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**OFFICIAL NOTICE OF BOND SALE**

**And**

**PRELIMINARY OFFICIAL STATEMENT**

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

**\$6,065,000\***  
**General Obligation Refunding Bonds  
(Utah School Bond Guaranty Program), Series 2015**

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Electronic bids will be received up to 10:00:00 A.M., M.D.T.,  
via the ***PARITY***® electronic bid submission system, on  
Tuesday, March 31, 2015.

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\* Preliminary; subject to change.

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**OFFICIAL NOTICE OF BOND SALE  
(Bond Sale To Be Conducted Electronically)**

**\$6,065,000\***

**GENERAL OBLIGATION REFUNDING BONDS  
(UTAH SCHOOL BOND GUARANTY PROGRAM), SERIES 2015  
OF THE  
BOARD OF EDUCATION OF GRAND COUNTY SCHOOL DISTRICT  
GRAND COUNTY, UTAH**

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 Grand County School District, Grand County, Utah (the “*District*”), via the PARITY® electronic bid submission system (“*PARITY*®”), at 10:00:00 a.m., Mountain Daylight Time, on Tuesday, March 31, 2015, for the purchase (all or none) of \$6,065,000\* aggregate principal amount of the Board’s General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015 (the “*Bonds*”). Pursuant to a resolution of the Board adopted on February 18, 2015, 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 Tuesday, March 31, 2015.

**DESCRIPTION OF BONDS:** The Bonds will be dated as of the date of issuance and delivery<sup>1</sup> 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 July 1 of each of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT*	YEAR	PRINCIPAL AMOUNT*
2016	\$ 60,000	2020	\$1,835,000
2017	60,000	2021	1,890,000
2018	60,000	2022	375,000
2019	1,785,000		

**TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER’S OPTION:** The Bonds scheduled to mature on two or more of the 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 such Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

**ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 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 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

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<sup>1</sup> The anticipated date of delivery of the Bonds is Wednesday, April 15, 2015.

\* Preliminary; subject to change. See caption “ADJUSTMENT OF PRINCIPAL AMOUNT OF THE BONDS” in this Official Notice of Bond Sale.

bid as having been made for the adjusted amount of the 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 Bonds to the public and the price to be paid to the Board, by (b) the principal amount of the 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 Daylight Time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the Bonds will be adjusted and the corresponding changes to the principal amount of Bonds maturing on one or more of the above-designated maturity dates for the Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to Zions Bank Public Finance, 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 Bonds and the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation.

**RATINGS:** The Board will, at its own expense, pay fees of Moody's Investors Service, Inc. for rating the Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

**PURCHASE PRICE:** The purchase price bid for the Bonds shall not be less than the principal amount of the Bonds (\$6,065,000).

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

- (a) the highest interest rate bid for any of the Bonds shall not exceed five percent (5.00%) per annum;
- (b) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent ( $1/8^{\text{th}}$  or  $1/20^{\text{th}}$  of 1%) per annum;
- (c) no Bond shall bear more than one rate of interest;
- (d) interest shall be computed from the dated date of a Bond to its stated maturity date at the single interest rate specified in the bid for the Bonds of such maturity;
- (e) the same interest rate shall apply to all Bonds maturing at one time;
- (f) 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;
- (g) any premium must be paid in the funds specified for the payment of the Bonds as part of the purchase price;
- (h) there shall be no supplemental interest coupons;
- (i) a zero percent (0%) interest rate may not be used; and

(j) interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest will be payable semiannually on July 1 and December 1 of each year, commencing July 1, 2015.

**BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT:** Zions First National Bank, Salt Lake City, Utah, will be the paying agent and bond registrar for the 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 Bonds are outstanding in book-entry form, the principal of and interest on the Bonds will be paid under the standard procedures of The Depository Trust Company (“DTC”).

**REDEMPTION PROVISIONS:** The Bonds are not subject to optional redemption prior to maturity.

**SECURITY; STATE OF UTAH GUARANTY:** The 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 Bond Guaranty Act, Title 53A, Chapter 28 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 Bonds, be pledged to guarantee full and timely payment of the principal of (at stated maturity) and interest on the Bonds as such payments become due.

**AWARD:** Award or rejection of bids will be made by the Board, acting through its Designated Officer, on Tuesday, March 31, 2015. The Bonds will be awarded to the responsible bidder offering to pay not less than the principal amount of the 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 Bonds (based on such rate or rates of interest so bid) to the dated date of the Bonds (based on a 360-day year consisting of twelve 30-day months), compounded semiannually and to the bid price.

**PROMPT AWARD:** The Designated Officer will take action awarding the Bonds or rejecting all bids not later than 6:00 p.m., Mountain Daylight Time, on Tuesday, March 31, 2015, 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 Daylight Time, on Tuesday, March 31, 2015.

**PROCEDURES REGARDING ELECTRONIC BIDDING:** A prospective bidder must communicate its bid for the Bonds electronically via PARITY® on or before 10:00:00 a.m., Mountain Daylight Time, on Tuesday, March 31, 2015. 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, telephone (801) 844-7373 or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (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 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 Bonds, at which the bidder will purchase the Bonds. Each bid must be for all the Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 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 10:00:00 a.m., Mountain Daylight Time, on Tuesday, March 31, 2015. 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 Bonds; and (b) the lowest rate of interest at which the bidder will purchase the Bonds at a price of not less than the principal amount of the 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 Daylight Time, on Tuesday, March 31, 2015.

**RIGHT OF CANCELLATION:** The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Bonds if the Board shall fail to execute the 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 \$60,000.00 (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 Daylight 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 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 Bonds as described under the caption "MANNER AND TIME OF DELIVERY" below, until disposed of as follows: (a) at such delivery of the Bonds and upon compliance with the successful bidder's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the Board, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the Board; and (b) if the successful bidder fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the 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 Bonds; and (c) to resell the Bonds as provided by law.

**MANNER AND TIME OF DELIVERY:** The successful bidder will be given at least seven (7) business days' advance notice of the proposed date of the delivery of the Bonds when that date has been determined. It is now estimated that the Bonds will be delivered in book-entry form on or about Wednesday, April 15, 2015. The Bonds will be delivered as a single bond certificate for each maturity of the Bonds, registered in the name of DTC or its nominee. Delivery of the 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 Bonds in federal funds that will be immediately available to the Board in Grand, Utah, on the day of delivery.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any 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 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the 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 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 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 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 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state

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

**BANK QUALIFIED:** Subject to the Board's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

**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 Bonds in substantially the form attached hereto as *Annex 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 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.

**LEGAL OPINION AND CLOSING CERTIFICATES:** The unqualified approving opinion of Farnsworth Johnson PLLC covering the legality of the 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 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 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 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 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 "*Undertaking*") to provide ongoing disclosure about the Board for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder. The Board has not failed to comply in all material respects with each and every Undertaking previously entered into by it pursuant to the Rule.

The successful bidder's obligation to purchase the Bonds shall be conditioned upon the Board delivering the Undertaking on or before the date of delivery of the 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 Bonds as described under the caption "AWARD" above, copies of the Official Statement in sufficient quantity, as directed in writing by the successful bidder, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 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 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Bonds. The Municipal Advisor has obtained permission from the Board to submit a bid in its behalf, or to participate in a syndicate account, at the public sale for the purchase of the Bonds.

**WAIVER OF CONFLICTS:** By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Board in the 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 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 Bank Public Finance, One South Main Street, 18th Floor, Salt Lake City, Utah 84133, telephone: (801) 844-7373, fax: (801) 844-4484, e-mail: alex.buxton@zionsbank.com or eric.pehrson@zionsbank.com. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) and [www.fmhub.com](http://www.fmhub.com).

DATED March 18, 2015.

BOARD OF EDUCATION OF GRAND COUNTY SCHOOL  
DISTRICT, GRAND COUNTY, UTAH

[SEAL]

By /s/ James W. Webster  
President

ATTEST:

By /s/ Robert Farnsworth  
Business Administrator

**ANNEX 1**

**CERTIFICATE OF PURCHASER**

**[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 \_\_\_\_\_, 2015 (the "*Sale Date*") the Purchaser purchased the \$ \_\_\_\_\_ General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015 (the "*Bonds*") of the Board of Education of Grand County School District, Grand County, 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. All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the "*Public*") at the price for each maturity of the Bonds as shown on the inside cover page of the Official Statement, dated \_\_\_\_\_, 2015 and related to the Bonds (the "*Price*"). On the Sale Date, based upon our assessment of then prevailing market conditions, the Price for the Bonds of each maturity was not less than the fair market value to the Public of the Bonds of such maturity as of the Sale Date.

3. As of the Sale Date, the Purchaser reasonably expected (a) that the first sale to the Public of an amount of Bonds of each maturity equal to ten percent or more of such maturity of the Bonds (the "*First Substantial Block*") would be at the Price for such maturity and (b) that no Bonds of any maturity would be sold at a higher price before the First Substantial Block of Bonds of such maturity was sold to the Public at the Price.

4. In offering all of the Bonds to the Public, the Purchaser did not reserve or hold back any Bonds for itself, its affiliates or its affiliated accounts or for any other person not part of the Public. For purposes of this Certificate, "affiliate" means any entity or person that controls, is controlled by, or is under common control with the Purchaser and "affiliated account" means any account that is controlled by the Purchaser or an affiliate or in which the Purchaser or an affiliate of the Purchaser has a beneficial ownership interest.

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this Certificate is attached.

Very truly yours,

[Purchaser]

By \_\_\_\_\_  
Its \_\_\_\_\_

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# PRELIMINARY OFFICIAL STATEMENT

**\$6,065,000\***

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

### **General Obligation Refunding Bonds, (Utah School Bond Guaranty Program), Series 2015**

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On Tuesday, March 31, 2015 up to 10:00:00 A.M., M.D.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2015 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Board of Education of Grand County School District, Utah (the “Board”), previously adopted on February 18, 2015.

*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 2015 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 2015 Bonds contact the Municipal Advisor:



**Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.7373 | f 801.844.4484  
[eric.pehrson@zionsbank.com](mailto:eric.pehrson@zionsbank.com)**

This PRELIMINARY OFFICIAL STATEMENT is dated March 18, 2015, and the information contained herein speaks only as of that date.

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\* Preliminary; subject to change.

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# PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2015

## NEW ISSUE

**Rating:** Moody's "Aaa" (State of Utah Guaranty; underlying "A1")

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 2015 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 2015 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2015 Bonds.*

*The 2015 Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Qualified Tax-Exempt Obligations" herein.*

**\$6,065,000\***

## Board of Education of Grand County School District, Utah

### General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015

The \$6,065,000\* General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015 are issuable by the Board of Education of Grand 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 2015 Bonds.

Principal of and interest on the 2015 Bonds (interest payable January 1 and July 1 of each year, commencing July 1, 2015) are payable by Zions Bank, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2015 BONDS—Book-Entry System" herein.

The 2015 Bonds are not subject to optional redemption prior to maturity. The 2015 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "THE 2015 BONDS—No Redemption" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

*The 2015 Bonds will be general obligations of the Board payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in Grand County School District, Utah, fully sufficient to pay the 2015 Bonds as to both principal and interest.*

Payment of the principal of and interest on the 2015 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the

## State of Utah

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

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

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

**See the inside front cover for the maturity schedule of the 2015 Bonds.**

**The 2015 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Tuesday, March 31, 2015 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 18, 2015).**

**Zions Bank Public Finance, 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 March \_\_, 2015, and the information contained herein speaks only as of that date.

\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Wednesday, April 15, 2015.

**\$6,065,000\***

**General Obligation Refunding Bonds  
(Utah School Bond Guaranty Program), Series 2015**

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

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

<b>Due July 1</b>	<b>CUSIP® 385370</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield/ Price</b>
2016.....		\$ 60,000	%	%
2017.....		60,000		
2018.....		60,000		
2019.....		1,785,000		
2020.....		1,835,000		
2021.....		1,890,000		
2022.....		375,000		

**\$\_\_\_\_\_ % Term Bond due July 1, 20\_\_—Price \_\_% (CUSIP® 385370 \_\_)**

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\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Wednesday, April 15, 2015.

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

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(This page has been intentionally left blank.)

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 2015 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 Grand County School District, Utah (the “Board”); Zions Bank Public Finance, Salt Lake City, Utah (as Municipal Advisor); Zions Bank, Corporate Trust Department (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 2015 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 2015 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.

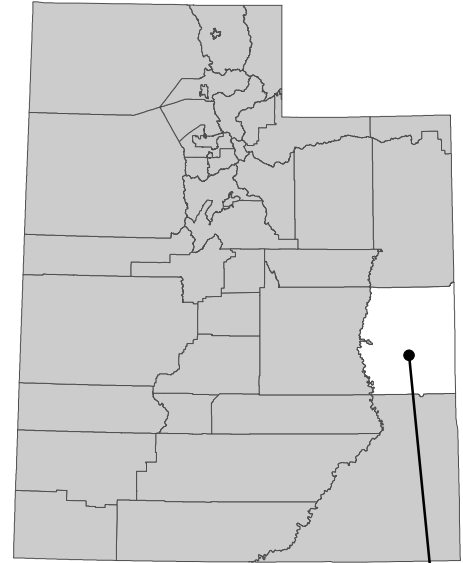
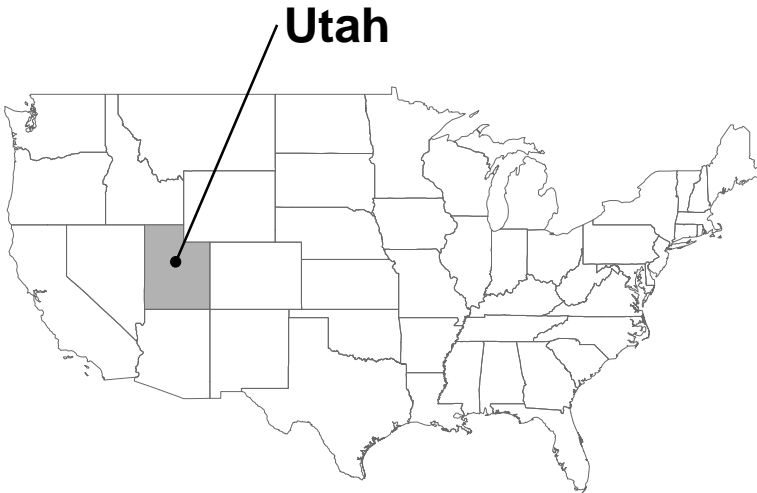
***The yields at which the 2015 Bonds are offered to the public may vary from the initial reoffering yields on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2015 Bonds to dealers and others. In connection with the offering of the 2015 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2015 Bonds. Such transactions may include overallotments in connection with the purchase of 2015 Bonds, the purchase of 2015 Bonds to stabilize their market price and the purchase of 2015 Bonds to cover the successful bidder’s(s’) short positions. Such transactions, if commenced, may be discontinued at any time.***

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

The CUSIP® (the 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 2015 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2015 Bonds.

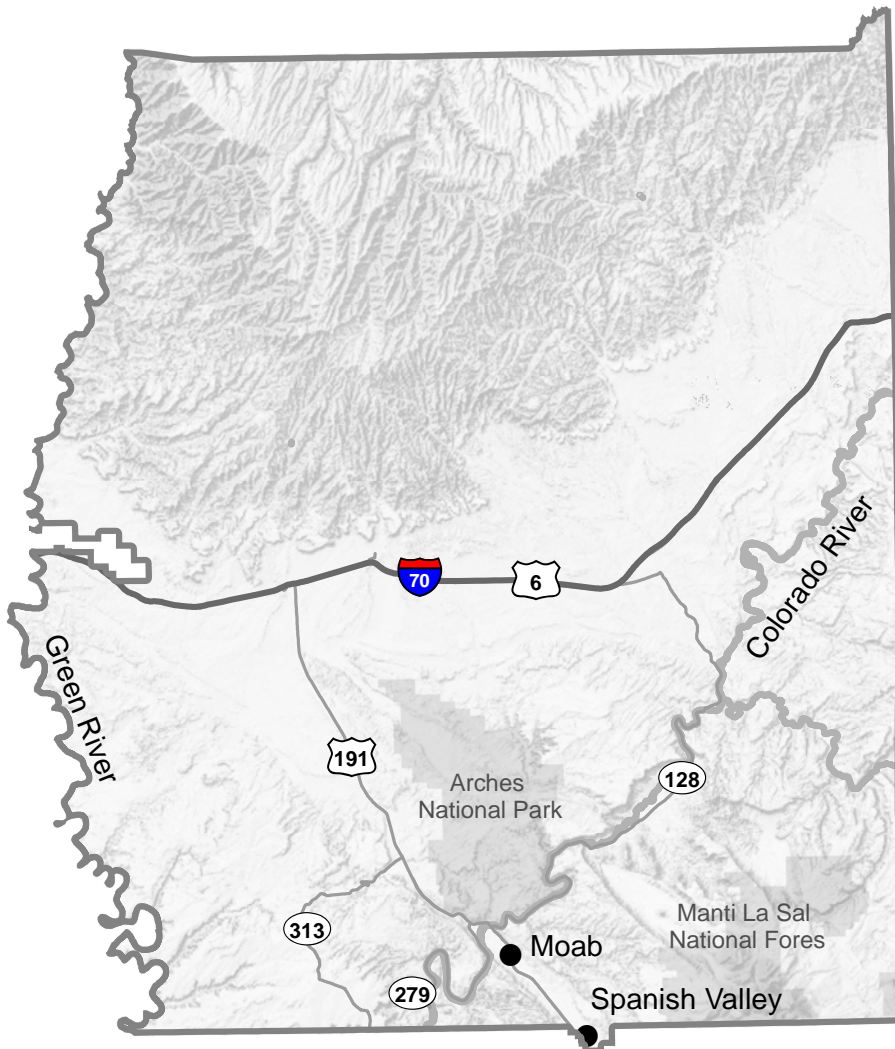
***The information available from web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2015 Bonds and is not a part of this OFFICIAL STATEMENT.***

## Utah School Districts



Grand County School District

## Grand County School District



# OFFICIAL STATEMENT RELATED TO

**\$6,065,000\***

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

### **General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015**

#### **INTRODUCTION**

This introduction is only a brief description of the 2015 Bonds, as hereinafter defined, the security and source of payment for the 2015 Bonds and certain information regarding the Board of Education (the “Board”) of Grand 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 GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014;” “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. 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 2015 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY**® electronic bid submission system on Tuesday, March 31, 2015 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 16, 2015).

See the “OFFICIAL NOTICE OF BOND SALE” above.

The 2015 Bonds may be offered and sold to certain dealers (including dealers depositing the 2015 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

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\* Preliminary; subject to change.

## **Grand County School District, Utah**

The District, established in 1883, shares common boundaries with Grand County, Utah (the “County”). The County had 9,360 residents according to the 2013 U.S. Census estimate and ranked as the 21<sup>st</sup> most populous county in the State (out of 29 counties). The County covers 3,692 square miles and is located in the south eastern portion of the State. The majority of land is comprised of National Forest lands. Within the County are Arches National Park, portions of the La Sal Mountains, the Book Cliffs, and the Uintah and Ouray Indian Reservations. The Colorado and Green Rivers, as well the red sandstone cliffs, make the County a recreational destination. The District’s offices are located in Moab City, the county seat of the County. See location map above.

### **The 2015 Bonds**

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$6,065,000\* General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015 (the “2015 Bond” or “2015 Bonds”), initially issued in book–entry form only.

### **Security**

The 2015 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the 2015 Bonds as to both principal and interest. See “THE 2015 BONDS—Security And Sources Of Payment” and “FINANCIAL INFORMATION REGARDING GRAND COUNTY SCHOOL DISTRICT, UTAH—Tax Levy And Collection” below.

Payment of the principal of and interest on the 2015 Bonds when due is guaranteed by the full faith and credit and unlimited taxing power of the State under the provisions of the Utah School Bond Guaranty Act, Title 53A, Chapter 28 (the “Guaranty Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). See “STATE OF UTAH GUARANTY” below.

### **Authorization For And Purpose Of The 2015 Bonds**

The 2015 Bonds are being issued pursuant to the Utah Refunding Bond Act, Title 11, Chapter 27 and the Resolution of the Board adopted on February 18, 2015 (the “Resolution”), which provides for the issuance of the 2015 Bonds; and other applicable provisions of law.

The 2015 Bonds are being issued for the purpose of refunding in advance of their maturity: \$5,820,000\* of the Board’s currently outstanding General Obligation School Building and Refunding Bonds (Utah School Bond Guaranty Program), Series 2008, dated November 12, 2008, which mature on July 1, 2019\* through July 1, 2022\*. The 2015 Bonds are also being issued to pay certain costs of issuance. See “THE 2015 BONDS—Plan Of Refunding For The 2015 Bonds” below.

### **No Redemption**

The 2015 Bonds are not subject to optional redemption prior to maturity. The 2015 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2015 BONDS—No Redemption” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” herein.

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\* Preliminary; subject to change.

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

The 2015 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 2015 Bonds. Purchases of 2015 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 2015 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 2015 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2015 Bonds (interest payable January 1 and July 1 of each year, commencing July 1, 2015) are payable by Zions Bank, Corporate Trust Department, Salt Lake City, Utah (“Zions Bank”), as paying agent (the “Paying Agent”) for the 2015 Bonds, to the registered owners of the 2015 Bonds. So long as Cede & Co. is the registered owner of the 2015 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2015 Bonds, as described in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2015 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 2015 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2015 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2015 Bonds.

## **Tax-Exempt Status Of The Bonds; Qualified Tax-Exempt Obligations**

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 2015 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 2015 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2015 Bonds.*

The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “TAX EXEMPTION—Qualified Tax-Exempt Obligations” herein.

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

## Professional Services

In connection with the issuance of the 2015 Bonds, the following have served the Board in the capacity indicated.

### *Bond Counsel*

Farnsworth Johnson PLLC  
180 North #260  
Provo UT 84601  
801.932.0317  
[brandon@farnsworthjohnson.com](mailto:brandon@farnsworthjohnson.com)

### *Attorney for the Board*

Fabian & Clendenin  
215 S State St Ste 1200  
Salt Lake City UT 84111–2323  
801.323.2263 | f 801.531.1716  
[jandrews@fabianlaw.com](mailto:jandrews@fabianlaw.com)

### *Escrow Agent, Bond Registrar, and Paying Agent*

Zions Bank  
Zions Bank Building  
Corporate Trust Department  
One S Main St 12<sup>th</sup> Fl  
Salt Lake City UT 84133  
801.844.7253 | f 801.524.4838  
[carl.mathis@zionsbank.com](mailto:carl.mathis@zionsbank.com)

### *Municipal Advisor*

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

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

The 2015 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 2015 Bonds by Farnsworth Johnson PLCC, Provo, Utah, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the attorney for the Board, Fabian & Clendenin, Salt Lake City, Utah. It is expected that the 2015 Bonds, in book–entry form only, will be available for delivery in Salt Lake City, Utah for deposit with Zions Bank, a “fast agent” of DTC, on or about Wednesday, April 15, 2015.

## Continuing Disclosure Undertaking

The Board will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2015 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 2015 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 2015 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 2015 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 Bank Public Finance, Salt Lake City, Utah (the “Municipal Advisor”) to the Board:

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

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

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board concerning the 2015 Bonds is:

Robert Farnsworth, Business Administrator, [farnsworthr@grandschools.org](mailto:farnsworthr@grandschools.org)

Grand County School District  
264 S 400 E  
Moab UT 84532  
435.295.5317 | f 435.259.6212  
<http://www.grandschools.org>

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the State guaranty for the 2015 Bonds is:

Richard K. Ellis, Utah State Treasurer, [rellis@utah.gov](mailto:rellis@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  
<http://www.treasurer.state.ut.us>

## CONTINUING DISCLOSURE UNDERTAKING

### Continuing Disclosure Undertaking For 2015 Bonds

The Board will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2015 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."

*During the five years prior to the date of this OFFICIAL STATEMENT, there have been no instances in which the Board failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.*

Based on prior disclosure undertakings the Board submits its annual financial statements for Fiscal Year Ending June 30 and other operating and financial information not more than 200 days from the end of the Fiscal Year (on or before January 16). The Board will submit the Fiscal Year 2015 financial state-

ments and other required operating and financial information for the 2015 Bonds on or before January 16, 2016, 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 2015 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 2015 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2015 Bonds and their market price.

The State has entered into a Master Continuing Disclosure Agreement (the “Master Agreement”) for the benefit of the Beneficial Owners of the bonds, including the 2015 Bonds, guaranteed by the State pursuant to the Guaranty Act. See “STATE OF UTAH GUARANTY” below. In the Master Agreement, the State has undertaken to send certain information annually and to provide notice of certain events to MSRB through EMMA pursuant to the Rule, but solely as to its responsibilities under its guaranty. See “STATE OF UTAH GUARANTY—State Of Utah—Financial And Operating Information” below. The State has complied in all material respects with the Master Agreement previously entered into by it pursuant to the Rule. Based on prior disclosure undertakings the State submits its Fiscal Year Ending June 30 Comprehensive Annual Financial Report (“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 2015 CAFR and other operating and financial information on or before January 15, 2016 (and annually thereafter on or before each January 15).

The Board is responsible for continuing disclosure under the Rule for all other matters relating to the 2015 Bonds.

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

## **STATE OF UTAH GUARANTY**

### **Guaranty Provisions**

Payment of the principal of and interest on the 2015 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. The Guaranty Act establishes the Utah School Bond Default Avoidance Program (the “Program” or the “Utah School Bond Guaranty Program”). The State’s guaranty is contained in Section 53A–28–201(2)(a) of the Guaranty Act, which provides as follows:

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

In addition, the Guaranty Act provides that the State pledges to and agrees with the holders of bonds guaranteed under the Guaranty Act that the State will not alter, impair, or limit the rights vested by the Program with respect to said bonds until said bonds, together with applicable interest, are fully paid and

discharged. However, this pledge does not preclude an alteration, impairment, or limitation if adequate provision is made by law for the protection of the holders of the bonds.

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

## **Guaranty Procedures**

Under the Guaranty Act, the Business Administrator of the Board (the "Business Administrator") is required to transfer moneys sufficient for scheduled debt service payments on the 2015 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2015 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 2015 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 2015 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 2015 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) .....	39
Number of bond issues.....	289
Aggregate total principal amount outstanding within the State's Fiscal Year 2015.....	\$2,919,474,722

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 2015 through 2020, inclusive, is as follows (currently, the Program’s annual principal and interest payments extend to Fiscal Year 2035):

Fiscal Year 2015 .....	\$331,421,250
Fiscal Year 2016 .....	329,570,652
Fiscal Year 2017 .....	319,776,256
Fiscal Year 2018 .....	304,044,721
Fiscal Year 2019 .....	287,220,853
Fiscal Year 2020 .....	270,410,529

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(Source: Zions Bank Public Finance)

### **Purpose Of The Guaranty**

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 2015 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 2015 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.

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

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

The CAFR of the State for Fiscal Year 2014 (the “State CAFR”), its most recent official statements and current continuing disclosure information for its general obligation (CUSIP® 917542) and lease revenue (CUSIP® 917547) bond debt are currently on file with EMMA (<http://www.emma.msrb.org/>). The financial and operating information with respect to the State contained in the State CAFR, such official statements and continuing disclosure information, and the Master Agreement are hereby included by reference in this OFFICIAL STATEMENT; provided, however, the Board has not reviewed or approved and taken the responsibility for such financial and operating information incorporated herein by reference.

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

## THE 2015 BONDS

### General

The 2015 Bonds will be dated the date of their original issuance and delivery<sup>1</sup> (the “Dated Date”) and will mature on July 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT. The 2015 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 2015 Bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2015. Interest on the 2015 Bonds will be computed on the basis of a 360-day year comprised of 12, 30-day months.

Zions Bank is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2015 Bonds under the Resolution.

The 2015 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 2015 Bonds are being issued within the constitutional debt limit imposed on boards of education of school districts in the State. See “DEBT STRUCTURE OF GRAND COUNTY SCHOOL DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

### Plan Of Refunding For The 2015 Bonds

The Board previously issued its: \$35,755,000 (original principal amount) General Obligation School Building and Refunding Bonds (Utah School Bond Guaranty Program), Series 2008, dated November 12, 2008, currently outstanding in the aggregate principal amount of \$11,920,000 (the “2008 Bonds”). Original proceeds of the 2008 Bonds were used by the Board for the acquisition, construction, and renovation of school buildings within the District and to refunding certain outstanding general obligation bonds of the Board.

Proceeds from the 2015 Bonds, together with other legally available moneys, in the aggregate amount of \$\_\_\_\_\_ will be deposited with Zions Bank, as Escrow Agent (the “Escrow Agent”), pursuant to an Escrow Agreement (the “Escrow Agreement”) to establish an irrevocable trust escrow account (the “Escrow Account”), consisting of cash and government obligations of the United States of America.

Amounts in the Escrow Account shall be used to pay principal of and interest on all of the callable portion of the 2008 Bonds maturing on and after July 15, 2019\* (the “2008 Refunded Bonds”), at a redemption price of 100% of the principal amount thereof on July 1, 2018\* (the “2008 Redemption Date”). The 2008 Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (July 1)*	Redemption Date*	CUSIP® 385370	Principal Amount*	Interest Rate	Redemption Price
2019 .....	July 1, 2018	BY6	\$ 1,720,000	5.00%	100%
2020 .....	July 1, 2018	BZ3	1,805,000	5.00	100
2021 .....	July 1, 2018	CA7	1,895,000	5.00	100
2022 .....	July 1, 2018	CB5	<u>400,000</u>	5.00	100
Totals.....			<u>\$5,820,000</u>		

<sup>1</sup> The anticipated date of delivery is Tuesday, February 24, 2015.

\* Preliminary; subject to change.

The cash and investments held in the Escrow Account will be sufficient to pay the interest falling due on the 2008 Refunded Bonds through the 2008 Redemption Date.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Account will be verified by Grant Thornton LLP, Minneapolis, Minnesota. See “MISCELLANEOUS—Escrow Verification” below.

## Sources And Uses Of Funds

The proceeds from the sale of the 2015 Bonds are estimated to be applied as set forth below:

### *Sources:*

Par amount of 2015 Bonds.....	\$
Original issue premium.....	
Total .....	\$

### *Uses:*

Deposit to Escrow Account .....	\$
Underwriter’s discount.....	
Original issue discount.....	
Costs of Issuance (1).....	
Total .....	\$

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

## Security And Sources Of Payment

The 2015 Bonds will be general obligations of the Board, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2015 Bonds as to both principal and interest.

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

Payment of the principal of and interest on the 2015 Bonds when due is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State under the provisions of the Guaranty Act. See “STATE OF UTAH GUARANTY” above.

## No Redemption

The 2015 Bonds are not subject to optional redemption prior to maturity.

## Mandatory Sinking Fund Redemption At Bidder’s Option

The 2015 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option.”

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

In the event the book–entry system is discontinued, any 2015 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 2015 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 2015 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully–registered 2015 Bond or 2015 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 2015 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully–registered 2015 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2015 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 2015 Bonds.

The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2015 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 2015 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 2015 Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2015 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 2015 Bonds. The 2015 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 2015 Bond certificate will be issued for each maturity of the 2015 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 2015 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 2015 Bonds will be payable at the principal office of the Paying Agent.

## Debt Service On The 2015 Bonds

Payment Date*	The 2015 Bonds		Period Total	Fiscal Total
	Principal*	Interest		
July 1, 2015 .....	\$ 0.00	\$	\$	
January 1, 2016.....	0.00			
July 1, 2016 .....	60,000.00			
January 1, 2017.....	0.00			
July 1, 2017 .....	60,000.00			
January 1, 2018.....	0.00			
July 1, 2018 .....	60,000.00			
January 1, 2019.....	0.00			
July 1, 2019 .....	1,785,000.00			
January 1, 2020.....	0.00			
July 1, 2020 .....	1,835,000.00			
January 1, 2021.....	0.00			
July 1, 2021 .....	1,890,000.00			
January 1, 2022.....	0.00			
July 1, 2022 .....	<u>375,000.00</u>			
Total .....	<u>\$6,065,000.00</u>	\$	\$	

\* Preliminary; subject to change.

## GRAND COUNTY SCHOOL DISTRICT, UTAH

### General

The District, established in 1883, shares common boundaries with the County, Utah. The County had 9,360 residents according to the 2013 estimate by the U.S. Census Bureau and ranked as the 21<sup>st</sup> largest county in the State (out of 29 counties). The County covers 3,692 square miles and is located in the south eastern portion of the State. The majority of land is comprised of National Forest lands. Within the County are Arches National Park, portions of the La Sal Mountains, the Book Cliffs, and the Uintah and Ouray Indian Reservations. The Colorado and Green Rivers, as well the red sandstone cliffs, make the County a recreational destination. The District's offices are located in Moab City, the county seat of the County.

The City of Moab (the "City"), incorporated in 1902, serves as the county seat of the County and is where the District's headquarters are located. The City had 5,130 residents according to the 2013 Census estimates.

All of the District's six schools are located within the City: (one preschool (pre-K), one elementary school (K-6), one middle school (7-8); and one high school (9-12). The historical October 1 enrollment within the District is as follows:

\* Preliminary; subject to change.

<u>Year</u>	<u>Total</u>	<u>% Change Over Prior Year</u>
2015 (1).....	1,515	4.1%
2014 .....	1,456	0.1
2013 .....	1,455	1.0
2012 .....	1,441	(1.8)
2011 .....	1,467	(2.8)
2010 .....	1,510	(1.0)
2009 .....	1,526	1.9
2008 .....	1,498	0.8
2007 .....	1,486	(0.9)
2006 .....	1,500	2.0
2005 .....	1,470	3.7

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(Source: State Office of Education.)

For additional detail regarding enrollment see “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014 (page A–10).

### **Form Of Government**

*Board of Education.* The determination of policies for the management of the District is the responsibility of the Board, the members of which are elected by the qualified electors within the District. The District is divided into seven representative precincts, and a member of the Board is elected from each of the seven precincts. 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 Service	Expiration of Term
President.....	James W. Webster	11	January 2017
Vice President .....	Beth L. Joseph	5	January 2019
Board Member .....	Britnie S. Ellis	1	January 2019
Board Member .....	Margaret E. “Peggy” Nissen	3	January 2017
Board Member .....	Melissa J. Bird	1	January 2017
Superintendent .....	Dr. Scott L. Crane	3	Appointed/July 2016
Business Administrator.....	Robert Farnsworth	5	Appointed/July 2016

### **Employee Workforce And Retirement System; Defined Contribution Plans; Post–Employment Benefits**

*Employee Workforce and Retirement System.* As of Fiscal Year 2014 the District employed approximately 200 full–time equivalent employees. The District participates in cost–sharing multiple employer public employee retirement systems which are defined benefit retirement plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The District also participates in deferred compensation plans with URS. The retirement and deferred compensation plans are administered by the URS under the direction of the URS board, which consists of six members appointed by the Governor of the State and the State Treasurer.

Due to the implementation of Governmental Auditing Standard Board Statement 68, beginning Fiscal Year 2015, the Board is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of URS. However, the URS is an independent state agency, the Board has no additional payment obligation for any Fiscal Year after paying the contributions required for such year, and the Board does not expect the accounting change required by GASB 68 to have any material impact on the finances or operations of the Board. In its 2013 comprehensive annual financial report (“CAFR”), URS estimated that at December 31, 2013 the Board’s unaudited proportionate share of the net pension liability was \$6,498,719 (assuming a 7.5% discount rate) and that its proportionate share of plan pension expense was \$1,028,809. The Board has not determined at this time what its actual net pension liability will be for Fiscal Year 2015. A copy of the Fiscal Year 2013 CAFR for the URS retirement system may be found at <https://www.urs.org/publications/members>.

*Defined Contribution Plans.* The District participates in a deferred compensation plan, under Internal Revenue Code Section 401(k), to supplement retirement benefits accrued by participants in the System. During the year ended June 30, 2014, District contributions for participating employees ranged from 1.50% to 10% of covered salaries based on the plan within the URS.

For a discussion regarding retirement benefits, compensated and contributions see “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note 5. Retirement Plans” (page A–25).

*Post-Employment Benefits. Early Retirement.* The District provides an early retirement program. Eligibility is restricted to teachers and administrators with a minimum of 10 years of service in the District. Benefits (covering from 3 to 6 years) are in the form of health care premiums and are based on years worked and expire when the retiree becomes eligible for Medicare. For the early retirement program, a

liability and expense is recorded in the government-wide financial statements at the time the employee elects to retire early; expenditures are recorded in the governmental funds as benefits are paid by the District. The District's obligation for early retirement benefits for Fiscal Year 2014 was \$178,930.

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.

For a discussion regarding early retirement benefits see "APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies." (page A-20).

## **Risk Management**

The District is a member of a risk pool where 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 2014, the Administrative Services Risk Management Fund contained approximately \$44 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through Fiscal Year 2015.

For a general discussion of coverage, limits of coverage, unemployment compensation and payment claims see "APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note. 6. Risk Management" (page A-26).

## **Investment Of Funds**

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

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

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

years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

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

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

See "APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note 2. Deposits and Investments" (page A-22).

## Population

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

	<u>The County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2014 Estimate (1).....	N/A	—	2,942,902	1.4%
2013 Estimate (1).....	9,360	1.5%	2,900,872	5.0
2010 Census.....	9,225	8.7	2,763,885	23.8
2000 Census.....	8,485	28.2	2,233,169	29.6
1990 Census.....	6,620	(19.7)	1,722,850	17.9
1980 Census.....	8,241	23.2	1,461,037	37.9
1970 Census.....	6,688	5.4	1,059,273	18.9
1960 Census.....	6,345	233.4	890,627	29.3
1950 Census.....	1,903	(8.1)	688,862	25.2
1940 Census.....	2,070	14.2	550,310	8.4
1930 Census.....	1,813	0.6	507,847	13.0
1920 Census.....	1,803	13.0	449,396	20.4
1910 Census.....	1,595	38.3	373,351	34.9

(1) Preliminary; subject to change.

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

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

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

	Calendar Year (1)						% change from prior year				
	2014 (2)	2013	2012	2011	2010	2009	2013-14	2012-13	2011-12	2010-11	2009-10
Civilian labor force.....	5,666	5,513	5,501	5,387	5,369	5,477	2.8	0.2	2.1	0.3	(2.0)
Employed persons.....	5,327	5,100	5,047	4,865	4,791	4,909	4.5	1.1	3.7	1.5	(2.4)
Unemployed persons.....	339	413	454	681	578	568	(17.9)	(9.0)	(33.3)	17.8	1.8
Total nonfarm jobs.....	5,543	4,883	4,511	4,606	4,486	4,505	13.5	8.2	(2.1)	2.7	(0.4)
Mining.....	108	106	127	115	106	139	1.9	(16.5)	10.4	8.5	(23.7)
Utilities.....	36	37	36	37	37	36	(2.7)	2.8	(2.7)	0.0	2.8
Construction.....	303	253	242	241	266	277	19.8	4.5	0.4	(9.4)	(4.0)
Manufacturing.....	37	34	30	25	25	33	8.8	13.3	20.0	0.0	(24.2)
Wholesale trade.....	83	85	71	69	64	62	(2.4)	19.7	2.9	7.8	3.2
Retail trade.....	864	783	771	742	715	714	10.3	1.6	3.9	3.8	0.1
Transportation and warehousing.....	107	93	82	81	85	79	15.1	13.4	1.2	(4.7)	7.6
Information.....	46	50	48	46	43	48	(8.0)	4.2	4.3	7.0	(10.4)
Finance and insurance.....	67	68	66	67	72	76	(1.5)	3.0	(1.5)	(6.9)	(5.3)
Real estate, rental, and leasing.....	111	94	91	84	90	90	18.1	3.3	8.3	(6.7)	0.0
Professional, scientific, and technical svcs.....	116	111	121	129	117	119	4.5	(8.3)	(6.2)	10.3	(1.7)
Admin., support, waste mgmt., and remediation.....	138	93	91	91	98	100	48.4	2.2	0.0	(7.1)	(2.0)
Education services.....	304	282	270	277	285	294	7.8	4.4	(2.5)	(2.8)	(3.1)
Health care and social assistance.....	391	360	363	328	290	277	8.6	(0.8)	10.7	13.1	4.7
Arts, entertainment, and recreation.....	582	453	160	404	373	368	28.5	183.1	(60.4)	8.3	1.4
Accommodation and food services.....	1,746	1,489	1,446	1,377	1,340	1,321	17.3	3.0	5.0	2.8	1.4
Other services.....	94	83	86	90	73	78	13.3	(3.5)	(4.4)	23.3	(6.4)
Government.....	410	409	410	403	407	394	0.2	(0.2)	1.7	(1.0)	3.3
Total payroll (in thousands).....	\$ 70,656	\$ 142,245	\$ 138,518	\$ 129,590	\$ 123,608	\$ 123,600	(50.3)	2.7	6.9	4.8	0.0
Average monthly wage.....	\$ 2,390	\$ 2,423	\$ 2,394	\$ 2,340	\$ 2,293	\$ 2,280	(1.4)	1.2	2.3	2.0	0.6
Average employment.....	5,558	4,892	4,822	4,615	4,493	4,517	13.6	1.5	4.5	2.7	(0.5)
Establishments.....	554	548	532	532	521	542	1.1	3.0	0.0	2.1	(3.9)

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

	Calendar Year (3)						% change from prior year				
	2013	2012	2011	2010	2009	2008	2012-13	2011-12	2010-09	2009-10	2008-09
Total Personal Income (in thousands):											
Grand County.....	\$ 379,503	\$ 367,674	\$ 338,906	\$ 303,233	\$ 298,337	\$ 309,525	3.2	8.5	11.8	1.6	(3.6)
State of Utah.....	106,288,727	102,464,241	96,365,235	90,021,496	88,273,445	91,190,532	3.7	6.3	7.0	2.0	(3.2)
Total Per Capita Personal Income:											
Grand County.....	\$ 40,545	\$ 39,336	\$ 36,469	\$ 32,560	\$ 33,024	\$ 34,464	3.1	7.9	12.0	(1.4)	(4.2)
State of Utah.....	36,640	35,891	34,235	32,447	32,413	34,243	2.1	4.8	5.5	0.1	(5.3)
Median Household Income:											
Grand County.....	\$ 42,368	\$ 42,702	\$ 41,410	\$ 39,726	\$ 39,070	\$ 38,540	(0.8)	3.1	4.2	1.7	1.4
State of Utah.....	59,715	57,067	55,802	54,740	55,183	56,820	4.6	2.3	1.9	(0.8)	(2.9)

(1) Utah Department of Workforce Services.

(2) Nonfarm jobs and wages is preliminary; subject to change. Information is from 2nd Quarter (April, May and June) 2014. Total payroll figure totals 1st and 2nd quarters.

(3) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.

## Employment, Income, Construction, and Sales Taxes Within Grand County And The State of Utah--continued

### Construction within Grand County (1)

	Calendar Year						% change from prior year				
	2013	2012	2011	2010	2009	2008	2012-13	2011-12	2010-09	2009-10	2008-09
Number new dwelling units.....	45.0	55.0	45.0	50.0	71.0	71.0	32.4	22.2	(10.0)	(29.6)	0.0
New (in thousands):											
Residential value.....	\$ 10,263.4	\$ 10,409.1	\$ 9,665.4	\$ 11,728.6	\$ 10,726.9	\$ 15,152.9	47.4	7.7	(17.6)	9.3	(29.2)
Non-residential value.....	10,923.1	2,556.5	652.4	5,803.5	22,429.1	10,508.6	117.4	291.9	(88.8)	(74.1)	113.4
Additions, alterations, repairs (in thousands):											
Residential value.....	735.5	6,271.6	869.0	1,616.1	1,764.0	1,372.1	(0.7)	621.7	(46.2)	(8.4)	28.6
Non-residential value.....	403.7	372.0	1,296.4	232.9	313.1	679.6	162.3	(71.3)	456.6	(25.6)	(53.9)
Total construction value (in thousands).....	<u>\$ 22,325.7</u>	<u>\$ 19,609.2</u>	<u>\$ 12,483.2</u>	<u>\$ 19,381.1</u>	<u>\$ 35,233.1</u>	<u>\$ 27,713.2</u>	73.3	57.1	(35.6)	(45.0)	27.1

### Taxable Sales and Local Sales and Use Taxes within Grand County and the State of Utah (2)

	Calendar Year						% change from prior year				
	2013	2012	2011	2010	2009	2008	2012-13	2011-12	2010-09	2009-10	2008-09
Gross Taxable Sales (in thousands):											
Grand County.....	\$ 336,290	\$ 310,202	\$ 279,397	\$ 263,303	\$ 257,579	\$ 301,924	8.4	11.0	6.1	2.2	(14.7)
State of Utah.....	49,404,045	47,531,179	44,097,027	41,387,391	40,480,954	45,933,608	3.9	7.8	6.5	2.2	(11.9)
	Fiscal Year						% change from prior year				
	2013	2012	2011	2010	2009	2008	2012-13	2011-12	2010-09	2009-10	2008-09
Local Sales and Use Tax Distribution:											
Grand County (and all cities).....	\$ 2,307,879	\$ 2,154,751	\$ 2,000,177	\$ 1,933,913	\$ 2,195,964	\$ 2,129,019	7.1	7.7	3.4	(11.9)	3.1

(1) University of Utah Bureau of Economic and Business Research, Utah Construction Report.

(2) Utah State Tax Commission.

## Largest Employers

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

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Grand County School District .....	Education services	150–320
City Market.....	Retail trade	100–250
Moab Brewery .....	Accommodation and food services	100–250
Moab Regional Hospital.....	Health care and social services	100–250
Grand County (county-wide) .....	Public administration/Health care and social services	60–150
National Parks Service.....	Arts, entertainment and recreation	60–150
Bureau of Land Management .....	Public administration	50–100
Intrepid Potash–Moab LLC.....	Mining	50–100
Moab Hampton Inn & Suites.....	Accommodation and food services	50–100
Red Cliffs Lodge .....	Accommodation and food services	50–100
The Synergy Company of Utah LLC.....	Retail trade	50–100
Zax Wood–Fired Pizza and Watering Hole.....	Accommodation and food services	50–100

(Source: Utah Department of Workforce Services. Updated April 2014, reflecting information as of September 2013.)

## Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Grand County</u>	<u>State of Utah</u>	<u>United States</u>
2014 .....	6.0%	3.7%	6.2%
2013 .....	7.5	4.4	7.4
2012 .....	8.3	5.4	8.1
2011 .....	9.7	6.8	8.9
2010 .....	10.8	8.1	9.6

(Source: Utah Department of Workforce Services.)

## DEBT STRUCTURE OF GRAND COUNTY SCHOOL DISTRICT, UTAH

### Outstanding General Obligation Bonded Indebtedness

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2015 (a) .....	Refunding	\$ 6,065,000*	July 1, 2022*	\$6,065,000*
2012 .....	Refunding	9,680,000	July 1, 2025	9,440,000
2011 .....	Refunding	9,930,000	July 1, 2028	9,460,000
2008 (2) (3) .....	School building/refunding	35,775,000	July 1, 2018 (4)	<u>6,100,000</u>
Total direct general obligation debt.....				<u>\$31,065,000*</u>

\* Preliminary; subject to change.

(a) For purposes of this OFFICIAL STATEMENT, the 2015 Bonds will be considered issued and outstanding.

(1) All bond of the Board are rated "Aaa" (State of Utah Guaranty; underlying "A1") unless otherwise indicated, by Moody's, as of the date of this OFFICIAL STATEMENT.

(2) Portions of these bonds were refunded by the 2011 Bonds and the 2012 Bonds.

(3) Portions of this bond issue will be refunded by the 2015 Bonds

(4) Final maturity date after portions of this bond issue will be refunded by the 2015 Bonds.

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

Fiscal Year Ending June 30	Series 2015 \$6,065,000*		Series 2012 \$9,680,000		Series 2011 \$9,930,000		Series 2008 \$35,775,000		Totals*		
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2014.....	\$ 0	\$ 0	\$ 120,000	\$ 265,413	\$ 115,000	\$ 296,378	\$ 1,310,000	\$ 676,600	\$ 1,545,000	\$ 1,238,390	\$ 2,783,390
2015.....	0	0	120,000	263,313	115,000	294,653	1,360,000	623,200	1,595,000	1,181,165	2,776,165
2016.....	0	144,213	125,000	261,475	120,000	292,590	1,415,000	269,625	1,660,000	967,903	2,627,903
2017.....	60,000	202,200	125,000	259,600	120,000	290,190	1,485,000	197,125	1,790,000	949,115	2,739,115
2018.....	60,000	201,000	130,000	257,363	120,000	287,790	1,560,000	121,000	1,870,000	867,153	2,737,153
2019.....	60,000	199,800	130,000	254,763	125,000	285,340	1,640,000	41,000	1,955,000	780,903	2,735,903
2020.....	1,785,000	172,425	135,000	252,113	125,000	282,684	0	0 (3)	2,045,000	707,221	2,752,221
2021.....	1,835,000	118,125	135,000	249,244	130,000	279,653	0	0 (3)	2,100,000	647,021	2,747,021
2022.....	1,890,000	52,800	140,000	246,150	135,000	276,171	0	0 (3)	2,165,000	575,121	2,740,121
2023.....	375,000	7,500	1,730,000	218,625	135,000 (1)	272,223	0	0 (4)	2,240,000	498,348	2,738,348
2024.....	—	—	2,205,000	165,113	140,000 (1)	267,960	0	0 (5)	2,345,000	433,073	2,778,073
2025.....	—	—	2,260,000	103,650	145,000 (2)	263,543	0	0 (5)	2,405,000	367,193	2,772,193
2026.....	—	—	2,325,000	34,875	150,000 (2)	258,970	0	0 (5)	2,475,000	293,845	2,768,845
2027.....	—	—	—	—	2,590,000	216,500	0	0 (6)	2,590,000	216,500	2,806,500
2028.....	—	—	—	—	2,670,000	133,635	0	0 (6)	2,670,000	133,635	2,803,635
2029.....	—	—	—	—	2,755,000	45,458	0	0 (6)	2,755,000	45,458	2,800,458
Totals.....	<u>\$ 6,065,000</u>	<u>\$ 1,098,063</u>	<u>\$9,680,000</u>	<u>\$2,831,694</u>	<u>\$9,690,000</u>	<u>\$4,043,735</u>	<u>\$ 8,770,000</u>	<u>\$1,928,550</u>	<u>\$ 34,205,000</u>	<u>\$ 9,902,042</u>	<u>\$44,107,042</u>

\* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.44% per annum.

(1) Mandatory sinking fund principal payments from a \$275,000 3.10% term bond due July 1, 2023.

(2) Mandatory sinking fund principal payments from a \$295,000 3.10% term bond due July 1, 2025.

(3) Principal and interest will be refunded by the 2015 Bonds.

(4) A portion of the principal and interest has been refunded by the 2012 Bonds; the remainder will be refunded by the 2015 Bonds.

(5) Principal and interest have been refunded by the 2012 Bonds.

(6) Principal and interest have been refunded by the 2011 Bonds.

## Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2014 Taxable Value (1)</u>	<u>Board's Portion of Tax- able Value</u>	<u>Board's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt</u>
<b>Overlapping:</b>					
State of Utah .....	\$210,954,472,304	\$1,485,108,092	0.7%	\$2,833,715,000	\$19,836,005
Grand County.....	1,485,108,092	1,485,108,092	100.0	2,987,000	<u>2,987,000</u>
Total overlapping .....					<u>\$22,823,005</u>
<b>Underlying:</b>					
Total underlying .....					\$ <u>0</u>
Total overlapping and underlying general obligation debt .....					<u>\$22,823,005</u>
Total overlapping general obligation debt (excluding the State) (2) .....					\$ 2,987,000
Total direct general obligation bonded indebtedness* .....					<u>31,065,000</u>
Total direct and overlapping general obligation debt* (excluding the State) (2).....					<u>\$34,052,000</u>

\* Preliminary; subject to change.

- (1) 2014 Taxable Values are 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 GRAND COUNTY SCHOOL DISTRICT—Taxable, Fair Market And Market Value Of Property" below.
- (2) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

## Debt Ratios

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

	<u>To 2014 Estimated Taxable Value (1)</u>	<u>To 2014 Estimated Market Value (2)</u>	<u>To 2013 Population Estimate Per Capita (3)</u>
Direct General Obligation Debt* .....	2.09%	1.74%	\$3,319
Direct and Overlapping General Obligation Debt* .....	2.29	1.91	3,638

\* Preliminary; subject to change.

- (1) Based on an estimated 2014 Taxable Value of \$1,485,108,092, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2014 Market Value of \$1,780,918,778, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on the 2013 population of 9,360 by the U. S. Census Bureau.

See “FINANCIAL INFORMATION REGARDING GRAND COUNTY SCHOOL DISTRICT, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property Within The District” below.

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

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District. The legal debt limit and additional debt incurring capacity of the Board (after the issuance of the 2015 Bonds and the refunding of the 2008 Refunded Bonds) are based on the estimated fair market value for 2014 and the calculated valuation value from 2013 uniform fees, and are calculated as follows:

Estimated 2014 “Fair Market Value” .....	\$1,780,918,778
2013 valuation from uniform fees (1) .....	<u>30,244,866</u>
Estimated 2014 “Fair Market Value for Debt Incurring Capacity” .....	<u>\$1,811,163,644</u>
“Fair Market Value for Debt Incurring Capacity” times 4% (the “Debt Limit”) .....	\$72,446,546
Less: current outstanding general obligation debt* (2) .....	<u>(31,659,599)</u>
Estimated additional debt incurring capacity* .....	<u>\$40,786,947</u>

\* Preliminary; subject to change.

- (1) 2014 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 on refundings that are reported in the long-term debt notes of the District’s financial statements. Thus, for accounting purposes, the total unamortized bond premium was \$594,599 (as of June 30, 2014), and together with current outstanding direct debt of \$31,065,000, results in total outstanding direct debt (net) of \$31,659,599.

### **No Defaulted Obligations**

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

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

### **Fund Structure; Accounting Basis**

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

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the combined financial statements. See “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies” (page A-18).

## Budgets And Budgetary Accounting

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

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

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

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

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

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

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

The General Fund, the Capital Projects Fund, the Non K–12 Programs, and the Food Service budgets are prepared using the modified accrual basis of accounting, adjusted for encumbrances. Unencumbered appropriations lapse at year end.

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

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

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

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

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

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

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

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

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

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

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

Also see “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies” (page A–18).

## **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 2014. See “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014—Management’s Discussion and Analysis” (page A–3).

*The Management’s Discussion and Analysis for Fiscal Year 2015 is not available. Under State law the Board must complete its annual financial report for Fiscal Year 2015 by November 30, 2015.*

## **Financial Summaries**

The summaries contained herein were extracted from the District’s financial statements. The summaries have not been audited. See “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014.”

# Grand County School District

## Statement of Net Position

### Governmental Activities

(This summary has not been audited)

	As of June 30				
	2014	2013	2012	2011	2010
Assets:					
Cash and investments.....	\$ 7,135,188	\$ 6,926,484	\$ 7,318,366	\$ 8,789,704	\$ 15,686,710
Cash with fiscal agent.....	2,200,152	2,178,794	2,097,431	—	—
Receivables:					
Property taxes.....	9,282,631	8,327,468	8,458,809	8,008,999	6,989,265
Other local.....	5,383	65,185	35,359	313	9,521
State of Utah.....	108,184	40,203	68,789	47,570	40,567
Federal government.....	232,145	380,576	389,663	503,900	336,071
Inventories and prepaid items.....	115,080	109,898	104,409	108,796	49,627
Bond issuance costs, net of accumulated amortization.....	—	—	355,119	216,100	228,812
Capital assets:					
Land.....	630,772	630,772	658,222	630,772	25,485,043
Buildings and other capital assets, net of accumulated depreciation....	35,597,205	36,647,048	36,885,062	38,163,020	7,567,337
Total assets.....	<u>55,306,740</u>	<u>55,306,428</u>	<u>56,371,229</u>	<u>56,469,174</u>	<u>56,392,953</u>
Deferred outflows of resources:					
Deferred amounts on refunding.....	3,276,982	3,551,183	—	—	—
Liabilities:					
Accounts and contracts payable.....	65,799	28,419	60,002	82,773	3,410,417
Accrued interest payable.....	605,064	633,326	597,376	829,506	852,516
Accrued salaries and benefits.....	1,401,788	1,382,877	1,280,286	1,336,127	1,503,586
Unearned revenue:					
State of Utah.....	148,677	158,735	209,308	121,632	76,755
Other local.....	—	—	—	62,177	35,636
Federal government.....	—	—	—	570	6,197
Long-term liabilities:					
Portion due or payable within one year.....	1,704,232	1,650,445	1,615,016	1,370,761	1,445,036
Portion due or payable after one year.....	31,583,316	33,287,785	31,088,923	32,525,971	33,891,159
Total liabilities.....	<u>35,508,876</u>	<u>37,141,587</u>	<u>34,850,911</u>	<u>36,329,517</u>	<u>41,221,302</u>
Deferred inflows of resources:					
Property taxes levied for future year.....	8,791,291	7,839,791	7,835,320	7,406,116	6,531,886
Net position:					
Net investment in capital assets.....	8,090,360	7,770,179	7,497,520	7,487,811	5,264,805
Restricted for:					
Debt service.....	1,193,528	1,459,997	1,775,336	1,468,431	1,017,046
Capital projects.....	2,320,615	1,954,864	1,744,709	2,123,844	1,789,512
Food services.....	33,941	33,856	89,940	85,367	74,633
Other purposes.....	23,865	34,469	62,844	69,260	68,622
Community recreation.....	—	—	524,159	188,448	—
Non K-12 programs.....	—	—	—	—	82,901
Student activities.....	—	—	—	—	168,306
Unrestricted.....	2,621,246	2,322,868	1,990,490	1,310,380	173,940
Total net position.....	<u>\$ 14,283,555</u>	<u>\$ 13,576,233</u>	<u>\$ 13,684,998</u>	<u>\$ 12,733,541</u>	<u>\$ 8,639,765</u>

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

# Grand County School District

## Statement of Activities (1)

### Total Governmental Activities

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Assets				
	Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
Governmental activities:					
Instruction.....	\$ (5,350,818)	\$ (4,879,642)	\$ (5,554,841)	\$ (2,582,957)	\$ (3,684,729)
Supporting services:					
Students.....	(208,559)	(173,809)	(169,017)	(229,036)	(274,213)
Instructional staff.....	(653,168)	(504,067)	(407,409)	(387,022)	(416,393)
General administration.....	(318,417)	(329,997)	(300,284)	(303,990)	(323,683)
School administration.....	(815,326)	(764,234)	(727,645)	(641,984)	(618,084)
Central.....	(538,405)	(537,914)	(507,861)	(618,138)	(596,364)
Operation and maintenance of facilities.....	(1,587,917)	(1,532,086)	(1,516,430)	(1,301,657)	(1,217,288)
Student transportation.....	(510,675)	(372,582)	(464,966)	(466,224)	(243,192)
Community recreation.....	(557,179)	(744,053)	(440,915)	(220,396)	(156,194)
Food services.....	(113,793)	(128,962)	(68,154)	(18,653)	8,381
Interest on long-term liabilities.....	(1,437,961)	(1,493,129)	(1,312,886)	(1,663,575)	(1,742,887)
Total school district.....	<u>(12,092,218)</u>	<u>(11,460,475)</u>	<u>(11,470,408)</u>	<u>(8,433,632)</u>	<u>(9,264,646)</u>
General revenues:					
Property taxes levied for:					
Basic.....	2,251,480	2,365,006	2,194,348	1,952,977	1,802,039
Basic local.....	3,713,841	3,581,173	—	—	—
Debt service.....	2,519,897	2,460,982	3,129,463	3,324,634	3,283,406
Capital local.....	759,783	518,554	—	—	—
Total property taxes.....	9,245,001	8,925,715	5,323,811	5,277,611	5,085,445
Capital outlay for buildings and other capital needs.....	—	—	754,437	1,030,702	1,114,170
10% additional basic program for capital assets, textbooks, and supplies.....	—	—	717,197	440,236	660,202
Community recreation.....	—	—	642,719	303,071	280,429
School board leeway program for class size reduction...	—	—	555,828	522,536	300,549
Student transportation.....	—	—	415,147	391,902	196,174
School board leeway program for improvement of reading skills.....	—	—	168,266	158,067	103,117
Tort liability.....	—	—	16,551	15,676	51,559
Federal and state aid not restricted to specific purposes.....	2,799,457	2,692,676	2,943,246	3,347,037	3,622,643
Earnings on investments.....	41,814	62,825	53,088	45,188	153,786
Miscellaneous.....	413,268	325,613	831,575	995,382	225,150
Total general revenues.....	<u>12,499,540</u>	<u>12,006,829</u>	<u>12,421,865</u>	<u>12,527,408</u>	<u>11,793,224</u>
Change in net position.....	407,322	546,354	951,457	4,093,776	2,528,579
Net assets—beginning, as restated.....	13,876,233	13,329,879	12,733,541	8,639,765	6,111,187
Net assets—ending.....	<u>\$ 14,283,555</u>	<u>\$ 13,876,233</u>	<u>\$ 13,684,998</u>	<u>\$ 12,733,541</u>	<u>\$ 8,639,766</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 “APPENDIX A—GRAND COUNTY SCHOOL DISTRICT, UTAH FINANCIAL STATEMENTS FOR FISCAL YEAR 2014—Statement of Activities Year Ended June 30, 2014” below.

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

# Grand County School District

## Balance Sheet—Governmental Funds

### Major Funds—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
<b>Assets:</b>					
Cash and investments.....	\$ 3,580,942	\$ 3,486,432	\$ 2,936,307	\$ 2,455,179	\$ 2,039,853
Receivable:					
Property taxes.....	5,836,057	5,373,513	5,592,515	3,730,361	2,034,301
Other local.....	2,607	62,122	32,296	—	9,521
State of Utah.....	67,280	2,814	—	1,400	1,774
Federal government.....	226,444	375,520	357,486	437,729	243,959
Inventories and prepaid items.....	84,793	75,562	64,821	11,619	24,466
Due from other funds.....	45,727	45,301	—	59,230	29,200
<b>Total assets.....</b>	<b>\$ 9,843,850</b>	<b>\$ 9,421,264</b>	<b>\$ 8,983,425</b>	<b>\$ 6,695,518</b>	<b>\$ 4,383,074</b>
<b>Liabilities:</b>					
Accounts and contracts payable.....	\$ 61,621	\$ 23,778	\$ 49,956	\$ 60,174	\$ 41,993
Accrued liabilities.....	—	—	1,280,286	1,336,127	1,503,586
Accrued salaries and benefits.....	1,401,788	1,382,877	—	—	—
Unearned revenue:					
State of Utah.....	148,677	158,735	209,308	120,531	70,165
Other taxes.....	—	—	—	32,913	35,636
Federal government.....	—	—	—	570	—
<b>Total liabilities.....</b>	<b>1,612,086</b>	<b>1,565,390</b>	<b>1,539,550</b>	<b>1,550,315</b>	<b>1,651,380</b>
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue.....	300,032	304,740	—	—	—
Property taxes levied for future year.....	5,526,786	5,058,612	5,488,300	3,719,647	2,023,257
<b>Total deferred inflows of resources...</b>	<b>5,826,818</b>	<b>5,363,352</b>	<b>5,488,300</b>	<b>3,719,647</b>	<b>2,023,257</b>
<b>Fund balances:</b>					
Nonspendable:					
Inventories and prepaid items.....	84,793	75,562	64,821	70,849	—
Restricted for:					
Other purposes.....	23,865	34,469	62,844	69,260	—
Inventories.....	—	—	—	—	24,466
Special transportation.....	—	—	—	—	26,372
Tort liability.....	—	—	—	—	13,050
Scholarships.....	—	—	—	—	29,200
Assigned to:					
Programs.....	128,068	124,416	—	—	—
Repairs and maintenance.....	300,000	300,000	—	—	—
Other purposes.....	105,000	105,000	—	—	—
Unassigned.....	1,763,220	1,853,075	1,827,910	1,285,447	615,349
<b>Total fund balances.....</b>	<b>2,404,946</b>	<b>2,492,522</b>	<b>1,955,575</b>	<b>1,425,556</b>	<b>708,437</b>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<b>\$ 9,843,850</b>	<b>\$ 9,421,264</b>	<b>\$ 8,983,425</b>	<b>\$ 6,695,518</b>	<b>\$ 4,383,074</b>

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

# Grand County School District

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

### Governmental Funds

#### Major Fund—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
Revenues:					
Local sources:					
Property taxes.....	\$ 5,952,659	\$ 5,889,892	\$ 4,153,494	\$ 2,985,664	\$ 2,438,824
Earnings on investments.....	19,256	22,301	16,222	7,621	9,723
Other local revenue.....	417,134	335,098	963,368	982,543	369,459
State sources.....	5,522,174	5,231,931	5,252,583	5,412,097	5,678,458
Federal sources.....	1,004,333	1,141,860	872,046	1,332,399	1,613,873
Total revenues.....	<u>12,915,556</u>	<u>12,621,082</u>	<u>11,257,713</u>	<u>10,720,324</u>	<u>10,110,337</u>
Expenditures:					
Current:					
Instruction.....	7,047,348	6,870,537	6,382,242	6,235,914	6,801,314
Support services:					
Student.....	262,337	269,685	264,294	335,978	315,207
Instructional staff.....	930,409	776,131	558,796	550,225	515,297
General administration.....	307,174	314,546	284,555	285,035	298,187
School administration.....	796,048	739,564	701,579	652,927	625,737
Central.....	538,405	537,914	507,861	619,952	601,645
Operation and maintenance of facilities...	1,461,185	1,403,964	1,388,237	1,259,880	1,184,233
Student transportation.....	673,000	514,575	640,130	637,886	459,222
Community recreation.....	947,226	1,181,378	—	—	—
Debt service:					
Interest and fiscal charges.....	—	—	—	—	26,400
Total expenditures.....	<u>12,963,132</u>	<u>12,608,294</u>	<u>10,727,694</u>	<u>10,577,797</u>	<u>10,827,242</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(47,576)</u>	<u>12,788</u>	<u>530,019</u>	<u>142,527</u>	<u>(716,905)</u>
Other financing sources (uses):					
Operating transfers in (out).....	(40,000)	524,159	—	574,592	2,025,726
Sale of capital assets.....	—	—	—	—	—
Total other financing sources (uses).....	<u>(40,000)</u>	<u>524,159</u>	<u>—</u>	<u>574,592</u>	<u>2,025,726</u>
Net change in fund balance.....	<u>(87,576)</u>	<u>536,947</u>	<u>530,019</u>	<u>717,119</u>	<u>1,308,821</u>
Fund balance—beginning.....	<u>2,492,522</u>	<u>1,955,575</u>	<u>1,425,556</u>	<u>708,437</u>	<u>(600,384)</u>
Fund balance—ending.....	<u>\$ 2,404,946</u>	<u>\$ 2,492,522</u>	<u>\$ 1,955,575</u>	<u>\$ 1,425,556</u>	<u>\$ 708,437</u>

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

## **Tax Levy And Collection**

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

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

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. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described 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 in excess of the certified tax rate. A resolution levying a tax in excess of the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

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

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) by providing certain information by mail and 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 new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

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

### **Property Tax Matters**

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

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

conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

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

*Uniform Fees.* An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to 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 located in the same proportion in which revenue collected from ad valorem real property is distributed.

### Historical Tax Rates Of The District

	Maximum Tax Rate (1)	Tax Rate (Fiscal Year)				
		(a)				
		2014–15	2013–14	2012–13	2011–12	2010–11
General Fund:						
Board Local Levy .....	.002500	.002546	.002532	.002500	.000000	.000000
Basic School Levy (2).....	formula	.001419	.001535	.001651	.001591	.001495
Board Voted Leeway .....	–	.000000	.000000	.000000	.000403	.000400
K–3 Reading Program.....	–	.000000	.000000	.000000	.000122	.000121
Special Transportation .....	–	.000000	.000000	.000000	.000301	.000300
Tort Liability.....	–	.000000	.000000	.000000	.000012	.000012
Recreation .....	–	.000000	.000000	.000000	.000466	.000232
Totals .....		<u>.003965</u>	<u>.004067</u>	<u>.004151</u>	<u>.002895</u>	<u>.002560</u>
Capital Outlay:						
Capital Local Levy (3) .....	.003000	.000635	.000518	.000362	.000000	.000000
Capital Outlay .....	–	.000000	.000000	.000000	.000547	.000789
10% of Basic Program .....	–	.000000	.000000	.000000	.000520	.000337
Totals .....		<u>.000635</u>	<u>.000518</u>	<u>.000362</u>	<u>.001067</u>	<u>.001126</u>
Debt Service (general obligation bonds):						
Debt Service (4) .....	none	<u>.001703</u>	<u>.001718</u>	<u>.001718</u>	<u>.002269</u>	<u>.002545</u>
Total All Funds.....		<u>.006303</u>	<u>.006303</u>	<u>.006231</u>	<u>.006231</u>	<u>.006231</u>

(a) The State changed its accounting/funding classifications for school districts beginning in Fiscal Year 2013.

(1) Maximum tax rate where applicable under current State law.

(2) Set by law for the District’s portion of the State Minimum School Program.

(3) Construction remodeling projects and purchase of school sites/equipment, etc.

(4) 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.

(Source: Utah State Tax Commission.)

See “STATE OF UTAH SCHOOL FINANCE” below.

## Comparative Total Property Tax Rates Within Grand County

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

<u>Tax Levying Entity (1)</u>	<u>Total Tax Rate Within Taxing Area</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Grand County School District:					
Castle Valley Town .....	.012164	.011108	.010968	.010913	.011010
City of Moab.....	.010336	.010345	.010137	.010058	.010154
Unincorporated areas (2) .....	.010336	.010345	.010137	.010058	.010154

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

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

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

## Taxable, Fair Market And Market Value Of Property Within The District

<u>Year</u>	<u>Taxable Value</u>	<u>% Change Over Prior Year</u>	<u>Fair Market/ Market Value</u>	<u>% Change Over Prior Year</u>
2014 (1).....	\$1,485,108,092	7.3%	\$1,780,918,778 (2)	6.5%
2013 .....	1,383,678,854	7.2	1,672,944,418	6.1
2012 .....	1,291,201,614	2.4	1,576,540,447	2.3
2011 .....	1,261,123,145	3.7	1,540,883,570	3.5
2010 .....	1,216,233,294	3.0	1,488,871,935	3.4

(1) Preliminary; subject to change.

(2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act.  
(Source: Zions Public Finance, Inc.)

(Source: Reports from the State Tax Commission.)

See in this section “Historical Summaries Of Taxable Value Of Property” below.

## Historical Summaries Of Taxable Values Of Property

	2014		2013	2012	2011	2010
	Taxable	% of	Taxable	Taxable	Taxable	Taxable
<i>Set by State Tax Commission</i>	Value (1)	T.V.	Value	Value	Value	Value
<i>(Centrally Assessed)</i>						
Total centrally assessed.....	\$ 446,427,683	30.1 %	\$ 363,148,829	\$ 323,086,291	\$ 282,190,932	\$ 232,921,241
<i>Set by County Assessor</i>						
<i>(Locally Assessed)</i>						
Real property:						
Primary residential.....	357,409,182	24.1	349,409,589	345,071,122	338,166,235	329,407,511
Other residential.....	198,000,000	13.3	192,583,253	189,919,804	186,155,436	190,594,923
Commercial and industrial.....	318,000,000	21.4	315,636,869	267,475,856	284,480,771	284,294,402
FAA (greenbelt).....	3,000,000	0.2	2,225,237	2,182,271	2,131,174	2,160,296
Unimproved non FAA (vacant)...	115,000,000	7.7	114,171,310	117,583,876	118,848,565	124,928,043
Agricultural.....	5,000,000	0.3	4,232,540	3,211,148	2,965,787	2,974,987
Total real property.....	996,409,182	67.1	978,258,798	925,444,077	932,747,968	934,360,162
Personal property (2):						
Primary mobile homes.....	4,137,212	0.3	4,137,212	3,676,340	3,763,173	3,817,495
Secondary mobile homes.....	100,989	0.0	100,989	118,287	114,499	116,530
Other business personal.....	38,033,026	2.6	38,033,026	38,876,619	42,306,573	37,275,746
Total personal property.....	42,271,227	2.8	42,271,227	42,671,246	46,184,245	41,209,771
Total locally assessed.....	1,038,680,409	69.9	1,020,530,025	968,115,323	978,932,213	975,569,933
Total taxable value.....	\$ 1,485,108,092	100.0 %	\$ 1,383,678,854	\$ 1,291,201,614	\$ 1,261,123,145	\$ 1,208,491,174

(1) Preliminary; subject to change.

(2) Does not include taxable valuation associated with SCME (semi-conductor manufacturing equipment).

(Source: Property Tax Division, Utah State Tax Commission.)

## Tax Collection Record

Ad valorem property taxes are due on November 30<sup>th</sup> of each year. Calendar Year 2014 final tax collections due November 30, 2014 are not available.

(1) Tax Year End 12/31	(2) Total Taxes Levied	(3) Trea- surer's Relief	Net Taxes Assessed	Current Col- lections	(4) Deliq., Personal Property and Miscel- leous Col- lections	Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2013	\$8,824,023	\$49,667	\$8,774,356	\$8,341,193	\$342,221	\$8,683,414	95.1%	99.0%
2012	8,126,705	50,811	8,075,894	7,635,847	372,087	8,007,934	94.9	99.2
2011	7,898,160	50,415	7,847,745	7,365,282	444,009	7,809,291	93.9	99.5
2010	6,731,768	46,596	6,685,172	6,143,664	503,766	6,647,430	91.9	99.4
2009	7,326,577	44,455	7,282,122	6,736,427	402,366	7,138,793	92.5	98.0

- (1) 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 2013 of \$453,673; for tax year 2012 of \$455,709; for tax year 2011 of \$467,362; for tax year 2010 of \$476,502; and for tax year 2009 of \$501,572; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.
- (2) Excludes redevelopment agencies valuation (there are no redevelopment agencies within Grand County).
- (3) 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.
- (4) Delinquent Collections include interest, sales of real and personal property, and miscellaneous delinquent collections.

(Source: Taken from tax collections reports from the Utah State Tax Commission.)

## Some Of The Largest Taxpayers

The information presented below is for the District's Fiscal Year 2015 (Calendar Year 2014).

Taxpayer	Type of Business	2014 Taxable Value (1)	% of the District's Prelim. 2014 Tax Value
Intrepid Potash-Moab LLC .....	Manufacturing	\$122,665,623	8.3%
Fidelity E&P Company .....	Oil/natural gas	79,842,741	5.4
Mid-America Pipeline .....	Transportation pipeline	78,666,420	5.3
Union Pacific Railroad Co. ....	Railroad	31,408,450	2.1
Pacificorp .....	Electric utility	25,680,111	1.7
Northwest Pipeline .....	Transportation pipeline	24,814,378	1.7
Red Rock Gathering Company LLC....	Oil/natural gas	20,587,813	1.4
Wang Organization LTD .....	Management	19,969,648	1.3
Individual .....	Real estate	14,938,037	1.0
Moab 21 LLC.....	Real estate	<u>14,509,555</u>	1.0
Totals .....		<u>\$433,082,776</u>	29.2%

- (1) Taxable Value used in this table *excludes* the taxable value used to determine Uniform Fees on tangible personal property. See "Taxable, Fair Market And Market Value Of Property" above.

(Source: The Office Of The County Assessor.)

## **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 2014, approximately 49% of the District’s funding was from Local Funding, approximately 43% from State Funding, and approximately 8% from Federal Funding. See “APPENDIX A—FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014.”

### **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 GRAND 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 Ended June 30 (unaudited)				
	2014	2013	2012	2011	2010
<i>State Funds</i>					
General .....	\$5,522,174	\$5,231,931	\$5,252,583	\$5,412,097	\$5,678,458
Other Governmental .....	89,015	87,348	293,774	250,850	279,156
Capital Projects.....	—	—	—	2,108	178,271
Totals .....	<u>\$5,611,189</u>	<u>\$5,319,278</u>	<u>\$5,546,357</u>	<u>\$5,665,055</u>	<u>\$6,135,885</u>
% change over prior year .....	5.5%	(4.1)%	(2.1)%	(7.7)%	(3.9)%
<i>Federal Funds</i>					
General .....	\$1,004,333	\$1,141,860	\$ 872,046	\$1,332,399	\$1,613,873
Other Governmental .....	<u>390,345</u>	<u>371,629</u>	<u>678,797</u>	<u>683,700</u>	<u>673,891</u>
Totals .....	<u>\$1,394,678</u>	<u>\$1,513,489</u>	<u>\$1,550,843</u>	<u>\$2,016,099</u>	<u>\$2,287,764</u>
% change over prior year .....	(7.9)%	(2.4)%	(23.1)%	(11.9)%	(0.9)%

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

See "FINANCIAL INFORMATION REGARDING GRAND COUNTY SCHOOL DISTRICT, UTAH—Financial Summaries" above.

## LEGAL MATTERS

### Absence Of Litigation

The attorney for the Board, Fabian & Clendenin, Salt Lake City, Utah, has advised that, to the best of their knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the 2015 Bonds.

## TAX EXEMPTION

### Federal Income Taxation Of 2015 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 2015 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 2015 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the 2015 Bonds substantially in the form set forth in "APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

To the extent the issue price of any maturity of the 2015 Bonds is less than the amount to be paid at maturity of such 2015 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2015 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 2015 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2015 Bonds is the first price at which a substantial amount of such maturity of the 2015 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 2015 Bonds accrues daily over the term to maturity of such 2015 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 2015 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2015 Bonds. Beneficial Owners of the 2015 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2015 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2015 Bonds in the original offering to the public at the first price at which a substantial amount of such 2015 Bonds is sold to the public.

2015 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 2015 Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the 2015 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 2015 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2015 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 2015 Bonds may adversely affect the value of, or the tax status of interest on, the 2015 Bonds.

Although Bond Counsel is of the opinion that interest on the 2015 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 2015 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 2015 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 2015 Bonds. Prospective purchasers of the 2015 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

2015 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 2015 Bonds ends with the issuance of the 2015 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 2015 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 2015 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 2015 Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

### **State Tax Exemption For The 2015 Bonds**

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2015 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2015 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 2015 Bonds. Prospective purchasers of the 2015 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **Qualified Tax–Exempt Obligations**

Subject to the Board’s compliance with certain covenants, in the opinion of Bond Counsel, the 2015 Bonds are “qualified tax–exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## **MISCELLANEOUS**

### **General**

The authorization and issuance of the 2015 Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by the attorney for the Board, Fabian & Clendenin, Salt Lake City, Utah. The approving opinion of Bond Counsel will be delivered with the 2015 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 2015 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 2015 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### **Bond Ratings**

As of the date of this OFFICIAL STATEMENT, the 2015 Bonds have been rated “Aaa” by Moody’s based upon the Guaranty Act. An explanation of the above ratings may be obtained from Moody’s. The Board has not directly applied to S&P or Fitch for a rating on the 2015 Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody’s has given the 2015 Bonds an underlying rating of “A1”.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the outstanding general obligation bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2015 Bonds.

### **Escrow Verification**

Grant Thornton LLP, Minneapolis, Minnesota, Certified Public Accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys to be placed in the Escrow Account to pay when due pursuant to prior redemption the redemption price of, and interest on the 2008 Refunded Bonds and the mathematical computations of the yield on the 2015 Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the 2015 Bonds. Such verifications shall be based in part upon information supplied by the successful bidder(s).

### **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 2015 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2015 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, 2014 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 GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014” to this OFFICIAL STATEMENT.

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

### **Additional Information**

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

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

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

This 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 Grand County School District, Utah**

By: \_\_\_\_\_  
James W. Webster, Board President

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## **APPENDIX A**

### **FINANCIAL STATEMENTS OF GRAND COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2014**

The financial statements of the Board for Fiscal Year 2014 are contained herein. Copies of current and prior financial statements are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

*The District’s financial statements for Fiscal Year 2015 must be completed under State law by November 30, 2015.*

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**GRAND COUNTY SCHOOL DISTRICT**

**Financial Statements**

Year Ended June 30, 2014

# GRAND COUNTY SCHOOL DISTRICT

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## Independent Auditor's Report

Board of Education  
Grand County School District

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand County School District (the District) as of and for the year ended June 30, 2014, 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 Grand County School District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, 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.



Orem, Utah  
November 13, 2014

## Management's Discussion and Analysis

This section of Grand County School District's (the District) financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2014.

### Financial Highlights

- The District's net position was \$14.3 million at the close of the most recent fiscal year.
- During the year, expenses were \$0.4 million less than the \$17.4 million generated in taxes and other revenues for governmental activities.

### Overview of the Financial Statements

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

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

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

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

The government-wide financial statements of the District are reported as *governmental activities*. The District's basic services are included here, such as instruction, various supporting services, food services, community services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

The government-wide financial statements can be found on pages 11 and 12 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 are categorized as governmental funds.

- **Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available

at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental 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 five 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 are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the governmental funds 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 13 through 17 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 18 through 28 of this report.

**Additional information** – The individual and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements on pages 29 through 35 of this report.

To satisfy continuing disclosure requirements for the District's general obligation bonds and to provide comparative data, selected financial, tax, and demographic information is provided as other information. This other information can be found on pages 36 through 42 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14.3 million at the close of the most recent fiscal year.

**GRAND COUNTY SCHOOL DISTRICT'S Net Position**  
**June 30, 2014 and 2013**  
(in millions of dollars)

	Governmental activities		Total change
	2014	2013	2014-2013
Current and other assets	\$ 19.1	\$ 18.0	\$ 1.1
Capital assets	36.2	37.3	(1.1)
Total assets	55.3	55.3	0.0
Deferred outflows of resources	3.3	3.5	(0.2)
Current and other liabilities	2.2	2.2	-
Long-term liabilities outstanding	33.3	34.9	(1.6)
Total liabilities	35.5	37.1	(1.6)
Deferred inflows of resources	8.8	7.8	1.0
Net position:			
Net investment in capital assets	8.1	7.8	0.3
Restricted	3.6	3.5	0.1
Unrestricted	2.6	2.6	-
Total net position	\$ 14.3	\$ 13.9	\$ 0.4

- The largest portion of the District's net position (\$8.1 million) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and buses, net of accumulated depreciation), less any related debt (general obligation 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 (\$3.6 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for debt service and capital projects. Restricted net position increased by \$0.1 million during the year ended June 30, 2014. This increase resulted primarily from not spending resources restricted for capital outlay.
- The remaining balance of net position (\$2.6 million) is unrestricted and may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

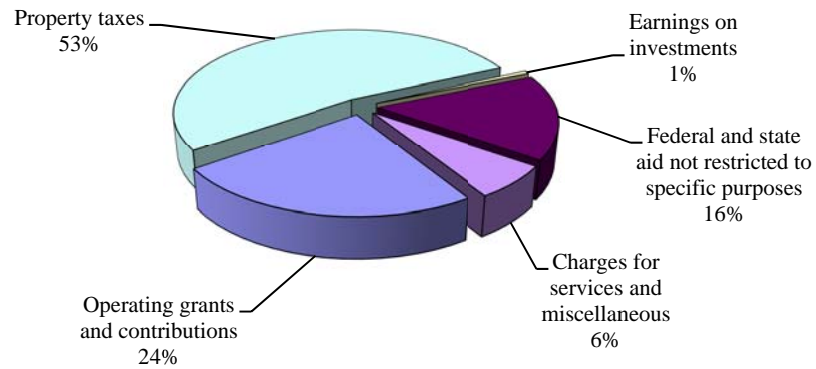
**Governmental activities** – The District's net position increased by \$0.4 million during the current year from activities. The following discussion and analysis on governmental activities focuses on this increase.

**GRAND COUNTY SCHOOL DISTRICT'S Changes in Net Position**  
**Years Ended June 30, 2014 and 2013**  
(in millions of dollars)

	Governmental activities		Total change 2014-2013
	2014	2013	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 0.7	\$ 0.7	\$ -
Operating grants and contributions	4.2	4.1	0.1
General revenues:			
Property taxes	9.2	8.9	0.3
Federal and state aid not restricted to specific purposes	2.8	2.7	0.1
Earnings on investments	0.1	0.1	-
Miscellaneous	0.4	0.4	-
Total revenues	<u>17.4</u>	<u>16.9</u>	<u>0.5</u>
<b>Expenses:</b>			
Instruction	8.6	8.1	0.5
Supporting services:			
Students	0.3	0.3	-
Instructional staff	1.0	0.8	0.2
General administration	0.3	0.3	-
School administration	0.8	0.8	-
Central	0.5	0.5	-
Operation and maintenance of facilities	1.6	1.5	0.1
Student transportation	0.7	0.6	0.1
Community recreation	1.0	1.2	(0.2)
Food services	0.8	0.7	0.1
Interest on long-term liabilities	1.4	1.5	(0.1)
Total expenses	<u>17.0</u>	<u>16.3</u>	<u>0.7</u>
Increase in net position	0.4	0.6	(0.2)
<b>Net position - beginning</b>	<u>13.9</u>	<u>13.3</u>	<u>0.6</u>
<b>Net position - ending</b>	<u>\$ 14.3</u>	<u>\$ 13.9</u>	<u>\$ 0.4</u>

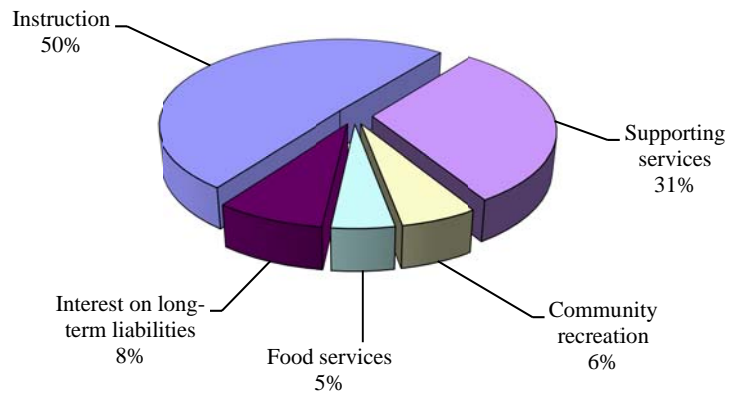
- The largest net dollar increase in revenues is from property taxes. Property taxes increased by \$0.3 million in 2014 as a result of changes in collections, tax rates, and the values of taxable property within the District. Additionally, the District collected property tax revenue from San Juan County for the students who are residents of San Juan County which attend school in the District.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. Certain students receive a weighting greater than one. The state guarantees that if local taxes do not provide money equal to the WPU, the state will make up the difference with state funding. The value of the WPU increased by 2.0% during the year ended June 30, 2014 (\$2,899 during 2014 as compared to \$2,842 in 2013).

**Grand County School District  
Revenue by Source - Governmental Activities  
Year Ended June 30, 2014**



- Instruction represents the largest dollar portion of expense of \$8.6 million primarily for teacher salaries and related benefits.

**Grand County School District  
Expenses by Function - Governmental Activities  
Year Ended June 30, 2014**



## Financial Analysis of the District's Funds

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

**Governmental funds** – The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$8.2 million, \$0.1 million more than the previous year. Included in this year's change in the combined fund balance is a decrease in the *general fund* of \$0.1 million primarily due to increased salaries and related benefits in the instructional staff function. The *capital projects fund* had an increase in fund balance of \$0.4 million primarily due to not spending tax revenue restricted for capital outlay. This year's change also includes a decrease in the fund balance of the *debt service fund* of \$0.2 million due to using fund balance to partially pay for bond principal and interest payments. Bond principal and interest payments are due July 1 and January 1 of each year; cash with fiscal agent of \$2.2 million at June 30, 2014 was disbursed on July 1, 2014. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$13.0 million. Instruction represents 54.4% of *general fund* expenditures.
- *General fund* salaries totaled \$7.5 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$3.4 million to arrive at 83.9% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid items that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2014, the District's combined governmental fund balance is \$8.2 million (\$0.1 million in nonspendable, \$5.6 million in restricted, \$0.7 million in assigned, and \$1.8 million in unassigned fund balances).

### General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$0.4 million in total *general fund* expenditures. During the year, final budgeted revenues increased by \$0.7 million to reflect anticipated increases in property taxes and state revenue.

Even with these adjustments, actual expenditures were \$0.1 million less than final budgeted amounts. Other variances normally 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 District’s investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$36.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment and buses. The total decrease in capital assets for the current year was \$1.1 million or 2.9%.

Capital assets at June 30, 2014 and 2013 are outlined below:

**GRAND COUNTY SCHOOL DISTRICT'S Capital Assets**  
**June 30, 2014 and 2013**  
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total change
	2014	2013	2014-2013
Land	\$ 0.6	\$ 0.6	\$ -
Buildings and improvements	35.0	36.1	(1.1)
Equipment and buses	0.6	0.6	-
Total capital assets	<u>\$ 36.2</u>	<u>\$ 37.3</u>	<u>\$ (1.1)</u>

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

**Debt administration** – At the end of the current year, the District had total bonded debt outstanding of \$33.0 million (net of unamortized amounts for bond issuance premiums). Payment of the debt is backed by the full faith and credit of the District as well as the State of Utah under provisions of The Guaranty Act. The District’s total debt decreased by \$1.6 million or 4.6% during the current year. The decrease was a result of principal payments on the outstanding bonds.

**GRAND COUNTY SCHOOL DISTRICT'S Outstanding Debt**  
**June 30, 2014 and 2013**  
(in millions of dollars)

	Governmental activities		Total change
	2014	2013	2014-2013
Net general obligation bonds	<u>\$ 33.0</u>	<u>\$ 34.6</u>	<u>\$ (1.6)</u>

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2028.

The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2014 is about \$68.1 million. General obligation debt, net of unamortized bond issuance premiums, at June 30, 2014 is \$33.0 million, resulting in a legal debt margin of about \$35.1 million.

Additional information on the District’s long-term debt can be found in Note 7 to the basic financial statements.

## Enrollment

The District anticipates student enrollment to remain relatively constant. The following enrollment information is based on the annual October 1 counts:

### GRAND COUNTY SCHOOL DISTRICT'S Enrollment October 1 Count

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2014-15	1,456	0.1%
2013-14	1,455	-0.8%
2012-13	1,466	-2.6%
2011-12	1,505	-0.3%
2010-11	1,510	-1.0%
2009-10	1,526	1.9%
2008-09	1,498	0.8%
2007-08	1,486	-0.9%
2006-07	1,500	2.0%
2005-06	1,470	3.7%

Moab Community School, a Utah public charter school within the District's boundaries, enrolls about 116 students.

### Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of Grand County School 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 financial information, contact the Office of the Business Administrator at Grand County School District, 264 South 400 East, Moab, Utah 84532.

## **Basic Financial Statements**

**GRAND COUNTY SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 7,135,188
Cash with fiscal agent	2,200,152
Receivables:	
Property taxes	9,282,631
Other local	5,383
State of Utah	108,184
Federal government	232,145
Inventories and prepaid items	115,080
Capital assets:	
Land	630,772
Buildings and other capital assets, net of accumulated depreciation	35,597,205
Total assets	<u>55,306,740</u>
<b>Deferred outflows of resources:</b>	
Deferred amounts on refunding	<u>3,276,982</u>
<b>Liabilities:</b>	
Accounts and contracts payable	65,799
Accrued interest	605,064
Accrued salaries and benefits	1,401,788
Unearned revenue:	
State of Utah	148,677
Long-term liabilities:	
Portion due or payable within one year	1,704,232
Portion due or payable after one year	31,583,316
Total liabilities	<u>35,508,876</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for future year	<u>8,791,291</u>
<b>Net position:</b>	
Net investment in capital assets	8,090,360
Restricted for:	
Debt service	1,193,528
Capital projects	2,320,615
Food services	33,941
Other purposes	23,865
Unrestricted	2,621,246
Total net position	<u><u>\$ 14,283,555</u></u>

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

# GRAND COUNTY SCHOOL DISTRICT

## Statement of Activities

Year Ended June 30, 2014

Activities / Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
<b>Governmental activities:</b>				
Instruction	\$ 8,610,267	\$ 546,812	\$ 2,712,637	\$ (5,350,818)
Supporting services:				
Students	262,337	-	53,778	(208,559)
Instructional staff	934,023	-	280,855	(653,168)
General administration	318,417	-	-	(318,417)
School administration	838,813	-	23,487	(815,326)
Central	538,405	-	-	(538,405)
Operation and maintenance of facilities	1,593,313	-	5,396	(1,587,917)
Student transportation	734,872	4,655	219,542	(510,675)
Community recreation	989,782	1,248	431,355	(557,179)
Food services	758,052	164,899	479,360	(113,793)
Interest on long-term liabilities	1,437,961	-	-	(1,437,961)
Total school district	<u>\$ 17,016,242</u>	<u>\$ 717,614</u>	<u>\$ 4,206,410</u>	<u>(12,092,218)</u>
<b>General revenues:</b>				
Property taxes levied for:				
Basic				2,251,480
Board local				3,713,841
Debt service				2,519,897
Capital local				<u>759,783</u>
Total property taxes				9,245,001
Federal and state aid not restricted to specific purposes				2,799,457
Earnings on investments				41,814
Miscellaneous				<u>413,268</u>
Total general revenues				<u>12,499,540</u>
Change in net position				407,322
<b>Net position - beginning</b>				<u>13,876,233</u>
<b>Net position - ending</b>				<u><u>\$ 14,283,555</u></u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2014

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets:</b>					
Cash and investments	\$ 3,580,942	\$ 1,060,598	\$ 2,275,566	\$ 218,082	\$ 7,135,188
Cash with fiscal agent	-	2,200,152	-	-	2,200,152
Receivables:					
Property taxes	5,836,057	2,518,765	927,809	-	9,282,631
Other local	2,607	-	-	2,776	5,383
State of Utah	67,280	-	-	40,904	108,184
Federal government	226,444	-	-	5,701	232,145
Inventories and prepaid items	84,793	-	-	30,287	115,080
Due from other funds	45,727	-	-	-	45,727
Total assets	<u>\$ 9,843,850</u>	<u>\$ 5,779,515</u>	<u>\$ 3,203,375</u>	<u>\$ 297,750</u>	<u>\$ 19,124,490</u>
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 61,621	\$ -	\$ 4,178	\$ -	\$ 65,799
Accrued salaries and benefits	1,401,788	-	-	-	1,401,788
Unearned revenue:					
State of Utah	148,677	-	-	-	148,677
Due to other funds	-	-	-	45,727	45,727
Total liabilities	<u>1,612,086</u>	<u>-</u>	<u>4,178</u>	<u>45,727</u>	<u>1,661,991</u>
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	300,032	128,866	48,050	-	476,948
Property taxes levied for future year	5,526,786	2,385,923	878,582	-	8,791,291
Total deferred inflows of resources	<u>5,826,818</u>	<u>2,514,789</u>	<u>926,632</u>	<u>-</u>	<u>9,268,239</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories and prepaid items	84,793	-	-	30,287	115,080
Restricted for:					
Debt service	-	3,264,726	-	-	3,264,726
Capital projects	-	-	2,272,565	-	2,272,565
Other purposes	23,865	-	-	3,654	27,519
Assigned to:					
Programs	128,068	-	-	-	128,068
Students	-	-	-	218,082	218,082
Repairs and maintenance	300,000	-	-	-	300,000
Other purposes	105,000	-	-	-	105,000
Unassigned	1,763,220	-	-	-	1,763,220
Total fund balances	<u>2,404,946</u>	<u>3,264,726</u>	<u>2,272,565</u>	<u>252,023</u>	<u>8,194,260</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,843,850</u>	<u>\$ 5,779,515</u>	<u>\$ 3,203,375</u>	<u>\$ 297,750</u>	<u>\$ 19,124,490</u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2014

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<b>Total fund balances for governmental funds</b>	\$ 8,194,260
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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 activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 630,772	
Buildings and improvements, net of \$9,213,235 accumulated depreciation	34,973,787	
Equipment and buses, net of \$1,429,810 accumulated depreciation	623,418	36,227,977

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 in the funds.	476,948
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as in the funds. All liabilities - both current and long-term portions - are reported in the statement of net position. These and related balances at year end are:

General obligation bonds payable	(32,415,000)	
Bond premium, net of \$453,575 of accumulated amortization	(594,599)	
Deferred amounts on refunding, net of \$733,118 of accumulated amortization	3,276,982	
Accrued interest	(605,064)	
Accrued sick leave	(99,019)	
Early retirement obligation	(178,930)	(30,615,630)

<b>Total net position of governmental activities</b>	\$ 14,283,555
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The notes to the basic financial statements are an integral part of this statement.

**GRAND COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2014

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 5,952,659	\$ 2,529,508	\$ 758,170	\$ -	\$ 9,240,337
Earnings on investments	19,256	11,872	10,626	60	41,814
Other local revenue	417,134	-	10,000	703,181	1,130,315
State sources	5,522,174	-	-	89,015	5,611,189
Federal sources	1,004,333	-	-	390,345	1,394,678
Total revenues	12,915,556	2,541,380	778,796	1,182,601	17,418,333
<b>Expenditures:</b>					
Current:					
Instruction	7,047,348	-	-	514,681	7,562,029
Supporting services:					
Student	262,337	-	-	-	262,337
Instructional staff	930,409	-	-	-	930,409
General administration	307,174	-	-	-	307,174
School administration	796,048	-	-	-	796,048
Central	538,405	-	-	-	538,405
Operation and maintenance of facilities	1,461,185	-	-	-	1,461,185
Student transportation	673,000	-	-	-	673,000
Community recreation	947,226	-	-	-	947,226
Food services	-	-	-	684,234	684,234
Capital outlay	-	-	422,993	-	422,993
Debt service:					
Principal retirement	-	1,545,000	-	-	1,545,000
Interest and other charges	-	1,241,247	-	-	1,241,247
Total expenditures	12,963,132	2,786,247	422,993	1,198,915	17,371,287
Excess (deficiency) of revenues over (under) expenditures	(47,576)	(244,867)	355,803	(16,314)	47,046
<b>Other financing sources (uses):</b>					
Transfers in (out)	(40,000)	-	-	40,000	-
Proceeds from sale of capital assets	-	-	712	-	712
Total other financing sources (uses)	(40,000)	-	712	40,000	712
Net change in fund balances	(87,576)	(244,867)	356,515	23,686	47,758
<b>Fund balances - beginning</b>	2,492,522	3,509,593	1,916,050	228,337	8,146,502
<b>Fund balances - ending</b>	\$ 2,404,946	\$ 3,264,726	\$ 2,272,565	\$ 252,023	\$ 8,194,260

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

**GRAND COUNTY 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, 2014

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<b>Net change in fund balances-total governmental funds</b>	\$	47,758
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$50,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets decreased net position in the current period.

Capital outlays	\$ 207,961		
Proceeds from sale of capital assets	(712)		
Gain on sale of capital assets	567		
Depreciation expense	<u>(1,257,659)</u>		(1,049,843)

The issuance of bonds provides current financial resources to governmental funds, while the repayment of the principal of bonds consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. 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. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Principal repayment of general obligation bonds	1,545,000		
Amortization of bond-related accounts	(224,976)		
Interest expense	<u>28,262</u>		1,348,286

Certain revenue sources are collected several months after the District's fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred inflows of resources at year end. They are, however, recorded as revenues in the statement of activities. 4,664

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds; long-term employee benefit obligations are reported in the governmental funds when paid.

Accrued sick leave	(12,888)		
Early retirement	<u>69,345</u>		<u>56,457</u>

<b>Change in net position of governmental activities</b>	\$	<u><u>407,322</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**GRAND COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2014

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 5,879,730	\$ 6,125,455	\$ 5,952,659	\$ (172,796)
Earnings on investments	21,223	19,258	19,256	(2)
Other local revenue	309,286	462,485	417,134	(45,351)
State sources	5,202,715	5,531,697	5,522,174	(9,523)
Federal sources	1,098,985	1,020,282	1,004,333	(15,949)
Total revenues	12,511,939	13,159,177	12,915,556	(243,621)
<b>Expenditures:</b>				
Current:				
Instruction	7,528,986	7,054,681	7,047,348	7,333
Supporting services:				
Students	308,892	272,892	262,337	10,555
Instructional staff	896,974	913,403	930,409	(17,006)
General administration	335,906	316,522	307,174	9,348
School administration	807,588	800,846	796,048	4,798
Central	506,126	554,780	538,405	16,375
Operation and maintenance of facilities	1,524,722	1,466,349	1,461,185	5,164
Student transportation	561,055	677,006	673,000	4,006
Community recreation	981,729	957,968	947,226	10,742
Total expenditures	13,451,978	13,014,447	12,963,132	51,315
Excess (deficiency) of revenues over (under) expenditures	(940,039)	144,730	(47,576)	(192,306)
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(40,000)	(40,000)
Net change in fund balances	(940,039)	144,730	(87,576)	(232,306)
<b>Fund balances - beginning</b>	2,492,522	2,492,522	2,492,522	-
<b>Fund balances - ending</b>	\$ 1,552,483	\$ 2,637,252	\$ 2,404,946	\$ (232,306)

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting entity** – The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The District is not a component unit of any other primary government, and the District does not have any component units.

**Government-wide and fund financial statements** – The *government-wide financial statements* (the statement of net position and the statement of changes in net position) display information and financial activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities are primarily financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The District reports the following major governmental funds:

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

**Measurement focus, basis of accounting, and financial statement presentation** – The *government-wide financial statements* and proprietary fund financial statements are reported using the economic resources

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

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measurement focus and 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. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, early retirement, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when cash is received by the District.

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

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the current year have been included in the final budget approved by the Board, as presented in the financial statements.

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

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- Expenditures may not legally exceed budgeted appropriations at the fund level.

**Deposits and investments** – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

**Cash with fiscal agent** – Cash with fiscal agent is restricted to meet debt service requirements of general obligation bonds due on July 1, 2014.

**Prepaid items** – The District has made payments for services that will be consumed or utilized in a future period.

**Inventories** – Inventories are valued at cost or, if donated, at fair value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are recorded as revenue when received.

**Capital assets** – Capital assets, which include land, buildings and improvements, and equipment and buses, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$50,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and improvements and equipment and buses of the District are depreciated using the straight-line method over the estimated useful lives as indicated in the chart below:

Assets	Years
Buildings	40 to 50
Building improvements	20
School buses	10
Classroom equipment	5
Other equipment	5 to 10
Vehicles	5

**Compensated absences** – Under Board policy, the District provides employees a sick leave incentive available to all employees upon their separation from the District. The benefit is 25% of the amount of unused sick leave days accumulated using the daily rate of pay at the time of separation. The District records expenditures in the governmental funds for sick pay benefits when paid. An expense and related liability are recorded in the governmental-wide financial statements as these benefits are earned.

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

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

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In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Early retirement** – The District provides an early retirement program. Eligibility is restricted to teachers and administrators with a minimum of ten years of service in the District. Benefits (covering from 3 to 6 years) are in the form of health care premiums and are based on years worked and expire when the retiree becomes eligible for Medicare. For the early retirement program, a liability and expense is recorded in the government-wide financial statements at the time the employee elects to retire early; expenditures are recorded in the governmental funds as benefits are paid by the District. The liability is paid from the fund from which the employee retires.

**Deferred outflows/inflows of resources** – In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable property tax revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *property taxes levied for future year*, is reported in both the statement of net position and the governmental funds balance sheet. This amount accounts for property taxes levied on January 1 for the following school year.

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

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

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

Fund balance classifications are summarized as follows:

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

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- Nonspendable – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to prepaid items and 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 a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the unspent tax revenue for specific purposes (debt service and capital projects), donations for scholarships, and amounts in other governmental funds (*food services fund*).
- Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District does not have any committed fund balances at the end of the year.
- Assigned – This category includes resources held in the *general fund* to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the business administrator to assign fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District has assigned amounts that it intends to be used for a specific purpose but are neither restricted nor committed. Also residual balances in other governmental funds are classified as assigned fund balances.
- Unassigned – Residual balances in the *general fund* are classified as unassigned.

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

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

## **2. DEPOSITS AND INVESTMENTS**

A reconciliation of cash and investments at June 30, 2014, as shown on the financial statements is as follows:

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

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Carrying amount of deposits	\$ 2,974,957
Carrying amount of investments	<u>6,360,383</u>
Total	<u><u>\$ 9,335,340</u></u>
Cash and investments	\$ 7,135,188
Cash with fiscal agent	<u>2,200,152</u>
Total	<u><u>\$ 9,335,340</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 (the 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, US Treasury obligations, US 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** – The District's carrying amount of bank deposits at June 30, 2014 is \$2,974,957. The bank balance is \$3,218,754, of which \$690,141 is covered by federal depository insurance.

- 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. At June 30, 2014, the uninsured amount of the District's bank deposits was uncollateralized nor is it required by state law.

**Investments** – At June 30, 2014, the District has \$6,360,383 invested with the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes, top-tier commercial paper, money market mutual funds, and certificates of deposit. The portfolio has a weighted average of 66 days. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

- 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 to not exceed the period of availability of the funds invested. 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.

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

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- **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 or by Standard & Poor’s.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District’s total portfolio with a single issuer.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules.

**3. 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 (the legal lien date) and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor 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.

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

As of June 30, 2014, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2014, 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.

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

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 630,772	\$ -	\$ -	\$ 630,772
Capital assets, being depreciated:				
Buildings and improvements	44,187,022	-	-	44,187,022
Equipment and buses	1,885,491	207,961	(40,224)	2,053,228
Total capital assets, being depreciated	46,072,513	207,961	(40,224)	46,240,250
Accumulated depreciation for:				
Buildings and improvements	(8,090,391)	(1,122,844)	-	(9,213,235)
Equipment and buses	(1,335,074)	(134,815)	40,079	(1,429,810)
Total accumulated depreciation	(9,425,465)	(1,257,659)	40,079	(10,643,045)
Total capital assets, being depreciated, net	36,647,048	(1,049,698)	(145)	35,597,205
Governmental activity capital assets, net	<u>\$ 37,277,820</u>	<u>\$ (1,049,698)</u>	<u>\$ (145)</u>	<u>\$ 36,227,977</u>

For the year ended June 30, 2014, depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Instruction	\$ 889,663
Supporting services:	
Instructional staff	3,614
General administration	11,243
School administration	42,765
Operation and maintenance of facilities	132,128
Student transportation	61,872
Community recreation	42,556
Food services	73,818
Total depreciation expense, governmental activities	<u>\$ 1,257,659</u>

**5. RETIREMENT PLANS**

**Defined benefit plans** – The District contributes to the State and School Division cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS) and Plans (the System).

The System provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of *Utah Code* Title 49. The Utah State Retirement and Insurance Benefit Act in Title 49 provides for the administration of the System under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The System

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

*Continued*

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issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The contribution requirements of the System are authorized by state statute and specified by the Utah State Retirement Board. The District's required contribution rates (actuarially determined) to the System for the year ended June 30, 2014 range from 8.34% to 20.46% of covered salaries.

For the years ended June 30, 2014, 2013, and 2012, the District contributed \$1,400,375, \$1,251,323, and \$1,087,055, respectively, to the System. Contributions were equal to the required contributions for each year.

**Defined contribution plans** – The District participates in a deferred compensation plan, under Internal Revenue Code Section 401(k), to supplement retirement benefits accrued by participants in the System. During the year ended June 30, 2014, District contributions for participating employees ranged from 1.50% to 10.00% of covered salaries based on the plan within the System.

Employees participating in the System can make additional contributions up to specified limits. For the year ended June 30, 2014, the District contributed \$125,765 and employee contributions totaled \$153,427. The 401(k) plan funds are fully vested to the participants at the time of deposit. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Plan assets are administered and held by URS and URS has the authority to establish or amend contribution requirements and other plan provisions.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$1,520 for the year ended June 30, 2014. The assets of the plan are administered and held by URS and URS has the authority to establish or amend contribution requirements and other plan provisions.

In addition to the defined contribution and deferred compensation plans, the District offers its employees two tax-advantaged savings plans authorized by the Internal Revenue Service Code Section 408. Employees are eligible to participate from the date of employment and are vested immediately upon participation. For the year ended June 30, 2014 employee contributions totaled \$7,616 and \$80 to the Roth IRA and Traditional IRA, respectively. The assets of the plan are administered and held by URS and URS has the authority to amend the plan.

## **6. RISK MANAGEMENT**

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to 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 Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. Settled claims have not exceeded the District's insurance coverage for any of the past three years. The District also maintains a public treasurer's fidelity bond with a private carrier.

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

All District employees are covered for workers compensation by the Utah School Boards Risk Management Mutual Association. Unemployment insurance is covered by the District on a pay-as-you-go basis.

Settled claims for the past three years have been insignificant.

**7. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 33,960,000	\$ -	\$ (1,545,000)	\$ 32,415,000	\$ 1,595,000
Bond premium	643,824	-	(49,225)	594,599	-
Net bonds payable	34,603,824	-	(1,594,225)	33,009,599	1,595,000
Accrued sick leave	86,131	24,216	(11,328)	99,019	9,902
Early retirement	248,275	30,165	(99,510)	178,930	99,330
Total long term liabilities	<u>\$ 34,938,230</u>	<u>\$ 54,381</u>	<u>\$ (1,705,063)</u>	<u>\$ 33,287,548</u>	<u>\$ 1,704,232</u>

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

The annual requirements to service all general obligation bonds outstanding (principal and interest) as of June 30, 2014 are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,595,000	\$ 1,181,165	\$ 2,776,165
2016	1,660,000	1,114,690	2,774,690
2017	1,730,000	1,037,915	2,767,915
2018	1,810,000	957,153	2,767,153
2019	1,895,000	872,103	2,767,103
2020 - 2024	10,830,000	2,995,184	13,825,184
2025 - 2029	12,895,000	1,056,630	13,951,630
Total	<u>\$ 32,415,000</u>	<u>\$ 9,214,840</u>	<u>\$ 41,629,840</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2014 is \$68.1 million with net general obligation debt outstanding of \$33.0 million, resulting in a legal debt margin of \$35.1 million.

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

*Continued*

The outstanding balance of general obligation bonds payable at June 30, 2014 is comprised of individual issues as follows:

Purpose	Remaining Interest Rates	Outstanding Amount
\$35,775,000 general obligation school building and refunding bonds issued November 12, 2008, maturing July 1, 2028	4.0% to 5.0%	\$ 13,280,000
\$9,930,000 general obligation refunding bonds issued December 7, 2011, maturing July 1, 2028	1.5% to 3.3%	9,575,000
\$9,680,000 general obligation refunding bonds issued March 14, 2012, maturing July 1, 2025	1.5% to 3.0%	<u>9,560,000</u>
Total		<u><u>\$ 32,415,000</u></u>

**9. INTERFUND BALANCES AND ACTIVITY**

The amounts payable of \$45,727 to the *general fund* are related to working capital advances made to the *food services fund*.

The District transferred \$40,000 from the *general fund* to the *food services fund* to help cover the costs of providing food services.

**10. LITIGATION AND COMPLIANCE**

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

All funds balances are positive at June 30, 2014.

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 be insignificant.

**Combining and Individual Fund  
Statements and Schedules**

**GRAND COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*General Fund*  
Year Ended June 30, 2014  
With Comparative Totals for 2013

	<b>2014</b>			<b>2013</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 6,125,455	\$ 5,952,659	\$ (172,796)	\$ 5,889,892
Earnings on investments	19,258	19,256	(2)	22,301
Other local revenue	462,485	417,134	(45,351)	335,098
State sources	5,531,697	5,522,174	(9,523)	5,231,931
Federal sources	1,020,282	1,004,333	(15,949)	1,141,860
Total revenues	<u>13,159,177</u>	<u>12,915,556</u>	<u>(243,621)</u>	<u>12,621,082</u>
<b>Expenditures:</b>				
Current:				
Salaries	7,501,158	7,521,727	(20,569)	7,281,604
Employee benefits	3,423,909	3,360,316	63,593	3,326,440
Purchased services	672,278	656,676	15,602	992,730
Supplies	1,041,493	1,038,546	2,947	868,209
Property	332,333	345,269	(12,936)	103,627
Other objects	43,276	40,598	2,678	35,684
Total expenditures	<u>13,014,447</u>	<u>12,963,132</u>	<u>51,315</u>	<u>12,608,294</u>
Excess (deficiency) of revenues over (under) expenditures	144,730	(47,576)	(192,306)	12,788
<b>Other financing sources:</b>				
Transfers in (out)	-	(40,000)	(40,000)	524,159
Net change in fund balances	144,730	(87,576)	(232,306)	536,947
<b>Fund balances - beginning</b>	<u>2,492,522</u>	<u>2,492,522</u>	<u>-</u>	<u>1,955,575</u>
<b>Fund balances - ending</b>	<u>\$ 2,637,252</u>	<u>\$ 2,404,946</u>	<u>\$ (232,306)</u>	<u>\$ 2,492,522</u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Debt Service Fund**  
Year Ended June 30, 2014  
With Comparative Totals for 2013

	<b>2014</b>			<b>2013</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Property taxes	\$ 2,525,604	\$ 2,529,508	\$ 3,904	\$ 2,452,975
Earnings on investments	11,875	11,872	(3)	27,245
Total revenues	<u>2,537,479</u>	<u>2,541,380</u>	<u>3,901</u>	<u>2,480,220</u>
<b>Expenditures:</b>				
Debt Service:				
Principal retirement	1,545,000	1,545,000	-	1,500,000
Interest and other charges	<u>1,239,890</u>	<u>1,241,247</u>	<u>(1,357)</u>	<u>1,232,203</u>
Total expenditures	<u>2,784,890</u>	<u>2,786,247</u>	<u>(1,357)</u>	<u>2,732,203</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	<u>(247,411)</u>	<u>(244,867)</u>	<u>2,544</u>	<u>(251,983)</u>
<b>Fund balances - beginning</b>	<u>3,509,593</u>	<u>3,509,593</u>	<u>-</u>	<u>3,761,576</u>
<b>Fund balances - ending</b>	<u><u>\$ 3,262,182</u></u>	<u><u>\$ 3,264,726</u></u>	<u><u>\$ 2,544</u></u>	<u><u>\$ 3,509,593</u></u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund**  
Year Ended June 30, 2014  
With Comparative Totals for 2013

	<b>2014</b>			<b>2013</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 756,993	\$ 758,170	\$ 1,177	\$ 513,644
Earnings on investments	10,626	10,626	-	12,759
Other local revenue	10,000	10,000	-	-
Total revenues	777,619	778,796	1,177	526,403
<b>Expenditures:</b>				
Capital Outlay:				
Purchased services	264,111	257,116	6,995	623,802
Equipment	168,500	165,877	2,623	177,220
Total expenditures	432,611	422,993	9,618	801,022
Excess (deficiency) of revenues over (under) expenditures	345,008	355,803	10,795	(274,619)
<b>Other financing sources:</b>				
Proceeds from sale of capital assets	712	712	-	42,596
Net change in fund balances	345,720	356,515	10,795	(232,023)
<b>Fund balances - beginning</b>	1,916,050	1,916,050	-	2,148,073
<b>Fund balances - ending</b>	\$ 2,261,770	\$ 2,272,565	\$ 10,795	\$ 1,916,050

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2014

	<b>Special Revenue Funds</b>		<b>Total Nonmajor Governmental Funds</b>
	<i>Food Services</i>	<i>Student Activities</i>	
<b>Assets:</b>			
Cash and investments	\$ -	\$ 218,082	\$ 218,082
Receivables:			
Other local	2,776	-	2,776
State of Utah	40,904	-	40,904
Federal government	5,701	-	5,701
Inventories	30,287	-	30,287
Total assets	<u>\$ 79,668</u>	<u>\$ 218,082</u>	<u>\$ 297,750</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	45,727	-	45,727
Total liabilities	<u>45,727</u>	<u>-</u>	<u>45,727</u>
<b>Fund balances:</b>			
Nonspendable:			
Inventories	30,287	-	30,287
Restricted for:			
Food services	3,654		3,654
Assigned to:			
Students	-	218,082	218,082
Total fund balances	<u>33,941</u>	<u>218,082</u>	<u>252,023</u>
Total liabilities and fund balances	<u>\$ 79,668</u>	<u>\$ 218,082</u>	<u>\$ 297,750</u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2014

	<b>Special Revenue Funds</b>		<b>Total Nonmajor Governmental Funds</b>
	<i><u>Food Services</u></i>	<i><u>Student Activities</u></i>	
<b>Revenues:</b>			
Local sources:			
Earnings on investments	\$ 60	\$ -	\$ 60
Lunch sales	164,899	-	164,899
Other local revenue	-	538,282	538,282
State sources	89,015	-	89,015
Federal sources	390,345	-	390,345
Total revenues	<u>644,319</u>	<u>538,282</u>	<u>1,182,601</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	514,681	514,681
Food services	684,234	-	684,234
Total expenditures	<u>684,234</u>	<u>514,681</u>	<u>1,198,915</u>
Excess (deficiency) of revenues over (under) expenditures	(39,915)	23,601	(16,314)
<b>Other financing sources:</b>			
Transfers in	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Net change in fund balances	85	23,601	23,686
<b>Fund balances - beginning</b>	<u>33,856</u>	<u>194,481</u>	<u>228,337</u>
<b>Fund balances - ending</b>	<u><u>\$ 33,941</u></u>	<u><u>\$ 218,082</u></u>	<u><u>\$ 252,023</u></u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Food Services*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2014  
With Comparative Totals for 2013

	<b>2014</b>			<b>2013</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Lunch sales	\$ 165,009	\$ 164,899	\$ (110)	\$ 157,632
Earnings on investments	60	60	-	520
State sources	89,000	89,015	15	87,348
Federal sources	391,102	390,345	(757)	371,629
Total revenues	645,171	644,319	(852)	617,129
<b>Expenditures:</b>				
Current:				
Salaries	250,500	250,060	440	256,773
Employee benefits	125,820	125,153	667	138,337
Purchased services	4,000	3,792	208	3,853
Supplies	24,600	24,542	58	27,399
Food	260,200	263,598	(3,398)	242,769
Equipment	17,000	16,657	343	3,641
Other objects	500	432	68	441
Total expenditures	682,620	684,234	(1,614)	673,213
Deficiency of revenues under expenditures	(37,449)	(39,915)	(2,466)	(56,084)
<b>Other financing sources:</b>				
Transfers in	-	40,000	40,000	-
Net change in fund balances	(37,449)	85	37,534	(56,084)
<b>Fund balances - beginning</b>	33,856	33,856	-	89,940
<b>Fund balances - ending</b>	<u>\$ (3,593)</u>	<u>\$ 33,941</u>	<u>\$ 37,534</u>	<u>\$ 33,856</u>

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

**GRAND COUNTY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Student Activities*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2014  
With Comparative Totals for 2013

	<b>2014</b>			<b>2013</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Student fees	\$ 484,650	\$ 538,282	\$ 53,632	\$ 488,675
<b>Expenditures:</b>				
Current:				
Purchased services	116,050	190,932	(74,882)	107,887
Supplies	363,000	287,999	75,001	350,907
Property	40,207	35,750	4,457	40,907
Total expenditures	519,257	514,681	4,576	499,701
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(34,607)	23,601	58,208	(11,026)
<b>Fund balances - beginning</b>	194,481	194,481	-	205,507
<b>Fund balances - ending</b>	<u>\$ 159,874</u>	<u>\$ 218,082</u>	<u>\$ 58,208</u>	<u>\$ 194,481</u>

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

## **OTHER INFORMATION**

**GRAND COUNTY SCHOOL DISTRICT**  
**Comparative Statements of Net Position (Accrual Basis)**  
**Governmental Activities**  
June 30, 2014 through 2010

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>					
Cash and investments	\$ 7,135,188	\$ 6,926,484	\$ 7,318,366	\$ 6,750,198	\$ 13,668,904
Cash with fiscal agent	2,200,152	2,178,794	2,097,431	2,039,506	2,017,806
Receivables:					
Property taxes	9,282,631	8,327,468	8,458,809	8,008,999	6,989,265
Other local	5,383	65,185	35,359	313	9,521
State of Utah	108,184	40,203	68,789	47,570	40,567
Federal government	232,145	380,576	389,663	503,900	336,071
Inventories and prepaid items	115,080	109,898	104,409	108,796	49,627
Capital assets:					
Land and construction in progress	630,772	630,772	658,222	630,772	25,485,043
Buildings and other capital assets, net of accumulated depreciation	35,597,205	36,647,048	36,885,062	38,163,020	7,567,337
Total assets	<u>55,306,740</u>	<u>55,306,428</u>	<u>56,016,110</u>	<u>56,253,074</u>	<u>56,164,141</u>
<b>Deferred outflows of resources:</b>					
Deferred charge on refunding	<u>3,276,982</u>	<u>3,551,183</u>	<u>3,825,384</u>	<u>(60,252)</u>	<u>(75,315)</u>
<b>Liabilities:</b>					
Accounts and contracts payable	65,799	28,419	60,002	82,773	3,410,417
Accrued interest	605,064	633,326	597,376	829,506	852,516
Accrued salaries and related benefits	1,401,788	1,382,877	1,280,286	1,336,127	1,503,586
Unearned revenue:					
Other local	-	-	-	62,177	35,636
State of Utah	148,677	158,735	209,308	121,632	76,755
Federal government	-	-	-	570	6,197
Long-term liabilities:					
Portion due or payable within one year	1,704,232	1,650,445	1,615,016	1,370,761	1,445,036
Portion due or payable after one year	31,583,316	33,287,785	34,914,307	32,465,719	33,815,844
Total liabilities	<u>35,508,876</u>	<u>37,141,587</u>	<u>38,676,295</u>	<u>36,269,265</u>	<u>41,145,987</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for future year	<u>8,791,291</u>	<u>7,839,791</u>	<u>7,835,320</u>	<u>7,406,116</u>	<u>6,531,886</u>
<b>Net position:</b>					
Net investment in capital assets	8,090,360	7,770,179	7,142,401	7,271,711	5,035,993
Restricted for:					
Debt service	1,193,528	1,459,997	1,775,336	1,468,431	1,017,046
Capital projects	2,320,615	1,954,864	1,744,709	2,123,844	1,789,512
Community recreation	-	-	-	188,448	82,901
Food services	33,941	33,856	89,940	85,367	74,633
Student activities	-	-	-	-	168,306
Other purposes	23,865	34,469	587,003	69,260	68,622
Unrestricted	2,621,246	2,622,868	1,990,490	1,310,380	173,940
Total net position	<u>\$ 14,283,555</u>	<u>\$ 13,876,233</u>	<u>\$ 13,329,879</u>	<u>\$ 12,517,441</u>	<u>\$ 8,410,953</u>

Source: District records.

**GRAND COUNTY SCHOOL DISTRICT**  
**Comparative Statements of Activities (Accrual Basis)**  
**Governmental Activities**  
Years Ended June 30, 2014 through 2010

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Expenses:</b>					
Instruction	\$ 8,610,267	\$ 8,072,661	\$ 8,741,812	\$ 6,049,435	\$ 7,742,540
Supporting services:					
Students	262,337	269,685	264,294	335,978	315,207
Instructional staff	934,023	776,131	558,796	550,225	515,297
General administration	318,417	329,997	300,728	307,749	324,113
School administration	838,813	782,363	746,301	668,925	641,734
Central	538,405	537,914	507,861	619,952	601,645
Operation and maintenance of facilities	1,593,313	1,536,179	1,518,022	1,308,375	1,226,523
Student transportation	734,872	573,947	694,443	688,586	498,872
Community recreation	989,782	1,181,378	951,691	737,015	668,176
Food services	758,052	745,571	701,373	646,823	647,259
Interest on long-term liabilities	1,437,961	1,493,129	1,451,905	1,650,863	1,715,112
Total school district	<u>17,016,242</u>	<u>16,298,955</u>	<u>16,437,226</u>	<u>13,563,926</u>	<u>14,896,478</u>
<b>Program revenues:</b>					
Instruction	3,259,449	3,193,019	3,186,971	3,466,478	4,057,811
Supporting services:					
Student	53,778	95,876	95,277	106,942	40,994
Instructional staff	280,855	272,064	151,387	163,203	98,904
General administration	-	-	444	3,759	430
School administration	23,487	18,129	18,656	26,941	23,650
Central	-	-	-	1,814	5,281
Operation and maintenance of facilities	5,396	4,093	1,592	6,718	9,234
Student transportation	224,197	201,365	229,477	222,362	255,680
Community recreation	432,603	437,325	510,776	516,619	511,982
Food services	644,259	616,609	633,219	628,170	655,640
Total program revenues	<u>4,924,024</u>	<u>4,838,480</u>	<u>4,827,799</u>	<u>5,143,006</u>	<u>5,659,606</u>
Net (expense) revenue	<u>(12,092,218)</u>	<u>(11,460,475)</u>	<u>(11,609,427)</u>	<u>(8,420,920)</u>	<u>(9,236,872)</u>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes	5,965,321	5,946,179	3,635,639	3,073,816	2,866,078
Transportation	-	-	431,698	407,578	247,748
Community recreation	-	-	642,719	303,071	280,445
Debt service	2,519,897	2,460,982	3,129,463	3,324,634	3,283,602
Capital local	759,783	518,554	754,437	1,030,702	1,114,236
Total property tax revenue	<u>9,245,001</u>	<u>8,925,715</u>	<u>8,593,956</u>	<u>8,139,801</u>	<u>7,792,109</u>
Federal and state aid not restricted to specific purposes	2,799,457	2,692,676	2,943,246	3,347,037	3,622,643
Earnings on investments	41,814	62,825	53,088	45,188	153,786
Miscellaneous	413,268	325,613	831,575	995,382	224,686
Total general revenues	<u>12,499,540</u>	<u>12,006,829</u>	<u>12,421,865</u>	<u>12,527,408</u>	<u>11,793,224</u>
Change in net position	407,322	546,354	812,438	4,106,488	2,556,352
<b>Net position - beginning</b>	<u>13,876,233</u>	<u>13,329,879</u>	<u>12,517,441</u>	<u>8,410,953</u>	<u>5,854,601</u>
<b>Net position - ending</b>	<u>\$ 14,283,555</u>	<u>\$ 13,876,233</u>	<u>\$ 13,329,879</u>	<u>\$ 12,517,441</u>	<u>\$ 8,410,953</u>

Source: District records.

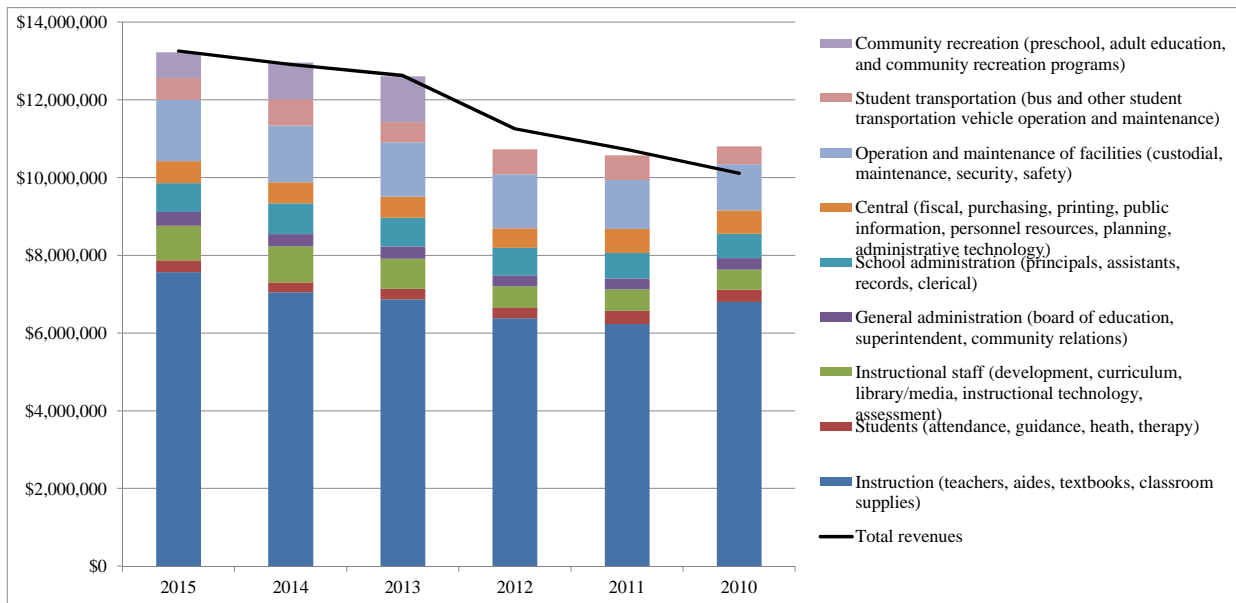
**GRAND COUNTY SCHOOL DISTRICT**  
**Comparative Balance Sheets (Modified Accrual Basis)**  
*General Fund*  
June 30, 2014 through 2010

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>					
Cash and investments	\$ 3,580,942	\$ 3,486,432	\$ 2,936,307	\$ 2,455,179	\$ 2,039,853
Receivables:					
Property taxes	5,836,057	5,373,513	5,592,515	3,730,361	2,034,301
Other local	2,607	62,122	32,296	-	9,521
State of Utah	67,280	2,814	-	1,400	1,774
Federal government	226,444	375,520	357,486	437,729	243,959
Inventories and prepaid items	84,793	75,562	64,821	70,849	24,466
Due from other funds	45,727	45,301	-	-	29,200
<b>Total assets</b>	<b>\$ 9,843,850</b>	<b>\$ 9,421,264</b>	<b>\$ 8,983,425</b>	<b>\$ 6,695,518</b>	<b>\$ 4,383,074</b>
<b>Liabilities:</b>					
Accounts and contracts payable	\$ 61,621	\$ 23,778	\$ 49,956	\$ 60,174	\$ 41,993
Accrued salaries and benefits	1,401,788	1,382,877	1,280,286	1,336,127	1,503,586
Unearned revenues:					
Other local	-	-	-	32,913	35,636
State of Utah	148,677	158,735	209,308	120,531	70,165
Federal government	-	-	-	570	-
<b>Total liabilities</b>	<b>1,612,086</b>	<b>1,565,390</b>	<b>1,539,550</b>	<b>1,550,315</b>	<b>1,651,380</b>
<b>Deferred inflows of resources</b>					
Unavailable property tax revenue	300,032	304,740	268,526	214,490	122,937
Property taxes levied for future year	5,526,786	5,058,612	5,219,774	3,505,157	1,900,320
<b>Total deferred inflows of resources</b>	<b>5,826,818</b>	<b>5,363,352</b>	<b>5,488,300</b>	<b>3,719,647</b>	<b>2,023,257</b>
<b>Fund balances:</b>					
Nonspendable:					
Prepaid items and inventories	84,793	75,562	64,821	70,849	24,466
Restricted for:					
Other purposes	23,865	34,469	62,844	69,260	68,622
Assigned to:					
Programs	128,068	124,416	-	-	-
Repairs and maintenance	300,000	300,000	-	-	-
Other purposes	105,000	105,000	-	-	-
Unassigned	1,763,220	1,853,075	1,827,910	1,285,447	615,349
<b>Total fund balances</b>	<b>2,404,946</b>	<b>2,492,522</b>	<b>1,955,575</b>	<b>1,425,556</b>	<b>708,437</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,843,850</b>	<b>\$ 9,421,264</b>	<b>\$ 8,983,425</b>	<b>\$ 6,695,518</b>	<b>\$ 4,383,074</b>

Source: District records.

**GRAND COUNTY SCHOOL DISTRICT**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances (Modified Accrual Basis)**  
**General Fund**  
Years Ended June 30, 2014 through 2010 with Anticipated Budget for the Year Ending June 30, 2015

	Anticipated Budget 2015	2014	2013	2012	2011	2010
<b>Revenues:</b>						
Local sources:						
Property taxes	\$ 6,145,974	\$ 5,952,659	\$ 5,889,892	\$ 4,153,494	\$ 2,985,664	\$ 2,439,288
Earnings on investments	13,025	19,256	22,301	16,222	7,621	9,723
Other local revenue	234,900	417,134	335,098	963,368	982,543	368,995
State sources	5,946,752	5,522,174	5,231,931	5,252,583	5,412,097	5,759,628
Federal sources	915,650	1,004,333	1,141,860	872,046	1,332,399	1,532,703
Total revenues	<u>13,256,301</u>	<u>12,915,556</u>	<u>12,621,082</u>	<u>11,257,713</u>	<u>10,720,324</u>	<u>10,110,337</u>
<b>Expenditures:</b>						
Current:						
Instruction	7,571,252	7,047,348	6,870,537	6,382,242	6,235,914	6,801,314
Supporting services:						
Students	301,890	262,337	269,685	264,294	335,978	315,207
Instructional staff	889,786	930,409	776,131	558,796	550,225	515,297
General administration	352,921	307,174	314,546	284,555	285,035	298,187
School administration	742,576	796,048	739,564	701,579	652,927	625,737
Central	569,147	538,405	537,914	507,861	619,952	601,645
Operation and maintenance of facilities	1,580,102	1,461,185	1,403,964	1,388,237	1,259,880	1,184,233
Student transportation	558,321	673,000	514,575	640,130	637,886	459,222
Community recreation	660,361	947,226	1,181,378	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	26,400
Total expenditures	<u>13,226,356</u>	<u>12,963,132</u>	<u>12,608,294</u>	<u>10,727,694</u>	<u>10,577,797</u>	<u>10,827,242</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	29,945	(47,576)	12,788	530,019	142,527	(716,905)
<b>Other financing sources (uses):</b>						
Net transfers and other financing sources (uses)	-	(40,000)	524,159	-	574,592	2,025,726
Net change in fund balances	29,945	(87,576)	536,947	530,019	717,119	1,308,821
<b>Fund Balances - Beginning</b>	<u>2,404,946</u>	<u>2,492,522</u>	<u>1,955,575</u>	<u>1,425,556</u>	<u>708,437</u>	<u>(600,384)</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,434,891</u>	<u>\$ 2,404,946</u>	<u>\$ 2,492,522</u>	<u>\$ 1,955,575</u>	<u>\$ 1,425,556</u>	<u>\$ 708,437</u>



Notes:  
The 2015 anticipated budget is from the proposed budget approved by the Board in June 2014.  
In 2013, non K-12 programs were moved to the general fund.

Source: District records.

**GRAND COUNTY SCHOOL DISTRICT**  
**General Fund Expenditures Per Student**

Years Ended June 30, 2014 through 2010 with Anticipated Budget for the Year Ending June 30, 2015

	<b>Anticipated Budget 2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General fund expenditures per student:</b>						
Instruction	\$ 5,200	\$ 4,844	\$ 4,687	\$ 4,241	\$ 4,130	\$ 4,457
Supporting services:						
Students	207	180	184	176	223	207
Instructional staff	611	639	529	371	364	338
General administration	242	211	215	189	189	195
School administration	510	547	504	466	432	410
Central	391	370	367	337	411	394
Operation and maintenance of facilities	1,085	1,004	958	922	834	776
Student transportation	383	463	351	425	422	301
Community recreation	454	651	806	-	-	-
Total general fund expenditures per student	<u>\$ 9,084</u>	<u>\$ 8,909</u>	<u>\$ 8,600</u>	<u>\$ 7,128</u>	<u>\$ 7,005</u>	<u>\$ 7,078</u>
<b>Student fall enrollment count</b>	1,456	1,455	1,466	1,505	1,510	1,526

In 2013, the District began recording community recreation activities in the *general fund*.

Source: District records.

**GRAND COUNTY SCHOOL DISTRICT**  
**Historical Summaries of Taxable Values of Property**  
Tax (Calendar) Years 2013 through 2009

	<b>2013</b>		<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<u>Taxable Value</u>	<u>% of TV</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>	<u>Taxable Value</u>
<b>Set by County Assessor-Locally Assessed</b>						
Real property:						
Primary residential	\$ 349,409,589	24.7 %	\$ 345,071,122	\$ 338,166,235	\$ 329,407,511	\$ 312,461,920
Secondary residential	192,583,253	13.6	189,919,804	186,155,436	190,594,923	183,873,845
Commercial and industrial	315,636,869	22.3	267,475,856	284,480,771	284,294,402	274,649,460
Agricultural and Farmland Assessment Act (FAA)	6,457,777	0.5	5,393,419	5,096,961	5,135,283	5,250,680
Unimproved non FAA	114,171,310	8.1	117,583,876	118,848,565	124,928,043	131,524,830
Total real property	<u>978,258,798</u>	<u>69.2</u>	<u>925,444,077</u>	<u>932,747,968</u>	<u>934,360,162</u>	<u>907,760,735</u>
Personal property:						
Primary mobile homes	4,137,212	0.3	3,676,340	3,763,173	3,817,495	3,616,725
Secondary mobile homes	100,989	0.0	118,287	114,499	116,530	107,530
Other business personal	38,033,026	2.7	38,876,619	42,306,573	37,275,746	46,393,290
Total personal property	<u>42,271,227</u>	<u>3.0</u>	<u>42,671,246</u>	<u>46,184,245</u>	<u>41,209,771</u>	<u>50,117,545</u>
Fee in lieu	<u>30,244,866</u>	<u>2.1</u>	<u>30,380,600</u>	<u>31,157,467</u>	<u>5,216,804</u>	<u>4,600,133</u>
Total locally assessed	<u>1,050,774,891</u>	<u>74.3</u>	<u>998,495,923</u>	<u>1,010,089,680</u>	<u>980,786,737</u>	<u>962,478,413</u>
<b>Set by State Tax Commission-Centrally Assessed</b>	<u>363,148,829</u>	<u>25.7</u>	<u>323,086,291</u>	<u>282,190,932</u>	<u>240,663,361</u>	<u>223,405,940</u>
Total taxable value	<u>\$ 1,413,923,720</u>	<u>100.0 %</u>	<u>\$ 1,321,582,214</u>	<u>\$ 1,292,280,612</u>	<u>\$ 1,221,450,098</u>	<u>\$ 1,185,884,353</u>
Total taxable value (less fee in lieu)	<u>\$ 1,383,678,854</u>		<u>\$ 1,291,201,614</u>	<u>\$ 1,261,123,145</u>	<u>\$ 1,216,233,294</u>	<u>\$ 1,181,284,220</u>

Source: District records.

**GRAND COUNTY SCHOOL DISTRICT**

**Tax Rates and Revenue**

Years Ended June 30, 2014 through 2011 with Anticipated Budget for Year Ending June 30, 2015

	<b>Anticipated Budget</b>		<b>2014</b>		<b>2013</b>		<b>2012</b>		<b>2011</b>	
	<b>2015</b>									
	<u>Tax Rate</u>	<u>Budget</u>	<u>Tax Rate</u>	<u>Revenue</u>	<u>Tax Rate</u>	<u>Revenue</u>	<u>Tax Rate</u>	<u>Revenue</u>	<u>Tax Rate</u>	<u>Revenue</u>
<b>General Fund:</b>										
Basic	0.001419	\$ 1,979,191	0.001535	\$ 2,250,344	0.001651	\$ 2,346,670	0.001591	\$ 2,238,014	0.001495	\$ 1,916,621
Board local	0.002546	3,551,107	0.002532	3,711,968	0.002500	3,553,407	0.000000	-	0.000000	-
Voted local	0.000000	-	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Board leeway	0.000000	-	0.000000	-	0.000000	-	0.000403	566,889	0.000400	512,808
Reading	0.000000	-	0.000000	-	0.000000	-	0.000122	171,614	0.000121	155,125
Special transportation	0.000000	-	0.000000	-	0.000000	-	0.000301	423,408	0.000300	384,606
Tort liability	0.000000	-	0.000000	-	0.000000	-	0.000012	16,880	0.000012	15,384
Ten percent of basic	0.000000	-	0.000000	-	0.000000	-	0.000520	731,469	0.000000	-
Total general fund	0.003965	5,530,298	0.004067	5,962,312	0.004151	5,900,077	0.002949	4,148,274	0.002328	2,984,544
<b>Non K-12 Programs Fund:</b>										
Community recreation	0.000000	-	0.000000	-	0.000000	-	0.000466	655,509	0.000232	297,429
<b>Debt Service Fund:</b>										
Debt service	0.001703	2,375,308	0.001718	2,518,626	0.001718	2,441,901	0.002269	3,191,737	0.002545	3,262,744
<b>Capital Projects Fund:</b>										
Capital local	0.000635	885,685	0.000518	759,399	0.000362	514,533	0.000547	769,449	0.000789	1,011,515
Ten percent of basic	0.000000	-	0.000000	-	0.000000	-	0.000000	-	0.000337	432,041
Total capital projects fund	0.000635	885,685	0.000518	759,399	0.000362	514,533	0.000547	769,449	0.001126	1,443,556
Total tax rate / revenue	0.006303	\$ 8,791,291	0.006303	\$ 9,240,337	0.006231	\$ 8,856,511	0.006231	\$ 8,764,969	0.006231	\$ 7,988,273

**Notes:**

Tax rates are levied for the calendar year. For example, calendar year 2014 tax rates apply to the District's fiscal year ending June 30, 2015.

Revenue include current taxes, redemptions (delinquent taxes collected in the current year), and fees in lieu of taxes (primarily motor vehicle fees) less allocation to charter schools.

Redemptions of prior-year taxes are allocated using current tax rates.

Starting with the year ended June 30, 2013, the board local levy replaced the board leeway, special transportation, tort liability, ten percent of basic, and community recreation levies.

**GRAND COUNTY SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2014

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**GRAND COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2014

Grantor/Pass-through Grantor/Program Title	CFDA Number	USOE Pass- Through Number	District's Program Number	Receivable (Unearned) June 30, 2013	Received	Expended	Receivable (Unearned) June 30, 2014
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>							
Passed through Utah State Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	46	8071	\$ -	\$ 58,491	\$ 58,491	\$ -
National School Lunch Program	10.555	46	8071	5,056	296,054	296,699	5,701
National School Lunch Program (Donated Commodities)	10.555		8071	-	37,700	37,700	-
Summer Food Service Program for Children	10.559	46	8071	-	4,542	4,542	-
Child Nutrition Discretionary Grants Limited Availability	10.579	42	8071	-	869	869	-
Passed through Grand County:							
<i>Forest Service Schools and Roads Cluster:</i>							
School and Roads - Grants to States	10.665		1050	-	23,202	23,202	-
				5,056	420,858	421,503	5,701
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Direct:							
Indian Education - Grants to Local Educational Agencies	84.060		7330	-	18,014	18,014	-
Passed through Utah State Office of Education:							
Adult Education - Basic Grants to States	84.002	33	7580	-	11,052	14,736	3,684
Title I Grants to Local Educational Agencies	84.010	08	7511	134,104	335,851	296,080	94,333
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	19	7524	115,802	322,917	283,735	76,620
Special Education - Preschool Grants	84.173	52	7522	13,405	32,958	29,231	9,678
Career and Technical Education - Basic Grants to States	84.048	21	6043	20,769	20,769	19,938	19,938
Twenty-First Century Community Learning Centers	84.287	60	7910	40,976	153,715	112,739	-
English Language Acquisition Grants	84.365	73	7880	-	19,078	19,078	-
Improving Teacher Quality State Grants	84.367	74	7860	34,419	91,016	78,655	22,058
				359,475	1,005,370	872,206	226,311
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>							
Passed through Utah Department of Workforce Services:							
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558		3500	8,988	38,988	30,000	-
Temporary Assistance for Needy Families	93.558		3501	5,171	36,171	31,000	-
				14,159	75,159	61,000	-
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>							
Direct:							
AmeriCorps	94.006		1609	-	5,000	5,000	-
Total federal awards				\$ 378,690	\$ 1,506,387	\$ 1,359,709	\$ 232,012

The accompanying notes are an integral part of this schedule.

**GRAND COUNTY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A. General** – The schedule of expenditures of federal awards presents the activity of all federal award programs of Grand County School District (the District). The District reporting entity is defined in Note 1 to the District's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule.

**Note B. Basis of Accounting** – The accompanying schedule of expenditures of federal awards is reported using the modified accrual basis of accounting for awards received by governmental funds as described in Note 1 to the District's basic financial statements.

Most of the federal awards are expenditure-driven grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; grants received in advance are recorded as unearned revenue. Donated food commodities are recorded at fair value in the *food services fund* as an inventory asset and federal revenue when received. Donated food commodity inventories are recorded as expenditures when they are transferred to schools for consumption and totaled \$37,700 for the year ended June 30, 2014.

**Note C. Relationship to the District's Financial Statements** – The District received Medical Assistance Program grant monies through the State of Utah Department of Health. This federal grant is not classified as federal financial assistance. A reconciliation of federal revenue as reported on the District's basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2014 is as follows:

General fund	\$ 1,004,333
Other governmental funds:	
Food services fund	<u>390,345</u>
Total governmental funds	1,394,678
Medical Assistance Program grant monies received through State of Utah Department of Health	<u>(34,969)</u>
Total federal revenue reported on the schedule of expenditures of federal awards	<u><u>\$ 1,359,709</u></u>



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

Board of Education  
Grand County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand County School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2014.

#### **Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

Orem, Utah  
November 13, 2014



Independent Auditor's Report on Compliance for Each Major Federal  
Program; Report on Internal Control Over Compliance; and Report on Schedule  
of Expenditures of Federal Awards Required by OMB Circular A-133

Board of Education  
Grand County School District

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Grand County School District (the District) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our

audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Orem, Utah  
November 13, 2014

**GRAND COUNTY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2014

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No findings were reported in the prior year.

**GRAND COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2014

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I. Summary of auditor's results:

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified?        yes   X   no

-Significant deficiencies identified that are  
not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

*Federal Awards*

Internal control over major programs:

-Material weaknesses identified?        yes   X   no

-Significant deficiencies identified that are  
not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133?        yes   X   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<i>Child Nutrition Cluster:</i>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X   yes        no

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.



Independent Auditor's Report on Each General State Compliance  
Requirement Tested and on Compliance for Each Major State Program;  
Report on Internal Control Over Compliance;  
and Report on Schedule of Expenditures of State Awards  
Required by the *State Compliance Audit Guide*

Board of Education  
Grand County School District

**Report on Each General State Compliance Requirement Tested and on Compliance for Each Major State Program**

We have audited the compliance of Grand County School District (the District) with the general and major state program compliance requirements described in the *State Compliance Audit Guide* for the year ended June 30, 2014.

General state compliance requirements tested for the year ended June 30, 2014 are identified as follows:

Budgetary Compliance  
Fund Balance  
Utah Retirement Systems  
Locally Generated Taxes  
Government Records Access Management Act (GRAMA)  
Open and Public Meetings Act  
Uniform Chart of Accounts for Local Education Agencies

The District's state award (passed through the State of Utah Office of Education) classified as a major program for the year ended June 30, 2014 is as follows:

Minimum School Program

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its major state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the District's compliance based on our audit of the compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material

effect on a general state compliance requirement or a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each General State Compliance Requirement Tested and Each Major State Program***

In our opinion, Grand County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each general compliance requirement tested and on each of its major state programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Training – We noted that the annual training for the records officer on the requirements of the Government Records Access Management Act was not completed for the current year as required by *Utah Code* 63G-2-108. We recommend that required trainings be identified and completed.

*Management's Response* – We appreciate your recommendations. We will review these items and make changes as necessary.

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

### **Report on Internal Control Over Compliance**

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

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

compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

**Report on Schedule of Expenditures of State Awards in Accordance with the *State Compliance Audit Guide***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis in accordance with the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Orem, Utah  
November 13, 2014

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**PROPOSED FORM OF OPINION OF BOND COUNSEL**  
**[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]**

Re: \$ \_\_\_\_\_  
Board of Education of  
Grand County School District, Grand County, Utah  
General Obligation Refunding Bonds  
(Utah School Bond Guaranty Program),  
Series 2015

B-1

5. Interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

**APPENDIX C**  
**PROPOSED FORM OF**  
**CONTINUING DISCLOSURE UNDERTAKING**  
FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER PARAGRAPH (B)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the Board of Education of Grand County School District, Grand County, Utah (the “*Issuer*”) in connection with the issuance of \$\_\_\_\_\_ General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2015 (the “*Bonds*”). The Bonds are being issued pursuant to a Resolution of the Issuer adopted on February 18, 2015 (the “*Resolution*”).

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

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

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

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

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

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

*Commission* means the Securities and Exchange Commission.

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

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

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

*MSRB* means the Municipal Securities Rulemaking Board.

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

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

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

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

*State* means the State of Utah.

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

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

JULY 1 OF THE YEAR	CUSIP NUMBER	JULY 1 OF THE YEAR	CUSIP NUMBER
-----------------------	-----------------	-----------------------	-----------------

The Final Official Statement relating to the Bonds is dated \_\_\_\_\_, 2015 (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  
GRAND COUNTY SCHOOL DISTRICT, UTAH

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

Address: 264 S 400 E  
Moab, Utah 84532

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

- Financial Summaries
- Historical Tax Rates
- Comparative Total Property Tax Rates Within the County
- 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 200 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

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

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

## **EXHIBIT II**

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

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

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

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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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 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 2015 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 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Bond documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 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 2015 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 2015 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 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2015 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 2015 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, 2015 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, 2015 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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