreement may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Agreement.

14. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

IN WITNESS WHEREOF, the Issuer and the Disclosure Agent have caused this Agreement to be executed and delivered by a duly authorized officer of each of them, all as of this 30th day of November, 2017.

ISSUER:

JOINT SCHOOL DISTRICT NO. 148,
CARIBOU, FRANKLIN AND BANNOCK COUNTIES,
STATE OF IDAHO

By _____
Chair, Board of Trustees

DISCLOSURE AGENT:

ZIONS PUBLIC FINANCE, INC.

By _____
Vice President

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer/
Obligated Person: Joint School District No. 148,
 Caribou, Franklin and Bannock Counties, State of Idaho

Name of Bond Issue General Obligation Bonds, Series 2017
 \$4,560,000
 Dated: November 30, 2017

Date of Issuance November 30, 2017

CUSIP Number: 142082_____

NOTICE IS HEREBY GIVEN that the Issuer/Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Information Reporting Agreement (the "Disclosure Agreement") between the Issuer and Zions Public Finance, Inc., as Disclosure Agent dated the date of issuance. The Issuer has notified the Disclosure Agent that it anticipates that the Annual Report will be filed on or about _____.

Dated: _____

Zions Public Finance, Inc., as Disclosure Agent, on
behalf of the Issuer

By: _____
Title: _____

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APPENDIX D

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at 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 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 District 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 District 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 District 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 District 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 District 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 District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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