

NEW ISSUE — Issued in Book-Entry Form Only

Ratings: Moody's "Aaa" (State of Utah Guaranty)

Moody's "A1" (Underlying)

See "STATE OF UTAH GUARANTY" and "BOND RATINGS" herein.

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

\$10,425,000

**BOARD OF EDUCATION OF CACHE COUNTY SCHOOL DISTRICT, UTAH
GENERAL OBLIGATION REFUNDING BONDS
(UTAH SCHOOL DISTRICT BOND GUARANTY PROGRAM), SERIES 2019**

The \$10,425,000 General Obligation Refunding Bonds (Utah School District Bond Guaranty Program), Series 2019, dated the date of original issuance (the "Bonds") are issuable by the Board of Education of Cache County School District, Utah (the "Board") as fully-registered bonds and, when initially issued, will be in book-entry form only, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds.

Principal of and interest on the Bonds (interest payable June 15 and December 15 of each year, commencing June 15, 2019) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE BONDS — Book-Entry System" herein.

The Bonds are subject to optional redemption prior to maturity as described more fully under the heading "THE BONDS — Redemption Provisions" herein.

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

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

STATE OF UTAH

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

Dated: Date of Delivery[†]

Due: June 15, as shown below

Due June 15	Principal Amount	Interest Rate	Yield	CUSIP 127145
2020	\$1,450,000	5.00%	1.63%	KV1
2021	1,565,000	5.00	1.64	KW9
2022	1,350,000	5.00	1.65	KX7
2023	1,410,000	5.00	1.68	KY5
2024	1,500,000	5.00	1.73	KZ2
2025	1,550,000	3.00	1.90 ^{††}	LA6
2026	1,600,000	3.00	2.00 ^{††}	LB4

The Bonds were awarded pursuant to competitive bidding held via the PARITY[®] electronic bid submission system on Wednesday, February 27, 2019, as set forth in the Official Notice of Bond Sale (dated February 20, 2019) to Citigroup Global Markets Inc., of Denver, Colorado at a "true interest rate" of 1.9696%.

George K. Baum & Company, Salt Lake City, Utah, acted as Municipal Advisor.

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

This Official Statement is dated February 27, 2019, and the information contained herein speaks only as of that date.

[†] The anticipated date of delivery is Wednesday, March 13, 2019.

^{††} Yield to par call on June 15, 2024.

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

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

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

THE CUSIP (THE COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES) IDENTIFICATION NUMBERS ARE PROVIDED ON THE COVER PAGE OF THIS OFFICIAL STATEMENT AND ARE BEING PROVIDED SOLELY FOR THE CONVENIENCE OF BONDHOLDERS ONLY, AND THE BOARD DOES NOT MAKE ANY REPRESENTATION WITH RESPECT TO SUCH NUMBERS OR UNDERTAKE ANY RESPONSIBILITY FOR THEIR ACCURACY. THE CUSIP NUMBERS ARE SUBJECT TO BEING CHANGED AFTER THE ISSUANCE OF THE BONDS AS A RESULT OF VARIOUS SUBSEQUENT ACTIONS INCLUDING, BUT NOT LIMITED TO, A REFUNDING IN WHOLE OR IN PART OF THE BONDS.

THE INFORMATION AVAILABLE AT WEB SITES REFERENCED IN THIS OFFICIAL STATEMENT HAS NOT BEEN REVIEWED FOR ACCURACY AND COMPLETENESS. SUCH INFORMATION HAS NOT BEEN PROVIDED IN CONNECTION WITH THE OFFERING OF THE BONDS AND IS NOT A PART OF THIS OFFICIAL STATEMENT.

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OFFICIAL STATEMENT RELATED TO
\$10,425,000
BOARD OF EDUCATION OF CACHE COUNTY SCHOOL DISTRICT, UTAH
GENERAL OBLIGATION REFUNDING BONDS
(UTAH SCHOOL DISTRICT BOND GUARANTY PROGRAM), SERIES 2019

INTRODUCTION

This introduction is only a brief description of the Bonds, as hereinafter defined, the security and source of payment for the Bonds and certain information regarding the Board of Education (the “*Board*”) of Cache County School District, Utah (the “*District*”). The information contained herein is expressly qualified by reference to the entire Official Statement. Investors should make a full review of the entire Official Statement.

See the following appendices that are attached hereto: “APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018;” “APPENDIX B — FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX C — PROPOSED FORM OF OPINION OF BOND COUNSEL.”

THE BONDS

This Official Statement, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$10,425,000 General Obligation Refunding Bonds (Utah School District Bond Guaranty Program), Series 2019, dated the date of original issuance and delivery (the “*Bonds*” or “*Bond*”), initially issued in book-entry form only.

SECURITY AND SOURCE OF PAYMENT

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

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State of Utah (the “*State*”) under the provisions of the Utah School District Bond Guaranty, Part 8 of Chapter 4 of Title 53G (the “*Guaranty Act*”), Utah Code Annotated 1953, as amended (the “*Utah Code*”). See “STATE OF UTAH GUARANTY.”

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to (i) the Utah Refunding Bond Act, Chapter 27 of Title 11 (the “*Utah Refunding Bond Act*”) of the Utah Code Annotated 1953, as amended, the

Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code, and the applicable provisions of Title 53G of the Utah Code (collectively, the “Act”), (ii) the Resolution of the Board adopted on January 17, 2019 (the “Resolution”), which provides for the issuance of the Bonds, and (iii) other applicable provisions of law.

The Bonds are being issued for the purpose of refunding prior to their maturity a portion of the Board’s General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2009, originally issued in the aggregate principal amount of \$23,000,000 (the “Series 2009 Bonds”), dated March 5, 2009.

The Bonds are also being issued for the purpose of paying certain costs of issuance. See “THE BONDS— Sources and Uses of Funds.”

REDEMPTION PROVISIONS

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

REGISTRATION, DENOMINATIONS AND MANNER OF PAYMENT

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

Principal of and interest on the Bonds (interest payable June 15 and December 15 of each year, commencing June 15, 2019) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent (the “Paying Agent”), to the registered owners of the Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the Bonds, as described in “THE BONDS — Book-Entry System.”

TAX-EXEMPT STATUS

Subject to compliance by the Board with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See “TAX EXEMPTION” for a more complete discussion.

PROFESSIONAL SERVICES

In connection with the issuance of the Bonds, the following (other than the independent auditor) have served the Board in the capacity indicated. The independent auditor conducted the audit for the District's fiscal year ended June 30, 2018.

Independent Auditors

Allred Jackson
Certified Public Accountants
2100 North Main
North Logan, Utah 84341
Telephone: (435) 752-6441
Fax: (435) 752-6451

Bond Registrar and Paying Agent

Zions Bancorporation, National Association
Corporate Trust Department
One South Temple, Twelfth Floor
Salt Lake City, Utah 84133-1109
Telephone: (801) 844-7517
Fax: (855) 547-5637

Attorneys for the Board

Olson & Hoggan, P.C.
88 West Center
Logan, Utah 84321
Telephone: (435) 752-1551
Fax: (435) 752-2295

Bond Counsel

Chapman and Cutler LLP
215 South State Street, Suite 800
Salt Lake City, Utah 84111
Telephone: (801) 533-0066
Fax: (801) 533-9595

Municipal Advisor

George K. Baum & Company
15 West South Temple, Suite 1090
Salt Lake City, Utah 84101
Telephone: (801) 538-0351
Fax: (801) 538-0354

CONDITIONS OF DELIVERY, ANTICIPATED DATE, MANNER AND PLACE OF DELIVERY

The Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the Bonds by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Board by Olson & Hoggan, P.C. It is expected that the Bonds, in book-entry form only, will be available for delivery through the facilities of DTC on or about Wednesday, March 13, 2019.

BASIC DOCUMENTATION

The "basic documentation," which includes the Resolution, the closing documents and other documentation authorizing the issuance of the Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the "contact persons" listed below.

CONTACT PERSONS

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

Dale F. Hansen, Business Administrator
Cache County School District
84 East 2400 North, North Logan, Utah 84341
Telephone: (435) 792-7603; Fax: (435) 753-2168
E-Mail: dale.hansen@ccsdut.org

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

David C. Damschen, Utah State Treasurer
350 North State Street, Suite 180, Salt Lake City, Utah 84114
Telephone: (801) 538-1042; Fax: (801) 538-1465
E-Mail: ddamschen@utah.gov

As of the date of this Official Statement, additional requests for information may be directed to George K. Baum & Company, Salt Lake City, Utah (the “*Municipal Advisor*”):

Preston F. Kirk, Senior Vice President
Matthew F. Dugdale, Vice President
George K. Baum & Company
15 West South Temple, Suite 1090, Salt Lake City, Utah 84101
Telephone: (801) 538-0351; Fax: (801) 538-0354
E-Mail: kirk@gkbaum.com

PUBLIC SALE/ELECTRONIC BID

The Bonds were awarded pursuant to competitive bidding held via the PARITY® electronic bid submission system on Wednesday, February 27, 2019, as set forth in the Official Notice of Bond Sale (dated February 20, 2019) to Citigroup Global Markets Inc., of Denver, Colorado, as a “true interest rate” of 1.9696%.

STATE OF UTAH GUARANTY

GUARANTY PROVISIONS

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State under the provisions of the Guaranty Act. The Guaranty Act establishes the Default Avoidance Program (the “*Utah School Bond Guaranty Program*”). The State’s guaranty is contained in Section 53G-4-802(2)(a) of the Guaranty Act, which provides:

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

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

The Guaranty Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) bonds which are guaranteed by the State for which payment is provided by the deposit of direct obligations of the United States government under the provisions of the Utah Refunding Bond Act, Chapter 27 of Title 11 of the Utah Code, will no longer be secured by the State's guaranty subsequent to such provision for payment. This is likely to occur only if such bonds are refunded in advance of their maturity. In such an event, such bonds would then be secured solely by the obligations pledged for their payment and not by the State's guaranty.

GUARANTY PROCEDURES

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

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

PURPOSE OF THE GUARANTY

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

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

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

STATE OF UTAH – FINANCIAL AND OPERATING INFORMATION

The Comprehensive Annual Financial Report of the State for the fiscal year ended June 30, 2018 (the “*CAFR*”), its most recent official statements and continuing disclosure information for its general obligation debt and lease revenue bond debt, and the Master Disclosure Agreement are currently on file with the Municipal Securities Rulemaking Board (the “*MSRB*”) through its Electronic Municipal Market Access System (“*EMMA*”). The financial and operating information with respect to the State contained in the *CAFR*, such official statements and continuing disclosure information, and the Master Disclosure Agreement are hereby included by reference in this

Official Statement. The CAFR, the State’s most current continuing disclosure information and the State’s most recent official statements for its general obligation and lease revenue bonds may be found on the internet on the State Treasurer’s home page <http://treasurer.utah.gov>. The State Treasurer’s home page is not incorporated by reference and is not a part of this Official Statement.

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

THE BONDS

GENERAL

The Bonds will be dated the date of original issuance and delivery and will mature on June 15 of the years and in the amounts as set forth on the cover page of this Official Statement.

The Bonds will bear interest from their date at the rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable semiannually on each June 15 and December 15, commencing June 15, 2019. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Zions Bancorporation, National Association, Salt Lake City, Utah, is the Bond Registrar for the Bonds under the Resolution (the “*Bond Registrar*”).

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

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

SOURCES AND USES OF FUNDS

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

SOURCES:

Par amount of Bonds	\$10,425,000.00
Original issue premium	920,152.25
Available District Funds	<u>110,954.17</u>
TOTAL	<u>\$11,456,106.42</u>

USES:

Deposit to 2009 Paying Agent	\$11,361,497.22
Purchaser's Discount	26,482.04
Costs of issuance ⁽¹⁾	<u>68,127.16</u>
TOTAL	<u>\$11,456,106.42</u>

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

SECURITY AND SOURCES OF PAYMENT

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

See "FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Property Tax Matters" and "STATE OF UTAH SCHOOL FINANCE."

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

PLAN OF REFUNDING

The Board has previously issued the Series 2009 Bonds.

The Board will deposit or will cause to be deposited proceeds from the Bonds, together with other available funds of the District, in the aggregate amount of \$11,361,497.22 with Zions Bancorporation, National Association, as paying agent for the Series 2009 Bonds, to be used to redeem all of the outstanding Series 2009 Bonds maturing on and after June 15, 2020 (the "Refunded Bonds"), on or about March 13, 2019.

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on or after June 15, 2025, are subject to redemption prior to maturity, at the election of the Board, on June 15, 2024 (the “*First Redemption Date*”), and on any date thereafter, in whole or in part, from such maturities or parts thereof as will be selected by the Board, upon notice given as provided in the Bond Resolution and described below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Selection for Redemption. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds or portion of 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 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 Bonds for redemption, the Bond Registrar will treat each such Bond as representing that number of Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 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 45 days prior to the redemption date, to the owner thereof, as of the Record Date, as defined in “THE BONDS — Registration and Transfer,” of each Bond that is subject to redemption, at the address of such owner as it appears in the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such 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 Bonds are to be redeemed, the distinctive numbers of the Bonds or portions of Bonds to be redeemed, and will also state that the interest on the 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 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 such redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds to be redeemed and that if such moneys have not been so received said notice will be of no force and effect and the Board will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any notice mailed as described above 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 Bond will not affect the validity of the proceedings for redemption with respect to any other Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to certain registered national securities depositories and national information

services as provided in the Bond Resolution, but no defect in such further notice or any failure to give all or any portion of such further notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Bond Resolution.

For so long as a book-entry system is in effect with respect to the Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any DTC participants or any failure of the DTC 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 the Bonds. See "THE BONDS — Book-Entry System."

REGISTRATION AND TRANSFER

In the event the book-entry system is discontinued, any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a 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 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered Bond or Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Board, for a like aggregate principal amount.

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

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

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

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

BOOK-ENTRY SYSTEM

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

DTC, the world's largest 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in

the event that a successor securities depository is not obtained, the Bond certificates are required to be printed and delivered.

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

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

DEBT SERVICE ON THE BONDS

PAYMENT DATE	THE BONDS		PERIOD TOTAL	FISCAL TOTAL
	PRINCIPAL	INTEREST		
June 15, 2019		\$ 117,108.33	\$ 117,108.33	\$ 117,108.33
December 15, 2019		229,125.00	229,125.00	-
June 15, 2020	\$ 1,450,000	229,125.00	1,679,125.00	1,908,250.00
December 15, 2020	-	192,875.00	192,875.00	-
June 15, 2021	1,565,000	192,875.00	1,757,875.00	1,950,750.00
December 15, 2021	-	153,750.00	153,750.00	-
June 15, 2022	1,350,000	153,750.00	1,503,750.00	1,657,500.00
December 15, 2022	-	120,000.00	120,000.00	-
June 15, 2023	1,410,000	120,000.00	1,530,000.00	1,650,000.00
December 15, 2023	-	84,750.00	84,750.00	-
June 15, 2024	1,500,000	84,750.00	1,584,750.00	1,669,500.00
December 15, 2024	-	47,250.00	47,250.00	-
June 15, 2025	1,550,000	47,250.00	1,597,250.00	1,644,500.00
December 15, 2025	-	24,000.00	24,000.00	-
June 15, 2026	<u>1,600,000</u>	<u>24,000.00</u>	<u>1,624,000.00</u>	1,648,000.00
TOTALS	<u>\$10,425,000</u>	<u>\$1,820,608.33</u>	<u>\$12,245,608.33</u>	

CACHE COUNTY SCHOOL DISTRICT

GENERAL

The District's audited financial statements for the fiscal year ended June 30, 2018 and certain financial and operating information (the "District Information") are on file on EMMA. The District Information is incorporated in this Official Statement by reference. A copy of the District Information may also be obtained from the Board through its Business Administrator or its Municipal Advisor as indicated under "INTRODUCTION — Contact Persons" above.

The Board maintains an internet site that may be accessed at <http://www.ccsdut.org>. The information available at this internet site is provided by the Board in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information

has not been provided in connection with the offering of the Bonds and is not a part of this Official Statement.

The District, created in 1908, is located in Cache County (the “County”) and covers approximately 1,148 square miles. With the exception of a majority of Logan City, which is served by Logan City School District, the District’s boundaries are coterminous with the County. Estimates from various sources indicate that in 2017 there were approximately 73,323 persons within the boundaries of the District. The District’s headquarters are located in North Logan, Utah, which is located approximately 80 miles north of Salt Lake City.

The District’s schools serve the communities of Amalga Town, Clarkston Town, Cornish Town, Hyde Park City, Hyrum City, Lewiston City, Mendon City, Millville City, Newton Town, Nibley City, North Logan City, Paradise Town, Providence City, Richmond City, River Heights City, Smithfield City, Trenton Town, Wellsville City, previously unincorporated areas that have been incorporated into Logan City, and unincorporated areas located within County.

The District operates four high schools, three middle schools, seventeen elementary schools and one alternative high school. The schools are located as follows:

<u>AREA</u>	<u>ELEMENTARY SCHOOLS</u>	<u>MIDDLE SCHOOLS</u>	<u>HIGH SCHOOLS</u>	<u>OTHER SCHOOLS</u>	<u>TOTALS</u>
Hyde Park City	1	0	0	0	1
Hyrum City	2	1	1	0	4
Lewiston City	1	0	0	0	1
Logan City	0	0	0	1(1)	1
Mendon	1	0	0	0	1
Millville City	1	0	1	0	2
Nibley City	2	0	0	0	2
North Logan City	2	0	1	0	3
Providence City	1	1	0	0	2
Richmond City	1	1	0	0	2
River Heights City	1	0	0	0	1
Smithfield City	3	0	1	0	4
Wellsville City	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
TOTALS	<u>17</u>	<u>3</u>	<u>4</u>	<u>1</u>	<u>25</u>

(1) Alternative high school.

The enrollment of the District as of October 1 for the years specified below is as follows:

<u>YEAR</u>	<u>ENROLLED</u>	<u>% INCREASE OVER PRIOR YEAR</u>
2019-20*	18,600	1.7%
2018-19	18,285	2.1
2017-18	17,908	2.1
2016-17	17,536	3.2
2015-16	16,987	3.2
2014-15	16,457	2.0
2013-14	16,130	1.6
2012-13	15,882	1.8

* Estimated.

The County, established in 1856, consists of approximately 1,165 square miles and is bordered on the north by the State of Idaho, on the south by Weber County, on the west by Box Elder County and on the east by Rich County. Of the 29 counties within the State, the County is ranked as the sixth largest county in the State with an estimated 2018 population of 128,886* persons. Logan City is the county seat of the County and covers approximately 17 square miles. Logan City has an estimated 2017 population of 51,115¹.

The County's predominant business and industry includes education, manufacturing, agriculture and cheese production. One of the country's largest meat packing plants is located in the County. Utah State University ("USU"), located in Logan City, is the County's largest employer. USU, established in 1888, had a Fall 2018 enrollment of approximately 27,932 persons.

FORM OF GOVERNMENT

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

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

* Utah Population Committee.

¹ A 2018 population estimate is not available for Logan City.

own procedure; and (x) appoint a superintendent of schools, business administrator, and such officers or employees as are deemed necessary for the promotion of the interests of the schools.

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

Business Administrator. The Business Administrator (the “*Business Administrator*”) is appointed by the Board and reports to the Superintendent. The duties of the Business Administrator are, among other things, to (i) attend all meetings of the Board and to keep an official record of the proceedings, (ii) countersign all warrants and claims against the District treasury, (iii) maintain an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury, and (iv) retain custody of the records and papers of the Board. The Business Administrator is the custodian of all moneys belonging to the District and is required to prepare and submit to the Board a monthly report of the receipts and disbursements of the Business Administrator’s office. The Business Administrator is appointed by the Board for a two-year term and until a successor is appointed.

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

		<u>YEARS IN SERVICE</u>	<u>EXPIRATION OF TERM</u>
President	Kathy Christiansen	6	January 4, 2021
Vice President	Roger Pulsipher	4	January 9, 2023
Board Member	Randall Bagley	4	January 9, 2023
Board Member	Allen N. Grunig	10	January 9, 2023
Board Member	Larry Jeppesen	3	January 4, 2021
Board Member	D. Jeffrey Nielsen	3	January 4, 2021
Board Member	Teri Rhodes	5	January 9, 2023
Superintendent	Dr. Steven C. Norton	23	Appointed
Business Administrator	Dale F. Hansen	28	Appointed

EMPLOYEES

The District currently employs approximately 1,940 full-time equivalent employees (952 certificated and 988 classified). The District is a member of the Utah State Retirement System. See “APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018 — Notes to Financial Statements-Note 5. Pension Plans” below.

POST-EMPLOYMENT AND TERMINATION BENEFITS

The District has implemented a monetary termination benefit. When an employee retires, the District deposits the termination benefit in a deferred annuity investment or a medical savings trust. This change has eliminated the District's other post-employment benefit as defined under GASB statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Termination benefits are paid on a pay-as-you basis and for the fiscal year ending June 30, 2018 the District paid \$686,136 in termination benefits.

RETIREMENT LIABILITY

The District participates with the Utah Retirement System ("*URS*"). *URS* is funded and administered by the State. Each year, as approved by the State Legislature, *URS* sets rates, enacts rules, and implements policies related with the pensions and benefits the District retirees receive. Starting in FY 2014-15, GASB Statement Number 68 requires *URS* to pass on pension and retirement liability to public entities it serves, including the District. Working with the District's independent auditors and state specialists, this liability has been recorded on the District's financial statements for the Fiscal Year ending June 30, 2018 in the amount of \$45,226,514.

POPULATION

Based on U.S. Census Bureau statistics, it is estimated that approximately 73,323 persons currently reside within the boundaries of the District. Based on the 2017 population estimates below, approximately 60% of the total population of the County is located within the District.

Population figures for the incorporated towns and cities within the District are as follows:

	2017*	2010	2000	1990	1980
Amalga Town	525	488	427	366	323
Clarkston Town	731	666	688	645	562
Cornish Town	320	288	259	205	181
Hyde Park City	4,575	3,933	2,955	2,190	1,495
Hyrum City	8,197	7,609	6,316	4,829	3,952
Lewiston City	1,809	1,766	1,877	1,532	1,438
Mendon City	1,401	1,282	898	684	663
Millville City	2,030	1,829	1,507	1,202	848
Newton Town	811	789	699	659	623
Nibley City	6,917	5,438	2,045	1,167	1,036
North Logan City	10,646	8,269	6,163	3,768	2,258
Paradise Town	971	904	759	561	542
Providence City	7,411	7,075	4,377	3,344	2,675
Richmond City	2,665	2,470	2,051	1,955	1,705
River Heights City	1,982	1,734	1,496	1,274	1,211
Smithfield City	11,374	9,495	7,261	5,566	4,993
Trenton Town	528	464	449	464	447
Wellsville City	<u>3,759</u>	<u>3,432</u>	<u>2,728</u>	<u>2,206</u>	<u>1,952</u>
TOTALS	<u>66,652</u>	<u>57,931</u>	<u>42,955</u>	<u>32,617</u>	<u>26,904</u>
% increase from prior period	15%	35%	32%	21%	54%

* Estimate.

(Source: U.S. Census Bureau.)

In addition, the U.S. Census Bureau estimated that the 2017 population of the unincorporated area of Cache County was approximately 61,545 persons.

YEAR	THE COUNTY	% INCREASE FROM PRIOR PERIOD	THE STATE	% INCREASE FROM PRIOR PERIOD
2018 Estimate*	128,886	14.4%	3,161,105	14.4%
2010 Census**	112,656	23.3	2,763,885	23.8
2000 Census**	91,391	30.2	2,233,169	29.6

* Utah Population Committee.

** U.S. Census Bureau.

BUSINESS AND INDUSTRY

The following is a list of some of the largest employers in the County.

<u>EMPLOYER</u>	<u>BUSINESS</u>	<u>EMPLOYEES</u>
Utah State University	Colleges and universities	7,000-9,999
Cache School District	Elementary and secondary schools	2,000-2,999
Conservice, LLC	Utility management company	1,000-1,999
EA Miller	Animal (except poultry) slaughtering	1,000-1,999
Schreiber Foods, Inc.	Cheese manufacturing	1,000-1,999
Gossner Foods	Cheese manufacturing	500-999
Icon Main Plant	Sporting and athletic goods manufacturing	500-999
Logan City	Executive and legislative offices, combines	500-999
Logan School District	Elementary and secondary schools	500-999
North Eastern Services	Residential intellectual and development	500-999
Pepperidge Farm	Cookie and cracker manufacturing	500-999
Pierce Biotechnology	Pharmaceutical preparation manufacturing	500-999
Space Dynamics Laboratory (USU)	Research and development	500-999
Wal-Mart	Warehouse clubs and supercenters	500-999
Hyclone Laboratories	Pharmaceutical preparation manufacturing	250-499
RR Donnelley	Commercial printing	250-499
Lee's Marketplace	Supermarkets and other grocery	250-499
TTM Technologies	Bare printed circuit board manufacturing	250-499
Cache County	County government	250-499
Sunshine Terrace Foundation	Nursing care facilities	250-499
Smith's Marketplace	Warehouse clubs and supercenters	250-499
Prismview	Sign manufacturing	250-499
Campbell Scientific	Other measuring and controlling devices manufacturer	250-499
Inovar	Semiconductor and related devices	250-499
Wasatch Business Solutions	Corporation, subsidiary and regional office solutions	250-499
Bridgerland Applied Tech College	Apprenticeship training	250-499
Convergys	Telemarketing bureaus and other call centers	250-499
Intermountain Temporaries	Temporary help services	250-499
Presto Products Co.	Plastics bag and pouch manufacturing	250-499
SSI	Marketing research and public opinion	250-499
Sports Academy and Racquet Club	Fitness and recreations spots center	250-499
Cache Valley Specialty Hospital	General medical and surgical hospital	250-499
State of Utah	State government	250-499

(Source: Utah Department of Workforce Services, as of September 2018.)

PROPERTY VALUE OF PRE-AUTHORIZED CONSTRUCTION IN THE COUNTY

Year	NEW		ADDITIONS, ALTERATIONS AND REPAIRS		TOTAL CONSTRUCTION		% Change from Prior Period
	Number Dwelling Units	Residential Value (\$000)	Non- residential Value (\$000)	Residential Value (\$000)	Non- residential Value (\$000)	Value (\$000)	
2018 ⁽¹⁾	798	\$213,256.2	\$61,417.6	\$5,034.4	24,917.2	304,625.4	NA
2017	1,097	174,991.8	65,581.1	7,771.6	12,176.8	260,521.3	41.5
2016	629	126,066.5	33,163.8	5,291.7	19,585.7	184,107.7	(9.3)
2015	575	99,361.4	58,089.6	6,211.5	39,411.0	203,073.5	8.1
2014	597	97,521.4	62,093.2	9,829.8	13,348.7	187,793.1	42.8
2013	480	88,657.5	27,853.5	4,125.8	10,886.0	131,522.8	(8.5)

(1) January 2018 through November 2018.

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

SALES AND BUILDING IN THE COUNTY

	2017	2016	2015	2014	2013
Gross Taxable Sales	\$1,874,279	\$1,726,745	\$1,631,257	\$1,514,748	\$1,446,518

(Source: Utah Department of Workforce Services.)

INCOME AND WAGES IN THE COUNTY

	2016	2015	2014	2013	2012
Total Personal Income (\$ Thousands)	\$4,160,897	\$3,937,706	\$3,679,327	\$3,491,406	\$3,503,990
Per Capita Income	33,896	32,798	31,134	29,791	30,225
Median Household Income Estimates	57,422	51,951	51,735	49,556	47,609
Average Monthly Nonfarm Wage	2,867	2,789	2,706	2,635	2,583

(Source: Utah Department of Workforce Services.)

LABOR MARKET DATA OF THE COUNTY

	2018*	2017	2016	2015	2014
Labor Force	N.A.	63,040	61,470	60,175	58,904
Employed	N.A.	61,291	59,597	58,330	57,015
Unemployed	N.A.	1,749	1,873	1,845	1,889
Total private sector (average)	N.A.	44,137	43,019	42,190	40,852
Agriculture, forestry, fishing and hunting	553	501	442	391	348
Mining	20	17	15	11	14
Utilities	61	58	56	55	55
Construction	2,945	2,752	2,510	2,308	2,167
Manufacturing	11,429	11,146	10,975	11,042	10,969
Transportation and warehousing	1,004	999	946	966	923
Information	621	580	695	740	757
Finance and insurance	1,113	1,121	1,336	1,430	1,289
Real estate, rental and leasing	523	435	480	475	475
Professional, scientific & technical services	4,473	4,163	3,763	3,496	3,122
Management of companies and enterprises	332	326	345	300	286
Admin, support, waste mgmt., remediation	2,318	1,967	1,815	1,958	2,067
Education services	456	513	535	495	457
Health care and social assistance	6,348	6,644	6,459	6,218	6,043
Arts, entertainment and recreation	855	945	917	815	777
Accommodation and food services	4,162	3,830	3,785	3,805	3,687
Other Services	1,087	1,091	1,077	1,005	98
Total public sector (average)	14,342	14,073	13,667	13,207	12,939
Federal	357	341	344	336	341
State	8,144	8,436	8,160	7,838	7,597
Local	5,841	5,296	5,163	5,033	5,001

* Estimates as of June 2018.

(Source: Utah Department of Workforce Services.)

RATE OF UNEMPLOYMENT — ANNUAL AVERAGE

<u>YEAR</u>	<u>THE COUNTY</u>	<u>THE STATE</u>	<u>UNITED STATES</u>
2018*	2.8%	3.2%	3.9%
2017	2.8	3.2	4.4
2016	3.0	3.4	4.9
2015	3.1	3.6	5.3
2014	3.2	3.8	6.2

* Through December 2018.

(Source: Utah Department of Workforce Services; U.S. Department of Labor.)

For purposes of the information set forth under this heading in the tables entitled “OUTSTANDING GENERAL OBLIGATION BONDED INDEBTEDNESS,” “DEBT SERVICE SCHEDULE OF OUTSTANDING GENERAL OBLIGATION BONDS,” “OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT,” “DEBT RATIOS,” and “GENERAL OBLIGATION LEGAL DEBT LIMIT AND ADDITIONAL DEBT INCURRING CAPACITY,” the Bonds are considered issued and outstanding.

OUTSTANDING GENERAL OBLIGATION BONDED INDEBTEDNESS

SERIES	PURPOSE	ORIGINAL AMOUNT	FINAL MATURITY DATE	CURRENT BALANCE OUTSTANDING
2019(a)	Refunding	\$10,425,000	June 15, 2026	\$10,425,000
2016	School Building/Refunding	43,810,000	June 15, 2034	40,810,000
2014	School Building	90,000,000	June 15, 2034	87,975,000
2013	Refunding	21,090,000	June 15, 2021	15,480,000
2009(b)	School Building	23,000,000	March 13, 2019	<u>0</u>
TOTAL OUTSTANDING DIRECT DEBT				<u>\$154,690,000</u>

(a) For purposed of this Official Statement, the Bonds will be considered issued and outstanding.

(b) All of Series 2009 Bonds are being refunded with the proceeds from the Series 2019 Bonds on March 13, 2019.

DEBT SERVICE SCHEDULE OF OUTSTANDING GENERAL OBLIGATION BONDS

FISCAL YEAR ENDING JUNE 30	\$10,425,000 SERIES 2019		\$43,810,000 SERIES 2016		\$90,000,000 SERIES 2014		\$21,090,000 SERIES 2013	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019		\$ 117,108	\$ 2,010,000	\$ 1,690,400	\$ 725,000	\$ 3,887,400	\$ 5,310,000	\$ 720,900
2020	\$ 1,450,000	458,250	2,060,000	1,589,900	1,275,000	3,851,150	5,520,000	508,500
2021	1,565,000	385,750	2,210,000	1,486,900	1,925,000	3,787,400	4,650,000	232,500
2022	1,350,000	307,500	2,825,000	1,376,400	4,825,000	3,691,150	-	-
2023	1,410,000	240,000	2,485,000	1,235,150	5,085,000	3,449,900	-	-
2024	1,500,000	169,500	2,580,000	1,110,900	5,355,000	3,195,650	-	-
2025	1,550,000	94,500	1,950,000	981,900	5,600,000	2,927,900	-	-
2026	1,600,000	48,000	2,050,000	903,900	5,875,000	2,647,900	-	-
2027	-	-	2,150,000	821,900	6,175,000	2,354,150	-	-
2028	-	-	2,240,000	735,900	6,475,000	2,045,400	-	-
2029	-	-	2,330,000	646,300	6,735,000	1,786,400	-	-
2030	-	-	2,425,000	553,100	7,000,000	1,517,000	-	-
2031	-	-	2,525,000	456,100	7,285,000	1,237,000	-	-
2032	-	-	2,600,000	355,100	7,575,000	945,600	-	-
2033	-	-	2,700,000	251,100	7,875,000	642,600	-	-
2034	-	-	2,790,000	170,100	8,190,000	327,600	-	-
2035	-	-	2,880,000	86,400	-	-	-	-
Totals	<u>\$10,425,000</u>	<u>\$1,820,608</u>	<u>\$40,810,000</u>	<u>\$14,451,450</u>	<u>\$87,975,000</u>	<u>\$38,294,200</u>	<u>\$15,480,000</u>	<u>\$1,461,900</u>

FISCAL YEAR ENDING JUNE 30	\$23,000,000 SERIES 2009		GRAND TOTAL		
	PRINCIPAL	INTEREST	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL DEBT SERVICE
2019	\$1,375,000	\$365,524	\$ 9,420,000	\$ 6,781,333	\$ 16,201,333
2020	-	-	10,305,000	6,407,800	16,712,800
2021	-	-	10,350,000	5,892,550	16,242,550
2022	-	-	9,000,000	5,375,050	14,375,050
2023	-	-	8,980,000	4,925,050	13,905,050
2024	-	-	9,435,000	4,476,050	13,911,050
2025	-	-	9,100,000	4,004,300	13,104,300
2026	-	-	9,525,000	3,599,800	13,124,800
2027	-	-	8,325,000	3,176,050	11,501,050
2028	-	-	8,715,000	2,781,300	11,496,300
2029	-	-	9,065,000	2,432,700	11,497,700
2030	-	-	9,425,000	2,070,100	11,495,100
2031	-	-	9,810,000	1,693,100	11,503,100
2032	-	-	10,175,000	1,300,700	11,475,700
2033	-	-	10,575,000	893,700	11,468,700
2034	-	-	10,980,000	497,700	11,477,700
2035	-	-	2,880,000	86,400	2,966,400
Totals	<u>\$1,375,000</u>	<u>\$365,524</u>	<u>\$156,065,000</u>	<u>\$56,393,683</u>	<u>\$212,458,683</u>

OTHER FINANCIAL CONSIDERATIONS

The Board has entered into various agreements for financing its capital needs. See “APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018 — Notes to Financial Statements-Note 6. Long-Term Debt” below.

OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT

<u>TAXING ENTITY(1)</u>	<u>2017 TAXABLE VALUE(2)</u>	<u>DISTRICT’S PORTION OF TAXABLE VALUE</u>	<u>DISTRICT’S PERCENTAGE</u>	<u>ENTITY’S GENERAL OBLIGATION DEBT</u>	<u>DISTRICT’S PORTION OF G.O. DEBT</u>
Overlapping:					
Total Overlapping General Obligation Debt.....					\$ <u>0</u>
Principal Underlying:					
North Logan City(3)	\$754,378,374	\$754,378,374	100.0%	\$ 85,393	85,393
Smithfield City	511,971,204	511,971,204	100.0%	\$182,000	<u>182,000</u>
Total Principal Underlying General Obligation Debt					\$ <u>267,393</u>
Total Overlapping and Principal Underlying General Obligation Debt					\$ <u>267,393</u>
Total Overlapping General Obligation Debt.....					\$ 0
Total Direct General Obligation Bonded Indebtedness					<u>154,690,000</u>
Total Direct and Overlapping General Obligation Debt					<u>\$154,690,000</u>
Total Overlapping and Principal Underlying General Obligation Debt					\$ 267,393
Total Direct General Obligation Bonded Indebtedness					<u>154,690,000</u>
Total Direct, Overlapping and Principal Underlying General Obligation Debt					<u>\$154,957,393</u>

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

(2) Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See “FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Property Tax Matters — *Uniform Fees*” and “FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Taxable and Fair Market Value of Property” below.

(3) North Logan City levies property tax for 43% of its debt service on general obligation bond debt. The remaining 57% of its debt service on general obligation bond debt is paid from user fee revenues.

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

DEBT RATIOS

The following table sets forth the ratios of general obligation debt of the Board and the taxing entities listed in the table above entitled “OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT” that is expected to be paid from taxes levied specifically for such debt (and not from other revenues) on the taxable value of property within the District, the estimated fair market value of such property and the population of the District. The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.

	To 2018 ESTIMATED TAXABLE VALUE(1)	To 2018 ESTIMATED FAIR MARKET VALUE(2)	To 2017 POPULATION ESTIMATE PER CAPITA(3)
Direct General Obligation Debt	3.06%	2.06%	\$2,110
Direct, Overlapping and Principal Underlying General Obligation Debt	3.07%	2.06%	\$2,113

- (1) Based on a preliminary 2018 Taxable Value of \$5,054,394,755, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on a preliminary 2018 Fair Market Value of \$7,511,910,622, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on a 2017 population estimate by the U.S. Census Bureau of 73,323 (Cache County—124,438, less Logan City—51,115).

See “FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Property Tax Matters — *Uniform Fees*” and “FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Taxable and Fair Market Value of Property” below.

GENERAL OBLIGATION LEGAL DEBT LIMIT AND ADDITIONAL DEBT INCURRING CAPACITY

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

2017 “Fair Market Value” (1)	\$6,730,904,015
2017 valuation from Uniform Fees (2)	<u>175,707,783</u>
2017 “Fair Market Value”	<u>\$6,906,611,798</u>
“Fair Market Value” x 4% (Debt Limit)	\$276,264,472
Less: General Obligation Debt	<u>(154,690,000)</u>
Additional Debt Incurring Capacity	<u>\$121,572,472</u>

- (1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the fair market value of all tax equivalent property (which value *includes* the taxable value used to determine uniform fees on tangible personal property) has been included as a part of the fair market value of the taxable property in the District.
- (2) 2018 final information is not available.

NO DEFAULTED OBLIGATIONS

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

FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT

FUND STRUCTURE; ACCOUNTING BASIS

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

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the combined financial statements. See "APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018 — Notes to Financial Statements-Note 1. 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. The Superintendent of each school district is the budget officer of each respective district.

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

After a public hearing has been held, the Board, by resolution, legally adopts the final budget prior to June 22. If the tax rate in the proposed budget exceeds the "certified tax rate," the Board shall comply with the Tax Increase Disclosure Act in adopting the budget. See "FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Tax Levy and Collection" and "— Public Hearing on Certain Tax Increases" below.

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

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

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

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

The General Fund (maintenance and operation fund) and Capital Projects Fund (the capital outlay fund) budgets are prepared using the accrual basis of accounting, adjusted for encumbrances. Unencumbered appropriations lapse at year end.

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

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

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

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

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

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

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

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

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

School District Interfund Transfers. The State Board of Education may authorize school district interfund transfers for financially distressed districts if the State Board of Education determines the following: (a) the school district has a significant deficit in its maintenance and operations fund which has resulted from circumstances not subject to the administrative decisions of the school district and which cannot be reasonably reduced under Section 53A-19-104 of the

Utah Code; and (b) without the transfer, the school district will not be capable of meeting statewide educational standards adopted by the State Board of Education.

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

RISK MANAGEMENT

The Board is insured for worker's compensation claims through the Worker's Compensation Fund and is insured by the State Administrative Services Risk Management Fund for property, casualty, and liability claims, which fund is administered by the Utah State Risk Manager.

The State is self-insured against certain property and liability claims. The State Legislature established the Administrative Services Risk Management Fund to pay for commercial insurance or for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to State departments and institutions of higher education and also from local school districts.

The property self-insurance limits for the State are currently \$1 million per claim with an annual aggregate of \$3.5 million and had and has limits of \$500 million at any single building, with overall limits in excess of \$22 billion. Generally, claims in excess of the self-insured limits are covered by insurance policies with private insurance companies. The State has aggregate coverage of \$500 million for earthquake and flood. Earthquake and flood losses above this limit are self-insured by the District. The State is self-insured for all of its liability claims.

As of June 30, 2018, the Administrative Services Risk Management Fund was estimated to have approximately \$48.6 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through June 30, 2018. The State Legislature has chosen to fund the Administrative Services Risk Management Fund at this level, and it has been advised that any extremely large claims would need to be covered by an appropriation.

See "APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018 — Notes to Financial Statements-Note 8. Risk Management" below.

INVESTMENT OF FUNDS

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the "*Money Management Act*") governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U. S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting

certain ratings requirements. A significant portion of Board funds may be invested in the Utah Public Treasurers Investment Fund (“*PTIF*”), as discussed below. The Money Management Act establishes the State Money Management Council (the “*Money Management Council*”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

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

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

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

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor.

See “APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018 — Notes to Financial Statements-Note 2. Deposits and Investments” below.

FINANCIAL SUMMARIES

The summaries contained herein were extracted from the District’s financial statements for the fiscal years ended June 30, 2014 through June 30, 2018, which reflect the financial accounting reporting model required by the Government Accounting Standards Board Statement No. 34. The summaries have not been audited. See “APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018” below.

CACHE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES
FISCAL YEARS ENDED JUNE 30, 2014 THROUGH 2018
(This summary has not been audited)

	FISCAL YEAR ENDED JUNE 30				
	2018	2017	2016	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Cash and investments	\$ 21,779,338	\$ 29,459,820	\$ 43,117,371	\$ 56,949,730	\$109,228,986
Short term investments	4,596,892	14,445,269	29,296,573	20,722,533	212,042
Receivables:					
Local	42,196,296	39,721,643	37,159,191	34,426,760	31,367,819
State	1,107,022	1,148,306	784,692	515,443	680,218
Federal	<u>2,685,489</u>	<u>3,289,686</u>	<u>2,839,130</u>	<u>1,807,040</u>	<u>1,478,927</u>
Total receivables	<u>45,988,807</u>	<u>44,159,635</u>	<u>40,783,013</u>	<u>36,749,243</u>	<u>33,526,964</u>
Inventories	206,351	243,871	225,732	294,201	241,788
Other assets	221,936	221,936	1,936	349,665	349,665
Capital assets:					
Land	7,546,766	7,546,766	7,381,950	7,381,950	7,354,577
Buildings	240,195,760	215,797,007	163,489,808	152,051,939	152,081,554
Construction in progress	50,738,002	59,285,032	82,242,649	44,272,994	4,941,787
Vehicles	14,891,591	14,400,468	13,240,807	12,875,433	12,354,926
Equipment	7,986,644	6,950,068	5,853,970	5,029,250	4,541,068
Accumulated depreciation	<u>(94,604,274)</u>	<u>(90,233,912)</u>	<u>(84,918,593)</u>	<u>(81,831,733)</u>	<u>(77,256,094)</u>
Total capital assets	<u>226,754,489</u>	<u>213,745,429</u>	<u>187,290,591</u>	<u>139,779,833</u>	<u>104,017,818</u>
Net pension asset	-	-	1,985	26,787	4,881
Total Assets	<u>299,547,813</u>	<u>302,275,960</u>	<u>300,717,201</u>	<u>254,871,992</u>	<u>247,582,144</u>
Deferred outflows of resources - pensions	28,202,226	24,630,108	21,573,427	6,462,276	5,180,252
Deferred outflows of resources - bond premiums and refunding	<u>655,161</u>	<u>858,855</u>	<u>1,203,151</u>	<u>1,484,132</u>	<u>1,825,222</u>
Total Assets and Deferred Outflow of Resources	<u>328,405,200</u>	<u>327,764,923</u>	<u>323,493,779</u>	<u>262,818,400</u>	<u>254,587,618</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Accounts payable	3,038,042	7,281,405	10,214,102	10,594,710	3,380,695
Accrued interest	279,460	296,854	329,878	260,377	314,005
Accrued vacation	415,934	374,150	366,968	361,976	355,269
Accrued termination benefits	-	-	6,775	48,028	186,056
Unearned revenue: program revenues	4,182,469	4,574,423	4,121,437	3,691,995	2,849,487
Noncurrent liabilities:					
Net pension liability	45,226,514	58,122,987	55,551,946	42,875,231	49,140,294
Accrued medical claims	1,606,071	1,300,366	-	-	-
Due within one year	9,420,000	8,465,000	7,110,000	8,115,000	6,270,000
Due in more than one year	<u>161,688,807</u>	<u>172,352,410</u>	<u>182,224,652</u>	<u>146,544,169</u>	<u>155,765,069</u>
Total Liabilities	<u>225,857,297</u>	<u>252,767,595</u>	<u>259,925,758</u>	<u>212,491,486</u>	<u>218,260,876</u>
Deferred inflows of resources - pensions	22,584,276	7,102,350	5,380,079	4,016,152	-
Deferred inflows of resources - property taxes	<u>40,241,177</u>	<u>37,393,414</u>	<u>35,084,228</u>	<u>32,527,310</u>	<u>29,998,325</u>
Total Assets and Deferred Outflow of Resources	<u>288,682,750</u>	<u>297,263,359</u>	<u>300,390,065</u>	<u>249,034,948</u>	<u>248,259,200</u>
NET POSITION:					
Invested in capital assets, net of related debt	55,645,682	44,990,939	42,375,666	40,022,530	34,697,898
Restricted for:					
School lunch	1,022,043	1,633,480	1,303,073	1,135,462	1,221,969
Foundation	60,000	60,000	60,000	60,000	60,000
Capital projects	4,652,165	3,592,620	3,413,773	738,910	2,316,021
Debt service	944,263	1,064,125	1,037,535	787,653	934,244
Unrestricted	<u>(22,601,703)</u>	<u>(20,839,600)</u>	<u>(25,086,333)</u>	<u>(28,961,103)</u>	<u>(32,901,714)</u>
Total Net Assets	<u>\$39,722,450</u>	<u>\$30,501,564</u>	<u>\$23,103,714</u>	<u>\$13,783,452</u>	<u>\$ 6,328,418</u>

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

CACHE COUNTY SCHOOL DISTRICT
BALANCE SHEET — GOVERNMENTAL FUNDS
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2014 THROUGH 2018
(This summary has not been audited)

	FISCAL YEAR ENDED JUNE 30				
	2018	2017	2016	2015	2014
ASSETS:					
Cash and investments	\$ 7,464,059	\$12,325,783	\$11,373,731	\$ 9,758,325	\$ 8,890,192
Short term investments	2,770,966	-	-	-	-
Due from others	27,570,752	26,238,066	23,318,502	19,900,654	17,824,525
Inventories	<u>160,650</u>	<u>142,941</u>	<u>169,047</u>	<u>227,610</u>	<u>158,204</u>
Total Assets	<u>\$37,966,427</u>	<u>\$38,706,790</u>	<u>\$34,861,280</u>	<u>\$29,886,589</u>	<u>\$26,872,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES					
AND FUND BALANCES:					
Liabilities:					
Accounts payable	1,976,111	1,660,590	2,111,863	2,520,927	2,317,075
Accrued vacation	398,946	359,921	351,687	346,434	340,082
Unearned revenue: programs	<u>4,182,469</u>	<u>4,574,423</u>	<u>4,121,437</u>	<u>3,691,995</u>	<u>2,849,487</u>
Total Liabilities	<u>6,557,529</u>	<u>6,594,934</u>	<u>6,584,987</u>	<u>6,559,356</u>	<u>5,506,644</u>
Deferred Inflows of Resources	<u>22,659,084</u>	<u>20,650,026</u>	<u>18,755,897</u>	<u>16,619,131</u>	<u>15,049,546</u>
Total Liabilities and Deferred Inflows of					
Resources	<u>29,216,610</u>	<u>20,650,026</u>	<u>25,340,884</u>	<u>23,178,487</u>	<u>20,556,190</u>
Fund Balances:					
Nonspendable:					
Inventories	160,650	142,941	169,047	227,610	158,204
Committed:					
Undistributed reserve	2,500,000	2,500,000	2,000,000	1,600,000	1,600,000
Employee obligations	-	-	-	38,543	107,543
Assigned:					
Wellsville demolition	-	750,000	750,000	-	-
Restricted program balances	2,438,163	3,271,004	3,499,188	2,918,711	3,369,003
Fire insurance deductible	30,000	30,000	30,000	30,000	30,000
Unassigned:					
General fund	<u>3,621,004</u>	<u>4,767,885</u>	<u>3,066,741</u>	<u>1,893,238</u>	<u>1,051,981</u>
Total Fund Balances	<u>8,749,817</u>	<u>11,461,830</u>	<u>9,520,396</u>	<u>6,708,102</u>	<u>6,316,731</u>
Total Liabilities, Deferred Inflow of					
Resources and Fund Balances	<u>\$37,966,427</u>	<u>\$38,706,790</u>	<u>\$34,861,280</u>	<u>\$29,886,589</u>	<u>\$26,872,921</u>

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

CACHE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(This summary has not been audited)

	FISCAL YEAR ENDED JUNE 30				
	2018	2017	2016	2015	2014
REVENUES:					
Property taxes	\$ 39,734,893	\$ 36,988,412	\$ 34,391,525	\$ 31,590,560	\$ 27,376,606
Earnings on investments	713,566	912,506	581,836	336,470	254,400
School lunches	2,678,397	2,426,646	2,345,514	2,168,517	2,441,094
Other local sources	11,655,769	10,717,386	9,209,716	8,130,450	6,961,745
State aid	99,780,664	91,332,482	83,129,705	74,330,460	71,132,677
Federal aid	<u>3,031,656</u>	<u>9,337,660</u>	<u>9,758,215</u>	<u>9,535,605</u>	<u>9,611,946</u>
Total Revenues	<u>165,607,557</u>	<u>151,715,092</u>	<u>139,416,511</u>	<u>126,092,062</u>	<u>117,778,468</u>
EXPENDITURES:					
Current:					
Instructional services	89,653,640	83,837,567	76,849,317	71,874,680	69,326,381
Supporting services:					
Students	4,049,636	3,482,860	3,174,569	2,903,898	2,713,137
Instructional staff	9,142,605	6,953,696	6,458,305	5,583,877	5,184,688
District administration	618,829	613,059	566,960	536,691	538,856
School administration	7,624,827	6,950,529	6,251,212	5,829,763	5,527,464
Business	2,522,137	3,378,706	3,079,007	2,535,679	1,810,045
Operation and maintenance of facilities	16,694,470	9,298,099	8,283,297	7,794,442	7,829,800
Transportation	8,991,855	6,671,129	6,400,228	5,967,702	6,172,295
Non-instructional services	8,300,427	6,892,141	6,851,698	6,483,559	5,864,125
Capital outlay	16,595,622	37,574,874	54,979,574	41,765,471	8,663,229
Debt service:					
Principal retirement	8,465,000	7,110,000	13,755,000	6,270,000	6,115,000
Interest and fiscal charges	<u>7,225,935</u>	<u>8,031,510</u>	<u>6,340,847</u>	<u>7,646,434</u>	<u>2,823,211</u>
Total Expenditures	<u>179,884,983</u>	<u>180,794,170</u>	<u>192,990,014</u>	<u>165,192,196</u>	<u>122,568,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,277,426)</u>	<u>(29,079,078)</u>	<u>(53,573,503)</u>	<u>(39,100,134)</u>	<u>(4,789,763)</u>
OTHER FINANCING SOURCES (USES):					
Sale of capital assets/other	49,952	14,051	36,843	13,846	30,834
Cost of issuance	-	-	(373,574)	-	(457,750)
Bond proceeds	-	-	43,810,000	-	90,000,000
Bond premium	-	-	<u>5,848,743</u>	-	<u>9,283,790</u>
Total Other Financing Sources (Uses)	<u>49,952</u>	<u>14,051</u>	<u>49,322,012</u>	<u>13,846</u>	<u>98,856,874</u>
Net change in fund balance	(14,227,474)	(29,065,027)	(4,251,491)	(39,086,288)	94,067,111
FUND BALANCES BEGINNING	<u>34,572,863</u>	<u>63,637,890</u>	<u>67,889,890</u>	<u>106,975,669</u>	<u>12,908,558</u>
FUND BALANCES – ENDING	<u>\$ 20,345,389</u>	<u>\$ 34,572,863</u>	<u>\$ 63,637,890</u>	<u>\$ 67,889,381</u>	<u>\$106,975,669</u>

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

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PROPERTY TAX MATTERS

The Property Tax Act, Chapter 2, Title 59 of the Utah Code (the “*Property Tax Act*”), provides that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

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

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

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State excluding exempt property such as aircraft and property subject to a fixed age-based fee. The uniform fee for motor homes is currently 1.0% and the uniform fee for all aircraft is \$25. Motor vehicles weighing 12,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$5 to \$150, depending on the age of the vehicle. Recreation vehicles (except motor homes), motorcycles, watercraft (except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are subject to an aged-based fee that ranges from \$7.75 to \$700, depending on the age of the vehicle. The revenues collected from the various uniform fees are distributed by the county to the taxing entity

in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

Property Tax Valuation Agency Fund. The State Legislature requires each county to annually impose a multicounty assessing and collecting levy to fund a Property Tax Valuation Agency Fund (the “PTVAF”) and a Multicounty Appraisal Trust (the “*Multicounty Trust*”). Disbursements to counties from the PTVAF are to be used to offset costs of assessing and collecting property taxes; improve the accurate valuation and uniform assessment levels of property and improve the efficiency of the property tax system and are based on various administrative rules. Funds deposited into the Multicounty Trust are to be used to provide funding for a statewide computer assisted mass appraisal system that is intended to promote, among other things, the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection and distribution of property taxes. A county may levy an additional tax to (a) promote the accurate valuation and uniform assessment levels of property, (b) promote the efficient administration of the property tax system, including the costs of assessment, collection and distribution of property taxes, (c) fund state mandated actions and (d) establish reappraisal programs.

TAX LEVY AND COLLECTION

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

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for the purpose of contesting the assessed valuation of

their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property, or any county with a showing of reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Without an extension by a county legislative body, taxes are due November 30, or if a Saturday, Sunday or holiday, the next business day. Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10, whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Markets Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% or more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

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

PUBLIC HEARING ON CERTAIN TAX INCREASES

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so, by resolution, only after holding a properly noticed public hearing. Generally, the certified

tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public, and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

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

HISTORICAL DISTRICT TAX RATES

	MAXIMUM TAX RATE(2)	TAX RATE(1)				
		2018-19	2017-18	2016-17	2015-16	2014-15
Basic Rate (3)	Formula	0.001666	0.001568	0.001675	0.001736	0.001419
Voted Local Levy (4) .....	.002000	0.001345	0.001461	0.001524	0.001557	0.001600
Board Local Levy (5) .....	.000400	0.001348	0.001415	0.001180	0.000873	0.000898
Capital Local Levy (6).....	.002400	0.000409	0.000444	0.000463	0.000487	0.000502
Debt Service (7).....	None	0.003016	0.003200	0.003349	0.003501	0.003389
Charter School Levy	None	<u>0.000055</u>	<u>0.000050</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>
Total All Funds		<u>0.007839</u>	<u>0.008138</u>	<u>0.008191</u>	<u>0.008154</u>	<u>0.007808</u>

- (1) See "STATE OF UTAH SCHOOL FINANCE" below.
- (2) Maximum tax rate where applicable under current State law.
- (3) Set by law for the District's portion of the State Minimum School Program.
- (4) General maintenance and operation revenue. The maximum tax rate for the Voted Leeway Program is .002000. However, when considering the maximum tax rate of .002000, the Board-Approved Leeway Program of .000400 is considered to be part of the Voted Leeway Program and, to the extent levied, would reduce the effective maximum tax rate for the Voted Leeway Program to the extent of such levy. *In 1991, District residents approved a Voted Leeway Program of not to exceed a .001600 tax rate.*
- (5) Restricted to class size reduction.
- (6) Capital outlay bonding, construction and renovation.
- (7) No maximum limitation applies to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.

TAXABLE AND FAIR MARKET VALUE OF PROPERTY

Excluding Fee-In-Lieu/Age Based Valuation

<u>YEAR</u>	<u>TAXABLE VALUE(1)</u>	<u>% CHANGE OVER PRIOR YEAR</u>	<u>FAIR MARKET VALUE</u>	<u>% CHANGE OVER PRIOR YEAR</u>
2018*	\$5,054,394,755	11.3%	\$7,511,910,622	11.6%
2017	4,542,623,654	8.7	6,730,904,015	8.5
2016	4,177,472,101	6.4	6,201,449,284	8.2
2015	3,925,059,458	4.4	5,732,597,413	3.4
2014	3,760,215,239	3.9	5,544,936,612	3.8
2013	3,618,083,675	-	5,341,274,626	-

Including Fee-In-Lieu/Age Based Valuation

<u>YEAR</u>	<u>TAXABLE VALUE(1)</u>	<u>% CHANGE OVER PRIOR YEAR</u>	<u>FAIR MARKET VALUE</u>	<u>% CHANGE OVER PRIOR YEAR</u>
2018**	NA	-	NA	-
2017	4,718,331,437	8.5%	6,906,611,798	8.4%
2016	4,346,944,735	6.3	6,370,921,918	6.9
2015	4,090,374,868	4.6	5,958,912,823	4.6
2014	3,912,163,085	6.4	5,696,884,458	5.5
2013	3,678,105,796	-	5,401,296,747	-

* Preliminary; subject to change.

** 2018 values not available.

(1) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing a partial property tax exemption for such property.

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

See “FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Historical Summaries of Taxable Values of Property” below.

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HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY

**Cache County School District
Historical Summaries of Taxable Values of Property
Tax Years 2014 through 2018**

	2018*		2017	2016	2015	2014
	TAXABLE VALUE	% OF T.V.	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE
Set by State Tax Commission - Centrally Assessed						
Total centrally assessed	\$ 313,394,545	6.2%	\$ 270,168,433	\$ 259,306,107	\$ 280,363,816	\$ 264,999,865
Set by County Assessor - Locally Assessed						
Real property:						
Primary residential	3,001,614,170	59.4	2,672,694,015	2,471,840,965	2,281,998,350	2,179,559,415
Other residential	186,207,915	3.7	170,127,160	161,828,665	151,390,090	142,645,025
Commercial and industrial	831,131,750	16.4	774,668,915	692,631,190	635,192,305	595,402,340
FAA	45,570,400	0.0	48,195,305	47,890,085	47,614,205	49,662,700
Unimproved non-FAA	303,034,515	6.0	272,612,165	275,482,535	274,113,870	277,750,935
Agricultural	<u>73,202,965</u>	<u>1.4</u>	<u>61,930,520</u>	<u>58,256,220</u>	<u>52,902,080</u>	<u>51,686,760</u>
Total real property	<u>4,440,761,715</u>	<u>87.9</u>	<u>4,000,228,080</u>	<u>3,707,929,660</u>	<u>3,443,210,900</u>	<u>3,296,707,175</u>
Personal property:						
Primary mobile homes	2,016,334	0.0	1,870,871	1,908,925	1,770,262	1,766,707
Other business personal	<u>298,222,161</u>	<u>5.9</u>	<u>270,356,270</u>	<u>208,327,409</u>	<u>199,714,480</u>	<u>196,741,492</u>
Total personal property	<u>300,238,495</u>	<u>5.4</u>	<u>272,227,141</u>	<u>210,236,334</u>	<u>201,484,742</u>	<u>198,508,199</u>
Total locally assessed	<u>\$4,721,611,970</u>	<u>93.8</u>	<u>4,448,163,004</u>	<u>4,087,638,628</u>	<u>3,810,011,052</u>	<u>3,647,163,220</u>
Total taxable value(1)	<u>\$5,054,394,755</u>	<u>100.00%</u>	<u>\$4,542,623,654</u>	<u>\$4,177,472,101</u>	<u>\$3,925,059,458</u>	<u>\$3,760,215,239</u>

* Preliminary; subject to change.

(1) Not including taxable valuation associated with SCME.

(Source: The District's Supplemental Continuing Disclosure Memorandum, submitted and dated November 5, 2018.)

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TAX COLLECTION RECORD

<u>Tax Year End 12/31</u>	<u>Total Taxes Levied(1)</u>	<u>Treasurer's Relief(2)</u>	<u>Net Taxes Assessed</u>	<u>Current Collections</u>	<u>Delinquent and Miscellaneous Collections(3)</u>	<u>Total Collections(4)</u>	<u>% of Current Collections to Net Taxes Assessed</u>	<u>% of Total Collections to Net Taxes Assessed</u>
2017	\$36,982,299	\$369,734	\$36,612,565	\$35,878,454	\$1,792,832	\$37,671,286	98.0%	102.9%
2016	34,210,072	350,746	33,859,326	33,019,330	1,875,513	34,894,843	97.5	103.1
2015	31,935,221	265,572	31,669,649	30,821,748	1,641,323	32,463,071	97.3	102.5
2014	29,184,676	227,440	28,957,236	28,133,467	1,505,983	29,639,450	97.2	102.4
2013	24,664,342	182,617	24,481,725	23,565,051	241,091	23,806,142	96.3	97.2

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.

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

(4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for Tax Year 2017 of \$2,635,617; for Tax Year 2016 of \$2,542,090; for Tax Year 2015 of \$2,479,731; for Tax Year 2014 of \$2,279,218; for Tax Year 2013 of \$2,425,099; and for the Tax Year 2013 of \$2,425,099; and for Tax Year 2012 of \$2,296,026; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(Source: The District's Supplemental Continuing Disclosure Memorandum, submitted and dated November 5, 2018.)

SOME OF THE LARGEST TAXPAYERS

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2018* TAXABLE VALUE(1)</u>	<u>% OF THE DISTRICT'S 2018* TAXABLE VALUE(2)</u>
Ruby Pipeline, Inc.	Natural gas Transportation	\$ 88,521,991	1.8%
Swift Beef Company (JBS)	Manufacturing	74,898,246	1.5
Pepperidge Farms Inc.	Manufacturing	70,148,833	1.4
Four Seasons Apartments	Housing/real estate	33,341,619	0.7
PacifiCorp	Electric utility	32,277,899	0.6
Schreiber Foods, Inc.	Manufacturing	22,199,801	0.4
The Falls at Riverwood	Housing/real estate	21,134,677	0.4
Cache Valley Specialty Hospital	Health care	19,835,513	0.4
MPI Group	Manufacturing	19,122,717	0.4
		<u>18,054,510</u>	<u>0.4</u>
TOTALS		\$399,535,806	7.9%

* Preliminary; subject to change.

(1) Taxable Value used in this table excludes all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See "FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT — Taxable and Fair Market Value of Property" above.

(Source: The District's Supplemental Continuing Disclosure Memorandum, submitted and dated November 5, 2018.)

STATE OF UTAH SCHOOL FINANCE

SOURCES OF FUNDS

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district (“*Local District Funding*”), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes (“*State Funding*”) and federal sources (“*Federal Funding*”). For the fiscal year ended June 30, 2018, approximately 38% of the District’s funding was provided by Local District Funding, approximately 56% from State Funding and approximately 6% from Federal Funding. See also APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018.

LOCAL DISTRICT FUNDING

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

STATE FUNDING

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

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

FEDERAL FUNDING

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

SUMMARY OF STATE AND FEDERAL FUNDS

The District received the following in State and federal funds:

	Fiscal Year Ended June 30 (unaudited)				
	2018	2017	2016	2015	2014
<i>State Funds</i>					
General Fund.....	\$ 95,518,085	\$ 87,624,501	\$81,048,176	\$73,332,188	\$70,139,517
Capital Projects Fund.....	3,161,511	2,645,051	1,052,615	56,301	85,774
Other Governmental Funds.....	<u>1,101,068</u>	<u>1,062,930</u>	<u>1,028,914</u>	<u>941,971</u>	<u>907,386</u>
Total.....	<u>\$99,780,664</u>	<u>\$91,332,482</u>	<u>\$83,129,705</u>	<u>\$74,330,460</u>	<u>\$71,132,677</u>
% change over prior year....	9.25%	9.87%	11.84%	4.50%	4.73%
<i>Federal Funds</i>					
General Fund.....	\$ 8,012,612	\$6,421,486	\$6,902,447	6,865,004	\$6,926,552
Other Governmental Funds.....	<u>3,031,656</u>	<u>2,916,174</u>	<u>2,855,768</u>	<u>2,670,601</u>	<u>2,685,394</u>
Total.....	<u>\$11,044,268</u>	<u>\$9,337,660</u>	<u>\$9,758,215</u>	<u>\$9,535,605</u>	<u>\$9,611,946</u>
% change over prior year....	18.28%	-4.31%	2.33%	-0.79%	-2.73%

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

See “FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT – Financial Summaries” above.

ABSENCE OF LITIGATION

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

TAX EXEMPTION

FEDERAL INCOME TAXATION

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

on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Board's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds (a) is excludable from the gross income of the owners thereof for federal income tax purposes and (b) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*").

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

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

The issue price for original issue discount (as further discussed below) and market discount purposes (the "*OID Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The *OID Issue Price* of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

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

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

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

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

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

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

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

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

The Bonds are treated as issued in 2009 or 2010 for purposes of Section 265(b)(7) of the Code relating to interest expense deductibility for financial institutions. The treatment of interest expense for financial institutions owning the Bonds may be more favorable than the treatment provided to owners of new money tax-exempt bonds issued after December 31, 2010 or before January 1, 2009, but may be less favorable than treatment provided to owners of bank qualified bonds. Financial institutions should consult their tax advisors concerning such treatment.

UTAH INCOME TAXATION

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

APPROVAL OF LEGAL PROCEEDINGS

The authorization and issuance of the Bonds are subject to the approval of Chapman and Cutler LLP, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by Olson & Hoggan, P.C., Logan, Utah. The approving opinion of Bond Counsel will be delivered with the Bonds in substantially the form set forth in APPENDIX C of this Official Statement and will be made available upon request from the contact persons as indicated under “INTRODUCTION — Contact Persons” above.

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

CONTINUING DISCLOSURE

The Board will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the MSRB through 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. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of Undertaking attached as APPENDIX B.

There have been no instances in the previous five years in which the Board failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the Board to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “APPENDIX B — FORM OF CONTINUING DISCLOSURE UNDERTAKING — Consequences of Failure of the Issuer to Provide Information.” A failure by the Board to comply with the 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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The State has entered into a Master Continuing Disclosure Agreement (the “*Master Disclosure Agreement*”) for the benefit of the beneficial owners of the bonds, including the Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” above. In the Master Disclosure Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to the MSRB through EMMA pursuant to the Rule, but solely as to its responsibilities under its guaranty. See “STATE OF UTAH GUARANTY — State of Utah — Financial and Operating Information” above. *The State has confirmed that it has complied in all material respects with the Master Agreement previously entered into by it pursuant to the Rule.*

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

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

BOND RATINGS

As of the date of this Official Statement, the Bonds have been rated “Aaa” by Moody’s based upon the State’s Guaranty Act. Moody’s generally rate all bond issues guaranteed by the Guaranty Act of the State “Aaa”.

Additionally, as of the date of this Official Statement, Moody's has given the Bonds an underlying rating of "A1". See "DEBT STRUCTURE OF CACHE COUNTY SCHOOL DISTRICT — Outstanding General Obligation Bonded Indebtedness" above.

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

MUNICIPAL ADVISOR

The Board has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the Board, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The financial statements for the year ended June 30, 2018, included in this Official Statement, have been audited by Allred Jackson, Certified Public Accountants, North Logan, Utah ("*Allred Jackson*"), as stated in its report in APPENDIX A to this Official Statement. Allred Jackson has not participated in the preparation or review of this Official Statement. Based upon Allred Jackson's nonparticipation, it has not consented to the use of its name in this Official Statement.

MISCELLANEOUS

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 the State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

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

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

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

BOARD OF EDUCATION OF CACHE COUNTY
SCHOOL DISTRICT, UTAH

By: /s/ Kathy Christiansen
President

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APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Basic Financial Statements for the Year Ended June 30, 2018 are contained herein. Copies of current and prior financial reports are available upon request from the contact persons as indicated under “INTRODUCTION — Contact Persons.”

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**ALLRED
JACKSON**



**FINANCIAL STATEMENTS
For the Year Ended
June 30, 2018**

Allred Jackson, PC
50 East 2500 North, Suite 200
North Logan, UT 84341
(P) 435.752.6441
(F) 435.752.6451
www.allredjackson.com

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INTRODUCTORY SECTION

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84 East 2400 North
North Logan, UT 84341
Phone (435) 752-3925
Fax (435) 753-2168
www.ccsdut.org

To President Christiansen, members of the Board of Education, and citizens of the Cache County School District:

State law requires that school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the annual financial report of the Cache County School District (District) for the fiscal year ended June 30, 2018.

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

- Introductory section – Introduces the reader to the report and includes this transmittal letter and the list of elected and appointed officials.
- Financial section – Consists of the independent auditor’s report, management’s discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.

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

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

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

District profile. The District was created by action of the Utah State Legislature in 1908. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting the budget, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and overseeing the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Cache County, Utah. The District’s boundaries include all of Cache County, excluding Logan City. To accomplish this purpose, as of Fall 2018, the District services four traditional high schools, one alternative high school, three middle schools, and seventeen elementary schools. Including pre-kindergarten students, the District serves approximately 18,800 students.

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

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

If the District does not increase the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board. If the District exceeds the certified tax rate the budget is adopted in August after obtaining taxpayer input when data is available to set the rates.

The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund.

The District’s 2018 balances are sufficient to meet the fiscal 2019 budget as presented to the public in June of 2018.

Economic condition and outlook. The Utah economy remains healthy. Every major industrial sector expanded in 2017, contributing a total of 43,500 new jobs over the year. An annual employment growth rate of 3.1 percent is on par with the state’s long-term average and among the strongest in the nation.

Utah's construction sector posted the highest job growth in 2017, 5.4 percent, fueled by both robust residential and commercial activity. The value of permit authorized nonresidential construction was \$2.4 billion in 2017 led by a record-setting \$520 million in new office construction. The demand for construction workers will increase in 2018 with major public and private construction projects underway including the \$3 billion re-development of the Salt Lake International Airport; the new \$600 million state prison; the 855,000 square foot Amazon fulfillment center; \$1 billion in state road construction (2018-2020); and the start of \$600 million in voter-approved public school construction. Low unemployment and rising wages for Utahns, along with growth in travel and tourism activity – Utah's ski resorts and national parks hosted a record number of visitors in 2017 – contributed to exceptionally strong job growth of 5.1 percent in the state's leisure and hospitality sector over the past year.

Utah's population surpassed the three million milestone in 2016. Utah is currently the third fastest in population growth in the nation at 1.9 percent (behind Idaho and Nevada). Net immigration of almost 27,000 in 2017 was the most since 2006 and contributed to 46 percent of the state's total population growth. The consensus forecast predicts moderating – but still healthy – job and wage growth, low unemployment, and increased net in-migration in 2018. Internal risks to the Utah economy this year and beyond include the supply of workers, increasing costs, increasing interest rates, air quality, and housing affordability. A late business cycle may also present challenges in the upcoming year. Economists will also monitor the impact of federal tax reform.

Demographic advantages, an appealing business climate, and increasing labor force participation will continue to be an advantage for the Utah economy. All going well, Utah's economy will once again be one of the top performing economies in the nation in 2018, albeit at a slower rate.

The state school finance program is designed to provide every Utah school district with a basic operational program of \$3,395 per weighted pupil unit (WPU). The FY 2019 WPU increased from \$3,311 to \$3,395. State funding for the Minimum School Program increased by 7.4 percent or \$303,628,400.

Cache County's property tax base increased 12.61 percent for 2018. Its unemployment rate is 3.8 percent, well below the national average of 5.2 percent. Recent job growth is positive. Cache County jobs have increased by 2.3 percent. Cache County is located at the northern border of Utah against the Wasatch Range and the dramatic Wellsville mountains to the west. It is home to Utah State University and is well known for its scenic beauty and recreation. The economic base extends well beyond the university; a diverse set of businesses have discovered the area's pleasant surroundings, good labor force and low operation costs. Industries include high tech, biomedical research, food processing, printing and call centers with names like Pepperidge Farm, RR Donnelley, Conservice and TTM Technologies present.

Student growth. The Cache County School District has experienced tremendous growth in student enrollment during the past decade. Actual growth realized in the school district is summarized as follows:

<u>Fiscal Year</u>	<u>October 1 Enrollment</u>	<u>Increase from 2009</u>	<u>% Increase from 2009</u>
2009	14,594		
2015	16,457	1,863	12.77%
2016	16,987	2,393	16.40%
2017	17,536	2,942	20.16%
2018	17,908	3,314	22.71%
2019 (est)	18,000	3,406	23.34%

Student enrollment growth from in-migration has continued to remain high. During the past three years the school district has completed construction of and opened two new high schools. Renovations and expansions to three elementary schools in the northern end of the valley were also completed to accommodate enrollment growth and grade configuration shifts. The construction of a new alternative high school was completed that past summer and opened in the fall of 2018.

Audit Committee. The District’s independent auditor uses the District’s audit committee to communicate certain matters to upper management and the Board of Education. The audit committee includes three members of the Board of Education, the District Superintendent, and the Business Administrator. The three members of the Board of Education report audit findings and other financial considerations to the Board. The Board of Education is responsible for the oversight of the financial reporting process.

Cash management and investments. The District maintains a cash and investment pool that is available for all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. Earnings on investments for fiscal 2018 totaled \$805,271.

The State of Utah Money Management Act with the State Money Management Council governs the District’s investment policies and provides a measure of depository protection. The Council issues a list of qualified depositories to public treasurers quarterly and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

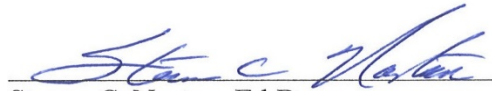
The District considers the actions of the Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Risk management. The District is insured for worker’s compensation by WCF Insurance. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

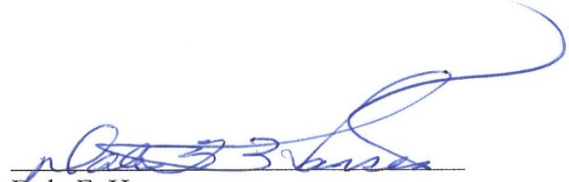
Self-Insurance Fund. The Cache County School District is constantly working to control health and accident insurance costs of its employees. Beginning September 1, 2016, the District changed its coverage to a self-funded insurance arrangement and moved away from a fully funded arrangement through a private insurance carrier. This will give the district greater control over the benefits offered to its employees and enhances its potential cost savings.

Acknowledgments. The efficient and dedicated staff of the business department accomplished the preparation of this report on a timely basis. We would like to express appreciation to all members of the department who assisted in the presentation of this report. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,



Steven C. Norton, Ed.D.
Superintendent of Schools



Dale F. Hansen
Business Administrator

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**CACHE COUNTY SCHOOL DISTRICT
List of Elected and Appointed Officials**

June 30, 2018

Elected Officials

Name/Title	Present Term Began*	Present Term Expires*	Initial Appointment
Kathy Christiansen President of the Board Precinct VI – Smithfield 1, 2, 3, 4, 5, 6 & 7	January 2, 2018	January 4, 2021	January 7, 2013
Roger Pulsipher Vice President of the Board Precinct II – Hyrum 1,2,4 &5, Paradise, Millville 17 & 25, Avon	January 15, 2015	January 10, 2019	January 15, 2015
Larry Jeppesen Board Member Precinct I – College/Young Wards, Hyrum 3, Mendon 1 & 2, Wellsville 1, 2, 3, 4	January 2, 2018	January 4, 2021	June 16, 2015
D. Jeffrey Nielsen Board Member Precinct III – Nibley 1, 3, 17 & 25, Providence 2, 3 & 5	January 2, 2018	January 4, 2021	April 23, 2015
Randall Bagley Board Member Precinct IV – River Heights 1 & 2, North Logan 5 & 6, Providence 1 & 4	January 15, 2015	January 10, 2019	January 15, 2015
Allen N. Grunig Board Member Precinct V – Hyde Park 1 & 2, North Logan 1, 2, 3 & 4	January 15, 2015	January 10, 2019	October 15, 2008
Teri Rhodes Board Member Precinct VII – Clarkston, Cornish, Cove, Lewiston 1 & 2, Newton 1 & 2, Trenton, Richmond 1 & 2, Amalga, Benson	January 15, 2015	January 10, 2019	July 1, 2013

*The term of office for board members is four years, beginning on the first Monday in January following the November election.

**CACHE COUNTY SCHOOL DISTRICT
List of Elected and Appointed Officials**

Continued

Appointed Officials

Name/Title	Present Term Began**	Present Term Expires**	Initial Appointment
Steven C. Norton Superintendent	July 2018	June 2019	July 1996
Dale F. Hansen Business Administrator	July 2018	June 2019	July 1991

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

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Cache County School District
84 East 2400 North
North Logan, Utah 84341

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cache County School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Cache County School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules on pages 17-23 and 69-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cache County School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 2018, on our consideration of Cache County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Cache County School District's 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 Cache County School District's internal controls over financial reporting and compliance.

A handwritten signature in black ink that reads "Alfred Jackson". The signature is written in a cursive style with a large, prominent initial "A".

North Logan, UT
October 10, 2018

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**CACHE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis**

June 30, 2018

As management of the Cache County School District (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements report functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services, and nutrition services.

The government-wide financial statements include not only the District itself (known as the primary government), but also a legally separate education foundation. The Cache Education Foundation, although legally separate, functions for all practical purposes as part of the District, and therefore is included as an integral part of the primary government.

The government-wide financial statements can be found on pages 27-30 of this report.

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

CACHE COUNTY SCHOOL DISTRICT Management's Discussion and Analysis

Continued

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

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

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

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

The basic governmental fund financial statements can be found on pages 31-37 of this report.

Proprietary fund. The District maintains one proprietary fund type. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund (the Self-Insurance Fund) to account for employee health and accident benefit services provided to all the other funds of the District. The internal service fund is included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 38-40.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-66 of this report.

Additional information. In addition to the basic financial statements and related notes, this report also presents required supplementary schedules of the District's proportionate shares of the Utah Retirement Systems (URS) net pension liabilities and contributions to the URS. Required supplementary and related notes information can be found on pages 67-71 of this report.

The combining and individual fund statements and schedules can be found on pages 76-87.

**CACHE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis**

Continued

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,722,450 at the close of the most recent fiscal year.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, water stock, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable and obligations under capital lease) used to acquire those assets that are still outstanding. The District uses these assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District Net Position

	Governmental Activities	
	2018	2017
Current and other assets	\$ 72,793,324	\$ 88,530,531
Capital assets	226,754,489	213,745,429
Deferred outflow of resources	28,857,387	25,488,963
Total assets and deferred outflow of resources	328,405,200	327,764,923
Long-term liabilities outstanding	217,941,392	240,240,763
Other liabilities	7,915,905	12,526,832
Deferred inflow of resources	62,825,453	44,495,764
Total liabilities and deferred inflow of resources	288,682,750	297,263,359
Net position:		
Net investment in capital assets	55,645,682	44,990,939
Restricted	6,678,471	6,350,225
Unrestricted	(22,601,703)	(20,839,600)
Total net position	\$ 39,722,450	\$ 30,501,564

**CACHE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis**

Continued

	Governmental Activities	Governmental Activities
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 7,603,400	\$ 6,534,356
Operating grants and contributions	60,863,259	54,791,251
Capital grants and contributions	3,161,511	2,645,051
General revenues:		
Property taxes	40,571,951	37,727,662
Federal and state aid not restricted to specific purposes	64,281,360	60,025,149
Earnings on investments	841,385	956,486
Miscellaneous	103,943	105,361
Total revenues	<u>177,426,809</u>	<u>162,785,316</u>
Expenses:		
Instruction services	102,032,199	92,258,388
Supporting services:		
Students	4,049,636	3,482,860
Instructional staff	9,142,605	6,953,696
District administration	618,829	613,059
School administration	7,624,827	6,950,529
Fiscal services	2,522,137	3,378,706
Operation and maintenance of facilities	16,814,304	9,401,925
Transportation	9,957,068	7,450,143
Other	497,565	(14,051)
Non-instructional services	8,341,202	6,927,501
Capital outlay	383,675	8,747,608
Interest on long-term liabilities	7,208,541	7,998,486
Pension expense	(986,665)	1,238,616
Total expenses	<u>168,205,923</u>	<u>155,387,466</u>
Change in net position	9,220,886	7,397,850
Net position, beginning	<u>30,501,564</u>	<u>23,103,714</u>
Net position, ending	<u>\$ 39,722,450</u>	<u>\$ 30,501,564</u>

**CACHE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis**

Continued

Financial Analysis of the District's Funds

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

Governmental funds. Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid expenditures that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the general fund and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the general fund are all other available net fund resources. At June 30, 2018, the District's combined governmental fund balance was \$20,345,389 (\$266,351 nonspendable, \$6,852,230 restricted, \$7,137,641 committed, \$2,468,163 assigned, and \$3,621,004 unassigned).

General fund – The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balances were \$3,621,004 while the total fund balance was \$8,749,817. The unassigned fund balance decreased by \$1,146,881 and the total fund balance decreased by \$2,712,013 during the current fiscal year. Key factors in this change are as follows:

- State aid increased \$7,893,584 or 9% due to increases in state funding associated with increased student enrollment and the increased value of the weighted pupil unit.
- Expenditures for general fund purposes totaled \$131,728,432, an increase of 14% during the current fiscal year; this increase was mainly due to the increased number of employees and the cost of employee salaries and benefits associated with student enrollment and growth. Also, a new school district office costing \$5,200,000 was purchased from general fund revenue.
- General fund salaries totaled \$76,761,436 while the associated fringe benefits of retirement, social security, unemployment, industrial insurance, and health and accident insurance added \$32,460,665 to arrive at 82.9 % of total general fund expenditures.

Capital Projects Fund – The capital projects fund had a total fund balance of \$4,652,165, all of which is restricted for acquisition of capital assets and purchase of equipment, and related expenditures. The fund balance decreased by \$11,003,375 during the current year due to the construction of new school facilities completed during the year.

Debt Service Fund – The debt service fund had a total fund balance of \$1,223,723, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by \$137,256 during the current year due to projected property tax collections coming in closer to actual.

CACHE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis

Continued

Non major funds – The school lunch special revenue fund balance of \$1,022,043 reflects a decrease of \$611,437 in total fund balance. This is due to indirect costs being charged against the school lunch program for the first time. The school activity fund has a total fund balance of \$4,096,814 which increased by \$139,009 due to the sheer increase in the number of students enrolled in the District and the creation of one additional high school. The Cache Education Foundation received contributions of \$710,207 during the current fiscal year to assist school programs.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$18,118,955 or 14 percent of total general fund expenditures and are summarized as follows:

- \$6,170,070 or seven percent increase in instructional services due to inflationary costs and increased student enrollment.
- \$1,103,948 or 18 percent increase in instructional staff due to inflationary costs and the opening of a new high school.
- \$2,513,498 or 390 percent increase in district administration due to the Utah State Board of Education's change in reporting requirements. Previously, the undistributed reserve (\$2,500,000) was reported in the designated reserves section of the financial statements and now it is required to be shown as a line item under the general administration section.
- \$6,580,688 or 57 percent increase in operation and maintenance of facilities due to the purchase of a new district office building.
- \$1,473,269 or 18 percent increase in transportation due to the purchase of seven additional school buses through special bus transportation grants.

During the current fiscal year, the \$3,161,603 negative budget to actual variance in total general fund revenues, and the \$11,896,877 positive budget to actual variance in total general fund expenditures are largely a result of federal and state program revenues and related expenditures in restricted programs. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and are classified as unearned revenue rather than current revenue. These funds are carried over to the subsequent year. As a result, overall fund expenditure variances will be positive.

Capital Asset and Debt Administration

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

**CACHE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis**

Continued

Capital assets at June 30, 2018 and 2017 are outlined below:

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

	Governmental activities	
	2018	2017
Land	\$ 7,546,766	\$ 7,546,766
Construction in progress	50,738,002	59,285,032
Buildings and improvements	240,195,760	215,797,007
Furniture and equipment	7,986,644	6,950,068
Vehicles	14,891,591	14,400,468
Accumulated depreciation	(94,604,274)	(90,233,912)
Total capital assets, being depreciated	\$ 226,754,489	\$ 213,745,429

Debt Administration. The general obligation bonded debt of the District is limited by state law to four percent of the fair market value of the total taxable property in the District.

Although it is not unusual at the national level to have a 30-year bond payoff schedule, the District maintains an aggressive schedule paying off debt by 2035.

Outstanding Debt

	Governmental activities	
	2018	2017
General obligation bonds	\$ 156,890,000	\$ 165,355,000

Additional information on the District's long-term debt can be found on Note 6 to the basic financial statements

Requests for Information

This financial report is designed to provide a general overview of Cache County School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Cache County School District, 84 East 2400 North, North Logan, UT 84341.

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BASIC FINANCIAL STATEMENTS

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CACHE COUNTY SCHOOL DISTRICT
Statement of Net Position

As of June 30, 2018 (with comparative totals for 2017)

	Governmental Activities	Memorandum Total
	2018	2017
Assets and Deferred Outflows of Resources:		
Cash and cash equivalents	\$ 21,779,338	\$ 29,459,820
Short term investments	4,596,892	14,445,269
Receivables:		
Local	42,196,296	39,721,643
State	1,107,022	1,148,306
Federal	2,685,489	3,289,686
Total receivables	<u>45,988,807</u>	<u>44,159,635</u>
Inventories	206,351	243,871
Other assets	221,936	221,936
Capital assets:		
Land	7,546,766	7,546,766
Buildings	240,195,760	215,797,007
Construction in progress	50,738,002	59,285,032
Vehicles	14,891,591	14,400,468
Equipment	7,986,644	6,950,068
Accumulated depreciation	<u>(94,604,274)</u>	<u>(90,233,912)</u>
Total capital assets	<u>226,754,489</u>	<u>213,745,429</u>
Net pension asset	<u>-</u>	<u>-</u>
Total assets	<u>299,547,813</u>	<u>302,275,960</u>
Deferred outflows of resources - pensions	28,202,226	24,630,108
Deferred outflows of resources - bond premiums and refunding	<u>655,161</u>	<u>858,855</u>
Total assets and deferred outflow of resources	<u>\$ 328,405,200</u>	<u>\$ 327,764,923</u>

CACHE COUNTY SCHOOL DISTRICT
Statement of Net Position

Continued

	Governmental Activities	Memorandum Total
	2018	2017
Liabilities and deferred inflows of resources:		
Accounts payable	\$ 3,038,042	\$ 7,281,405
Accrued interest	279,460	296,854
Accrued vacation	415,934	374,150
Unearned revenue: program revenues	4,182,469	4,574,423
Noncurrent liabilities:		
Net pension liability	45,226,514	58,122,987
Accrued medical claims	1,606,071	1,300,366
Due within one year	9,420,000	8,465,000
Due in more than one year	161,688,807	172,352,410
Total liabilities	<u>225,857,297</u>	<u>252,767,595</u>
Deferred inflows of resources - pensions	22,584,276	7,102,350
Deferred inflows of resources - property taxes	40,241,177	37,393,414
Total liabilities and deferred inflows of resources	<u>288,682,750</u>	<u>297,263,359</u>
Net position:		
Net investment in capital assets	55,645,682	44,990,939
Restricted for:		
School lunch	1,022,043	1,633,480
Foundation endowment (nonspendable)	60,000	60,000
Capital projects	4,652,165	3,592,620
Debt service	944,263	1,064,125
Unrestricted	(22,601,703)	(20,839,600)
Total net position	<u>\$ 39,722,450</u>	<u>\$ 30,501,564</u>

CACHE COUNTY SCHOOL DISTRICT
Statement of Activities

For the Year Ended June 30, 2018 (with comparative totals for 2017)

Functions	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for	Operating	Capital	Revenue and	Revenue and
		Services	Grants and	Grants and	Changes in Net	Changes in Net
			Contributions	Contributions	Position	Position
					Total	Total
					Governmental	Governmental
					Activities	Activities
					2018	2017
Governmental activities:						
Instructional services	\$ 102,032,199	\$ 2,933,655	\$ 38,647,739	\$ -	\$ (60,450,805)	\$ (55,160,023)
Supporting services:						
Students	4,049,636	-	28,815	-	(4,020,821)	(3,455,670)
Instructional staff	9,142,605	-	405,249	-	(8,737,356)	(6,260,550)
District administration	618,829	-	-	-	(618,829)	(613,059)
School administration	7,624,827	-	-	-	(7,624,827)	(6,950,529)
Fiscal services	2,522,137	-	11,829,599	-	9,307,462	7,730,554
Operation and maintenance of facilities	16,814,304	25,880	98,412	-	(16,690,012)	(9,212,141)
Transportation	9,957,068	1,915,713	5,720,721	-	(2,320,634)	(1,792,352)
Other	497,565	-	-	-	(497,565)	14,051
Non instructional services	8,341,202	2,728,152	4,132,724	-	(1,480,326)	(440,930)
Capital outlay	383,675	-	-	3,161,511	2,777,836	(6,039,057)

CACHE COUNTY SCHOOL DISTRICT
Statement of Activities

Continued

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>	<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>	<u>Position</u>
					<u>Total</u>	<u>Total</u>
					<u>Governmental</u>	<u>Governmental</u>
					<u>Activities</u>	<u>Activities</u>
					<u>2018</u>	<u>2017</u>
Interest on long-term liabilities	7,208,541	-	-	-	(7,208,541)	(7,998,486)
Pension expense	(986,665)	-	-	-	986,665	(1,238,616)
Total school district	<u>\$ 168,205,923</u>	<u>\$ 7,603,400</u>	<u>\$ 60,863,259</u>	<u>\$ 3,161,511</u>	<u>\$ (96,577,753)</u>	<u>\$ (91,416,808)</u>
General revenues:						
Property taxes levied for:						
General purposes					21,925,741	19,595,603
Transportation					947,651	917,844
Debt service					15,542,094	15,123,401
Capital					2,156,465	2,090,814
Federal and state aid not restricted to specific purposes					64,281,360	60,025,149
Earnings on investments					841,385	956,486
Miscellaneous					103,943	105,361
Total general revenues					<u>105,798,639</u>	<u>98,814,658</u>
Change in net position					9,220,886	7,397,850
Net position, beginning					<u>30,501,564</u>	<u>23,103,714</u>
Net position, ending					<u>\$ 39,722,450</u>	<u>\$ 30,501,564</u>

CACHE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds

As of June 30, 2018 (with comparative totals for 2017)

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds 2018</u>	<u>Total Memorandum Only 2017</u>
Assets:						
Cash and cash equivalents	\$ 7,464,059	\$ 3,980,654	\$ 769,748	\$ 5,214,564	\$ 17,429,025	\$ 25,345,544
Short term investments	2,770,966	1,495,414	-	330,512	4,596,892	14,445,269
Due from others	27,570,752	2,162,595	15,936,484	318,976	45,988,807	44,159,635
Inventories	160,650	6,141	-	39,560	206,351	243,871
Other assets	-	-	-	1,936	1,936	1,936
Total assets	<u>37,966,427</u>	<u>7,644,804</u>	<u>16,706,232</u>	<u>5,905,548</u>	<u>68,223,011</u>	<u>84,196,255</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	1,976,111	893,055	-	168,876	3,038,042	7,281,405
Accrued vacation	398,946	-	-	16,988	415,934	374,150
Unearned revenue: programs	4,182,469	-	-	-	4,182,469	4,574,423
Total liabilities	<u>6,557,526</u>	<u>893,055</u>	<u>-</u>	<u>185,864</u>	<u>7,636,445</u>	<u>12,229,978</u>
Deferred inflows of resources	<u>22,659,084</u>	<u>2,099,584</u>	<u>15,482,509</u>	<u>-</u>	<u>40,241,177</u>	<u>37,393,414</u>
Total liabilities and deferred inflows of resources	<u>29,216,610</u>	<u>2,992,639</u>	<u>15,482,509</u>	<u>185,864</u>	<u>47,877,622</u>	<u>49,623,392</u>

See independent auditor's report and accompanying notes to the financial statements.

CACHE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds

Continued

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Total Memorandum Only</u>
					<u>2018</u>	<u>2017</u>
Fund balances:						
Nonspendable:						
Inventories	160,650	6,141	-	39,560	206,351	243,871
Endowment, non expendable	-	-	-	60,000	60,000	60,000
Restricted:						
Debt service	-	-	1,223,723	-	1,223,723	1,360,979
Capital outlay	-	4,646,024	-	-	4,646,024	15,648,268
Food service	-	-	-	982,483	982,483	1,539,822
Committed:						
Undistributed reserve	2,500,000	-	-	-	2,500,000	2,500,000
Schools	-	-	-	4,637,641	4,637,641	4,401,034
Assigned:						
Restricted program balances	2,438,163	-	-	-	2,438,163	3,271,004
Wellsville demolition	-	-	-	-	-	750,000
Fire insurance deductible	30,000	-	-	-	30,000	30,000
Unassigned:						
General fund	3,621,004	-	-	-	3,621,004	4,767,885
Total fund balances	<u>8,749,817</u>	<u>4,652,165</u>	<u>1,223,723</u>	<u>5,719,684</u>	<u>20,345,389</u>	<u>34,572,863</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 37,966,427</u>	<u>\$ 7,644,804</u>	<u>\$ 16,706,232</u>	<u>\$ 5,905,548</u>	<u>\$ 68,223,011</u>	<u>\$ 84,196,255</u>

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

As of June 30, 2018

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

Total fund balance - governmental funds	\$ 20,345,389
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$321,358,763 and the accumulated depreciation is \$94,604,274.	226,754,489
An internal service fund is used by the District's management to charge the costs of health and life insurance benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	2,964,242
To recognize net pension assets and deferred outflows of resources related to pensions	
Net pension asset	-
Deferred outflow of resources related to pensions	28,202,226
Long-term liabilities that pertain to governmental funds including bonds payable and the net pension liability, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities both current and long-term are reported in the Statement of Net Position.	
Balances at year-end are:	
Bonds payable	(156,890,000)
Deferred amounts for bond issuance premium	(14,218,807)
Net pension liability	(45,226,514)
Deferred inflow of resources related to pensions	(22,584,276)
Accrued interest on bonds	(279,460)
Bond premiums and refunding are reported as other financing sources and uses and expenditures in the governmental fund financial statements but premiums are netted against the related debt and reported on the government-wide statement of net position and refunding amounts are reported as deferred inflows of resources on the government-wide statement of net position.	655,161
Total net position - governmental activities	<u>\$ 39,722,450</u>

CACHE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds 2018</u>	<u>Total Governmental Funds 2017</u>
Revenues:						
Property taxes	\$ 22,036,334	\$ 2,156,465	\$ 15,542,094	\$ -	\$ 39,734,893	\$ 36,988,412
Earnings on investments	461,590	240,391	11,585	-	713,566	912,506
School lunch sales	-	-	-	2,678,397	2,678,397	2,426,646
Other local sources	2,967,256	4,470	-	8,684,043	11,655,769	10,717,386
State aid	95,518,085	3,161,511	-	1,101,068	99,780,664	91,332,482
Federal aid	8,012,612	-	-	3,031,656	11,044,268	9,337,660
Total revenues	<u>128,995,877</u>	<u>5,562,837</u>	<u>15,553,679</u>	<u>15,495,164</u>	<u>165,607,557</u>	<u>151,715,092</u>
Expenditures:						
Current:						
Instructional services	84,614,321	-	-	5,039,319	89,653,640	83,837,567
Supporting services:						
Students	4,049,636	-	-	-	4,049,636	3,482,860
Instructional staff	6,612,357	-	-	2,530,248	9,142,605	6,953,696
District administration	618,829	-	-	-	618,829	613,059
School administration	7,624,827	-	-	-	7,624,827	6,950,529
Business	2,522,137	-	-	-	2,522,137	3,378,706
Operation and maintenance of facilities	16,694,470	-	-	-	16,694,470	9,298,099
Transportation	8,991,855	-	-	-	8,991,855	6,671,129
Non-instructional services	-	-	-	8,300,427	8,300,427	6,892,141
Capital outlay	-	16,595,622	-	-	16,595,622	37,574,874

CACHE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Continued

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds 2018</u>	<u>Total Governmental Funds 2017</u>
Expenditures (con't):						
Debt service:						
Principal retirement	-	-	8,465,000	-	8,465,000	7,110,000
Bond selling expenditures	-	-	-	-	-	-
Interest and fiscal charges	-	-	7,225,935	-	7,225,935	8,031,510
Total expenditures	<u>131,728,432</u>	<u>16,595,622</u>	<u>15,690,935</u>	<u>15,869,994</u>	<u>179,884,983</u>	<u>180,794,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,732,555)</u>	<u>(11,032,785)</u>	<u>(137,256)</u>	<u>(374,830)</u>	<u>(14,277,426)</u>	<u>(29,079,078)</u>
Other financing sources (uses):						
Transfers	-	-	-	-	-	-
Sale of capital assets/other	20,542	29,410	-	-	49,952	14,051
Cost of issuance	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Total other financing sources (uses)	<u>20,542</u>	<u>29,410</u>	<u>-</u>	<u>-</u>	<u>49,952</u>	<u>14,051</u>
Net change in fund	(2,712,013)	(11,003,375)	(137,256)	(374,830)	(14,227,474)	(29,065,027)
Fund balances, beginning	<u>11,461,830</u>	<u>15,655,540</u>	<u>1,360,979</u>	<u>6,094,514</u>	<u>34,572,863</u>	<u>63,637,890</u>
Fund balances, ending	<u>\$ 8,749,817</u>	<u>\$ 4,652,165</u>	<u>\$ 1,223,723</u>	<u>\$ 5,719,684</u>	<u>\$ 20,345,389</u>	<u>\$ 34,572,863</u>

See independent auditor's report and accompanying notes to the financial statements.

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

Continued

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

Net change in fund balances-total governmental funds \$(14,227,474)

Governmental funds report capital outlays as expenditures.

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

	Capital outlays	\$20,892,672	
	Depreciation expense	(7,336,095)	
	Loss on sale of assets	<u>(547,517)</u>	13,009,060

The governmental funds report pension expense as expenditures when paid. However, in the statement of activities, pension expenses are recorded based on actuarial amounts due.

986,665

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

	Repayment of bond principal	8,465,000	
	Interest expense/accrual change-general obligation bonds	17,394	
	Amortization of bond issuance costs/premium/refunding	<u>1,039,909</u>	9,522,303

An internal service fund is used by the District to charge the costs of health and life insurance benefits to individual funds. The change in net position of the internal service fund is reported with governmental activities.

(69,668)

Change in net position of governmental activities \$ 9,220,886

CACHE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

For the Year Ended June 30, 2018

	Budgeted Amount Original	Budgeted Amount Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 20,650,026	\$ 20,650,026	\$ 22,036,334	\$ 1,386,308
Earnings on investments	175,000	275,000	461,590	186,590
Other local sources	2,313,012	2,365,138	2,967,256	602,118
State aid	94,857,426	100,228,297	95,518,085	(4,710,212)
Federal aid	6,700,268	8,639,019	8,012,612	(626,407)
Total revenues	<u>124,695,732</u>	<u>132,157,480</u>	<u>128,995,877</u>	<u>(3,161,603)</u>
Expenditures:				
Current:				
Instructional services	83,976,895	90,146,965	84,614,321	5,532,644
Supporting services:				
Students	4,057,477	4,246,309	4,049,636	196,673
Instructional staff	6,099,532	7,203,480	6,612,357	591,123
District administration	644,810	3,158,308	618,829	2,539,479
School administration	7,480,463	7,714,191	7,624,827	89,364
Business	3,631,011	3,485,933	2,522,137	963,796
Operation and maintenance of facilities	11,593,900	18,174,588	16,694,470	1,480,118
Transportation	8,022,266	9,495,535	8,991,855	503,680
Total expenditures	<u>125,506,354</u>	<u>143,625,309</u>	<u>131,728,432</u>	<u>11,896,877</u>
Excess (deficiency) of rev. over exp.	<u>(810,622)</u>	<u>(11,467,829)</u>	<u>(2,732,555)</u>	<u>8,735,274</u>
Other financing sources (uses):				
Other revenue	6,000	6,000	20,542	14,542
Transfer in/out	<u>(3,405,683)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(4,210,305)	(11,461,829)	(2,712,013)	8,749,816
Fund balance, beginning	<u>11,461,830</u>	<u>11,461,830</u>	<u>11,461,830</u>	<u>-</u>
Fund balance, ending	<u>\$ 7,251,525</u>	<u>\$ 1</u>	<u>\$ 8,749,817</u>	<u>\$ 8,749,816</u>

CACHE COUNTY SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Fund

As of June 30, 2018

	Governmental Activities - Internal Service Fund Self Insurance
Assets:	
Cash and cash equivalents	\$ 4,350,313
Other assets	220,000
Total assets	<u>4,570,313</u>
Liabilities:	
Accrued medical claims	<u>1,606,071</u>
Total liabilities	<u>1,606,071</u>
Net position:	
Unrestricted	<u>2,964,242</u>
Total fund balance	<u>2,964,242</u>
Total liabilities and fund balance	<u>\$ 4,570,313</u>

CACHE COUNTY SCHOOL DISTRICT
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Fund

For the Year Ended June 30, 2018

	<u>Governmental Activities - Internal Service Fund Self Insurance</u>
Revenues:	
Local sources:	
Medical premiums - District	\$ 11,399,427
Dental premiums - Employees	383,712
Interest earnings	36,113
Total local sources	<u>11,819,252</u>
Expenditures:	
Current:	
Employee benefits	<u>11,888,920</u>
Total expenditures	<u>11,888,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,668)</u>
Net position, beginning	<u>3,033,910</u>
Net position, ending	<u><u>\$ 2,964,242</u></u>

CACHE COUNTY SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund

For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund Self Insurance Fund
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 11,783,139
Payments to suppliers	(748,998)
Payments for medical fees and insurance claims	(10,362,758)
Payments for administrative fees	(471,459)
	<u>199,924</u>
Net cash provided by operating activities	<u>199,924</u>
Cash flows from investing activities:	
Interest received	36,113
	<u>36,113</u>
Net cash provided by investing activities	<u>36,113</u>
Net increase in cash and cash equivalents	236,037
Cash and cash equivalents, beginning	4,114,276
	<u>4,350,313</u>
Cash and cash equivalents, ending	<u>\$ 4,350,313</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (105,781)
Adjustments to reconcile operating income to net cash used by operating activities:	
(Increase) decrease in operating assets:	
Other assets	-
Increase (decrease) in operating liabilities:	
Liabilities	305,705
	<u>305,705</u>
Total adjustments	<u>305,705</u>
Net cash provided by operating activities	<u>\$ 199,924</u>
Noncash investing, capital and financing activities:	None

**CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements**

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity

The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves the budget, appoints a superintendent with responsibilities for administering all educational activities of the District, and appoints a business administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is independent of any other unit of local government.

These financial statements present the activities of the District and its component unit, Cache Education Foundation, for which the District is considered to be financially accountable. The District is not a component unit of any other primary government. Although a legally separate entity, a blended component unit is, in substance, part of the District's operations.

- *Blended component unit* – The Cache Education Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation exclusively services the District. The Foundation is presented as a special revenue fund of the District.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statements of changes in net position) report information on all of the activities of the District and the Foundation. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. Indirect expense allocations made in the funds are reversed for the statement of activities. Depreciation expense for capital assets specifically identified with a function is included in its direct expenses. Interest on long-term liabilities is considered an indirect expense and is presented as a separate line. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Fund financial statements

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

Proprietary fund operating revenues, such as insurance premiums, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as interest, result from non-exchange transactions or ancillary activities. Operating expense result from transactions directly associated with the fund's principal services.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *debt service* accounts for resources accumulated and payments of general obligation, bond principal and interest due annually.
- The *capital projects fund* is used to account for the costs incurred in acquiring and improving sites, construction, remodeling, and equipment.

Additionally, the District reports the following fund type:

- The *internal service fund* (a proprietary fund) is the only internal service fund used by the District and accounts for the activities associated with the District's self-insurance plan covering employee health and accident claims. Premiums are charged to the District's other funds to cover anticipated costs.

Measurement focus, basis of accounting, and financial statement presentation

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

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Measurement focus, basis of accounting, and financial statement presentation – *continued*

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to termination benefits are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as *program revenues* include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Data

The District operates within budget requirements for school districts as specified by state law and as interpreted by the State Superintendent of Public Instruction. Budgets are presented in accordance with accounting principles generally accepted in the United States of America using the modified accrual basis of accounting for all governmental funds except for the Cache Education Foundation special revenue fund, and on the accrual basis for the self-insurance fund (internal service fund). The budget for the self-insurance fund is not legally required for budgetary control; this budget is for management purposes. Budgets are not adopted on a District level for the Cache Education Foundation special revenue fund. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During June of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by patrons of the District.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Budgetary Data – *continued*

- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent, can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Minor interim adjustments in estimated revenue and appropriations during the year ended June 30, 2018, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

The District employs an accounting system, in which purchase orders for the expenditure of funds are recorded to restrict that portion of the applicable appropriation. Appropriations outstanding at the end of the fiscal year lapse with the exception of those indicated as a fund balance reserve. The District intends to honor these commitments and provides for the expenditure in the subsequent year.

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

Cash and Cash Equivalents and Investments

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Cash and Cash Equivalents and Investments – *continued*

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The cash balances of governmental activities are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The reported value of the pool is the same as the fair value of the pool shares. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., current portion of interfund loans).

Inventories

Inventories are valued at cost, using the moving average method with the exception of the treatment of donated inventories described below. The consumption method of accounting is applied to the inventories of all funds.

Inventories of donated United States Department of Agriculture (USDA) commodities on hand at year-end are reported on the balance sheet at fair market value on the date received as inventory. Commodities used during the year are reported as revenue and expenditure on the operating statement.

Capital Assets

Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

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

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Debt Premiums, Discounts, Issuance Costs and Debt Refunding Gains and Losses

Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statement of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt). Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

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

Assets	Years
Buildings	40
Building improvements and portable classrooms	15
Maintenance equipment	10
Vocational education equipment	10
Buses	20
Musical instruments	10
Furniture	10
Office equipment	10
Athletic equipment	10
Vehicles	10
Audio visual equipment	5
Computer equipment	5

Compensated absences

Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days up to a maximum of 20 days.

The experience of the District is that most employees use vacation leave in the same year it is earned. Vacation leave may accumulate indefinitely. However, no more than 30 vacation days may be used in any contract year. The District defines the liquidation period or the current period to be one year and sufficient expendable financial resources are available in the applicable governmental funds. The District has accordingly accrued the entire amount of accumulated vacation leave subject to reimbursement as an expenditure and a fund liability of the governmental fund that will pay it.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Accrued medical claims

The self-insurance fund records estimates of claims incurred but not reported for medical claims. The liabilities are based on experience and information provided by the plan administrator and does not include costs to process the claims or reinsurance premiums.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Fund Balance Classifications

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

- *Nonspendable* – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable. Endowment amounts classified as nonspendable include funds received by the Cache Education Foundation in support of scholarships.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Fund Balance Classifications – *continued*

- *Restricted* – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - b) Remaining fund balances in the School Lunch Fund.

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

- *Assigned* – This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District’s administration comprised of superintendent, assistant superintendents, and business administrator. This category also includes the remaining positive fund balance for other governmental funds. The District has assigned General Fund resources that are to be used for textbooks, supplies, and other unrestricted school programs.

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

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports the deferred charge on refunding reported in the government-wide statement of net position. The deferred charge on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflow of resources related to pensions results from contributions made prior to year-end, but subsequent to the measurement date.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports property taxes as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. The District also reports deferred inflow of resources for pensions.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Comparative Data

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2018, \$18,724,040 of the local government's bank balances of \$22,346,744 was uninsured and uncollateralized.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

2. DEPOSITS AND INVESTMENTS – *Continued*

Custodial Credit Risk – *continued*

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2018 as shown on the financial statements is as follows:

Governmental funds cash and cash equivalents (\$5,599,773 restricted)	\$ 17,429,025
Internal service fund cash and cash equivalents	<u>4,350,313</u>
Total cash and cash equivalents	21,779,338
Investments (\$1,555,414 restricted)	<u>4,596,892</u>
Total cash and investments	<u><u>\$ 26,376,230</u></u>

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the District's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

2. DEPOSITS AND INVESTMENTS – *Continued*

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The District includes the PTIF funds as cash and cash equivalents.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

2. DEPOSITS AND INVESTMENTS – *Continued*

At June 30, 2018, the District had the following recurring fair value measurements.

<u>Investments by fair value level</u>	<u>6/30/2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities				
U.S. Agencies	\$ 1,472,125	\$ 1,472,125	\$ -	\$ -
Corporate bonds	296,774	296,774	-	-
Corporate floating bonds	2,191,358	2,191,358	-	-
International bonds	306,123	-	306,123	-
Utah Public Treasurers'				
Investment fund	8,157,713	-	8,157,713	-
Total debt securities	<u>12,424,093</u>	<u>3,960,257</u>	<u>8,463,836</u>	<u>-</u>
Equity securities				
Common and preferred stock	330,512	330,512	-	-
Total investments measured fair value	<u>\$ 12,754,605</u>	<u>\$ 4,290,769</u>	<u>\$ 8,463,836</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets; and
- Utah Public Treasurers' Investment Fund: application of the June 30, 2018 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

2. DEPOSITS AND INVESTMENTS – *Continued*

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

As of June 30, 2018, the District’s investments had the following maturities:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act, as previously discussed.

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
Debt securities				
U.S. Agencies	\$ 1,472,125	\$ 248,184	\$ 1,223,941	\$ -
Corporate bonds	296,774	296,774	-	-
Corporate floating bonds	2,191,358	1,891,091	300,267	-
International bonds	306,123	306,123	-	-
Utah Public Treasurers'	8,157,713	8,157,713	-	-
Total debt securities	<u>12,424,093</u>	<u>10,899,885</u>	<u>1,524,208</u>	<u>-</u>
Equity securities				
Common and preferred stock	<u>330,512</u>	<u>283,522</u>	<u>22,865</u>	<u>24,125</u>
Total investments measured at fair value	<u>\$ 12,754,605</u>	<u>\$ 11,183,407</u>	<u>\$ 1,547,073</u>	<u>\$ 24,125</u>

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

2. DEPOSITS AND INVESTMENTS – *Continued*

Credit Risk – *continued*

For the year ended June 30, 2018, the District had investments of \$8,157,713 with the PTIF. The entire balance had a maturity of less than one year. The PTIF pool has not been rated. The District also had debt securities of \$4,266,380 (all corporate bonds were rated A or higher by Moody's Investor Service, Fitch, DBRS or by Standard & Poor's), and corporate stocks of \$330,512 (rated three-four stars).

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to five-ten percent depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

3. PROPERTY TAXES

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

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

3. PROPERTY TAXES – *Continued*

The District has recorded a property tax receivable for the delinquent property taxes due and for the taxes assessed January 1. The District has recorded a corresponding deferred inflow of resources for taxes assessed January 1 but not due and collectible within 30 days of the end of the fiscal year. The property tax revenue of the District is collected and distributed by the Cache County Treasurer as an agent for the District. It is expected that all delinquencies plus accrued interest and penalties will be collected within a five-year period, during which time the county treasurer may force sale of property to collect the delinquent portion. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Beginning January 1, 1992, there was levied in lieu of the ad valorem tax, an annual uniform fee based on the value of motor vehicles. This uniform fee was one and a half percent of the fair market statewide value of the property, as established by the Utah State Tax Commission. On January 1, 1999, legislation became effective which made motor vehicles weighing 12,000 pounds or less subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10-\$150 based on the age of the vehicle. The revenues collected in each county from the uniform fee are distributed by the respective county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes the age-based fee as revenue when the county collects it.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	June 30, 2017 Balance	New Additions	Retirements	June 30, 2018 Balance
Land and improvements	\$ 7,546,766	\$ -	\$ -	\$ 7,546,766
Building and improvements	215,797,007	26,059,436	(1,660,683)	240,195,760
Equipment	6,950,068	1,124,050	(87,474)	7,986,644
Construction in progress	59,285,032	9,645,828	(18,192,858)	50,738,002
Vehicles and buses	14,400,468	2,256,216	(1,765,093)	14,891,591
Total Assets	303,979,341	39,085,530	(21,706,108)	321,358,763
Accumulated Depreciation	(90,233,912)	(7,336,095)	2,965,733	(94,604,274)
Net Capital Assets	<u>\$213,745,429</u>	<u>\$ 31,749,435</u>	<u>\$ (18,740,375)</u>	<u>\$226,754,489</u>

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

4. CAPITAL ASSETS – *Continued*

Depreciation expense was charged to functions of the District as follows:

Governmental activities:

Instructional services:	\$ 489,639
Supporting services:	
Operation and maintenance of plant services	119,834
Transportation services	965,213
School lunch services	40,775
Capital outlay	<u>5,720,634</u>
Total depreciation expense, governmental activities	<u><u>\$ 7,336,095</u></u>

5. PENSION PLANS

General Information about the Pension Plan

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

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System); are multiple employer, cost sharing, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer cost sharing public employee retirement systems.

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

The Utah Retirement Systems (URS or Systems) are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated* 1953, as amended. The Systems’ defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, UT 84102 or by visiting the website www.urs.org.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – *Continued*

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

<u>System</u>	<u>Final Average Salary</u>	<u>Years of service required and/or age eligible for benefit</u>	<u>Benefit percent per year of service</u>	<u>COLA**</u>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*with actuarial reductions

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

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – *Continued*

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer 401k Plan</u>
Contributory System			
12-State and School Division			
Tier 1	6.00%	17.70%	n/a
112-State and School Division			
Tier 2	n/a	18.44%	1.58%
Noncontributory System			
16-State and School Division			
Tier 1	n/a	22.19%	1.50%
Tier 2 DC only			
212 State and School	n/a	10.02%	10.00%

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 11,071,375	n/a
Contributory System	62,820	3,549
Tier 2 Public Employees System	2,483,142	-
Tier 2 DC only System	206,467	n/a
Total contributions	<u>\$ 13,823,804</u>	<u>\$ 3,549</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – *Continued*

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, we reported a net pension asset of \$0 and a net pension liability of \$45,226,514.

	<u>(Measurement Date): December 31, 2017</u>				
	Net Pension Asset	Net Pension Liability	Proportionat e Share	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$45,014,119	1.8407956%	1.7620442%	0.0787514%
Contributory System	-	112,039	1.7026128%	1.6629618%	0.0396510%
Tier 2 Public Employees System	-	100,356	1.1382455%	0.9445697%	0.1936758%
Total	<u>\$ -</u>	<u>\$45,226,514</u>			

The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. For the year ended June 30, 2018 we recognized pension expense of \$12,832,253.

At June 30, 2018, we 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	\$ 3,757	\$ 2,701,451
Changes in assumptions	11,500,807	352,288
Net difference between projected and actual earnings on pension plan investments	7,733,757	19,530,537
Changes in proportion and differences between contributions and proportionate share of contributions	2,003,222	-
Contributions subsequent to the measurement date	6,960,683	-
Total	<u>\$ 28,202,226</u>	<u>\$ 22,584,276</u>

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – *Continued*

\$6,960,683 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>	
2018	\$	2,085,714
2019		3,066,285
2020		(2,343,662)
2021		(4,244,131)
2022		(21,159)
Thereafter		114,221

Actuarial assumptions – The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases, average, including inflation	3.25 –9.75 %
Investment rate of return	6.95 %*
*net of pension plan investment expense, including inflation	

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – *Continued*

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent, a real return of 4.45 percent that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current rate:

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – *Continued*

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 98,284,866	\$ 45,014,119	\$ 490,495
Contributory System	1,476,541	112,039	(1,049,638)
Tier 2 Public Employees System	1,181,643	100,356	(733,472)
Total	<u>\$ 100,943,050</u>	<u>\$ 45,226,514</u>	<u>\$ (1,292,615)</u>

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits for the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Cache County School District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

5. PENSION PLANS – Continued

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans and other organizations for fiscal year ended June 30, were as follows:

Defined Contribution System

	2018	2017	2016
401(k) Plan			
Employer Contributions	\$ 1,168,812	\$ 1,058,417	\$ 987,498
Employee Contributions	1,118,190	1,076,717	992,985
457 Plan			
Employee Contributions	127,281	104,065	89,739
Roth IRA Plan			
Employee Contributions	208,794	167,808	116,980
403(b) Plan			
Employee Contributions	\$ 283,046	\$ 391,566	\$ 405,868

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

6. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 was as follows:

Bonds payable:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$165,355,000	\$ -	\$ (8,465,000)	\$156,890,000	\$9,420,000
Deferred amounts for issuance premium	15,462,410	-	(1,243,603)	14,218,807	-
Total governmental activity long-term liabilities	<u>\$180,817,410</u>	<u>\$ -</u>	<u>\$ (9,708,603)</u>	<u>\$171,108,807</u>	<u>\$9,420,000</u>

Payments on the general obligation bonds are made by the debt service fund with property taxes.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

6. LONG-TERM DEBT – *Continued*

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are as follows:

The following is a summary of debt service requirements to maturity:

<u>Year ending June 30,</u>	<u>Bonds Outstanding</u>
2019	\$ 16,220,200
2020	16,685,675
2021	16,169,488
2022	14,611,238
2023	14,136,738
2024 - 2028	63,820,438
2029 - 2033	57,494,300
2034 - 2035	<u>14,444,100</u>
Total	213,582,177
Less interest	<u>(56,692,177)</u>
Outstanding principal	<u><u>\$ 156,890,000</u></u>

Serial bonds

The District's general long-term debt consists of the following:

\$23,000,000 Series 2009 General obligation bonds due in annual installments ranging from \$700,000 to \$1,800,000 plus interest from 3 to 5 percent	\$ 12,625,000
\$21,090,000 Series 2013 General obligation refunding bonds due in annual installments ranging from \$180,000 to \$5,520,000 plus interest from 3 to 5 percent	15,480,000
\$90,000,000 Series 2015 General obligation bonds due in annual installments ranging from \$150,000 to \$8,190,000 plus interest at 2.5 percent	87,975,000
\$43,810,000 Series 2017 General obligation refunding bonds due in annual installments ranging from \$1,050,000 to \$2,825,000 plus interest from 3 to 5 percent	<u>40,810,000</u>
Total Serial Bonds	<u><u>\$ 156,890,000</u></u>

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

6. LONG-TERM DEBT – *Continued*

Advance Refunding – October 2, 2013

The District issued \$21,090,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$23,245,000 of general obligation bonds. As a result, a portion of the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. This advance refunding was undertaken to reduce total debt service payments by \$2,563,712 and resulted in an economic gain of \$2,358,843.

Advance Refunding – March 17, 2018

The District issued \$43,810,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$5,752,800 of general obligation bonds. As a result, a portion of the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. This advance refunding was undertaken to reduce total debt service payments by \$678,611 and resulted in an economic gain of \$607,522.

7. GRANTS

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

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the District's participation in the Utah State Risk Management system for school districts. This is a pooled arrangement where school districts pay experienced rated annual premiums which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements

Continued

8. RISK MANAGEMENT – *Continued*

Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$350 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. Insurance coverage from coverage by major category of risk has remained relatively constant or increased as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

The self-insurance fund, an internal service fund, was established to pay self-insurance claims for health and accident coverage. Health insurance is provided to qualified District employees. The District carries commercial insurance, which covers catastrophic claims over \$250,000 for health coverage. The fund collects premiums, as established by the District and the plan administrator, from other District funds. As of June 30, 2018, the District has recorded estimates of claims incurred by but not reported of \$1,606,071 for medical claims. These liabilities are based on experience and information provided by the plan administrator and does not include costs to process the claims

9. CONSTRUCTION COMMITMENTS

The District was obligated for \$568,463 at June 30, 2018, under construction commitments detailed below:

Construction – Green Canyon High School	\$298,175
Construction – Cache High School	262,343
Remodel – District Office	7,945

10. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 10, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CACHE COUNTY SCHOOL DISTRICT
Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2018
Last Ten Fiscal Years*

	<u>As of fiscal year ended June 30,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of its covered employee payroll</u>
Noncontributory System	2015	1.7008433%	\$ 42,734,176	\$ 47,464,729	90.03%	87.20%
	2016	1.7415385%	54,706,712	47,657,830	114.79%	84.50%
	2017	1.7620442%	57,106,388	48,358,301	118.09%	84.90%
	2018	1.8407956%	45,014,119	49,529,652	90.88%	89.20%
Contributory System	2015	1.2864269%	\$ 141,055	\$ 472,657	29.84%	98.70%
	2016	1.3488090%	845,234	427,272	197.82%	92.40%
	2017	1.6629618%	911,233	445,786	204.41%	93.40%
	2018	1.7026128%	112,039	387,392	28.92%	0.90%
Tier 2 Public Employees System*	2015	0.8839393%	\$ (267,887)	\$ 4,325,201	-6.19%	103.50%
	2016	0.9092118%	(1,985)	5,871,653	-0.03%	100.20%
	2017	0.9445697%	105,366	7,746,229	1.36%	95.10%
	2018	1.1382455%	100,356	11,168,834	0.90%	97.40%

*In accordance with paragraph 81.a of GASB 68, employers need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. This schedule will be built prospectively.

CACHE COUNTY SCHOOL DISTRICT
Schedule of Contributions

June 30, 2018
Last Ten Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 9,509,001	\$ 9,509,001	\$ -	\$ 47,790,994	19.90%
	2015	10,220,978	10,220,978	-	47,205,187	21.65%
	2016	10,589,890	10,589,890	-	48,190,755	21.97%
	2017	10,688,494	10,688,494	-	48,697,292	21.95%
	2018	11,071,375	11,071,375	-	50,426,966	21.96%
Contributory System	2014	\$ 81,833	\$ 81,833	\$ -	\$ 521,926	15.68%
	2015	74,321	74,321	-	426,400	17.43%
	2016	78,540	78,540	-	443,730	17.70%
	2017	75,132	75,132	-	424,476	17.70%
	2018	62,820	62,820	-	354,916	17.70%
Tier 2 Public Employees System*	2014	\$ 605,304	\$ 605,304	\$ -	\$ 3,668,662	16.50%
	2015	896,755	896,755	-	4,962,028	18.07%
	2016	1,256,459	1,256,459	-	6,965,933	18.04%
	2017	1,621,292	1,621,292	-	8,896,416	18.22%
	2018	2,483,142	2,483,142	-	13,502,370	18.39%
Tier 2 Public Employees DC Only System*	2014	\$ 38,144	\$ 38,144	\$ -	\$ 469,469	8.12%
	2015	79,815	79,815	-	806,678	9.89%
	2016	132,987	132,987	-	1,337,962	9.94%
	2017	162,000	162,000	-	1,620,297	10.00%
	2018	206,467	206,467	-	2,060,550	10.02%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011. In accordance with paragraph 81.b of GASB 68, employers will need to disclose a 10-year history of their proportionate share of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board-certified rate due to rounding and other administrative issues. This schedule will be built prospectively.

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

For the Year Ended June 30, 2018

1. Changes in Assumptions

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.2 percent to 6.95 percent, a reduction in the price inflation assumption from 2.6 percent to 2.5 percent (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a four percent annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

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SUPPLEMENTARY INFORMATION

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CACHE COUNTY SCHOOL DISTRICT
Description of Nonmajor Special Revenue Funds

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

Cache Education Foundation Expendable Trust Fund – This fund is used to account for donations received by the District. The Foundation was formed in August 1989, to provide a continuing organization, outside the public school system, for the benefit of Cache County School District. The activities of the Foundation are governed by an 18-member board of directors: one member of the Cache County School District Board of Education, the Superintendent of the District or his designee, one teacher employed by the District, the Foundation president, one parent elected by the Cache PTA Council, and 13 members from the general public. Although the Foundation’s activities and records are operated and maintained separate from the District, the District is considered to be financially accountable for the Foundation.

Tax Increment Fund – This fund is used to account for property tax increment funding which flow through to other entities.

Student Activity Fund – This fund is comprised of revenue and expenses from school-based operations. The revenues are comprised of interest earnings, gate receipts, fundraisers and student fees. Expenditures support curricular and extra-curricular activities.

CACHE COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds

As of June 30, 2018 (with comparative totals for 2017)

	Special Revenue				Total Nonmajor Governmental Funds 2018	Total Nonmajor Governmental Funds 2017
	School Lunch	Cache Education Foundation	Tax Increment	Student Activity		
Assets:						
Cash and cash equivalents	\$ 849,371	\$ 268,379	\$ -	\$ 4,096,814	\$ 5,214,564	\$ 5,265,807
Short term investments	-	330,512	-	-	330,512	284,924
Due from others	318,976	-	-	-	318,976	494,951
Inventories	39,560	-	-	-	39,560	93,658
Other assets	-	1,936	-	-	1,936	1,936
Total assets	<u>\$ 1,207,907</u>	<u>\$ 600,827</u>	<u>\$ -</u>	<u>\$ 4,096,814</u>	<u>\$ 5,905,548</u>	<u>\$ 6,141,276</u>
Liabilities:						
Accounts payable	168,876	-	-	-	168,876	32,533
Accrued vacation	16,988	-	-	-	16,988	14,229
Total liabilities	<u>185,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,864</u>	<u>46,762</u>
Fund balances:						
Nonspendable:						
Inventory	\$ 39,560	\$ -	\$ -	\$ -	\$ 39,560	\$ 93,658
Endowment	-	60,000	-	-	60,000	60,000
Restricted:						
Food service	982,483	-	-	-	982,483	1,539,822
Committed:						
Schools	-	540,827	-	4,096,814	4,637,641	4,401,034
Total fund balances	<u>1,022,043</u>	<u>600,827</u>	<u>-</u>	<u>4,096,814</u>	<u>5,719,684</u>	<u>6,094,514</u>
Total liabilities and fund balances	<u>\$ 1,207,907</u>	<u>\$ 600,827</u>	<u>\$ -</u>	<u>\$ 4,096,814</u>	<u>\$ 5,905,548</u>	<u>\$ 6,141,276</u>

CACHE COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	<u>Special Revenue</u>				<u>Total Nonmajor Governmental Funds 2018</u>	<u>Total Nonmajor Governmental Funds 2017</u>
	<u>School Lunch</u>	<u>Cache Education Foundation</u>	<u>Tax Increment</u>	<u>Student Activity</u>		
Revenues:						
Lunch sales	\$ 2,678,397	\$ -	\$ -	\$ -	\$ 2,678,397	\$ 2,426,646
Other local revenues	40,812	745,667	837,057	7,060,507	8,684,043	7,759,231
State aid	1,101,068	-	-	-	1,101,068	1,062,930
Federal aid	3,031,656	-	-	-	3,031,656	2,916,174
Total revenues	<u>6,851,933</u>	<u>745,667</u>	<u>837,057</u>	<u>7,060,507</u>	<u>15,495,164</u>	<u>14,164,981</u>
Expenditures:						
Current:						
Instructional services	-	648,069	-	4,391,250	5,039,319	4,335,514
Supporting services:						
Other	-	-	-	2,530,248	2,530,248	1,759,393
Non-instructional	<u>7,463,370</u>	<u>-</u>	<u>837,057</u>	<u>-</u>	<u>8,300,427</u>	<u>6,892,141</u>
Total expenditures	<u>7,463,370</u>	<u>648,069</u>	<u>837,057</u>	<u>6,921,498</u>	<u>15,869,994</u>	<u>12,987,048</u>
Excess/(deficiency) of revenues over expenditures	(611,437)	97,598	-	139,009	(374,830)	1,177,933
Other financing sources:						
Sale of fixed assets	-	-	-	-	-	-
Net change in fund balances	(611,437)	97,598	-	139,009	(374,830)	1,177,933
Fund balances, beginning	<u>1,633,480</u>	<u>503,229</u>	<u>-</u>	<u>3,957,805</u>	<u>6,094,514</u>	<u>4,916,581</u>
Fund balances, ending	<u>\$ 1,022,043</u>	<u>\$ 600,827</u>	<u>\$ -</u>	<u>\$ 4,096,814</u>	<u>\$ 5,719,684</u>	<u>\$ 6,094,514</u>

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
School Lunch
Nonmajor Special Revenue Fund

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	2018		Variance with Final Budget - Positive (Negative)	2017
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Lunch sales - children	\$ 2,880,000	\$ 2,580,030	\$ (299,970)	\$ 2,324,474
Lunch sales - adult	110,000	98,367	(11,633)	102,172
Other local sales	25,000	40,812	15,812	78,022
Total local sources	<u>3,015,000</u>	<u>2,719,209</u>	<u>(295,791)</u>	<u>2,504,668</u>
State sources:				
State lunch program	1,150,000	1,101,068	(48,932)	1,062,930
Total state sources	<u>1,150,000</u>	<u>1,101,068</u>	<u>(48,932)</u>	<u>1,062,930</u>
Federal sources:				
Free and reduced assistance	2,477,000	2,265,265	(211,735)	2,174,019
Breakfast program	-	251,621	251,621	235,858
Other federal	-	20,904	20,904	22,783
Donated commodities	550,000	493,866	(56,134)	483,514
Total federal sources	<u>3,027,000</u>	<u>3,031,656</u>	<u>4,656</u>	<u>2,916,174</u>
Total revenues	<u>7,192,000</u>	<u>6,851,933</u>	<u>(340,067)</u>	<u>6,483,772</u>

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
School Lunch
Nonmajor Special Revenue Fund

Continued

	2018		Variance with Final Budget - Positive (Negative)	2017
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Expenditures:				
Current:				
Salaries	1,947,563	1,999,433	(51,870)	1,714,627
Employee benefits	986,000	1,011,624	(25,624)	912,009
Purchased services	102,500	122,664	(20,164)	78,896
Supplies	5,689,417	4,249,440	1,439,977	3,380,933
Equipment	105,000	80,209	24,791	66,900
Total expenditures	<u>8,830,480</u>	<u>7,463,370</u>	<u>1,367,110</u>	<u>6,153,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,638,480)</u>	<u>(611,437)</u>	<u>1,027,043</u>	<u>330,407</u>
Other financing sources (uses):				
Sale of capital assets/other	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(1,633,480)	(611,437)	1,022,043	330,407
Fund balance, beginning	<u>1,633,480</u>	<u>1,633,480</u>	<u>-</u>	<u>1,303,073</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,022,043</u>	<u>\$ 1,022,043</u>	<u>\$ 1,633,480</u>

CACHE COUNTY SCHOOL DISTRICT
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Cache Education Foundation
Nonmajor Special Revenue Fund

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Revenues:		
Local sources:		
Contributions	\$ 710,207	\$ 609,058
Interest earnings	35,460	9,272
Total revenues	<u>745,667</u>	<u>618,330</u>
Expenditures:		
Current:		
Program services - supplies and materials donated to schools	<u>648,069</u>	<u>542,890</u>
Net change in fund balance	97,598	75,440
Fund balance, beginning	<u>503,229</u>	<u>427,789</u>
Fund balance, ending	<u><u>\$ 600,827</u></u>	<u><u>\$ 503,229</u></u>

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Fund
Nonmajor Special Revenue Fund

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>		Variance with Final Budget - Positive (Negative)	<u>2017</u>
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 850,000	\$ 837,057	\$ (12,943)	\$ 738,776
Total revenues	<u>850,000</u>	<u>837,057</u>	<u>(12,943)</u>	<u>738,776</u>
Expenditures:				
Current:				
Miscellaneous	850,000	837,057	12,943	738,776
Total expenditures	<u>850,000</u>	<u>837,057</u>	<u>12,943</u>	<u>738,776</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Student Activities Fund
Nonmajor Special Revenue Fund

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	2018		Variance with Final Budget - Positive (Negative)	2017
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Interest earnings	\$ 15,000	\$ 56,247	\$ 41,247	\$ 34,709
Student fees	1,650,000	2,204,625	554,625	1,560,750
Other	2,825,000	4,799,635	1,974,635	4,728,644
Total local sources	4,490,000	7,060,507	2,570,507	6,324,103
State sources:				
State teacher aid	-	-	-	-
Total state sources	-	-	-	-
Total revenues	4,490,000	7,060,507	2,570,507	6,324,103
Expenditures:				
Current:				
Instructional services:				
Purchased services	350,000	135,664	214,336	78,838
Purchased property services	350,000	24,556	325,444	40,894
Other purchased services	200,000	968,410	(768,410)	1,415,558
Supplies	3,522,805	3,170,799	352,006	2,180,521
Property	100,000	91,821	8,179	76,813
Total instructional services	4,522,805	4,391,250	131,555	3,792,624
Support services:				
Other purchased services	3,925,000	2,530,248	1,394,752	1,759,393
Total expenditures	8,447,805	6,921,498	1,526,307	5,552,017
Excess (deficiency) of revenues over (under) expenditures	(3,957,805)	139,009	4,096,814	772,086
Fund balance, beginning	3,957,805	3,957,805	-	3,185,719
Fund balance, ending	\$ -	\$4,096,814	\$ 4,096,814	\$ 3,957,805

CACHE COUNTY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund

For the Year Ended June 30, 2018

School	Balance 7/1/2017	Revenue	Expenses	Balance 6/30/2018
Birch Creek Elementary	\$ 65,722	\$ 56,592	\$ 40,365	\$ 81,949
Canyon Elementary	28,056	94,292	80,920	41,428
Cedar Ridge Elementary	111,831	79,043	137,673	53,202
Greenville Elementary	53,646	63,796	62,821	54,621
Heritage Elementary	29,296	54,265	54,689	28,872
Lewiston Elementary	74,884	42,082	36,898	80,068
Lincoln Elementary	19,880	65,069	58,864	26,084
Millville Elementary	24,104	38,701	37,005	25,800
Mountainside Elementary	12,193	59,919	50,980	21,132
Nibley Elementary	18,747	39,873	43,589	15,030
North Park Elementary	15,230	47,694	42,681	20,243
Providence Elementary	48,239	59,677	57,140	50,776
River Heights Elementary	17,578	48,153	40,807	24,923
Summit Elementary	34,069	90,988	89,869	35,188
Sunrise Elementary	55,061	86,337	75,464	65,934
Wellsville Elementary	11,518	32,454	33,574	10,398
White Pine Elementary (Park)	40,479	47,053	40,180	47,351
North Cache Middle	361,558	272,837	292,616	341,779
South Cache Middle	298,838	249,925	200,346	348,417
Spring Creek Middle	201,940	226,202	174,323	253,819
White Pine Middle	2,525	2	2,527	(0)
Cache High	122,563	107,586	113,151	116,997
Green Canyon High	131,824	1,592,990	1,453,803	271,011
Mountain Crest High	1,147,119	1,493,197	1,437,462	1,202,854
Ridgeline High	337,892	1,275,973	1,209,940	403,926
Sky View High	693,013	1,591,794	1,809,795	475,012
Elimination of state revenues recorded at District level		(755,985)	(755,985)	
Grand Totals	\$ 3,957,805	\$ 7,060,507	\$ 6,921,498	\$ 4,096,814

CACHE COUNTY SCHOOL DISTRICT

Description of Individual Major Funds

Capital Projects Fund – This fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. Financing is provided by an annual property tax levy and from general obligation bond proceeds. Also, state funds can be obtained by qualifying under guidelines established for school districts determined to be in critical need for construction building aid. Utah law defines the Capital Projects Fund as Capital Outlay Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest due annually. Financing is provided by an annual property tax levy. Payment of the principal and interest on the bonds when due is guaranteed not only by the full faith and credit and unlimited taxing power of the District, but also the State under the provisions of the Guaranty Act. The Guaranty Act establishes the Utah School Bond Default Avoidance Program (the “Utah School Bond Guaranty Program”). The state’s guaranty is contained in Section 53A-28-201(2)(a) of the Guaranty Act.

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Major Capital Projects Fund

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 2,040,189	\$ 2,156,465	\$ 116,276	\$ 2,090,813
Earnings on investments	118,853	240,391	121,538	583,499
Other local	4,470	4,470	-	63,500
Total local sources	<u>2,163,512</u>	<u>2,401,326</u>	<u>237,814</u>	<u>2,737,812</u>
State sources:				
Capital outlay	<u>3,161,511</u>	<u>3,161,511</u>	<u>-</u>	<u>2,645,051</u>
Total state sources	<u>3,161,511</u>	<u>3,161,511</u>	<u>-</u>	<u>2,645,051</u>
Total revenues	<u>5,325,023</u>	<u>5,562,837</u>	<u>237,814</u>	<u>5,382,863</u>

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Major Capital Projects Fund

Continued

	2018		Variance with Final Budget - Positive (Negative)	2017
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Expenditures:				
Facilities acquisition & construction				
Purchased services	19,116,062	14,024,105	5,091,957	210,840
Land and improvements	-	-	-	164,816
Buildings/remodeling	-	-	-	30,347,682
Furniture & fixtures	1,106,380	1,366,283	(259,903)	2,032,123
Other equipment	764,121	1,205,234	(441,113)	4,819,413
Total expenditures	20,986,563	16,595,622	4,390,941	37,574,874
Excess (deficiency) of revenues over (under) expenditures	(15,661,540)	(11,032,785)	4,628,755	(32,192,011)
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Cost of issuance	-	-	-	-
Sale of fixed assets/other	6,000	29,410	23,410	14,051
Total other financing sources (uses)	6,000	29,410	23,410	14,051
Net change in fund balances	(15,655,540)	(11,003,375)	4,652,165	(32,177,960)
Fund balance, beginning	15,655,540	15,655,540	-	47,833,500
Fund balance, ending	\$ -	\$ 4,652,165	\$ 4,652,165	\$ 15,655,540

CACHE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Major Debt Service Fund

For the Year Ended June 30, 2018 (with comparative totals for 2017)

	2018		Variance with Final Budget - Positive (Negative)	2017
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property taxes	\$ 14,703,199	\$ 15,542,094	\$ 838,895	\$ 15,123,401
Earnings on investments	-	11,585	11,585	11,675
Total revenues	<u>14,703,199</u>	<u>15,553,679</u>	<u>850,480</u>	<u>15,135,076</u>
Expenditures:				
Debt service:				
Bond principal	8,465,000	8,465,000	-	7,110,000
Bond interest and fees	7,599,178	7,225,935	373,243	8,031,510
Total expenditures	<u>16,064,178</u>	<u>15,690,935</u>	<u>373,243</u>	<u>15,141,510</u>
Excess (deficiency) of revenues over (under) expenditures	(1,360,979)	(137,256)	1,223,723	(6,434)
Other financing sources (uses):				
Bond premium	-	-	-	-
Bond issuance	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,360,979)	(137,256)	1,223,723	(6,434)
Fund balance, beginning	1,360,979	1,360,979	-	1,367,413
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,223,723</u>	<u>\$ 1,223,723</u>	<u>\$ 1,360,979</u>

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SINGLE AUDIT SECTION

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CACHE COUNTY SCHOOL DISTRICT
Schedule of Federal Awards

For the Year Ended June 30, 2018

Federal Grantor	Federal CFDA Number	Grant Award/Grantor Assigned Number	Program/ Award Amount	Expenditures	Cluster total	Cluster
United States Department of Education Title VII - Indian education	84.060A	S060A172458	\$ 77,025	\$ 77,025		
United States Department of Education passed through: Utah State Office of Education						
Title IC migrant children	84.011A	7830-4800	98,618	46,046		
ATE -Tech - Perkins	84.048A	6043-4538	164,892	165,204		
Title IA LEA grants	84.010A	7801-4800	2,905,767	1,528,066		
IDEA-B handicapped	84.027A	7524-4524	2,808,451	2,803,405	2,930,669	Special Education
IDEA-B preschool handicapped	84.173A	7522-4522	127,264	127,264	2,930,669	Special Education
IDEA State personnel development	84.323A	7526-4526	49,700	46,533		
NCLB - Comm. learning centers	84.287C	7910-4800	638,538	349,806		
NCLB - Language acquisition	84.365A	7880-4800	140,861	64,689		
NCLB - Title IIA	84.367A	7860-4800	577,377	306,703		
Kindergarten supplemental	93.558	7352-4700	120,000	121,514	849,472	TANF
18 Highly qualified school readiness	93.558	7350-4700	607,235	604,095	849,472	TANF
Total Department of Education			8,315,728	6,240,350		

The accompanying notes are an integral part of this schedule.

CACHE COUNTY SCHOOL DISTRICT
Schedule of Federal Awards

Continued

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Award/Grantor Assigned Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>	<u>Cluster total</u>	<u>Cluster</u>
Environmental Protection Agency Targeted air shed	66.202	EM-9638701	1,785,000	286,651		
Total Environmental Protection			<u>1,785,000</u>	<u>286,651</u>		
United States Department of Interior passed through: Cache County Forest reserve	15.	9999	118,949	118,949		
Total Department of Interior			<u>118,949</u>	<u>118,949</u>		
United States Department of Agriculture passed through: Utah State Office of Education						
School breakfast	10.553	8074-4560	251,621	251,621	2,537,790	Child Nutrition
Free and reduced lunch	10.555	8072-4560	2,286,169	2,286,169	2,537,790	Child Nutrition
Food commodities	10.565		<u>493,866</u>	<u>493,866</u>	493,866	Food Distribution
Total Department of Agriculture			<u>3,031,656</u>	<u>3,031,656</u>		

CACHE COUNTY SCHOOL DISTRICT
Schedule of Federal Awards

Continued

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Award/Grantor Assigned Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>	<u>Cluster total</u>	<u>Cluster</u>
Corporation for National and Community Service passed through: Utah AmeriCorps	94.006		8,208	8,208		
Total Corporation for National and Community Service			<u>8,208</u>	<u>8,208</u>		
United States Department of Health and Human Services passed through: Utah Department of Workforce Services						
Safe passages	93.558	17DWS0137/ 16DWS0029	154,325	123,863	849,472	TANF
Summer youth program	93.575	15DWS0143	36,399	31,967	31,967	CCDF
Utah State Office Medical Assistance, Title XIX	93.778	1719404	1,175,000	1,202,624	1,202,624	Medicaid
Total Department of Health and Human Services			<u>1,365,724</u>	<u>1,358,454</u>		
Total Federal Financial Assistance			<u><u>\$ 14,625,265</u></u>	<u><u>\$ 11,044,268</u></u>		

The accompanying notes are an integral part of this schedule.

CACHE COUNTY SCHOOL DISTRICT
Notes to the Schedule of Federal Awards

For the Year Ended June 30, 2018

1. PURPOSES OF THE SCHEDULE

The Schedule of Expenditures of the Federal Awards is a supplementary schedule to the financial statements. The Schedule is required by the U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The information in the schedule is presented in accordance with the Uniform Guidance. The schedule is prepared using the same accounting policies and basis of accounting as the financial statements.

CFDA Numbers

Uniform Guidance requires the schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Subrecipients

The District provided no federal awards to subrecipients.

Non-cash assistance

The District receives donated food commodities that are recorded as revenue, at fair value, on the date received by the District.

Major Programs

Uniform Guidance establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal awards tested as major programs were those with a CFDA number of 10.555, 10.553, 10.565, and 93.558.

Indirect Cost Rate

CCSD charges the following indirect cost rates for the State of Utah Office of Education grants: restricted 3.3 percent and unrestricted 11.38 percent.



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 Education
Cache County School District
84 East 2400 North
North Logan, UT 84341

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, business type activities, each major fund, and the aggregate remaining fund information of Cache County School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a 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 over financial reporting 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 Cache County School District's financial statements are free from 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Alfred Jackson". The signature is written in a cursive style with a large, sweeping initial "A".

North Logan, UT
October 10, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Board of Education
Cache County School District
84 East 2400 North
North Logan, Utah 84341

Report on Compliance for Each Major Federal Program

We have audited Cache County School District (the District)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



North Logan, UT
October 10, 2018

**CACHE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs**

For the Year Ended June 30, 2018

A. SUMMARY OF AUDIT RESULTS

Type of report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
Federal awards	
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	No
Major programs:	
Federal programs tested as major programs:	10.553
	10.555
	10.565
	93.558
Dollar threshold use to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes

B. FINDINGS- FINANCIAL STATEMENTS AUDIT

There were no current year findings.

C. FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no current year findings.

CACHE COUNTY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
(Client prepared schedule)

For the Year Ended June 30, 2018

There were no prior year audit findings.

SUPPLEMENTAL SECTION

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE
*STATE COMPLIANCE AUDIT GUIDE***

Board of Education
Cache County School District
84 East 2400 North
North Logan, UT 84341

Report on Compliance

We have audited Cache County School District's (District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the District for the year ended June 30, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- School District Tax Levies
- Open and Public Meetings Act
- Public Treasurer's Bond
- Cash Management
- Tax Levy Revenue Recognition
- Minimum School Program

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying management letter dated October 10, 2018 as item 2018-1. Our opinion on compliance is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying management letter. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in our letter to management dated October 10, 2018 as item 2018-1.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Alfred Jackson". The signature is written in a cursive style with a large initial 'A' and a long, sweeping tail on the 'n'.

North Logan, UT
October 10, 2018

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October 10, 2018

Superintendent Norton and Board of Education
Cache County School District
84 East 2400North
North Logan, Utah 84341

We have audited the financial statements of the governmental activities, of Cache County School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cache County School District are described in Note 1 to the financial statements. No new accounting pronouncements were implemented during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the capital assets' useful life is based on the historical life of similar assets. We evaluated the key factors and assumptions used to develop the capital assets' useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on historical data concerning accounts deemed uncollectable. We evaluated client's method used to calculate the reserve in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no significant sensitive disclosures in the financial statements for the year ended June 30, 2018.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We detected no material misstatements and did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 10, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

In planning and performing our audit of the financial statements of Cache County School District (the Company) as of and for the year ended June 30, 2018, we noted certain other matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 10, 2018 on the financial statements of the District. This letter accompanies our reports dated October 10, 2018, in accordance with Government Auditing Standards, the provisions of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, and State of Utah Legal Compliance Audit Guide.

CURRENT YEAR OTHER MATTERS

Open and Public Meetings Act - State Compliance

Criteria: The Open and Public Meetings Act requires that all LEA's provide a ten-day notice for original and final budget adoption hearings, only take action on board meetings items that are listed on the agenda, and post agendas 24 hours in advance.

Condition: The FY 2019 original budget and FY 2018 final budget adoption hearing was only posted seven days prior to the hearing. The Board acted on one item in the October 26, 2017 meeting that was not on the agenda. The Agenda for the June 7, 2018 study session was only posted 12 hours in advance.

Cause: Non-compliance to the timely posting of board agendas is due to changes on the agenda at the last minute. Changes were also made on the board agenda in BoardDocs but the transparency website was not updated. The issue with the budget adoption was strictly human error.

Effect: Cache County School District was out of compliance with the Open and Public Meetings Act with the above-mentioned items.

Recommendation: Follow all Open and Public Meetings Act requirements.

Views of Responsible Officials: Management agrees with the matter.

We sincerely appreciate the opportunity to provide services to Cache County School District and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.

Very truly yours,



North Logan, UT
October 10, 2018

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APPENDIX B

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

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

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the Board of Education of Cache County School District, Utah (the “*Issuer*”) in connection with the issuance of \$10,425,000 General Obligation Refunding Bonds (Utah School District Bond Guaranty Program), Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to a Resolution of the Issuer adopted on January 17, 2019 (the “*Resolution*”).

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

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it and the State (pursuant to the Utah School District Bond Guaranty, Part 8, Chapter 4, Title 53G, Utah Code Annotated, 1953, as amended) will be the only obligated persons with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

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

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

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

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

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

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

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

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

“*Financial Obligation*” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

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

“*State*” means the State of Utah.

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

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

JUNE 15 OF THE YEAR	CUSIP NUMBER	JUNE 15 OF THE YEAR	CUSIP NUMBER
2020	127145 KV1	2024	127145 KZ2
2021	127145 KW9	2025	127145 LA6
2022	127145 KX7	2026	127145 LB4
2023	127145 KY5		

The Final Official Statement relating to the Bonds is dated February 27, 2019 (the “*Final Official Statement*”). The Issuer will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

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

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

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

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

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the Issuer to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this

Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

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

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

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

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

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

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

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

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

of a Reportable Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

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

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

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

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

(Signature page follows.)

DATED as of the day and year first above written.

BOARD OF EDUCATION OF
CACHE COUNTY SCHOOL DISTRICT, UTAH

By _____
President

[SEAL]

Address: 84 East 2400 North
North Logan, Utah 84341

ATTEST AND COUNTERSIGN:

By _____
Business Administrator

EXHIBIT I

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

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

CAPTION	PAGE
DEBT STRUCTURE OF CACHE COUNTY SCHOOL DISTRICT	
FINANCIAL INFORMATION REGARDING CACHE COUNTY SCHOOL DISTRICT	
— Financial Summaries	
— Historical District Tax Rates	
— Taxable and Fair Market Value of Property	
— Historical Summaries of Taxable Values of Property	
— Tax Collection Record.....	
— Some of the Largest Taxpayers	

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

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 200 days after the last day of the Issuer’s fiscal year, commencing with the fiscal year ending June 30, 2019. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

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

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

EXHIBIT II

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

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

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

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Re: \$10,425,000
Board of Education of Cache County School District, Utah
General Obligation Refunding Bonds
(Utah School District Bond Guaranty Program) Series 2019

We hereby certify that we have examined certified copy of the proceedings of the Board of Education of Cache County School District, Utah (the “*Board*”), passed preliminary to the issuance by the Board of its General Obligation Refunding Bonds (Utah School District Bond Guaranty Program), Series 2019 in the amount of \$10,425,000 (the “*Bonds*”), dated as of the date hereof, being in fully-registered form, in denominations of \$5,000 and any whole multiple thereof, due on June 15 of each of the years, in the amounts and bearing interest as follows:

JUNE 15 OF THE YEAR	AMOUNT MATURING	INTEREST RATE PER ANNUM
2020	\$1,450,000	5.00%
2021	1,565,000	5.00
2022	1,350,000	5.00
2023	1,410,000	5.00
2024	1,500,000	5.00
2025	1,550,000	3.00
2026	1,600,000	3.00

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

We further certify that we have examined the form of bond prescribed in the proceedings authorizing the issuance of the Bonds and find the same in due form of law. In our opinion, the Bonds, to the amount named, are valid and legally binding upon the Board and all taxable property in Cache County School District, Utah, is subject to the levy of taxes to pay the same without limitation as to rate or amount. It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that enforcement of the rights of the owners of the Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

The guaranty of timely payment of the Bonds provided by the Utah school district bond guaranty, Part 8 of Chapter 4 of Title 53G, Utah Code Annotated 1953, as amended, is a valid and binding obligation of the State of Utah.

The Bonds are being issued under the authority of the Utah Refunding Bond Act and other applicable provisions of law for the purpose of paying the cost of refunding a portion of the Board's now outstanding General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2009, dated March 5, 2009 (the "*Refunded Bonds*") and of paying costs and expenses incidental thereto. Accordingly, a portion of the proceeds of sale of the Bonds has been deposited in trust with Zions Bancorporation, National Association, as paying agent for the Refunded Bonds, and such amount is to be used to provide for the payment of the redemption price of the Refunded Bonds on or about March [13], 2019.

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

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

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

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

Respectfully submitted,