
OFFICIAL NOTICE OF BOND SALE
and
PRELIMINARY OFFICIAL STATEMENT



\$10,000,000*

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

**General Obligation Bonds
(Utah School District Bond Guaranty Program), Series 2019**

Electronic bids will be received up to 9:30:00 A.M., Mountain Standard Time, via the *PARITY*® electronic bid submission system, on Wednesday, November 20, 2019.

* Preliminary; subject to change.

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Official Notice of Bond Sale

(Bond Sale To Be Conducted Electronically)

Board of Education of Sevier County School District, Utah

\$10,000,000*

General Obligation School Building Bonds (Utah School District Bond Guaranty Program), Series 2019

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by the Business Administrator of the Board of Education (the “Board”) of Sevier County School District, Utah (the “District”), via the PARITY[®] electronic bid submission system (“PARITY[®]”), at 9:30:00 a.m., Mountain Standard Time, on Wednesday, November 20, 2019, for the purchase (all or none) of \$10,000,000* aggregate principal amount of the Board’s General Obligation School Building Bonds (Utah School District Bond Guaranty Program), Series 2019 (the “2019 Bonds”). Pursuant to a resolution of the Board adopted on October 9, 2019, the Board has authorized the Business Administrator (or, in the event of his absence or incapacity, the Superintendent of the Board, or in the event of his absence or incapacity, the President of the Board), as the designated officer of the Board (the “Designated Officer”), to review and consider the bids on Wednesday, November 20, 2019.

Description of 2019 Bonds

The 2019 Bonds will be dated as of the date of issuance and delivery¹ thereof, 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 June 1 of each of the years and in the principal amounts as follows:

Year	Principal Amount*	Year	Principal Amount*
2022	\$105,000	2032	\$ 135,000
2023	110,000	2033	115,000
2024	115,000	2034	95,000
2025	125,000	2035	75,000
2026	130,000	2036	1,555,000
2027	135,000	2037	1,600,000
2028	140,000	2038	1,650,000
2029	150,000	2039	1,700,000
2030	160,000	2040	1,750,000
2031	155,000		

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

¹ The anticipated date of delivery of the 2019 Bonds is Tuesday, December 10, 2019.

* Preliminary; subject to change. See caption “Adjustment of Principal Amount of the 2019 Bonds” in this Official Notice of Bond Sale.

and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

Adjustment of Principal Amount of the 2019 Bonds

The adjustment of maturities may be made in such amounts as are necessary to provide the Board 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 Board 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 Board, 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 Designated Officer expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Standard Time, 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 facsimile transmission to Zions Public Finance, Inc., Salt Lake City, Utah, the Municipal Advisor (the "Municipal Advisor") to the Board, at fax number 801.844.4484 within one-half hour of the time the Municipal Advisor notifies the successful bidder that such bidder's bid appears to be the best bid received (as described under the caption "Notification" below), 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 Board will, at its own expense, pay the fee of Moody's Investors Service, Inc. 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 the principal amount of the 2019 Bonds (\$10,000,000).

Interest Rates

Bidders must specify the rate of interest with respect to each maturity of 2019 Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of 2019 Bonds, but:

1. the highest interest rate bid for any of the 2019 Bonds shall not exceed 5.00% per annum;
2. the minimum price for any maturity of the 2019 Bonds maturing on or after June 1, 2036, shall not be less than 100.00%;
3. each interest rate specified in any bid must be in a multiple of $1/8^{\text{th}}$ or $1/20^{\text{th}}$ of 1% per annum;
4. no 2019 Bond shall bear more than one rate of interest;
5. 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;

6. the same interest rate shall apply to all 2019 Bonds maturing at one time;
7. 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 funds;
8. any premium must be paid in the funds specified for the payment of the 2019 Bonds as part of the purchase price;
9. there shall be no supplemental interest coupons;
10. a zero percent (0%) interest rate may not be used; and
11. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2020.

Bond Registrar and Paying Agent; Place of Payment

Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, will be the paying agent and bond registrar for the 2019 Bonds. The Board 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 The Depository Trust Company ("DTC").

Redemption Provisions

The 2019 Bonds maturing on and after June 1, 2030, are subject to redemption prior to maturity in whole or in part at the option of the Board on December 1, 2029, or any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of principal amount of the 2019 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

The 2019 Bonds may be subject to optional mandatory sinking fund redemption at the option of the successful bidder(s).

Security; State of Utah Guaranty

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

Pursuant to the Utah school district bond guaranty program, Title 53G, Chapter 4, Part 8 of the Utah Code Annotated 1953, as amended, the full faith and credit and unlimited taxing power of the State of Utah will, upon original issuance of the 2019 Bonds, be pledged to guarantee full and timely payment of the principal of (at stated maturity) and interest on the 2019 Bonds as such payments become due.

Award

Award or rejection of bids will be made by the Board, acting through its Designated Officer, on Wednesday, November 20, 2019. The 2019 Bonds will be awarded to the responsible bidder offering to pay not less than the principal amount of the 2019 Bonds and specifying a rate or rates of interest that result in the lowest effective interest rate to the Board. The effective interest rate to the Board 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 Board 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 12, 30-day months), compounded semiannually and to the bid price.

Prompt Award

The Designated Officer will take action awarding the 2019 Bonds or rejecting all bids not later than 6:00 p.m., Mountain Standard Time, on Wednesday, November 20, 2019, unless such time of award is waived by the successful bidder.

Notification

The Municipal Advisor, on behalf of the Board, will notify the apparent successful bidder (electronically via PARITY®) as soon as possible after the Designated Officer's receipt of bids, that such bidder's bid appears to be the best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification by the Designated Officer not later than 6:00 p.m., Mountain Standard Time, on Wednesday, November 20, 2019.

Procedures Regarding Electronic Bidding

A prospective bidder must communicate its bid for the 2019 Bonds electronically via PARITY® on or before 9:30:00 a.m., Mountain Standard Time, on Wednesday, November 20, 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 at One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, 801.844.7373 or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, 212.849.5021.

For purposes of PARITY®, the time as maintained by PARITY® shall constitute the official time.

Each prospective bidder shall be solely responsible to register to bid via PARITY® as described above. 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 Board nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Board nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Board is using PARITY® as a communication mechanism, and not as the Board's agent, to conduct the electronic bidding for the 2019 Bonds.

Form of Bid

Each bidder is required to transmit electronically via PARITY® an unconditional bid specifying the lowest rate or rates of interest and the purchase price, which shall not be less than the principal amount of the 2019 Bonds, 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 TIC basis, as described under "Award" above, 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 Municipal Advisor by telephone at

801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 801.844.7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before 9:30:00 a.m., Mountain Standard Time, on Wednesday, November 20, 2019. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission (as described above), the time as maintained by PARITY® shall constitute the official time. Each bid submitted as provided in this paragraph must specify: (a) an offer to purchase not less than all of the 2019 Bonds; and (b) the lowest rate of interest at which the bidder will purchase the 2019 Bonds at a price of not less than the principal amount of the 2019 Bonds, as described under “Award” above. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the Board. Neither the Board nor the Municipal Advisor assume 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 telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Business Administrator, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Business Administrator prior to 2:00 p.m., Mountain Standard Time, on Wednesday, November 20, 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 Board 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 in the amount of \$100,000 (the “Deposit”), is required only from the successful bidder. The Deposit shall be payable to the order of the Board in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m., Mountain Standard Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Board, with its bid. 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 Board shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the 2019 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 Board’s risk) in obligations that 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 Board, without adjustment for interest, shall be applied toward the purchase price of the 2019 Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the Board; and (b) if the successful bidder fails to take up and pay for the 2019 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Board as liquidated damages.

Sale Reservations

The Board, acting through its Designated Officer, reserves the right: (a) to waive any irregularity or informality in any bid or in the electronic bidding process; (b) to reject any and all bids for the 2019 Bonds; and (c) to resell the 2019 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder will be given at least seven business days' advance notice of the proposed date of the delivery of the 2019 Bonds when that date has been determined. It is now estimated that the 2019 Bonds will be delivered in book-entry form on or about Tuesday, December 10, 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 Salt Lake City, Utah, except that the successful bidder may at its option and expense designate some other place of delivery, that expense to include travel expenses of two Board officials or two representatives of the Board and closing expenses. The successful bidder must also agree to pay for the 2019 Bonds in federal funds that will be immediately available to the Board in Salt Lake City, Utah, on the day of delivery.

CUSIP® Numbers

It is anticipated that CUSIP® identification numbers will be printed on the 2019 Bonds, but neither the failure to print such numbers on any 2019 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the 2019 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP® numbers for the 2019 Bonds shall be paid for by the Board.

Tax-Exempt Status

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2019 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2019 Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The 2019 Bonds are not “qualified tax-exempt obligations.”

Issue Price: In order to enable the Board to comply with certain requirements of the Code, as amended, the successful bidder will be required to provide a certificate as to the “issue price” of the 2019 Bonds in substantially the form attached hereto as *Exhibit 1*. Each bidder, by submitting its bid, agrees to complete, execute and deliver such 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 Board. 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 Farnsworth Johnson PLLC, Bond Counsel, telephone: (801) 932-0317, e-mail: brandon@farnsworthjohnson.com.

For purposes of federal tax issue price regulations, the Board expects that the sale of the 2019 Bonds will qualify as a competitive sale. In the event that the competitive sale requirements are not satisfied, the Board will advise the successful bidder. In that case, the Board will treat the first price at which 10% of a maturity of the 2019 Bonds is sold to the public as the issue price of that maturity (the “10% Test”). The winning bidder shall advise the Board which, if any, maturities of the 2019 Bonds satisfy the 10% Test as of the date of sale of the 2019 Bonds. The Board will *not* require bidders to comply with the “hold-the-offering-price rule”.

In the event the competitive sale requirements are not satisfied, the successful bidder shall promptly report to the Board the price for each maturity of the 2019 Bonds for which the 10% Test has been satisfied. This reporting obligation shall continue until the 10% Test has been satisfied for all maturities of the 2019 Bonds. If the 10% Test for any maturity of the 2019 Bonds has not been satisfied by the date of delivery of the 2019 Bonds, the successful bidder shall provide a “date down” certificate as to the “issue price” after the date of delivery of the 2019 Bonds when the 10% Test has been satisfied with respect to such maturity.

Legal Opinion and Closing Certificates

The unqualified approving opinion of Farnsworth Johnson PLLC covering the legality of the 2019 Bonds will be furnished to the successful bidder. 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 closing papers will include a certificate executed by the President, the Business Administrator or other officer of the District confirming to the successful bidder that, to the best of the knowledge of the signers thereof, and after reasonable investigation: (a) the Preliminary Official Statement (the “Preliminary Official Statement”) circulated with respect to the 2019 Bonds 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 required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the “Official Statement”) did not as of its date and does 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 the light of the circumstances under which they were made, not misleading; provided, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

Continuing Disclosure

The Board covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Disclosure Undertaking”) to provide ongoing disclosure about the Board 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 Disclosure Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder.

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

Delivery of Copies of Official Statement

The Board 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, a final Official Statement in electronic format, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 2019 Bonds, if any event relating to or affecting the Board shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a prospective purchaser, the Board shall, for so long as the successful bidder is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder such information with respect to itself as the successful bidder deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

Municipal Advisor

The Board has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the 2019 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds.

Waiver of Conflicts

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Board in the 2019 Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the Board in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel. If a bidder does not agree to such consent and waiver, such bidder should not submit a bid for the 2019 Bonds.

Additional Information

For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact the Municipal Advisor, Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, 801.844.7376, fax: 801.844.4484, marcus.keller@zionsbancorp.com, cara.bertot@zionsbancorp.com. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at <http://www.i-dealprospectus.com>, <http://www.fmhub.com> and <http://www.munios.com>.

Dated November 12, 2019.

Exhibit 1

**Certificate of Purchaser
(Competitive Sale Requirements Satisfied)**

[To be Dated the Closing Date]

The undersigned is an officer of _____ (the "*Purchaser*"), and as such officer I hereby certify as follows:

1. On November 20, 2019 (the "*Sale Date*") the Purchaser purchased the \$_____ General Obligation School Building Bonds (Utah State Bond Guaranty Program), Series 2019 (the "*Bonds*") of the Board of Education of Sevier County School District, Utah (the "*Issuer*") by submitting electronically an "Official Bid Form" responsive to an "Official Notice of Sale" and having its bid accepted by the Issuer. The terms of the purchase have not been modified by the Purchaser since the Sale Date.

2. As of the Sale Date, the reasonably expected initial offering prices of the 2019 Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the "*Public*") are the prices shown on the inside cover page of the Official Statement, dated November 20, 2019, and related to the 2019 Bonds (the "*Expected Offering Prices*"). The Expected Offering Prices are the prices for the maturities of the 2019 Bonds used by the Purchaser in formulating its bid to purchase the 2019 Bonds. Attached as *Schedule A* is a true and correct copy of the bid provided by the Purchaser to purchase the 2019 Bonds.

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

All terms not defined herein shall have the same meanings as in the tax certificate with respect to the 2019 Bonds, to which this Certificate is attached.

Very truly yours,

[PURCHASER]

By _____

Its _____

Schedule A

Copy of Purchaser's Bid

PRELIMINARY OFFICIAL STATEMENT



Board of Education of Sevier County School District, Utah

\$10,000,000* General Obligation Bonds, (Utah School District Bond Guaranty Program), Series 2019

On Wednesday, November 20, 2019 up to 9:30:00 A.M., M.S.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.”

The 2019 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Board of Education of Sevier County School District, Utah (the “Board”), adopted on October 9, 2019.

The Board 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 copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2019 Bonds contact the Municipal Advisor:



One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
cara.bertot@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated November 12, 2019, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2019

NEW ISSUE

Rating: Moody's "Aaa" (State of Utah Guaranty; underlying "Aa3")
See "STATE OF UTAH GUARANTY" and "MISCELLANEOUS—Bond Ratings" herein.

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds. See "TAX MATTERS" herein.

The 2019 Bonds are not "qualified tax-exempt obligations."



\$10,000,000*

Board of Education of Sevier County School District, Utah

General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019

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

Principal of and interest on the 2019 Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2020) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as 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 Board payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all taxable property in Sevier County School District, Utah, 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 guaranteed by the full faith and credit and unlimited ad valorem taxing power of the

State of Utah

under the provisions of the Utah school district bond guaranty. See "STATE OF UTAH GUARANTY" herein.

Dated: Date of Delivery¹

Due: June 1, as shown on inside front 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 Wednesday, November 20, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of this OFFICIAL STATEMENT).

Zions Public Finance, Inc., Salt Lake City, Utah, 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 November __, 2019, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of delivery is Tuesday, December 10, 2019.

Sevier County School District, Utah

\$10,000,000*

General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019

Dated: Date of Delivery¹

Due: June 1, as shown below

Due June 1	CUSIP® 818240	Principal Amount*	Interest Rate	Yield/ Price
2022.....		\$ 105,000	%	%
2023.....		110,000		
2024.....		115,000		
2025.....		125,000		
2026.....		130,000		
2027.....		135,000		
2028.....		140,000		
2029.....		150,000		
2030.....		160,000		
2031.....		155,000		
2032.....		135,000		
2033.....		115,000		
2034.....		95,000		
2035.....		75,000		
2036.....		1,555,000		
2037.....		1,600,000		
2038.....		1,650,000		
2039.....		1,700,000		
2040.....		1,750,000		

\$ _____ % Term Bond due June 1, 20__—Price of _____ %
(CUSIP®818240 __)

¹ The anticipated date of delivery is Tuesday, December 10, 2019.

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

* 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 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: the Board of Education of Sevier County School District, Utah (the “Board”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bancorporation, National Association, Salt Lake City, Utah (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the Board, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board, since the date hereof.

The 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.

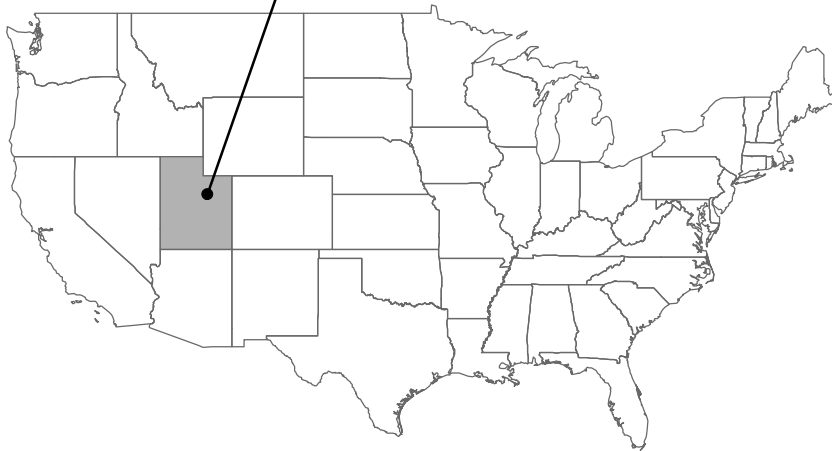
The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. With any offering of the 2019 Bonds, the successful bidder(s) 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 to stabilize their market price and 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 Board does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

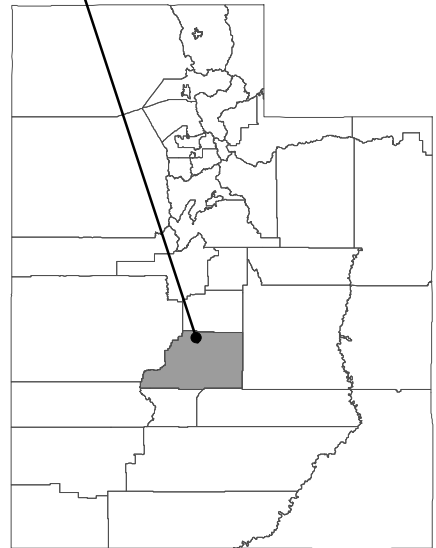
The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Board does not make any representation with respect to such numbers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

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

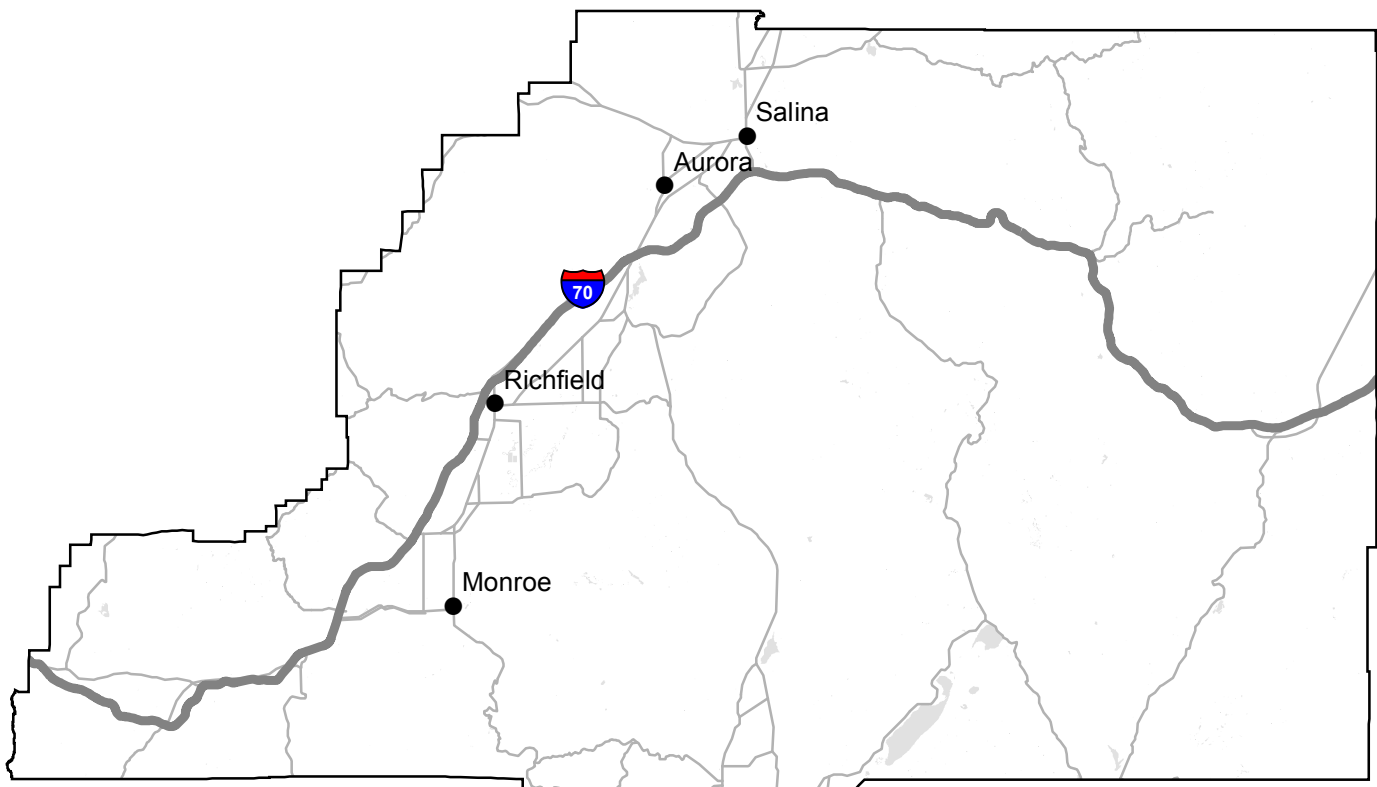
Utah



Sevier County



Sevier County School District



OFFICIAL STATEMENT RELATED TO

\$10,000,000*

Board of Education of Sevier County School District, Utah

General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019

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 the Board of Education (the “Board”) of Sevier County School District, Utah (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT, including the appendices. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

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

Public Sale/Electronic Bid

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the PARI-TY® electronic bid submission system on Wednesday, November 20, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of this OFFICIAL STATEMENT).

See the “OFFICIAL NOTICE OF BOND SALE” above.

Sevier County School District, Utah

The District was established in 1912 and shares common boundaries with Sevier County, Utah (the “County”). The County covers an area of approximately 1,910 (land area) square miles and is located in the south-central portion of the State of Utah (the “State”). See the location map above. The County

* Preliminary; subject to change.

had 21,539 residents according to the 2018 population estimate by the U.S. Census Bureau, ranking the County as the 14th most populated county in the State (out of 29 counties).

The 2019 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the Board of its \$10,000,000** General Obligation Bonds (Utah School District Bond Guaranty Program), Series 2019 (the “2019 Bond” or “2019 Bonds”), initially issued in book–entry form only.

Security

The 2019 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all 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 “FINANCIAL INFORMATION REGARDING SEVIER COUNTY SCHOOL DISTRICT, UTAH—Ad Valorem Tax Levy And Collection” below.

Payment of the principal of and interest on the 2019 Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State under the provisions of Title 53G, Chapter 4, Part 8 (the “Guaranty Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). See “STATE OF UTAH GUARANTY” below.

Authorization For And Purpose Of The 2019 Bonds

Authorization. The 2019 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code, (ii) the resolution of the Board adopted on October 9, 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 June 15, 2013 (the “2013 Bond Election”). The proposition submitted to the voters of the District was as follows:

Shall the Board of Education of Sevier County School District, Sevier County, Utah, be authorized to issue general obligation bonds in an amount not to exceed \$46,000,000 and to mature in no more than twenty–two (22) years from the date or dates of issuance of such bonds for the purpose of raising money for constructing and acquiring one or more school sites, buildings and furnishings and improving existing school property under the charge of the Board of Education, and, to the extent necessary, for providing moneys for the refunding, at or prior to the maturity thereof, of general obligation bonds of the Board authorized hereunder or heretofore issued and now outstanding?

At the 2013 Bond Election there were 2,547 votes cast in favor of the issuance of bonds and 1,092 votes cast against the issuance of bonds, for a total vote count of 3,639, with approximately 70% in favor of the issuance of bonds.

The 2019 Bonds are the final block of bonds to be issued from the 2013 Bond Election. After the sale and delivery of the 2019 Bonds, the Board will have no remaining authorized unissued bonds from the 2013 Bond Election.

Purpose. The 2019 Bonds are being issued to fund various equipment, acquisition and construction projects as set forth in the 2013 Bond Election propositions and to pay certain costs of issuance. See “THE 2019 BONDS—Sources And Uses Of Funds” below.

* Preliminary; subject to change.

Redemption Provisions

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” 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.”

Principal of and interest on the 2019 Bonds (interest payable June 1 and December 1 of each year, commencing December 1, 2020) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah (“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 in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2019 Bonds, neither the Board nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 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 Matters Regarding The 2019 Bonds

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds.

The 2019 Bonds are not “qualified tax-exempt obligations.”

See “TAX MATTERS” below for a more complete discussion.

Professional Services

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

Attorneys for the Board
Burbidge & White, LLC
15 W. S. Temple Ste. 950
Salt Lake City, UT 84101
801.359.7000 | f 801.236.5319
ptanner@burbidgewhite.com

Bond Registrar and Paying Agent
Zions Bancorporation, National Association
One S. Main St. 12th Fl.
Salt Lake City, UT 84133–1109
801.844.7517 | f 855.547.5428
carrie.sandoval@zionsbancorp.com

Bond Counsel
Farnsworth Johnson, PLLC
180 N. University Ave. Ste. 260
Provo, UT 84601
801.932.0317
brandon@farnsworthjohnson.com

Municipal Advisor
Zions Public Finance, Inc.
One S. Main, St. 18th Fl.
Salt Lake City, UT 84133–1109
801.844.7373 | f 801.844.4484
marcus.keller@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(s), subject to the approval of legality of the 2019 Bonds by Farnsworth Johnson PLLC, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the attorneys for the Board, Burbidge & White LLC, Salt Lake City, Utah. It is expected that the 2019 Bonds, in book–entry form only, will be available for delivery in Salt Lake City, Utah for deposit with Zions Bancorporation, a “fast agent” of DTC, on or about Tuesday, December 10, 2019.

Continuing Disclosure Undertaking

The Board will enter a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

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

Contact Persons

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

Marcus Keller, Assistant Vice President
marcus.keller@zionsbancorp.com
Zions Public Finance, Inc.
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board concerning the 2019 Bonds is:

Chad Lloyd, Business Administrator
chad.lloyd@seviersd.org
Sevier County School District Administration Center
180 E 600 N
Richfield UT84701
435.896.8214 | f 435.896.8804

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the State guaranty for the 2019 Bonds is:

David Damschen, Utah State Treasurer, ddamschen@utah.gov
Utah State Treasurer's Office
350 N State St Ste C-180
(PO Box 142315)
Salt Lake City UT 84114-2315
801.538.1042 | f 801.538.1465

SECURITY AND SOURCES OF PAYMENT

The 2019 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all 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 guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. See "STATE OF UTAH GUARANTY" below.

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

STATE OF UTAH GUARANTY

Guaranty Provisions

Payment of the principal of and interest on the 2019 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. The Guaranty Act establishes the default avoidance program (the "Program" or the "School District Bond Guaranty"). The State's guaranty is contained in Section 53G-4-802 (2)(a) of the Guaranty Act, which provides as follows:

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

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

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

Guaranty Procedures

Under the Guaranty Act, the Business Administrator of the Board (the "Business Administrator") is required to transfer moneys sufficient for scheduled debt service payments on the 2019 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2019 Bonds. If the Business Administrator is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Business Administrator must immediately notify the Paying Agent and the Utah State Treasurer (the "State Treasurer") by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. In addition, if the Paying Agent has not received the scheduled debt service payment at least 15 days prior to the scheduled debt service payment date for the 2019 Bonds, then the Paying Agent must at least 10 days before the scheduled debt service payment notify the State Treasurer of that failure by (i) telephone and (ii) a writing sent by (a) facsimile transmission and (b) first-class United States mail. The Guaranty Act further provides that if sufficient moneys to pay the scheduled debt service payment have not been transferred to the Paying Agent, then the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the Paying Agent to make the scheduled debt service payment. Payment by the State of a debt service payment on the 2019 Bonds discharges the obligation of the Board to the bondholders for that payment, to the extent of the State's payment, and transfers the Board's obligation for that payment to the State.

In the event the State is called upon to make payment of principal of or interest on the 2019 Bonds on behalf of the Board, the State will use cash on hand (or from other legally available moneys) to make the payment. Under the Guaranty Act, the State Treasurer is required to immediately intercept any payments from the Uniform School Fund or from any other source of operating moneys provided by the State to the Board. The intercepted payments will be used to reimburse the State until all obligations of the Board to the State, including interest and penalties, are paid in full. The State does not currently expect to have to advance moneys to the Board pursuant to its guaranty. If, however, at the time the State is required to make a debt service payment under its guaranty on behalf of the Board, sufficient moneys are not on hand and available for that purpose, then the Guaranty Act provides that the State may seek a short-term loan from the Permanent School Fund sufficient to make the required payment (the Permanent School Fund is not required to make such a loan) or issue short-term State debt in the form of general obligation notes as provided in the Guaranty Act. The provisions of the Guaranty Act relating to short-term debt provide that such debt will carry the full faith and credit of the State and will be issued with a maturity of not more than 18 months so that the State could, if necessary, obtain liquidity financing on short notice. Under the State Constitution, debt incurred for this purpose does not count toward the constitutional debt limit of the State.

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

Number of school districts (out of 41 school districts in the State).....	40
Number of total bond issues	351
Aggregate total principal amount outstanding.....	\$3,426,619,000

The approximate aggregate total annual principal and interest payments (interest payments include anticipated federal interest subsidies on “Build America Bonds” and “Qualified School Construction Bonds”) due on bonds guaranteed by the State under the Program during Fiscal Years 2020 through 2025, inclusive, is as follows (currently, the Program’s annual principal and interest payments extend to Fiscal Year 2039):

Fiscal Year 2020	\$414,345,728
Fiscal Year 2021	393,802,667
Fiscal Year 2022	354,887,045
Fiscal Year 2023	337,223,742
Fiscal Year 2024	325,875,368
Fiscal Year 2025	314,191,081

(Source: Municipal Advisor.)

Purpose Of The Guaranty

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

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

No Call On State Guaranty

According to the State Treasurer’s office, since the Guaranty Act’s inception in January 1997, the State has not been called upon to pay the principal of and interest on any bonds guaranteed under the Guaranty Act.

State Of Utah–Financial And Operating Information

The Comprehensive Annual Financial Report (“CAFR”) of the State for Fiscal YEAR 2018 (the “State CAFR”), its most recent official statements and current continuing disclosure information for its general obligation (CUSIP® 917542) and lease revenue (CUSIP® 917547) bond debt are currently on file with EMMA (<http://www.emma.msrb.org/>), herein defined. The financial and operating information with respect to the State contained in the State CAFR, such official statements and continuing disclosure information, and the Master Agreement, as hereinafter defined, are hereby included by reference in this OFFICIAL STATEMENT; provided, however, the Board has not reviewed, approved or taken the responsibility for such financial and operating information incorporated herein by reference.

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

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2019 Bonds

The Board will enter into a Continuing Disclosure Undertaking (the “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 CONTINUING DISCLOSURE UNDERTAKING.”

The Board represents that during the five years prior to the date of this OFFICIAL STATEMENT, the Board has not failed to comply in any material respects with its prior undertakings pursuant to the Rule.

Based on prior disclosure undertakings the Board submits its annual financial report for each Fiscal Year Ending June 30 (the “Financial Report”) and other operating and financial information on or before January 16 (200 days from the end of the Fiscal Year). The Board will submit the Fiscal Year 2019 Financial Report and other required operating and financial information for the 2019 Bonds on or before January 16, 2020, and annually thereafter on or before each January 16.

A failure by the Board to comply with the Disclosure Undertaking will not constitute a default under the Resolution and Beneficial Owners of the 2019 Bonds are limited to the remedies described in the Disclosure Undertaking. See “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.” A failure by the Board to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2019 Bonds and their market price.

State of Utah Continuing Disclosure. The State has entered into a Master Continuing Disclosure Agreement (2019) (the “Master Agreement”) for the benefit of the Beneficial Owners of bonds guaranteed by the State pursuant to the Guaranty Act, including the 2019 Bonds. See “STATE OF UTAH GUARANTY” above. In the Master Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to the MSRB through EMMA pursuant to the Rule, but solely as to its responsibilities under its guaranty. See “STATE OF UTAH GUARANTY—State Of Utah—Financial And Operating Information” above. For a copy of the Master Agreement, see <https://treasurer.utah.gov/investor-information/school-bond-guarantee-program/>. Based on prior disclosure undertakings, the State submits its Fiscal Year Ending June 30 CAFR and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year). The State has agreed to submit the State’s Fiscal Year 2019 CAFR and other operating and financial information on or before January 15, 2020 (and annually thereafter on or before each January 15). See EMMA at: <https://emma.msrb.org/IssuerHomePage/Issuer?id=F185C01DC48A19B2E043161E0A0A841E>.

In its most recent official statement for its general obligation bonds (CUSIP® 917542), which is on file with EMMA (<http://www.emma.msrb.org/>), the State identified certain instances in which it failed to file a material event notice and to provide certain operating information under other continuing disclosure undertakings. Such disclosure with respect to the State’s failures comply with its previous undertakings contained in such official statement is hereby included by reference in this OFFICIAL STATEMENT; provided, however, the Board has not reviewed, approved or taken the responsibility for such disclosure incorporated herein by reference.

The Board is responsible for continuing disclosure under the Rule for all other matters relating to the 2019 Bonds.

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

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 June 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT. 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 June 1 and December 1, commencing December 1, 2020. Interest on the 2019 Bonds will be computed based on a 360-day year comprised of 12, 30-day months.

Zions Bancorporation is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2019 Bonds under the Resolution.

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.

The 2019 Bonds are being issued within the constitutional debt limit imposed on boards of education of school districts in the State. See “DEBT STRUCTURE OF SEVIER COUNTY SCHOOL DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

Redemption Provisions

Optional Redemption. The 2019 Bonds maturing on and after June 1, 2030 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 1, 2029, or on any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of the principal amount of the 2019 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Should the Board elect to advance refund the 2019 Bonds and create an escrow fund for such refunding, the Board covenants and agrees that such escrow, to the extent not maintained in cash, shall be invested in direct and general obligations of the United States of America, or those which are unconditionally guaranteed as to principal and interest by the same.

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 by lot by the Bond Registrar in such manner as the Bond Registrar 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 Bond Registrar 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 will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the

¹ The anticipated date of delivery is Tuesday, December 10, 2019.

Record Date, as defined under “THE 2019 BONDS—Registration And Transfer; Record Date” below, of each 2019 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2019 Bonds are to be redeemed, the distinctive numbers of the 2019 Bonds or portions of 2019 Bonds to be redeemed, and will also state that the interest on the 2019 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 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 Board will not be required to redeem such 2019 Bonds. If 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 notice of redemption mailed as provided in the Resolution 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 by posting to EMMA as provided 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

Registration and Transfer. 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 Board, 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.

Record Date. The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days immediately preceding such interest payment date and (ii) with respect to any redemption of any 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 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 Board, 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 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 2019 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.

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 Board kept for that purpose by the Bond Registrar. The principal of all 2019 Bonds will be payable at the principal corporate trust office of the Paying Agent.

Sources And Uses Of Funds

The proceeds from the sale of the 2019 Bonds are estimated to be applied as set forth below:

Sources:

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

Uses:

Deposit to Construction Account.....	\$
Successful bidder’s discount.....	
Costs of Issuance (1).....	
Original issue discount.....	
Total	\$

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

(Source: Municipal Advisor.)

Debt Service On The 2019 Bonds

Payment Date	The 2019 Bonds		Period Total	Fiscal Total
	Principal*	Interest		
December 1, 2020.....	\$ 0.00			
June 1, 2021.....	0.00			
December 1, 2021.....	0.00			
June 1, 2022.....	105,000.00			
December 1, 2022.....	0.00			
June 1, 2023.....	110,000.00			
December 1, 2023.....	0.00			
June 1, 2024.....	115,000.00			
December 1, 2024.....	0.00			
June 1, 2025.....	125,000.00			
December 1, 2025.....	0.00			
June 1, 2026.....	130,000.00			
December 1, 2026.....	0.00			
June 1, 2027.....	135,000.00			
December 1, 2027.....	0.00			
June 1, 2028.....	140,000.00			
December 1, 2028.....	0.00			
June 1, 2029.....	150,000.00			
December 1, 2029.....	0.00			
June 1, 2030.....	160,000.00			
December 1, 2030.....	0.00			
June 1, 2031.....	155,000.00			
December 1, 2031.....	0.00			
June 1, 2032.....	135,000.00			
December 1, 2032.....	0.00			
June 1, 2033.....	115,000.00			
December 1, 2033.....	0.00			
June 1, 2034.....	95,000.00			
December 1, 2034.....	0.00			
June 1, 2035.....	75,000.00			
December 1, 2035.....	0.00			
June 1, 2036.....	1,555,000.00			
December 1, 2036.....	0.00			
June 1, 2037.....	1,600,000.00			
December 1, 2037.....	0.00			
June 1, 2038.....	1,650,000.00			
December 1, 2038.....	0.00			
June 1, 2039.....	1,700,000.00			
December 1, 2039.....	0.00			
June 1, 2040.....	<u>1,750,000.00</u>			
Totals.....	<u>\$10,000,000.00</u>	\$	\$	

* Preliminary; subject to change.

(Source: Municipal Advisor.)

SEVIER COUNTY SCHOOL DISTRICT, UTAH

General

The District, established in 1912, shares common boundaries with the County. The County had 21,539 residents according to the 2018 Census population estimates and ranked as the 14th most populat-

ed county in the State (out of 29 counties). The County covers 1,912 square miles and is located in the south-central portion of the State. The majority of land is comprised of National Forest lands.

Richfield City (the “City”), incorporated in 1878, serves as the county seat of the County and is where the District’s headquarters are located. The City had 7,908 residents according to the 2018 Census population estimates. The City is located in the Sevier Valley about 160 miles south of Salt Lake City, Utah.

The District operates schools in the communities of the City (one preschool, two elementary schools, one middle school, one high school and one alternative high school); Monroe City (one preschool, one elementary school, one middle school and one high school), Salina City (one preschool, one elementary school, one middle school and one high school) and Koosharem Town (one elementary school). The historical October 1 enrollment within the District is as follows:

The historical October 1 enrollment within the District is as follows:

<u>Year</u>	<u>Total</u>	<u>% Change Over Prior Year</u>
2019 (1).....	4,556	(0.6)
2018	4,585	0.5
2017	4,560	1.0
2016	4,513	(0.2)
2015	4,520	(1.9)
2014	4,609	0.5
2013	4,585	(1.0)
2012	4,629	1.8
2011	4,546	0.3
2010	4,533	0.1

(1) Estimated projection provided by the State Office of Education.

(Source: State Office of Education.)

Additional Information. For a 10-year history of average daily membership see “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule of Average Daily Membership, Average Membership Growth Percentage, Average Daily Attendance and Attendance Percentage Last Ten Fiscal Years” (page 80).

Charter Schools. There is one operating charter school located within the boundaries of the District. Students who attend charters schools in the District may live outside the boundaries of the District and the District cannot determine the number of charter school students who live outside the boundaries of the District.

Funding for charter schools comes directly from the State based on student attendance. Beginning in Fiscal Year 2017, the State imposed a tax rate levy for the funding of charter schools, including within the District. Property tax revenues from the charter school tax rate levy is not received by the District but paid by the County to the State. Also, see “FINANCIAL INFORMATION REGARDING SEVIER COUNTY SCHOOL DISTRICT, UTAH—Historical Tax Rates Of The District” below.

Form Of Government

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

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

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

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

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

Office	Person	Years in Position	Expiration of Current Term
President.....	Richard Orr	8	January 2023
Vice President	Jack Hansen	16	January 2023
Board Member	John Foster	3	January 2021
Board Member	Tom Hales	26	January 2021
Board Member	Ryan Savage	1	January 2023
Superintendent	Cade Douglas	7	Appointed/June 2021
Business Administrator	Chad Lloyd	6	Appointed/January 2021

Employee Workforce And Retirement System; No Post-Employment Benefits; Early Retirement Incentive

Employee Workforce and Retirement System. As of Fiscal Year 2019, the District employs approximately 550 employees, of which, 350 are full-time equivalent.

The District is a member of the Utah State Retirement System. The District also participates in various retirement plans. For a detailed discussion regarding the District's retirement procedures see "APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note 6. State Retirement Plans" (audit page 34).

No Post-Employment Benefits. The District does not provide post-employment benefits (under the Governmental Accounting Standards Board “GASB” definition) and has no annual required contribution. As of the date of this OFFICIAL STATEMENT, the Board currently does not expect its current or future policies regarding post-employment benefits to have a negative financial impact on the District.

Defined Medical Benefit. The District established a defined contribution plan under a private letter ruling by Internal Revenue Service regarding postretirement medical trusts. The District adopted a new policy in compliance with this ruling and in conjunction with an early retirement phase-out policy to establish benefits for new employees and for those employees who either didn’t qualify under the old policy or have less than 10 years of service with the Utah Retirement System or the District. The District funded this benefit for the years ended June 30, 2018, and 2017, at a cost of \$135,450 and \$136,750, respectively. For a discussion regarding the District’s defined medical benefit see “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note 7. Retirement Plans—Defined Medical Benefit” (audit page 39).

Risk Management And Cybersecurity

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

As of Fiscal Year 2018, the Administrative Services Risk Management Fund contained approximately \$57.3 million in reserve available to pay for claims incurred.

For a general discussion of insurance coverage, limits of coverage, health insurance benefits, dental insurance benefits, unemployment compensation and payment claims see “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note.8. Risk Management” (audit page 40).

Cybersecurity. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s systems technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the District invests in multiple forms of cybersecurity and operational safeguards. 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; therefore, maintains cybersecurity coverage in its insurance policies. To date, the District has not experienced a material breach of cybersecurity.

Investment Of Funds

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

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

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

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

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

See "APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note 2. Deposits and Investments" (audit page 31).

Investment of 2019 Bond Proceeds. The proceeds of the 2019 Bonds will be held by the Board and invested to be readily available. The 2019 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

Population

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

	Sevier <u>County</u>	% Change From <u>Prior Period</u>	State of Utah	% Change From <u>Prior Period</u>
2018 Estimate (1).....	21,539	3.5%	3,161,105	14.4%
2010 Census.....	20,802	10.4	2,763,885	23.8
2000 Census.....	18,842	22.1	2,233,169	29.6
1990 Census.....	15,431	4.8	1,722,850	17.9
1980 Census.....	14,727	45.8	1,461,037	37.9
1970 Census.....	10,103	(4.4)	1,059,273	18.9
1960 Census.....	10,565	(12.5)	890,627	29.3
1950 Census.....	12,072	(0.3)	688,862	25.2
1940 Census.....	12,112	8.2	550,310	8.4
1930 Census.....	11,199	(0.7)	507,847	13.0
1920 Census.....	11,281	15.4	449,396	20.4
1910 Census.....	9,775	15.7	373,351	34.9

(1) U.S. Bureau of the Census estimates for July 1, 2018. Percentage change is calculated from the 2010 Census.

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

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

Labor Force, Nonfarm Jobs and Wages within Sevier County

	Calendar Year (1)						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Civilian labor force.....	9,879	9,794	9,593	9,509	9,263	9,265	0.9	2.1	0.9	2.7	(0.0)
Employed persons.....	9,525	9,415	9,173	9,085	8,845	8,762	1.2	2.6	1.0	2.7	0.9
Unemployed persons.....	354	379	420	424	418	503	(6.6)	(9.8)	(0.9)	1.4	(16.9)
Total private sector (average).....	7,139	6,971	6,746	6,687	6,445	6,342	2.4	3.3	0.9	3.8	1.6
Agriculture, forestry, fishing and hunting.....	120	106	103	98	92	93	13.2	2.9	5.1	6.5	(1.1)
Mining.....	622	623	629	611	599	558	(0.2)	(1.0)	2.9	2.0	7.3
Construction.....	396	374	344	331	309	324	5.9	8.7	3.9	7.1	(4.6)
Manufacturing.....	467	437	409	396	378	367	6.9	6.8	3.3	4.8	3.0
Wholesale trade.....	258	278	267	267	264	256	(7.2)	4.1	0.0	1.1	3.1
Retail trade.....	1,372	1,376	1,378	1,401	1,371	1,323	(0.3)	(0.1)	(1.6)	2.2	3.6
Transportation and warehousing.....	1,019	1,036	998	1,011	989	1,078	(1.6)	3.8	(1.3)	2.2	(8.3)
Information.....	47	53	55	67	67	69	(11.3)	(3.6)	(17.9)	0.0	(2.9)
Finance and insurance.....	146	154	155	154	148	149	(5.2)	(0.6)	0.6	4.1	(0.7)
Real estate, rental and leasing.....	42	43	42	36	40	40	(2.3)	2.4	16.7	(10.0)	0.0
Professional, scientific, and technical services.....	318	210	197	197	194	184	51.4	6.6	0.0	1.5	5.4
Admin., support, waste mgmt., remediation.....	246	212	207	176	146	110	16.0	2.4	17.6	20.5	32.7
Education services.....	755	740	732	709	705	701	2.0	1.1	3.2	0.6	0.6
Health care and social assistance.....	1,257	1,174	1,118	1,076	1,020	992	7.1	5.0	3.9	5.5	2.8
Arts, entertainment and recreation.....	40	41	42	24	29	32	(2.4)	(2.4)	75.0	(17.2)	(9.4)
Accommodation and food services.....	881	924	868	900	859	816	(4.7)	6.5	(3.6)	4.8	5.3
Other services.....	151	142	144	152	146	153	6.3	(1.4)	(5.3)	4.1	(4.6)
Total public sector (average).....	1,846	1,658	1,642	1,628	1,637	1,636	11.3	1.0	0.9	(0.5)	0.1
Federal.....	178	182	181	188	195	193	(2.2)	0.6	(3.7)	(3.6)	1.0
State.....	459	299	295	289	286	286	53.5	1.4	2.1	1.0	0.0
Local.....	1,209	1,177	1,166	1,151	1,156	1,157	2.7	0.9	1.3	(0.4)	(0.1)
Total payroll (in millions)..... \$	333	\$ 304	\$ 284	\$ 272	\$ 254	\$ 248	9.7	7.1	4.1	7.4	2.2
Average monthly wage..... \$	3,089	\$ 2,933	\$ 2,817	\$ 2,731	\$ 2,616	\$ 2,592	5.3	4.1	3.1	4.4	0.9
Average employment.....	8,985	8,629	8,388	8,315	8,082	7,977	4.1	2.9	0.9	2.9	1.3
Establishments.....	706	664	656	658	649	633	6.3	1.2	(0.3)	1.4	2.5

(1) Utah Department of Workforce Services.

Employment, Income, Construction, And Sales Taxes Within Sevier County And The State Of Utah--continued

Personal Income; Per Capita Personal Income; Median Household Income within Sevier County and the State of Utah

	Calendar Year (1)						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Total Personal Income (in \$1,000's):											
Sevier County.....	\$ 675,223	\$ 643,002	\$ 623,798	\$ 592,422	\$ 570,107	\$ 559,670	5.0	3.1	5.3	3.9	1.9
State of Utah.....	134,803,819	128,407,025	121,876,444	113,230,001	106,612,905	103,227,839	5.0	5.4	7.6	6.2	3.3
Total Per Capita Personal Income:											
Sevier County.....	31,677	30,406	29,908	28,572	27,472	27,091	4.2	1.7	4.7	4.0	1.4
State of Utah.....	43,459	42,176	40,831	38,531	36,764	36,167	3.0	3.3	6.0	4.8	1.7
Median Household Income:											
Sevier County.....	75,961	77,095	72,268	70,797	70,456	69,019	(1.5)	6.7	2.1	0.5	2.1
State of Utah.....	52,668	50,909	48,711	48,622	49,877	45,243	3.5	4.5	0.2	(2.5)	10.2

Construction within Sevier County (2)

	Calendar Year						% change from prior year				
	2019 (3)	2018	2017	2016	2015	2014	2018-19	2017-18	2016-17	2015-16	2014-15
Number new dwelling units.....	51	69	127	45	51	43	41.7	(45.7)	182.2	(11.8)	18.6
New (in \$1,000's):											
Residential value.....	\$ 3,985.0	\$ 3,638.0	\$ 12,752.0	\$ 1,894.3	\$ 1,314.5	\$ 844.0	97.9	(71.5)	573.2	44.1	55.7
Non-residential value.....	806.2	9,290.2	2,357.3	7,237.4	4,049.8	86.5	116.5	294.1	(67.4)	78.7	4,581.8
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	285.0	542.0	262.7	22.5	111.0	275.3	(44.3)	106.3	1,067.6	(79.7)	(59.7)
Non-residential value.....	118.7	780.0	134.2	35.0	1,643.6	5,051.6	(80.2)	481.2	283.4	(97.9)	(67.5)
Total construction value (in \$1,000's).....	<u>\$ 5,194.9</u>	<u>\$ 14,250.2</u>	<u>\$ 15,506.2</u>	<u>\$ 9,189.2</u>	<u>\$ 7,118.9</u>	<u>\$ 6,257.4</u>	48.6	(8.1)	68.7	29.1	13.8

Sales Taxes Within Sevier County and the State of Utah (4)

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Taxable Sales (in \$1,000's):											
Sevier County.....	\$ 417,286	\$ 390,502	\$ 364,972	\$ 366,258	\$ 376,420	\$ 347,165	6.9	7.0	(0.4)	(2.7)	8.4
State of Utah.....	64,982,524	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	6.5	8.0	4.8	4.3	4.7
	Fiscal Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Local Sales and Use Tax Distribution:											
Sevier County (and all cities).....	\$ 4,142,507	\$ 3,794,027	\$ 3,750,714	\$ 3,874,225	\$ 3,595,839	\$ 3,402,020	9.2	1.2	(3.2)	7.7	5.7

(1) Source: U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.

(2) Source: University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.

(3) Information as of July 2019 only; % change from prior year compared to July 2018.

(4) Source: Utah State Tax Commission.

Largest Employers

The following is a list of the largest employers in the County with employment over 50 individuals.

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Sevier County School District	Public education	500–1,000
Canyon Fuels Company (Wolverine Fuel Co. LLC) ...	Coal mining	250–500
Barney Trucking	General freight trucking, long-distance	250–500
Intermountain Healthcare	Healthcare	250–500
Wal-Mart (county-wide).....	Warehouse clubs and supercenters	100–250
United States Government	Federal government	100–250
State of Utah	Federal government	100–250
Sevier County	Local government	100–250
Robinson Transport	Specialized freight trucking, local	100–250
Richfield City	Local government	100–250
Snow College South	Higher Education	100–250
Redmond Minerals	Mineral mining	100–250
Lin's supermarket.....	Grocery store	100–250
BTI Management	Administrative management	50–100
DP Curtis Trucking, Inc.....	General freight trucking, long-distance	50–100
Department of Transportation.....	Federal government	50–100
Hales Sand and Gravel	Asphalt paving and mixture manufacturing	50–100
Ironwood Insights Group LLC	Market research and public opinion polling	50–100
Jones and Demille Engineering	Engineering services	50–100
Jorgensen's Inc	Retail trade	50–100
Larsen's Ace Hardware	Home center	50–100
Life Included	Vocational rehabilitation establishment	50–100
Pitman Farms, Inc.....	Poultry processing	50–100
Six County Association of Governments.....	Executive and legislative offices	50–100
Sorenson's Ranch School, Inc.	Grocery store	50–100
Stonehenge of Richfield LLC	Nursing care facilities	50–100
The Home Depot.	Home center	50–100
US Gypsum Co.	Gypsum product manufacturing	50–100

(Source: Utah Department of Workforce Services. Updated February 2019.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Sevier County</u>	<u>State of Utah</u>	<u>United States</u>
2019 (1).....	2.9%	2.7%	3.5%
2018	3.6	3.1	3.9
2017	3.9	3.3	4.4
2016	4.4	3.4	4.9
2015	4.5	3.6	5.3
2014	4.5	3.8	6.2

(1) Preliminary, subject to change. As of September 2019 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF SEVIER COUNTY SCHOOL DISTRICT, UTAH

Outstanding General Obligation Bonded Indebtedness

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2019 (a)	School building	\$10,000,000*	June 1, 2039	\$10,000,000*
2013 (1)	School building	36,000,000	June 1, 2035	<u>34,170,000</u>
Total direct general obligation debt.....				<u>\$44,170,000*</u>

(a) For purposes of this OFFICIAL STATEMENT the 2019 Bonds will be considered issued and outstanding. Rating applied for.

(1) Rated “Aaa” (State of Utah Guaranty; underlying “Aa3”) by Moody’s, as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

Additional Information. For the Board’s general obligation debt outstanding as of Fiscal Year 2018 see “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—9. Long-Term Liabilities—General Obligation Bonds” (audit page 41).

Future Issuance Of Debt

Future Issuance of Debt. Other than the issuance of the 2019 Bonds or any refunding opportunities, the District does not anticipate the issuance of any other debt within the next three years.

Municipal Building Authority of Sevier County School District, Utah

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

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

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

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

* Preliminary; subject to change.

Debt Issuance. The Authority's debt does not constitute debt within the meaning of any constitutional provision or statutory limitation which is applicable to the Board.

Debt issued by the Authority is being paid from rental payments received by the Authority from the Board. The Board's rental payments are being made from the capital projects fund from property taxes and earnings on investments. The Authority has outstanding the following lease revenue bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2010 (1).....	School building/QSCB	\$3,000,000	May 1, 2027	\$3,000,000
2009 (2).....	School building/QSCB	2,000,000	November 1, 2025	<u>2,000,000</u>
Total.....				<u>\$5,000,000</u>

- (1) The 2010 MBA Bonds were privately placed and were not rated. The 2010 MBA Bonds are federally taxable, Qualified School Construction Bonds, ("QSCB"), authorized by the American Recovery and Reinvestment Act of 2009. The QSCB tax credit rate will be 5.08% with a supplemental coupon of 1.71%. The 2010 MBA Bonds will mature on May 1, 2027. The Authority is required to make an annual sinking fund deposit of \$227,771 (or less, depending on interest earnings) to a sinking fund held by an escrow agent for the 2010 MBA Bonds (the current balance of this sinking fund is approximately \$1,961,130).
- (2) The 2009 MBA Bonds were privately placed and are not rated. The 2009 Bonds are federally taxable (QSCB), authorized by the American Recovery and Reinvestment Act of 2009. The QSCB tax credit rate will be 6.01% with a supplemental coupon of 1.32%. The 2009 MBA Bonds will mature on November 1, 2025. The Authority is required to make an annual sinking fund deposit of \$151,400 (or less, depending on interest earnings) to a sinking fund held by an escrow agent for the 2009 MBA Bonds (the current balance of this sinking fund is approximately \$1,493,173).

See "Debt Schedule Of The Municipal Building Authority of Sevier County School District By Fiscal Year" below.

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2019 \$10,000,000*		Series 2013 \$36,000,000		Totals*		
	Principal*	Interest (a)	Principal	Interest	Total	Total	Total
					Principal	Interest	Debt Service
2018.....	\$ 0	\$ 0	\$ 875,000	\$ 1,536,175	\$ 875,000	\$ 1,536,175	\$ 2,411,175
2019.....	0	0	955,000	1,501,175	955,000	1,501,175	2,456,175
2020.....	0	0	1,045,000	1,462,975	1,045,000	1,462,975	2,507,975
2021.....	0	472,295	1,240,000	1,421,175	1,240,000	1,893,470	3,133,470
2022.....	105,000	320,200	1,340,000	1,371,575	1,445,000	1,691,775	3,136,775
2023.....	110,000	314,950	1,460,000	1,304,575	1,570,000	1,619,525	3,189,525
2024.....	115,000	309,450	1,590,000	1,231,575	1,705,000	1,541,025	3,246,025
2025.....	125,000	303,700	1,725,000	1,152,075	1,850,000	1,455,775	3,305,775
2026.....	130,000	297,450	1,870,000	1,065,825	2,000,000	1,363,275	3,363,275
2027.....	135,000	290,950	2,025,000	972,325	2,160,000	1,263,275	3,423,275
2028.....	140,000	284,200	2,165,000	891,325	2,305,000	1,175,525	3,480,525
2029.....	150,000	277,200	2,310,000	804,725	2,460,000	1,081,925	3,541,925
2030.....	160,000	269,700	2,465,000	712,325	2,625,000	982,025	3,607,025
2031.....	155,000	264,900	2,630,000	613,725	2,785,000	878,625	3,663,625
2032.....	135,000	260,250	2,800,000	508,525	2,935,000	768,775	3,703,775
2033.....	115,000	256,200	2,975,000	396,525	3,090,000	652,725	3,742,725
2034.....	95,000	252,750	3,165,000	277,525	3,260,000	530,275	3,790,275
2035.....	75,000	249,900	3,365,000	143,013	3,440,000	392,913	3,832,913
2036.....	1,555,000	247,650	—	—	1,555,000	247,650	1,802,650
2037.....	1,600,000	201,000	—	—	1,600,000	201,000	1,801,000
2038.....	1,650,000	153,000	—	—	1,650,000	153,000	1,803,000
2039.....	1,700,000	103,500	—	—	1,700,000	103,500	1,803,500
2040.....	1,750,000	52,500	—	—	1,750,000	52,500	1,802,500
Totals.....	<u>\$ 10,000,000</u>	<u>\$ 5,181,745</u>	<u>\$ 36,000,000</u>	<u>\$ 17,367,138</u>	<u>\$46,000,000</u>	<u>\$22,548,883</u>	<u>\$68,548,883</u>

* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.34% per annum.

Debt Service Schedule of Outstanding Lease Revenue Bonds Of The Municipal Building Authority Of Sevier County School District, Utah

Fiscal Year Ending June 30	Series 2010; \$3,000,000						Series 2009; \$2,000,000						Totals		
	Principal	Interest (1)	Federal Interest Rate Subsidy (2)	Remaining Interest Payment on the 2010 Bonds	Estimated Annual Contributions to Sinking Account (3)	Total Payment Required For Debt Service (3)	Principal	Interest (4)	Federal Interest Rate Subsidy (5)	Remaining Interest Payment on the 2010 Bonds	Estimated Annual Contributions to Sinking Account (6)	Total Payment Required For Debt Service (6)	Total Principal	Total Interest	Total Debt Service
2018.....	\$ 0	\$ 203,700	\$ (152,400)	\$ 51,300	\$ 176,471	\$ 227,771	\$ 0	\$ 146,600	\$ (120,200)	\$ 26,400	\$ 125,000	\$ 151,400	\$ 0	\$ 77,700	\$ 77,700
2019.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2020.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2021.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2022.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2023.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2024.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2025.....	0	203,700	(152,400)	51,300	176,471	227,771	0	146,600	(120,200)	26,400	125,000	151,400	0	77,700	77,700
2026.....	0	203,700	(152,400)	51,300	176,471	227,771	2,000,000	61,083	(50,083)	11,000	125,000	11,000	2,000,000	62,300	2,062,300
2027.....	<u>3,000,000</u>	<u>203,700</u>	<u>(152,400)</u>	<u>51,300</u>	<u>176,471</u>	<u>227,771</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,000,000</u>	<u>51,300</u>	<u>3,051,300</u>
	<u>\$ 3,000,000</u>	<u>\$ 2,037,000</u>	<u>\$ (1,524,000)</u>	<u>\$ 513,000</u>	<u>\$ 1,764,707</u>	<u>\$ 2,277,707</u>	<u>\$ 2,000,000</u>	<u>\$ 1,233,883</u>	<u>\$ (1,011,683)</u>	<u>\$ 222,200</u>	<u>\$ 1,125,000</u>	<u>\$ 1,222,200</u>	<u>\$ 5,000,000</u>	<u>\$ 735,200</u>	<u>\$ 5,735,200</u>

(1) Federally taxable bonds. Interest based on a coupon rate of 6.79% per annum.

(2) Assumes a portion of the interest due will be paid from the federal interest rate subsidy up to 5.08% per annum.

(3) The Authority will contribute \$176,471 on May 1, 2014 and approximately \$176,471 (or less, depending on interest earnings) on May 1, 2015 through 2027 into a sinking account, which account may earn interest up to a limit of 4.33%. Contributions of principal amounts, together with interest earnings and the reserve fund amount, should be sufficient to retire the 2010 Bonds on May 1, 2027.

(4) Federally taxable bonds. Interest based on a coupon rate of 7.33% per annum.

(5) Assumes a portion of the interest due will be paid from the federal interest rate subsidy up to 6.01% per annum.

(6) The Authority will contribute \$125,000 on November 1, 2013 and approximately \$125,000 (or less, depending on interest earnings) on November 1, 2014 through 2025 into a sinking account, which account may earn interest up to a limit of 4.53%. Contributions of principal amounts, together with interest earnings and the reserve fund amount, should be sufficient to retire the 2010 Bonds on October 1, 2025.

Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2019 Taxable Value (1)</u>	<u>Board's Portion of Tax- able Value</u>	<u>Board's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt</u>
Overlapping:					
State of Utah	\$315,430,304,180	\$1,927,139,049	0.6%	\$2,273,275,000	\$13,639,650
Sevier County.....	1,927,139,049	1,927,139,049	100.0	1,125,000	<u>1,125,000</u>
Total overlapping					<u>14,764,650</u>
Underlying:					
Salina City (2)	120,678,728	120,678,728	100.0	293,077	<u>0</u>
Total underlying					<u>0</u>
Total overlapping and underlying general obligation debt					<u>\$12,385,600</u>
Total overlapping general obligation debt (excluding the State) (2) (3).....					\$ 1,125,000
Total direct general obligation bonded indebtedness.....					<u>43,430,000*</u>
Total direct and overlapping general obligation debt (excluding the State) (3).....					<u>\$44,555,000*</u>

(1) Preliminary and subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See “FINANCIAL INFORMATION REGARDING SEVIER COUNTY SCHOOL DISTRICT—Taxable, Fair Market And Market Value Of Property” below.

(2) All or portions of these governmental entities’ outstanding general obligation debt are supported by user fee revenues from water or sewer. The Board’s portion of underlying general obligation debt has been reduced to the extent that such general obligation debt is supported by “user fee revenues.”

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

(Source: Municipal Advisor.)

Additional Information. For the overlapping and underlying general obligation debt of the District as of Fiscal Year 2018 see “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Overlapping and Underlying General Obligation Debt June 30, 2018” (audit page 79).

Debt Ratios Regarding General Obligation Debt

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

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* Preliminary; subject to change.

	To 2019 Estimated Taxable Value (1)	To 2019 Estimated Market Value (2)	To 2018 Population Estimate Per Capita (3)
Direct general obligation debt*	2.25%	1.77%	\$2,016
Direct and overlapping general obligation debt*	2.31	1.82	\$2,069

- (1) Based on an estimated 2019 Taxable Value of \$1,927,139,049, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2019 Market Value of \$2,448,991,172, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on the 2018 population estimate of 21,539 from the U.S. Census Bureau.

(Source: Municipal Advisor.)

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District (*based on the last equalized property tax assessment roll*). The legal debt limit and additional debt incurring capacity of the Board are based on the estimated fair market value for 2018 and the calculated valuation value from 2018 uniform fees, and are calculated as follows:

2018 "Fair Market Value"	\$2,448,991,172
2018 valuation from uniform fees (1)	<u>59,746,637</u>
2018 "Fair Market Value for Debt Incurring Capacity"	<u>\$2,508,737,809</u>
"Fair Market Value for Debt Incurring Capacity" times 4% (the "Debt Limit")	\$100,349,512
Less: current outstanding general obligation debt* (2)	<u>(44,769,032)</u>
Estimated additional debt incurring capacity*	<u>\$ 54,580,480</u>

- (1) 2019 final information is not available. For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.
- (2) For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt notes of the Board's financial statements. Thus, for accounting purposes, the total unamortized bond premium was \$1,339,032 (as of June 30, 2018), and together with current outstanding debt of \$43,430,000, results in total outstanding debt of \$44,769,032.

(Source: Municipal Advisor.)

Additional Information. For a 10-year Fiscal Year history of the Board's legal debt limit and debt capacity see "APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—General Obligation Legal Debt Limit and Debt Capacity Last Ten Years" (audit page 78).

Federal Funding Cuts

Federal Sequestration. Pursuant to the Budget Control Act of 2011 (the "BCA"), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as "sequestration") were ordered in federal fiscal years ending September 30, 2013 through 2021 and were subsequently extended through September 30, 2030. These reductions include cuts to the subsidy payments to be made to issuers of Qualified School Construction Bonds ("QSCBs") and various other federal expenditures.

* Preliminary; subject to change.

The Authority is impacted by federal sequestration in Fiscal Year 2020 with reductions in subsidy payments for its lease revenue bonds. The Authority anticipates that any future reductions of subsidy payments with respect to the \$5,000,000 of outstanding QSCBs and reductions in other federal grants because of sequestration would have no material impact on its operations or financial position. The Authority cannot predict whether Congress will act to avoid or extend sequestration in the future.

No Defaulted Obligations

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

FINANCIAL INFORMATION REGARDING SEVIER COUNTY SCHOOL DISTRICT, UTAH

Fund Structure; Accounting Basis

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

The accounts of the District are organized based on funds or groups of accounts, each of which is a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The various funds are grouped by type in the combined financial statements. See "APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—Note 1. Summary of Significant Accounting Policies" (audit page 25).

Budgets And Budgetary Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School District Interfund Transfers. The State Board of Education may authorize school district interfund transfers for financially distressed districts if the State Board of Education determines the following: (a) the school district has a significant deficit in its maintenance and operations fund which has resulted from circumstances not subject to the administrative decisions of the school district and which cannot be reasonably reduced under Section 53G-7-306 of the Utah Code; and (b) without the transfer, the school district will not be capable of meeting statewide educational standards adopted by the State Board of Education.

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

Additional Information. See “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Notes to Basic Financial Statements—1. Summary of Significant Accounting Policies—Budgetary Data” (audit page 25).

Management’s Discussion And Analysis

The administration of the District prepared a narrative discussion, overview, and analysis of the financial activities of the District for Fiscal Year 2018. For the complete discussion see “APPENDIX A—FINANCIAL REPORT OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Management’s Discussion and Analysis” (after the Independent Auditor’s Report) (audit page 4).

Financial Summaries

The summaries contained herein were extracted from the District’s basic financial statements. The summaries have not been audited.

The District expects no material changes to its Fiscal Year 2019 financial position.

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Sevier County School District

Statement of Net Position

Governmental Activities

(This summary has not been audited)

	As of June 30				
	2018	2017	2016	2015	2014
Assets:					
Cash and investments.....	\$ 34,329,893	\$ 30,336,929	\$ 32,628,719	\$ 43,756,870	\$ 56,749,216
Investments restricted for debt service.....	2,432,840	2,121,451	1,644,308	1,510,813	1,208,459
Receivables:					
Property taxes.....	11,398,879	12,367,862	11,278,624	11,725,329	10,552,545
Other local.....	225,936	162,965	128,803	469,542	165,954
State.....	272,394	330,052	303,310	309,408	271,640
Federal.....	1,314,157	1,397,485	693,170	637,609	744,949
Prepaid items.....	—	—	—	—	122,086
Inventories.....	111,021	137,797	105,597	107,684	103,919
Net pension asset.....	—	—	572	7,800	—
Receivables from Central Utah Educational Services.....	264,730	—	—	—	—
Capital assets:					
Land, construction in progress and water stock.....	4,447,743	5,055,185	37,990,257	29,913,045	8,583,669
Other capital assets, net of accumulated depreciation....	68,566,567	68,626,880	32,560,668	29,562,941	31,304,757
Total assets.....	<u>123,364,160</u>	<u>120,536,606</u>	<u>117,334,028</u>	<u>118,001,041</u>	<u>109,807,194</u>
Deferred outflows of resources:					
Related to pensions.....	7,990,950	7,499,332	6,766,405	2,150,395	—
Deferred charge on refunding.....	—	—	19,211	67,609	116,007
Total deferred outflows of resources.....	<u>7,990,950</u>	<u>7,499,332</u>	<u>6,785,616</u>	<u>2,218,004</u>	<u>116,007</u>
Liabilities:					
Accounts payable.....	1,300,847	2,066,900	3,169,906	5,664,776	2,799,652
Accrued interest.....	119,271	122,052	115,922	118,814	122,558
Accrued salaries and related benefits.....	2,778,629	2,682,231	2,758,158	2,588,431	2,631,156
Unearned revenue:					
Local.....	125,118	103,669	81,635	77,701	60,737
State.....	1,892,747	1,895,860	1,604,304	1,222,888	1,209,040
Federal.....	373,111	149,822	280,809	366,485	401,185
Noncurrent liabilities					
Portion due or payable within one year.....	1,170,794	1,084,659	943,435	2,190,161	1,819,829
Portion due or payable after one year.....	55,206,376	60,677,474	61,372,434	58,541,225	46,558,072
Total liabilities.....	<u>62,966,893</u>	<u>68,782,667</u>	<u>70,326,603</u>	<u>70,770,481</u>	<u>55,602,229</u>
Deferred inflows of resources:					
Property taxes levied for future year.....	10,680,803	11,441,965	10,740,537	11,217,671	10,026,013
Related to pensions.....	7,028,429	2,456,028	1,789,278	1,360,967	—
Total deferred inflows of resources.....	<u>17,709,232</u>	<u>13,897,993</u>	<u>12,529,815</u>	<u>12,578,638</u>	<u>10,026,013</u>
Net position:					
Net invested in capital assets.....	31,550,278	31,263,800	27,713,782	26,270,442	25,284,243
Restricted for:					
Nutrition services.....	550,140	498,161	426,516	613,499	640,494
Non K–12 programs, community recreation.....	3,057,932	2,525,189	170,293	160,079	146,287
Debt service.....	3,541,177	3,571,441	1,693,810	1,546,568	1,290,118
Capital projects.....	—	—	6,157,406	5,996,275	3,054,114
Unrestricted.....	<u>11,979,458</u>	<u>7,730,183</u>	<u>5,351,111</u>	<u>2,548,751</u>	<u>13,879,703</u>
Total net position.....	<u>\$ 50,678,985</u>	<u>\$ 45,588,774</u>	<u>\$ 41,512,918</u>	<u>\$ 37,135,614</u>	<u>\$ 44,294,959</u>

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

Sevier County School District

Statement of Activities (1)

Total Governmental Activities

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Position				
	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Governmental activities:					
Instructional services.....	\$ (14,993,470)	\$ (14,356,206)	\$ (13,924,136)	\$ (13,610,555)	\$ (14,240,700)
Supporting services:					
Students.....	(480,799)	(537,387)	(431,886)	(428,735)	(511,869)
Instructional staff.....	(351,639)	(563,990)	(312,942)	(271,684)	(273,654)
District administration.....	(667,830)	(582,359)	(570,910)	(530,607)	(1,019,720)
School administration.....	(2,036,367)	(1,917,763)	(1,826,672)	(1,669,855)	(1,679,988)
Business/data processing.....	(1,201,170)	(995,467)	(848,223)	(875,027)	(787,797)
Operation and maintenance of facilities.....	(3,394,292)	(3,553,645)	(3,526,077)	(3,621,989)	(5,069,865)
Transportation.....	(909,237)	(814,875)	(1,083,219)	(783,121)	(860,889)
Nutrition services.....	46,244	35,594	(195,079)	(9,276)	76,327
Contributions to other governments.....	(74,423)	—	—	—	—
Interest and fiscal charges on long-term liabilities.....	(1,691,971)	(1,592,793)	(1,586,938)	(1,647,328)	(1,162,718)
Total school district.....	<u>(25,754,954)</u>	<u>(24,878,891)</u>	<u>(24,306,082)</u>	<u>(23,448,177)</u>	<u>(25,530,873)</u>
General revenues:					
Property taxes levied for:					
Basic.....	2,500,764	—	—	—	—
Board local.....	2,658,375	—	—	—	—
Voted local.....	1,801,271	—	—	—	—
General purposes.....	—	7,149,817	7,333,810	6,963,897	5,421,558
Debt service.....	2,377,677	2,753,489	2,709,917	2,573,230	2,577,996
Capital outlay.....	2,184,041	1,719,485	1,680,149	1,595,403	1,820,127
Redevelopment and charter school.....	74,423	—	—	—	—
Total property taxes.....	11,596,551	11,622,791	11,723,876	11,132,530	9,819,681
Federal and state aid not restricted to specific purposes.....	17,165,391	15,579,696	15,368,426	15,325,014	15,646,617
Earnings on investments.....	616,895	403,450	334,610	354,793	275,913
Miscellaneous.....	1,466,326	1,345,810	1,256,474	4,161,432	1,539,076
Total general revenues.....	<u>30,845,163</u>	<u>28,951,747</u>	<u>28,683,386</u>	<u>30,973,769</u>	<u>27,281,287</u>
Change in net position.....	<u>5,090,209</u>	<u>4,072,856</u>	<u>4,377,304</u>	<u>7,525,592</u>	<u>1,750,414</u>
Net position—beginning (as restated).....	<u>45,588,774</u>	<u>41,512,918</u>	<u>37,135,614</u>	<u>29,610,023</u>	<u>42,544,545</u>
Net position—ending.....	<u>\$ 50,678,983</u>	<u>\$ 45,585,774</u>	<u>\$ 41,512,918</u>	<u>\$ 37,135,615</u>	<u>\$ 44,294,959</u>

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete. For a detailed itemized report see “SEVIER COUNTY SCHOOL DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR 2018—Statement of Activities Year Ended June 30, 2018” below.

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

Sevier County School District

Balance Sheet—Major Funds—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Assets:					
Cash and investments.....	\$ 27,760,783	\$ 23,528,192	\$ 21,305,502	\$ 19,330,081	\$ 16,529,721
Receivable:					
Property taxes.....	6,841,271	7,338,398	6,951,770	7,340,507	6,384,996
Other local.....	178,664	127,146	94,277	377,730	146,380
State.....	166,735	172,585	153,531	195,417	116,868
Federal.....	1,249,595	1,271,330	633,953	568,426	667,619
Due from other funds.....	50,000	50,000	—	—	—
Total assets.....	<u>\$ 36,247,048</u>	<u>\$ 32,487,651</u>	<u>\$ 29,139,033</u>	<u>\$ 27,812,161</u>	<u>\$ 23,845,584</u>
Liabilities:					
Accounts payable.....	\$ 1,090,467	\$ 984,717	\$ 757,052	\$ 1,838,803	\$ 917,743
Accrued salaries and related benefits.....	2,746,909	2,649,917	2,663,409	2,501,281	2,544,003
Unearned revenue:					
Local.....	125,118	103,669	81,635	77,701	60,737
State.....	1,892,747	1,895,860	1,474,169	1,111,079	1,101,340
Federal.....	373,111	149,822	229,584	325,124	379,394
Total liabilities.....	<u>6,228,352</u>	<u>5,783,985</u>	<u>5,205,849</u>	<u>5,853,988</u>	<u>5,003,217</u>
Deferred inflows of resources:					
Unavailable property tax revenue.....	296,152	329,679	178,854	150,409	150,624
Property taxes levied for future year.....	6,411,258	6,782,096	6,617,355	7,027,362	6,067,898
Total deferred inflows of resources.....	<u>6,707,410</u>	<u>7,111,775</u>	<u>6,796,209</u>	<u>7,177,771</u>	<u>6,218,522</u>
Fund balances:					
Nonspendable:					
Prepaid items.....	—	—	—	—	122,086
Committed to:					
Economic stabilization.....	2,000,000	2,000,000	1,550,000	1,550,000	1,550,000
Tort liability, recreation and transportation.....	1,156,127	781,996	516,877	406,626	207,057
Property tax recapture.....	372,481	428,910	373,576	356,168	324,238
Community support.....	170,283	172,223	—	—	—
Assigned to:					
Board and voted local levies.....	4,490,877	2,525,054	3,199,632	—	—
Maintenance projects.....	225,000	1,750,000	780,000	310,000	250,000
Capital outlay.....	1,250,000	350,000	—	—	—
Employee compensation.....	750,000	750,000	715,000	700,000	458,623
Techonology.....	—	—	—	—	325,000
Student transportation.....	200,000	200,000	90,000	400,000	220,000
Recreation program.....	—	—	—	—	10,000
Board and leeway obligations.....	—	—	—	757,080	—
Unassigned.....	<u>12,696,518</u>	<u>10,633,981</u>	<u>9,911,890</u>	<u>10,300,528</u>	<u>9,278,927</u>
Total fund balances.....	<u>23,311,286</u>	<u>19,592,164</u>	<u>17,136,975</u>	<u>14,780,402</u>	<u>12,745,931</u>
Total liabilities, deferred inflows of and fund resources and fund balances.....	<u>\$ 36,247,048</u>	<u>\$ 32,487,924</u>	<u>\$ 29,139,033</u>	<u>\$ 27,812,161</u>	<u>\$ 23,967,670</u>

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

Sevier County School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Major Fund—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Revenues:					
Property taxes.....	\$ 6,898,872	\$ 6,984,899	\$ 7,303,182	\$ 6,785,921	\$ 5,948,105
Earnings on investments.....	471,824	287,048	181,918	143,005	112,728
Other local sources.....	777,418	513,748	502,602	335,167	630,718
State aid.....	26,587,259	24,734,981	23,247,668	21,972,199	21,163,590
Federal aid.....	3,932,751	3,550,467	3,659,592	3,616,740	3,239,492
Total revenues.....	<u>38,668,124</u>	<u>36,071,143</u>	<u>34,894,962</u>	<u>32,853,032</u>	<u>31,094,633</u>
Expenditures:					
Current:					
Instructional services.....	22,512,266	22,683,391	21,860,517	21,074,382	20,343,201
Support services:					
Students.....	1,212,037	847,913	815,974	810,530	788,879
Instructional staff.....	506,811	363,306	371,583	287,970	279,175
District administration.....	883,731	648,580	623,298	600,917	588,642
School administration.....	2,131,234	1,951,871	1,908,812	1,784,145	1,717,694
Business/data processing.....	1,534,207	1,177,958	944,033	898,575	793,479
Operation and maintenance of facilities.....	4,594,093	4,467,185	4,163,149	3,864,216	4,840,357
Transportation.....	1,574,623	1,619,902	1,751,516	1,497,826	1,549,642
Capital outlay.....	—	26,141	99,507	—	—
Total expenditures.....	<u>34,949,002</u>	<u>33,786,247</u>	<u>32,538,389</u>	<u>30,818,561</u>	<u>30,901,069</u>
Excess of revenues over (under) expenditures.....	<u>3,719,122</u>	<u>2,284,896</u>	<u>2,356,573</u>	<u>2,034,471</u>	<u>193,564</u>
Net change in fund balance.....	<u>3,719,122</u>	<u>2,284,896</u>	<u>2,356,573</u>	<u>2,034,471</u>	<u>193,564</u>
Fund balance—beginning.....	<u>19,592,164</u>	<u>17,307,268</u>	<u>14,780,402</u>	<u>12,745,931</u>	<u>12,552,367</u>
Fund balance—ending.....	<u>\$ 23,311,286</u>	<u>\$ 19,592,164</u>	<u>\$ 17,136,975</u>	<u>\$ 14,780,402</u>	<u>\$ 12,745,931</u>

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

Additional Information. For a 10-year financial history of various District funds see “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018” at the indicated pages as set forth below.

- (i) “Change in Net Position, Governmental Activities Last Ten Fiscal Years June 30, 2009 to 2018” (audit page 70); and
- (ii) “Change in Fund Balances, Governmental Funds Last Ten Fiscal Years—Years Ended June 30, 2009 to 2018” (audit page 72).

Ad Valorem Tax Levy And Collection

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

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property or any county showing reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Without an extension by a County legislative body, taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes

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

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

Public Hearing On Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

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

Property Tax Matters

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

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

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

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

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Historical Tax Rates Of The District

		Tax Rate				
	Maximum Tax Rate (1)	<u>2019–20</u>	<u>2018–19</u>	<u>2017–18</u>	<u>2016–17</u>	<u>2015–16</u>
General Fund:						
Board local leeway (2)002500	.001580	.001771	.001876	.001962	.001800
Basic program (3).....	formula	.001661	.001666	.001568	.001675	.001736
Voted leeway (4).....	.001200	<u>.001200</u>	<u>.001200</u>	<u>.001273</u>	<u>.001307</u>	<u>.001200</u>
Totals		<u>.004441</u>	<u>.004637</u>	<u>.004717</u>	<u>.004944</u>	<u>.004736</u>
Capital Outlay:						
Capital local levy (5).....	.003000	<u>.001111</u>	<u>.001455</u>	<u>.001405</u>	<u>.001189</u>	<u>.001085</u>
Debt service (general obligation bonds):						
Debt service (6).....	none	<u>.001364</u>	<u>.001584</u>	<u>.001800</u>	<u>.001904</u>	<u>.001750</u>
Charter school levy (7)	(2)	<u>.000022</u>	<u>.000029</u>	<u>.000035</u>	—	—
Judgment recovery levy (8)	none	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>
Total all funds.....		<u>.006938</u>	<u>.007705</u>	<u>.007957</u>	<u>.008037</u>	<u>.007571</u>

- (1) Maximum tax rate where applicable under current State law.
- (2) The Board local levy and the Charter school levy are both included in calculating the maximum tax rate for the Board local leeway of .002500.
- (3) Set by law for the District's portion of the State Minimum School Program.
- (4) General maintenance and operation revenue. *In June 2013, District residents approved a Voted Leeway Program of not to exceed a .001200 tax rate.*
- (5) Construction remodeling projects and purchase of school sites/equipment, etc.
- (6) This maximum limitation is not applicable to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.
- (7) Charter school levy revenues to be directed to State Charter School program.
- (8) A "judgment levy" is levied for the purpose of collecting additional revenues. The Board has the legal right to levy a "Judgment Levy" in the succeeding tax year to make up for any tax revenue shortfall due to tax or re-valuation "judgment" circumstances that the Board had no control over.

(Source: From records of the Utah State Tax Commission, compiled by the Municipal Advisor.)

See "STATE OF UTAH SCHOOL FINANCE" below.

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Comparative Ad Valorem Total Property Tax Rates Within Sevier County County

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Calendar Year)				
	2019	2018	2017	2016	2015
Sevier County School District:					
Annabella Town011585	.012985	.013633	.013829	.011449
Aurora City011953	.013455	.014090	.014331	.011933
Central Valley Town.....	.012250	.015152	.014408	.014705	.012308
Elsinore City012277	.013805	.014417	.014701	.012305
Glenwood City011931	.013325	.014045	.014240	.011925
Joseph Town012199	.012890	.013465	.013669	.011265
Koosharem City011385	.012755	.013341	.013543	.011144
Monroe City012955	.014562	.014021	.014259	.011854
Redmond City011952	.013481	.014127	.014368	.011963
Richfield City012642	.014111	.014784	.014977	.012608
Salina City014908	.015152	.015928	.016199	.013818
Sigurd City.....	.011976	.012273	.014038	.014264	.011858
Unincorporated areas (2)010899	.012273	.012844	.013044	.010635

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

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

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

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Taxable, Fair Market And Market Value Of Property

Calendar Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/ Market Value (2)	% Change Over Prior Year
2019 * (a)	\$ 1,927,139,049	31.2	\$ 2,448,991,172	25.3
2018	1,469,185,931	9.5	1,954,129,103	9.4
2017	1,341,749,339	4.3	1,786,064,036	4.0
2016	1,286,343,719	(8.8)	1,717,587,325	(6.0)
2015	1,411,142,465	1.6	1,828,071,715	2.0

* Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.

(a) The valuation of the largest taxpayer of the District (Wolverine Fuel Company, Inc.) increased substantially due to a renewed federal coal lease, resulting in a greater percentage change over prior years in Taxable Value and Fair Market/Market Value in Calendar Year 2019. See "Historical Summaries of Taxable Values Of Property" below.

(1) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation for Calendar Year 2019 was approximately \$3.4 million; for Calendar Year 2018 was approximately \$3.4 million; for Calendar Year 2017 was approximately \$65,893; for Calendar Year 2016 was approximately \$2.5 million; and no redevelopment agency valuation for for Calendar Year 2015.

(2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. Does not include market valuation for SCME.

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

Historical Summaries Of Taxable Values Of Property

	Calendar Year				
	2019		2018	2017	2016
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed)					
Total centrally assessed.....	\$ 731,959,123 (1)	38.0 %	\$ 381,380,595	\$ 361,058,803	\$ 343,125,653
Set by County Assessor (locally assessed)					
Real property (land and buildings)					
Primary residential.....	637,000,000	33.1	591,889,060	542,252,890	526,216,750
Secondary residential.....	119,500,000	6.2	95,674,020	83,362,980	69,972,530
Commercial and industrial.....	255,000,000	13.2	229,335,890	209,741,600	204,716,090
FAA (greenbelt).....	23,000,000	1.2	18,929,760	19,658,770	19,303,570
Unimproved non FAA (vacant)....	88,340,000	4.6	80,638,860	68,025,220	66,028,260
Agricultural.....	12,352,540	0.6	11,350,360	10,460,690	10,085,250
Total real property.....	1,135,192,540	58.9	1,027,817,950	933,502,150	896,322,450
Personal property					
Primary mobile homes.....	819,261	0.0	819,261	798,406	858,768
Secondary mobile homes.....	162,883	0.0	162,883	162,883	169,915
Other business.....	59,005,242	3.1	59,005,242	46,227,097	45,866,933
SCME.....	0	0.0	0	0	0
Total personal property.....	59,987,386	3.1	59,987,386	47,188,386	46,895,616
Total locally assessed.....	1,195,179,926	62.0	1,087,805,336	980,690,536	943,218,066
Total taxable value.....	\$ 1,927,139,049	100.0 %	\$ 1,469,185,931	\$ 1,341,749,339	\$ 1,286,343,719

* Preliminary; subject to change.

(1) The valuation of the largest taxpayer of the District, Wolverine Fuel Company, Inc., increased substantially due to a renewed federal coal lease, resulting in an increase in the County's centrally assessed valuation. (Source: Sevier County.)

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

Tax Collection Record

Ad valorem property taxes are due on November 30th of each year. Final Fiscal Year 2019 (Tax Year or Calendar Year 2019) tax collections (due November 30, 2019) are not available.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Trea- surer's Relief	Net Taxes Assessed	Current Col- lections	(3) Deliq., Personal Property and Miscel- leous Col- lections	(4) Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2018	\$11,335,193	\$155,831	\$11,179,362	\$10,808,536	\$549,546	\$11,358,082	96.7%	101.6%
2017	10,680,074	142,643	10,537,431	10,177,760	758,082	10,935,842	96.6	103.8
2016	10,307,885	130,905	10,176,980	9,863,908	555,142	10,419,050	96.9	102.4
2015	10,660,846	105,968	10,554,878	10,231,499	508,567	10,740,066	96.9	101.8
2014	10,033,189	93,789	9,939,400	9,625,657	567,115	10,192,772	96.8	102.5

Ad valorem property taxes are due on November 30th of each year. Calendar Year 2019 information is not available.

- (1) Excludes redevelopment agencies valuation (there are no redevelopment agencies in the District).
- (2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property but are never collected and paid to the entity.
- (3) Delinquent Collections include interest, sales of real and personal property, and miscellaneous delinquent collections.
- (4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for the funds as indicated in the preceding paragraph for tax year 2018 of \$896,200, for tax year 2017 of \$845,099, for tax year 2016 of \$864,147; for tax year 2015 of \$953,924; for tax year 2014 of \$936,729; and for tax year 2013 of \$1,006,079; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

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

Additional Information. For the District's presentation of a 10-year history of property tax levies and collections see "APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Property Tax Levies and Collections Last Ten Tax" (audit page 75).

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Some Of The Largest Taxpayers

The information presented below is for the District's largest property tax payers for Fiscal Year 2019.

Taxpayer	Type of Business	2019 Taxable Value (1)	% of the District's Est. 2019 Tax Value
Wolverine Fuel Company LLC.....	Distribution of gas	\$411,637,478	21.4
Wolverine Gas and Oil Company	Oil	135,810,056	7.0
PacifiCorp	Utility	101,265,454	5.3
Rocky Mountain Power	Electric utility	14,751,799	0.8
United States Gypsum.....	Gypsum manufacturing	10,444,674	0.5
IHC Hospitals Inc.	Hospital, health care	10,108,970	0.5
Wal Mart.....	Retail trade	9,760,648	0.5
Century Link Inc	Telephone utility	8,232,810	0.4
Western Clay Company	Manufacturing	7,382,968	0.4
Home Depot USA Inc.....	Retail sales	<u>6,914,490</u>	0.4
Totals		<u>\$716,309,347</u>	37.2

(1) Taxable Value used in this table *excludes* all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See in this section "Taxable, Fair Market And Market Value Of Property" above.

(Source: County Assessor.)

For a list of the District's 10 largest property tax payers for Calendar Year 2017 and Calendar Year 2008 see "APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018—Principal Property Tax Payers Current Year and Nine Years Ago" (audit page 77).

STATE OF UTAH SCHOOL FINANCE

Sources Of Funds

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district ("Local District Funding"), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes ("State Funding") and federal sources ("Federal Funding"). For Fiscal Year 2018, approximately 69% of the District's funding was provided by State Funding, approximately 21% was provided by Local District Funding, and approximately 10% was provided from Federal Funding.

Local District Funding

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

State Funding

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

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

Federal Funding

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

Summary Of State And Federal Funding

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

	Fiscal Year				
	2018	2017	2016	2015	2014
State Funds					
General	\$26,587,259	\$24,734,981	\$23,247,668	\$21,972,199	\$21,163,590
Capital projects	—	—	20,214	4,654	8,904
Nonmajor governmental funds	<u>372,888</u>	<u>364,916</u>	<u>785,998</u>	<u>749,226</u>	<u>751,118</u>
Total	<u>\$26,960,147</u>	<u>\$25,099,897</u>	<u>\$24,053,880</u>	<u>\$22,726,079</u>	<u>\$21,923,612</u>
% change over prior year	7.4%	4.3%	5.8%	3.7%	6.4%
Federal Funds					
General	\$3,932,751	\$3,550,467	\$3,659,592	\$3,616,740	\$3,239,492
Capital projects	142,113	—	—	—	459,244
Nonmajor governmental funds	<u>1,403,593</u>	<u>1,364,961</u>	<u>1,417,221</u>	<u>1,400,746</u>	<u>1,410,971</u>
Total	<u>\$5,478,457</u>	<u>\$4,915,428</u>	<u>\$5,076,813</u>	<u>\$5,017,486</u>	<u>\$5,109,707</u>
% change over prior year	11.5%	(3.2)%	1.2%	(1.8)%	26.9%

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

LEGAL MATTERS

Absence Of Litigation

The attorneys for the Board, Burbidge & White LLC, Salt Lake City, Utah, 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.

General

The authorization and issuance of the 2019 Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by the attorneys for the Board, Burbidge & White LLC, Salt Lake City, Utah. 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” will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2019 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Income Taxation Of 2019 Bonds

In the opinion of Farnsworth Johnson PLLC (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). *In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax.* Bond Counsel expects to deliver an opinion at the time of issuance of the 2019 Bonds substantially in the form set forth in “APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL”.

To the extent the issue price of any maturity of the 2019 Bonds is less than the amount to be paid at maturity of such 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2019 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2019 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2019 Bonds is the first price at which a substantial amount of such maturity of the 2019 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2019 Bonds accrues daily over the term to maturity of such 2019 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2019 Bonds. Beneficial Owners of the 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2019 Bonds in the original offering to the public at the first price at which a substantial amount of such 2019 Bonds is sold to the public.

2019 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2019 Bonds. The Board 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 federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance 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 other matters coming to Bond Counsel’s attention after the date of issuance of the 2019 Bonds may adversely affect the value of, or the tax status of interest on, the 2019 Bonds.

Although Bond Counsel is of the opinion that interest on the 2019 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 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 Code, or court decisions may 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 of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the 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, 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 Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the 2019 Bonds ends with the issuance of the 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the Beneficial Owners regarding the tax-exempt status of the 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the Board and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the

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 Board or the Beneficial Owners to incur significant expense.

Utah Income Taxation

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

The 2019 Bonds are not “qualified tax-exempt obligations.”

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 Act. An explanation of the above rating may be obtained from Moody’s. The Board has not directly applied to Fitch or S&P for a rating on the 2019 Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody’s has given the 2019 Bonds an underlying rating of “Aa3.”

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the outstanding general obligation bonds will continue for any given period 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 Board has entered into an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the Board 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 Board, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the Board as of June 30, 2018 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Squire & Company, PC, Orem, Utah (“Squire”), as stated in their report in “APPENDIX A—FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018” (audit page 1).

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

Additional Information

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

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

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

This 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 Board.

Board of Education of Sevier County School District, Utah

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APPENDIX A

FINANCIAL STATEMENTS OF SEVIER COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2018

The financial statements of the Board for Fiscal Year 2018 are contained herein. Copies of current and prior financial reports are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

The District expects no material changes to its Fiscal Year 2019 financial position.

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SEVIER SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2018

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Independent Auditor's Report

Board of Education
Sevier School District

Report on the Basic Financial Statements

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

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Agui & Company, PC

Orem, Utah
November 27, 2018

Management's Discussion and Analysis

This section of the financial report of Sevier School District (the District) presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2018.

Financial highlights

- The District's net position was \$50.7 million at the close of the most recent fiscal year, an increase of \$5.1 million compared to the prior year.
- The District is dependent on state and federal revenue (based primarily on student enrollment) and property tax revenue (based on tax rates and taxable values of property).

State revenue totaled \$27.0 million which is an increase of \$1.9 million or 7.6% compared to the prior year.

Federal revenue totaled \$5.5 million which is an increase of \$0.6 million or 12.2% compared to the prior year.

Property tax revenue totaled \$11.6 million, the same as the prior year.

- Government-wide expenses totaled \$42.8 million for the year, which is an increase of \$2.1 million or 5.2% as compared to the prior year. Expenses increased primarily for instructional services and students and business/data processing supporting services.
- In 2018, the District completed the North Sevier Middle School improvements, which includes a full gym remodel, HVAC upgrade, as well as, the replacement of the roof on the building, costing \$2.6 million. The project was financed with property tax revenue.

Overview of the financial statements

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

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

The *statement of net position* presents information on all of the assets, liabilities, and deferred outflows/inflows of the District, with the remainder 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, remaining constant, 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 property taxes and pension expense).

The government-wide financial statements can be found on pages 14 to 15 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 three categories: governmental funds, proprietary 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 the government's near-term financing requirements.

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *debt service fund*, and the *capital projects fund*, each of which is considered to be a major fund. The Municipal Building Authority of the District is accounted for within the *capital projects fund*. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the combining and individual statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 16 to 20 of this report.

- **Proprietary fund.** *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund to account for services provided to all the other funds of the District involving employee benefits of compensated absences. The internal service fund has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 21 to 23 of this report.

- **Fiduciary funds.** 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 statements because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for Central Utah Educational Services, a regional service center providing educational services to seven school districts. The basic fiduciary fund financial statement can be found on page 24 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 to 43 of this report.

Additional information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information and related notes can be found on pages 44 to 46 of this report.

The combining and individual statements and schedules referred to earlier in connection with the District's funds are presented as supplementary information on pages 47 to 69 of this report.

To provide comparative data, selected financial, tax, and demographic information is provided as other information. This other information can be found on pages 70 to 85.

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 \$50.7 million at the close of the most recent fiscal year.

SEVIER SCHOOL DISTRICT'S Net Position June 30, 2018 and 2017 (in millions of dollars)

	Governmental activities		Total change
	2018	2017	2018-2017
Current and other assets	\$ 50.4	\$ 47.1	\$ 3.3
Capital assets	73.0	73.7	(0.7)
Total assets	123.4	120.8	2.6
Deferred outflows of resources	8.0	7.5	0.5
Current and other liabilities	6.6	7.0	(0.4)
Long-term liabilities outstanding	56.4	61.8	(5.4)
Total liabilities	63.0	68.8	(5.8)
Deferred inflows of resources	17.7	13.9	3.8
Net position:			
Net investment in capital assets	31.6	31.3	0.3
Restricted	7.1	6.6	0.5
Unrestricted	12.0	7.7	4.3
Total net position	\$ 50.7	\$ 45.6	\$ 5.1

- The largest portion of the District's net position (\$31.6 million or 62.3%) reflects its investment in capital assets (e.g., land, water stock, furniture, buildings and improvements, and furniture and equipment net of accumulated depreciation), less any related debt (bonds payable) used to acquire those assets that are 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.

- An additional portion of the District's net position (\$7.1 million or 14.0%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital outlay and debt service. Restricted net position increased by \$0.5 million during the year ended June 30, 2018. This increase resulted primarily from accumulating resources restricted from capital outlay and debt service.
- The remaining balance of *net position* (\$12.0 million or 23.7%) is unrestricted. This balance is net of recording employee benefit obligations totaling \$14.9 million at June 30, 2018. Unrestricted net position may be used to meet the District's obligations to students, employees, creditors, and to honor next year's budget.

The District's net position increased by \$5.1 million during the current year. The following discussion and analysis on governmental activities focuses on this increase.

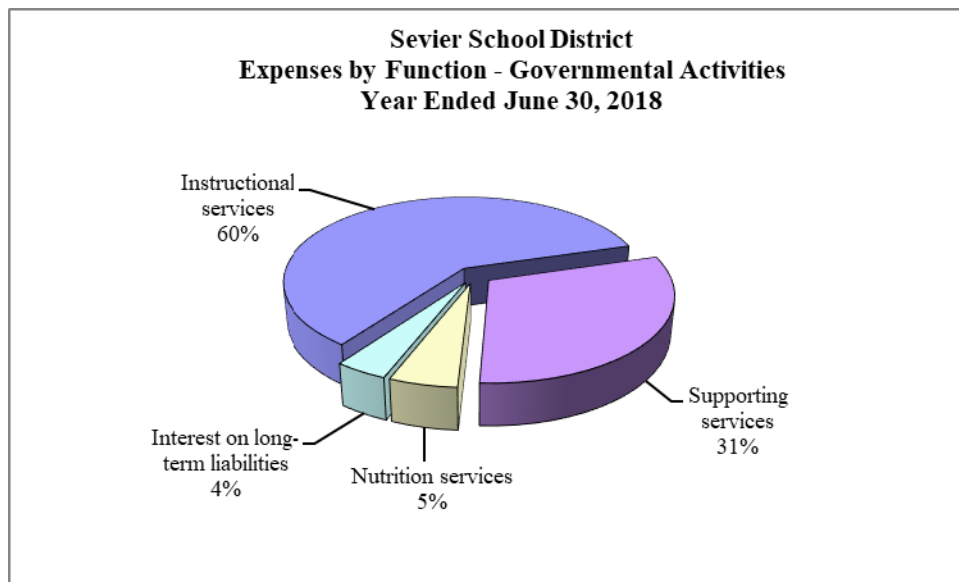
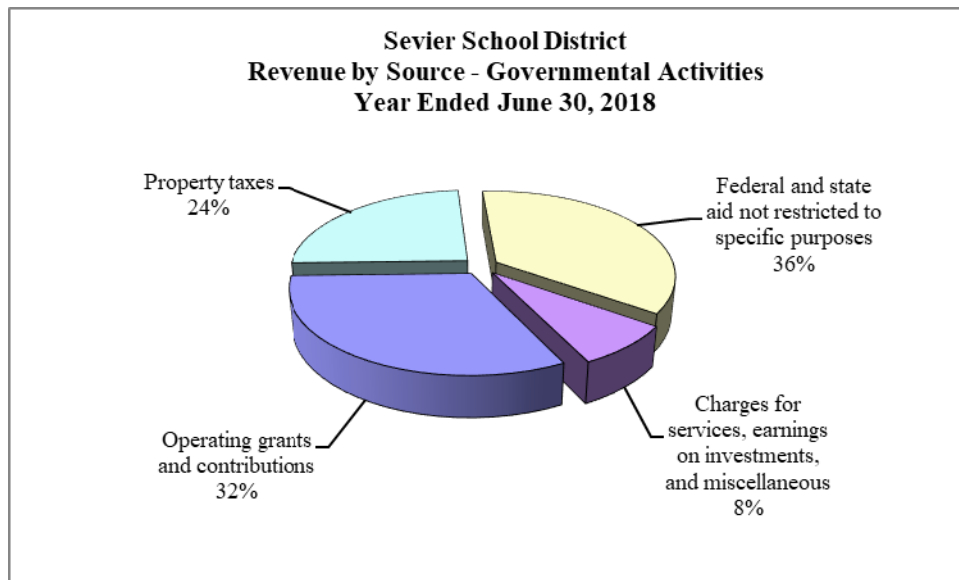
Governmental activities. The key elements of the increase of the District's net position for the year ended June 30, 2018 are as follows:

SEVIER SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2018 and 2017
(in millions of dollars)

	Governmental activities		Total change
	2018	2017	2018-2017
Revenues:			
Program revenues:			
Charges for services	\$ 1.8	\$ 1.4	\$ 0.4
Operating grants and contributions	15.3	14.4	0.9
General revenues:			
Property taxes	11.6	11.6	-
Federal and state aid not restricted to specific purposes	17.2	15.6	1.6
Earnings on investments	0.6	0.4	0.2
Miscellaneous	1.4	1.4	-
Total revenues	<u>47.9</u>	<u>44.8</u>	<u>3.1</u>
Expenses:			
Instructional services	25.8	25.3	0.5
Supporting services:			
Students	1.2	0.8	0.4
Instructional staff	0.5	0.6	(0.1)
District administration	0.9	0.6	0.3
School administration	2.1	2.0	0.1
Business/data processing	1.6	1.2	0.4
Operation and maintenance of facilities	4.6	4.6	-
Transportation	2.1	1.9	0.2
Nutrition services	2.2	2.1	0.1
Contributions to other governments	0.1	-	0.1
Interest on long-term liabilities	1.7	1.6	0.1
Total expenses	<u>42.8</u>	<u>40.7</u>	<u>2.1</u>
Increase in net position	5.1	4.1	1.0
Net position - beginning	<u>45.6</u>	<u>41.5</u>	<u>4.1</u>
Net position - ending	<u>\$ 50.7</u>	<u>\$ 45.6</u>	<u>\$ 5.1</u>

- State revenue is based primarily on weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the guarantee, it will make up the difference with state funding. Certain students receive a weighting greater than one. The value of the WPU increased during the year ended June 30, 2018 by 4.0% (\$3,311 during 2018 as compared to \$3,184 in 2017).
- Overall state revenue totaled \$27.0 million which is an increase of \$1.9 million or 7.6% compared to the prior year.
- Federal revenue totaled \$5.5 million which is an increase of \$0.6 million or 12.2% compared to the prior year.

- Property taxes remained unchanged in 2018 as collections rates, tax rates, and the values of taxable value of property within the District remained steady.



- Expenses totaled \$42.8 million for the year, which is an increase of \$2.1 million or 5.2% as compared to the prior year. Expenses increased primarily for instructional services (primarily salaries, employee benefits, and supplies) and students (primarily salaries and employee benefits) and business/data processing (primarily salaries, employee benefits, and supplies) supporting services.

Financial analysis of the District's funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The *general fund* balance increased by \$3.7 million, resulting in a year-end balance of \$23.3 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$34.9 million, an increase of 3.3% as compared to the prior year. Instructional services represent 64.4% of general fund expenditures. Instructional service expenditures decreased by 0.8% compared to the prior year.
- General fund salaries totaled \$20.2 million while the associated employee benefits of retirement, social security, defined medical benefit, and insurance (health and accident, industrial, and unemployment) added \$8.9 million to arrive at 83.0% of total general fund expenditures. Salaries and employee benefit expenditures increased by 5.4% compared to the prior year.

Governmental funds report the residual of their assets, liabilities, and deferred outflows/inflows as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned. Nonspendable, restricted, committed, and assigned balances indicate the portion of the District's fund balances that are not available for appropriation or are required to be appropriated for the purpose that they were restricted or committed, or assigned. Fund balances of *debt service fund*, *capital projects fund*, and other governmental funds are restricted or committed to be spent for the purpose of the fund and are not available for spending at the District's discretion. Significant governmental fund resources are classified for the following specific purposes:

Nonspendable:

- *Inventories* in the amount of \$0.1 million representing the amount of fund balance that cannot be spent because it is not in a spendable form.

Restricted:

- *Restricted for debt service* in the amount of \$0.6 million for the payment of principal and interest on general obligation bonds.
- *Restricted for debt service (QSCB sinking funds)* in the amount of \$2.4 million for the future repayment of the two quality school construction bonds (QSCB). The District makes annual payments totaling \$301,471 into two sinking fund accounts; these deposits, along with the investment earnings, are restricted toward the repayment of the two QSCB issues. The two issues will be repaid in 2026 and 2027.
- *Restricted for capital outlay* in the amount of \$3.4 million is comprised of unspent capital local levies restricted for future capital projects.
- *Restricted for nutrition services* in the amount of \$0.4 million.

Committed:

- *Committed to economic stabilization* in the amount of \$2.0 million or 4.6% of the final general fund budgeted expenditures. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. This amount is key to maintaining stability within the District in turbulent economic times. The maintenance of a sufficient reserve is a key credit consideration in the District's favorable bond rating given by bond rating agencies.

- *Other amounts committed to programs* \$1.2 million (tort liability, recreation, and transportation), *property tax recapture* \$0.4 million (for taxes received after April 1, 2018 which will be for equalization of next year's state WPU revenue), *community support* \$0.2 million (community programs), and *students* \$1.3 million (amounts held by individual schools for student groups and activities).

Assigned:

- *Assigned to board and voted levy obligation* in the amount of \$4.5 million which will be used for various expenditures related to property taxes collected from local board and voted tax levies.
- *Assigned to maintenance projects* in the amount of \$0.2 million which will be used to complete several projects in the coming fiscal year.
- *Assigned to capital outlay* in the amount of \$1.2 million which will be used to rebuild South Sevier Middle School.
- *Assigned to employee compensation* in the amount of \$0.8 million which will fund the distribution of a one-time 3.0 percent salary adjustment to District staff.
- *Assigned to student transportation* in the amount of \$0.2 million which will be used to purchase equipment that will support student transportation.

General fund budgetary highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$7.4 million in total general fund expenditures. This change was a result of providing for new programs, changes in existing programs, budgeting of unearned revenues, and to reflect the deferral and elimination of some discretionary expenditures to future years to help the District increase its fund balance to meet future educational commitments with decreased revenues.

During the year, final budgeted revenues were more than original budgetary estimates by \$3.6 million reflecting anticipated changes in federal and state programs.

Even with these adjustments, actual expenditures were \$8.1 million less than final budgeted amounts. The most significant positive variances were \$3.9 million in instructional services and \$3.1 million in supporting services-operation and maintenance of facilities. Revenues were \$2.1 million less than the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital asset and debt administration

Capital assets. The *capital projects fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring some equipment necessary for providing educational programs for all students within the District. Upgrades to North Sevier Middle School were completed in 2018 at a total cost of \$2.6 million.

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

SEVIER SCHOOL DISTRICT'S Capital Assets
June 30, 2018 and 2017
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total change
	2018	2017	2018-2017
Land, construction in progress, and water stock	\$ 4.5	\$ 5.1	\$ (0.6)
Buildings and improvements	66.7	66.9	(0.2)
Furniture and equipment	1.8	1.7	0.1
Total capital assets	<u>\$ 73.0</u>	<u>\$ 73.7</u>	<u>\$ (0.7)</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt administration. The District has issued \$36.0 million of the \$46.0 million authorization resulting from the June 2013 bond election. It is anticipated that the remaining \$10.0 million will be issued in the next two to three years in order to begin the renovation of the South Sevier Middle School building.

The general obligation bonded debt of the District is limited by State law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2018 is \$73.7 million. Net general obligation debt at June 30, 2018 is \$36.5 million resulting in a legal debt margin of \$37.2 million.

Bonds payable, net of unamortized bond premiums, at June 30, 2018 and 2017, are outlined below:

SEVIER SCHOOL DISTRICT'S Outstanding Debt
June 30, 2018 and 2017
(in millions of dollars)

	Governmental activities		Total change
	2018	2017	2018-2017
Net general obligation bonds	\$ 36.5	\$ 37.4	\$ (0.9)
Quality school construction bonds	5.0	5.0	-
Total debt	<u>\$ 41.5</u>	<u>\$ 42.4</u>	<u>\$ (0.9)</u>

Additional information on the District's long-term debt can be found in Note 9 to the basic financial statements.

Fall student enrollment

Enrollment for the past ten years has remained relatively steady.

SEVIER SCHOOL DISTRICT'S Enrollment October 1 Count

School Year	Enrollment *	Change
2018-19	4,637	-0.4%
2017-18	4,657	1.0%
2016-17	4,609	-0.1%
2015-16	4,614	-1.9%
2014-15	4,705	0.6%
2013-14	4,678	-1.0%
2012-13	4,723	1.7%
2011-12	4,643	0.3%
2010-11	4,630	0.1%
2009-10	4,624	0.5%

* Includes non-Utah residents and foreign exchange students

The District's October 1, 2017 enrollment count for the 2018 school year increased by 48 students for a total of 4,657 students as compared to the prior year.

Requests for information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Office of the Business Administrator, Sevier School District, 180 East 600 North, Richfield, UT 84701.

Basic Financial Statements

SEVIER SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Cash and investments	\$ 34,329,893
Receivables:	
Property taxes	11,398,879
Local	225,936
State	272,394
Federal	1,314,157
Inventories	111,021
Receivable from Central Utah Educational Services	264,730
Investments restricted for debt service	2,432,840
Capital assets:	
Land and water stock	4,447,743
Other capital assets, net of accumulated depreciation	68,566,567
Total assets	<u>123,364,160</u>
Deferred outflows of resources:	
Related to pensions	7,990,950
Liabilities:	
Accounts and contracts payable	1,300,847
Accrued interest	119,271
Accrued salaries and related benefits	2,778,629
Unearned revenue:	
Local	125,118
State	1,892,747
Federal	373,111
Long-term liabilities:	
Portion due or payable within one year	1,170,794
Portion due or payable after one year	55,206,376
Total liabilities	<u>62,966,893</u>
Deferred inflows of resources:	
Property taxes levied for future year	10,680,803
Related to pensions	7,028,429
Total deferred inflows of resources	<u>17,709,232</u>
Net position:	
Net investment in capital assets	31,550,278
Restricted for:	
Nutrition services	550,140
Debt service	3,057,932
Capital outlay	3,541,177
Unrestricted	11,979,458
Total net position	<u><u>\$ 50,678,985</u></u>

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

SEVIER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2018

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instructional services	\$ 25,757,470	\$ 1,080,346	\$ 9,683,654	\$ (14,993,470)
Supporting services:				
Students	1,193,602	-	712,803	(480,799)
Instructional staff	549,077	-	197,438	(351,639)
District administration	874,067	-	206,237	(667,830)
School administration	2,110,225	-	73,858	(2,036,367)
Business/data processing	1,577,106	-	375,936	(1,201,170)
Operation and maintenance of facilities	4,615,404	-	1,221,112	(3,394,292)
Transportation	2,141,989	207,060	1,025,692	(909,237)
Nutrition services	2,203,851	473,614	1,776,481	46,244
Contributions to other governments	74,423	-	-	(74,423)
Interest on long-term liabilities	1,691,971	-	-	(1,691,971)
Total school district	<u>\$ 42,789,185</u>	<u>\$ 1,761,020</u>	<u>\$ 15,273,213</u>	<u>(25,754,952)</u>
General revenues:				
Property taxes levied for:				
Basic				2,500,764
Board local				2,658,375
Voted local				1,801,271
Debt service				2,377,677
Capital outlay				2,184,041
Redevelopment agencies and charter schools				74,423
Total property taxes				11,596,551
Federal and state revenue not restricted to specific purposes				17,165,391
Earnings on investments				616,895
Miscellaneous				1,466,326
Total general revenues				<u>30,845,163</u>
Change in net position				5,090,211
Net position - beginning				<u>45,588,774</u>
Net position - ending				<u><u>\$ 50,678,985</u></u>

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

SEVIER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			Nonmajor	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 27,760,783	\$ 592,116	\$ 3,395,291	\$ 1,797,541	\$ 33,545,731
Receivables:					
Property taxes	6,841,271	2,352,754	2,133,716	71,138	11,398,879
Local	178,664	-	13,087	34,185	225,936
State	166,735	-	-	105,659	272,394
Federal	1,249,595	-	-	64,562	1,314,157
Due from other funds	50,000	-	-	-	50,000
Inventories	-	-	-	111,021	111,021
Investments restricted for debt service	-	-	2,432,840	-	2,432,840
Total assets	<u>\$ 36,247,048</u>	<u>\$ 2,944,870</u>	<u>\$ 7,974,934</u>	<u>\$ 2,184,106</u>	<u>\$ 49,350,958</u>
Liabilities:					
Accounts and contracts payable	\$ 1,090,467	\$ -	\$ -	\$ 210,380	\$ 1,300,847
Accrued salaries and related benefits	2,746,909	-	-	31,720	2,778,629
Due to other funds	-	-	-	50,000	50,000
Unearned revenue:					
Local	125,118	-	-	-	125,118
State	1,892,747	-	-	-	1,892,747
Federal	373,111	-	-	-	373,111
Total liabilities	<u>6,228,352</u>	<u>-</u>	<u>-</u>	<u>292,100</u>	<u>6,520,452</u>
Deferred inflows of resources:					
Unavailable property tax revenue	296,152	101,166	92,927	3,017	493,262
Property taxes levied for future year	<u>6,411,258</u>	<u>2,200,507</u>	<u>2,000,917</u>	<u>68,121</u>	<u>10,680,803</u>
Total deferred inflows of resources	<u>6,707,410</u>	<u>2,301,673</u>	<u>2,093,844</u>	<u>71,138</u>	<u>11,174,065</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	-	111,021	111,021
Restricted for:					
Debt service		643,197	2,432,840	-	3,076,037
Capital outlay	-	-	3,448,250	-	3,448,250
Nutrition services	-	-	-	439,119	439,119
Committed to:					
Economic stabilization	2,000,000	-	-	-	2,000,000
Tort liability, recreation, and transportation	1,156,127	-	-	-	1,156,127
Property tax recapture	372,481	-	-	-	372,481
Community support	170,283	-	-	-	170,283
Students	-	-	-	1,270,728	1,270,728
Assigned to:					
Board and voted local levies	4,490,877	-	-	-	4,490,877
Maintenance projects	225,000	-	-	-	225,000
Capital outlay	1,250,000	-	-	-	1,250,000
Employee compensation	750,000	-	-	-	750,000
Student transportation	200,000	-	-	-	200,000
Unassigned	<u>12,696,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,696,518</u>
Total fund balances	<u>23,311,286</u>	<u>643,197</u>	<u>5,881,090</u>	<u>1,820,868</u>	<u>31,656,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,247,048</u>	<u>\$ 2,944,870</u>	<u>\$ 7,974,934</u>	<u>\$ 2,184,106</u>	<u>\$ 49,350,958</u>

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

SEVIER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds	\$ 31,656,441
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	4,426,328		
Water stock		21,415		
Buildings and improvements, net of \$39,236,367 accumulated depreciation		66,749,329		
Furniture and equipment, net of \$6,839,153 accumulated depreciation		1,817,238		73,014,310

Employees of Central Utah Educational Services (CUES) are considered employees of the District. CUES reimburses the District for payroll including retirement costs. CUES's portion due to the District for the net pension liability and related accounts is not an available resource and, therefore, is not reported in the governmental funds.

264,730

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources unavailable property tax revenue in the funds.

493,262

Long-term liabilities that pertain to governmental funds, including bonds payable and the net pension liability, are not due and payable in the current period and therefore are not reported as fund liabilities. Long-term liabilities are reported in the statement of net position. Balances at year-end are:

Bonds payable	(35,125,000)			
QSCB bonds payable	(5,000,000)			
Accrued interest	(119,271)			
Unamortized bond premiums	(1,339,032)			
Net pension liability	(14,128,976)			
Deferred outflows of resources related to pensions	7,990,950			
Deferred inflows of resources related to pensions	(7,028,429)			(54,749,758)

Total net position of governmental activities	\$ 50,678,985
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The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	Major Funds			Nonmajor	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Local:					
Property taxes	\$ 6,898,872	\$ 2,632,598	\$ 2,054,894	\$ 74,423	\$ 11,660,787
Earnings on investments	471,824	25,889	109,202	9,980	616,895
School lunch sales	-	-	-	473,614	473,614
Other	777,418	-	29,186	1,926,729	2,733,333
State	26,587,259	-	-	372,888	26,960,147
Federal	3,932,751	-	142,113	1,403,593	5,478,457
Total revenues	38,668,124	2,658,487	2,335,395	4,261,227	47,923,233
Expenditures:					
Current:					
Instructional services	22,512,266	-	-	1,440,385	23,952,651
Supporting services:					
Students	1,212,037	-	-	-	1,212,037
Instructional staff	506,811	-	-	47,900	554,711
District administration	883,731	-	-	-	883,731
School administration	2,131,234	-	-	10,668	2,141,902
Business/data processing	1,534,207	-	-	-	1,534,207
Operation and maintenance of facilities	4,594,093	-	-	12,841	4,606,934
Transportation	1,574,623	-	-	335,939	1,910,562
Nutrition services	-	-	-	2,198,116	2,198,116
Contributions to other governments	-	-	-	74,423	74,423
Capital outlay	-	-	1,847,879	-	1,847,879
Debt service:					
Principal	-	875,000	-	-	875,000
Interest	-	1,536,175	233,710	-	1,769,885
Paying agent fees	-	4,100	-	-	4,100
Total expenditures	34,949,002	2,415,275	2,081,589	4,120,272	43,566,138
Excess (deficiency) of revenues over (under) expenditures	3,719,122	243,212	253,806	140,955	4,357,095
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	32,590	-	32,590
Net change in fund balances	3,719,122	243,212	286,396	140,955	4,389,685
Fund balances - beginning	19,592,164	399,985	5,594,694	1,679,913	27,266,756
Fund balances - ending	\$ 23,311,286	\$ 643,197	\$ 5,881,090	\$ 1,820,868	\$ 31,656,441

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

SEVIER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances for governmental funds \$ 4,389,685

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of capital outlays and related items is as follows:

Capital outlays	\$	2,528,088	
Gain on disposal of capital assets		30,590	
Proceeds from sale of capital assets		(32,590)	
Depreciation expense		<u>(3,193,843)</u>	(667,755)

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

Repayment of bond principal	875,000		
Amortization of bond premium	79,233		
Interest expense - general obligation bonds	<u>2,781</u>		957,014

Delinquent property taxes are reported as deferred inflows of resources-unavailable property tax revenue in the governmental funds. They are, however, recorded as revenues in the year for which they are levied in the statement of activities. Delinquent property taxes decreased this year. (64,236)

Pension expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 475,503

Change in net position of governmental activities \$ 5,090,211

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local:				
Property taxes	\$ 6,767,697	\$ 6,964,659	\$ 6,898,872	\$ (65,787)
Earnings on investments	252,400	479,700	471,824	(7,876)
Other	744,131	816,755	777,418	(39,337)
State	26,320,669	28,448,156	26,587,259	(1,860,897)
Federal	3,161,214	4,100,075	3,932,751	(167,324)
Total revenues	<u>37,246,111</u>	<u>40,809,345</u>	<u>38,668,124</u>	<u>(2,141,221)</u>
Expenditures:				
Current:				
Instructional services	37,312,293	26,428,232	22,512,266	3,915,966
Supporting services:				
Students	936,591	1,290,794	1,212,037	78,757
Instructional staff	377,373	671,270	506,811	164,459
District administration	729,963	904,218	883,731	20,487
School administration	2,026,085	2,159,544	2,131,234	28,310
Business/data processing	1,428,817	1,943,249	1,534,207	409,042
Operation and maintenance of facilities	5,958,853	7,722,151	4,594,093	3,128,058
Transportation	1,747,757	1,971,856	1,574,623	397,233
Total expenditures	<u>50,517,732</u>	<u>43,091,314</u>	<u>34,949,002</u>	<u>8,142,312</u>
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	(13,271,621)	(2,281,969)	3,719,122	6,001,091
Fund balances - beginning	<u>13,153,543</u>	<u>19,592,164</u>	<u>19,592,164</u>	<u>-</u>
Fund balances - ending	<u>\$ (118,078)</u>	<u>\$ 17,310,195</u>	<u>\$ 23,311,286</u>	<u>\$ 6,001,091</u>

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

SEVIER SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash and investments	\$ 784,162
Liabilities:	
Current liabilities:	
Compensated absences payable	\$ 215,794
Noncurrent liabilities:	
Compensated absences payable	568,368
Total liabilities	784,162
Net position	\$ -

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

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 299,840
Operating expenses:	
Compensation claim benefits - <i>vacation</i>	157,193
Compensation claim benefits - <i>leave</i>	142,647
Total operating expenses	299,840
Operating income/change in net position	-
Total net position - beginning	-
Total net position - ending	\$ -

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

SEVIER SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 299,840
Payments to employees	<u>(205,518)</u>
Net cash provided by operating activities/net change in cash and cash equivalents	<u>94,322</u>
Cash and cash equivalents - beginning	<u>689,840</u>
Cash and cash equivalents - ending	<u><u>\$ 784,162</u></u>
Displayed on statements of fund net position as:	
Cash and investments	<u><u>\$ 784,162</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in compensated absences payable	<u>94,322</u>
Net cash provided by operating activities	<u><u>\$ 94,322</u></u>
Noncash investing, capital, and financing activities	none

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

SEVIER SCHOOL DISTRICT
Statement of Fiduciary Fund Assets and Liabilities
CUES Agency Fund
June 30, 2018

Assets:

Cash and investments	\$ 313,178
Accounts receivable - other governments	<u>166,917</u>
Total assets	<u><u>\$ 480,095</u></u>

Liabilities:

Due to other governments	<u><u>\$ 480,095</u></u>
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The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The reporting entity – The District was incorporated March 4, 1912 as a political subdivision of the State of Utah. The Board of Education (the Board) is comprised of five elected individuals and is the primary governing authority for the District. The District is not a component unit of any other primary government. The District may levy taxes, issue bonds, and hire employees. The Board is directly accountable to the citizens and comprises the primary and only educational government within Sevier County.

These financial statements present the District and its blended component unit, the Municipal Building Authority of Sevier School District (the Authority). The District is considered to be financially accountable for the Authority. The Authority is governed by the Board. Its sole purpose is to facilitate the issuance of debt for building projects. The financial activities of the Authority are included in the accompanying financial statements as a part of the *capital projects fund*.

Government-wide financial statements – The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the District and its component unit, except for fiduciary activities. The effect of interfund activity has been eliminated from the government-wide financial statements to minimize any double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function. Depreciation expenses for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for buildings is included in the direct expenses of the instructional function, which is the primary and major use of those facilities. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include: 1) fees and charges paid by students and other recipients of goods or services offered by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

SEVIER SCHOOL DISTRICT

Notes to Basic Financial Statements

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.

The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District. Payments made for principal and interest on District debt not serviced by the *debt service fund* are also reported in this fund.

The District reports the following nonmajor governmental funds:

The *special revenue funds* account for the proceeds of specific revenue sources (other than fiduciary activities) that are restricted or committed to expenditure for specified purposes. These include the following:

The *nutrition services fund* accounts for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from state and federal sources.

The *student activity fund* accounts for resources that belong to the student bodies of the various schools. It accounts for activities such as sports, dances, plays, clubs, etc.

The *pass-through taxes fund* accounts for taxes levied by the District required to be paid to other governments (redevelopment agencies and charter schools).

Additionally, the District reports the following proprietary and fiduciary funds:

Compensated absences internal service fund (a proprietary fund) accounts for employee compensated absence benefits provided to other funds of the District on a cost-reimbursement basis.

Central Utah Educational Services (CUES) agency fund (a fiduciary fund) – The District is the fiscal agent for CUES. CUES functions under its own appointed board of directors, which is comprised of superintendents from the seven districts that are served. The accounting reflects the District's fiduciary responsibility for CUES.

Functions – Classifications of expenditures/expenses are reported by function. The function describes the activity for which a service or material object is acquired. The functions of the District are classified into six broad areas: instructional services, supporting services, nutrition services, contributions to other governments, debt service, and capital outlay. Functions are further classified into subfunctions.

- Instructional services – Instructional services includes the activities dealing directly with the interaction between teachers and students. This function includes teachers, aides, textbooks, and classroom supplies.
- Supporting services – Supporting services provide administrative, technical (such as guidance and curriculum development), and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instructional services, community services, and nutrition services, rather than as entities within themselves.

SEVIER SCHOOL DISTRICT

Notes to Basic Financial Statements

Students – Activities designed to assess and improve the well-being of students and to supplement the teaching process. This subfunction includes attendance, guidance, health, and therapy services.

Instructional staff – Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students. This subfunction includes improvement of instruction, instruction and curriculum development, instructional staff training, library and media, instruction-related technology, and academic student assessment services.

District administration – Activities concerned with establishing and administering policy for operating the District. This subfunction includes Board of Education, superintendent, and community relation services.

School administration – Activities concerned with overall administrative responsibility for a school. This subfunction includes principals, assistants, records, and clerical services.

Business/data processing – Activities that support other administrative and instructional functions, including fiscal services, purchasing, printing, human resources, planning, and administrative information technology.

Operation and maintenance of facilities – Activities concerned with keeping physical facilities open, comfortable, and safe for use and with keeping grounds, buildings, and equipment in effective working conditions and state of repair.

Transportation – Activities concerned with conveying students to and from school, as provided by state and federal law. These include trips between home and school and trips to school activities as well as vehicle acquisition, operation, and maintenance.

- Nutrition services – Nutrition services provide meals to students through state and federal programs.
- Contributions to other governments – Contributions to other governments includes taxes the District levies for redevelopment agencies and charter schools.
- Capital outlay – Capital outlay includes the acquisition of facilities and equipment.
- Debt service – Debt service includes principal and interest payments on long-term debt.

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

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

SEVIER SCHOOL DISTRICT

Notes to Basic Financial Statements

Budgetary data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the internal service fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as fund balance commitments. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also, is a final budget for the current year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22, at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent, can approve reductions in appropriations; but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by the administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ending June 30, 2018 have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

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

Deposits and investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The District's investments are reported at fair value at year-end. The Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Changes in the fair value of investments are recorded as earnings on investment. Earnings on pooled funds are paid or credited to the funds based on the average balance of each participating fund.

Cash and cash equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

Investments restricted for debt service – The District has established restricted investment accounts to hold and account for the two Quality School Construction Bond sinking funds held with bank trust accounts, which have due dates of 2026 and 2027, respectively. The District makes equal payments over the payback periods into the trust accounts, less any interest earnings on the trust accounts until sufficient funds are available to retire the principal debt payments. These accounts are held by the Authority and are reported in the *capital projects fund*.

SEVIER SCHOOL DISTRICT
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Inventories – Inventories are valued at cost or, if donated, at acquisition value when received using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements and portable classrooms	20
Furniture and equipment	10
Buses	8
Vehicles	8
Audio-visual and computer equipment	5

Compensated absences – Compensated absences are those salary and related benefit payments for absences for which employees may be paid, such as vacation and leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees vest the rights to the benefits. All vacation and vested leave pay are accrued when incurred in the government-wide and proprietary fund financial statements.

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

Long-term liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statements of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued and premiums received as other financing sources.

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

Deferred inflows of resources – In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*

SEVIER SCHOOL DISTRICT

Notes to Basic Financial Statements

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.

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

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

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

Nonspendable – This category includes fund balance amounts that cannot be spent because they are either; 1) not in a spendable form, or 2) legally or contractually required to be maintained intact. Fund balance amounts related to inventories are classified as nonspendable.

Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either 1) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:

Unspent tax revenues for specific purposes (capital outlay and debt service)

Remaining fund balances in the *nutrition services fund*

Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District's Board. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board has approved committing fund balance amounts for the following purposes:

As defined in Utah law as an *undistributed reserve*, the District maintains for economic stabilization up to five percent of *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees" and the use of this committed resource requires the written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and the Utah State Auditor.

Unspent tax revenues committed by the District for specific purposes (student transportation, tort liability, and community recreation).

Resources held by schools committed to support activities within schools are also committed.

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Assigned – This category includes *general fund* balances amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by approval of the District’s administration comprised of superintendent and business administrator as authorized by the Board.

Unassigned – Residual balances in the *general fund* are classified as unassigned.

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

2. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments at June 30, 2018 as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 2,898,243
Carrying amount of investments	<u>34,177,668</u>
Total	<u><u>\$ 37,075,911</u></u>
Governmental funds cash and investments	\$ 33,545,731
Governmental funds investments restricted for debt service	2,432,840
Internal service fund cash and investments	784,162
Fiduciary fund cash and investments	<u>313,178</u>
Total	<u><u>\$ 37,075,911</u></u>

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

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

Deposits – At June 30, 2018, the District’s carrying amount of bank deposits is \$2,898,243 and the bank balance is \$4,097,864. Of the bank balance, \$750,000 is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

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

SEVIER SCHOOL DISTRICT
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Investments – At June 30, 2018 the District’s investments are summarized as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Utah Public Treasurers' Investment Fund (PTIF)	\$ 25,722,668	\$ 25,722,668	\$ -	\$ -	\$ -
Government agencies	4,600,000	350,000	4,250,000	-	-
Corporate bonds	3,855,000	2,115,000	1,740,000	-	-
Total investments	<u>\$ 34,177,668</u>	<u>\$ 28,187,668</u>	<u>\$ 5,990,000</u>	<u>\$ -</u>	<u>\$ -</u>

The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes, top-tier commercial paper, money market mutual funds, repurchase agreements, and certificates of deposit. At June 30, 2018, the portfolio has a weighted average maturity of 52 days. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

At June 30, 2018, the District’s investment in corporate bonds were rated AA by a rating combination of three agencies (Moody’s Investor Service, Standard & Poor’s, and Fitch Ratings).

Investments restricted for debt service – As of June 30, 2018, the District has established two restricted sinking fund accounts for the repayment of the Quality School Construction Bonds (see Note 9). Sinking fund account balances at June 30, 2018 totaled \$1,013,613 and \$1,419,227, respectively. These funds are currently invested in the PTIF.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments does not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers’ acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody’s Investors Service, Inc. or by Standard and Poor’s Corporation.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act limits investments in commercial paper and/or corporate obligations to five percent of the District’s total portfolio with a single user.

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Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules.

3. FAIR VALUE MEASUREMENTS

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

The District has the following recurring fair value measurements as of June 30, 2018:

- Public Treasurers' Investment Fund of \$25,722,668 is valued at the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).
- Government agencies of \$4,600,000 are valued using quoted market prices (Level 2 inputs).
- Corporate bonds of \$3,855,000 are valued at quoted market prices (Level 2 inputs).

4. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1, and on this same date, the County Auditor is to deliver the completed assessment rolls to the County Treasurer.

Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2.5 percent penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 31 of the following year, these delinquent taxes, including penalties, are subject to an interest charge from 7 to 10 percent; the interest period is from January 1 until date paid.

An annual uniform fee based on the age of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles that is due each time a vehicle is registered. Revenues collected by the County from motor vehicle fees are distributed by the County to each taxing entity in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2018, the District property taxes receivable includes uncollected taxes assessed as of January 1, 2018, or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion.

SEVIER SCHOOL DISTRICT
Notes to Basic Financial Statements

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,426,328	\$ -	\$ -	\$ 4,426,328
Construction in progress	607,442	1,957,683	(2,565,125)	-
Water stock	21,415	-	-	21,415
Total capital assets, not being depreciated	5,055,185	1,957,683	(2,565,125)	4,447,743
Capital assets, being depreciated:				
Buildings and improvements	103,460,571	2,565,125	(40,000)	105,985,696
Furniture and equipment	8,268,193	570,405	(182,207)	8,656,391
Total capital assets, being depreciated	111,728,764	3,135,530	(222,207)	114,642,087
Accumulated depreciation for:				
Buildings and improvements	(36,575,227)	(2,699,140)	38,000	(39,236,367)
Furniture and equipment	(6,526,657)	(494,703)	182,207	(6,839,153)
Total accumulated depreciation	(43,101,884)	(3,193,843)	220,207	(46,075,520)
Total capital assets, being depreciated, net	68,626,880	(58,313)	(2,000)	68,566,567
Governmental activities capital assets, net	<u>\$ 73,682,065</u>	<u>\$ 1,899,370</u>	<u>\$ (2,567,125)</u>	<u>\$ 73,014,310</u>

For the year ended June 30, 2018, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 2,809,335
Supporting services:	
District administration	292
Business/data processing	61,327
Operation and maintenance of facilities	40,716
Transportation	249,680
Nutrition services	32,493
Total depreciation expense, governmental activities	<u>\$ 3,193,843</u>

6. STATE RETIREMENT PLANS

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

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

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

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Defined Contribution Plans (individual account plans):

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

District employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

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

The plans are established and governed by the respective sections of Title 49 of the *Utah Code*. The plans are amended statutorily by Utah State Legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits provided – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

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

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

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

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For the year ended June 30, 2018, District required contribution rates to the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan	Totals
	District Contribution	Amortization of UAAL *	Paid by District for Employee		
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	5.00%	-	22.70%
Tier 2 Contributory System **	8.30%	9.94%	-	1.78%	20.02%
Tier 2 Defined Contribution Plan **	0.08%	9.94%	-	10.00%	20.02%

* The District is required to contribute additional amounts based on covered-employee payroll to finance the unfunded actuarial accrued liability (UAAL) of the Tier 1 plans.

** District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

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

For the year ended June 30, 2018, District and employee contributions to the plans were as follows:

	District Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 3,556,949	\$ -
Tier 1 Contributory System	7,540	426
Tier 2 Contributory System *	461,092	-
Tier 2 Defined Benefit Plan *	41,933	-
401(k) Plan	321,455	221,272
457 Plan and other individual plans	-	47,893

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2018, the District reported an asset of zero and a liability of \$14,128,976 for its proportionate share of the net pension liability (asset) the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 14,095,838
Tier 1 Contributory System	-	13,135
Tier 2 Contributory System	-	20,003
Total	\$ -	\$ 14,128,976

The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability was determined by an actuarial valuation as of January 1, 2017, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's

SEVIER SCHOOL DISTRICT
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actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2017 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2017	Change
Tier 1 Noncontributory System	0.5764315%	0.0044664%
Tier 1 Contributory System	0.1996111%	0.0353080%
Tier 2 Contributory System	0.2268795%	-0.0159084%

For the year ended June 30, 2018, the District recognized pension expense of \$3,623,020 for the defined benefit pension plans and pension expense of \$321,455 for the defined contribution plans. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 749	\$ 835,242
Changes of assumptions	3,586,021	109,160
Net difference between projected and actual earnings on pension plan investments	2,355,884	5,954,560
Changes in proportion and differences between contributions and proportionate share of contributions	45,409	129,467
District contributions subsequent to the measurement date	2,002,887	-
Total	<u>\$ 7,990,950</u>	<u>\$ 7,028,429</u>

The \$2,002,887 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2017 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ 368,802
2020	707,009
2021	(838,157)
2022	(1,295,142)
2023	(4,296)
Thereafter	21,418

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Actuarial assumptions – The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include a decrease in the earnings assumptions from 7.20% to 6.95%, a decrease in the inflation assumption from 2.60% to 2.50%, and increases in life expectancy for most groups based on a new post retirement mortality table using actual experience. Additional changes of assumptions include a decrease to the wage inflation assumption from 3.35% to 3.25% and a decrease to the payroll growth assumption from 3.1% to 3.0%.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

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

Discount rate – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually

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required rates, actuarially determined and certified by the Utah state Retirement Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability(asset) calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 30,777,177	\$ 14,095,838	\$ 153,595
Tier 1 Contributory System	173,107	13,135	(123,058)
Tier 2 Contributory System	235,530	20,003	(146,198)
	<u>\$ 31,185,814</u>	<u>\$ 14,128,976</u>	<u>\$ (115,661)</u>

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

Payables to the pension plans – At June 30, 2018, the District reported payables of \$483,056 for contributions to the pension plans.

7. DEFINED MEDICAL BENEFIT

The District has committed to provide medical benefits to retirees. Eligibility is restricted to those professional/certificated employees who work a full 182-day contract and work at least 35 hours per week in a professional or certificated capacity or to classified employees who are contracted for a minimum of 204 days and work at least 35 hours per week. The funds will fully vest after an employee has completed ten consecutive years of service with the District. Retirees will receive an annual amount based on their years of service. These annual amounts are as follows: \$350 per year for years 1 to 14; \$900 per year for years 15 to 19; \$1,100 per year for years 20 to 24; and \$250 per year for years 25 and beyond. The District funded this benefit for the years ended June 30, 2018 and 2017 at a cost of \$135,450 and \$136,750, respectively.

In November 2008, the District established an external trust account and transferred all defined medical benefit funds being held into individual trust accounts for those individuals who have vested under the name of the qualifying employee. For those employees who have not met the vesting requirements, the funds are tracked by employee by the District and deposited into an omnibus account. Quarterly, each vested employee receives an individualized statement of their account and the District receives a summary statement of all accounts. The fair value of these accounts at June 30, 2018 and 2017 was \$2,148,220 and \$2,136,045, respectively. Vested employees can invest their funds into various securities as offered by the trust, and those who have not met the vesting criteria will have their funds placed in a fixed interest-bearing account and allocated through the omnibus account. When employees meet the District vesting requirements, their funds

SEVIER SCHOOL DISTRICT
Notes to Basic Financial Statements

are transferred from the omnibus account to an individual account. When employees terminate or retire, their funds are transferred from the individual trust account to a medical trust account in their name, held for the future payment of medical or medical-related services.

8. RISK MANAGEMENT

The District has not experienced any significant reduction in insurance coverage from the previous year and insurance settlements have not exceeded insurance coverage for the past three years.

Liability and property – The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (the Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$1,000 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participant pays experience-rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

Worker's compensation – The District provides worker's compensation insurance through the Utah School Board's Risk Management Mutual Insurance Association, which is a public entity risk pool. This workers compensation insurance applies to bodily injury by accident or bodily injury by disease caused or aggravated by the conditions of employment. The insurance limits for bodily injury by accident (each accident), bodily injury by disease (policy limit), and bodily injury by disease (each employee) is \$1 million. This is a pooled arrangement where the participant pays experience-rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

Health and accident, life, and long-term disability – The District provides commercial coverage for health and accident coverage, long-term disabilities, and life insurance for employees who qualify.

SEVIER SCHOOL DISTRICT
Notes to Basic Financial Statements

9. LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 36,000,000	\$ -	\$ (875,000)	\$ 35,125,000	\$ 955,000
Qualified school construction bonds	5,000,000	-	-	5,000,000	-
Unamortized bond premiums	1,418,265	-	(79,233)	1,339,032	-
Net bonds payable	42,418,265	-	(954,233)	41,464,032	955,000
Compensated absences payable	689,840	299,840	(205,518)	784,162	215,794
Net pension liability	18,654,028	(457,763)	(4,067,289)	14,128,976	-
Total governmental activity long-term liabilities	<u>\$ 61,762,133</u>	<u>\$ (157,923)</u>	<u>\$ (5,227,040)</u>	<u>\$ 56,377,170</u>	<u>\$ 1,170,794</u>

Payments on the general obligation bonds are made by the *debt service fund* from property taxes and earnings on investments. Payments on the Quality School Construction Bonds are made by the *capital projects fund* from property taxes and earnings on investments. Compensated absences payments are made by the internal service fund and funded from charges to the fund and program in which the employee worked.

General Obligation Bonds – General obligation school building bonds payable at June 30, 2018, with their outstanding balances, is comprised of the following individual issue:

<u>Purpose</u>	<u>Remaining Interest Rates</u>	<u>Outstanding Amount</u>
\$36,000,000 Series 2013 general obligation bonds issued October 29, 2013, maturing June 1, 2035	4.0% to 5.0%	<u>\$ 35,125,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 955,000	\$ 1,501,175	\$ 2,456,175
2020	1,045,000	1,462,975	2,507,975
2021	1,240,000	1,421,175	2,661,175
2022	1,340,000	1,371,575	2,711,575
2023	1,460,000	1,304,575	2,764,575
2024 - 2028	9,375,000	5,313,125	14,688,125
2029 - 2033	13,180,000	3,035,825	16,215,825
2034 - 2035	6,530,000	420,538	6,950,538
Total	<u>\$ 35,125,000</u>	<u>\$ 15,830,963</u>	<u>\$ 50,955,963</u>

The general obligation bonded debt of the District is limited by state law to four percent of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2018 is \$73,696,158. General obligation debt plus unamortized premiums at June 30, 2018 is \$36,464,032, resulting in a legal debt margin of \$37,232,126.

SEVIER SCHOOL DISTRICT
Notes to Basic Financial Statements

Qualified School Construction Bonds (QSCB) Payable – The District issued \$2,000,000 and \$3,000,000 of qualified school construction lease revenue bonds in 2010 and 2011, respectively, through the District’s Municipal Building Authority. The proceeds were used to renovate and reconstruct Ashman Elementary. The bonds have annual sinking fund requirements of \$125,000 and \$176,471, respectively; deposits to the sinking plus interest will accumulate to pay off the bonds when they are due in November 2025 and May 2027. The combined sinking fund balance is \$2,432,840 at June 30, 2018 (see Note 2).

Interest on the bonds is subsidized by a federal interest credit.

The annual requirements to service the QSCB payable as of June 30, 2018, including net interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Federal Interest Credit	Net Interest	Net Total
2019	\$ -	\$ 350,300	\$ (262,846)	\$ 87,454	\$ 87,454
2020	-	350,300	(263,151)	87,149	87,149
2021	-	350,300	(263,151)	87,149	87,149
2022	-	350,300	(263,151)	87,149	87,149
2023	-	350,300	(263,151)	87,149	87,149
2024 - 2027	5,000,000	1,169,083	(862,285)	306,798	5,306,798
Total	<u>\$ 5,000,000</u>	<u>\$ 2,920,583</u>	<u>\$ (2,177,735)</u>	<u>\$ 742,848</u>	<u>\$ 5,742,848</u>

Compensated Absences – The District accrues vacation for twelve-month or full-year contract employees. Employees earn between ten and twenty-four days a year depending upon length of service and position with the District. The District is liable to the employee for days earned but not taken up to a limit of two times the employee’s annual vacation leave earnings. All vacation wages are accrued when incurred in the government-wide and proprietary fund financial statements. This liability is serviced through the internal service fund. At June 30, 2018, the accrued vacation liability balance is \$239,733. The liability includes only wages and no related payroll taxes, due to the District adopting a special pay plan for the distribution of vacation leave lump-sum termination benefits. The District paid \$153,431 to employees who terminated or retired during 2018.

The District leave policy allows employees to earn leave at the rate of 1.2 days per working month with a maximum of 240 days capable of being accumulated. Employees are limited by the number of days that can be taken in any one fiscal year to 15 days or under a long-term illness situation up to 60 days, which is the maximum that can be taken in any one-contract year regardless of the employee’s accumulation. The benefit is a stepped percentage based on the total number of days accrued by an individual upon retirement. The percentages vary between 7.5 percent and 37.5 percent. The District does not reimburse employees for unused leave upon termination except for employees eligible for retirement under the current guidelines of the Utah Retirement Systems. This benefit is paid from the internal service fund. At June 30, 2018, the accrued leave liability is \$544,429. The liability includes only wages and no related payroll taxes, due to the District adopting a special pay plan for the distribution of leave lump-sum termination benefits. The District paid \$52,087 to employees who were eligible under the policy during 2018.

SEVIER SCHOOL DISTRICT
Notes to Basic Financial Statements

10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would not be significant.

11. INTERFUND BALANCES

Outstanding balances between funds result from an advance of \$50,000 from the *general fund* to the nonmajor governmental funds. The advance will be repaid in the future.

Required Supplementary Information

SEVIER SCHOOL DISTRICT
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –
Utah Retirement Systems
Last Four Plan (Calendar) Years

	2017	2016	2015	2014
Tier 1 Noncontributory System:				
District's proportion of the net pension liability (asset)	0.5764315%	0.5719651%	0.5804416%	0.5773525%
District's proportionate share of the net pension liability (asset)	\$ 14,095,838	\$ 18,536,914	\$ 18,233,333	\$ 14,506,147
District's covered payroll	\$ 16,072,166	\$ 15,960,737	\$ 16,078,573	\$ 16,285,533
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	87.7%	116.1%	113.4%	89.1%
Plan fiduciary net position as a percentage of the total pension liability	89.2%	84.9%	84.5%	87.2%
Tier 1 Contributory System:				
District's proportion of the net pension liability (asset)	0.1996111%	0.1643031%	0.1441120%	0.1794789%
District's proportionate share of the net pension liability (asset)	\$ 13,135	\$ 90,031	\$ 90,308	\$ 19,680
District's covered payroll	\$ 45,417	\$ 44,044	\$ 42,853	\$ 65,447
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.9%	204.4%	210.7%	30.1%
Plan fiduciary net position as a percentage of the total pension liability	99.2%	93.4%	92.4%	98.7%
Tier 2 Contributory System:				
District's proportion of the net pension liability (asset)	0.2268795%	0.2427879%	0.2622230%	0.2573872%
District's proportionate share of the net pension liability (asset)	\$ 20,003	\$ 27,083	\$ (572)	\$ (7,800)
District's covered payroll	\$ 2,227,655	\$ 1,991,053	\$ 1,693,421	\$ 1,259,745
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.9%	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	97.4%	95.1%	100.2%	103.5%

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

SEVIER SCHOOL DISTRICT
Schedules of District Contributions –
Utah Retirement Systems
Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tier 1 Noncontributory System:				
Contractually required contribution	\$ 3,556,949	\$ 3,512,857	\$ 3,512,267	\$ 3,482,560
Contributions in relation to the contractually required contribution	<u>(3,556,949)</u>	<u>(3,512,857)</u>	<u>(3,512,267)</u>	<u>(3,482,560)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,109,974	\$ 15,928,991	\$ 15,982,304	\$ 16,097,861
Contributions as a percentage of covered payroll	22.1%	22.1%	22.0%	21.6%
Tier 1 Contributory System:				
Contractually required contribution	\$ 7,540	\$ 7,916	\$ 7,762	\$ 9,672
Contributions in relation to the contractually required contribution	<u>(7,540)</u>	<u>(7,916)</u>	<u>(7,762)</u>	<u>(9,672)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,601	\$ 44,724	\$ 43,853	\$ 55,328
Contributions as a percentage of covered payroll	17.7%	17.7%	17.7%	17.5%
Tier 2 Contributory System:				
Contractually required contribution	\$ 461,092	\$ 373,745	\$ 350,078	\$ 265,223
Contributions in relation to the contractually required contribution	<u>(461,092)</u>	<u>(373,745)</u>	<u>(350,078)</u>	<u>(265,223)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,503,899	\$ 2,049,041	\$ 1,918,908	\$ 1,466,516
Contributions as a percentage of covered payroll	18.4%	18.2%	18.2%	18.1%
Tier 2 Defined Contribution System:				
Contractually required contribution	\$ 41,933	\$ 39,167	\$ 31,287	\$ 13,690
Contributions in relation to the contractually required contribution	<u>(41,933)</u>	<u>(39,167)</u>	<u>(31,287)</u>	<u>(13,690)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 418,493	\$ 390,884	\$ 312,191	\$ 140,943
Contributions as a percentage of covered payroll	10.0%	10.0%	10.0%	9.7%

* These schedules only present information for the District's 2015 and subsequent reporting periods; prior-year information is not available.

SEVIER SCHOOL DISTRICT
Notes to Required Supplementary Information

A. Changes in Assumptions-Utah Retirement Systems

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumptions.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

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

B. Schedules of District Contributions-Utah Retirement Systems

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

**Combining and Individual Fund
Statements and Schedules**

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
General Fund
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 27,760,783	\$ 23,528,192
Receivables:		
Property taxes	6,841,271	7,338,398
Local	178,664	127,146
State	166,735	172,858
Federal	1,249,595	1,271,330
Due from other funds	50,000	50,000
Total assets	<u>\$ 36,247,048</u>	<u>\$ 32,487,924</u>
Liabilities:		
Accounts and contracts payable	\$ 1,090,467	\$ 984,717
Accrued salaries and related benefits	2,746,909	2,649,917
Unearned revenue:		
Local	125,118	103,669
State	1,892,747	1,895,860
Federal	373,111	149,822
Total liabilities	<u>6,228,352</u>	<u>5,783,985</u>
Deferred inflows of resources:		
Unavailable property tax revenue	296,152	329,679
Property taxes levied for future year	6,411,258	6,782,096
Total deferred inflows of resources	<u>6,707,410</u>	<u>7,111,775</u>
Fund balances:		
Committed to:		
Economic stabilization	2,000,000	2,000,000
Tort liability, recreation and transportation	1,156,127	781,996
Property tax recapture	372,481	428,910
Community support	170,283	172,223
Assigned to:		
Board and voted local levies	4,490,877	2,525,054
Maintenance projects	225,000	1,750,000
Capital outlay	1,250,000	350,000
Employee compensation	750,000	750,000
Student transportation	200,000	200,000
Unassigned	12,696,518	10,633,981
Total fund balances	<u>23,311,286</u>	<u>19,592,164</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,247,048</u>	<u>\$ 32,487,924</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 6,964,659	\$ 6,898,872	\$ (65,787)	\$ 6,984,899
Earnings on investments	479,700	471,824	(7,876)	287,048
Other	816,755	777,418	(39,337)	513,748
State	28,448,156	26,587,259	(1,860,897)	24,734,981
Federal	4,100,075	3,932,751	(167,324)	3,550,467
Total revenues	<u>40,809,345</u>	<u>38,668,124</u>	<u>(2,141,221)</u>	<u>36,071,143</u>
Expenditures:				
Current:				
Instructional services	26,428,232	22,512,266	3,915,966	22,683,391
Supporting services:				
Students	1,290,794	1,212,037	78,757	847,913
Instructional staff	671,270	506,811	164,459	363,306
District administration	904,218	883,731	20,487	648,580
School administration	2,159,544	2,131,234	28,310	1,951,871
Business/data processing	1,943,249	1,534,207	409,042	1,177,958
Operation and maintenance of facilities	7,722,151	4,594,093	3,128,058	4,467,185
Transportation	1,971,856	1,574,623	397,233	1,619,902
Capital outlay	-	-	-	26,141
Total expenditures	<u>43,091,314</u>	<u>34,949,002</u>	<u>8,142,312</u>	<u>33,786,247</u>
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	(2,281,969)	3,719,122	6,001,091	2,284,896
Fund balances - beginning	<u>19,592,164</u>	<u>19,592,164</u>	<u>-</u>	<u>17,307,268</u>
Fund balances - ending	<u>\$ 17,310,195</u>	<u>\$ 23,311,286</u>	<u>\$ 6,001,091</u>	<u>\$ 19,592,164</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues - Compared to Budget
General Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 6,964,659	\$ 6,898,872	\$ (65,787)	\$ 6,984,899
Earnings on investments	479,700	471,824	(7,876)	287,048
Tuitions	54,600	52,682	(1,918)	44,959
Other	762,155	724,736	(37,419)	468,789
Total local	8,261,114	8,148,114	(113,000)	7,785,695
State:				
Minimum school program:				
Regular basic programs:				
Minimum school program K-12	12,082,626	12,082,376	(250)	11,270,834
Necessary existent small schools	1,800,303	1,830,746	30,443	1,742,507
Professional staff costs	1,731,726	1,731,726	-	1,573,938
Administrative costs	198,660	198,660	-	191,040
Total regular basic programs	15,813,315	15,843,508	30,193	14,778,319
Restricted basic programs:				
Special education - add on	2,528,472	1,820,202	(708,270)	1,540,240
Special education - self-contained	207,949	207,949	-	184,831
Special education - preschool	538,431	385,406	(153,025)	316,937
Extended year program/severely disabled	10,963	10,963	-	27,384
Special education - institutions/impact aid	46,599	46,599	-	47,027
Special education - extended year	33,108	24,700	(8,408)	-
Career technology education - add on	1,265,812	944,081	(321,731)	857,748
Class size reduction	1,097,732	952,176	(145,556)	834,410
Total restricted basic programs	5,729,066	4,392,076	(1,336,990)	3,808,577
Other minimum school programs:				
Gifted and talented	75,459	20,601	(54,858)	12,388
Advanced placement	1,785	484	(1,301)	1,354
Concurrent enrollment	253,215	53,104	(200,111)	32,833
At risk enhancement student programs	175,733	175,733	-	227,406
At risk - youth in custody	255,986	234,180	(21,806)	228,528
English language learner family literacy	5,449	5,449	-	11,189
Early intervention	89,669	89,669	-	91,495
Digital teaching and learning	112,579	112,599	20	-
Pupil transportation	942,306	945,239	2,933	916,381
Guarantee on transportation levy	23,619	23,619	-	33,392
Comprehensive guidance	146,819	146,819	-	147,067
School trust lands	673,775	555,290	(118,485)	405,825
Voted leeway	1,666,637	1,666,636	(1)	1,591,198
Board leeway	491,700	491,700	-	506,646
Reading achievement	151,013	119,513	(31,500)	163,756
Flexible WPU allocation	61,818	61,818	-	62,508
Educator salary adjustments	1,224,142	1,224,142	-	1,217,640
Teacher supplies and materials	64,943	36,864	(28,079)	37,272
Library books and supplies	8,801	7,097	(1,704)	7,061
Beverly Taylor Sorenson elementary arts	57,827	57,827	-	53,015
Adult education	89,338	81,851	(7,487)	56,710
Utah Science Technology and Research (USTAR)				
Initiative Centers	114,700	114,700	-	168,800
School nurse	27,109	7,832	(19,277)	7,514
Total other minimum school programs	6,714,422	6,232,766	(481,656)	5,979,978
Total minimum school program	28,256,803	26,468,350	(1,788,453)	24,566,874

SEVIER SCHOOL DISTRICT
Schedule of Revenues - Compared to Budget
General Fund (Concluded)
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Other state sources:				
Driver's education	\$ 83,742	\$ 32,331	\$ (51,411)	\$ 64,690
General financial literacy	15,000	15,000	-	-
Math initiative	-	-	-	2,793
Substance abuse - fees and fines	-	-	-	21,071
U-PASS	-	-	-	20,908
Job enhancement program	50,000	48,343	(1,657)	36,483
Other revenue from state sources (Non-MSP)	42,611	23,235	(19,376)	22,162
Total other state sources	191,353	118,909	(72,444)	168,107
Total state	28,448,156	26,587,259	(1,860,897)	24,734,981
Federal:				
Unrestricted grants:				
BIA - ISEP tuition	664,890	664,890	-	693,500
Secure rural school	46,911	453,062	406,151	45,369
Total unrestricted grants	711,801	1,117,952	406,151	738,869
Restricted grants:				
BIA - ISEP special education tuition	103,300	103,300	-	99,300
BIA - Transportation	14,930	14,930	-	14,070
Indian special education part B	214,104	116,344	(97,760)	207,866
Title I - Indian amendment	215,200	158,024	(57,176)	232,497
Indian - IIA teacher quality	35,186	27,948	(7,238)	19,174
Indian - VII Indian education	25,610	31,060	5,450	23,714
Title I economically disadvantaged	797,580	607,191	(190,389)	577,680
Title I migrant	73,263	26,258	(47,005)	27,360
Title IIIA English second language	4,481	4,481	-	7,178
Neglected and delinquent	12,998	12,998	-	11,494
Special education	929,776	930,053	277	963,362
Title IIA teacher quality	271,590	208,839	(62,751)	91,415
Medicaid	199,878	95,654	(104,224)	93,103
Medicaid-administrative outreach	15,000	12,219	(2,781)	37,467
Special education preschool	65,468	65,468	-	65,418
Temporary assistance for needy families	208,649	151,917	(56,732)	215,967
Upstart	84,557	20,411	(64,146)	16,667
Vocational - Perkins	107,868	218,868	111,000	99,026
Vocational - pathways/pathways leadership	8,836	8,836	-	8,840
Total restricted grants	3,388,274	2,814,799	(573,475)	2,811,598
Total federal	4,100,075	3,932,751	(167,324)	3,550,467
Total revenues	\$ 40,809,345	\$ 38,668,124	\$ (2,141,221)	\$ 36,071,143

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
General Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures:				
Instructional services:				
Salaries	\$ 14,869,189	\$ 14,245,492	\$ 623,697	\$ 14,143,871
Employee benefits	6,700,703	6,098,878	601,825	5,955,823
Purchased professional and technical services	149,411	200,217	(50,806)	208,104
Other purchased services	340,062	269,218	70,844	190,524
Supplies, materials, and textbooks	3,086,064	1,438,324	1,647,740	979,519
Equipment	1,250,293	239,801	1,010,492	1,183,994
Other objects	32,510	20,336	12,174	21,556
Total instruction	<u>26,428,232</u>	<u>22,512,266</u>	<u>3,915,966</u>	<u>22,683,391</u>
Supporting services to instruction:				
Student:				
Salaries	842,333	810,827	31,506	544,590
Employee benefits	404,552	366,973	37,579	271,056
Other purchased services	10,050	28,773	(18,723)	27,641
Supplies and materials	33,600	5,464	28,136	3,842
Equipment	-	-	-	525
Other objects	259	-	259	259
Total student	<u>1,290,794</u>	<u>1,212,037</u>	<u>78,757</u>	<u>847,913</u>
Instructional staff:				
Salaries	293,394	247,804	45,590	224,661
Employee benefits	129,750	112,781	16,969	104,122
Purchased professional and technical services	117,381	42,718	74,663	450
Other purchased services	80,695	67,900	12,795	-
Supplies and materials	50,050	35,608	14,442	34,073
Total instructional staff	<u>671,270</u>	<u>506,811</u>	<u>164,459</u>	<u>363,306</u>
District administration:				
Salaries	446,840	437,915	8,925	318,945
Employee benefits	279,165	274,767	4,398	200,449
Purchased professional and technical services	48,400	30,240	18,160	25,034
Other purchased services	74,026	93,011	(18,985)	79,209
Supplies and materials	14,500	11,000	3,500	9,607
Equipment	24,433	24,433	-	3,689
Other objects	16,854	12,365	4,489	11,647
Total district administration	<u>904,218</u>	<u>883,731</u>	<u>20,487</u>	<u>648,580</u>
School administration:				
Salaries	1,390,725	1,386,919	3,806	1,286,891
Employee benefits	700,919	687,449	13,470	615,913
Other purchased services	57,800	54,991	2,809	43,992
Supplies and materials	5,000	-	5,000	-
Other objects	5,100	1,875	3,225	5,075
Total school administration	<u>2,159,544</u>	<u>2,131,234</u>	<u>28,310</u>	<u>1,951,871</u>

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
General Fund (Continued)
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Business/data processing:				
Salaries	\$ 817,901	\$ 810,543	\$ 7,358	\$ 584,883
Employee benefits	426,310	404,282	22,028	291,230
Purchased professional and technical services	21,800	21,944	(144)	24,956
Purchased property services	-	-	-	3,333
Other purchased services	87,709	17,745	69,964	21,897
Supplies and materials	261,374	244,381	16,993	47,994
Equipment	326,287	33,444	292,843	202,871
Other objects	1,868	1,868	-	794
Total business/data processing	1,943,249	1,534,207	409,042	1,177,958
Operation and maintenance of facilities:				
Salaries	1,516,279	1,417,932	98,347	1,331,824
Employee benefits	696,220	643,917	52,303	630,486
Purchased professional and technical services	172,100	170,600	1,500	170,600
Purchased property services	3,735,944	1,106,397	2,629,547	1,254,812
Other purchased services	92,208	91,372	836	99,456
Supplies and materials	1,384,300	1,104,151	280,149	882,868
Equipment	125,100	59,724	65,376	97,139
Total operation and maintenance of facilities	7,722,151	4,594,093	3,128,058	4,467,185
Transportation:				
Salaries	851,942	802,835	49,107	762,864
Employee benefits	306,228	271,176	35,052	257,134
Purchased professional and technical services	1,900	1,541	359	964
Purchase property services	300	-	300	135
Other purchased services	131,155	123,872	7,283	73,210
Supplies and materials	323,000	274,431	48,569	248,191
Equipment	357,331	100,768	256,563	277,404
Total transportation	1,971,856	1,574,623	397,233	1,619,902
Total supporting services to instruction	16,663,082	12,436,736	4,226,346	11,076,715
Capital outlay:				
Buildings	-	-	-	26,141
Total expenditures	\$ 43,091,314	\$ 34,949,002	\$ 8,142,312	\$ 33,786,247

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
General Fund (Concluded)
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018		2017	
	Percent of Total	Actual Amounts	Percent of Total	Actual Amounts
Summary:				
Salaries:				
Instructional services	40.8%	\$ 14,245,492	41.9%	\$ 14,143,871
Supporting services	16.9%	5,914,775	15.0%	5,054,658
Employee benefits	25.4%	8,860,223	24.6%	8,326,213
Purchased professional and technical services	1.3%	467,260	1.3%	430,108
Purchase property services	3.2%	1,106,397	3.7%	1,258,280
Other purchased services	2.1%	746,882	1.6%	535,929
Supplies and materials	8.9%	3,113,359	6.5%	2,206,094
Equipment	1.3%	458,170	5.3%	1,791,763
Other objects	0.1%	36,444	0.1%	39,331
	<u>100.0%</u>	<u>\$ 34,949,002</u>	<u>100.0%</u>	<u>\$ 33,786,247</u>
Salaries and benefits as a percentage of total expenditures		83.0%		81.5%

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Debt Service Fund
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 592,116	\$ 312,710
Receivables:		
Property taxes	<u>2,352,754</u>	<u>2,797,048</u>
Total assets	<u><u>\$ 2,944,870</u></u>	<u><u>\$ 3,109,758</u></u>
 Deferred inflows of resources:		
Unavailable property tax revenue	101,166	125,805
Property taxes levied for future year	<u>2,200,507</u>	<u>2,583,968</u>
Total deferred inflows of resources	<u><u>2,301,673</u></u>	<u><u>2,709,773</u></u>
 Fund balances:		
Restricted for:		
Debt service	<u>643,197</u>	<u>399,985</u>
Total deferred inflows of resources, and fund balances	<u><u>\$ 2,944,870</u></u>	<u><u>\$ 3,109,758</u></u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property tax	\$ 2,657,703	\$ 2,632,598	\$ (25,105)	\$ 2,689,978
Earnings on investments	25,000	25,889	889	20,204
Total revenues	<u>2,682,703</u>	<u>2,658,487</u>	<u>(24,216)</u>	<u>2,710,182</u>
Expenditures:				
Debt service:				
Bond principal	875,000	875,000	-	845,000
Bond interest	1,536,175	1,536,175	-	1,555,188
Paying agent fees and other costs	<u>75,000</u>	<u>4,100</u>	<u>70,900</u>	<u>9,000</u>
Total expenditures	<u>2,486,175</u>	<u>2,415,275</u>	<u>70,900</u>	<u>2,409,188</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	196,528	243,212	46,684	300,994
Fund balances - beginning	<u>399,985</u>	<u>399,985</u>	<u>-</u>	<u>98,991</u>
Fund balances - ending	<u><u>\$ 596,513</u></u>	<u><u>\$ 643,197</u></u>	<u><u>\$ 46,684</u></u>	<u><u>\$ 399,985</u></u>

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Capital Projects Fund
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 3,395,291	\$ 4,249,283
Receivables:		
Property taxes	2,133,716	2,156,075
Local	13,087	886
Federal	-	70,942
Investments restricted for debt service	<u>2,432,840</u>	<u>2,121,451</u>
Total assets	<u><u>\$ 7,974,934</u></u>	<u><u>\$ 8,598,637</u></u>
Liabilities:		
Accounts and contracts payable	\$ -	\$ 902,369
Deferred inflows of resources:		
Unavailable property tax revenue	92,927	98,198
Property taxes levied for future year	<u>2,000,917</u>	<u>2,003,376</u>
Total deferred inflows of resources	<u>2,093,844</u>	<u>2,101,574</u>
Fund balances:		
Restricted for:		
Debt service	2,432,840	2,121,451
Capital outlay	<u>3,448,250</u>	<u>3,473,243</u>
Total fund balances	<u>5,881,090</u>	<u>5,594,694</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 7,974,934</u></u>	<u><u>\$ 8,598,637</u></u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 2,074,489	\$ 2,054,894	\$ (19,595)	\$ 1,679,823
Earnings on investments	100,000	109,202	9,202	90,973
Other	29,186	29,186	-	-
Total local	2,203,675	2,193,282	(10,393)	1,770,796
Federal				
Interest rate credit	142,113	142,113	-	-
Total revenues	2,345,788	2,335,395	(10,393)	1,770,796
Expenditures:				
Land and buildings:				
Land purchases	-	-	-	25,011
Building construction and remodeling	2,247,654	1,847,879	399,775	4,313,954
Total land and buildings	2,247,654	1,847,879	399,775	4,338,965
Equipment:				
Support services:				
Business/data processing	100,000	-	100,000	-
Debt service:				
Interest and fiscal charges	238,100	233,710	4,390	91,749
Total expenditures	2,585,754	2,081,589	504,165	4,430,714
Excess (deficiency) of revenues over (under) expenditures	(239,966)	253,806	493,772	(2,659,918)
Other financing sources:				
Proceeds from sale of capital assets	22,500	32,590	10,090	1,622
Net change in fund balances	(217,466)	286,396	503,862	(2,658,296)
Fund balances - beginning	5,594,694	5,594,694	-	8,252,990
Fund balances - ending	<u>\$ 5,377,228</u>	<u>\$ 5,881,090</u>	<u>\$ 503,862</u>	<u>\$ 5,594,694</u>

SEVIER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Nutrition Services</u>	<u>Student Activity</u>	<u>Pass-Through Taxes</u>	
Assets:				
Cash and investments	\$ 343,175	\$ 1,454,366	\$ -	\$ 1,797,541
Receivables:				
Property taxes	-	-	71,138	71,138
Local	2,039	32,146	-	34,185
State	105,659	-	-	105,659
Federal	64,562	-	-	64,562
Inventories	111,021	-	-	111,021
Total assets	<u>\$ 626,456</u>	<u>\$ 1,486,512</u>	<u>\$ 71,138</u>	<u>\$ 2,184,106</u>
Liabilities:				
Accounts and contracts payable	\$ 44,596	\$ 165,784	\$ -	\$ 210,380
Accrued salaries and related benefits	31,720	-	-	31,720
Due to other funds	-	50,000	-	50,000
Total liabilities	<u>76,316</u>	<u>215,784</u>	<u>-</u>	<u>292,100</u>
Deferred inflows of resources:				
Unavailable property tax revenue	-	-	3,017	3,017
Property taxes levied for future year	-	-	68,121	68,121
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>71,138</u>	<u>71,138</u>
Fund balances:				
Nonspendable:				
Inventories	111,021	-	-	111,021
Restricted for:				
Nutrition services	439,119	-	-	439,119
Committed to:				
Students	-	1,270,728	-	1,270,728
Total fund balances	<u>550,140</u>	<u>1,270,728</u>	<u>-</u>	<u>1,820,868</u>
Total liabilities and fund balances	<u>\$ 626,456</u>	<u>\$ 1,486,512</u>	<u>\$ 71,138</u>	<u>\$ 2,184,106</u>

SEVIER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Nutrition Services	Student Activity	Pass-Through Taxes	
Revenues:				
Local:				
Property taxes	\$ -	\$ -	\$ 74,423	\$ 74,423
Student fees	-	533,871	-	533,871
Lunch sales	473,614	-	-	473,614
Earnings on investments	-	9,980	-	9,980
Other	-	1,392,858	-	1,392,858
State	372,888	-	-	372,888
Federal	1,403,593	-	-	1,403,593
Total revenues	<u>2,250,095</u>	<u>1,936,709</u>	<u>74,423</u>	<u>4,261,227</u>
Expenditures:				
Current:				
Instructional services	-	1,440,385	-	1,440,385
Supporting services:				
Instructional staff	-	47,900	-	47,900
School administration	-	10,668	-	10,668
Operation and maintenance of facilities	-	12,841	-	12,841
Transportation	-	335,939	-	335,939
Nutrition services	2,198,116	-	-	2,198,116
Contributions to other governments	-	-	74,423	74,423
Total expenditures	<u>2,198,116</u>	<u>1,847,733</u>	<u>74,423</u>	<u>4,120,272</u>
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	51,979	88,976	-	140,955
Fund balances - beginning	<u>498,161</u>	<u>1,181,752</u>	<u>-</u>	<u>1,679,913</u>
Fund balances - ending	<u>\$ 550,140</u>	<u>\$ 1,270,728</u>	<u>\$ -</u>	<u>\$ 1,820,868</u>

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Nutrition Services
Nonmajor Special Revenue Fund
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 343,175	\$ 217,621
Receivables:		
Local	2,039	1,103
State	105,659	157,194
Federal	64,562	55,213
Inventories	<u>111,021</u>	<u>137,797</u>
Total assets	<u><u>\$ 626,456</u></u>	<u><u>\$ 568,928</u></u>
Liabilities:		
Accounts and contracts payable	\$ 44,596	\$ 38,453
Accrued salaries and related benefits	<u>31,720</u>	<u>32,314</u>
Total liabilities	<u><u>76,316</u></u>	<u><u>70,767</u></u>
Fund balances:		
Nonspendable:		
Inventories	111,021	137,797
Restricted for:		
Nutrition services	<u>439,119</u>	<u>360,364</u>
Total fund balances	<u><u>550,140</u></u>	<u><u>498,161</u></u>
Total liabilities and fund balances	<u><u>\$ 626,456</u></u>	<u><u>\$ 568,928</u></u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nutrition Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Lunch/breakfast sales - students	\$ 423,673	\$ 422,963	\$ (710)	\$ 393,739
Lunch/breakfast sales - adults	32,500	32,126	(374)	33,654
Other sales	20,000	18,525	(1,475)	19,974
Total local	476,173	473,614	(2,559)	447,367
State:				
State lunch program	360,500	372,888	12,388	364,916
Federal:				
Federal lunch program	1,170,400	188,804	(981,596)	181,884
Breakfast program	-	194,105	194,105	185,724
Free and reduced assistance	-	857,641	857,641	841,629
Commodities	140,000	163,043	23,043	155,724
Total federal	1,310,400	1,403,593	93,193	1,364,961
Total revenues	2,147,073	2,250,095	103,022	2,177,244
Expenditures:				
Current:				
Salaries	762,054	728,667	33,387	721,546
Employee benefits	275,300	250,447	24,853	262,978
Purchased professional and technical services	3,350	2,178	1,172	507
Purchase property services	11,500	10,612	888	10,545
Other purchased services	11,880	9,352	2,528	17,762
Supplies	184,800	180,761	4,039	130,809
Food	950,000	998,559	(48,559)	932,716
Equipment	10,000	-	10,000	10,687
Other	22,168	17,540	4,628	18,049
Total expenditures	2,231,052	2,198,116	32,936	2,105,599
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	(83,979)	51,979	135,958	71,645
Fund balances - beginning	498,161	498,161	-	426,516
Fund balances - ending	<u>\$ 414,182</u>	<u>\$ 550,140</u>	<u>\$ 135,958</u>	<u>\$ 498,161</u>

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Student Activity Fund
Nonmajor Special Revenue Fund
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ 1,454,366	\$ 1,339,283
Receivables:		
Local	<u>32,146</u>	<u>33,830</u>
Total assets	<u><u>\$ 1,486,512</u></u>	<u><u>\$ 1,373,113</u></u>
Liabilities:		
Accounts and contracts payable	\$ 165,784	\$ 141,361
Due to other funds	<u>50,000</u>	<u>50,000</u>
Total liabilities	215,784	191,361
Fund balance:		
Committed to:		
Students	<u>1,270,728</u>	<u>1,181,752</u>
Total liabilities and fund balance	<u><u>\$ 1,486,512</u></u>	<u><u>\$ 1,373,113</u></u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Student Activity Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Earnings on investments	\$ 7,391	\$ 9,980	\$ 2,589	\$ 5,225
Student fees	551,180	533,871	(17,309)	501,425
Fundraisers	834,295	761,520	(72,775)	716,597
Other	629,338	631,338	2,000	614,324
Total revenues	<u>2,022,204</u>	<u>1,936,709</u>	<u>(85,495)</u>	<u>1,837,571</u>
Expenditures:				
Current:				
Salaries	25,708	25,503	205	31,143
Employee benefits	7,359	5,415	1,944	6,966
Purchased professional and technical services	189,792	149,061	40,731	140,318
Purchase property services	42,325	21,572	20,753	13,141
Other purchased services	413,552	372,212	41,340	187,615
Supplies	2,151,026	1,080,362	1,070,664	1,117,326
Equipment	250,375	123,778	126,597	197,745
Other	123,819	69,830	53,989	93,197
Total expenditures	<u>3,203,956</u>	<u>1,847,733</u>	<u>1,356,223</u>	<u>1,787,451</u>
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	(1,181,752)	88,976	1,270,728	50,120
Fund balances - beginning	<u>1,181,752</u>	<u>1,181,752</u>	<u>-</u>	<u>1,131,632</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,270,728</u>	<u>\$ 1,270,728</u>	<u>\$ 1,181,752</u>

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Pass-Through Taxes
Nonmajor Special Revenue Fund
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Receivables - property taxes	<u>\$ 71,138</u>	<u>\$ 76,341</u>
Deferred inflows of resources:		
Unavailable property tax revenue	\$ 3,017	\$ 3,816
Property taxes levied for future year	<u>68,121</u>	<u>72,525</u>
Total deferred inflows of resources	<u>71,138</u>	<u>76,341</u>
Fund balances	<u>-</u>	<u>-</u>
Total deferred inflows of resources and fund balances	<u><u>\$ 71,138</u></u>	<u><u>\$ 76,341</u></u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Pass-Through Taxes
Nonmajor Special Revenue Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ -	\$ 74,423	\$ 74,423	\$ 26,306
Expenditures:				
Current:				
Contributions to other governments	-	74,423	(74,423)	26,306
Excess (deficiency) of revenues over (under) expenditures/net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEVIER SCHOOL DISTRICT
Statement of Fund Net Position
Internal Service Fund
Years Ended June 30, 2018 and 2017

	Compensated Absences Fund	
	2018	2017
Assets:		
Current assets:		
Cash and investments	\$ 784,162	\$ 689,840
Liabilities:		
Current liabilities:		
Compensated absences payable	\$ 215,794	\$ 209,659
Noncurrent liabilities:		
Compensated absences payable	568,368	480,181
Total liabilities	784,162	689,840
Net position	\$ -	\$ -

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	Compensated Absences Fund	
	2018	2017
Operating revenues:		
Charges for services	\$ 299,840	\$ 119,532
Operating expenses:		
Compensation claim benefits - <i>vacation</i>	157,193	21,863
Compensation claim benefits - <i>leave</i>	142,647	97,669
Total operating expenses	299,840	119,532
Operating income/change in net position	-	-
Net position - beginning	-	-
Net position - ending	\$ -	\$ -

SEVIER SCHOOL DISTRICT
Statement of Fund Cash Flows
Internal Service Fund
Year Ended June 30, 2018
With Comparative Totals for 2017

	Compensated Absences Fund	
	2018	2017
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 299,840	\$ 119,532
Payments to employees	(205,518)	(70,170)
Net cash provided by operating activities / net change in cash and cash equivalents	94,322	49,362
Cash and cash equivalents - beginning	689,840	640,478
Cash and cash equivalents - ending	<u>\$ 784,162</u>	<u>\$ 689,840</u>
Displayed on combining statement of net position as:		
Cash and investments	<u>\$ 784,162</u>	<u>\$ 689,840</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in compensated absences payable	94,322	49,362
Net cash provided by operating activities	<u>\$ 94,322</u>	<u>\$ 49,362</u>
Noncash investing, capital, and financing activities	none	none

SEVIER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Central Utah Educational Services Agency Fund
Year Ended June 30, 2018

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2018</u>
Assets:				
Cash and investments	\$ 205,679	\$ 1,354,531	\$ (1,247,032)	\$ 313,178
Accounts receivable from other governments	<u>149,891</u>	<u>166,917</u>	<u>(149,891)</u>	<u>166,917</u>
Total assets	<u><u>\$ 355,570</u></u>	<u><u>\$ 1,521,448</u></u>	<u><u>\$ (1,396,923)</u></u>	<u><u>\$ 480,095</u></u>
Liabilities:				
Due to other governments	<u><u>\$ 355,570</u></u>	<u><u>\$ 1,521,448</u></u>	<u><u>\$ (1,396,923)</u></u>	<u><u>\$ 480,095</u></u>

OTHER INFORMATION

SEVIER SCHOOL DISTRICT
Change in Net Position, Governmental Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	2018	2017	2016	2015	2014
Expenses:					
Instructional services	\$ 25,757,470	\$ 25,265,994	\$ 24,925,205	\$ 23,810,633	\$ 23,110,720
Supporting services:					
Students	1,193,602	855,580	806,192	776,730	788,879
Instructional staff	549,077	609,706	367,397	277,236	279,175
District administration	874,067	653,362	639,252	602,280	1,081,152
School administration	2,110,225	1,976,752	1,885,466	1,708,699	1,717,694
Business/data processing	1,577,106	1,205,935	945,359	875,429	814,323
Operation and maintenance of facilities	4,615,404	4,535,202	4,218,406	3,854,919	5,327,126
Transportation	2,141,989	1,916,628	2,010,790	1,682,010	1,775,708
Nutrition services	2,203,851	2,138,650	2,307,506	2,107,821	2,103,790
Contributions to other governments	74,423	-	-	-	-
Interest on long-term liabilities	1,691,971	1,592,793	1,586,938	1,647,328	1,162,718
Total expenses	<u>42,789,185</u>	<u>40,750,602</u>	<u>39,692,511</u>	<u>37,343,085</u>	<u>38,161,285</u>
Program revenues:					
Charges for services:					
Instructional	1,080,346	853,805	1,079,948	919,118	633,537
Supporting services	207,060	137,910	116,805	111,576	96,861
Nutrition	473,614	447,367	427,409	431,805	513,312
Operating grants and contributions	<u>15,273,213</u>	<u>14,435,629</u>	<u>13,762,267</u>	<u>12,418,551</u>	<u>11,386,702</u>
Total program revenues	<u>17,034,233</u>	<u>15,874,711</u>	<u>15,386,429</u>	<u>13,881,050</u>	<u>12,630,412</u>
Net (expense)/revenues	<u>(25,754,952)</u>	<u>(24,875,891)</u>	<u>(24,306,082)</u>	<u>(23,462,035)</u>	<u>(25,530,873)</u>
General revenues:					
Property taxes	11,596,551	11,622,791	11,723,876	11,132,530	9,819,681
Federal and state revenue not restricted to specific purposes	17,165,391	15,579,696	15,368,426	15,325,014	15,646,617
Earnings on investments	616,895	403,450	334,610	354,793	275,913
Miscellaneous	<u>1,466,326</u>	<u>1,345,810</u>	<u>1,256,474</u>	<u>4,161,432</u>	<u>1,539,076</u>
Total general revenues	<u>30,845,163</u>	<u>28,951,747</u>	<u>28,683,386</u>	<u>30,973,769</u>	<u>27,281,287</u>
Change in net position	<u>\$ 5,090,211</u>	<u>\$ 4,075,856</u>	<u>\$ 4,377,304</u>	<u>\$ 7,511,734</u>	<u>\$ 1,750,414</u>
Revenue per pupil:					
Property taxes	\$ 2,490	\$ 2,522	\$ 2,541	\$ 2,366	\$ 2,099
Local	825	692	697	1,271	654
State	5,789	5,446	5,213	4,830	4,687
Federal	<u>1,176</u>	<u>1,066</u>	<u>1,100</u>	<u>1,066</u>	<u>1,092</u>
Total revenues per pupil	<u>\$ 10,280</u>	<u>\$ 9,726</u>	<u>\$ 9,551</u>	<u>\$ 9,533</u>	<u>\$ 8,532</u>
Expenses per pupil	<u>\$ 9,188</u>	<u>\$ 8,842</u>	<u>\$ 8,603</u>	<u>\$ 7,937</u>	<u>\$ 8,158</u>
Fall enrollment count	<u>4,657</u>	<u>4,609</u>	<u>4,614</u>	<u>4,705</u>	<u>4,678</u>
State revenue	\$ 26,960,147	\$ 25,099,897	\$ 24,053,880	\$ 22,726,079	\$ 21,923,612
Federal revenue	<u>5,478,457</u>	<u>4,915,428</u>	<u>5,076,813</u>	<u>5,017,486</u>	<u>5,109,707</u>
	<u>\$ 32,438,604</u>	<u>\$ 30,015,325</u>	<u>\$ 29,130,693</u>	<u>\$ 27,743,565</u>	<u>\$ 27,033,319</u>
State revenue	56.31%	55.99%	54.58%	50.67%	54.93%
Federal revenue	11.44%	10.97%	11.52%	11.19%	12.80%

The bond issuance costs have been restated for fiscal year 2012 in accordance with GASB Statements 63 and 65, reducing net position by \$221,148.

Starting in 2015, net pension liabilities (assets) and related deferrals are recorded in accordance with GASB Statements 68 and 71, reducing net position by \$14,684,936.

2013	2012	2011	2010	2009
\$ 23,075,267	\$ 22,528,245	\$ 24,321,045	\$ 22,331,470	\$ 22,939,126
756,913	746,830	586,462	598,352	604,032
297,311	287,661	301,606	278,927	321,910
592,342	596,732	520,995	597,120	599,324
1,667,611	1,657,303	1,635,707	1,593,704	1,642,341
621,329	678,989	573,462	566,576	612,113
3,940,115	4,015,674	4,403,784	3,622,690	3,195,827
1,814,881	1,728,333	1,659,424	1,739,211	1,581,321
2,185,595	2,130,977	1,956,972	1,800,700	1,901,765
-	-	-	-	-
270,173	350,663	463,018	635,435	518,290
35,221,537	34,721,407	36,422,475	33,764,185	33,916,049
599,515	571,019	526,754	486,376	480,075
98,549	92,146	96,222	73,302	63,383
488,791	491,693	519,692	542,880	607,467
11,232,720	11,423,622	12,590,739	10,606,598	11,289,458
12,419,575	12,578,480	13,733,407	11,709,156	12,440,383
(22,801,962)	(22,142,927)	(22,689,068)	(22,055,029)	(21,475,666)
10,523,467	9,149,610	9,054,317	8,725,988	8,336,429
15,471,176	14,459,112	15,124,891	16,880,959	17,527,556
163,412	154,576	140,729	157,516	385,825
1,204,202	1,079,456	1,108,782	1,227,518	1,005,813
27,362,257	24,842,754	25,428,719	26,991,981	27,255,623
\$ 4,560,295	\$ 2,699,827	\$ 2,739,651	\$ 4,936,952	\$ 5,779,957
\$ 2,228	\$ 1,971	\$ 1,956	\$ 1,887	\$ 1,811
541	515	517	538	552
4,517	4,437	4,553	4,519	4,834
1,137	1,138	1,433	1,426	1,427
\$ 8,423	\$ 8,061	\$ 8,459	\$ 8,370	\$ 8,624
\$ 7,457	\$ 7,478	\$ 7,867	\$ 7,302	\$ 7,368
4,723	4,643	4,630	4,624	4,603
\$ 21,335,638	\$ 20,599,885	\$ 21,079,414	\$ 20,894,474	\$ 22,249,277
5,368,258	5,282,849	6,636,216	6,593,083	6,567,737
\$ 26,703,896	\$ 25,882,734	\$ 27,715,630	\$ 27,487,557	\$ 28,817,014
53.63%	55.05%	53.83%	53.99%	56.05%
13.49%	14.12%	16.95%	17.04%	16.55%

SEVIER SCHOOL DISTRICT
Change in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 11,660,787	\$ 11,354,700	\$ 11,674,914	\$ 11,142,486	\$ 9,866,144	\$ 10,563,940	\$ 9,119,578	\$ 9,010,339	\$ 8,659,789	\$ 8,280,203
Earnings on investments	616,895	403,450	334,610	354,793	275,913	163,412	154,576	140,729	157,516	385,825
School lunch sales	473,614	447,367	427,409	431,805	513,312	488,791	491,693	519,692	542,880	607,467
Other local	2,733,333	2,346,094	2,456,704	5,128,256	2,269,474	1,902,266	1,742,621	1,731,758	1,787,196	1,549,271
State	26,960,147	25,099,897	24,053,880	22,726,079	21,923,612	21,335,638	20,599,885	21,079,414	20,894,474	22,249,277
Federal	5,478,457	4,915,428	5,076,813	5,017,486	5,109,707	5,368,258	5,282,849	6,636,216	6,593,083	6,567,737
Total revenues	47,923,233	44,566,936	44,024,330	44,800,905	39,958,162	39,822,305	37,391,202	39,118,148	38,634,938	39,639,780
Expenditures:										
Current:										
Instructional services	23,952,651	24,207,397	24,209,812	23,230,687	22,528,711	21,651,676	21,930,233	22,467,985	21,484,614	21,978,223
Supporting services:										
Students	1,212,037	847,913	815,974	810,530	788,879	756,913	746,830	586,462	598,352	604,032
Instructional staff	554,711	606,543	371,583	287,970	279,175	297,311	287,661	301,606	278,927	321,910
District administration	883,731	648,580	644,741	620,718	601,309	592,050	539,573	520,703	596,828	599,032
School administration	2,141,902	1,958,541	1,908,812	1,784,145	1,717,694	1,667,611	1,657,303	1,635,707	1,593,704	1,642,341
Business/data processing	1,534,207	1,177,958	944,033	898,575	803,901	610,907	660,797	565,692	558,806	604,343
Operation and maintenance of facilities	4,606,934	4,480,723	4,205,795	3,906,662	5,297,106	3,914,951	3,987,572	4,376,122	3,599,234	3,170,141
Transportation	1,910,562	1,619,902	1,751,516	1,497,826	1,549,642	1,592,910	1,520,131	1,466,849	1,549,428	1,412,060
Nutrition services	2,198,116	2,105,599	2,299,410	2,124,996	2,076,116	2,159,810	2,105,192	1,935,821	1,797,844	1,900,169
Contributions to other governments	74,423	-	-	-	-	-	-	-	-	-
Capital outlay	1,847,879	4,365,106	12,406,920	21,329,376	4,276,539	329,292	1,111,085	5,514,137	5,400,651	2,575,038
Debt service:										
Principal	875,000	845,000	2,060,000	2,010,000	1,960,000	1,910,000	1,860,000	2,155,000	1,734,000	1,704,000
Interest	1,769,885	1,646,937	1,687,502	1,739,994	1,154,799	298,151	346,672	485,913	475,421	496,479
Bond issuance costs	-	-	-	-	479,551	-	56,867	60,787	185,692	58,217
Paying agent fees	4,100	9,000	3,150	11,900	6,150	2,000	2,815	4,950	3,530	7,865
Total expenditures	43,566,138	44,519,199	53,309,248	60,253,379	43,519,572	35,783,582	36,812,731	42,077,734	39,857,031	37,073,850
Excess (deficiency) of revenues over (under) expenditures	4,357,095	47,737	(9,284,918)	(15,452,474)	(3,561,410)	4,038,723	578,471	(2,959,586)	(1,222,093)	2,565,930
Other financing sources (uses):										
Issuance of bonds	-	-	-	-	36,000,000	-	2,350,000	3,000,000	11,235,000	8,635,000
Premium on general obligation bonds issued	-	-	-	-	1,743,120	-	84,987	-	385,844	-
Payment of refunded bond escrow	-	-	-	-	-	-	(2,632,820)	-	(8,519,571)	(9,293,747)
Proceeds from sale of capital assets	32,590	1,622	8,046	63,870	9,506	11,344	40,032	7,282	34,675	278
Total other financing sources (uses)	32,590	1,622	8,046	63,870	37,752,626	11,344	(157,801)	3,007,282	3,135,948	(658,469)
Change in fund balances	\$ 4,389,685	\$ 49,359	\$ (9,276,872)	\$ (15,388,604)	\$ 34,191,216	\$ 4,050,067	\$ 420,670	\$ 47,696	\$ 1,913,855	\$ 1,907,461

SEVIER SCHOOL DISTRICT
Cost Per School Facility Per Pupil for *General Fund* Expenditures
Last Ten Fiscal Years

School Facility:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Ashman Elementary	\$ 6,711	\$ 6,388	\$ 6,012	\$ 5,785	\$ 5,920	\$ 5,354	\$ 5,459	\$ 5,807	\$ 5,846	\$ 5,809
Koosharem Elementary	9,578	8,855	9,580	9,713	13,629	9,285	9,082	9,604	8,016	6,746
Monroe Elementary	6,805	6,414	5,764	5,568	5,329	5,147	5,314	5,436	5,244	5,413
Pahvant Elementary	6,177	6,016	5,872	5,876	6,258	5,833	5,989	5,862	5,503	5,800
Salina Elementary	6,815	6,503	5,758	5,615	5,928	5,163	5,659	6,047	5,538	5,658
North Sevier Middle	8,066	8,440	6,929	6,741	6,419	6,742	6,933	6,288	6,975	6,944
South Sevier Middle	7,178	7,166	7,052	7,009	6,808	6,432	6,737	8,153	6,940	6,736
Red Hills Middle	6,591	6,493	5,859	5,834	5,592	6,018	5,757	5,466	5,091	5,484
Sevier Connection - Online	-	-	-	-	-	9,996	7,795	-	-	-
North Sevier High	10,049	8,885	9,737	7,851	7,886	8,527	8,407	9,263	8,291	8,375
Richfield High	8,304	8,420	8,488	7,897	8,495	6,375	6,961	6,717	6,507	6,302
South Sevier High	9,474	8,008	7,204	7,292	7,323	7,501	7,376	7,563	6,866	7,050
Cedar Ridge High	16,160	11,289	11,118	9,338	9,494	7,712	6,751	7,296	6,204	6,926
Youth in Custody	81,476	45,165	30,270	24,545	19,474	19,071	18,712	24,717	17,497	14,328
Average Cost Per Pupil	<u>\$ 8,139</u>	<u>\$ 7,340</u>	<u>\$ 6,846</u>	<u>\$ 6,565</u>	<u>\$ 6,664</u>	<u>\$ 6,184</u>	<u>\$ 6,339</u>	<u>\$ 6,495</u>	<u>\$ 6,119</u>	<u>\$ 6,201</u>
Percent Change from Prior Year	<u>10.89%</u>	<u>7.22%</u>	<u>4.28%</u>	<u>-1.49%</u>	<u>7.76%</u>	<u>-2.45%</u>	<u>-2.40%</u>	<u>6.14%</u>	<u>-1.32%</u>	<u>-6.95%</u>

Source: District records

SEVIER SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Tax (Calendar) Years
(rate per \$1 of assessed value)

		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Direct rates:											
Basic	(1)	0.001666	0.001568	0.001675	0.001736	0.001419	0.001535	0.001651	0.001591	0.001495	0.001433
Voted local	(2)	0.001200	0.001273	0.001307	0.001200	0.001200	0.000600	0.000600	0.000600	0.000600	0.000600
Board local	(3)	0.001771	0.001876	0.001962	0.001800	0.001800	0.001800	0.001801	0.000400	0.000400	0.000400
Reading initiative	(4)	-	-	-	-	-	-	-	0.000121	0.000121	0.000121
Special transportation	(4)	-	-	-	-	-	-	-	0.000300	0.000298	0.000300
Tort liability	(4)	-	-	-	-	-	-	-	0.000028	0.000029	0.000026
Recreation	(4)	-	-	-	-	-	-	-	0.000052	0.000150	0.000100
10% of basic	(4)	-	-	-	-	-	-	-	0.000900	0.000121	0.000870
Capital local	(5)	0.001455	0.001405	0.001189	0.001085	0.001137	0.001172	0.001181	0.001119	0.001693	0.001011
Debt service	(6)	0.001584	0.001800	0.001904	0.001750	0.001700	0.001420	0.001408	0.001408	0.001360	0.001450
Charter school	(7)	0.000029	0.000035	-	-	-	-	-	-	-	-
Total direct rates		<u>0.007705</u>	<u>0.007957</u>	<u>0.008037</u>	<u>0.007571</u>	<u>0.007256</u>	<u>0.006527</u>	<u>0.006641</u>	<u>0.006519</u>	<u>0.006267</u>	<u>0.006311</u>
Overlapping rates:											
Sevier County		<u>0.004568</u>	<u>0.004887</u>	<u>0.005007</u>	<u>0.003064</u>	<u>0.003113</u>	<u>0.003135</u>	<u>0.003149</u>	<u>0.003222</u>	<u>0.003133</u>	<u>0.003079</u>
Municipalities:											
Annabella		0.000712	0.000789	0.000785	0.000814	0.000808	0.000834	0.000832	0.000844	0.000779	0.000785
Aurora		0.001182	0.001246	0.001287	0.001673	0.001308	0.001334	0.001349	0.001275	0.001201	0.001194
Central Valley		0.001489	0.001564	0.001661	0.001298	0.001671	0.001757	0.001758	0.001741	0.001731	0.001727
Elsinore		0.001532	0.001573	0.001657	0.001670	0.001669	0.001667	0.001630	0.001644	0.001628	0.001657
Glenwood		0.001052	0.001201	0.001196	0.001290	0.001283	0.001343	0.000709	0.000703	0.000657	0.000658
Joseph		0.000617	0.000621	0.000625	0.000630	0.000632	0.000624	0.000613	0.000617	0.000613	0.000611
Koosharem		0.000482	0.000497	0.000499	0.000509	0.000520	0.000517	0.000516	0.000513	0.000507	0.000506
Monroe		0.002289	0.001177	0.001215	0.001219	0.001225	0.001282	0.001280	0.001276	0.001212	0.001205
Redmond		0.001208	0.001283	0.001324	0.001328	0.001380	0.001405	0.001428	0.001288	0.001140	0.001134
Richfield		0.001838	0.001940	0.001933	0.001973	0.002044	0.002081	0.002105	0.002013	0.001881	0.001895
Salina		0.002879	0.003084	0.003155	0.003183	0.003289	0.003367	0.003399	0.003113	0.002979	0.001909
Sigurd		<u>0.001162</u>	<u>0.001194</u>	<u>0.001220</u>	<u>0.001223</u>	<u>0.001232</u>	<u>0.001249</u>	<u>0.001268</u>	<u>0.001173</u>	<u>0.001079</u>	<u>0.001081</u>
Average for municipalities		<u>0.001370</u>	<u>0.001347</u>	<u>0.001380</u>	<u>0.001401</u>	<u>0.001422</u>	<u>0.001455</u>	<u>0.001407</u>	<u>0.001350</u>	<u>0.001284</u>	<u>0.001197</u>

Limitations per Utah State statute:

- (1) Rate established annually by the state; beginning 2015, a basic levy incremental rate was added.
- (2) Maximum rate is 0.001600; approved by voters in the general election.
- (3) Maximum rate is 0.000400 prior to 2012 and 0.002500 after 2011.
- (4) In 2012, these tax levies are consolidated into the board local levy.
- (5) Maximum rate is 0.002400.
- (6) No maximum rate, but must have voter approval for general obligation bonds issued.

(7) Beginning tax year 2017, a District levy for charter schools replaces the charter school adjustment to state funding; a unique tax rate is established annually by the state for each school district and is based on the number of charter school students living within the school district's boundaries; the charter school levy reduces the board local levy.

Source: Utah State Tax Commission

SEVIER SCHOOL DISTRICT
Property Tax Rates (Per \$1 of Taxable Value), Taxes Levied, Fee in Lieu of Taxes, and Collections
Last Ten Fiscal Years

Year Ended June 30,	Tax Rate (Per \$1)	Taxable Value	Taxes Levied	Fee in Lieu Property Value (1)	Fee in Lieu of Taxes	Total Valuation	Total Taxes	Current Collections (2)	Percent of Current Collections	Collections in Subsequent Years	Total Collections	Percent of Total Collections to Taxes Levied (3)
2018	0.007957	\$ 1,341,749,339	\$ 10,676,299	\$ 57,420,400	\$ 861,306	\$ 1,399,169,739	\$ 11,537,605	\$ 11,026,878	95.57%	\$ 414,718	\$ 11,441,596	99.17%
2017	0.008037	1,286,343,719	10,338,344	53,897,133	808,457	1,340,240,852	11,146,801	10,622,745	95.30%	566,159	11,188,904	100.38%
2016	0.007571	1,411,142,465	10,683,760	63,739,200	956,088	1,474,881,665	11,639,848	11,175,191	96.01%	326,167	11,501,358	98.81%
2015	0.007256	1,388,426,814	10,074,425	62,317,000	934,755	1,450,743,814	11,009,180	10,626,840	96.53%	350,275	10,977,115	99.71%
2014	0.006527	1,337,912,801	8,732,557	64,841,333	972,620	1,402,754,134	9,705,177	9,335,293	96.19%	357,556	9,692,849	99.87%
2013	0.006641	1,337,404,951	8,881,706	84,770,600	1,271,559	1,422,175,551	10,153,265	9,972,650	98.22%	367,749	10,340,399	101.84%
2012	0.006519	1,272,882,814	8,297,923	66,653,467	999,802	1,339,536,281	9,297,725	8,686,999	93.43%	281,744	8,968,743	96.46%
2011	0.006267	1,266,914,746	7,939,755	70,830,400	1,062,456	1,337,745,146	9,002,211	8,538,899	94.85%	271,440	8,810,339	97.87%
2010	0.006311	1,188,378,757	7,499,858	75,305,400	1,129,581	1,263,684,157	8,629,439	9,317,764	107.98%	271,606	9,589,370	111.12%
2009	0.006210	1,131,313,337	7,025,456	77,242,000	1,158,630	1,208,555,337	8,184,086	9,049,329	110.57%	189,504	9,238,833	112.89%

(1) The state has adopted an annual statewide uniform fee for vehicles and similar property based on the age of the property in lieu of a property tax.

The estimated value of fee in lieu property is based on revenue collected divided by 0.015.

(2) Current collections includes collections of taxes levied for the current year plus fee in lieu of taxes.

(3) This column equals the total collections to date (plus collections of fee in lieu) divided by taxes levied. Due to higher than average delinquent collections in some fiscal years, the total collection rate exceeded 100%, especially in years where the current collection rate was higher than average.

Source: District records

SEVIER SCHOOL DISTRICT
Taxable Assessed Value and Estimated Actual Value of
Taxable Property
Last Ten Tax (Calendar) Years

	Locally Assessed Property			Centrally Assessed Property	Total Taxable Assessed Value	Taxable Assessed Value Change as a Percentage	Estimated Actual Fair Market Value (1)	Assessed Value as a Percentage of Actual Value
	Real Property Land	Real Property Buildings	Personal Property					
2017	\$ 259,408,990	\$ 674,093,160	\$ 47,188,386	\$ 361,058,803	\$ 1,341,749,339	4.31%	\$ 1,786,064,036	75.12%
2016	251,729,430	644,593,020	46,895,616	343,125,653	1,286,343,719	-8.84%	1,717,587,325	74.89%
2015	240,454,230	619,468,530	48,558,870	502,660,835	1,411,142,465	1.64%	1,828,071,715	77.19%
2014	234,788,180	589,656,630	49,867,240	514,114,764	1,388,426,814	3.78%	1,855,525,494	74.83%
2013	225,073,590	567,015,590	45,250,001	500,573,620	1,337,912,801	0.04%	1,804,817,200	74.13%
2012	218,370,240	557,794,310	48,651,707	512,588,694	1,337,404,951	5.07%	1,795,013,265	74.51%
2011	220,804,290	567,836,980	49,056,023	435,185,521	1,272,882,814	0.47%	1,796,173,744	70.87%
2010	234,435,530	588,549,960	56,997,123	386,932,133	1,266,914,746	6.61%	1,819,343,962	69.64%
2009	227,842,100	577,592,160	66,411,112	316,533,385	1,188,378,757	5.04%	1,765,223,084	67.32%
2008	219,917,849	553,684,510	49,509,710	308,201,268	1,131,313,337	13.17%	1,665,120,145	67.94%

(1) The estimated fair market value is determined based on Utah Code Section 59-2-103 which allows for a reduction in the taxable value on residential property in the amount of 45%. All other tangible taxable property shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1st each year. The estimated taxable values of motor vehicles and other fee-in-lieu property is not included on this schedule.

Source: Utah State Tax Commission

SEVIER SCHOOL DISTRICT**Principal Taxpayers****Current Year and Nine Years Ago**

Taxpayer	December 31, 2017			December 31, 2008		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value
Wolverine Gas & Oil Company	\$ 109,652,245	1	8.17%	\$ 84,645,962	2	6.69%
Pacific Corp	108,019,760	2	8.05%	45,426,281	3	3.59%
Canyon Fuel Company, LLC	90,414,340	3	6.74%	133,571,471	1	10.56%
U.S. Gypsum Company	11,473,190	4	0.86%	7,638,339	7	0.60%
Wal-Mart	9,908,575	5	0.74%	11,381,022	5	0.90%
Questar Gas	9,290,310	6	0.69%	5,554,197	9	0.44%
IHC Hospitals Inc	8,351,378	7	0.62%			
Century Link (Qwest Communications)	7,765,020	8	0.58%	13,864,025	4	
Home Depot	7,284,675	9	0.54%	9,800,837	6	0.77%
Mark Greenwood & Related Properties	7,221,219	10	0.54%	6,981,683	8	0.55%
Staker & Parsons				4,861,888	10	0.38%
Total	<u>\$ 369,380,712</u>		<u>27.53%</u>	<u>\$ 323,725,705</u>		<u>25.59%</u>

Notes:

This schedule of principal taxpayers does not include taxable values generated from motor vehicles assessed and prorated by the County. The ten largest taxpayers identified above have been determined using real and personal property taxable values only.

For purposes of computing the percent of District's total taxable value, the total taxable assessed value includes real, personal, and centrally assessed property. The total District taxable assessed value used to calculate the percentage is \$1,341,749,339 for December 31, 2017, and \$1,265,123,474 for December 31, 2008.

SEVIER SCHOOL DISTRICT
General Obligation Legal Debt Limit and Estimated Additional Debt Incurring Capacity
Last Ten Fiscal Years

	Actual Taxable Value	Fee in Lieu/ Age Based Taxable Value Estimate (1)	Fair Market Value for Debt Incurring Capacity	Debt Limit 4% of Fair Market Value (2)	Net General Obligation Debt	Estimated Additional Debt Incurring Capacity	Percentage of Debt to Debt Limit
2018	\$ 1,786,064,036	\$ 56,339,918	\$ 1,842,403,954	\$ 73,696,158	\$ 36,464,032	\$ 37,232,126	49.48%
2017	1,717,587,325	57,609,803	1,775,197,128	71,007,885	37,418,265	33,589,620	52.70%
2016	1,828,071,715	63,594,941	1,891,666,656	75,666,666	38,351,750	37,314,916	50.69%
2015	1,793,076,878	62,448,616	1,855,525,494	74,221,020	40,313,047	33,907,973	54.31%
2014	1,737,745,249	67,071,951	1,804,817,200	72,192,688	42,240,190	29,952,498	58.51%
2013	1,710,242,665	84,770,600	1,795,013,265	71,800,531	8,114,200	63,686,331	11.30%
2012	1,678,649,104	67,308,655	1,745,957,759	69,838,310	9,799,200	60,039,110	14.03%
2011	1,698,654,930	71,693,231	1,770,348,161	70,813,926	11,190,046	59,623,880	15.80%
2010	1,608,229,938	76,827,867	1,685,057,805	67,402,312	14,515,000	52,887,312	21.53%
2009	1,531,801,740	76,360,856	1,608,162,596	64,326,504	15,640,000	48,686,504	24.31%

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the fair market value of all tax equivalent property (which value includes the values of motor vehicles, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State) has been included as a part of the fair market value of the taxable property in the District.

The estimated value of fee in lieu property is based on revenue collected divided by 0.015.

(2) The general obligation indebtedness of the District is limited by Utah law to 4% of the fair market value of taxable property in the District. The legal debt margin (additional debt incurring capacity of the District) is based on estimated assessed value.

Source: Sevier County Assessor's Tax Rolls.

SEVIER SCHOOL DISTRICT
Computation of Direct and Overlapping General Obligation Debt
June 30, 2018

Governmental Unit	General Obligation Debt	* Percent Applicable to Sevier School District	Direct and Overlapping Debt
Direct Debt:			
Sevier School District	\$ 35,125,000	100.00%	\$ 35,125,000
Overlapping Debt:			
Sevier County	1,660,000	100.00%	1,660,000
Annabella	-	100.00%	-
Aurora	-	100.00%	-
Central Valley Town	-	100.00%	-
Elsinore	-	100.00%	-
Glenwood	-	100.00%	-
Joseph	-	100.00%	-
Koosharem	-	100.00%	-
Monroe	-	100.00%	-
Redmond	-	100.00%	-
Richfield	-	100.00%	-
Salina	-	100.00%	-
Sigurd	-	100.00%	-
Total of overlapping debt	<u>1,660,000</u>		<u>1,660,000</u>
Total direct and overlapping debt	<u><u>\$ 36,785,000</u></u>		<u><u>\$ 36,785,000</u></u>

* The overlapping debt percentage shown above is calculated by the amount of taxable assessed valuation that the entity shown levies for their debt service that is in common with the taxable assessed valuation that the District levies its general obligation debt service levy against.

Source: From the records of each entity shown

SEVIER SCHOOL DISTRICT
Schedule of Average Daily Membership, Average Membership Growth Percentage
Average Daily Attendance, and Attendance Percentage
Last Ten Fiscal Years

School Year	Enrollment Area - Membership				Average Daily Membership	Average Membership Growth %	Average Daily Attendance	Attendance Percentage
	Kooshareem	North Sevier	Richfield	South Sevier				
2018	39	958	2,266	1,331	4,594	0.30%	4,334	94.35%
2017	40	995	2,203	1,342	4,580	0.15%	4,327	94.48%
2016	36	1,021	2,143	1,373	4,573	-1.93%	4,339	94.88%
2015	34	1,046	2,202	1,381	4,663	0.87%	4,441	95.24%
2014	31	1,064	2,128	1,400	4,623	-1.53%	4,412	95.44%
2013	37	1,038	2,178	1,442	4,695	2.07%	4,352	92.69%
2012	34	1,036	2,133	1,397	4,600	0.61%	4,361	94.80%
2011	39	1,029	2,130	1,374	4,572	-0.54%	4,332	94.75%
2010	53	995	2,137	1,412	4,597	0.63%	4,321	94.00%
2009	58	996	2,129	1,385	4,568	1.20%	4,373	95.73%

This schedule excludes the Pre-Kindergarten, YIC, and Foreign Exchange students and only reports the actual K-12 students enrolled in the District's 12 schools including non-resident students.

Percentage of Average Daily Membership by Attendance Area
Last Ten Fiscal Years

School Year	Enrollment Area - Membership				Average Daily Membership
	Kooshareem	North Sevier	Richfield	South Sevier	
2018	0.85%	20.85%	49.33%	28.97%	100.00%
2017	0.87%	21.73%	48.10%	29.30%	100.00%
2016	0.79%	22.33%	46.86%	30.02%	100.00%
2015	0.73%	22.43%	47.22%	29.62%	100.00%
2014	0.67%	23.02%	46.03%	30.28%	100.00%
2013	0.79%	22.11%	46.39%	30.71%	100.00%
2012	0.74%	22.52%	46.37%	30.37%	100.00%
2011	0.85%	22.51%	46.59%	30.05%	100.00%
2010	1.15%	21.65%	46.49%	30.72%	100.00%
2009	1.27%	21.80%	46.61%	30.32%	100.00%

Source: District records

SEVIER SCHOOL DISTRICT
Ethnic and Gender Distribution of Student Population
As of October 1st Fall Enrollment Reports 2009 to 2018

	1-Oct-18	1-Oct-17	1-Oct-16	1-Oct-15	1-Oct-14	1-Oct-13	1-Oct-12	1-Oct-11	1-Oct-10	1-Oct-09
ETHNIC DISTRIBUTION:										
Percent of Student Count:										
Black	0.63%	0.67%	0.69%	0.72%	0.66%	0.62%	0.51%	0.52%	0.41%	0.39%
American Indian/Alaskan Native	3.64%	3.50%	3.28%	3.19%	3.08%	3.57%	3.43%	3.64%	3.63%	3.63%
Hispanic	4.62%	4.62%	4.60%	4.70%	4.91%	4.83%	4.36%	4.61%	4.73%	4.71%
Pacific Islander	0.63%	0.54%	0.50%	0.50%	0.47%	0.45%	0.38%	0.34%	0.26%	0.26%
Asian	0.30%	0.34%	0.35%	0.26%	0.43%	0.51%	0.59%	0.43%	0.43%	0.45%
White	90.19%	90.34%	90.58%	90.64%	90.46%	90.02%	90.73%	90.46%	90.54%	90.55%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Student Count:										
Black	29	31	32	33	31	29	24	24	19	18
American Indian/Alaskan Native	169	163	151	147	145	167	162	169	168	168
Hispanic/Latino	214	215	212	217	231	226	206	214	219	218
Pacific Islander	29	25	23	23	22	21	18	16	12	12
Asian	14	16	16	12	20	24	28	20	20	21
White	4,182	4,207	4,175	4,182	4,256	4,211	4,285	4,200	4,192	4,187
Total	<u>4,637</u>	<u>4,657</u>	<u>4,609</u>	<u>4,614</u>	<u>4,705</u>	<u>4,678</u>	<u>4,723</u>	<u>4,643</u>	<u>4,630</u>	<u>4,624</u>
GENDER DISTRIBUTION:										
Percent of Student Count:										
Male	51.11%	50.78%	50.42%	51.34%	52.03%	52.27%	52.17%	51.32%	51.75%	51.79%
Female	48.89%	49.22%	49.58%	48.66%	47.97%	47.73%	47.83%	48.68%	48.25%	48.21%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Student Count:										
Male	2,370	2,365	2,324	2,369	2,448	2,445	2,464	2,383	2,396	2,395
Female	2,267	2,292	2,285	2,245	2,257	2,233	2,259	2,260	2,234	2,229
Total	<u>4,637</u>	<u>4,657</u>	<u>4,609</u>	<u>4,614</u>	<u>4,705</u>	<u>4,678</u>	<u>4,723</u>	<u>4,643</u>	<u>4,630</u>	<u>4,624</u>

This schedule excludes the Pre-Kindergarten and YIC students and only reports the actual K-12 students enrolled in the District's 12 schools including non-resident and foreign exchange students.

Source: District records

SEVIER SCHOOL DISTRICT
Summary of Weighted Pupil Units (WPU)
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Pupils in Grades K-12	4,344.094	4,289.034	4,362.671	4,364.460	4,377.410	4,385.903	4,284.269	4,286.109	4,259.384	4,232.368
Professional Staff	523.022	494.327	511.256	519.646	520.667	536.643	510.237	513.305	501.463	498.020
Administrative Cost Units	60.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000	60.000	48.000
Necessary Existent Small Schools	543.734	546.675	519.148	520.714	499.836	507.252	488.299	469.713	470.287	465.938
Special Education	730.594	741.530	752.860	744.511	729.874	732.355	736.084	745.703	740.344	731.027
Career and Technical Education	341.140	368.368	421.106	355.756	379.733	373.390	328.357	326.447	329.232	334.148
Class Size Reduction K-8th Grade	283.060	279.242	284.638	282.155	288.094	288.422	285.102	282.658	282.217	279.178
Total Basic WPUs	<u>6,825.644</u>	<u>6,779.176</u>	<u>6,911.679</u>	<u>6,847.242</u>	<u>6,855.614</u>	<u>6,883.965</u>	<u>6,692.348</u>	<u>6,683.935</u>	<u>6,642.927</u>	<u>6,588.679</u>
State WPU Value	\$ 3,311	\$ 3,184	\$ 3,092	\$ 2,972	\$ 2,899	\$ 2,842	\$ 2,816	\$ 2,577	\$ 2,577	\$ 2,577

Source: Utah State Board of Education

SEVIER SCHOOL DISTRICT
Nutrition Services - Facts and Figures
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Number of Operating Cafeterias	11	11	11	11	11	11	11	11	11	11
Number of Schools Participating in Lunch Program	12	12	12	12	12	12	12	12	12	12
Student Lunches Served:										
Free	207,154	206,131	198,269	207,333	216,082	219,398	214,578	206,990	196,424	169,408
Reduced	56,380	61,341	68,255	68,916	73,266	69,153	71,586	83,332	88,114	94,268
Fully Paid	182,676	175,789	172,203	170,135	167,994	169,041	185,691	197,510	207,951	230,642
	<u>446,210</u>	<u>443,261</u>	<u>438,727</u>	<u>446,384</u>	<u>457,342</u>	<u>457,592</u>	<u>471,855</u>	<u>487,832</u>	<u>492,489</u>	<u>494,318</u>
Percentage of Student Lunches Served:										
Free	46.43%	46.20%	45.19%	46.45%	47.25%	47.95%	45.48%	42.43%	39.88%	34.27%
Reduced	12.64%	13.75%	15.56%	15.44%	16.02%	15.11%	15.17%	17.08%	17.89%	19.07%
Fully Paid	40.94%	39.40%	39.25%	38.11%	36.73%	36.94%	39.35%	40.49%	42.22%	46.66%
	<u>100.00%</u>	<u>99.34%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Adult Lunches Served (Paid Only)	9,926	9,616	10,815	9,492	9,230	9,113	9,439	9,272	10,220	8,935
Number of Serving Days	173	173	173	173	176	177	177	177	177	178
Summer Food Service Program										
Children Lunches Served	38,356	38,823	40,581	43,587	47,319	47,146	55,047	56,081	53,487	57,178
Adults	628	597	626	597	762	775	976	1,021	872	1,088
Number of Schools Participating in Breakfast Program	10	10	10	10	11	11	11	10	10	10
Student Breakfasts Served:										
Free	79,769	78,308	84,005	83,806	76,998	77,352	79,371	75,244	70,465	58,143
Reduced	13,358	12,752	9,483	9,170	10,338	8,960	11,389	12,308	15,238	16,944
Fully Paid	11,590	13,059	11,262	11,831	7,311	7,404	13,624	12,931	13,020	15,935
	<u>104,717</u>	<u>104,119</u>	<u>104,750</u>	<u>104,807</u>	<u>94,647</u>	<u>93,716</u>	<u>104,384</u>	<u>100,483</u>	<u>98,723</u>	<u>91,022</u>
Number of Serving Days	173	175	175	175	176	177	177	177	177	177
Average Number of Meals Served Daily:										
Student Lunch	2,579	2,562	2,536	2,580	2,599	2,585	2,666	2,756	2,782	2,777
Adult Lunch	57	73	63	55	52	51	53	52	58	50
Student Breakfast	605	595	599	599	538	529	590	568	558	514
Average Daily Membership *	4,594	4,580	4,573	4,663	4,623	4,695	4,600	4,572	4,597	4,568
Percentage of Student Lunches Served to ADM	56.14%	55.94%	55.46%	55.33%	56.22%	55.06%	57.96%	60.28%	60.52%	60.79%
Price for Fully Paid Lunch	\$ 2.00-2.20	\$ 2.00-2.20	\$ 2.00-2.20	\$ 2.00-2.20	\$ 2.00-2.20	\$ 1.95-2.10	\$ 1.85-2.00	\$ 1.85-2.00	\$ 1.85-2.00	\$ 1.85-2.00

* This value excludes the Pre-Kindergarten and YIC students and only reports the actual K-12 students enrolled in the District's 12 schools including non-residents.

Source: District records

SEVIER SCHOOL DISTRICT
History of High School Graduates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>North Sevier High School</u>	<u>Richfield High School</u>	<u>South Sevier High School</u>	<u>Cedar Ridge High School (1)</u>	<u>Total</u>
2018	47	131	79	14	271
2017	68	110	87	14	279
2016	60	136	87	20	303
2015	63	141	82	22	308
2014	54	123	90	17	284
2013	41	136	84	15	276
2012	55	103	93	35	286
2011	64	116	85	15	280
2010	59	134	107	28	328
2009	50	145	72	15	282

(1) This is the District's alternative high school, numbers do not include adult education graduates.
This schedule does not include non-resident and foreign exchange students.

Source: District records

SEVIER SCHOOL DISTRICT
Professional Staff Full-Time Equivalents by Education Lane and Step
June 30, 2018

Step	Lanes					Totals	% of Total
	BS	BS+20 Sem	MS	MS+30 Sem	PhD		
1	6.50	-	2.26	-	-	8.76	3.82%
2	2.00	-	-	-	-	2.00	0.87%
3	10.94	1.00	1.38	-	-	13.32	5.80%
4	4.55	2.00	1.00	-	-	7.55	3.29%
5	5.59	2.09	3.48	-	-	11.16	4.86%
6	2.50	5.00	4.05	-	-	11.55	5.03%
7	9.25	1.00	-	-	-	10.25	4.46%
8	5.18	4.09	4.09	-	-	13.36	5.82%
9	2.00	-	3.01	-	-	5.01	2.18%
10	4.00	2.75	6.09	2.09	-	14.93	6.50%
11	0.75	-	5.18	1.18	-	7.11	3.10%
12	1.00	1.00	7.32	3.02	-	12.34	5.37%
13	2.00	-	7.00	2.00	-	11.00	4.79%
14	2.00	-	6.18	-	-	8.18	3.56%
15	-	2.50	3.09	1.00	-	6.59	2.87%
16	0.38	1.00	5.51	1.09	-	7.98	3.48%
17	-	1.00	6.00	4.00	-	11.00	4.79%
18	-	1.00	3.00	3.00	-	7.00	3.05%
19	-	1.00	5.09	1.18	-	7.27	3.17%
20	-	-	2.54	4.00	-	6.54	2.85%
21	0.50	1.00	-	2.00	-	3.50	1.52%
22	-	-	1.00	4.00	-	5.00	2.18%
23	-	-	2.00	1.00	-	3.00	1.31%
24	-	-	-	3.18	-	3.18	1.39%
25+	5.23	-	10.02	15.77	1.00	32.02	13.95%
Totals	64.37	26.43	89.29	48.51	1.00	229.60	100.00%
% of Total	28.04%	11.51%	38.89%	21.13%	0.44%		

Includes all certified staff including teachers, counselors, nurse, and therapists.

Source: District records

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]

Re: § _____
Board of Education of
Sevier County School District, Utah
General Obligation School Building Bonds
(Utah School District Bond Guaranty Program),
Series 2019

B-1

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

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

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

Very truly yours,

APPENDIX C

PROPOSED FORM OF

CONTINUING DISCLOSURE UNDERTAKING

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

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the Board of Education of Sevier County School District, Utah (the “*Issuer*”) in connection with the issuance of \$_____ General Obligation School Building Bonds (Utah School District Bond Guaranty Program), Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to a Resolution of the Issuer adopted on October 9, 2019 (collectively, the “*Resolution*”).

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

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

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

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

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

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

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

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

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

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

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

“State” means the State of Utah.

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

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

AUGUST 1 OF THE YEAR	CUSIP NUMBER	AUGUST 1 OF THE YEAR	CUSIP NUMBER
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031			

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

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Signature page follows.)

DATED as of the day and year first above written.

BOARD OF EDUCATION OF SEVIER COUNTY SCHOOL
DISTRICT, UTAH

By _____
President

Address: 180 East 600 North
Richfield, Utah 84701

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

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

CAPTION

DEBT STRUCTURE OF SEVIER COUNTY SCHOOL DISTRICT, UTAH

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

FINANCIAL INFORMATION REGARDING SEVIER COUNTY SCHOOL DISTRICT, UTAH

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

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

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

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

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

EXHIBIT II

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

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

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

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

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APPENDIX D

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.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 2019 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 Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 Board or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

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