
OFFICIAL NOTICE OF BOND SALE

And

PRELIMINARY OFFICIAL STATEMENT

**Joint School District No. 322
Madison and Fremont Counties, State of Idaho**

\$14,865,000*
General Obligation Bonds, Series 2019
(Sales Tax Guaranty and Credit Enhancement Programs)

Electronic bids will be received up to 9:30:00 A.M., M.T., via the ***PARITY***® electronic bid submission system, on Tuesday, October 29, 2019.

* Preliminary; subject to change.

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OFFICIAL NOTICE OF BOND SALE

(Bond Sale to be Conducted Electronically)

Joint School District No. 322 (Sugar–Salem) Madison and Fremont Counties, State of Idaho

\$14,865,000*

General Obligation Bonds, Series 2019 (Sales Tax Guaranty and Credit Enhancement Programs)

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by Joint School District No. 322 (Sugar–Salem) Madison and Fremont Counties, State of Idaho (the “District”) via the PARITY® electronic bid submission system (“PARITY®”) until up to 9:30 a.m., Mountain Time (“MT”), for the purchase, all or none (“AON”), of the District’s \$14,865,000* General Obligation Bonds, Series 2019 (the “2019 Bonds”) on Tuesday, October 29, 2019. The bids will be reviewed and considered by authorized officers of the District and representatives from Zions Public Finance, Inc., acting as municipal advisor to the District (the “Municipal Advisor”), in accordance with certain parameters established by the Board of Trustees of the District (the “Board”) pursuant to Resolution adopted on October 16, 2019 (the “Resolution”).

Description Of The 2019 Bonds

The 2019 Bonds will be dated as of the date of issuance and delivery¹, will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature on September 15 of each of the years and in the principal amounts as follows:

Maturity (September 15)	Principal Amount*	Maturity (September 15)	Principal Amount*
2020	\$ 630,000	2030	\$ 685,000
2021	575,000	2031	720,000
2022	585,000	2032	755,000
2023	600,000	2033	795,000
2024	610,000	2034	835,000
2025	620,000	2035	875,000
2026	635,000	2036	920,000
2027	645,000	2037	965,000
2028	660,000	2038	1,015,000
2029	675,000	2039	1,065,000
		Total*	<u>\$14,865,000</u>

¹ The anticipated date of delivery of the 2019 Bonds is Tuesday, November 12, 2019.

* Preliminary; subject to change. See “Adjustment Of Principal Amount Of The 2019 Bonds” herein.

The 2019 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee (“DTC”). DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds are more fully described in the District’s Preliminary Official Statement with respect to the 2019 Bonds dated Tuesday, November 12, 2019 (the “Preliminary Official Statement”).

Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option

The 2019 Bonds scheduled to mature on two or more of the above–designated maturity dates may be rescheduled, at bidder’s option, to mature as term bonds on one or more dates within that period, in which event the 2019 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above–designated maturity dates and principal amounts maturing on those dates, as adjusted.

Adjustment Of Principal Amount Of The 2019 Bonds

The District reserves the right, following determination of the best bid(s), to reduce or increase the principal amount of each maturity of the 2019 Bonds and to increase or reduce the overall principal amount of the 2019 Bonds to be issued, as described in this section. The District may adjust the aggregate principal amount of the 2019 Bonds maturing in any year as described in this paragraph, provided the aggregate principal amount of the 2019 Bonds shall not exceed \$17,000,000, and provided that total proceeds delivered to the District do not exceed the sum of the \$17,000,000 authorization and the costs of issuance, or approximately \$17,200,000. The adjustment of maturities may be made in such amounts as are necessary to provide the District with desired debt service payments during the life of the 2019 Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the District will consider the bid as having been made for the adjusted amount of the 2019 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2019 Bonds to the public and the price to be paid to the District, by (b) the principal amount of the 2019 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The District expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., MT, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2019 Bonds will be adjusted and the corresponding changes to the principal amount of 2019 Bonds maturing on one or more of the above–designated maturity dates for the 2019 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by electronic mail to the Municipal Advisor at christian.anderson@zionsbancorp.com or telephonically at 208.501.7533 within one–half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2019 Bonds and the amount received from the sale of the 2019 Bonds to the public that will be retained by the successful bidder as its compensation.

Ratings

The District will, at its own expense, pay fees of Moody’s Investors Service (“Moody’s”) for rating the 2019 Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

Purchase Price

The purchase price bid for the 2019 Bonds shall not be less than 115.5% of the principal amount of the 2019 Bonds (\$17,169,075).

Interest Rates

The 2019 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum. In addition:

1. the highest interest rate bid for any of the 2019 Bonds shall not exceed five percent (5.00%) per annum;
2. Bonds maturing in the years 2030–2039 will bear interest at the rate of five percent (5.00%) per annum;
3. no Bond shall have more than one rate of interest;
4. interest shall be computed from the dated date of a 2019 Bond to its stated maturity date at the single interest rate specified in the bid for the 2019 Bonds of such maturity;
5. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available federal funds;
6. any premium must be paid in the funds specified for the payment of the 2019 Bonds as part of the purchase price;
7. there shall be no supplemental interest coupons;
8. a zero percent (0%) interest rate may not be used; and
9. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest for the 2019 Bonds will be payable semiannually on March 15 and September 15 beginning March 15, 2020 at the rate or rates to be fixed at the time the 2019 Bonds are sold.

Payment Of Principal And Interest

Zions Bancorporation, National Association, Boise, Idaho, will be the paying agent and bond registrar for the 2019 Bonds. The District may remove any paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 2019 Bonds are outstanding in book-entry form, the principal of and interest on the 2019 Bonds will be paid under the standard procedures of DTC.

Optional Redemption

The 2019 Bonds maturing on and after September 15, 2030, are subject to redemption at the option of the District, in whole or in part on September 15, 2029 and on any date thereafter at the price of par plus accrued interest, if any, to the date of redemption.

Security And Sources Of Payment

The 2019 Bonds will be full general obligations of the District, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the same as to both principal and interest. Additionally, the 2019 Bonds are secured through the Idaho Sales Tax Guaranty Program and Credit Enhancement Program, referred to below.

Idaho Sales Tax Guaranty. The District has received a Certificate of Eligibility from the Idaho State Treasurer qualifying the District for the Idaho School Bond Guaranty Program (the “Idaho Sales Tax Guaranty Program”) pursuant to the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code. Payment of the principal of and interest on the 2019 Bonds when due will be guaranteed by the sales taxes collected by the State of Idaho.

Credit Enhancement Program. The District has received a Certificate of Approval of Credit Enhancement from the endowment fund investment board pursuant to Idaho Code 57-728 (the “Credit Enhancement Program”). Payment of the principal of and interest on the 2019 Bonds when due will be additionally guaranteed by the Credit Enhancement Program.

Moody’s has assigned its “Aaa” rating to bonds that are guaranteed by the Idaho Sales Tax Guaranty Program and Credit Enhancement Program. For a detailed description of the Idaho Sales Tax Guaranty Program and Credit Enhancement Program see the section “STATE OF IDAHO GUARANTY” in the Preliminary Official Statement.

Award

Award or rejection of bids will be made on Tuesday, October 29, 2019, by certain delegated officers of the District. The 2019 Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest rate to the District computed from the date of the 2019 Bonds to maturity and taking into consideration the premium, if any, in the purchase price of the 2019 Bonds. The effective interest rate to the District shall be the interest rate per annum determined on a per annum true interest cost (“TIC”) basis by discounting the scheduled semiannual debt service payments of the District on the 2019 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2019 Bonds (based on a 360-day year consisting of Twelve, 30-day months), compounded semiannually and to the bid price.

Procedures Regarding Electronic Bidding

The bidding will be made and awarded for the 2019 Bonds on an AON basis.

No bid will be accepted unless the District has determined that such bidder has provided the requested Deposit described under “Good Faith Deposit” below.

Bids will be received by means of the *PARITY*® electronic bid submission system. A prospective bidder must communicate its bid electronically through *PARITY*® on or before 9:30 MT on Tuesday, October 29, 2019. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY*® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about *PARITY*®, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, New York 10018; 212.849.5021. The time as maintained by *PARITY*® shall constitute the official time.

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*® for purposes of submitting its bid in a timely manner and in compliance with the

requirements of this Official Notice of Bond Sale. Neither the Municipal Advisor, the District nor i-Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the District nor i-Deal LLC shall be responsible for proper operation of or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*[®]. The District is using *PARITY*[®] as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the 2019 Bonds.

Notification

The Municipal Advisor, on behalf of the District, will notify the apparent successful bidder (electronically via *PARITY*[®]) as soon as possible after the District's receipt of bids, that such bidder's bid appears to be the lowest and best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification and to official action to be taken by the District as described in the next succeeding paragraph.

The award of the 2019 Bonds to the successful bidder will be considered by certain delegated officers of the District on Tuesday, October 29, 2019.

Form Of Bid

Each bidder for the 2019 Bonds is required to transmit electronically via *PARITY*[®] an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price (as described under "Purchase Price" above) at which the bidder will purchase the 2019 Bonds. Each bid must be for all the 2019 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2019 Bonds represented on a "true interest cost" ("TIC") basis, as described under "Award" herein, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of *PARITY*[®]; *provided however*, that in the event a prospective bidder cannot access *PARITY*[®], through no fault of its own, it may so notify the office of the Municipal Advisor by telephone at 208.501.7533. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 208.501.7533, who shall transcribe such bid into written form, or by electronic mail to the Municipal Advisor at christian.anderson@zionsbancorp.com, in either case before the time bids are due as stated above, on Tuesday, October 29, 2019. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by electronic mail, the time as maintained by *PARITY*[®], shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the 2019 Bonds and the total purchase price of all of the 2019 Bonds. The Municipal Advisor will seal transcribed telephonic bids and electronic mail bids for submission. Neither the District nor the Municipal Advisor assumes any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by electronic mail) to the Municipal Advisor prior to 2:00 p.m., MT, on Tuesday, October 29, 2019.

Right Of Cancellation

The successful bidder shall have the right, at its option, to cancel its obligation to purchase the 2019 Bonds if the District shall fail to execute the 2019 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

Good Faith Deposit

A good faith deposit (the "Deposit") in the amount of \$150,000 is required only from the successful bidder. The Deposit shall be payable to the order of the District in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 noon, MT, on Tuesday, October 29, 2019. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the District. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The District shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder, or invest the same (at the District's risk) in obligations which mature at or before the delivery of the 2019 Bonds as described under the caption "Manner and Time of Delivery" below, until disposed of as follows: (a) at such delivery of the 2019 Bonds and upon compliance with the successful bidder's obligation to take up and pay for the 2019 Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the successful bidder fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

Sale Reservations

The District reserves the right: (i) to waive any irregularity or informality in any bid or in the bidding process; (ii) to reject any and all bids for the 2019 Bonds; and (iii) to resell the 2019 Bonds as provided by law.

Prompt Award

The District will take action awarding the 2019 Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder

Reoffering Prices; Purchaser's Certificate Relating to Issue Price

The successful bidder or bidders (or manager of the purchasing account or accounts) shall notify the chief financial officer of the District and the District's Municipal Advisor by electronic mail to Christian Anderson (christian.anderson@zionsbancorp.com) within 24 hours of the bid opening, of the initial offering prices of such Bonds to the public. The notification must be confirmed in writing in form and substance satisfactory to Bond Counsel (defined hereunder) prior to the delivery of the 2019 Bonds. The confirmation will be part of the "Purchaser's Certificate" which will be in substantially the same form as Exhibit A in the event the District receives three (3) or more bids that fit the requirements of the Official Notice of Bond Sale for the Bonds; and in substantially the same form as Exhibit B in the event the District does not receive three (3) or more such bids for the Bonds.

Each bidder, by submitting its bid, agrees to complete, execute and deliver the applicable certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the 2019 Bonds, if its bid is accepted by the District. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Stephanie J. Bonney of MSBT Law, Bond Counsel, 7699 West Riverside Drive, Boise, Idaho 83714; 208.331.1800; sjb@msbtlaw.com.

Manner And Time Of Delivery

The successful bidder will be given at least seven (7) business days' advance notice of the proposed date of the delivery of the 2019 Bonds when that date has been tentatively determined. It is now estimated that the 2019 Bonds will be delivered in book-entry form on or about Tuesday, November 12, 2019. The 2019 Bonds will be delivered as a single bond certificate for each maturity of the 2019 Bonds, registered in the name of DTC or its nominee. Delivery of the 2019 Bonds will be made in Boise, Idaho, pursuant to DTC's FAST system. The successful bidder must also agree to pay for the Bonds in federal funds which will be immediately available to the District on the day of delivery.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the 2019 Bonds, at the expense of the District, but neither the failure to print such numbers on any Bond nor any error with respect thereof shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the 2019 Bonds in accordance with terms of this Official Notice of Bond Sale.

Tax-Exempt Status

In the opinion of MSBT Law, Boise, Idaho ("Bond Counsel"), based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code and is excluded from gross income for purposes of State personal income taxes. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws. Reference is hereby made to the discussion of the Code set forth in the Preliminary Official Statement under the caption "LEGAL MATTERS—Tax Exemption."

Legal Opinion And Closing Documents

The unqualified approving opinion of Bond Counsel covering the legality of the 2019 Bonds will be furnished to the successful bidder. A supplemental opinion shall be furnished to the successful bidder by Bond Counsel with respect to the disclosure of certain information in the final Official Statement. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2019 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2019 Bonds.

Disclosure Certificate

The District will deliver to the successful bidder a certificate of an authorized officer(s) of the District, dated the date of the delivery of the 2019 Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said authorized officer(s), and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2019 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time

of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the final Official Statement are at the time of the delivery of the 2019 Bonds true and correct in all material respects and do not at the time of the delivery of the 2019 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, should the final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended.

Information Reporting Agreement (Disclosure Undertaking)

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the 2019 Bonds on or before the date of delivery of the 2019 Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder.

For a detailed discussion of the information reporting agreement, previous disclosure agreements and timing of submissions see the section titled “INFORMATION REPORTING AGREEMENT” in the Preliminary Official Statement.

The successful bidder’s obligation to purchase the 2019 Bonds shall be conditioned upon the District delivering the Undertaking on or before the date of delivery of the 2019 Bonds.

Delivery Of Copies Of Final Official Statement

The District shall deliver to the successful bidder on such business day as directed in writing by the successful bidder, which is not earlier than the second business day or later than the seventh business day after the award of the 2019 Bonds as described under the caption “Award” above, copies of the final Official Statement in sufficient quantity, as directed in writing by the successful bidder, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

Additional Information

For copies of this OFFICIAL NOTICE OF BOND SALE and the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information with respect to the 2019 Bonds, contact the Municipal Advisor to the District, Zions Public Finance, Inc. at 800 W. Main Street, Suite 700, Boise, Idaho 83702; 208.501.7533; Christian Anderson (christian.anderson@zionsbancorp.com) or (Cara Bertot (cara.bertot@zionsbancorp.com)). The Preliminary Official Statement is available at www.fmmunihub.com, www.i-dealprospectus.com, and www.munios.com.

DATED this 18th day of October, 2019.

JOINT SCHOOL DISTRICT NO. 322 (SUGAR–SALEM),
MADISON AND FREMONT COUNTIES, STATE OF IDAHO

By: /s/ Chester Bradshaw
Superintendent

EXHIBIT A

Competitive Sale – Three Bids Received

Purchaser's Certificate:

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____
(the "Purchaser"), as representative of the underwriters for the "_____" (the
"Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in [Instrument providing principal amount and interest rate] _____ of the _____ (the "Issuer") on _____, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the sale date at the prices shown on the inside cover page of the Official Statement for the Bonds. Those prices are the reasonably expected initial offering prices of each maturity of the Bonds to the public which were used by the Purchaser in formulating its bid to purchase the Bonds. For this purpose:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party.

"Sale date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the Issuer.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

If a yield is shown on the [inside] cover page for any maturity, "price" herein means the dollar price that produces that yield.

3. The underwriter was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the underwriter constituted a firm bid to purchase the Bonds.

5. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2019.

_____, as Representative of the Underwriters

By: _____
Title: _____

Exhibit 1

(Offering Prices of Bonds)

Exhibit B
Purchaser's Certificate:

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____
(the "Purchaser"), as representative of the underwriters for the "_____" (the
"Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the _____ [Instrument providing principal amount and interest rate] of the _____ (the "Issuer") on _____, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the sale date at the prices shown on the inside cover page of the Official Statement for the Bonds. The first price at which a substantial amount of each maturity of the Bonds was sold to the public is the price shown on the inside cover page of the Official Statement for that maturity of the Bonds. For this purpose:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

"Substantial amount" is 10% or more of each maturity.

If a yield is shown on the inside cover page for any maturity, "price" herein means the dollar price that produces that yield.

3. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2019.

_____, as Representative of the Underwriters

By: _____

Title: _____

Exhibit 1
(Offering Prices of Bonds)

PRELIMINARY OFFICIAL STATEMENT

\$14,865,000*

Joint School District No. 322 (Sugar–Salem)
Madison and Fremont Counties, State of Idaho

General Obligation Bonds, Series 2019
(Sales Tax Guaranty and Credit Enhancement Programs)

On Tuesday, October 29, 2019, up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding” above.

The 2019 Bonds, as defined herein, will be awarded to the successful bidder and issued pursuant to a resolution of the Board of Trustees of Joint School District No. 322 (Sugar–Salem), Madison and Fremont Counties, State of Idaho, adopted on October 16, 2019.

*The District has deemed this **PRELIMINARY OFFICIAL STATEMENT** final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2019 Bonds as permitted by the Rule.*

For additional information with respect to the 2019 Bonds contact the Municipal Advisor:



800 W Main St, Ste 700
Boise ID 83702
208.501.7533

christian.anderson@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated October 18, 2019, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 18, 2019

NEW ISSUE

Rating: Moody's "Aaa" (State of Idaho Guaranty; "A3" underlying)
See "STATE OF IDAHO GUARANTY" and "MISCELLANEOUS—Bond Ratings" herein.

In the opinion of MSBT Law, Bond Counsel, based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code and is excluded from gross income for purposes of State personal income taxes. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws. "Legal Matters—Tax Exemption" herein.

\$14,865,000*

Joint School District No. 322 (Sugar–Salem) Madison and Fremont Counties, State of Idaho General Obligation Bonds, Series 2019 (Sales Tax Guaranty and Credit Enhancement Programs)

The \$14,865,000* General Obligation Bonds, Series 2019 (Sales Tax Guaranty and Credit Enhancement Programs) (the "2019 Bonds"), dated the date of original issuance, are issuable by Joint School District No. 322 (Sugar–Salem), Madison and Fremont Counties, State of Idaho (the "District"), as fully-registered bonds and, when initially issued, will be in book–entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (the "DTC"). DTC will act as securities depository for the 2019 Bonds.

Principal of and interest on the 2019 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2020) are payable by Zions Bancorporation, National Association, Boise Idaho, as Paying Agent (the "Paying Agent"), to the registered owners thereof, initially DTC. See "THE 2019 BONDS—Book–Entry System" herein.

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "THE 2019 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2019 Bonds will be general obligations of the District payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the District, fully sufficient to pay the 2019 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2019 Bonds when due is further secured by the

State of Idaho

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

Dated: Date of Delivery¹

Due: September 15, as shown on inside cover

See the inside front cover for the maturity schedule of the 2019 Bonds.

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on Tuesday, October 29, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of this OFFICIAL STATEMENT).

Zions Public Finance, Inc., Boise, Idaho, is acting 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 October __, 2019, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of delivery is Tuesday, November 12, 2019.

\$14,865,000*

General Obligation Bonds, Series 2019
(Sales Tax Guaranty and Credit Enhancement Programs)

Dated: Date of Delivery¹

Due: September 15, as shown below

Due September 15	CUSIP[®] 559315	Principal Amount*	Interest Rate	Yield/ Price
2020.....		\$ 630,000		
2021.....		575,000		
2022.....		585,000		
2023.....		600,000		
2024.....		610,000		
2025.....		620,000		
2026.....		635,000		
2027.....		645,000		
2028.....		660,000		
2029.....		675,000		
2030.....		685,000		
2031.....		720,000		
2032.....		755,000		
2033.....		795,000		
2034.....		835,000		
2035.....		875,000		
2036.....		920,000		
2037.....		965,000		
2038.....		1,015,000		
2039.....		1,065,000		

¹ The anticipated date of delivery is Tuesday, November 12, 2019.

* Preliminary; subject to change.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the principal amount of the 2019 Bonds (as defined herein) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: Joint School District No. 322 (Sugar–Salem), Madison and Fremont Counties, State of Idaho; Zions Public Finance, Inc., Boise, Idaho, as Municipal Advisor; Zions Bancorporation, National Association, Boise, Idaho, as Paying Agent; the successful bidder; or any other entity. All other information contained herein has been obtained from the District, The Depository Trust Company, New York, New York, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the District, since the date hereof.

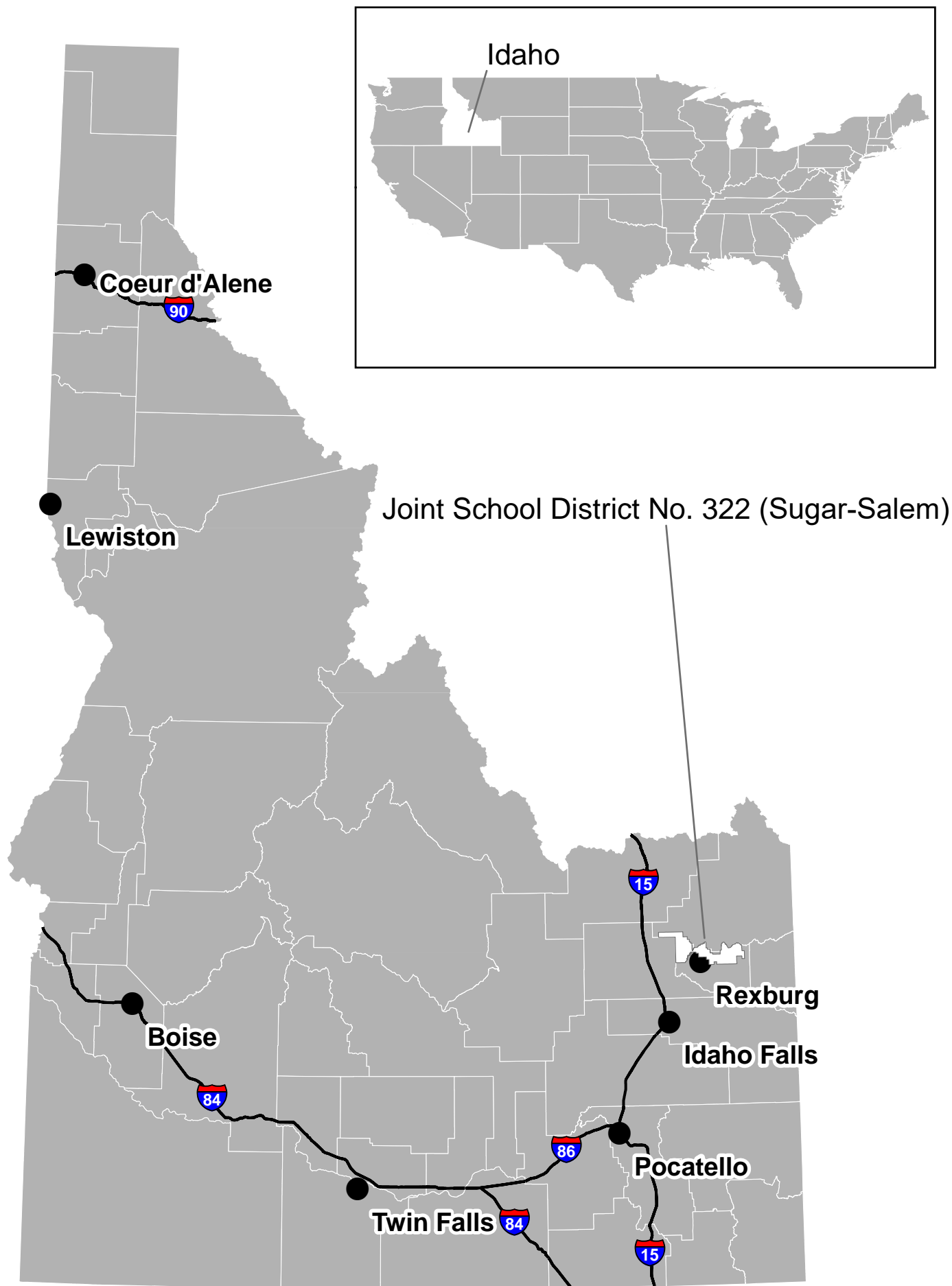
The 2019 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this OFFICIAL STATEMENT. In addition, the successful bidder may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. In connection with the offering of the 2019 Bonds, the successful bidder may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019 Bonds. Such transactions may include overallotments in connection with the purchase of 2019 Bonds, the purchase of 2019 Bonds to stabilize their market price and the purchase of 2019 Bonds to cover the successful bidder's short positions. Such transactions, if commenced, may be discontinued at any time.

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

The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to change after the issuance of the 2019 Bonds because of subsequent actions including, but not limited to, a refunding in whole or in part of the 2019 Bonds.

The information available from websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2019 Bonds and is not a part of this OFFICIAL STATEMENT.



**Joint School District No. 322 (Sugar-Salem),
Madison and Fremont Counties, State of Idaho**

OFFICIAL STATEMENT RELATED TO

\$14,865,000*

Joint School District No. 322 (Sugar–Salem)

Madison and Fremont Counties, State of Idaho

General Obligation Bonds, Series 2019

(Sales Tax Guaranty and Credit Enhancement Programs)

INTRODUCTION

This introduction is only a brief description of the 2019 Bonds, as hereinafter defined, the security and source of payment for the 2019 Bonds and certain information regarding Joint School District No. 322 (Sugar–Salem), Madison and Fremont Counties, State of Idaho (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—ANNUAL FINANCIAL REPORT OF SUGAR–SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT;” and “APPENDIX D—BOOK–ENTRY SYSTEM.”

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

Public Sale/Electronic Bid

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY**® electronic bid submission system on Tuesday, October 29, 2019, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this OFFICIAL STATEMENT).

The 2019 Bonds may be offered and sold to certain dealers (including dealers depositing the 2019 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

The District

The District was created in 1948 and currently encompasses an area of approximately 175 square miles and served an estimated population of 5,126, according to the U.S. Census Bureau 2017 estimate. The District is headquartered in Sugar City and has a population of 1,347, according to the 2018 Population Estimates by the U.S. Census Bureau. Sugar City is located in the southeastern portion of the State of Idaho (the “State”) and is four miles from the City of Rexburg and is considered to be part of the Rexburg Micropolitan Statistical Area.

* Preliminary; subject to change.

Approximately 80% of the District is located in Madison County (the “County”) and the remainder lies in Fremont County (together the “Counties”). The County was established in 1913 with its county seat at Rexburg.

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

The 2019 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the District of its \$14,865,000* General Obligation Bonds, Series 2019 (Sales Tax Guaranty and Credit Enhancement Programs) (the “2019 Bonds or “2019 Bond”), initially issued in book-entry form.

Security

The 2019 Bonds will be general obligations of the District, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the 2019 Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “TAXES AND STATE FUNDING—Tax Levy And Collection” below.

Payment of the principal of and interest on the 2019 Bonds when due is guaranteed by the State of Idaho (the “State”) pursuant to the sales tax pledge under the provisions of the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code (the “Sales Tax Guaranty Program”) and the Credit Enhancement Program supported by the public schools’ endowment fund, pursuant to Section 57–728, Idaho Code (the “Credit Enhancement Program”). See “STATE OF IDAHO GUARANTY” below.

Authority And Purpose

The 2018 Bonds are being issued pursuant to (i) Title 33, Chapter 11, Idaho Code, as amended, the Registered Public Obligations Act of Idaho, Title 57, Chapter 9; and the Municipal Bond Law, Title 57, Chapter 2; Idaho Code (collectively, the “Act”), (ii) Resolution of the District adopted on October 16, 2019 (the “Resolution”), which provides for the issuance of the 2019 Bonds, and (iii) other applicable provisions of law.

The 2019 Bonds were authorized at a special bond election held for that purpose on August 27, 2019. The proposition submitted to the voters was as follows:

Shall the Board of Trustees of Sugar-Salem Joint School District No. 322 be authorized to incur an indebtedness and issue general obligation school bonds of the District in an aggregate amount not to exceed \$17,000,000, to become due in such installments as may be fixed by the Board of Trustees, the term not to exceed twenty (20) years, for the purpose for financing the costs of improvements to educational facilities, together with related costs and fees, all as provided in the Resolution of the Board of Trustees adopted on April 11, 2019?

At the election, there were 838 votes cast in favor of the issuance of bonds and 237 votes cast against the issuance of bonds, for a total vote count of 1,075, with approximately 78% in favor of the issuance of the 2019 Bonds, exceeding the two-thirds voter-approval requirement to authorize issuance of the 2019 Bonds.

Under Idaho law, a challenge to an election outcome must be filed within 40 days of the date of canvass. The Counties canvassed the final election results on the following dates: Madison County, August 29, 2019 and Fremont County, September 3, 2019. Therefore, the 40-day challenge period will expire on October 13, 2019.

* Preliminary; subject to change.

After the sale and delivery of the 2019 Bonds, the District will have no remaining authorized but unissued bonds from the August 27, 2019 voted authorization.

The 2019 Bonds are being issued for the construction of a junior high school, repairs to HVAC systems at existing school facilities, other related improvements, and to pay certain costs of issuance. See “THE 2019 BONDS—Sources And Uses Of Funds” below.

Redemption Provisions

Certain of the 2018 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2019 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

Registration, Denominations, Manner Of Payment

The 2019 Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2019 Bonds. Purchases of 2019 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2019 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 2019 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM” below.

Principal of and interest on the 2019 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2020) are payable by Zions Bancorporation, National Association, Boise, Idaho (“Zions Bancorporation”), as paying agent (the “Paying Agent”) for the 2019 Bonds, to the registered owners of the 2019 Bonds. So long as Cede & Co. is the registered owner of the 2019 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2019 Bonds, as described under “APPENDIX D—BOOK-ENTRY SYSTEM” below.

So long as DTC or its nominee is the registered owner of the 2019 Bonds, neither the District nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2019 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019 Bonds.

Tax-Exempt Status Of The 2019 Bonds

In the opinion of MSBT Law, Bond Counsel, based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code and is excluded from gross income for purposes of State personal income taxes. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws. See “Legal Matters—Tax Exemption” herein.

Professional Services

In connection with the issuance of the 2019 Bonds, the following have served the District in the capacity indicated.

Bond Counsel

MSBT Law
7699 W Riverside Drive
Boise ID 83714
208.331.1800 | f 208.331.1202
SJB@msbtlaw.com

Attorney for the District

Anderson, Julian, & Hull LLP
250 S Fifth St Ste 700
PO Box 7426
Boise ID 83707–7426
208.344.5800 | f 208.344.5510
awhite@ajhlaw.com

Paying Agent and Bond Registrar

Zions Bancorporation, National Association
800 W Main St Ste 700
Boise ID 83702
208.501.7496 | f 855.855.9705
jennifer.mabbott@zionsbancorp.com

Municipal Advisor

Zions Public Finance, Inc.
800 W Main St, Ste 700
Boise ID 83702
208.501.7533
christian.anderson@zionsbancorp.com

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

The 2019 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder, subject to the approval of legality of the 2019 Bonds by Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the District by Anderson, Julian, & Hull LLP, Boise, Idaho. It is expected that the 2019 Bonds, in book–entry form only, will be available for delivery in Boise, Idaho for deposit with the Paying Agent, as fast agent of DTC, on or about Tuesday, November 12, 2019.

Information Reporting Agreement (Disclosure Undertaking)

The District will enter into an Information Reporting Agreement (the “Disclosure Undertaking”) for the benefit of the owners of the 2019 Bonds. For a detailed discussion of the Disclosure Undertaking, previous undertakings and timing of submissions see “INFORMATION REPORTING AGREEMENT” below and “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the District’s Board of Trustees (the “Board”), the District, the 2019 Bonds, and the Resolution are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document, and references herein to the 2019 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation authorizing the issuance of the 2019 Bonds and establishing the rights and responsibilities of the District and other parties to the transaction may be obtained from the “contact persons” as indicated below.

Contact Persons

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

Christian Anderson, Vice President, christian.anderson@zionsbancorp.com
Zions Public Finance, Inc.
800 W Main St Ste 700
Boise ID 83702
208.501.7533

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the District concerning the 2019 Bonds are:

Chester Bradshaw, Superintendent, cbradshaw@sugarsalem.com
Becky Bates, Business Manager, bbates@sugarsalem.com
Joint School District No. 322 (Sugar–Salem)
105 West Center (PO Box 150)
Sugar City ID 83448
208.356.8802 | f 208.356.7237

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the guaranty for the 2018 Bonds under the Sales Tax Guaranty Program is:

Paul Stewart, Investment Officer, paul.stewart@sto.idaho.gov
Office of the Idaho State Treasurer
700 West Jefferson Ste. 126
Boise ID 83720
208.332.2938 | f 208.332.2961
sto.idaho.gov

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Idaho Endowment Fund Investment Board concerning the guaranty for the 2018 Bonds under the Credit Enhancement Program is:

Chris Anton, Investment Officer, chris.anton@efib.idaho.gov
Idaho Endowment Fund Investment Board
816 West Bannock Street, Suite 301
Boise ID 83720
208.334.3728

INFORMATION REPORTING AGREEMENT

The District will enter into a Disclosure Undertaking for the benefit of the Beneficial Owners of the 2019 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT.”

The Disclosure Undertaking requires the District to submit its annual financial report (Fiscal Year Ending June 30) and other operating and financial information on or before December 27 (180 days from the end of the Fiscal Year). The District will submit the Fiscal Year 2020 financial report and other operating and financial information for the 2019 Bonds on or before December 27, 2020, and annually thereafter on or before each December 27.

A failure by the District to comply with the Disclosure Undertaking will not constitute a default under the Resolution, and Bondowners of the 2019 Bonds are limited to the remedies provided in the Disclosure Undertaking. A failure by the District to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2019 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2019 Bonds.

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

STATE OF IDAHO GUARANTY

The Guaranty; Pledge of State Sales Tax

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

As of the date of this OFFICIAL STATEMENT, Moody’s has assigned its “Aa1” rating to bonds that are guaranteed by the Sales Tax Guaranty Program. Moody’s has assigned its “Aaa” rating to bonds that are guaranteed by the Credit Enhancement Program and the Sales Tax Guaranty Program. ***The 2019 Bonds are guaranteed by both Programs.***

The Sales Tax Guaranty Program

General. Any school district may apply to the Idaho State Treasurer (the “State Treasurer”) for the State’s guaranty of its eligible bonds. Pursuant to the Sales Tax Guaranty Program, the sales tax of the State is pledged to guarantee full and timely payment of the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, refunding bonds issued on and after March 1, 1999, which meet certain requirements detailed below, for voter-approved bonds which were voted on by the electorate prior to March 1, 1999, and voter-approved bonds for new projects which were voted on by the electorate on and after March 1, 1999, as such payments shall become due (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration) (the “Guaranty”). The Guaranty is good for the life of the bond, even if the State Treasurer later determines a district is ineligible for future guaranties. See in this section “State Treasurer to Monitor District’s Fiscal Solvency” below.

On September 30, 2019, the State Treasurer issued to the District a Certificate of Eligibility for the Sales Tax Guaranty Program for the 2019 Bonds (the “Certificate of Eligibility”).

The Certificate of Eligibility evidences the District’s eligibility for the Sales Tax Guaranty Program for 90 days from the date of issuance. Once the 2019 Bonds are issued pursuant to the Certificate of Eligibility, the Guaranty is in effect for so long as the 2019 Bonds are outstanding.

In addition, the Sales Tax Guaranty Program provides that the State pledges to and agrees with the holders of bonds that the State will not alter, impair, or limit the rights vested by the program with respect to bonds until

the bonds, together with applicable interest, are fully paid and discharged. However, this pledge does not preclude an alteration, impairment, or limitation if adequate provision is made by law for the protection of the holders of the bonds.

Program Limitations. Bonds issued by the Idaho Bond Bank Authority (“IBBA”) and the Sales Tax Guaranty Program are both secured by State sales tax. The State implemented a debt capacity policy that caps the Sales Tax Guaranty Program at the combined “maximum annual debt service” of bonds issued thereunder and the IBBA’s revenue bonds/municipal loan program can be no greater than 20% of prior Fiscal Year audited State sales tax revenue. The State’s sales tax revenue for Fiscal Year 2018 was \$1.805 billion. The combined maximum annual debt service under the Sales Tax Guaranty Program and IBBA’s revenue bonds/municipal program as of March 2019 was \$190.7 million, resulting in a percentage of 10.6%.

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

Credit Enhancement Program

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

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

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

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

On September 30, 2019, the Endowment Board issued to the District its Certificate of Approval of Credit Enhancement for the 2019 Bonds. The Certificate of Approval evidences the District’s eligibility for the Credit Enhancement Program for 90 days following the issuance of the certificate.

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

Guaranty Procedures

The Programs are for the protection of the bondholders. Ultimate liability for the payment of the 2019 Bonds remains with the District. Accordingly, the Sales Tax Guaranty Program contains provisions, including interception of State aid to the District, possible action to compel levy of a tax sufficient to reimburse the State for any payments made to bondholders pursuant to its Guaranty, and various oversight provisions to assure that the District, and not the State, will ultimately be responsible for debt service on the 2019 Bonds.

Under the Sales Tax Guaranty Program, the District's Superintendent is required to transfer moneys sufficient for scheduled debt service payments on the 2019 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2019 Bonds. If the Superintendent is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Superintendent must immediately notify the Paying Agent and the State Treasurer. In addition, if the Paying Agent has not received the scheduled debt service payment at least 15 days prior to the scheduled debt service payment date for the 2019 Bonds the Paying Agent must notify the State Treasurer in writing at least 10 days prior to the payment date. The Sales Tax Guaranty Program further provides that if sufficient moneys have not been transferred to the Paying Agent, then the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the Paying Agent to make the scheduled debt service payment. Payment by the State of a debt service payment on the 2019 Bonds discharges the obligation of the District to the bondholders for that payment to the extent of the State's payment and transfers the District's obligation for that payment to the State.

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

The District may use property taxes or other moneys to replace intercepted funds if the moneys are derived from taxes originally levied to make the payment, but which were not timely received by the District; taxes from a supplemental levy made to make the missed payment or to replace the intercepted moneys; moneys transferred from the undistributed reserve, if any, of the District, or any other source of money on hand and legally available. The District may not replace operating funds intercepted by the State with moneys collected and held to make payments on the 2019 Bonds if that replacement would divert moneys from the payment of future debt service on the 2019 Bonds and increase the risk that the Guaranty would be called upon an additional time.

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

State Treasurer to Monitor District's Fiscal Solvency

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

pursuant to Section 33–701, Idaho Code. The State Treasurer is also required to report his conclusions regarding the fiscal solvency of the District at least annually to the Governor, the Idaho State Legislature (the “State Legislature”), the Endowment Board and the State Superintendent of Public Instruction. In addition, the State Treasurer must immediately report any circumstances suggesting that the District will be unable to meet its debt service obligations and immediately recommend a course of remedial action.

Status Of The Programs

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

	Sales Tax Guaranty Program (1)	Sales Tax Guaranty and Credit Enhance- ment Programs
Number of school districts with bonds outstanding.....	60	58
Number of outstanding bond issues.....	120	84
Outstanding principal guaranteed	\$1,305,312,020	\$611,840,798

(1) Districts included in the Sales Tax Guaranty Program column may also have bonds that are secured by both Programs. Does not include the 2019 Bonds.

(Source: Office of the Idaho State Treasurer.)

State Of Idaho—Financial And Operating Information

The State produces a Comprehensive Annual Financial Report (“CAFR”) in accordance with generally accepted accounting principles as defined by the Government Accounting Standards Board. The State’s Fiscal Year 2018 CAFR may be found at <http://www.sco.idaho.gov>. The State’s most recent official statement for its tax anticipation notes (base CUSIP®451434) is currently on file with EMMA. Such information contained on websites shall not be considered to be a part of this OFFICIAL STATEMENT and is not provided in connection with the offering of the 2019 Bonds.

BOND LEVY EQUALIZATION SUPPORT PROGRAM

Bond Levy Subsidy Program

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

Availability Of The Levy Subsidy

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

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

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

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

The 2019 Legislature appropriated \$23,387,900 for Levy Subsidy Payments for Fiscal Year 2020 disbursement, which was disbursed to qualifying school districts on or about September 1, 2019. Amounts available for Levy Subsidy in future years are subject to appropriation by the State Legislature each year. Fiscal Year 2020 disbursements were funded from a mix of sources: \$7,939,000 from the General Fund (transferred from cigarette tax revenue), \$1,823,900 of carry over in the Levy Subsidy fund, and \$13,625,000 of Idaho Lottery proceeds, which are directed by statute to the Bond Levy Subsidy Program.

The District has been receiving Levy Subsidy Payments on its outstanding bonds. The District expects to receive a Levy Subsidy payment for the 2019 Bonds beginning in September 2020. The DOE recalculates a bond's average annual principal and interest payments in circumstances where a bond is refunded to be measured by the average annual principal and interest on the refunding bonds. The District has covenanted in the Resolution to comply with the information requirements of the DOE to receive Levy Subsidy Payments. The District has complied with the information requirements of the DOE and expects to be able to continue to do so.

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

Benefit Of Levy Subsidy To The District

Based on information provided by the DOE, the District's Value Index for Fiscal Year 2020 is approximately 0.7231 which would entitle the District to receive an annual Levy Subsidy Payment equal to approximately 28% of the average annual debt service on qualifying bonds. The Value Index for future fiscal years (beginning with Fiscal Year 2021) will be recalculated annually by the DOE and provided in July, shortly after the beginning of the applicable fiscal year. Based on information provided by the District, the District's value index for Fiscal Year 2021 is not expected to exceed the 1.50 index cap. If the District's Value Index is above 1.50 for any fiscal year during the repayment of the 2019 Bonds, the District will not receive a subsidy payment for that fiscal year.

For newly-authorized bonds, such as the 2019 Bonds, school districts receive the first Levy Subsidy Payment on September 1 of the year following the calendar year in which the bonds were authorized.

THE 2019 BONDS

General

The 2019 Bonds will be dated the date of their original issuance and delivery¹ (the "Dated Date") and will mature on September 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

¹ The anticipated date of delivery is Tuesday, November 12, 2019.

The 2019 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2019 Bonds is payable semiannually on each March 15 and September 15, commencing March 15, 2020. Interest on the 2019 Bonds will be computed on the basis of a 360-day year comprised of Twelve, 30-day months. Zions Bancorporation is the bond registrar and Paying Agent for the 2019 Bonds under the Resolution (in such respective capacities, the initial “Bond Registrar”).

The 2019 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

Sources And Uses Of Funds

The sources and uses of funds in connection with the issuance of the 2019 Bonds are estimated to be as follows:

Sources:

Par amount of 2019 Bonds.....	\$
Original issue premium.....	
Total	\$

Uses:

Deposit to 2019 Construction Account.....	\$
Underwriter’s discount.....	
Costs of Issuance (1).....	
Total	\$

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

Redemption Provisions

Optional Redemption. The 2019 Bonds maturing on or after September 15, 2030, will be subject to optional redemption at the option of the District on September 15, 2029, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the District, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days’ prior written notice, at a redemption price equal to 100% of the principal amount of the 2019 Bonds to be redeemed, plus accrued interest thereon to the redemption date

Selection for Redemption. If less than all 2019 Bonds of any maturity are to be redeemed, the 2019 Bonds or portion of 2019 Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any registered 2019 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 2019 Bonds for redemption, the Trustee will treat each such 2019 Bond as representing that number of 2019 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2019 Bond by \$5,000.

Notice of Redemption. Notice of redemption shall be given by the Bond Registrar by first class mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date (as defined hereinafter), of each 2019 Bond which is subject to redemption, at the address of such owner as it appears on the registration books of the District kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption shall state the redemption date, the place of redemption, the redemption price and, if less than all of the 2019 Bonds are to be redeemed, the respective principal amounts to be redeemed, and shall also state that the interest on the 2019 Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date

and that on the redemption date there will become due and payable on each of the 2019 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2019 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the District will not be required to redeem such 2019 Bonds. If 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 way the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2019 Bond will not affect the validity of the proceedings for redemption with respect to any other 2019 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to EMMA as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

For so long as a book-entry system is in effect with respect to the 2019 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2019 Bonds. See “THE 2019 BONDS—Book-Entry System” below.

Mandatory Sinking Fund Redemption At Bidder’s Option

The 2019 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option.”

Registration And Transfer; Record Date

In the event the book-entry system is discontinued, any 2019 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 2019 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 2019 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2019 Bond or 2019 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the District, for a like aggregate principal amount.

The 2019 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully-registered 2019 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2019 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 2019 Bonds.

The Bond Registrar will not be required to transfer or exchange any 2019 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2019 Bond. The term “Record Date” means (i) with respect to each interest payment date, the first day of the month of each interest payment date, or if such day is not a business

day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2019 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption.

The District, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2019 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof (on the 2019 Bonds) and interest due thereon and for all other purposes whatsoever.

Book–Entry System

DTC will act as securities depository for the 2019 Bonds. The 2019 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 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

The District, the Bond Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the 2019 Bonds registered in its name for the purpose of payment of the principal of and interest on the 2019 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of 2019 Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The District, the Bond Registrar and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2019 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the District.

So long as Cede & Co. is the registered owner of the 2019 Bonds, as nominee of DTC, references herein and in the Resolution to the Bondowners or registered owners of the 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019 Bonds.

Neither the District, the Bond Registrar nor the Paying Agent will have any responsibility or obligation to any Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice to the Participants, or Beneficial Owners of the 2019 Bonds.

In the event the book–entry system is discontinued, interest on the 2019 Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the District kept for that purpose by the Bond Registrar. The principal of all 2019 Bonds will be payable at the principal office of the Paying Agent.

Debt Service On The 2019 Bonds

<u>Payment Date</u>	<u>The 2019 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
March 15, 2020.....	0.00			
September 15, 2020	\$ 630,000.00			
March 15, 2021.....	0.00			
September 15, 2021	575,000.00			
March 15, 2022.....	0.00			
September 15, 2022	585,000.00			
March 15, 2023.....	0.00			

* Preliminary; subject to change.

Debt Service On The 2019 Bonds—continued

<u>Payment Date</u>	<u>The 2019 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
September 15, 2023	\$ 600,000.00			
March 15, 2024.....	0.00			
September 15, 2024.....	610,000.00			
March 15, 2025.....	0.00			
September 15, 2025.....	620,000.00			
March 15, 2026.....	0.00			
September 15, 2026.....	635,000.00			
March 15, 2027.....	0.00			
September 15, 2027.....	645,000.00			
March 15, 2028.....	0.00			
September 15, 2028.....	660,000.00			
March 15, 2029.....	0.00			
September 15, 2029.....	675,000.00			
March 15, 2030.....	0.00			
September 15, 2030.....	685,000.00			
March 15, 2031.....	0.00			
September 15, 2031.....	720,000.00			
March 15, 2032.....	0.00			
September 15, 2032.....	755,000.00			
March 15, 2033.....	0.00			
September 15, 2034.....	795,000.00			
March 15, 2034.....	0.00			
September 15, 2034.....	835,000.00			
March 15, 2035.....	0.00			
September 15, 2035.....	875,000.00			
March 15, 2036.....	0.00			
September 15, 2036.....	920,000.00			
March 15, 2037.....	0.00			
September 15, 2037.....	965,000.00			
March 15, 2038.....	0.00			
September 15, 2038.....	1,015,000.00			
March 15, 2039.....	0.00			
September 15, 2039.....	<u>1,065,000.00</u>			
Totals.....	<u>\$14,865,000.00</u>	\$	\$	

* Preliminary; subject to change.

SECURITY AND SOURCES OF PAYMENT

The 2019 Bonds are general obligations of the District and the full faith, credit and resources of the District are pledged for the punctual payment of the principal of and interest on the 2019 Bonds. The 2019 Bonds are secured by ad valorem taxes to be levied against all taxable property within the District. More specifically, for the purpose of paying the principal of and interest on the 2019 Bonds as the same will become due, the District will levy on all taxable property located within the District, in addition to all other taxes, direct annual taxes sufficient in amount to provide for the payment of principal of and interest on the 2019 Bonds. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the 2019 Bonds and for no other purpose. See “TAXES AND STATE FUNDING—Ad Valorem Tax System” below.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the 2019 Bonds and thereby reduce the amount of future tax levies for such purpose.

The 2019 Bonds also have the benefit of the Programs as described above under the caption: “STATE OF IDAHO GUARANTY,” and are eligible for Levy Subsidy Payments as described above under the caption “BOND LEVY EQUALIZATION SUPPORT PROGRAM.”

The Levy Subsidy Payments are appropriated on an annual basis by the State Legislature and therefore do not constitute security for the 2019 Bonds because Bondowners cannot compel appropriation of the Levy Subsidy Payments. However, in the Resolution the District covenants to deposit all payments received under such Levy Subsidy Payments into the bond fund for the 2019 Bonds and to use them for no other purpose. See “Bond Fund For The 2019 Bonds” below. Accordingly, Levy Subsidy Payments provide an additional source of payment for the 2019 Bonds and once received by the District, are irrevocably pledged as security for the 2019 Bonds.

The 2019 Bonds do not constitute a debt or indebtedness of the Counties, the State (except as described under “STATE OF IDAHO GUARANTY”), or any political subdivision thereof other than the District.

Bond Fund For The 2019 Bonds

The Resolution creates a bond fund for the deposit of revenues and disbursement of payments of debt service on the 2019 Bonds (the “Bond Fund”). In the Resolution, the District covenants to levy and collect property taxes sufficient, together with other funds, to pay debt service on the 2019 Bonds, to deposit such revenues into the Bond Fund and to use the funds on deposit in the Bond Fund for no other purpose than for payment of principal and interest on the 2019 Bonds as they become due. In addition to the covenants in the Resolution, existing District policy requires that the Bond Fund be maintained in an entirely separate bank or investment account from all other funds of the District.

The Idaho system of ad valorem tax collection and disbursement does not require counties to segregate tax collections dedicated to pay principal and interest on bonded indebtedness of political subdivisions from the other revenues the county collects on behalf of the political subdivision. In addition to the revenues collected from the dedicated ad valorem tax levy for the District’s bonds, such revenues may include revenues from the District’s other available levies. See “TAXES AND STATE FUNDING–Ad Valorem Tax System” and “TAXES AND STATE FUNDING–School District Levies” herein. The District maintains certain policies and internal controls to ensure that monies received from the Counties are properly allocated to their intended purposes, and that monies received from the bond levy are promptly deposited into the Bond Fund. The District also has policies and internal controls in place to prevent withdrawals from the Bond Fund for any purpose other than payment of principal and interest on the 2019 Bonds.

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

The Resolution pledges the revenues from the bond levy, Levy Subsidy Payments once received, and all funds on deposit in the Bond Fund for the payment of principal and interest on the 2019 Bonds.

The 2019 Bonds will be general obligations of the District, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the District, fully sufficient to pay the 2019 Bonds as to both principal and interest. See “TAXES AND STATE FUNDING—Ad Valorem Tax System” and “STATE OF IDAHO SCHOOL FINANCE” below.

THE DISTRICT

General

The District was created in 1948 and currently encompasses an area of approximately 175 square miles and serves an estimated population of 5,126, according to the U.S. Census Bureau. The District is headquartered in Sugar City and has a population of 1,347, according to the 2018 Population Estimates by the U.S. Census Bureau. Sugar City is located in the southeastern portion of the State and is four miles from the City of Rexburg and is considered to be part of the Rexburg Micropolitan Statistical Area. Approximately 80% of the District is located in the County and the remainder lies in Fremont County. The County was established in 1913 with its county seat at Rexburg.

Brigham Young University–Idaho has a strong influence in the local economy through their increasing enrollment. The enrollment has increased from 8,670 in 2000 to 15,422 enrolled for spring term 2019. Educational, hospitality, trade and utilities make up the greater workforce in the District.

Within the County are four school districts and they include: Fremont School District No. 215, Jefferson School District No. 251, Madison School District No. 321 and the District. The District currently operates one high school, one alternative high school, a junior high school, an intermediate school, and one elementary school.

District Enrollment And Average Daily Attendance

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

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

Historical Average Daily Attendance and Enrollment						
Fiscal Year (1)	Elementary (P–4)	Middle (5–8)	Secondary (9–12)	Total	% Change	ADA
2020 (2).....	505	527	578	1,610	(1.3)	–
2019.....	555	537	539	1,631	(0.7)	1,537
2018.....	541	547	554	1,642	1.9	1,556
2017.....	584	474	553	1,611	2.4	1,521
2016.....	559	489	525	1,573	(0.4)	1,485
2015.....	584	475	521	1,580	(0.2)	1,503
2014.....	574	488	521	1,583	3.5	1,496
2013.....	548	495	487	1,530	6.6	1,451
2012.....	523	461	451	1,435	(2.8)	1,388
2011.....	574	460	443	1,477	(0.6)	1,422

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

(2) Estimated fall enrollment; source: the District.

(Source: The Idaho State Department of Education.)

The ADA funding formula system has been in effect, with certain modifications, since 1994. The last several Legislative sessions have considered changes to this system, culminating in a report in 2018 of an interim legislative committee that recommended the formula system transition from “counting students based on average daily attendance to counting students based on enrollment.” The 2019 legislative session did not enact any changes to the system, but did enact HB 293, which adds definitions and requires school districts to report enrollment data so that a comparison between an ADA system and an enrollment-based system can be evaluated by the 2020 Legislature.

Form Of Government

Board of Trustees. The determination of policies for the management of the District is the responsibility of the Board of Trustees (the “Board”), the members of which are elected by the qualified electors within the District. The District is divided into five representative zones, and a member of the Board is elected from each of the five zones. Members serve three-year terms, which are staggered to provide continuity.

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

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

Business Administrator. The Business Administrator (the “Business Administrator”) is appointed by the Board and reports to the Superintendent. The duties of the Business Administrator, among others, are to (i) countersign all warrants drawn upon the District treasury, (ii) keep an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury, and (iii) have custody of the records and papers of the Board. The Business Administrator is the custodian of all moneys belonging to the District and is required to prepare and submit to the Board a monthly report of the receipts and disbursements of the Business Administrator’s office.

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

Office	Person	Years in Service	Expiration of Current Term/Contract (1)
Chairperson	Kristin Galbraith	6	December 2021
Vice Chairperson	Greg Stoddard	3	December 2019
Trustee	Whitney Crapo	2	December 2021
Trustee	Tyler Fillmore	7	December 2021
Trustee	Doug McBride	12	December 2019
Superintendent	Chester Bradshaw	1	Appointed
Business Administrator	Becky Bates	5	Appointed

(1) Mr. McBride will be retiring at the expiration of his term. Ian Luke, running unopposed, is anticipated to take his place in January 2020.

District Staff

The District employs approximately 294 persons in the following capacities: 92 certified staff (including teachers); seven administrators; 101 classified staff; 28 adjunct coaches; and 66 substitutes.

Pension System

Pension System. The District is a member of the Idaho State Public Employees' Retirement System ("PERSI"). PERSI is the administrator of a multiple employer cost-sharing defined benefit public employee retirement system. A retirement board (the "PERSI Board"), appointed by the governor and confirmed by the legislature, manages the system which includes selecting investment managers to direct the investment, exchange and liquidation of assets in the managed accounts and to establish policy for asset allocation and other investment guidelines. The PERSI Board is charged with the fiduciary responsibility of administering the plan.

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

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half-time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. As of June 30, 2018, PERSI had 71,112 active members, 37,588 inactive members (of whom 13,133 are entitled to vested benefits), and 46,907 annuitants. In addition, there were 797 participating employers in the PERSI Base Plan and total membership in PERSI was 155,607.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI's inception. The net position for all pension and other funds administered by PERSI increased \$1.2 billion during Fiscal Year 2018 and increased \$1.6 billion during Fiscal Year 2017. The increase in the defined benefit plans reflects the total of contributions received and an investment return of more than benefits paid and administrative expenses. All of the plans experienced investment gains in Fiscal Year 2018 as a result of positive market performance. Net investment income for all of the funds administered by PERSI for the Fiscal Years ended June 30, 2018 and 2017 was \$1.4 billion and \$1.9 billion, respectively.

As of June 30, 2018, the funding ratio (actuarial value of assets divided by actuarial accrued liability) for the PERSI Base Plan was 91.2%, which is an increase from the funding ratio of 89.6% as of June 30, 2017. The higher the funding ratio, the better the plan is funded. The amortization period (estimated time to payoff unfunded liability) for PERSI's Base Plan as of June 30, 2018 is to 16.6 years, which is lower than the 25-year amortization period required by statute.

Because of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the PERSI Board, at its October 18, 2016 meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2018. In October 2017, the PERSI Board delayed this rate increase until July 1, 2019. During its October 2018 meeting, the PERSI Board voted to implement the 1% contribution rate increase effective July 1, 2019. The prior contribution rates and the current contribution rates effective July 1, 2019 are as follows:

	Member		Employer	
	General/ Teacher	Fire/ Police	General/ Teacher	Fire/ Police
Rates through June 30, 2019...	6.79%	8.36%	11.32%	11.66%
Rates effective July 1, 2019...	7.16	8.81	11.94	12.28

(Source: Financial Statements June 30, 2018 Public Employee Retirement System of Idaho.)

The PERSI Strategic Plan 2019–2022 is available on the PERSI website for additional information.

The District’s required and paid contributions to PERSI for Fiscal Years 2019, 2018, and 2017 were \$712,791, \$638,729, and \$630,162, respectively. Contribution requirements of PERSI and its members are established by the PERSI Board within limitations, as defined by State law.

The District is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of PERSI due to the implementation of GASB 68. The District reported a liability for its proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the District’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. On July 1, 2018, the District’s proportion was 0.177419% or \$2,616,966.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information and may be found at <http://www.persi.idaho.gov>. See “APPENDIX A—ANNUAL FINANCIAL REPORT OF SUGAR–SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019—Notes to Financial Statements—Note 7. Pension Plans” (page A–34).

Risk Management And Cybersecurity

Risk Management. The District manages its risks through the purchase of individual insurance policies through a commercial insurance company. The District has earthquake protection included in its insurance policies. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The District believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the District provides and settled claims have not exceeded insurance coverage in any of the previous three years. See also “LEGAL MATTERS—Litigation.”

Cybersecurity. The District employs a complex technology environment to conduct its operations and faces multiple cybersecurity threats such as hacking, phishing, viruses, malware, ransomware and other attacks to its computing and other electronic platforms and systems. As a recipient and provider of personal, private, or sensitive information, the District may be the target of cybersecurity incidents that could result in adverse consequences to information and systems. Cybersecurity incidents could result from unintentional events or from deliberate attacks. To mitigate the risks and consequences of cybersecurity incidents or cyberattacks the District has invested in technological safeguards and has adopted policies and procedures to protect information as well as ensure compliance with State and federal regulations. In addition, since July 1, 2015, the District has maintained cybersecurity coverage in its insurance policies. The costs of remedying any damage from a cyber-attack or protecting against future attacks could be substantial and expose the District to material litigation and other legal risks.

Cyber-attack Incident. In March 2019, the District experienced a ransomware attack that resulted in stolen files. The files were fully recovered and the incident was covered by the District’s cybersecurity insurance. This incident did not expose personal, private, or sensitive information, nor did it have a material effect on the District’s finances.

Investment Of Funds

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

The District does not have a formal investment policy, but is governed by Idaho Code 67-1210 and 67-1210A. Local governments, including the District, are also authorized to invest in the Local Government Investment Pool ("LGIP"), established as cooperative endeavors to enable public entities of the State to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The LGIP is managed by the State Treasurer's Office. Information about the LGIP investments is available from the Idaho State Treasurer at <http://sto.idaho.gov>. The District does invest in the LGIP.

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

See APPENDIX A—ANNUAL FINANCIAL REPORT OF SUGAR–SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019—Notes To The Financial Statements—Note 2. Cash and Investments" (page A-29).

DEMOGRAPHIC INFORMATION ABOUT THE DISTRICT

Population

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

	<u>The City</u>	<u>% Over Prior Period</u>	<u>The County</u>	<u>% Over Prior Period</u>
2018 Estimate (1).....	1,347	(11.1)	39,304	4.7
2010 Census.....	1,514	22.0	37,536	36.7
2000 Census.....	1,242	(2.6)	27,467	16.0
1990 Census.....	1,275	24.8	23,674	21.5
1980 Census.....	1,022	65.6	19,480	44.8
1970 Census (2)	617	5.7	13,452	42.8

(1) 2018 estimate percent change as compared to the 2010 Census.

(2) 1970 percent change as compared to 1960 Census.

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

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Economic Indicators of the County

Per Capita, Total Personal Income and Median Income

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Per Capita Income (1)					
Madison County.....	\$25,132	\$24,067	\$24,304	\$22,266	\$21,526
% change from prior year	4.4	(1.0)	9.2	3.4	3.3
State of Idaho	41,826	40,508	39,780	37,792	36,167
% change from prior year	3.3	1.8	5.3	4.5	2.8
Total Personal Income (1)					
Madison County (\$ in thousands)	\$983,706	\$933,332	\$920,567	\$843,680	\$807,558
% change from prior year	5.4	1.4	9.1	4.5	2.9
State of Idaho (\$ in millions)	71,813	68,055	65,611	61,616	56,112
% change from prior year	5.5	3.7	6.5	5.8	3.8
Median Income (2)					
Madison County.....	\$40,666	\$41,199	\$38,065	\$36,065	\$37,142
% change from prior year	(1.3)	8.2	5.5	(2.9)	(1.1)
State of Idaho	52,280	51,647	48,311	47,572	46,621
% change from prior year	1.2	8.6	(1.5)	3.6	2.9

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

(2) Source: U.S. Census Bureau, Small Area Income and Poverty Estimates.

Largest Employers

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

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Brigham Young University Idaho.....	Private education	5,700–5,799
School District No. 321 (Madison).....	Local government education	800–899
Madison Memorial Hospital	Health Care	500–599
Walmart	Retail Trade	400–499
Melaleuca Inc.....	Manufacturing and Admin Services	300–399
Joint School District No. 322 (Sugar-Salem).....	Local government education	200–299
City of Rexburg	Local government administration	200–299
Efolks LLC	Call center	200–299
The Homestead Assisted Living Center.....	Health Care	100–199
Madison County.....	Local government administration	100–199
Dickinson Frozen Foods Inc.	Manufacturing	100–199
Broulim's Foodtown	Retail Trade	100–199
Survey Sampling International LLC	Personal and technical services	100–199
Basic American Foods	Manufacturing	100–199
Barrett Business Services Inc.	Administrative and support services	100–199

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

(Source: Idaho Department of Labor, Communications and Research, Quarterly Report of Employment and Wages–2019 First Quarter; information gathered September 2019.)

Labor Market Data Of The County And Employment By Industry

	2018	2017	2016	2015	2014
Total civilian work force.....	21,678	21,268	20,527	19,754	19,016
Unemployed.....	374	403	494	538	615
Percent of labor force unemployed.....	1.7	1.9	2.4	2.7	3.2
Total employment.....	21,304	20,866	20,033	19,217	18,401
Average covered wage.....	\$30,873	\$30,118	\$29,272	\$29,921	\$29,431
Average covered employment	15,629	15,162	14,746	13,890	13,374
Agriculture	361	330	344	397	341
Construction.....	577	568	515	500	444
Manufacturing.....	1,040	1,062	969	895	783
Trade, Utilities, and Transportation	3,112	3,183	3,157	3,270	3,576
Information	58	83	91	87	91
Financial activities	607	601	608	583	527
Professional and Business Services	2,604	2,304	2,194	1,596	1,492
Educational and Health Services (excl. Govt.)	3,202	3,110	3,176	3,043	2,778
Leisure and Hospitality	1,616	1,534	1,384	1,294	1,186
Other Services.....	276	257	218	183	158
Government.....	2,174	2,130	2,092	2,041	1,996

(Source: Report of Employment & Wages, Idaho Department of Labor; information gathered September 2019; annual average.)

Annual New Privately–Owned Residential Building Permits Within The County

Year	Permits Issued	Single Family	Repairs/ Additions/ Remodel	Commercial/ Industrial	Total Construction Value
2019 (1).....	56	\$ 3,419,551	\$1,213,736	\$7,159,664	\$11,792,952
2018.....	205	13,852,969	3,825,369	177,403	17,855,741
2017.....	164	9,219,761	3,946,678	960,244	14,126,684
2016.....	45	12,604,878	904,050	621,843	14,130,771
2015.....	41	12,037,208	934,071	2,705,217	15,712,498
2014.....	99	6,475,843	928,973	2,735,675	10,140,491

(1) Preliminary; subject to change. Information is as of April 30, 2019 only.

(Source: Madison County Department of Planning and Zoning.)

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Rate Of Unemployment—Annual Average

<u>Year</u>	<u>The County</u>	<u>State of Idaho</u>	<u>United States</u>
2019 (1).....	2.0%	2.9%	3.7%
2018	1.7	2.8	3.9
2017	1.9	3.2	4.4
2016	2.4	3.8	4.9
2015	2.7	4.2	5.3
2014	3.2	4.9	6.2

(1) Preliminary; subject to change. July 2019 only, seasonally adjusted.

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

DEBT STRUCTURE OF THE DISTRICT

Outstanding General Obligation Bonded Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2019 (a).....	School building	\$14,865,000*	September 15, 2029	<u>\$14,865,000*</u>

* Preliminary; subject to change.

(a) Rated “Aaa” (Sales Tax and Credit Enhancement Guaranty; underlying “A3”) by Moody’s, as of the date of this OFFICIAL STATEMENT.

No Debt Obligations

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

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	\$14,865,000*		\$2,000,000		Totals		
	Series 2019		Series 2017 (1)		Total	Total	Total Debt
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Service
2019.....	\$ 0	\$ 0	\$ 995,715	\$ 16,524	\$ 995,715	\$ 16,524	\$ 1,012,239
2020.....	0	190,035	1,004,285	5,524	1,004,285	195,559	1,199,843
2021.....	630,000	549,900	—	—	630,000	549,900	1,179,900
2022.....	575,000	537,850	—	—	575,000	537,850	1,112,850
2023.....	585,000	526,250	—	—	585,000	526,250	1,111,250
2024.....	600,000	514,400	—	—	600,000	514,400	1,114,400
2025.....	610,000	502,300	—	—	610,000	502,300	1,112,300
2026.....	620,000	490,000	—	—	620,000	490,000	1,110,000
2027.....	635,000	477,450	—	—	635,000	477,450	1,112,450
2028.....	645,000	464,650	—	—	645,000	464,650	1,109,650
2029.....	660,000	451,600	—	—	660,000	451,600	1,111,600
2030.....	675,000	438,250	—	—	675,000	438,250	1,113,250
2031.....	685,000	414,375	—	—	685,000	414,375	1,099,375
2032.....	720,000	379,250	—	—	720,000	379,250	1,099,250
2033.....	755,000	342,375	—	—	755,000	342,375	1,097,375
2034.....	795,000	303,625	—	—	795,000	303,625	1,098,625
2035.....	835,000	262,875	—	—	835,000	262,875	1,097,875
2036.....	875,000	220,125	—	—	875,000	220,125	1,095,125
2037.....	920,000	175,250	—	—	920,000	175,250	1,095,250
2038.....	965,000	128,125	—	—	965,000	128,125	1,093,125
2039.....	1,015,000	78,625	—	—	1,015,000	78,625	1,093,625
2040.....	1,065,000	26,625	—	—	1,065,000	26,625	1,091,625
Totals.....	<u>\$ 14,865,000</u>	<u>\$ 7,473,935</u>	<u>\$ 2,000,000</u>	<u>\$ 22,047</u>	<u>\$ 16,865,000</u>	<u>\$ 7,495,982</u>	<u>\$ 24,360,982</u>

* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 4.40% per annum.

(1) These bonds are included in this table because the final maturity occurred in Fiscal Year 2020.

Other Financial Considerations; Future Issuance Of Debt

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

The cycle for receiving State funds and local tax revenues places the greatest potential stress on the District's general fund cash flow in June and July of each year until State funds are received in mid-August. The District monitors its budget and cash flow monthly and maintains a contingency plan for short-term bank financing in the June-August time frame if needed.

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

Future issuance of debt. Other than the issuance of the 2019 Bonds the District does not anticipate the issuance of any other debt within the next three years.

Overlapping General Obligation Debt

General obligation debt of taxing entities that overlap the District is called "overlapping debt." As of the date of this OFFICIAL STATEMENT, there is no overlapping debt within District's boundaries.

Debt Ratios

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

	To 2019 Taxable Assessed Value (1)	To 2019 Full Market Value (2)	To 2017 Population Estimate Per Capita (3)
Direct general obligation debt*	4.29%	3.32%	\$2,900
Direct and overlapping general obligation debt*	4.29	3.32	2,900

* Preliminary; subject to change.

(1) Based on a 2019 Taxable Assessed Value of \$346,714,955, which value excludes homeowners' exemptions but includes urban renewal value.

(2) Based on a 2019 Market Value of \$447,479,730, which value includes homeowners' exemptions and urban renewal value.

(3) Based on a 2017 population estimate of 5,126 by the U.S. Census Bureau.

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

Section 33-1103, Idaho Code, establishes limits on bonded indebtedness for school districts in Idaho. An elementary school district that employs not less than six teachers, or a school district operating an elementary school or schools, and a secondary school or schools, or issuing bonds for the acquisition of a secondary school or schools, may issue bonds in an amount not to exceed 5% of the Taxable Assessed Value plus all taxable property excluded from taxation pursuant to Idaho Code, 63-602G (the "Full Market Value") plus the value of

any urban renewal within the District, less the Current Outstanding Indebtedness (hereinafter defined). “Current Outstanding Indebtedness” means the sum of unredeemed outstanding bonds, minus all moneys in the bond interest and redemption funds, and minus the sum of all taxes levied for the redemption of such principal of the bonds. The Current Outstanding Indebtedness and the unexhausted debt–incurring power of a district shall each be determined as of the date of approval by the electors in the school bond election. The 2019 Bonds are general obligation bonds subject to this debt limitation.

The legal debt limit and additional debt incurring capacity of the District are based on the Full Market Value for 2019, and are calculated as follows:

2019 Full Market Value	<u>\$447,479,730</u>
“Full Market Value” times 5% equals the (“Debt Limit”)	22,373,987
Less: current outstanding general obligation debt* (1)	(14,865,000)
Plus: other statutory adjustments (2)	<u>614,457</u>
Estimated additional debt incurring capacity*	<u>\$ 8,123,444</u>

* Preliminary; subject to change.

(1) Represents voter–approved general obligations of the District, and the effects of the 2019 Bond issue.

(2) Plus all moneys in the bond interest redemption fund, and the sum of all taxes levied but uncollected, for the redemption of principal on such bonds (See “General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” above.)

Source: Idaho State Tax Commission, September 2019 (market values); the District (debt information).

No Defaulted Obligations

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

FINANCIAL INFORMATION REGARDING THE DISTRICT

Fund Structure; Accounting Basis

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the State’s school districts’ accounting policies in particular. The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate set of self–balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements. See “APPENDIX A—ANNUAL FINANCIAL REPORT OF SUGAR–SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019–Notes To The 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.

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

Financial Management

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

Undistributed Reserve In School District Budget. A board of trustees of any school district may create and establish a general fund contingency reserve within the annual school district budget. The general fund contingency reserve may not exceed 5% of the total general fund budget, or the equivalent value of one “support unit” as defined and described under the Idaho Code. Disbursements from said fund may be made by resolution from time to time as the board of trustees determines necessary for contingencies that may arise. The balance of said fund shall not be accumulated beyond the budgeted fiscal year. If any money remains in the contingency reserve, it shall be treated as an item of income in the following year’s budget.

Financial Reporting

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

Financial Summaries

The summaries contained herein were extracted from the District’s basic financial statements and required supplementary information for Fiscal Years 2015 through 2019. The summaries have not been audited. See “APPENDIX A—ANNUAL FINANCIAL REPORT OF SUGAR–SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019” below.

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Joint School District No. 322 (Sugar-Salem)

Statement of Net Position

Governmental Activities

(This summary has not been audited)

	As of June 30				
	2019	2018	2017	2016	2015
Assets					
Cash and investments.....	\$ 5,924,206	\$ 6,749,454	\$ 4,111,811	\$ 3,368,225	\$ 2,543,036
Receivables:					
Property taxes.....	314,588	403,312	413,862	447,991	348,269
State of Idaho.....	311,815	226,497	269,667	314,011	243,590
Other.....	129,240	112,602	108,619	127,635	190,517
Capital assets:					
Sites.....	1,243,714	743,860	743,860	743,860	743,860
Construction in progress.....	28,800	89,912	—	27,467	—
Buildings and equipment, net of depreciation.....	9,262,766	8,766,163	8,513,371	8,572,749	8,912,538
Total assets.....	17,215,129	17,091,800	14,161,190	13,601,938	12,981,810
Deferred Outflows of Resources					
Pension related.....	1,170,347	1,081,101	2,547,063	1,588,217	703,710
Total assets and deferred outflows of resources.....	18,385,476	18,172,901	16,708,253	15,190,155	13,685,520
Liabilities					
Accounts payable	136,191	497,123	104,226	14,137	32,411
Salary contracts payable.....	1,155,123	1,104,435	1,035,535	1,006,887	1,038,400
Interest payable.....	2,762	5,500	5,575	11,025	16,375
Long-term liabilities:					
Due within one year:					
Bond issue premium, net of amortization.....	1,004,285	995,715	—	—	—
Bonds, capital leases and contracts.....	—	1,004,285	1,115,000	1,090,000	1,070,000
Due in more than one year:					
Net pension liability.....	1,970,796	2,187,048	3,065,591	1,856,865	804,708
Bonds, capital leases and contracts.....	—	—	—	1,115,000	2,205,000
Total liabilities.....	4,269,157	5,794,106	5,325,927	5,093,914	5,166,894
Deferred inflows of resources:					
Unavailable revenues.....	147	—	2,385	2,178	25,607
Pension related.....	597,425	530,102	1,302,379	1,605,186	1,898,787
Bond issue premium, net of amortization.....	—	—	3,754	48,799	93,844
Total liabilities and deferred outflows of resources.....	4,866,582	6,324,208	6,634,445	6,750,077	7,185,132
Net Position					
Invested in capital assets, net of related debt.....	9,530,995	7,599,935	8,138,477	7,079,252	6,287,554
Restricted for:					
Debt service.....	1,441,028	1,346,019	1,267,226	1,384,616	1,365,228
Capital projects.....	52,475	156,293	102,406	409,756	221,439
Unrestricted.....	2,494,249	2,746,446	565,699	(433,546)	(1,373,833)
Total net position.....	<u>\$13,518,747</u>	<u>\$11,848,693</u>	<u>\$10,073,808</u>	<u>\$ 8,440,078</u>	<u>\$ 6,500,388</u>

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

Joint School District No. 322 (Sugar-Salem)

Statement of Activities

Total Governmental Activities

(This summary has not been audited)

	Fiscal Year Ended June 30				
	Net (Expense) Revenue and Changes in Net Assets				
	2019	2018	2017	2016	2015
Primary government:					
Governmental activities:					
Instruction.....	\$ (6,040,830)	\$ (5,788,369)	\$ (5,525,938)	\$ (5,394,460)	\$ (5,179,909)
Pupil support.....	(209,035)	(190,707)	(114,661)	(128,087)	(155,518)
Staff support.....	(507,388)	(418,900)	(536,696)	(278,125)	(190,278)
General administration.....	(367,211)	(240,894)	(247,398)	(207,321)	(273,052)
School administration.....	(674,257)	(638,691)	(603,653)	(584,375)	(544,397)
Business services.....	(115,163)	(103,068)	(110,917)	(145,449)	(110,207)
Operation.....	(1,060,769)	(1,042,282)	(953,129)	(874,402)	(797,168)
Transportation.....	(481,239)	(467,674)	(427,807)	(396,936)	(407,325)
Non-instructional.....	(104,216)	(164,940)	(136,625)	(84,275)	(17,204)
Interest on long-term debt.....	(14,030)	(10,487)	—	(4,405)	(25,705)
Other debt service cost.....	—	(27,550)	—	—	—
Depreciation - unallocated (1).....	(692,967)	(601,536)	(589,893)	(585,320)	(592,415)
Child nutrition services.....	(27,677)	18,102	(10,952)	44,578	1,661
Total governmental activities.....	<u>(10,294,782)</u>	<u>(9,676,996)</u>	<u>(9,257,669)</u>	<u>(8,638,577)</u>	<u>(8,291,517)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes.....	215,174	215,196	460,558	462,507	2,075
Property taxes, levied for debt service.....	701,551	914,857	707,632	853,543	975,597
Other local support.....	63,414	117,496	177,319	211,738	168,310
Donations.....	600,228	—	—	—	—
State support.....	10,291,278	10,127,899	9,516,625	8,932,741	8,548,373
Unrestricted investment earnings.....	155,946	76,433	29,265	11,312	3,847
Gain (loss) sale of assets.....	(62,755)	—	—	(19,525)	—
Gain on pension.....	—	—	—	125,951	1,010,070
Total general revenues, special items, and transfers.....	<u>11,964,836</u>	<u>11,451,881</u>	<u>10,891,399</u>	<u>10,578,267</u>	<u>10,708,272</u>
Change in net position.....	1,670,054	1,774,885	1,633,730	1,939,690	2,416,755
Net position—beginning (2).....	11,848,693	10,073,808	8,440,078	6,500,388	4,083,633
Net position—ending.....	<u>\$ 13,518,747</u>	<u>\$ 11,848,693</u>	<u>\$ 10,073,808</u>	<u>\$ 8,440,078</u>	<u>\$ 6,500,388</u>

(1) This amount excludes the depreciation that is included in direct expenses of various programs.

(2) Adoption of GASB 68 required a restatement of the beginning Net Position in the amount of \$3,049,462 for the pension liability and related deferred outflows and inflows in Fiscal Year 2015.

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

Joint School District No. 322 (Sugar-Salem)

Balance Sheet—Governmental Funds—General Fund

(This summary has not been audited)

	As of June 30				
	2019	2018	2017	2016	2015
Assets					
Cash and investments.....	\$1,165,896	\$1,574,504	\$1,411,582	\$1,332,438	\$1,075,897
Receivables:					
Property taxes.....	73,375	79,802	162,489	155,788	2,518
State of Idaho.....	311,815	226,497	200,235	251,162	227,148
Other.....	12,602	—	—	—	64,503
Due from other funds.....	30,854	47,116	32,618	40,550	30,709
Total assets.....	<u>\$1,594,542</u>	<u>\$1,927,919</u>	<u>\$1,806,924</u>	<u>\$1,779,938</u>	<u>\$1,400,775</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable.....	\$ 14,559	\$ 23,989	\$ 48,439	\$ 9,767	\$ 8,324
Salary contracts payable.....	1,021,168	964,352	891,559	876,591	876,367
Total liabilities.....	<u>1,035,727</u>	<u>988,341</u>	<u>939,998</u>	<u>886,358</u>	<u>884,691</u>
Deferred inflows of resources					
Unavailable revenues.....	<u>7,682</u>	<u>11,257</u>	<u>12,677</u>	<u>9,501</u>	<u>—</u>
Fund Balances:					
Restricted.....	—	—	—	—	111,385
Committed.....	475,438	467,707	451,771	—	—
Assigned.....	—	12,000	—	—	—
Unassigned (deficit).....	75,695	448,614	402,478	884,079	403,507
Total fund balances.....	<u>551,133</u>	<u>928,321</u>	<u>854,249</u>	<u>884,079</u>	<u>403,507</u>
Total liabilities and fund balances.....	<u>\$1,594,542</u>	<u>\$1,927,919</u>	<u>\$1,806,924</u>	<u>\$1,779,938</u>	<u>\$1,288,198</u>

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

Joint School District No. 322 (Sugar-Salem)

Statement of Revenues, Expenditures and Changes in Fund Balance

Maintenance and Operation (General) Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Revenues:					
Local sources:					
Property taxes.....	\$ 218,749	\$ 216,616	\$ 457,382	\$ 454,198	\$ 13,040
Earnings on investments.....	89,951	43,260	22,147	8,154	3,146
Other.....	59,080	84,464	122,105	104,027	138,361
Local sources:					
State apportionment.....	8,873,516	8,615,443	8,129,810	7,658,708	7,213,029
Other.....	537,693	460,240	433,545	385,770	519,303
Total revenues.....	<u>9,778,989</u>	<u>9,420,023</u>	<u>9,164,989</u>	<u>8,610,857</u>	<u>7,886,879</u>
Expenditures:					
Current:					
Instructional.....	5,618,863	5,301,915	5,024,283	5,011,145	4,837,744
Pupil support.....	199,884	173,563	103,684	117,483	145,406
Staff support.....	466,389	379,212	523,002	241,521	140,249
General administration.....	229,842	225,276	216,037	195,472	252,129
School administration.....	693,713	654,539	607,962	584,375	544,397
Business services.....	117,612	105,101	111,494	145,449	88,667
Operations.....	1,070,280	1,049,953	955,121	874,402	767,862
Transportation.....	487,043	472,560	429,165	395,866	407,325
Capital outlay.....	29,301	35,276	14,670	92,019	9,221
Total expenditures.....	<u>8,912,927</u>	<u>8,397,395</u>	<u>7,985,418</u>	<u>7,657,732</u>	<u>7,193,000</u>
Excess (deficiency) of revenues over expenditures.....	<u>866,062</u>	<u>1,022,628</u>	<u>1,179,571</u>	<u>953,125</u>	<u>693,879</u>
Other financing sources (uses):					
Transfers in.....	—	3,195	—	6,560	45,178
Transfers out.....	(1,243,250)	(951,751)	(1,209,401)	(479,113)	(379,710)
Total other financing sources (uses).....	<u>(1,243,250)</u>	<u>(948,556)</u>	<u>(1,209,401)</u>	<u>(472,553)</u>	<u>(334,532)</u>
Net change in fund balances.....	<u>(377,188)</u>	<u>74,072</u>	<u>(29,830)</u>	<u>480,572</u>	<u>359,347</u>
Fund balance, beginning of year, restated.....	<u>928,321</u>	<u>854,249</u>	<u>884,079</u>	<u>403,507</u>	<u>155,545</u>
Fund balance, end of year.....	<u>\$ 551,133 (1)</u>	<u>\$ 928,321</u>	<u>\$ 854,249</u>	<u>\$ 884,079</u>	<u>\$ 514,892</u>

(1) The decrease in fund balance represents moneys that were transferred to the Capital Project fund and used for certain repairs to District facilities.

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

TAXES AND STATE FUNDING

Overview

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

Operating Resources. The District receives revenues from three primary sources for operations: local sources, State sources, and federal sources. In Fiscal Year 2019, State sources represented 91% of the District’s total General Fund revenue, and local sources (from property taxes) represented 9%. The District’s tax levy is certified to the Boards of County Commissioners in September. The County Treasurer from each of the Counties disburses tax receipts to the District approximately one month after the statutory payment dates.

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

Tax Levy And Collection

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

Ad Valorem Tax System

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

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

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

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

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

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

Property Tax Exemptions

Homeowner's Property Tax Exemption. The homeowner's property tax exemption provides a permanent exemption from ad valorem taxation for 50% of the market value for assessment purposes of a homeowner's primary residence including up to one acre of the land value, up to a maximum of \$100,000 (the "Homeowner's Exemption").

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

Use of the business investment property tax exemption ("Business Exemption") only exempts the collection of property taxes on new business investment and does not impact the District's ability to repay the 2019 Bonds. Following the expiration of the Business Exemption the value of the new investment of property will be included in the District's Taxable Assessed Value for future tax levy certifications.

Personal Property Tax Exemption: The 2019 Bonds are secured by an unlimited tax on taxable property in the District. Taxable property includes real property and personal property. Idaho currently has a \$3,000 exemption on a de minimus item of personal taxable property, a \$100,000 exemption on business personal property, and an exemption on agricultural machinery and equipment. The State appropriates funds from the State sales tax receipts to taxing districts to replace revenues lost through these exemptions. Because of the replacement provision, the District does not expect these exemptions to influence the District's finances. However, there is no assurance the State Legislature will appropriate sufficient moneys in future years to replace the lost revenues.

School District Levies

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

Supplemental M&O Levy. Subject to voter approval school districts can levy and collect a supplemental maintenance and operation levy (the "Supplemental M&O Levy"). The Supplemental M&O Levy may be authorized for up to two years for a non-charter district through an election approved by a simple majority of the district electors voting in such an election. *The District currently levies a Supplemental Levy.* The District's Supplemental M&O Levy for Fiscal Year 2020 is \$200,000.

Emergency Levy; Tort Levy; Judgment Levy. Taxes may be levied and collected for the purpose of paying for a specific, unanticipated expenditure, judgment, or legal claim for which funds were not budgeted in the prior year (a “Emergency, Tort, or Judgment Levy”). *The District currently levies a Tort levy, but not an Emergency or Judgment Levy.* The District’s Tort Levy for Fiscal Year 2020 is \$14,613.

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

Bond Levy. Subject to voter approval and debt limitations the District may levy a tax for the purposes of repaying voter approved debt for specific capital projects (the “Bond Levy”). *The District has levied a Bond Levy for the last five years.* The District’s Bond Levy for Fiscal Year 2020 is \$980,374.

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

Historical Tax Rates

	Tax Rate (Fiscal Year)				
	2019–20	2018–19	2017–18	2016–17	2015–16
Maintenance and Operation (General Fund):					
Supplemental Maintenance and Operation.....	.000576843	.000620957	.000665484	.001569803	.001747980
Emergency.....	.000000000	.000000000	.000000000	.000000000	.000000000
Tort Liability000045544	.000040552	.000040948	.000033322	.000024083
Judgment/Tuition.....	.000000000	.000000000	.000000000	.000000000	.000040122
Total Maintenance and Operation Fund000622387	.000661509	.000706432	.001603125	.001812185
Bond Levy002827608	.002173351	.002994676	.002441916	.003301741
Plant000000000	.000000000	.000000000	.000000000	.000000000
Total All Funds	<u>.003449995</u>	<u>.002834860</u>	<u>.003701108</u>	<u>.004045041</u>	<u>.005113926</u>

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

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Market Value Of Property Of The District

The Assessors of the Counties annually assign “valuation of market value for assessment purposes” to all taxable real and personal property within the Counties. The following table shows the history of the values for the District during the last five years:

Tax Year	Full Market Value (1) (2)	% Change	Taxable Assessed Value (2)	% Change	Urban Renewal Value (4)
2019.....	\$447,479,730	7.3	\$346,714,955	7.6	\$25,862,799
2018.....	416,950,093	7.1	322,083,315	7.2	26,168,891
2017.....	389,232,472	4.9	300,533,311	4.8	24,989,781
2016.....	371,045,733	34.7	286,660,128	11.4	19,925,975
2015.....	275,469,260	1.7	257,439,953	1.7	—

(1) Each year all taxable property must be assessed at 100% of the current market value.

(2) Includes Urban Renewal value.

(3) Taxable Assessed Value is the Full Market Value less statutory exemption.

(4) Incremental value assessed to that portion of the URA that lie within the District.

(Source: Idaho State Tax Commission.)

Tax Collection Record Of The District

Tax Year	Net Taxes Levied (1)	Amount Collected	% Collected
2018.....	\$ 929,442	\$ 912,579	98.2
2017.....	1,138,797	1,125,403	98.8
2016.....	1,184,620	1,173,459	99.1
2015.....	1,337,295	1,325,846	99.1
2014.....	1,012,186	1,010,962	99.9

(1) Includes delinquent taxes, penalties, and taxes cancelled.

(Source: Offices of the county treasurers of Madison and Fremont counties; as of September 2019.)

The Largest Taxpayers Of The District

The following list represents the largest ten taxpayers in the District.

Taxpayer	Type of Business	2019 Taxable Value	% of District's 2019 Taxable Value
Dickinson Frozen Foods Inc	Frozen food manufacturing	\$12,153,006	3.8
Schwendiman Farms Inc.....	Agriculture/farming activities	8,286,855	2.6
Pacificorp.....	Utilities	3,998,957	1.2
Walters Produce.....	Agriculture/farming activities	3,976,503	1.2
Sun Glo of Idaho Corp.....	Agriculture/farming activities	2,755,097	0.9
Unit 1 LLC.....	Agriculture/farming activities	2,681,590	0.8
Fertile Peat Holdings LLC.....	Fertilizers, natural	2,620,974	0.8
Agspring LLC.....	Agriculture/farming activities	2,336,917	0.7
Wal Mart.....	Retail trade	2,125,941	0.7
DJ & J Farms	Agriculture/farming activities	<u>1,473,294</u>	0.5
Totals.....		<u>\$42,409,134</u>	13.2

(Source: The offices of the county treasurers of the Counties.)

STATE OF IDAHO SCHOOL FINANCE

General

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

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

The Joint Finance–Appropriations Committee (“JFAC”), a joint committee composed of the Senate Finance Committee and the House Appropriations Committee then initiates legislative action on the state budget. Considering the Governor’s recommendation, JFAC hears presentations of, or reviews without hearings, budget requests of all State agencies and drafts a series of appropriation bills that are sent to the entire legislative body. The JFAC budget is based on the revenue projections of a joint legislative economic outlook committee. Upon passage by each legislative body, the appropriation bills for each agency are sent to the Governor for signature. The Governor has “line–item” veto power for distinct appropriations. The Idaho Constitution requires a balanced budget, stating that appropriations must match the projected revenues currently provided for by law.

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

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

Beginning in 2003, the State established a series of budget reserve funds, including principally a Public Education Stabilization Fund (the “Education Stabilization Fund”) and a general budget reserve fund (the “General Reserve Fund”). Both funds act as reserve accounts from which the State can draw funds to make up revenue shortfalls and into which funds are deposited in times of surplus. The Education Stabilization Fund is dedicated only for public education. In Fiscal Years 2009–2011 almost the entire balances in both the Education Stabilization Fund and the General Reserve Fund were drawn down to support budgets for those years. Beginning in Fiscal Year 2012 the State Legislature has appropriated surplus funds for deposit in these funds each year, restoring the Education Stabilization Fund to approximately \$65 million and the General Reserve Fund to approximately \$349.6 million at June 30, 2018. In 2019 the General Reserve Fund increased to \$373.2 million at June 30, 2019. The Education Stabilization Fund was reduced to \$62.2 million as a result of transfers for legally required expenditures that exceeded the original Fiscal Year 2019 appropriations. For the entire Fiscal

Year 2019 State budget, actual expenditures were less than appropriations, such that in addition to the General Reserve Fund and the Education Stabilization Fund, the State begins the Fiscal Year 2020 with an unobligated opening General Fund balance of \$101.4 million.

Appropriations To Public Schools

The State legislature convened its 2019 session on January 7, 2019 and adjourned on April 11, 2019 having set the appropriations and budgets for Fiscal Year 2020. The Legislature appropriated a total of \$2,267,808,000 to public schools, an increase of 5.9% from the Fiscal Year 2019 appropriation. Of this, \$1,898,407,200 was appropriated from the General Fund and represented an increase of approximately 6.3% for public school support appropriations from the General Fund for Fiscal Year 2020 compared to Fiscal Year 2019. The balance of the total appropriation consisted of dedicated funds, which include lottery receipts, endowment fund earnings and cigarette taxes, which totaled \$105,062,300, and federal funds of \$264,338,500.

The State funding schedule for distributions is as follows:

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

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

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

Legislation Affecting Public School Appropriations

The State Legislature annually reviews the overall framework for funding of public schools. Generally, these actions relate to operations funding and do not affect the District's ability to pay debt service on the 2019 Bonds, which is funded from local property tax revenues allowed to be levied without limitation as needed to pay debt service on the 2019 Bonds.

Originating with a broad-based task force appointed by Governor Butch Otter, in 2015 the Legislature adopted a "career ladder" compensation system and a commitment over the next five years to increase funding for teacher salaries by a total of approximately \$214 million. The 2019 Legislature appropriated \$49.7 million, thus funding the fifth and final year of this five-year plan, and also appropriated an additional \$7.3 million, representing a 3% increase over Fiscal Year 2019, for base salaries for administrators and classified staff, which are categories of employees not on the career ladder.

HB 291 of the 2019 Legislature funds a new task force appointed by Governor Brad Little who was elected in November 2018 to consider education funding issues in future years.

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

State Support To The District

In Fiscal Year 2019, the dedicated and appropriated funding sources from the State account for approximately 91% of the District's budgeted General Fund revenue. A summary of funds the District has received from the State over the past five years follows:

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
August.....	\$4,279,779	\$4,103,802	\$3,891,512	\$3,666,721	\$3,474,960
November.....	1,709,722	1,640,881	1,554,431	1,469,762	1,393,752
February	1,679,175	1,800,534	1,617,914	1,493,268	1,362,915
May	893,024	843,729	865,718	777,795	826,862
July.....	<u>311,815</u>	<u>226,497</u>	<u>200,235</u>	<u>251,162</u>	<u>223,879</u>
Total.....	<u>\$8,873,515</u>	<u>\$8,615,443</u>	<u>\$8,129,810</u>	<u>\$7,658,708</u>	<u>\$7,246,368</u>
% change over prior year.	3.0	6.0	6.2	5.7	—

(Source: The District.)

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

Legislative Referrals

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

The Initiative Process

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

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

Once the ballot title has been certified and the form of the petition has been approved by the Secretary of State, the proponents of the measure shall print the petition and, during an 18-month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

To be placed on a general election ballot, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by a number of qualified voters equal to at least 6% of the qualified electors in at least a majority of the State’s 35 legislative districts, and the total number of signatures must be 6% of the total registered voters of the State.

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

Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, there were two initiative petitions and three referendums that qualified for the ballot between 2006 and 2016. In 2018, two initiatives qualified for the November 6, 2018 state-wide election. An initiative related to Medicaid expansion was approved by the voters and an initiative related to horse racing was not approved. The District does not believe that the Medicaid expansion initiative will affect the finances of the District or the ability of the District to levy and collect property taxes for the payment of the 2019 Bonds.

LEGAL MATTERS

Absence Of Litigation Concerning The 2019 Bonds

To the best of the District's knowledge there is no litigation pending questioning the validity of the 2019 Bonds or the power and authority of the District to issue the 2019 Bonds. To the best of the District's knowledge there is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the 2019 Bonds. The attorneys for the District, Anderson, Julian, & Hull LLP, Boise, Idaho, 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 2019 Bonds.

Litigation

Pending Class Action Lawsuit. On May 9, 2018, parents of children in two other Idaho school districts filed a class action lawsuit (the "Lawsuit") in the United States District Court for the District of Idaho against every school district and charter school in the State, including the District. The Lawsuit alleges violations of the Fifth and Fourteenth Amendments to the Constitution of the United States of America, Article I, Section 14 of the Idaho Constitution and requests a declaratory judgment that certain fees and other costs school districts require students to pay violate Article IX, Section 1 of the Constitution of the State of Idaho and constitute a taking of private property without just compensation. The Lawsuit also alleges damages of at least \$20 million per year since October 1, 2012.

Legal counsel bringing this case also represents parents in two specific school districts in a case brought in State of Idaho District Court alleging that the activity fees violate state law (the "Zeyen Case"). The trial court in the Zeyen Case held that Idaho law bars monetary recovery for fees paid. The plaintiff then sought to amend his complaint to add a claim for a Due Process violation, but the trial court denied that amendment on the basis that it came too late in the litigation. Plaintiff has appealed the ruling of the trial court to the Idaho Supreme Court to determine whether the plaintiff's claims can be brought as a matter of law, and whether Idaho law permits recovery of fees that were improperly paid.

On November 20, 2018, the District, along with all other named defendant districts, filed a motion to dismiss the Federal Lawsuit on a number of procedural grounds including that plaintiffs lack standing to sue the districts, that class certification was inappropriate because the claims asserted were not common to all plaintiffs, and that plaintiffs failed to state a claim under the Takings Clause of the Fifth Amendment of the United States Constitution. On January 30, 2019, the Federal Court issued an order staying the Federal Lawsuit and the determination of class certification until the Idaho Supreme Court decides in the Zeyen Case whether claims for relief exist under State law. The Zeyen Case is currently not set for a hearing in the Idaho Supreme Court, and one is not expected until, at the earliest, Fall 2019.

In the event the Zeyen Case is decided adversely to the districts, and, in the event the class is thereafter certified in the Federal Lawsuit, the District believes it has various defenses to the claims. In addition, under Idaho Law, the District may certify a special ad valorem tax levy without voter approval to discharge a judgment, and the amount permitted to be certified is not legally limited. If a judgment were to be entered against

the District in a significant sum, the District would be able to pay the judgment from the special tax levy. Accordingly, regardless of the outcome of the Lawsuit, the District does not expect the Lawsuit to have a material adverse effect on the on-going operations of the District, nor its ability to pay principal and interest on the 2019 Bonds which are paid from a separate dedicated tax levy.

Tax Exemption

In the opinion of MSBT Law, Bond Counsel, based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code and is excluded from gross income for purposes of State personal income taxes. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws.

The Internal Revenue Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the 2019 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the 2019 Bonds will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in interest on the 2019 Bonds being included in gross income for federal income tax purposes from the date of original execution and delivery of the 2019 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any matters coming to Bond Counsel's attention after the date of execution and delivery of the 2019 Bonds may adversely affect the value of, or the tax status of interest on, the 2019 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and is excluded from gross income for purposes of State personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may otherwise affect a beneficial owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Internal Revenue Code, or court decisions could cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status on such interest. The introduction or enactment of any such current or future legislative proposals, clarification of the Internal Revenue Code, or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, and regarding the impact of future legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2019 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Internal Revenue Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Internal Revenue Code.

Bond Counsel's engagement with respect to the 2019 Bonds ends with the issuance of the 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2019 Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2019 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Premium Bonds

The initial public offering price of certain maturities of the 2019 Bonds (the "Premium Bonds"), as shown on the inside front cover, are issued at original offering prices more than their original principal amount. The difference between the amount of the Premium Bonds at the original offering price and the principal amount payable at maturity represents "bond premium" under the Code. As a result of requirements of the Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Bond may realize a taxable gain upon disposition of such a bond, even though such bond is sold or redeemed for an amount equal to the original owner's cost of acquiring such bond. All owners of 2019 Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of 2019 Bonds, whether the disposition is pursuant to a sale of the 2019 Bonds or other transfer, or redemption.

Original Issue Discount

[The initial public offering price of certain maturities of the 2019 Bonds (the "Discount Bonds"), as shown on the inside cover page hereof, is less than the amount payable on such 2019 Bonds at maturity. The difference between the amount of the Discount Bonds payable at maturity and the initial public offering price of the Discount Bonds will be treated as "original issue discount" for federal income tax purposes. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on March 15 and September 15 with straight line interpolation between compounding dates. In the case of a purchaser who acquires the Discount Bonds in this offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income and Idaho taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity).

Beneficial Owners who purchase Discount Bonds in the initial offering at a price other than the original offering price shown on the inside cover page hereof and owners who purchase Discount Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds. Beneficial Owners who are subject to state or local income taxation (other than Idaho state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.]

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the 2019 Bonds from the gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the 2019 Bonds. Prospective purchasers of

the 2019 Bonds should consult with their own tax advisors with respect to the effects of any proposed or future legislation.

Municipal Reorganization

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

Bankruptcy proceedings, if initiated by the District, could have an adverse effect on the owners of the 2019 Bonds, including but not limited to delay in the enforcement of their remedies, subordination of their claims to those supplying goods or services to the District and to the administrative expenses of the bankruptcy proceedings and the imposition of a plan of reorganization reducing or delaying payment of the 2019 Bonds.

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

General

The authorization and issuance of the 2019 Bonds are subject to the approval MSBT Law, Boise, Idaho, Bond Counsel. Certain legal matters will be passed upon for the District by Anderson, Julian, & Hull LLP, Boise, Idaho. The approving opinion of Bond Counsel will be delivered with the 2019 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact person as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has reviewed this document only to confirm that the portions of it describing the 2019 Bonds and the authority to issue the 2019 Bonds, the security for the 2019 Bonds and tax matters relative to the 2019 Bonds present a fair summary of such matters.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2019 Bonds have been rated “Aaa” by Moody’s based upon the guaranty of the 2019 Bonds under the Programs. Moody’s rates all bond issues guaranteed under the Programs “Aaa”. An explanation of the above ratings may be obtained from Moody’s. The District has not directly applied to S&P or Fitch Ratings for a rating on the 2019 Bonds.

The 2019 Bonds have an “A3” underlying rating from Moody’s.

Such ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2019 Bonds. Such ratings reflect only the views of Moody’s and any desired explanation of the significance of such ratings

should be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the ratings given 2019 Bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019 Bonds.

Municipal Advisor

The District has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the District with respect to preparation for sale of the 2019 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors; Qualified Opinion

All State school districts, pursuant to Idaho Code 33-701, must obtain an audit annually. The required audit may be performed by independent public accountants certified by the State as capable of auditing municipal corporations. The District's audit reports for Fiscal Years 2015 through 2019 fairly represent the District's financial condition and results of its operations and the cash flows of its proprietary fund types are in conformance with GAAP.

The financial statements of the District as of June 30, 2019 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Rudd & Company PLLC, Rexburg, Idaho ("Rudd & Company") as stated in its report in "APPENDIX A—ANNUAL FINANCIAL REPORT OF SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019." The District's audits for Fiscal Years 2015 through 2019 were performed by Rudd & Company

Qualified Opinion. As noted in the Independent Auditor's Report, the GASB Statement No. 75 was not implemented in the District's 2019 Basic Financial Statements; thus, resulting in a qualified opinion. However, it should also be noted that except for the departure of the GASB Statement No. 75, as stated in the audited financial statements, it is the opinion of Rudd & Company that all aspects of the District's 2019 Annual Financial Report are presented fairly, in all material respects. For additional information regarding the District's qualified opinion, please see "APPENDIX A—ANNUAL FINANCIAL STATEMENTS FOR SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019—Independent Auditor's Report" (page 2).

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

Additional Information

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

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

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

This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

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

**Board of Trustees of Joint School District No. 322 (Sugar-Salem),
Madison and Fremont Counties, State of Idaho**

APPENDIX A

ANNUAL FINANCIAL REPORT FOR SUGAR–SALEM JOINT SCHOOL DISTRICT NO. 322 FOR FISCAL YEAR 2019

The annual financial statements for Fiscal Year 2019 are contained herein. Copies of current and prior financial statements are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

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RUDD & COMPANY PLLC
certified public accountants | business consultants

SUGAR-SALEM JOINT SCHOOL DISTRICT No. 322

SUGAR CITY, IDAHO

**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

Year Ended June 30, 2019

giving direction to your future

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

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RUDD & COMPANY^{INC.}

certified public accountants | business consultants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Sugar-Salem Joint School District No. 322
Sugar City, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugar-Salem Joint School District No. 322 as of and for the year ended June 30, 2019, 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.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition Fund	Unmodified
Debt Service Fund	Unmodified
Plant Facility Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities

The District has not obtained an actuarial valuation of its other post employee benefits (OPEB). Employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB costs on the accrual basis of accounting. The amount by which this departure would affect the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of Sugar-Salem Joint School District No. 322 as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sugar-Salem Joint School District No. 322 as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison information on pages 49 through 53, and pension information on pages 54 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

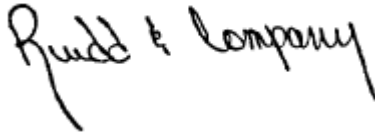
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sugar-Salem Joint School District No. 322's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2019, on our consideration of the Sugar-Salem Joint School District No. 322's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sugar-Salem Joint School District No. 322's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

Idaho Falls, Idaho
September 3, 2019

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

Management's Discussion and Analysis

June 30, 2019

As management of the Sugar-Salem Joint School District No. 322, 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 ending June 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$13,518,747. Of this amount, \$2,494,249 is unrestricted.
- Total net position increased \$1,670,054, which represents a 13.9% increase from fiscal year 2018.
- General revenues account for \$11,964,836 in revenue, or 88.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,557,891 or 11.5% of total revenues.
- The District had \$11,852,673 in expenses; only \$1,557,891 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues and net asset reserves were adequate to provide for these programs.
- Among major funds, the General Fund had \$9,778,989 in revenues and \$8,912,927 in expenditures. The General Fund's fund balance decreased \$377,188 from the prior year.
- \$900,000 was transferred from the General Fund to the Capital Projects Fund and are committed for capital projects.

Overview of the Financial Statements

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

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

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

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported 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).

The government-wide financial statements can be found on pages 14-16 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 fiduciary funds.

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

The District maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the child nutrition fund, the debt service fund, the capital projects fund, and the plant facility fund, all of which are considered to be major funds. Data from the other eighteen 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 all governmental funds. A budgetary comparison statement has been provided for the general fund, the child nutrition fund, the debt service fund, the capital projects fund, and the plant facility fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 and 20-21 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 23 of this report.

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 24-47 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining fund statements and schedules can be found on pages 58-67 of this report.

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 \$13,518,747 at the close of the most recent fiscal year.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

Net Position	Governmental Assets	
	2019	2018
Current and Other Assets	\$ 6,679,849	\$ 7,491,865
Capital Assets	10,535,280	9,599,935
Total Assets	17,215,129	17,091,800
Deferred Outflows of Resources	1,170,347	1,081,101
Current Liabilities	2,298,361	2,602,773
Long-term Liabilities	1,970,796	3,191,333
Total Liabilities	4,269,157	5,794,106
Deferred Inflows of Resources	597,572	530,102
Net Position		
Net Investment in Capital Assets	9,530,995	7,599,935
Restricted	1,493,503	1,502,312
Unrestricted	2,494,249	2,746,446
Total Net Position	\$ 13,518,747	\$ 11,848,693

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

The restricted portion totaling \$1,493,503 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$2,494,249.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

Changes in Net Position	Governmental Activities	
	2019	2018
Revenues		
Program revenues		
Charges for services	\$ 272,709	\$ 262,918
Operating grants and contributions	1,285,182	1,132,732
General revenues		
Property tax	916,725	1,130,053
State support	10,291,278	10,127,899
Other	756,833	193,929
Total Revenues	<u>13,522,727</u>	<u>12,847,531</u>
Expenses		
Instructional	6,918,181	6,465,362
Pupil support	209,035	190,707
Staff support	507,388	418,900
General administration	367,211	240,894
School administration	674,257	638,691
Business service	115,163	103,068
Operations	1,060,769	1,042,282
Transportation	481,239	467,674
Non-instructional	104,216	164,940
Interest	14,030	10,487
Other debt service cost	-	27,550
Depreciation	692,967	601,536
Child nutrition services	708,217	700,555
Total Expenses	<u>11,852,673</u>	<u>11,072,646</u>
Change in Net Position	<u>\$ 1,670,054</u>	<u>\$ 1,774,885</u>

Financial Analysis of the District's Funds

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance may serve as a useful indicator of the District's net resources available for spending at the end of the year. The District has designated portions of the unassigned fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the governmental funds. Unassigned balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, fund balance was \$551,133. The fund balance decreased by \$377,188 during the current fiscal year.

Expenditures for general District purposes totaled \$8,912,927, an increase of 6.1% during the current fiscal year.

The child nutrition fund has a total fund balance of \$99,381, all of which is restricted to the child nutrition program. The fund balance decreased by \$7,677 during the current year.

The debt service fund has a total fund balance of \$1,415,578, all of which is restricted for future debt service payments. The fund balance increased by \$106,025 during the current year.

The capital projects fund has a total fund balance of \$2,432,085 all of which is committed for purchase of equipment and related expenditures. The fund balance decreased by \$38,532 during the current year.

The plant facility fund has a total fund balance of \$52,475, which is restricted for the purchase of equipment and related expenditures. The fund balance decreased by \$103,818 during the current year.

General Fund Budgetary Highlights

During the current fiscal year, the \$356,995 positive budget to actual variance in total general fund revenues, and the \$595,826 positive budget to actual variance in total general fund expenditures, are largely a result of additional state revenues and a reduction in expected operating costs.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

Capital Asset and Debt Administration

The capital construction fund and plant facility fund are 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.

Capital assets at June 30, 2019 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	2019	2018
Land	\$ 1,243,714	\$ 743,860
Construction in progress	28,800	89,912
Buildings and improvements	15,415,896	14,881,089
Furniture and equipment	4,923,332	4,530,400
	21,611,742	20,245,261
Accumulated depreciation	(11,076,462)	(10,645,326)
Total Capital Assets, Net of Depreciation	<u>\$ 10,535,280</u>	<u>\$ 9,599,935</u>
Outstanding Debt	Governmental Activities	
	2019	2018
General obligation bonds	<u>\$ 1,004,285</u>	<u>\$ 2,000,000</u>
	<u>\$ 1,004,285</u>	<u>\$ 2,000,000</u>

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2019

Requests for Information

This financial report is designed to provide a general overview of the Sugar-Salem Joint School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Office, Sugar-Salem Joint School District, 105 West Center, Sugar City, ID 83448.

Basic Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Net Position
June 30, 2019

Assets	Governmental Activities
Cash and Investments	\$ 5,924,206
Receivables	
Property taxes	314,588
State of Idaho	311,815
Other	129,240
Capital Assets	
Sites	1,243,714
Construction in progress	28,800
Buildings and equipment, net of depreciation	<u>9,262,766</u>
Total Assets	<u>17,215,129</u>
Deferred Outflows of Resources	
Pension related	<u>1,170,347</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,385,476</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities
Accounts payable	\$ 136,191
Salary contracts payable	1,155,123
Interest payable	2,762
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	1,004,285
Portion due or payable after one year:	
Net pension liability	<u>1,970,796</u>
Total Liabilities	<u>4,269,157</u>
Deferred Inflows of Resources	
Unavailable revenues	147
Pension related	<u>597,425</u>
Total Deferred Inflows of Resources	<u>597,572</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 4,866,729</u>
Net Position	
Net investment in capital assets	\$ 9,530,995
Restricted for:	
Debt service	1,441,028
Capital projects	52,475
Unrestricted	<u>2,494,249</u>
Total Net Position	<u>\$ 13,518,747</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instructional	\$ 6,918,181	\$ 20,000	\$ 857,351	\$ (6,040,830)
Pupil support	209,035	-	-	(209,035)
Staff support	507,388	-	-	(507,388)
General administration	367,211	-	-	(367,211)
School administration	674,257	-	-	(674,257)
Business services	115,163	-	-	(115,163)
Operations	1,060,769	-	-	(1,060,769)
Transportation	481,239	-	-	(481,239)
Non-instructional	104,216	-	-	(104,216)
Interest on long-term debt	14,030	-	-	(14,030)
Depreciation - unallocated*	692,967	-	-	(692,967)
Child nutrition services	708,217	252,709	427,831	(27,677)
Total Governmental Activities	<u>\$ 11,852,673</u>	<u>\$ 272,709</u>	<u>\$ 1,285,182</u>	<u>(10,294,782)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				215,174
Property taxes, levied for debt service				701,551
Other Local Support				63,414
Donations				600,228
Loss on Disposal of Fixed Assets				(62,755)
State Support				10,291,278
Unrestricted Investment Earnings				155,946
Total General Revenues				11,964,836
Change in Net Position				1,670,054
Net Position - Beginning				11,848,693
Net Position - Ending				<u>\$ 13,518,747</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Balance Sheet – Governmental Funds
June 30, 2019

	General Fund	Child Nutrition Fund	Debt Service Fund
Assets			
Cash and Investments	\$ 1,165,896	\$ 147,552	\$ 1,199,815
Due from Other Funds	30,854	-	-
Receivables			
Property taxes	73,375	-	241,213
State of Idaho	311,815	-	-
Other	12,602	-	-
Total Assets	<u>\$ 1,594,542</u>	<u>\$ 147,552</u>	<u>\$ 1,441,028</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	14,559	5,159	-
Salary contracts payable	1,021,168	43,012	-
Total Liabilities	<u>1,035,727</u>	<u>48,171</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	7,682	-	25,450
Fund Balances			
Restricted	-	99,381	1,415,578
Committed	475,438	-	-
Unassigned	75,695	-	-
Total Fund Balances	<u>551,133</u>	<u>99,381</u>	<u>1,415,578</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,594,542</u>	<u>\$ 147,552</u>	<u>\$ 1,441,028</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
<u>\$ 2,432,085</u>	<u>\$ 52,475</u>	<u>\$ 926,383</u>	<u>\$ 5,924,206</u>
-	-	-	30,854
-	-	-	314,588
-	-	-	311,815
-	-	116,638	129,240
<u>\$ 2,432,085</u>	<u>\$ 52,475</u>	<u>\$ 1,043,021</u>	<u>\$ 6,710,703</u>
\$ -	\$ -	\$ 30,854	\$ 30,854
-	-	116,473	136,191
-	-	90,943	1,155,123
<u>-</u>	<u>-</u>	<u>238,270</u>	<u>1,322,168</u>
-	-	147	33,279
-	52,475	498,443	2,065,877
2,432,085	-	306,161	3,213,684
-	-	-	75,695
<u>2,432,085</u>	<u>52,475</u>	<u>804,604</u>	<u>5,355,256</u>
<u>\$ 2,432,085</u>	<u>\$ 52,475</u>	<u>\$ 1,043,021</u>	<u>\$ 6,710,703</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net
Position
June 30, 2019

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

Total Fund Balance - Governmental Funds	\$ 5,355,256
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$21,611,742 and the accumulated depreciation is \$11,076,462.	10,535,280
Long-term liabilities, including bonds payable and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(1,007,047)
Pension contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability is recorded on the government-wide statements.	(1,397,874)
Property tax revenue is recognized when earned rather than when available.	<u>33,132</u>
Net Position - Governmental Activities	<u>\$ 13,518,747</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Child Nutrition Fund	Debt Service Fund
Revenues			
Local sources			
Property taxes	\$ 218,749	\$ -	\$ 712,567
Earnings on investments	89,951	-	23,197
Lunch sales	-	247,221	-
Other	59,080	5,488	4,334
State sources			
State apportionment	8,873,516	-	-
Other	537,693	-	378,410
Federal sources			
Educational programs and other	-	427,831	-
Total Revenues	<u>9,778,989</u>	<u>680,540</u>	<u>1,118,508</u>
Expenditures			
Current			
Instructional	5,618,863	-	-
Pupil support	199,884	-	-
Staff support	466,389	-	-
General administration	229,842	-	-
School administration	693,713	-	-
Business services	117,612	-	-
Operations	1,070,280	-	-
Transportation	487,043	-	-
Non-instructional	-	708,217	-
Debt Service:			
Principal	-	-	995,715
Interest	-	-	16,768
Capital Outlay	<u>29,301</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>8,912,927</u>	<u>708,217</u>	<u>1,012,483</u>
Excess (Deficiency) of Revenues over Expenditures	866,062	(27,677)	106,025
Other Financing Sources (Uses)			
Other financing sources - sales of capital assets	-	-	-
Transfers in	-	20,000	-
Transfers out	<u>(1,243,250)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(377,188)	(7,677)	106,025
Fund Balance Beginning of Year	<u>928,321</u>	<u>107,058</u>	<u>1,309,553</u>
Fund Balance End of Year	<u>\$ 551,133</u>	<u>\$ 99,381</u>	<u>\$ 1,415,578</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 931,316
42,798	-	-	155,946
-	-	-	247,221
-	-	20,000	88,902
-	-	-	8,873,516
-	-	501,659	1,417,762
-	-	857,351	1,285,182
42,798	-	1,379,010	12,999,845
-	-	1,468,728	7,087,591
-	-	14,436	214,320
-	-	54,306	520,695
-	-	142,666	372,508
-	-	-	693,713
-	-	-	117,612
-	-	-	1,070,280
-	-	-	487,043
111,872	-	-	820,089
-	-	-	995,715
-	-	-	16,768
869,458	179,780	14,800	1,093,339
981,330	179,780	1,694,936	13,489,673
(938,532)	(179,780)	(315,926)	(489,828)
-	2,500	-	2,500
900,000	73,462	249,788	1,243,250
-	-	-	(1,243,250)
(38,532)	(103,818)	(66,138)	(487,328)
2,470,617	156,293	870,742	5,842,584
\$ 2,432,085	\$ 52,475	\$ 804,604	\$ 5,355,256

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

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

Net Change in Fund Balance - Governmental Funds	\$ (487,328)
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 the capital outlay exceeded depreciation.	400,372
Donations of assets to be used are recorded as general revenues on the government-wide statements, but are not recorded in the governmental funds.	600,228
The gain or loss on sales and dispositions of capitalized assets on the statement of activities are not recorded in the governmental funds since capital outlays are initially recorded as expenditures in the funds and are not capitalized.	(65,255)
Property tax revenue received prior to the year for which they are levied are reported as deferred revenue in the governmental funds. The change however is recorded as revenues in the statement of activities.	(14,591)
The governmental funds report current pension contributions as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined pension liability and related deferred outflows and inflows of resources from the previous year to the current year.	238,175
The governmental funds report debt repayment of principal and accrued interest as an expenditure while it is treated as a reduction of the liability in the government-wide statements.	998,453
Change in Net Position of Governmental Activities	<u>\$ 1,670,054</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Fiduciary Net Position – Agency Funds
June 30, 2019

Assets	Agency Funds
Cash and Investments	\$ 310,758
Total Assets	\$ 310,758
 Liabilities	
Due to Student Groups	\$ 310,758
Total Liabilities	\$ 310,758

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

The financial statements of the Sugar-Salem Joint School District No. 322 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.

The Board of School Trustees, a five-member group, has responsibilities for all activities relating to public elementary and secondary school education within the jurisdiction of Sugar-Salem Joint School District No. 322. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District has a revenue spending policy that provides for programs with multiple revenue sources. The District will use restricted fund balances first followed in order by committed, assigned and finally unassigned. The District currently applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the non-fiduciary activities of the District.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities 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 compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

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

The District reports the following major governmental funds:

- The *general fund* 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 *child nutrition fund* accounts for the revenues and expenses associated with the operation of the District's food services.
- The *debt service fund* accounts for the accumulation of resources for and the payment of long-term debt principal and interest.
- The *capital projects fund* accounts for resources accumulated and payments made for bond issue projects of the District.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

- The *plant facility fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- The *student activities agency fund (a fiduciary fund)* accounts for assets held on behalf of student groups.

Budgetary Policy

The District prepares budgets for the general fund and all special revenue funds. Such budgets are adopted on a basis generally consistent with generally accepted accounting principles, except that the commodities received for the child nutrition program are not budgeted.

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards with amounts reported in comparison with budget and reported on page 50:

	Reported Amounts	Commodities Received	Amounts Reported in Comparison with Budget
Child Nutrition Fund			
Total revenues	\$ 680,540	\$ (62,984)	\$ 617,556
Total expenditures	\$ 708,217	\$ (62,984)	\$ 645,233

Under Idaho law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Under certain circumstances, the District is allowed to reopen and amend its budget. The District did amend its budget during the year. Expenditures are not to exceed the budgeted amounts, except as allowed by law for certain events.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

Inventories

The governmental funds of the District use the purchase method, whereby inventory items are considered expenditures when purchased. They are not included in the balance sheet of the general fund because the amounts on hand at year-end are immaterial.

Capital Assets

Capital assets, which include land, 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 more than \$5,000 for equipment and \$100,000 for buildings and improvements 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 extended assets lives are not capitalized.

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

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

Buildings.....	40 yrs
Buses.....	10 yrs
Furniture.....	10 yrs
Equipment.....	10 yrs

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

Notes to Financial Statements (continued)

June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has only one type of deferred outflows of resources. This amount relates to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability and the difference between projected and actual investment earnings on the pension plan investments. This amount is reported only in the government-wide financial statements.

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

The District has three types of items in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes and grant revenues received in advance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has a deferred premium on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding. The third type of deferred inflows of resources relates to the District's allocable share of the effect on the calculation of the net pension liability of the difference between projected and actual investment earnings on the defined benefit pension plan and the differences between expected and actual experience.

Pensions

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor how those amounts may be spent. Designations of fund balances as non-spendable, restricted, committed, assigned or unassigned is based upon the types of constraints placed upon the outstanding balances.

2. Cash and Investments

The District is authorized under Idaho Code to invest in cash, certificates of deposit, U.S. Government securities, commercial paper, and repurchase agreements. All investments must be held by or registered in the name of the District.

Cash balances of most of the District funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's cash balance. The District maintains checking accounts with local banks. All excess funds are invested with the State Treasurer's pooled cash investment account. This account invests in time certificates of deposit, local government tax anticipation notes, federal loans, U.S. treasury notes and other U.S. governmental securities. Information regarding insurance or collateralization of amounts invested in the pooled accounts is not available.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation (at banks) and The Federal Savings and Loan Insurance Corporation (at savings and loans organizations) up to \$250,000 per depository.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

2. Cash and Investments (continued)

1. Deposits – At June 30, 2019, the carrying amount of the District’s deposits was \$736,587 and the respective bank balances totaled \$1,020,257. Of the bank balances, \$533,404 was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of June 30, 2019, \$486,853 of the District’s total deposits of \$1,020,257 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2019, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State					
Investment					
Pool	\$ 5,498,377	\$ 5,498,377	\$ -	\$ -	\$ -

4. Custodial Credit Risk, Investments – 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 investment.
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations.
6. Because the State Investment Pool as of June 30, 2019, had a weighted average maturity of 88 days, it was presented as an investment with a maturity of less than one year.
7. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

2. Cash and Investments (continued)

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	\$ 5,924,206
Cash and investments reported on the statement of fiduciary net assets	<u>310,758</u>
	<u>\$ 6,234,964</u>
 Investments categorized	 \$ 5,498,377
Deposits categorized	<u>736,587</u>
	<u>\$ 6,234,964</u>

3. Property Taxes

Property taxes of the District are based on the assessments against property owners as of the first Monday in January of the calendar year in which the fiscal year commences. Tax levies on such assessed values are certified to the counties prior to the commencement of the fiscal year. Taxes are collected by Madison and Fremont Counties and are remitted to the District primarily in January of the fiscal year and the July following. Accordingly, the tax revenues for the fiscal year ended June 30, 2019, are generally based on the assessed values and tax levies established in 2018.

The District defers recognition of revenues relating to property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

4. Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 743,860	\$ 508,693	\$ (8,839)	\$ 1,243,714
Construction in progress	89,912	28,800	(89,912)	28,800
Total Capital Assets, Not Being Depreciated	<u>\$ 833,772</u>	<u>\$ 537,493</u>	<u>\$ (98,751)</u>	<u>\$ 1,272,514</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 14,881,089	\$ 563,829	\$ (29,022)	\$ 15,415,896
Furniture and equipment	4,530,400	682,157	(289,225)	4,923,332
Total Capital Assets, Being Depreciated	<u>19,477,489</u>	<u>1,245,986</u>	<u>(318,247)</u>	<u>20,339,228</u>
Accumulated Depreciation for				
Buildings and improvements	(8,123,269)	(354,180)	7,733	(8,469,716)
Furniture and equipment	(2,522,057)	(338,787)	254,098	(2,606,746)
Total Accumulated Depreciation	<u>(10,645,326)</u>	<u>(692,967)</u>	<u>261,831</u>	<u>(11,076,462)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 8,766,163</u>			<u>\$ 9,262,766</u>

Governmental funds focus on current financial resources. Consequently, donations of assets that will be used in operations, rather than sold, are not reported in the governmental funds. During the current fiscal year, the District received a donation of 45 acres of land to be used as the site for future district construction. Also, through donations received by the high school, a scoreboard for the high school athletic field was installed. Total value of the donated assets received by the district was \$600,228.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

5. General Obligation Bonds Payable

Bonds outstanding at June 30, 2019, were as follows:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Bonds, Series 2017 Issue (Original amount--\$2,000,000)	1.10%	2020	\$ 1,004,285

The amount to be provided for bond requirements in the accompanying financial statements represents the charge to be made for property taxes in future years to meet maturing bond requirements.

The annual requirements to amortize the above bond issues are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,004,285	\$ 5,524	\$ 1,009,809
	<u>\$ 1,004,285</u>	<u>\$ 5,524</u>	<u>\$ 1,009,809</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

6. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2019:

	General Obligation Bonds, Series 2017	Net Pension Liability	Total
Long-term Obligations June 30, 2018	\$ 2,000,000	\$ 2,187,048	\$ 4,187,048
Obligations Incurred	-	-	-
Obligations Paid	<u>(995,715)</u>	<u>(216,252)</u>	<u>(1,211,967)</u>
Long-term Obligations June 30, 2019	<u>\$ 1,004,285</u>	<u>\$ 1,970,796</u>	<u>\$ 2,975,081</u>
Due within one year	<u>\$ 1,004,285</u>	<u>\$ -</u>	<u>\$ 1,004,285</u>

7. Pension Plan

Plan Description

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2018, was as follows:

Retirees and beneficiaries currently receiving benefits	46,907
Terminated employees entitled to but not yet receiving benefits	13,133
Active plan members	<u>71,112</u>
	<u>131,152</u>

Pension Benefits

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

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law.

The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District's contributions required and paid were \$712,791, \$638,729, and \$630,162 for the years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was 0.177 percent.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

For the year ended June 30, 2019, the District recognized pension expense (revenue) of \$(238,175). At June 30, 2019, the District 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	\$ 287,269	\$ 197,644
Changes in assumptions or other inputs	170,287	-
Net difference between projected and actual earnings on pension plan investments	-	290,760
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	109,021
Employer contributions subsequent to the measurement date	<u>712,791</u>	<u>-</u>
Total	<u>\$ 1,170,347</u>	<u>\$ 597,425</u>

\$712,791 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2017, the beginning of the measurement period ended June 30, 2018, is 4.9 and 4.9 for the measurement period June 30, 2017.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

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

<u>Fiscal Year</u>		
2020	\$ 180,187
2021	(7,473)
2022	(242,807)
2023	(64,585)
2024	(5,191)

Actuarial Assumptions

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

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

Capital Market Assumptions

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70.00%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50%-65%
International	9.25%	20.20%	15.00%	10%-20%
Fixed Income	3.05%	3.75%	30.00%	23%-33%
Cash	2.25%	0.90%	0.00%	0%-5%
			Expected Real	Expected
<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Return</u>	<u>Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions:

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

7. Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	1% Decrease	Current	1% Increase
	(6.10%)	Discount Rate	(8.10%)
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the net pension liability (asset)	\$ 6,550,857	\$ 2,616,966	\$ (640,458)

Pension plan fiduciary net position

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

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

8. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2019:

Fund	Amount Exceeded
Public School Technology Fund.....	\$ 35,161
Perkins III Professional Technical Fund.....	797

Deficits in Individual Funds

There were no fund deficits in the District as of June 30, 2019.

9. Interfund Balances and Transfers

The interfund balances at June 30, 2019 are as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General	\$ 30,854	\$ -
Non Major Funds		
IDEA Part B School Age	-	10,770
Perkins III Professional Technical	-	12,455
Title IV-A Student Support	-	2,817
Title II-A ESEA Improving	-	4,812
	<u>\$ 30,854</u>	<u>\$ 30,854</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

9. Interfund Balances and Transfers (continued)

Balances are a result from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made.

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ -	\$ 1,243,250
Child Nutrition Fund	20,000	-
Capital Projects Fund	900,000	-
Plant Facility Fund	73,462	-
Non Major Funds		
Wellness Fund	2,000	-
Medicaid Fund	101,688	-
Public School Technology Fund	146,100	-
	<u>\$ 1,243,250</u>	<u>\$ 1,243,250</u>

Transfers were made to move bus depreciation to the plant facility fund, to cover the required FICA in the Child Nutrition Program, to move funds to school technology for technology salaries, to cover the required match in Medicaid, and to move funds to capital projects for projects in the next year.

10. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$62,984. The value was determined by confirmation with the State of Idaho Department of Education.

11. Fair Value Measurements

The District has implemented GASB No. 72, *Fair Value Measurement and Application*. This guidance requires government entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

GASB No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market.
- Level 2 Inputs – Inputs other than the quoted process in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

GASB No. 72 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

11. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State investment pool	\$ 5,498,377	\$ 5,498,377	\$ -	\$ -
Total	\$ 5,498,377	\$ 5,498,377	\$ -	\$ -

All investments have been valued using a market approach. There were no changes in the valuation techniques during the year. There are no assets or liabilities measured at fair value on a nonrecurring basis.

12. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the District it is by Board action.

Assigned fund balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**Notes to Financial Statements (continued)****June 30, 2019****12. Fund Balances (continued)**

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental fund, it may be necessary to report a negative residual balance as unassigned.

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Plant Facility Fund	Total
Fund Balances:						
Restricted for:						
Child Nutrition	\$ -	\$ 99,381	\$ -	\$ -	\$ -	\$ 99,381
Debt Service	-	-	1,415,578	-	-	1,415,578
Plant Facility	-	-	-	-	52,475	52,475
LEP State Program	-	5,008	-	-	-	5,008
Literacy Fund	-	3,234	-	-	-	3,234
Professional Development	-	54,741	-	-	-	54,741
Medicaid	-	389,552	-	-	-	389,552
Driver Education	-	26,570	-	-	-	26,570
Vocational Education	-	15,800	-	-	-	15,800
Wellness	-	3,538	-	-	-	3,538
Committed to:						
Capital Projects	-	-	-	2,432,085	-	2,432,085
E-Rate Program	-	31,088	-	-	-	31,088
School Technology	-	143,439	-	-	-	143,439
State Substance Abuse	-	10,610	-	-	-	10,610
Federal Forest	-	121,024	-	-	-	121,024
Stabilization Policy	475,438	-	-	-	-	475,438
Unassigned:						
General Fund	75,695	-	-	-	-	75,695
Total						
Fund Balances	\$ 551,133	\$ 903,985	\$ 1,415,578	\$ 2,432,085	\$ 52,475	\$ 5,355,256

13. Fund Stabilization Policy

The Board has adopted a stabilization policy to maintain a minimum committed fund balance in its general fund of 5% of the previous year's budgeted maintenance and operations expenditures. This minimum fund balance is to protect against cash flow shortfalls and to maintain a budget stabilization commitment.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2019

14. Subsequent Events

The District has evaluated subsequent events through September 4, 2019, the date that the financial statements were available to be issued. On August 27, 2019, the voters in the District approved a bond in the amount of \$17,000,000 to construct a new junior high school.

Required Supplementary Information

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 512,000	\$ 212,000	\$ 218,749	\$ 6,749
Earnings on investments	25,000	60,000	89,951	29,951
Other	69,000	65,000	59,080	(5,920)
State sources				
State apportionment	8,672,486	8,681,351	8,873,516	192,165
Other	403,576	403,643	537,693	134,050
Total Revenues	9,682,062	9,421,994	9,778,989	356,995
Expenditures				
Current				
Instructional	5,992,452	5,855,555	5,618,863	236,692
Pupil support	214,363	215,010	199,884	15,126
Staff support	349,507	396,449	466,389	(69,940)
General administration	242,177	243,097	229,842	13,255
School administration	689,968	714,574	693,713	20,861
Business services	130,652	146,505	117,612	28,893
Operations	1,299,551	1,362,022	1,070,280	291,742
Transportation	523,242	575,541	487,043	88,498
Capital outlay	-	-	29,301	(29,301)
Contingency	490,000	-	-	-
Total Expenditures	9,931,912	9,508,753	8,912,927	595,826
Excess of Revenues over Expenditures	(249,850)	(86,759)	866,062	952,821
Other Financing Sources (Uses)				
Transfers (out)	(661,780)	(841,562)	(1,243,250)	(401,688)
Net Change in Fund Balances	(911,630)	(928,321)	(377,188)	551,133
Fund Balance, Beginning of Year	911,630	928,321	928,321	-
Fund Balance, End of Year	\$ -	\$ -	\$ 551,133	\$ 551,133

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Lunch sales	\$ 228,000	\$ 228,000	\$ 247,221	\$ 19,221
Other	5,500	5,500	5,488	(12)
Federal sources				
Educational programs and other	478,000	478,000	364,847	(113,153)
Total Revenues	711,500	711,500	617,556	(93,944)
Expenditures				
Current				
Non-instructional	735,938	735,889	645,233	90,656
Total Expenditures	735,938	735,889	645,233	90,656
Excess (deficiency) of revenues over expenses	(24,438)	(24,389)	(27,677)	(3,288)
Other Financing Sources				
Transfer in	20,000	20,000	20,000	-
Net Change in Fund Balances	(4,438)	(4,389)	(7,677)	(3,288)
Fund Balance, Beginning of Year	60,000	107,058	107,058	-
Fund Balance, End of Year	\$ 55,562	\$ 102,669	\$ 99,381	\$ (3,288)

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund****Year Ended June 30, 2019**

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 900,000	\$ 900,000	\$ 712,567	\$ (187,433)
Earnings on investments	2,000	2,000	23,197	21,197
Other	2,000	2,000	4,334	2,334
State sources				
Other	200,000	200,000	378,410	178,410
Total Revenues	1,104,000	1,104,000	1,118,508	14,508
Expenditures				
Debt service				
Principal	1,100,000	998,715	995,715	3,000
Interest	10,000	16,845	16,768	77
Total Expenditures	1,110,000	1,015,560	1,012,483	3,077
Net Change in Fund Balances	(6,000)	88,440	106,025	17,585
Fund Balance, Beginning of Year	1,200,000	1,309,553	1,309,553	-
Fund Balance, End of Year	\$ 1,194,000	\$ 1,397,993	\$ 1,415,578	\$ 17,585

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Earnings on investments	\$ 3,000	\$ 3,000	\$ 42,798	\$ 39,798
Total Revenues	3,000	3,000	42,798	39,798
Expenditures				
Current				
Non-instructional	-	-	111,872	(111,872)
Capital outlay	1,414,000	1,813,282	869,458	943,824
Total Expenditures	1,414,000	1,813,282	981,330	831,952
Excess (deficiency) of revenues over expenses	(1,411,000)	(1,810,282)	(938,532)	871,750
Other Financing Sources				
Transfer in	500,000	600,000	900,000	300,000
Net Change in Fund Balances	(911,000)	(1,210,282)	(38,532)	1,171,750
Fund Balance, Beginning of Year	2,000,000	2,470,617	2,470,617	-
Fund Balance, End of Year	\$ 1,089,000	\$ 1,260,335	\$ 2,432,085	\$ 1,171,750

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Plant Facility Fund
Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures				
Capital outlay	\$ -	\$ 198,073	\$ 179,780	\$ 18,293
Total Expenditures	-	198,073	179,780	18,293
Excess (Deficiency) of Revenues over Expenditures	-	(198,073)	(179,780)	18,293
Other Financing Sources				
Other financing sources - sales of capital assets	-	-	2,500	2,500
Transfers in	41,780	73,462	73,462	-
Net Change in Fund Balances	41,780	(124,611)	(103,818)	20,793
Fund Balance, Beginning of Year	-	156,293	156,293	-
Fund Balance, End of Year	\$ 41,780	\$ 31,682	\$ 52,475	\$ 20,793

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Employer's Share of Net Pension Liability
PERSI Base Plan – Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.177%	0.179%	0.181%	0.186%	0.187%
Employer's proportionate share of the net pension liability	\$ 2,616,966	\$ 2,817,210	\$ 3,663,997	\$ 2,445,758	\$ 1,379,312
Employer's covered payroll	\$ 6,296,740	\$ 5,642,482	\$ 6,027,129	\$ 5,291,846	\$ 5,202,237
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	41.56%	49.93%	60.79%	46.22%	26.51%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	78.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2018 (measurement date).

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Employer Contributions
PERSI Base Plan – Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 688,993	\$ 604,390	\$ 537,298	\$ 607,525	\$ 608,942
Contributions in relation to					
the statutorily required contribution	712,791	638,729	682,271	599,037	588,894
Contribution (deficiency) excess	(23,798)	(34,339)	144,982	(8,488)	(20,048)
Employer's covered payroll	6,296,740	5,642,482	6,027,129	5,291,846	5,202,237
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%

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

Data reported is measured as of June 30, 2019.

See Independent Auditors' Report

Supplementary Information

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2019

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
High School Activity Fund				
Assets				
Cash	<u>\$ 159,894</u>	<u>\$ 733,906</u>	<u>\$ 664,523</u>	<u>\$ 229,277</u>
Liabilities				
Due to student groups	<u>\$ 159,894</u>	<u>\$ 733,906</u>	<u>\$ 664,523</u>	<u>\$ 229,277</u>
Junior High School Activity Fund				
Assets				
Cash	<u>\$ 47,654</u>	<u>\$ 51,217</u>	<u>\$ 47,024</u>	<u>\$ 51,847</u>
Liabilities				
Due to student groups	<u>\$ 47,654</u>	<u>\$ 51,217</u>	<u>\$ 47,024</u>	<u>\$ 51,847</u>
Intermediate School Activity Fund				
Assets				
Cash	<u>\$ 11,846</u>	<u>\$ 65,591</u>	<u>\$ 57,889</u>	<u>\$ 19,548</u>
Liabilities				
Due to student groups	<u>\$ 11,846</u>	<u>\$ 65,591</u>	<u>\$ 57,889</u>	<u>\$ 19,548</u>
Elementary School Activity Fund				
Assets				
Cash	<u>\$ 7,413</u>	<u>\$ 52,542</u>	<u>\$ 49,869</u>	<u>\$ 10,086</u>
Liabilities				
Due to student groups	<u>\$ 7,413</u>	<u>\$ 52,542</u>	<u>\$ 49,869</u>	<u>\$ 10,086</u>
Total - All School Activity Funds				
Assets				
Cash	<u>\$ 226,807</u>	<u>\$ 903,256</u>	<u>\$ 819,305</u>	<u>\$ 310,758</u>
Liabilities				
Due to student groups	<u>\$ 226,807</u>	<u>\$ 903,256</u>	<u>\$ 819,305</u>	<u>\$ 310,758</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2019

	Ski School Fund	LEP ESL State Fund	Literacy Fund
Assets			
Cash and Investments	\$ -	\$ 5,279	\$ 11,823
Receivables			
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 5,279</u>	<u>\$ 11,823</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Salary contracts payable	-	271	8,589
Total Liabilities	<u>-</u>	<u>271</u>	<u>8,589</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Fund Balances			
Restricted	-	5,008	3,234
Committed	-	-	-
Total Fund Balances	<u>-</u>	<u>5,008</u>	<u>3,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 5,279</u>	<u>\$ 11,823</u>

See Independent Auditors' Report

Professional Development Grant Fund	E-Rate Fund	Wellness Fund	Medicaid Fund	Driver Education Fund
\$ 54,741	\$ 31,088	\$ 3,538	\$ 364,042	\$ 26,570
-	-	-	31,615	-
<u>\$ 54,741</u>	<u>\$ 31,088</u>	<u>\$ 3,538</u>	<u>\$ 395,657</u>	<u>\$ 26,570</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	6,105	-
-	-	-	6,105	-
-	-	-	-	-
54,741	-	3,538	389,552	26,570
-	31,088	-	-	-
<u>54,741</u>	<u>31,088</u>	<u>3,538</u>	<u>389,552</u>	<u>26,570</u>
<u>\$ 54,741</u>	<u>\$ 31,088</u>	<u>\$ 3,538</u>	<u>\$ 395,657</u>	<u>\$ 26,570</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2019

	Vocational Education Fund	Public School Technology Fund	State Substance Abuse Fund
Assets			
Cash and Investments	\$ 18,995	\$ 259,115	\$ 11,958
Receivables			
Other	-	-	-
Total Assets	<u>\$ 18,995</u>	<u>\$ 259,115</u>	<u>\$ 11,958</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	115,676	-
Salary contracts payable	<u>3,195</u>	<u>-</u>	<u>1,348</u>
Total Liabilities	<u>3,195</u>	<u>115,676</u>	<u>1,348</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	15,800	-	-
Committed	<u>-</u>	<u>143,439</u>	<u>10,610</u>
Total Fund Balances	<u>15,800</u>	<u>143,439</u>	<u>10,610</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,995</u>	<u>\$ 259,115</u>	<u>\$ 11,958</u>

See Independent Auditors' Report

Federal Forest Fund	Title I-A ESEA Basic Fund	IDEA Part B School Age Fund	IDEA Part B Preschool Fund	Perkins III Professional Technical Fund
\$ 121,024	\$ 18,063	\$ -	\$ 147	\$ -
-	29,111	33,366	-	13,252
<u>\$ 121,024</u>	<u>\$ 47,174</u>	<u>\$ 33,366</u>	<u>\$ 147</u>	<u>\$ 13,252</u>
\$ -	\$ -	\$ 10,770	\$ -	\$ 12,455
-	-	-	-	797
-	47,174	22,596	-	-
-	47,174	33,366	-	13,252
-	-	-	147	-
-	-	-	-	-
121,024	-	-	-	-
121,024	-	-	-	-
<u>\$ 121,024</u>	<u>\$ 47,174</u>	<u>\$ 33,366</u>	<u>\$ 147</u>	<u>\$ 13,252</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2019

	Title IV-A Student Support Fund	Title II-A ESEA Improving Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Investments	\$ -	\$ -	\$ 926,383
Receivables			
Other	2,817	6,477	116,638
Total Assets	<u>\$ 2,817</u>	<u>\$ 6,477</u>	<u>\$ 1,043,021</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 2,817	\$ 4,812	\$ 30,854
Accounts payable	-	-	116,473
Salary contracts payable	-	1,665	90,943
Total Liabilities	<u>2,817</u>	<u>6,477</u>	<u>238,270</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	147
Fund Balances			
Restricted	-	-	498,443
Committed	-	-	306,161
Total Fund Balances	<u>-</u>	<u>-</u>	<u>804,604</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,817</u>	<u>\$ 6,477</u>	<u>\$ 1,043,021</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Ski School Fund	LEP ESL State Fund	Literacy Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	11,399	62,652
Federal sources			
Educational programs and other	-	-	-
Total Revenues	-	11,399	62,652
Expenditures			
Current			
Instructional	3,955	14,736	61,462
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	-	-
General administration	-	-	-
Non-instructional	-	-	-
Capital outlay	-	-	-
Total Expenditures	3,955	14,736	61,462
Excess (Deficiency) of Revenues over Expenditures	(3,955)	(3,337)	1,190
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Net Change in Fund Balances	(3,955)	(3,337)	1,190
Fund Balance, Beginning of Year	3,955	8,345	2,044
Fund Balance, End of Year	\$ -	\$ 5,008	\$ 3,234

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Professional Development Grant Fund	E-Rate Fund	Wellness Fund	Medicaid Fund	Driver Education Fund
\$ -	\$ -	\$ -	\$ -	\$ 20,000
96,281	-	-	-	19,688
-	-	-	241,952	-
96,281	-	-	241,952	39,688
124,714	-	1,462	349,434	33,173
-	-	-	1,360	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
124,714	-	1,462	350,794	33,173
(28,433)	-	(1,462)	(108,842)	6,515
-	-	2,000	101,688	-
-	-	-	-	-
(28,433)	-	538	(7,154)	6,515
83,174	31,088	3,000	396,706	20,055
\$ 54,741	\$ 31,088	\$ 3,538	\$ 389,552	\$ 26,570

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2019

	Vocational Education Fund	Public School Technology Fund	State Substance Abuse Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	48,578	240,799	22,262
Federal sources			
Educational programs and other	-	-	-
Total Revenues	<u>48,578</u>	<u>240,799</u>	<u>22,262</u>
Expenditures			
Current			
Instructional	48,650	294,581	22,421
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	134,836	1,750
General administration	-	-	-
Non-instructional	-	-	-
Capital outlay	-	14,800	-
Total Expenditures	<u>48,650</u>	<u>444,217</u>	<u>24,171</u>
Excess (Deficiency) of Revenues over Expenditures	(72)	(203,418)	(1,909)
Other Financing Sources (Uses)			
Transfers in	-	146,100	-
Transfers (out)	-	-	-
Net Change in Fund Balances	(72)	(57,318)	(1,909)
Fund Balance, Beginning of Year	<u>15,872</u>	<u>200,757</u>	<u>12,519</u>
Fund Balance, End of Year	<u>\$ 15,800</u>	<u>\$ 143,439</u>	<u>\$ 10,610</u>

See Independent Auditors' Report

Federal Forest Fund	Title I-A ESEA Basic Fund	IDEA Part B School Age Fund	IDEA Part B Preschool Fund	Perkins III Professional Technical Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
27,797	188,649	324,772	8,761	13,252
27,797	188,649	324,772	8,761	13,252
-	180,431	311,696	8,761	13,252
-	-	13,076	-	-
-	2,138	-	-	-
-	6,080	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	188,649	324,772	8,761	13,252
27,797	-	-	-	-
-	-	-	-	-
-	-	-	-	-
27,797	-	-	-	-
93,227	-	-	-	-
\$ 121,024	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2019

	Title IV-A Student Support Fund	Title II-A ESEA Improving Fund	Total Nonmajor Governmental Funds
Revenues			
Local sources			
Other	\$ -	\$ -	\$ 20,000
State sources			
Other	-	-	501,659
Federal sources			
Educational programs and other	10,177	41,991	857,351
Total Revenues	10,177	41,991	1,379,010
Expenditures			
Current			
Instructional	-	-	1,468,728
Pupil support	-	-	14,436
Staff support	10,177	41,991	54,306
School administration	-	-	142,666
General administration	-	-	-
Non-instructional	-	-	-
Capital outlay	-	-	14,800
Total Expenditures	10,177	41,991	1,694,936
Excess (Deficiency) of Revenues over Expenditures	-	-	(315,926)
Other Financing Sources (Uses)			
Transfers in	-	-	249,788
Transfers (out)	-	-	-
Net Change in Fund Balances	-	-	(66,138)
Fund Balance, Beginning of Year	-	-	870,742
Fund Balance, End of Year	\$ -	\$ -	\$ 804,604

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2019

	General Fund	Debt Service Fund
Madison and Fremont Counties		
Balance at June 30, 2018	\$ 79,802	\$ 323,510
Add - Taxes Assessed for 2018 (Net of Cancellations)	213,288	700,723
Less - Collections Received	<u>(219,715)</u>	<u>(783,020)</u>
Balance at June 30, 2019	<u>\$ 73,375</u>	<u>\$ 241,213</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2019

	ANNUAL PAYMENT			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation Bonds				
Series 2017	1.100%	2020	\$ 1,004,285	\$ 5,524
			<u>\$ 1,004,285</u>	<u>\$ 5,524</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Sugar-Salem High School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Activities	\$ 12,252	\$ 135,967	\$ 131,114	\$ (4,249)	\$ 12,856
ACA DECA	-	-	(65)	-	65
AP Exams	(925)	282	255	925	27
Art	(1,251)	3,580	2,356	(25)	(52)
Art Club	166	-	-	-	166
Band	-	1,292	3,781	2,548	59
Baseball	(148)	720	2,629	976	(1,081)
Baseball - Donation	-	20,000	5,600	-	14,400
Baseball/Softball Scoreboard	442	-	-	-	442
Blankets	(4,441)	3,205	-	-	(1,236)
Boys Basketball	60	8,064	5,950	(325)	1,849
BPA	648	2,339	3,173	-	(186)
Cheerleaders	1,373	31,719	28,690	360	4,762
Choir Tour	-	34,647	30,334	(345)	3,968
Choral Music	2,816	10,299	10,622	(800)	1,693
Christmas Fund	7,016	11,083	11,306	(600)	6,193
College Courses	(12)	-	-	12	-
Counselors	927	3,600	3,818	-	709
Debate	100	1,350	558	(25)	867
Digger Classic	-	9,817	3,872	(3,450)	2,495
Digital Scrapbook	5,362	2,735	2,722	-	5,375
District Drama	130	-	(40)	-	170
Drama	4,186	7,437	6,309	-	5,314
Drama Club	1,482	100	-	(25)	1,557
Drama Scholarship	1,518	-	-	-	1,518
Drivers Ed	2,925	20,035	21,000	-	1,960
Environmental Science	-	775	550	-	225
Exchange Students	4,057	7,721	9,667	-	2,111
FB Digger Card	7,100	30,496	30,516	(1,227)	5,853
FB Score Board Advertise	8,648	3,600	75	-	12,173
FCCLA	-	2,962	2,265	(25)	672
FFA	2,254	8,545	9,759	(25)	1,015
Football Equipment	2,200	3,345	1,673	-	3,872
Forensic Science	-	15	(16)	-	31
Freshmen	1,205	-	56	-	1,149
GBB	(2,789)	23,562	21,658	27	(858)
Gear Up	75	-	-	-	75
Glenn Miller	283	13,710	9,452	(2,958)	1,583
Golf	-	290	1,233	292	(651)
Graduation	979	-	-	-	979
Gym Sponsorship	-	5,000	-	-	5,000
Gym Scoreboard	-	99,000	100,329	10,000	8,671
Honor Society	147	-	-	-	147
IDLA	450	1,300	825	-	925
IMEA	6,252	7,130	10,552	1,797	4,627
INL Grant	-	15,000	14,577	671	1,094

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Sugar-Salem High School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers (continued)
Year Ended June 30, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Industrial Tech	2,136	2,164	3,242	-	1,058
Interest Income	19	110	53	-	76
Jim Winn Literacy	47	5,000	4,100	-	947
Juniors	1,562	-	118	-	1,444
Laptop Insurance	11,979	15,240	6,727	-	20,492
Latino Club	64	1,355	804	-	615
Math	300	-	-	-	300
Nursing	95	-	-	-	95
Nutrition	1,747	6,080	3,674	-	4,153
Orchestra	2,543	15,318	12,806	(417)	4,638
Orchestra - Disneyland	634	-	-	-	634
Pep Band State	60	2,030	1,862	25	253
PSAT	3,509	3,441	4,742	(937)	1,271
Sales Tax	-	2,279	3,376	1,097	-
Scholarships	-	7,800	5,250	-	2,550
School Store	15,594	22,227	10,877	(5,054)	21,890
Science	-	8,815	4,738	(445)	3,632
Science Grant	-	3,465	2,794	(671)	-
Seniors	2,414	6,593	3,920	(716)	4,371
Senior Lock In	-	3,515	4,206	691	-
Soccer - Boys	764	270	350	1,310	1,994
Soccer - Girls	744	790	1,189	678	1,023
Softball	43	7,281	3,499	-	3,825
Sophomores	994	-	145	-	849
SSHS	17,112	805	6,388	(3,001)	8,528
State Pep Band	-	125	-	(25)	100
Student Body	3,980	36,640	32,710	(1,590)	6,320
Student Council	1,901	5,950	4,144	-	3,707
Summer Camp	4,215	3,410	8,827	1,202	-
Tennis Club	900	1,425	1,823	-	502
Track	935	2,200	2,915	(200)	20
TSA	867	1,206	1,661	75	487
Vinyl Signs	1,630	261	650	-	1,241
VO -AG	5,311	4,787	6,623	450	3,925
Volleyball	771	-	429	375	717
Weights	-	2,000	-	-	2,000
Wrestling	317	4,437	5,608	3,894	3,040
X-Country	-	4,670	4,740	75	5
Yearbook	10,445	21,495	22,275	(345)	9,320
Yearbook Ads	775	-	103	-	672
	<u>\$ 159,894</u>	<u>\$ 733,906</u>	<u>\$ 664,523</u>	<u>\$ -</u>	<u>\$ 229,277</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Sugar-Salem Junior High School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Activity Fee	\$ 181	\$ 6,327	\$ 5,267	\$ -	\$ 1,241
Art	924	1,112	1,166	-	870
Awards	4,364	-	-	-	4,364
Band	820	941	889	500	1,372
Book Fee	7	2,340	-	-	2,347
Boys Basketball	100	398	474	-	24
Cheerleading	551	7,205	4,908	500	3,348
Choir	914	-	454	500	960
Cross Country	140	240	380	-	-
Digital Photography	1,561	50	683	-	928
Fundraiser	8,023	6,868	8,479	-	6,412
Girls Basketball	127	220	78	-	269
Greenhouse	347	-	-	-	347
Gym	3,578	-	687	-	2,891
Interest/Service Charges	268	174	-	-	442
Music Room	1,136	-	-	-	1,136
Orchestra	2,245	540	2,525	-	260
PE Equipment	3,200	-	1,927	(500)	773
Science	179	75	101	-	153
Teachers Fund	560	3,429	3,050	-	939
Track	87	708	685	-	110
Travel Fee	8,160	14,109	6,326	-	15,943
Volleyball	467	235	366	-	336
Volleyball Equipment	523	-	-	-	523
Wrestling	6,515	-	1,852	-	4,663
Yearbook	2,226	6,141	6,467	(1,000)	900
Zoology	451	105	260	-	296
	<u>\$ 47,654</u>	<u>\$ 51,217</u>	<u>\$ 47,024</u>	<u>\$ -</u>	<u>\$ 51,847</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Kershaw Intermediate School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Clearing Account	\$ -	\$ 852	\$ 852	\$ -	\$ -
Grant	-	9,700	-	-	9,700
Gym Rental	10	-	-	-	10
Library Account	158	8,139	8,297	-	-
Music Account	-	1,458	1,417	-	41
PBIS	42	-	21	-	21
Pictures	462	1,018	1,418	-	62
School Fundraisers	61	-	-	-	61
School Store	1,667	2,978	4,244	-	401
Student Body Fees	(14)	7,905	7,778	-	113
Teacher Accounts	3,076	29,605	27,173	-	5,508
United Dairymen	6,077	3,850	6,115	-	3,812
Used Textbooks	509	-	509	-	-
Vending Machine	(202)	86	65	-	(181)
	<u>\$ 11,846</u>	<u>\$ 65,591</u>	<u>\$ 57,889</u>	<u>\$ -</u>	<u>\$ 19,548</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Central Elementary School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Fundraiser	\$ 1,478	\$ 20,180	\$ 18,299	\$ -	\$ 3,359
General Fund	51	2,889	2,857	-	83
Preschool	2,626	5,306	4,150	(14)	3,768
School Fees	-	12,678	6,661	(5,982)	35
Teacher Fund	3,215	9,024	15,225	5,797	2,811
Kindergarten Field Trip	-	836	959	123	-
1st Grade Field Trip	-	537	537	-	-
2nd Grade Field Trip	-	500	500	-	-
3rd Grade Field Trip	-	500	500	-	-
Vending	43	92	181	76	30
	<u>\$ 7,413</u>	<u>\$ 52,542</u>	<u>\$ 49,869</u>	<u>\$ -</u>	<u>\$ 10,086</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

	Federal CFDA Number	Expenditures	Revenues Cash Basis
U.S. Department of Agriculture			
Passed Through State of Idaho:			
* Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 74,980	\$ 74,980
School Lunch Program	10.555	352,851	352,851
		427,831	427,831
Passed Through Madison/Fremont Counties:			
Federal Forest	10.665	-	27,797
Total Department of Agriculture		427,831	455,628
U.S. Department of Education			
Passed Through State of Idaho:			
Title I-Basic	84.010	188,649	193,340
Special Education Cluster			
IDEA Part B	84.027	324,772	328,235
IDEA Part B - Preschool	84.173	8,761	10,325
		333,533	338,560
Career and Technical Education Basic Grant	84.048	13,252	13,252
Student Support and Academic Enrichment Grant	84.424	10,177	15,211
Gaining Early Awareness and Readiness	84.334	-	16,319
Improving Teacher Quality	84.367	41,991	39,441
Total Department of Education		587,602	616,123
Total Federal Assistance		\$ 1,015,433	\$ 1,071,751

* Major Federal Program

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Note to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Sugar-Salem Joint School District No. 322 under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sugar-Salem Joint School District No. 322, it is not intended to and does not present the financial position or change in net assets of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowed or are limited as to reimbursement.

The District is not eligible to use the 10% de minimis indirect cost rate.



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**INDEPENDENT AUDITORS' 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**

The Board of Trustees
Sugar-Salem Joint School District No. 322
Sugar City, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sugar-Salem Joint School District No. 322 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sugar-Salem Joint School District No. 322's basic financial statements, and have issued our report thereon dated September 3, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sugar-Salem Joint School District No. 322'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 Sugar-Salem Joint School District No. 322's internal control. Accordingly, we do not express an opinion on the effectiveness of Sugar-Salem Joint School District No. 322'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

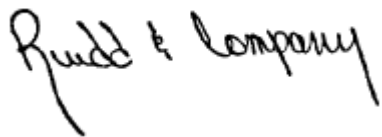
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sugar-Salem Joint School District No. 322'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 "Rudd & Company". The signature is written in a cursive, flowing style.

Idaho Falls, Idaho
September 3, 2019



RUDD & COMPANY^{INC.}

certified public accountants | business consultants

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

Board of Trustees
Sugar-Salem Joint School District No. 322
Sugar City, Idaho

Report on Compliance for Each Major Federal Program

We have audited Sugar-Salem Joint School District No. 322'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 Sugar-Salem Joint School District No. 322's major federal programs for the year ended June 30, 2019. Sugar-Salem Joint School District No. 322'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 the 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 Sugar-Salem Joint School District No. 322'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 Sugar-Salem Joint School District No. 322'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 Sugar-Salem Joint School District No. 322's compliance.

Opinion on Each Major Federal Program

In our opinion, Sugar-Salem Joint School District No. 322, 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, 2019.

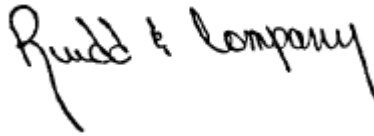
Report on Internal Control Over Compliance

Management of Sugar-Salem Joint School District No. 322 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 Sugar-Salem Joint School District No. 322'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 the 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 Sugar-Salem Joint School District No. 322'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.

This 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

Idaho Falls, Idaho
September 3, 2019

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

Material Weaknesses identified? No

Significant Deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant Deficiencies identified? No

Type or auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? No

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019

Identification of major programs:

CFDA Number(s)	Name of Federal Program
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	School Lunch Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2019 Bonds, MSBT Law, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

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November 12, 2019

Board of Trustees
Joint School District No. 322
105 W. Center
Sugar City, ID 83448

Underwriter

In Re: Joint School District No. 322, Madison and Fremont Counties, Idaho, General
Obligation Bonds, Series 2019, in the Principal Amount of \$17,000,000

Ladies and Gentlemen:

We have acted as bond counsel for the issuance by Joint School District No. 322, Madison and Fremont Counties, Idaho (the "District"), of its General Obligation Bonds, Series 2019, dated November 12, 2019, in the aggregate principal amount of \$17,000,000 (the "Bonds").

In connection therewith, we have examined the applicable law, a duly certified transcript of proceedings of the District, and other documents which we deem necessary to render this opinion.

We have relied upon the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation. We have not been engaged to review the accuracy, completeness, or sufficiency of an Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

We have examined the Constitution and laws of the State of Idaho, including Title 33, Chapter 11, and Title 57, Chapters 2 and 9, Idaho Code, and such other laws, proceedings (prepared, in part, by us) relating to the authorization, issuance, and sale of the Bonds, in particular, a resolution adopted by the Board of Trustees of the District on October 16, 2019 (the "Bond Resolution"), and such other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of delivery of the Bonds.

Based upon our examination, it is our opinion, under existing law and as of the date hereof:

1. The District is a validly created and existing school district and body politic of the State of Idaho, with full power and authority to borrow money for the purposes set forth in the Bond Resolution, to issue, sell, and deliver the Bonds, and to enter into and to perform its obligations under the Bond Resolution.

2. The Bonds have been lawfully authorized under the Constitution and laws of the State of Idaho and constitute valid and legally binding general obligations of the District, payable from taxes levied without limitation as to rate or amount on all taxable property within the District as provided in the Bond Resolution. The full faith and credit of the District are pledged for the payment of the principal of and interest on the Bonds.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes. We are further of the opinion that the interest will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the District with certain representations and covenants regarding the use and investment of the proceeds of the Bonds. Under the Code, the District is required to comply with certain requirements subsequent to the issuance of the Bonds to maintain the exclusion of interest from gross income for federal income tax purposes, including requirements relating to the application and investment of the proceeds of the Bonds and use of facilities financed with such proceeds. The District has covenanted to comply with these requirements, and the opinion expressed in this paragraph 3 assumes such compliance. However, we have not undertaken and do not undertake to monitor compliance by the District with such requirements; and if the District should fail to comply with such requirements, the interest on the Bonds could become includable in gross income for federal and State of Idaho income tax purposes retroactive to the date of issuance of the Bonds.

4. Interest on the Bonds is excluded from gross income for purposes of income taxation by the State of Idaho, to the same extent that such interest is excluded from gross income for purposes of federal income taxation.

The opinions set forth above are qualified only to the extent that certain rights and remedies of the holders of the Bonds may be limited or rendered ineffective by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

Our opinion is limited to matters of Idaho law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,
MSBT LAW, CHARTERED

Stephanie J. Bonney

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APPENDIX C

INFORMATION REPORTING AGREEMENT

AGREEMENT, made and executed as of the 12th day of November, 2019, between JOINT SCHOOL DISTRICT NO. 322, Madison and Fremont Counties, Idaho (the “Issuer”), and ZIONS PUBLIC FINANCE, INC., Salt Lake City, Utah (the “Agent”). The parties agree:

FIRST: DEFINITIONS

For purposes of this Agreement, the following terms shall have the following definitions:

“Agent” means Zions Public Finance, Inc., Salt Lake City, Utah, or such successor agent as the Issuer may designate.

“Agreement” means this Information Reporting Agreement between the Issuer and the Agent.

“Annual Financial Information” means the Financial Statements and other financial information and operating data set forth in Paragraph THIRD of this Agreement.

“Bonds” means the Joint School District No. 322, Madison and Fremont Counties, Idaho, General Obligation Bonds, Series 2019, dated November 12, 2019, and issued in the initial principal amount of \$17,000,000 pursuant to the Resolution.

“EMMA” means the Electronic Municipal Market Access System maintained by the MSRB or such other repository for filings that is approved by the SEC if EMMA is no longer approved by the SEC and MSRB.

“Financial Statements” means the annual financial statements of the Issuer for the most current Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental units, as such principles may be changed from time to time, and audited in accordance with generally accepted auditing standards.

“Fiscal Year” means the fiscal year of the Issuer, commencing July 1 of each year and ending on June 30 of the following year.

“Issuer” means Joint School District No. 322, Madison and Fremont Counties, Idaho, a political subdivision of the State of Idaho.

“Material Event” means any of the events listed in paragraph FOURTH of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, Washington, D.C.

“Owners” means the beneficial owners, registered owners, and holders of the Bonds.

“Repository” means EMMA.

“Resolution” means the resolution of the Issuer adopted on October 16, 2019, authorizing the issuance and sale of the Bonds.

“Rule” means SEC Rule 15c2-12(b)(5), as amended or interpreted by the SEC.

“SEC” means the U.S. Securities and Exchange Commission.

SECOND: PURPOSE

This Agreement is being executed for the benefit of the Owners of the Bonds in accordance with the Rule. The Agent hereby accepts appointment, pursuant to the Resolution, as agent of the Issuer for purposes of the Rule.

THIRD: PROVISION OF ANNUAL FINANCIAL INFORMATION

The Issuer, through the Agent, shall file annually, through the Repository, not later than 180 days following the end of each Fiscal Year of the Issuer, beginning with the Fiscal Year which ends on June 30, 2020, the following financial information and operating data:

- (1) Financial Statements of the Issuer:
- (2) Other financial, statistical, and operating data for the Fiscal Year of the Issuer in the form and scope similar to the financial, statistical, and operating data contained in the Official Statement of the Issuer relating to the Bonds, specifically the tables and/or information contained under the following headings and subheadings of the Official Statement:
 - Enrollment
 - Outstanding General Obligation Indebtedness
 - Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year
 - Financial Summaries
 - Historical Tax Rates
 - Market Value of Property of The District
 - Tax Collection Record of the District
 - The Largest Taxpayers of The District
 - State Support to the District

If the Issuer fails to provide the required Annual Financial Information, the Agent shall provide notice of such failure to the Repository.

The Issuer reserves the right to modify from time to time the specific types of information provided, or the format of the presentation of such information, in a manner consistent with the Rule.

FOURTH: REPORTING OF MATERIAL EVENTS

The Issuer shall provide, through the Agent, not more than ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events, if material, with respect to the Bonds:

1. Principal and interest payment delinquencies on the Bonds;
2. Nonpayment related defaults under the Resolution;
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, IRS notices or material events affecting the tax status of the security.
7. Modifications to rights of Bondholders;
8. Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or a similar proceeding;
13. Merger, consolidation, or acquisition of the obligated person; and
14. Appointment of a successor or additional trustee, or the change of name of a trustee.
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; and
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.

Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall, as soon as possible, determine whether such event would constitute material information for

Owners of the Bonds; provided, that any event listed under 1, 3, 4, 5, 6, 9, 11, and 12, above will always be deemed to be material and must be reported.

FIFTH: AMENDMENTS

This Agreement may be amended only if the Issuer receives an opinion of independent bond counsel to the effect that:

1. such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the types of activities in which the Issuer is engaged;
2. this Agreement, as so amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule as well as any change in circumstances; and
3. such amendment does not materially impair the interest of the Owners of the Bonds.

If the amendment results in a change of the annual financial information and operating data required to be reported pursuant to this Agreement, the first annual report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. If the amendment involves a change in the accounting principles to be followed in preparing financial statements, the first annual report shall present a comparison between the financial statements or information based on the new accounting principles and those prepared based on the former accounting principles. Further, if the annual financial information required to be provided in the annual report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first annual report that does not include such information.

SIXTH: DUTIES, IMMUNITIES, AND LIABILITIES OF AGENT

The Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to indemnify and save the Agent and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to Agent's gross negligence or willful misconduct. The Agent shall have no duty or obligation to review or verify any information provided to it by the Issuer or to determine the materiality of a listed material event and shall not be deemed to be acting in any fiduciary capacity for the Issuer, Owners or any other party. The Agent shall have no responsibility for the Issuer's failure to comply with this Agreement or the Rule. The obligations of the Issuer under this Section shall survive resignation or removal of the Agent and payment of the Bonds.

SEVENTH: TERMINATION

The Issuer reserves the right to terminate its obligation to provide Annual Financial Information and notices of Material Events, as set forth above, if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule.

EIGHTH: REMEDIES

In the event of a failure of the Issuer to comply with any provision of this Agreement, the Owner of any Bond may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this disclosure Agreement shall not be deemed to constitute 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.

NINTH: 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 report or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Material Event.

TENTH: BENEFICIARIES

This Agreement shall inure solely for the benefit of the Issuer and the Owners of the Bonds, and shall create no rights in any other person or entities.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

JOINT SCHOOL DISTRICT NO. 322
Madison and Fremont Counties, Idaho

By: _____
Chairperson, Board of Trustees

ATTEST:

District Clerk

ZIONS PUBLIC FINANCE, INC.,

By: _____
Vice President

APPENDIX D

BOOK-ENTRY SYSTEM

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

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 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 2019 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 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 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 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 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 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 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 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

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

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