
OFFICIAL NOTICE OF BOND SALE

And

PRELIMINARY OFFICIAL STATEMENT

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

\$39,000,000

**General Obligation School Building Bonds
(Utah School Bond Guaranty Program), Series 2016**

Electronic bids will be received up to 9:30:00 A.M., M.S.T.,
via the ***PARITY***® electronic bid submission system, on
Tuesday, February 9, 2016.

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Official Notice of Bond Sale

(Bond Sale To Be Conducted Electronically)

Board of Education of Duchesne County School District Duchesne County, Utah

\$39,000,000

General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016

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 Duchesne (pronounced “due–shane”) County School District, Duchesne County, Utah (the “District”), via the PARITY® electronic bid submission system (“PARITY®”), at 9:30:00 a.m., Mountain Standard Time, on Tuesday, February 9, 2016, for the purchase (all or none) of \$39,000,000* aggregate principal amount of the Board’s General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016 (the “2016 Bonds”). Pursuant to a resolution of the Board adopted on December 10, 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, February 9, 2016.

Description of 2016 Bonds

The 2016 Bonds will be dated as of the date of issuance and delivery¹ thereof, will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature on June 1 of each of the years and in the principal amounts as follows:

Year	Principal Amount*	Year	Principal Amount*
2018	\$ 775,000	2026	\$1,550,000
2019	250,000	2027	3,050,000
2020	225,000	2028	3,200,000
2021	200,000	2029	3,275,000
2022	1,275,000	2030	6,825,000
2023	1,325,000	2031	7,000,000
2024	1,400,000	2032	7,175,000
2025	1,475,000		

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

The 2016 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder’s option, to mature as term bonds on one or more dates within that period, in which event the 2016 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts

¹ The anticipated date of delivery of the 2016 Bonds is Tuesday, February 23, 2016.

* Preliminary; subject to change. See caption “Adjustment of Principal Amount of the 2016 Bonds” in this Official Notice of Bond Sale.

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

Adjustment of Principal Amount of the 2016 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 2016 Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the Board will consider the bid as having been made for the adjusted amount of the 2016 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 2016 Bonds to the public and the price to be paid to the Board, by (b) the principal amount of the 2016 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The Designated Officer expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Standard Time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2016 Bonds will be adjusted and the corresponding changes to the principal amount of 2016 Bonds maturing on one or more of the above-designated maturity dates for the 2016 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to Zions Public Finance, Inc., Salt Lake City, Utah, the Municipal Advisor (the "Municipal Advisor") to the Board, at fax number 801.844.4484 within one-half hour of the time the Municipal Advisor notifies the successful bidder that such bidder's bid appears to be the best bid received (as described under the caption "Notification" below), the amount of any original issue discount or premium on each maturity of the 2016 Bonds and the amount received from the sale of the 2016 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 2016 Bonds. Any additional ratings shall be at the option and expense of the bidder.

Purchase Price

The purchase price bid for the 2016 Bonds shall not be less than the principal amount of the 2016 Bonds (\$39,000,000).

Interest Rates

Bidders must specify the rate of interest with respect to each maturity of 2016 Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of 2016 Bonds, but:

1. the highest interest rate bid for any of the 2016 Bonds shall not exceed 5.00% per annum;
2. the minimum price for any maturity of the 2016 Bonds shall not be less than 98.50%;
3. each interest rate specified in any bid must be in a multiple of $1/8^{\text{th}}$ or $1/20^{\text{th}}$ of 1% per annum;
4. no 2016 Bond shall bear more than one rate of interest;
5. interest shall be computed from the dated date of a 2016 Bond to its stated maturity date at the single interest rate specified in the bid for the 2016 Bonds of such maturity;

6. the same interest rate shall apply to all 2016 Bonds maturing at one time;
7. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;
8. any premium must be paid in the funds specified for the payment of the 2016 Bonds as part of the purchase price;
9. there shall be no supplemental interest coupons;
10. a zero percent (0%) interest rate may not be used; and
11. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2016.

Bond Registrar and Paying Agent; Place of Payment

Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, will be the paying agent and bond registrar for the 2016 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 2016 Bonds are outstanding in book-entry form, the principal of and interest on the 2016 Bonds will be paid under the standard procedures of The Depository Trust Company ("DTC").

Redemption Provisions

The 2016 Bonds maturing on and after June 1, 2026 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 1, 2025 or any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of principal amount of the 2016 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

The 2016 Bonds may be subject to optional mandatory sinking fund redemption at the option of the successful bidder(s).

Security; State of Utah Guaranty

The 2016 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 2016 Bonds, be pledged to guarantee full and timely payment of the principal of (at stated maturity) and interest on the 2016 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, February 9, 2016. The 2016 Bonds will be awarded to the responsible bidder offering to pay not less than the principal amount of the 2016 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 semi-annual debt service payments of the Board on the 2016 Bonds (based on such rate or rates of interest so

bid) to the dated date of the 2016 Bonds (based on a 360-day year consisting of 12, 30-day months), compounded semiannually and to the bid price.

Prompt Award

The Designated Officer will take action awarding the 2016 Bonds or rejecting all bids not later than 6:00 p.m., Mountain Standard Time, on Tuesday, February 9, 2016, unless such time of award is waived by the successful bidder.

Notification

The Municipal Advisor, on behalf of the Board, will notify the apparent successful bidder (electronically via PARITY®) as soon as possible after the Designated Officer's receipt of bids, that such bidder's bid appears to be the best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification by the Designated Officer not later than 6:00 p.m., Mountain Standard Time, on Tuesday, February 9, 2016.

Procedures Regarding Electronic Bidding

A prospective bidder must communicate its bid for the 2016 Bonds electronically via PARITY® on or before 9:30:00 a.m., Mountain Standard Time, on Tuesday, February 9, 2016. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY®, potential bidders may contact the Municipal Advisor at One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, 801.844.7373 or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, 212.849.5021.

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

Each prospective bidder shall be solely responsible to register to bid via PARITY® as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Board nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Board nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Board is using PARITY® as a communication mechanism, and not as the Board's agent, to conduct the electronic bidding for the 2016 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 2016 Bonds, at which the bidder will purchase the 2016 Bonds. Each bid must be for all the 2016 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2016 Bonds represented on a TIC basis, as described under "Award" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of PARITY®; provided, however, that in the event a prospective bidder cannot access PARITY® through no fault of its own, it may so notify the Municipal Advisor by telephone at

801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 801.844.7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before 9:30:00 a.m., Mountain Standard Time, on Tuesday, February 9, 2016. 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 2016 Bonds; and (b) the lowest rate of interest at which the bidder will purchase the 2016 Bonds at a price of not less than the principal amount of the 2016 Bonds, as described under “Award” above. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the Board. Neither the Board nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Business Administrator, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Business Administrator prior to 2:00 p.m., Mountain Standard Time, on Tuesday, February 9, 2016.

Right of Cancellation

The successful bidder shall have the right, at its option, to cancel its obligation to purchase the 2016 Bonds if the Board shall fail to execute the 2016 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 \$400,000 (the “Deposit”), is required only from the successful bidder. The Deposit shall be payable to the order of the Board in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m., Mountain Standard Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Board, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Board shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the 2016 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 2016 Bonds as described under the caption “Manner and Time of Delivery” below, until disposed of as follows: (a) at such delivery of the 2016 Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the 2016 Bonds, the full amount of the Deposit held by the Board, without adjustment for interest, shall be applied toward the purchase price of the 2016 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 2016 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 2016 Bonds; and (c) to resell the 2016 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder will be given at least seven business days' advance notice of the proposed date of the delivery of the 2016 Bonds when that date has been determined. It is now estimated that the 2016 Bonds will be delivered in book-entry form on or about Tuesday, February 23, 2016. The 2016 Bonds will be delivered as a single bond certificate for each maturity of the 2016 Bonds, registered in the name of DTC or its nominee. Delivery of the 2016 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 2016 Bonds in federal funds that will be immediately available to the Board in Salt Lake City, Utah, on the day of delivery.

CUSIP® Numbers

It is anticipated that CUSIP® identification numbers will be printed on the 2016 Bonds, but neither the failure to print such numbers on any 2016 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 2016 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP® numbers for the 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

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 2016 Bonds in substantially the form attached hereto as "Exhibit 1". Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the 2016 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, 801.932.0317, brandon@farnsworthjohnson.com.

Legal Opinion and Closing Certificates

The unqualified approving opinion of Farnsworth Johnson PLLC covering the legality of the 2016 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 2016 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2016 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 2016 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 2016 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

Continuing Disclosure

The Board covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Disclosure Undertaking”) to provide ongoing disclosure about the Board for the benefit of the beneficial owners of the 2016 Bonds on or before the date of delivery of the 2016 Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Disclosure Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder.

The successful bidder’s obligation to purchase the 2016 Bonds shall be conditioned upon the Board delivering the Disclosure Undertaking on or before the date of delivery of the 2016 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 2016 Bonds as described under the caption “Award” above, a final Official Statement in electronic format, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 2016 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

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Exhibit 1

Certificate of Purchaser

_____ (the “Purchaser”) hereby certifies and represents the following with respect to the Board of Education of Duchesne County School District, Duchesne County, Utah (the “Board”) General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016 (the “2016 Bonds”):

1. On _____, 2016 (the “Sale Date”) the Purchaser purchased the 2016 Bonds by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the Issuer. At the time the 2016 Bonds were purchased, the Purchaser expected to reoffer the 2016 Bonds to the public at the initial offering prices shown on the inside cover page of the Official Statement, dated _____, 2016 and related to the 2016 Bonds and expected that at least 10% of each maturity of the 2016 Bonds would be resold to the public at the initial offering prices shown on the inside cover of the Official Statement relating to the 2016 Bonds (the “Initial Offering Prices”).
2. All of the 2016 Bonds of each maturity have been reoffered at their respective Initial Offering Prices and at least 10% of each maturity of the 2016 Bonds was resold to the public at such Initial Offering Prices.

All terms not defined herein shall have the same meanings as in the Tax Certificate and Agreement with respect to the 2016 Bonds, to which this Certificate is attached.

Dated: [Closing Date].

[Purchaser]

By: _____
Its _____

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PRELIMINARY OFFICIAL STATEMENT

\$39,000,000

Board of Education of Duchesne County School District, Utah

General Obligation School Building Bonds, (Utah School Bond Guaranty Program), Series 2016

On Tuesday, February 9, 2016 up to 9:30:00 A.M., M.S.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2016 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Board of Education of Duchesne (pronounced “due-shane”) County School District, Utah (the “Board”), previously adopted on December 10, 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 2016 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 2016 Bonds contact the Municipal Advisor:



**Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbancorp.com**

This PRELIMINARY OFFICIAL STATEMENT is dated January 28, 2016, and the information contained herein speaks only as of that date.

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PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 28, 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 2016 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 2016 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 2016 Bonds.

\$39,000,000

Board of Education of Duchesne County School District, Utah

General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016

The \$39,000,000 General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016 are issuable by the Board of Education of Duchesne (pronounced "due-shane") 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 2016 Bonds.

Principal of and interest on the 2016 Bonds (interest payable June 1 and December 1 of each year, commencing June 1, 2016) are payable by Zions Bank, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2016 BONDS—Book-Entry System" herein.

The 2016 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "THE 2016 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2016 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 Duchesne County School District, Utah, fully sufficient to pay the 2016 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2016 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 Delivery¹

Due: June 1, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2016 Bonds.

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Tuesday, February 9, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated January 28, 2016).

Zions Public Finance, Inc., Salt Lake City, Utah, is acting as Municipal Advisor.

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

This OFFICIAL STATEMENT is dated February __, 2016, and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Tuesday, February 23, 2016.

\$39,000,000

**General Obligation School Building Bonds
(Utah School Bond Guaranty Program), Series 2016**

Dated: Date of Delivery¹

Due: June 1, as shown below

<u>Due June 1</u>	<u>CUSIP® 264093</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2018.....		\$ 775,000		
2019.....		250,000		
2020.....		225,000		
2021.....		200,000		
2022.....		1,275,000		
2023.....		1,325,000		
2024.....		1,400,000		
2025.....		1,475,000		
2026.....		1,550,000		
2027.....		3,050,000		
2028.....		3,200,000		
2029.....		3,275,000		
2030.....		6,825,000		
2031.....		7,000,000		
2032.....		7,175,000		

\$_____ % Term Bond due June 1, 20__—Price of _____ %
(CUSIP® 264093 __)

¹ The anticipated date of delivery is Tuesday, February 23, 2016.

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

* Preliminary; subject to change.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2016 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 Duchesne (pronounced “due-shane”) County School District, Utah (the “Board”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the Board, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2016 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 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

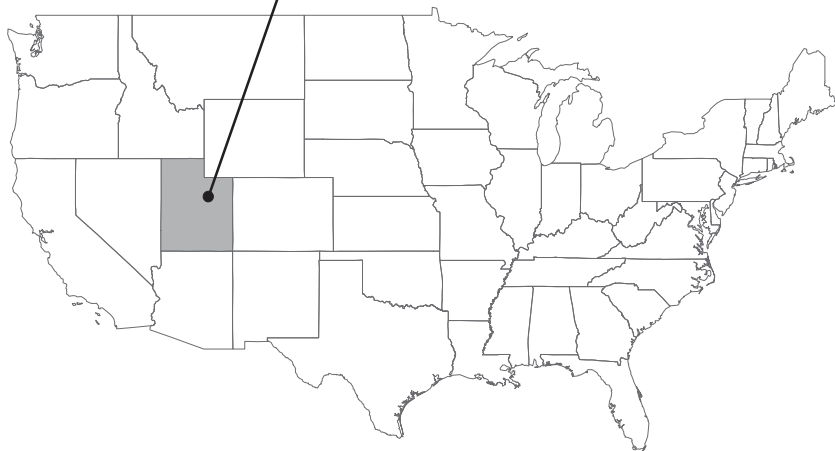
The yields/prices at which the 2016 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2016 Bonds to dealers and others. In connection with the offering of the 2016 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2016 Bonds. Such transactions may include overallocments in connection with the purchase of 2016 Bonds, the purchase of 2016 Bonds to stabilize their market price and the purchase of 2016 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.***

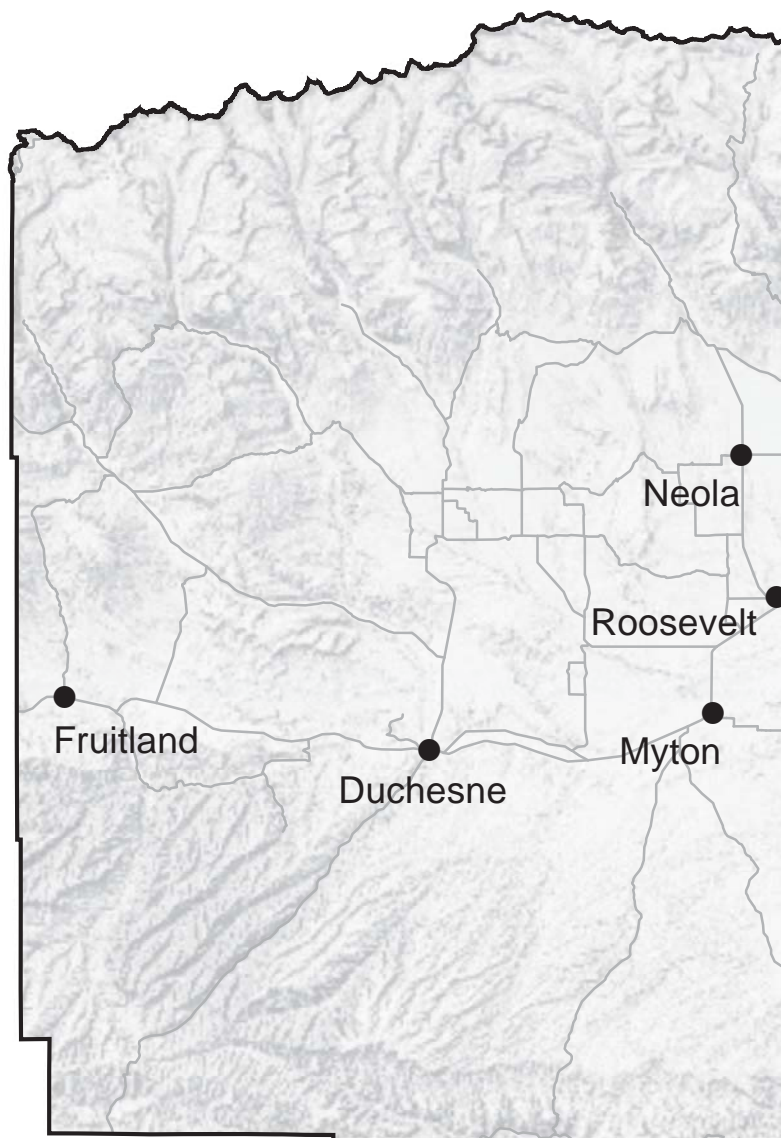
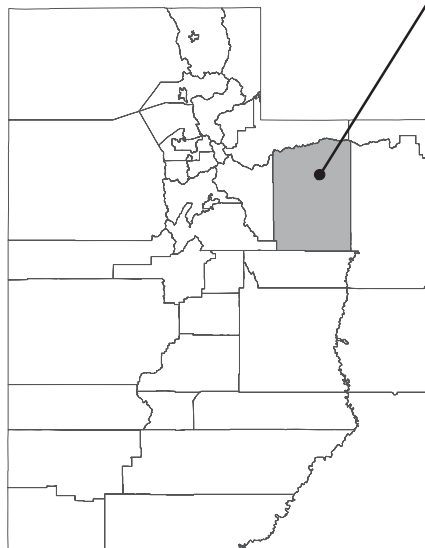
The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2016 Bonds.

The information available at Web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2016 Bonds and is not a part of this OFFICIAL STATEMENT.

Utah



Duchesne County



Duchesne County School District

OFFICIAL STATEMENT RELATED TO

\$39,000,000

Board of Education of Duchesne County School District, Utah

General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016

INTRODUCTION

This introduction is only a brief description of the 2016 Bonds, as hereinafter defined, the security and source of payment for the 2016 Bonds and certain information regarding the Board of Education (the “Board”) of Duchesne (pronounced “due-shane”) 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 DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015;” “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 2016 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY®** electronic bid submission system on Tuesday, February 9, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated January 28, 2016).

See the “OFFICIAL NOTICE OF BOND SALE” above.

The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 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.

Duchesne County School District, Utah

The District was created in 1915 and shares common boundaries with Duchesne County, Utah (the “County”). The County, established in 1915, consists of 3,266 (land area) square miles and is located in

the northeastern portion of the State of Utah (the “State”). The County is located approximately 100 miles east of Salt Lake City, Utah and is bordered by Wasatch and Utah counties on the west, Summit and Daggett counties on the north, Uintah County on the east and Carbon County on the south. See the location map above. Most of the County is within the boundaries of the Great Basin known as the Uintah Basin. The County had 20,330 residents according to the 2014 population estimate by the U.S. Census Bureau, ranking the County as the 16th most populated county in the State (out of 29 counties).

The 2016 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 \$39,000,000 General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016 (the “2016 Bond” or “2016 Bonds”), initially issued in book–entry form only.

Security

The 2016 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 2016 Bonds as to both principal and interest. See “THE 2016 BONDS—Security And Sources Of Payment” and “FINANCIAL INFORMATION REGARDING DUCHESNE COUNTY SCHOOL DISTRICT, UTAH—Tax Levy And Collection” below.

Payment of the principal of and interest on the 2016 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 2016 Bonds

Authorization. The 2016 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code; the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and the applicable provisions of Title 53A of the Utah Code, (ii) the resolution of the Board adopted on December 10, 2015 (the “Resolution”), which provides for the issuance of the 2016 Bonds, and (iii) other applicable provisions of law.

The 2016 Bonds were authorized at a special bond election held for that purpose on November 3, 2015 (the “2015 Bond Election”). The proposition submitted to the voters of the District was as follows:

Shall the Board of Education of Duchesne County School District, Utah, be authorized to issue general obligation bonds in an amount not to exceed \$39,000,000 and to mature in no more than twenty–two (22) years from the date or dates of issuance of such bonds for the purpose of raising money for constructing and acquiring one or more school sites, buildings and furnishings and improving existing school property?

At the 2015 Bond Election there were 2,408 votes cast in favor of the issuance of bonds and 1,299 votes cast against the issuance of bonds, for a total vote count of 3,707, with approximately 65% in favor of the issuance of bonds. The 2016 Bonds are the first and final block of bonds to be issued from the 2015 Bond Election.

Purpose. The 2016 Bonds are being issued to fund various equipment, acquisition and construction projects as set forth in the 2015 Bond Election proposition and to pay certain costs of issuance. See “THE 2016 BONDS—Sources And Uses Of Funds” below.

Redemption Provisions

The 2016 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2016 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

Registration, Denominations, Manner Of Payment

The 2016 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 2016 Bonds. Purchases of 2016 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 2016 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 2016 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2016 Bonds (interest payable June 1 and December 1 of each year, commencing June 1, 2016) are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah (“Zions Bank”), as paying agent (the “Paying Agent”) for the 2016 Bonds, to the registered owners of the 2016 Bonds. So long as Cede & Co. is the registered owner of the 2016 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2016 Bonds, as described in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2016 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 2016 Bonds. Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2016 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2016 Bonds.

Tax Exemption

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 2016 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 2016 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 2016 Bonds.

Professional Services

In connection with the issuance of the 2016 Bonds, the following have served the Board in the capacity indicated.

Bond Counsel

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

Bond Registrar and Paying Agent

Zions Bank, a division of ZB, National Association
Zions Bank Building
Corporate Trust Department
One S Main St 12th Fl
Salt Lake City UT 84133
801.844.7253 | f 801.594.8018
carl.mathis@zionsbank.com

Attorney for the Board

Ostler Moss & Thompson
57 W 200 S Ste 350
Salt Lake City UT 84101
801.575.5000 | f 801.575.5006
blake@blakeostler.com

Municipal Advisor

Zions Public Finance Inc
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
alex.buxton@zionsbancorp.com

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

The 2016 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 2016 Bonds by Farnsworth Johnson PLLC, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the attorney for the Board, Ostler Moss & Thompson, Salt Lake City, Utah. It is expected that the 2016 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 Tuesday, February 23, 2016.

Continuing Disclosure Undertaking

The Board will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2016 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 2016 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 2016 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 2016 Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

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

Alex Buxton, Vice President, alex.buxton@zionsbancorp.com
Eric John Pehrson, Vice President, eric.pehrson@zionsbancorp.com

Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board concerning the 2016 Bonds is:

Dee E. Miles, Business Administrator
dmiles@dcsd.org

Duchesne County School District
90 E 100 S (PO Box 446)
Duchesne UT 84021
435.738.1240 | f 435.738.1254

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the State guaranty for the 2016 Bonds is:

David Damschen, Utah State Treasurer, ddamschen@utah.gov

Utah State Treasurer's Office
350 N State St Ste C-180
(PO Box 142315)
Salt Lake City UT 84114-2315
801.538.1042 | f 801.538.1465

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2016 Bonds

The Board will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2016 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in "APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

The Disclosure Undertaking requires the Board to submit its annual financial statements (Fiscal Year Ending June 30) and other operating and financial information not more than 200 days from the end of the Fiscal Year. The Board will submit the Fiscal Year 2016 financial statements and other required operating and financial information for the 2016 Bonds on or before January 16, 2017, 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 2016 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 2016 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2016 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 2016 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 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 2016 CAFR and other operating and financial information on or before January 15, 2017, 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 2016 Bonds.

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

Continuing Disclosure Undertaking History On Prior Bonds; Current Filings

Historical Failure to Disclose; Failure to Disclose Certain Other Operating and Financial Information. The District reports that during the past five years there were instances where it was not in compliance with previous continuing disclosure undertakings it had entered into pursuant to the Rule. Those instances are related to the disclosure undertakings in connection with the following bond issues described below:

- (i) In October 2004 the Board issued \$3,145,000, General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2004, dated November 19, 2004, with a final maturity due on June 1, 2012 (CUSIP® 264093) (the “2004 Bonds”).
- (ii) In January 2007 the Board issued \$3,000,000, General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2007, dated January 24, 2007, with a final maturity due June 1, 2016 (CUSIP® 264093) (the “2007 Bonds”). On June 1, 2012, the Board refunded the 2007 Bonds with proceeds from the 2012 Bonds (which bonds were issued as a direct placement as defined herein).

On January 1, 2012 (January 1 was the due date pursuant to the disclosure undertakings for the 2004 Bonds and the 2007 Bonds) the Board failed to provide the Fiscal Year 2011 financial statements and “other operating and financial information” pursuant to the disclosure undertakings. On January 13, 2014, the Board filed its Fiscal Year 2011 financial statements and “other operating and financial information” pursuant to the disclosure undertakings. *Since the 2004 Bonds matured on June 1, 2012 and the 2007 Bonds were refunded on June 1, 2012 there was no future continuing disclosure filings needed for these bonds.*

Current Filings. The Board issued its \$29,000,000, General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2014, dated January 30, 2014 (CUSIP® 264093) (the “2014 Bonds”) in January 2014. The Board has filed its required continuing disclosure information due

on or before January 16, 2015 (filed on December 14, 2014) and due on or before January 16, 2016 (filed December 2, 2015) for the 2014 Bonds, within the required filing deadline periods.

STATE OF UTAH GUARANTY

Guaranty Provisions

Payment of the principal of and interest on the 2016 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 2016 Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 2016 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 2016 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 2016 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 2016 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.....	304
Aggregate total principal amount outstanding within the State's Fiscal Year 2016.....	\$2,854,902,722

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 2016 through 2021, inclusive, is as follows (currently, the Program's annual principal and interest payments extend to Fiscal Year 2035):

Fiscal Year 2016	\$339,663,080
Fiscal Year 2017	334,677,520
Fiscal Year 2018	312,431,913
Fiscal Year 2019	296,682,912
Fiscal Year 2020	278,628,649
Fiscal Year 2021	271,915,540

(Source: Zions Public Finance, Inc.)

Purpose Of The Guaranty

The Guaranty Act is for the protection of the bondholders. Ultimate liability for the payment of the 2016 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 2016 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 2015 (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 (“S&P”).

THE 2016 BONDS

General

The 2016 Bonds will be dated the date of their original issuance and delivery* (the “Dated Date”) and will mature on June 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT. The 2016 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 2016 Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2016. Interest on the 2016 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 2016 Bonds under the Resolution.

The 2016 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 2016 Bonds are being issued within the constitutional debt limit imposed on boards of education of school districts in the State. See “DEBT STRUCTURE OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

Sources And Uses Of Funds

The proceeds from the sale of the 2016 Bonds are estimated to be applied as set forth below:

Sources:

Par amount of 2016 Bonds.....	\$
Original issue premium.....	_____
Total	\$

Uses:

Deposit to project construction fund.....	\$
Successful bidder’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, rounding amounts and other miscellaneous costs of issuance.

* The anticipated date of delivery is Tuesday, February 23, 2016.

Security And Sources Of Payment

The 2016 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 2016 Bonds as to both principal and interest.

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

Payment of the principal of and interest on the 2016 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.

Redemption Provisions

Optional Redemption. The 2016 Bonds maturing on and after June 1, 2026 are subject to redemption prior to maturity in whole or in part at the option of the Board on December 1, 2025 or on any date thereafter, from such maturities or parts thereof as shall be selected by the Board at the redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Selection for Redemption. If less than all 2016 Bonds of any maturity are to be redeemed, the particular 2016 Bonds or portion of 2016 Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2016 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2016 Bonds for redemption, the Bond Registrar will treat each such 2016 Bond as representing that number of 2016 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2016 Bond by \$5,000.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE 2016 BONDS—Registration And Transfer; Record Date” below, of each 2016 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the Board kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2016 Bonds are to be redeemed, the distinctive numbers of the 2016 Bonds or portions of 2016 Bonds to be redeemed, and will also state that the interest on the 2016 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2016 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2016 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the Board will not be required to redeem such 2016 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Any notice of redemption mailed as provided in the Resolution will be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Failure to give such notice or any

defect therein with respect to any 2016 Bond will not affect the validity of the proceedings for redemption with respect to any other 2016 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar by posting to EMMA as provided in the Resolution.

For so long as a book-entry system is in effect with respect to the 2016 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2016 Bonds. See “THE 2016 BONDS—Book-Entry System” below.

Mandatory Sinking Fund Redemption At Bidder’s Option

The 2016 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option.”

Registration And Transfer; Record Date

Registration and Transfer. In the event the book-entry system is discontinued, any 2016 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 2016 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 2016 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2016 Bond or 2016 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 2016 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully-registered 2016 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2016 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 2016 Bonds.

Record Date. The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days immediately preceding such interest payment date and (ii) with respect to any redemption of any 2016 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 2016 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 2016 Bond.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2016 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 2016 Bonds. The 2016 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 2016 Bond certificate will be issued for each maturity of the 2016 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 2016 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 2016 Bonds will be payable at the principal office of the Paying Agent.

Debt Service On The 2016 Bonds

Payment Date	The 2016 Bonds		Period Total	Fiscal Total
	Principal*	Interest		
June 1, 2016.....	\$ 0.00	\$	\$	
December 1, 2016.....	0.00			
June 1, 2017.....	0.00			
December 1, 2017.....	0.00			
June 1, 2018.....	775,000.00			
December 1, 2018.....	0.00			
June 1, 2019.....	250,000.00			
December 1, 2019.....	0.00			
June 1, 2020.....	225,000.00			
December 1, 2020.....	0.00			
June 1, 2021.....	200,000.00			
December 1, 2021.....	0.00			
June 1, 2022.....	1,275,000.00			
December 1, 2022.....	0.00			
June 1, 2023.....	1,325,000.00			
December 1, 2023.....	0.00			
June 1, 2024.....	1,400,000.00			
December 1, 2024.....	0.00			
June 1, 2025.....	1,475,000.00			
December 1, 2025.....	0.00			
June 1, 2026.....	1,550,000.00			
December 1, 2026.....	0.00			
June 1, 2027.....	3,050,000.00			
December 1, 2027.....	0.00			
June 1, 2028.....	3,200,000.00			
December 1, 2028.....	0.00			
June 1, 2029.....	3,275,000.00			
December 1, 2029.....	0.00			
June 1, 2030.....	6,825,000.00			
December 1, 2030.....	0.00			
June 1, 2031.....	7,000,000.00			
December 1, 2031.....	0.00			
June 1, 2032.....	<u>7,175,000.00</u>			
Totals	<u>\$39,000,000.00</u>	\$	\$	

* Preliminary; subject to change.

DUCHESNE COUNTY SCHOOL DISTRICT, UTAH

General

The District was created in 1915 and shares common boundaries with the County. The County, established in 1915, consists of 3,266 (land area) square miles and is located in the northeastern portion of the State. The County is located approximately 100 miles east of Salt Lake City, Utah and is bordered by Wasatch and Utah counties on the west, Summit and Daggett counties on the north, Uintah County on the east and Carbon County on the south. Most of the County is within the boundaries of the Great Basin known as the Uintah Basin. The County had 20,330 residents according to the 2014 population estimate by the U.S. Census Bureau, ranking the County as the 16th most populated county in the State (out of 29 counties).

The City of Duchesne (the “City”), incorporated in 1917, serves as the county seat of the County and is where the District’s headquarters are located. The City had 1,733 residents according to the 2012 Census population estimates.

The Board maintains a Web site that may be accessed at <http://www.dcsd.org>.

The District operates schools in the communities of the City (one elementary school (K–6) and one high school (7–12)); Town of Altamont (one elementary school (K–6) and one high school (7–12)); Myton City (one elementary school (K–5)); unincorporated area known as Neola City (one elementary school (K–5)); Roosevelt City (three elementary schools (K–5), one junior high (6–8) and one high school (9–12)); and the Town of Tabiona (one elementary school (K–6) and one high school (7–12)). The historical October 1 enrollment within the District is as follows:

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

<u>Year</u>	<u>Total</u>	<u>% Change Over Prior Year</u>
2015 (1).....	5,066	(2.0)%
2014	5,170	3.0
2013	5,021	4.0
2012	4,829	5.6
2011	4,574	2.8
2010	4,448	0.3
2009	4,436	1.9
2008	4,355	3.1
2007	4,224	6.1
2006	3,982	(0.3)

(1) In 2015 a charter school open within the boundaries of the District. This charter schools enrollment was 75 students (with grades K–12). (Source: The District.)

(Source: State Office of Education.)

Form Of Government

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

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

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

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

Office	Person	Years in Position	Expiration of Current Term
President.....	Mark Thacker	3	January 2017
Vice President	Bart Morrill	2	January 2019
Board Member	Gordon Moon	7	January 2017
Board Member	Newell Richens (1)	2	January 2019
Board Member	Bruce Timothy	5	January 2019
Superintendent	David Brotherson	5	Appointed/July 2017
Business Administrator.....	Dee E. Miles	17	Appointed/July 2017

(1) Mr. Richens served on previous Board's for 12 consecutive years.

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

Employee Workforce and Retirement System. As of Fiscal Year 2016 the District employs approximately 500 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 con-

sists of six members appointed by the Governor of the State and the State Treasurer. For a detailed discussion regarding retirement benefits and contributions see “APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 5. Retirement Plans” (page A–21).

Due to the implementation of Governmental Accounting 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. See “APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 5. Retirement Plans” (page A–21).

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

Early Retirement Incentive. The District does provide early retirement incentive benefits for those employees with at least 10 years of employment. These benefits are paid from on–going revenues from when the employee retired. The District’s obligation for early retirement benefits for Fiscal Year 2015 was \$633,252. For a discussion regarding the District’s early retirement incentive benefits see “APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 5. Retirement Plans—OPEB and Termination Benefits” (page A–23) and “–Note 8. Long–Term Liabilities” (page A–24).

Risk Management

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

As of Fiscal Year 2015, the Administrative Services Risk Management Fund contained approximately \$46.9 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 2016.

For a general discussion of coverage, limits of coverage, unemployment compensation and payment claims see “APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note. 6. Risk Management” (page A–21).

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 DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 2. Deposits and Investments" (page A-18).

Investment of 2016 Bond Proceeds. The proceeds of the 2016 Bonds will be held by the Board and invested so as to be readily available. The 2016 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

Population

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

	<u>Duchesne County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2014 (1).....	20,380	9.5%	2,955,919 (2)	6.9%
2010	18,607	29.5	2,763,885	23.8
2000	14,371	13.6	2,233,169	29.6
1990	12,645	0.6	1,722,850	17.9
1980	12,565	72.1	1,461,037	37.9
1970	7,299	1.7	1,059,273	18.9
1960	7,179	(11.7)	890,627	29.3
1950	8,134	(9.2)	688,862	25.2

(1) U.S. Bureau of the Census estimates for July 1, 2014. Percentage change is calculated from the 2010 Census.

(2) U.S. Bureau of the Census estimates for July 1, 2015. Percentage change is calculated from the 2010 Census.

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

Employment, Income, Construction, and Sales Taxes Within Duchesne County and the State of Utah

Labor Force, Nonfarm Jobs and Wages within Duchesne County

	Calendar Year (1)						% change from prior year				
	2015 (2)	2014	2013	2012	2011	2010	2014-15	2013-14	2013-14	2012-13	2011-12
Civilian labor force (3).....	8,825	9,602	9,321	10,795	9,974	9,697	(8.1)	3.0	(13.7)	8.2	2.9
Employed persons.....	8,181	9,257	9,025	10,353	9,422	8,893	(11.6)	2.6	(12.8)	9.9	5.9
Unemployed persons.....	644	345	332	442	552	804	86.7	3.9	(24.9)	(19.9)	(31.3)
Total private sector (average).....	8,620	9,249	6,677	8,593	7,565	5,394	(6.8)	38.5	(22.3)	13.6	40.2
Agriculture, forestry, fishing & hunting.....	24	19	1	35	35	37	26.3	1800.0	(97.1)	0.0	(5.4)
Mining.....	2,367	2,540	126	2,194	1,766	1,510	(6.8)	1915.9	(94.3)	24.2	17.0
Utilities.....	43	46	53	56	52	61	(6.5)	(13.2)	(5.4)	7.7	(14.8)
Construction.....	630	829	831	926	722	548	(24.0)	(0.2)	(10.3)	28.3	31.8
Manufacturing.....	161	209	187	172	167	170	(23.0)	11.8	8.7	3.0	(1.8)
Wholesale trade.....	263	389	322	265	184	154	(32.4)	20.8	21.5	44.0	19.5
Retail trade.....	859	980	861	807	772	749	(12.3)	13.8	6.7	4.5	3.1
Transportation and warehousing.....	969	973	1,016	1,042	912	819	(0.4)	(4.2)	(2.5)	14.3	11.4
Information.....	206	206	196	203	204	207	0.0	5.1	(3.4)	(0.5)	(1.4)
Finance and insurance.....	124	128	126	126	120	123	(3.1)	1.6	0.0	5.0	(2.4)
Real estate and rental and leasing.....	90	70	60	54	54	54	28.6	16.7	11.1	0.0	0.0
Professional, scientific and technical.....	155	136	132	120	109	93	14.0	3.0	10.0	10.1	17.2
Management of companies and enterprises.....	67	73	63	0	0	-	(8.2)	15.9	-	-	-
Administration, support, waste management, remediation.....	158	116	122	107	91	77	36.2	(4.9)	14.0	17.6	18.2
Education services.....	789	736	759	751	742	704	7.2	(3.0)	1.1	1.2	5.4
Health care and social assistance.....	1,098	1,097	1,101	1,042	1,020	983	0.1	(0.4)	5.7	2.2	3.8
Arts, entertainment and recreation.....	26	52	50	52	59	51	(50.0)	4.0	(3.8)	(11.9)	15.7
Accommodation and food services.....	394	424	435	419	361	353	(7.1)	(2.5)	3.8	16.1	2.3
Other services.....	197	226	236	222	195	184	(12.8)	(4.2)	6.3	13.8	6.0
Total public sector (average).....	429	454	451	442	430	451	(5.5)	0.7	2.0	2.8	(4.7)
Total payroll (in millions).....	\$ 112	\$ 304	\$ 430	\$ 412	\$ 346	\$ 304	(63.2)	(29.3)	4.4	19.1	13.8
Average monthly wage.....	\$ 4,146	\$ 3,456	\$ 3,868	\$ 3,794	\$ 3,598	\$ 3,456	20.0	(10.7)	2.0	5.4	4.1
Average employment.....	9,024	7,322	9,267	9,046	8,016	7,332	23.2	(21.0)	2.4	12.8	9.3
Establishments.....	872	741	841	794	755	741	17.7	(11.9)	5.9	5.2	1.9

(1) Utah Department of Workforce Services.

(2) Information as of 1st Quarter, 2015.

(3) For 2015, information is based on the seasonally adjusted numbers from January 1 through October 31.

Employment, Income, Construction, and Sales Taxes Within Duchesne County and the State of Utah—continued

Personal Income; Per Capital Personal Income; Median Household Income within Duchesne County and State of Utah

	Calendar Year (1)						% change from prior year				
	2014	2013	2012	2011	2010	2009	2013–14	2012–13	2011–12	2010–11	2010–09
Total Personal Income (in \$1,000's):											
Duchesne County.....	\$ 806,510	\$ 759,368	\$ 731,379	\$ 641,490	\$ 559,217	\$ 560,324	6.2	3.8	14.0	14.7	(0.2)
State of Utah.....	110,841,885	106,072,574	102,772,080	96,888,550	90,483,243	88,313,814	4.5	3.2	6.1	7.1	2.5
Total Per Capita Personal Income (in \$):											
Duchesne County.....	39,574	37,768	38,370	34,246	30,046	30,229	4.8	(1.6)	12.0	14.0	(0.6)
State of Utah.....	37,664	36,542	35,995	34,415	32,614	32,428	3.1	1.5	4.6	5.5	0.6
Median Household Income (in \$):											
Duchesne County.....	na	61,386	57,945	54,973	53,196	53,080	na	5.9	5.4	3.3	0.2
State of Utah.....	na	59,715	57,067	55,802	54,740	55,183	na	4.6	2.3	1.9	(0.8)

Construction within Duchesne County (2)

	Calendar Year						% change from prior year				
	2015 (3)	2014	2013	2012	2011	2010	2014–15	2013–14	2012–13	2011–12	2010–11
Number new dwelling units.....	33	127	125	117	88	80	(60.7)	1.6	6.8	33.0	10.0
New (in \$1,000's):											
Residential value.....	\$ 7,228.0	\$ 26,489.0	\$ 31,720.9	\$ 24,176.7	\$ 18,153.6	\$ 14,425.7	(59.4)	(16.5)	31.2	33.2	25.8
Non–residential value.....	1,651.9	24,865.7	10,125.8	7,639.5	5,167.8	18,089.5	(92.4)	145.6	32.5	47.8	(71.4)
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	639.1	1,146.1	2,922.5	1,709.4	2,456.3	2,469.6	(0.1)	(60.8)	71.0	(30.4)	(0.5)
Non–residential value.....	0.0	75.0	473.2	354.0	1,252.4	190.7	(100.0)	(84.2)	33.7	(71.7)	556.7
Total construction value (in \$1,000's).....	\$ 9,519.0	\$ 52,575.8	\$ 45,242.4	\$ 33,879.6	\$ 27,030.1	\$ 35,175.5	(76.4)	16.2	33.5	25.3	(23.2)

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

	Calendar Year						% change from prior year				
	2014	2013	2012	2011	2010	2009	2013–14	2012–13	2011–12	2010–11	2009–10
Taxable Sales (in \$1,000's):											
Duchesne County.....	\$ 895,537	\$ 876,614	\$ 830,252	\$ 626,931	\$ 471,372	\$ 402,903	2.2	5.6	32.4	33.0	17.0
State of Utah.....	51,709,162	49,404,045	47,531,179	44,097,026	41,387,390	40,480,954	4.7	3.9	7.8	6.5	2.2
	Fiscal Year						% change from prior year				
	2014	2013	2012	2011	2010	2009	2013–14	2012–13	2011–12	2010–11	2009–10
Local Sales and Use Tax Distribution:											
Duchesne County (and all cities).....	\$ 5,883,132	\$ 5,805,856	\$ 4,822,837	\$ 3,846,777	\$ 3,046,482	\$ 4,037,429	1.3	20.4	25.4	26.3	(24.5)

- (1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.
- (2) University of Utah Bureau of Economic and Business Research, Utah Construction Report.
- (3) Construction information from January 2015 through August 2015; percentages compared to same time of prior period.
- (4) Utah State Tax Commission.

Largest Employers

The following is a list of the largest employers in the County with employment over 100 individuals.

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Uintah Basin Medical Center (Roosevelt)	Health care and social assistance	500–1,000
Newfield Production Company (Myton)	Mining	500–1,000
Duchesne County School District (county–wide).....	Education services	360–810
Cash Meat Market (Roosevelt)	Retail trade	100–250
Duchesne School District (substitutes/county–wide)	Education services	100–250
Frontier Drilling LLC (Roosevelt)	Mining	100–250
North Eastern Services (Roosevelt)	Health care and social assistance	100–250
R Chapman Construction (Roosevelt)	Construction	100–250
RJ Taylor–Wyatt LLC (Roosevelt)	Construction	100–250
The Parch (Bluebell)	Retail trade	100–250
Weatherford Artificial Lift Systems (Roosevelt)	Wholesale trade	100–250

(Source: Utah Department of Workforce Services. Updated March 2014; reflecting information as of September 2014.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Duchesne County</u>	<u>State of Utah</u>	<u>United States</u>
2015 (1)	8.3%	3.5%	5.0%
2014	3.6	3.8	6.2
2013	4.3	4.4	7.4
2012	4.6	5.4	8.1
2011	6.6	6.8	8.9
2010	9.6	8.1	9.6

(1) Preliminary, subject to change. As of November 2015, seasonally adjusted.

(Source: Utah Department of Workforce Services.)

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DEBT STRUCTURE OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH

Outstanding General Obligation Bonded Indebtedness

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2016 (a) (1)	School building	\$39,000,000	June 1, 2032	\$39,000,000
2014 (1).....	School building	29,000,000	June 1, 2029	28,425,000
2012 (2).....	Refunding	2,039,000	June 1, 2016	<u>521,000</u>
Total direct general obligation debt.....				<u>\$67,946,000</u>

- (a) For purposes of this OFFICIAL STATEMENT, the 2016 Bonds will be considered issued and outstanding.
- (1) Rated “Aaa” (State of Utah Guaranty; underlying “A1”) by Moody’s, as of the date of this OFFICIAL STATEMENT.
- (2) Issued as a direct purchase; no rating applied for. However, payment of the principal of and interest on the \$2,039,000 General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2012 (the “2012 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.

Municipal Building Authority of Duchesne County School District, Utah

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

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

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

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

Debt Issuance. The Authority’s debt does not constitute legal debt within the meaning of any constitutional provision or statutory limitation of the Board. The Authority has entered into annual leases with the Board for each school project constructed by the Authority. The leases may be terminated by the Board in any year and payments by the Board may be made only from moneys which are annually budgeted and appropriated by the Board for such purpose.

For each school construction project built by the Authority, the Authority has entered into an indenture with the Board. The Authority may, from time to time, issue additional bonds under each separate indenture; however, the Authority currently has no plans to issue additional bonds under any indenture.

The Authority leases the school building projects to the Board, pursuant to individual master lease agreements. The Authority has granted to a trustee, for the benefit of the owners of lease revenue bonds issued under each master lease, a security interest in all of the Authority's right, title and interest in the school building project financed with lease revenue bonds issued under each separate indenture.

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

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2013 (1).....	Refunding	\$6,430,000	June 30, 2021	\$ 5,420,000
2011B (1).....	Schools building	6,880,000	March 1, 2026	5,682,000
2011A (2).....	School building/QSCB	9,000,000	March 1, 2026	7,073,000
2011 (3).....	School building/SOE	6,000,000	September 20, 2016	2,477,849
2005 (4).....	School building/CIB	3,000,000	June 15, 2026	1,650,000
2004 (5).....	School building/QZAB	3,500,000	August 26, 2017	<u>3,500,000</u>
Total				<u>\$25,802,849</u>

- (1) This bond was issued through a direct purchase and is not rated.
- (2) This bond was issued through a direct purchase and is not rated. The 2011A MBA Bonds are federally taxable, Qualified School Construction Bonds, ("QSCB"), authorized by the American Recovery and Reinvestment Act of 2009. The QSCB tax credit rate is 5.03%. The 2011A MBA Bonds final payment will be on March 1, 2026. The Authority is required to make mandatory principal payments of \$643,000 each year.
- (3) Not rated; no rating applied for. Loan purchased by the State of Utah Office of Education at an annual interest rate of 2.15% per annum.
- (4) Not rated; no rating applied for. Loan purchased by the State of Utah, Community Impact Board ("CIB") at an annual interest rate of 0% per annum.
- (5) The 2004 MBA Bonds were issued through a direct purchase and are not rated. The 2004 MBA Bonds are federally taxable, Qualified Zone Academy Bonds, ("QZAB"). The QZAB tax credit rate is 5.64% with a supplemental coupon of 1.69%. The 2004 MBA Bonds will mature on August 26, 2017. The Authority is required to make an annual sinking fund deposit of \$500,000 (or less, depending on interest earnings) to a sinking fund held by an escrow agent for the 2004 MBA Bonds (the current deposit in this sinking fund is approximately \$2,000,000). These bonds are additionally secured by a debt service reserve fund in the amount of \$350,000 held by the trustee for the 2004 MBA Bonds.

See "Debt Service Schedule Of Outstanding Lease Revenue Bonds Of The Municipal Building Authority of Duchesne County School District, Utah By Fiscal Year" below.

Proposed Issuance Of Additional Lease Revenue Bonds By The Municipal Building Authority of Duchesne County School District, Utah

In March 2016, the Authority anticipates the issuance of approximately \$16 million of lease revenue bonds with bond proceeds being used for the construction of school buildings within the District.

Federal Funding Cuts

Federal Sequestration. Pursuant to the Budget Control Act of 2011 (the "BCA"), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as "sequestration")

were ordered in federal fiscal years ending September 30, 2013 through 2016, including cuts to the subsidy payments to be made to issuers of Build America Bonds/Qualified School Construction Bonds (“BABs”) and various other federal expenditures.

The Authority anticipates that any future reductions of subsidy payments with respect to the Authority’s \$7,073,000 of outstanding BABs and reductions in other federal grants as a result of sequestration would have no material impact on its operations or financial position. The Authority and the Board cannot predict whether Congress will take action to avoid sequestration in federal fiscal year 2017 or what, if any, sequestration cuts may occur in federal fiscal year 2018 or thereafter.

Other Financial Considerations

In 2011, the Board entered into a \$369,000 loan, issued through a federal/state program, for energy efficiencies. The loan has a 0% rate of interest and is currently outstanding in the amount of \$284,441. Principal is due October 1, 2016 through October 1, 2024.

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2016 \$39,000,000		Series 2014 \$29,000,000		Series 2012 (1) \$2,350,000		Totals*		
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2015.....	\$ 0	\$ 0	\$ 575,000	\$ 1,173,006	\$ 510,000	\$ 10,001	\$ 1,085,000	\$ 1,183,007	\$ 2,268,007
2016.....	0	342,541	580,000	1,161,506	521,000	5,054	1,101,000	1,509,101	2,610,101
2017.....	0	1,258,313	1,120,000	1,144,106	—	—	1,120,000	2,402,419	3,522,419
2018.....	775,000	1,258,313	1,595,000	1,099,306	—	—	2,370,000	2,357,619	4,727,619
2019.....	250,000	1,242,813	1,805,000	1,019,556	—	—	2,055,000	2,262,369	4,317,369
2020.....	225,000	1,235,313	1,895,000	929,306	—	—	2,120,000	2,164,619	4,284,619
2021.....	200,000	1,228,563	1,990,000	834,556	—	—	2,190,000	2,063,119	4,253,119
2022.....	1,275,000	1,222,563	2,090,000	735,056	—	—	3,365,000	1,957,619	5,322,619
2023.....	1,325,000	1,158,813	2,195,000	630,556	—	—	3,520,000	1,789,369	5,309,369
2024.....	1,400,000	1,092,563	2,305,000	520,806	—	—	3,705,000	1,613,369	5,318,369
2025.....	1,475,000	1,022,563	2,420,000	405,556	—	—	3,895,000	1,428,119	5,323,119
2026.....	1,550,000	948,813	2,490,000	332,956	—	—	4,040,000	1,281,769	5,321,769
2027.....	3,050,000	871,313	2,565,000	258,256	—	—	5,615,000	1,129,569	6,744,569
2028.....	3,200,000	718,813	2,645,000	178,100	—	—	5,845,000	896,913	6,741,913
2029.....	3,275,000	638,813	2,730,000	92,138	—	—	6,005,000	730,950	6,735,950
2030.....	6,825,000	556,938	—	—	—	—	6,825,000	556,938	7,381,938
2031.....	7,000,000	386,313	—	—	—	—	7,000,000	386,313	7,386,313
2032.....	7,175,000	197,313	—	—	—	—	7,175,000	197,313	7,372,313
Totals.....	<u>\$39,000,000</u>	<u>\$15,380,666</u>	<u>\$29,000,000</u>	<u>\$10,514,769</u>	<u>\$1,031,000</u>	<u>\$15,054</u>	<u>\$69,031,000</u>	<u>\$25,910,489</u>	<u>\$ 94,941,489</u>

* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.07% per annum.

(1) Issued as a private direct placement bond.

Debt Service Schedule Of Outstanding Lease Revenue Bonds Of The Municipal Building Authority Of Duchesne County School District, Utah By Fiscal Year

Fiscal Year Ending June 30	Series 2013 \$6,430,000		Series 2011B \$6,880,000		Series 2011A \$9,000,000					Series 2011 \$6,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest (1)	Federal Interest Rate Subsidy (2)	Mandatory Principal Payments (3)	Total Payment Required For Debt Service (3)	Principal (4)	Interest
2015.....	\$ 520,000	\$104,233	\$ 410,000	\$ 228,556	\$ 0	\$ 388,115	\$ (388,115)	\$ 643,000	\$ 643,000	\$ 1,199,457	\$ 80,160
2016.....	555,000	99,293	423,000	215,518	0	355,772	(355,772)	643,000	643,000	1,225,604	54,014
2017.....	590,000	93,188	438,000	200,967	0	323,429	(323,429)	643,000	643,000	1,252,245	27,372
2018.....	625,000	85,813	454,000	184,892	0	291,086	(291,086)	643,000	643,000	—	—
2019.....	1,165,000	76,438	472,000	166,642	0	258,743	(258,743)	643,000	643,000	—	—
2020.....	1,215,000	56,050	492,000	146,346	0	226,400	(226,400)	643,000	643,000	—	—
2021.....	1,270,000	31,750	515,000	123,861	0	194,057	(194,057)	643,000	643,000	—	—
2022.....	—	—	539,000	99,347	0	161,715	(161,715)	643,000	643,000	—	—
2023.....	—	—	558,000	80,806	0	129,372	(129,372)	643,000	643,000	—	—
2024.....	—	—	577,000	61,610	0	97,029	(97,029)	643,000	643,000	—	—
2025.....	—	—	597,000	41,762	0	64,686	(64,686)	643,000	643,000	—	—
2026.....	—	—	617,000	21,225	9,000,000 (3)	32,343	(32,343)	643,000	643,000	—	—
Totals.....	\$ 5,940,000	\$ 546,763	\$ 6,092,000	\$ 1,571,532	\$ 9,000,000	\$ 2,522,746	\$(2,522,746)	\$ 7,716,000	\$ 7,716,000	\$ 3,677,306	\$ 161,546

Fiscal Year Ending June 30	Series 2005 \$3,000,000		Series 2004 \$3,500,000						Totals		
	Principal	Interest	Principal	Interest (5)	Federal Interest Rate Credit (6)	Estimated Annual Contributions to Sinking Account (7)	Total Payment Required For Debt Service (7)		Total Principal	Total Interest	Total Debt Service
2015.....	\$ 150,000	\$ 0	\$ 0	\$ 59,150	—	\$ 500,000	\$ 559,150	\$ 3,422,457	\$ 472,099	\$ 3,894,556
2016.....	150,000	0	0	59,150	—	500,000	559,150	3,496,604	427,975	3,924,579
2017.....	150,000	0	0	59,150	—	500,000	559,150	3,573,245	380,677	3,953,922
2018.....	150,000	0	3,500,000	59,510	—	40,725 (8)	—	1,912,725	330,215	2,242,940
2019.....	150,000	0	—	—	—	—	—	2,430,000	243,079	2,673,079
2020.....	150,000	0	—	—	—	—	—	2,500,000	202,396	2,702,396
2021.....	150,000	0	—	—	—	—	—	2,578,000	155,611	2,733,611
2022.....	150,000	0	—	—	—	—	—	1,332,000	99,347	1,431,347
2023.....	150,000	0	—	—	—	—	—	1,351,000	80,806	1,431,806
2024.....	150,000	0	—	—	—	—	—	1,370,000	61,610	1,431,610
2025.....	150,000	0	—	—	—	—	—	1,390,000	41,762	1,431,762
2026.....	150,000	0	—	—	—	—	—	1,410,000	21,225	1,431,225
Totals.....	<u>\$ 1,800,000</u>	<u>\$ 0</u>	<u>\$ 3,500,000</u>	<u>\$ 236,960</u>	<u>\$ -</u>	<u>\$ 1,540,725</u>	<u>\$ 1,677,450</u>	<u>\$ 26,766,031</u>	<u>\$ 2,516,800</u>	<u>\$ 29,282,831</u>

- (1) Federally taxable QSCB bond. Interest based on a coupon rate of 5.03% per annum.
- (2) Assumes a portion of the interest due will be paid from the federal interest rate subsidy up to 5.03% per annum.
- (3) Mandatory sinking fund principal payments from a \$9,000,000, 5.03% term bond due March 1, 2026.
- (4) This loan is from the State Office Of Education with interest payable at 2.15% per annum.
- (5) Federally taxable Qualified Zone Academy bond. Interest based on a coupon rate of 1.69% per annum.
- (6) Assumes a federal interest rate tax credit of 5.64% per annum.
- (7) The Authority will contribute \$500,000 (or less, depending on interest earnings) on August 26, 2016 through 2017 into a sinking account, which account may earn interest up to a limit of 5.64%. Contributions of principal amounts, together with interest earnings and the reserve fund amount, should be sufficient to retire the 2004 Bonds on August 26, 2017.
- (8) The Authority will use \$350,00 (the reserve fund) and interest earnings in the reserve fund (estimated to be \$109,275) to make the final payment of \$500,000

Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2015 Taxable Value (1)</u>	<u>Board's Portion of Tax- able Value</u>	<u>Board's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>Board's Portion of G.O. Debt</u>
Overlapping:					
State of Utah	\$224,866,999,559	\$2,856,555,442	1.3%	\$2,498,895,000	\$32,485,635
CUWCD (2)	132,705,805,757	2,856,555,442	2.2	240,065,000	5,167,513
Duchesne County	2,856,555,442	2,856,555,442	100.0	405,000	<u>405,000</u>
Total overlapping					<u>38,058,148</u>
Underlying:					
Total underlying					<u>0</u>
Total overlapping and underlying general obligation debt					<u>\$38,058,148</u>
Total overlapping general obligation debt (excluding the State) (3)					\$ 5,572,513
Total direct general obligation bonded indebtedness					<u>67,946,000</u>
Total direct and overlapping general obligation debt (excluding the State) (3)					<u>\$73,518,513</u>

- (1) Preliminary and subject to change. Taxable value used in this table excludes the taxable value used to determine uniform fees on tangible personal property. See "FINANCIAL INFORMATION REGARDING DUCHESNE COUNTY SCHOOL DISTRICT—Taxable, Fair Market And Market Value Of Property" below.
- (2) Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD's general obligation bonds are paid from sales of water.
- (3) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

Debt Ratios

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

	<u>To 2015 Estimated Taxable Value (1)</u>	<u>To 2015 Estimated Market Value (2)</u>	<u>To 2014 Population Estimate Per Capita (3)</u>
Direct general obligation debt	2.38%	2.05%	\$3,334
Direct and overlapping general obligation debt	2.57	2.22	\$3,607

- (1) Based on an estimated 2015 Taxable Value of \$2,856,555,442, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2015 Market Value of \$3,309,114,077, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on the 2014 population estimate of 20,380 from the U.S. Census Bureau.

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

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 2016 Bonds) are based on the estimated fair market value for 2015 and the calculated valuation value from 2014 uniform fees, and are calculated as follows:

Estimated 2015 “Fair Market Value”	\$3,309,114,077
2014 valuation from uniform fees (1)	<u>105,005,364</u>
Estimated 2015 “Fair Market Value for Debt Incurring Capacity”	<u>\$3,414,119,441</u>
“Fair Market Value for Debt Incurring Capacity” times 4% (the “Debt Limit”)	\$136,564,778
Less: current outstanding general obligation debt (2)	<u>(70,068,129)</u>
Estimated additional debt incurring capacity	<u>\$ 66,496,649</u>

-
- (1) 2015 final information is not available. For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.
 - (2) For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt notes of the Board’s financial statements. Thus, for accounting purposes, the total unamortized bond premium was \$2,122,129 (as of June 30, 2015), and together with current outstanding debt of \$67,946,000, results in total outstanding debt of \$70,068,129.

No Defaulted Obligations

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

FINANCIAL INFORMATION REGARDING DUCHESNE 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 DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies” (page A-16).

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.

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 2015. For the complete discussion see "APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015—Management's Discussion and Analysis" (page A-3).

The Management's Discussion and Analysis for Fiscal Year 2016 is not available. Under State law the Board must complete its annual financial report for Fiscal Year 2016 by November 30, 2016.

Financial Summaries

The summaries contained herein were extracted from the District's basic financial statements. The summaries have not been audited. See "APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015."

Duchesne County School District

Statement of Net Position

Governmental Activities

(This summary has not been audited)

	As of June 30				
	2015	2014	2013	2012	2011
Assets:					
Cash and investments.....	\$ 32,165,405	\$ 48,653,650	\$ 17,656,050	\$ 22,923,134	\$ 30,717,190
Receivables:					
Property taxes.....	23,858,170	23,128,650	17,405,269	16,906,014	14,798,145
Other governments.....	649,688	506,627	787,799	449,311	1,255,782
Local.....	3,220	3,947	2,693	22,073	—
Inventories and prepaid expenses.....	305,711	339,480	326,540	461,855	373,857
Bond issuance costs, net.....	—	—	—	220,100	220,239
Capital assets:					
Land and construction in progress.....	38,522,460	12,241,696	3,274,961	32,684,696	13,569,707
Buildings and other capital assets, net of depreciation.....	72,407,416	75,146,796	77,449,834	44,193,520	43,298,493
Total assets.....	<u>167,912,070</u>	<u>160,020,846</u>	<u>116,903,146</u>	<u>117,860,703</u>	<u>104,233,413</u>
Deferred outflows of resources:					
Relating to pensions.....	2,088,315	—	—	—	—
Total assets and deferred outflows....	<u>170,000,385</u>	<u>160,020,846</u>	<u>116,903,146</u>	<u>117,860,703</u>	<u>104,233,413</u>
Liabilities:					
Accounts payable.....	5,428,821	3,049,372	347,168	3,189,320	1,676,225
Accrued interest.....	258,855	288,283	218,447	210,086	105,819
Accrued salaries and benefits.....	3,027,691	2,897,794	2,894,320	2,769,054	2,806,777
Noncurrent liabilities:					
Due within one year.....	5,051,124	4,942,463	4,401,476	4,225,112	2,491,628
Due after one year.....	50,488,394	55,374,639	28,704,810	32,553,478	30,099,156
Net pension liability.....	13,424,284	—	—	—	—
Total liabilities.....	<u>77,679,169</u>	<u>66,552,551</u>	<u>36,566,221</u>	<u>42,947,050</u>	<u>37,179,605</u>
Deferred inflows of resources:					
Deferred taxes levied for future year.....	21,723,046	22,058,992	16,434,078	15,949,412	13,872,419
Resources related to pensions.....	1,271,999	—	—	—	—
Total assets and deferred outflows....	<u>22,995,045</u>	<u>22,058,992</u>	<u>16,434,078</u>	<u>15,949,412</u>	<u>13,872,419</u>
Net position:					
Net invested in capital assets.....	72,321,691	63,246,775	56,808,320	52,075,659	45,651,466
Restricted for:					
Programs.....	1,023,871	1,280,000	1,308,878	1,202,266	1,461,332
School lunch.....	454,736	374,075	314,369	450,102	482,872
Non K–12 programs.....	422,106	404,157	401,636	401,636	366,254
Trust fund.....	796,699	774,053	496,439	538,199	434,688
Student activities.....	1,188,921	1,167,853	1,013,504	894,922	960,373
Capital projects.....	975,104	945,676	984,855	950,086	1,012,482
Debt service.....	101,747	1,759	273,720	267,759	671,978
Unrestricted.....	(7,958,704)	3,214,955	2,301,126	2,183,612	2,139,944
Total net position.....	<u>\$ 69,326,171</u>	<u>\$ 71,409,303</u>	<u>\$ 63,902,847</u>	<u>\$ 58,964,241</u>	<u>\$ 53,181,389</u>

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

Duchesne County School District

Statement of Activities (1)

Total Governmental Activities

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Position				
	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Governmental activities:					
Instructional services.....	\$ (16,318,705)	\$ (13,324,324)	\$ (14,208,111)	\$ (13,356,682)	\$ (13,033,105)
Supporting services:					
Students.....	(234,593)	(281,453)	(261,249)	(185,271)	(47,727)
Instructional staff.....	(816,318)	(679,767)	(600,556)	(781,678)	(722,461)
District administration.....	(427,704)	(421,530)	(368,885)	(311,788)	(334,447)
School administration.....	(2,099,262)	(2,081,598)	(2,099,518)	(2,032,121)	(2,014,944)
Business.....	(1,011,584)	(906,552)	(1,018,036)	(1,134,306)	(816,838)
Operation and maintenance of facilities.....	(4,650,335)	(4,928,593)	(4,250,662)	(4,046,815)	(3,999,735)
Transportation.....	(2,924,573)	(2,826,125)	(2,764,447)	(2,321,566)	(2,178,522)
School lunch services.....	27,373	6,418	(200,774)	(7,256)	39,062
Interest on long-term liabilities.....	(1,501,809)	(1,120,676)	(658,565)	(625,428)	(413,458)
Total school district.....	<u>(29,957,510)</u>	<u>(26,564,200)</u>	<u>(26,430,803)</u>	<u>(24,802,911)</u>	<u>(23,522,175)</u>
General revenues:					
Property taxes levied for:					
General purposes.....	12,482,657	10,916,733	10,311,657	7,047,244	6,306,102
Debt service.....	3,192,538	1,164,040	1,128,023	1,188,965	1,096,713
Capital outlay.....	10,028,915	7,725,926	7,139,388	7,057,546	6,338,246
Transportation.....	—	—	—	490,422	434,904
Recreation.....	—	—	—	331,756	340,359
Federal and state aid not restricted to specific purposes...	13,952,170	12,709,386	11,542,848	12,910,829	13,483,243
Earnings on investments.....	195,949	159,542	124,811	195,439	117,503
Miscellaneous.....	1,741,757	1,395,029	1,342,782	1,363,561	1,398,407
Total general revenues.....	<u>41,593,986</u>	<u>34,070,656</u>	<u>31,589,509</u>	<u>30,585,762</u>	<u>29,515,477</u>
Change in net assets.....	11,636,476	7,506,456	5,158,706	5,782,851	5,993,302
Net position—beginning (as restated).....	71,409,303	63,902,847	58,744,141	53,181,390	47,188,087
Change in accounting principle.....	<u>(13,719,610)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net position—ending.....	<u>\$ 69,326,169</u>	<u>\$ 71,409,303</u>	<u>\$ 63,902,847</u>	<u>\$ 58,964,241</u>	<u>\$ 53,181,389</u>

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets—Total Governmental Activities” and is not intended to be complete.

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

Duchesne County School District
Balance Sheet—Governmental Funds—Major Funds
General Fund

(This summary has not been audited.)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Assets:					
Cash and investments.....	\$ 7,832,757	\$ 7,330,921	\$ 6,090,279	\$ 5,984,377	\$ 4,990,689
Accounts receivables:					
Property taxes.....	12,451,130	11,302,178	9,600,184	10,074,235	8,388,139
Local.....	3,220	3,947	2,693	2,277	—
State of Utah.....	1,347	2,597	15,945	—	—
Federal government.....	548,432	365,470	639,311	345,134	1,113,237
Inventories.....	—	—	—	120,664	120,201
Total assets.....	<u>\$20,836,886</u>	<u>\$19,005,113</u>	<u>\$16,348,412</u>	<u>\$16,526,687</u>	<u>\$14,612,266</u>
Liabilities:					
Accounts payable.....	\$ 1,025,041	\$ 525,819	\$ 225,158	\$ 589,232	\$ 112,085
Accrued payroll and benefits.....	2,936,312	2,816,385	2,779,527	2,699,529	2,729,851
Deferred property taxes.....	—	—	—	10,048,491	8,372,308
Total liabilities.....	<u>3,961,353</u>	<u>3,342,204</u>	<u>3,004,685</u>	<u>13,337,252</u>	<u>11,214,244</u>
Deferred inflows of resources:					
Unavailable property tax revenue.....	1,012,433	569,614	503,277	—	—
Property taxes levied for future years.....	11,410,954	10,712,482	9,057,867	—	—
Total deferred inflows of resources..	<u>12,423,387</u>	<u>11,282,096</u>	<u>9,561,144</u>	<u>—</u>	<u>—</u>
Fund balances:					
Committed:					
Economic stabilization.....	1,700,000	1,200,000	800,000	700,000	675,000
Self insurance.....	360,000	360,000	360,000	357,864	348,080
Employee benefit obligations.....	931,374	1,007,332	1,079,361	924,821	906,957
Assigned:					
Programs.....	1,023,871	1,280,000	1,308,878	1,202,266	1,461,332
Unassigned.....	436,901	533,481	234,344	4,484	6,653
Total fund balances.....	<u>4,452,146</u>	<u>4,380,813</u>	<u>3,782,583</u>	<u>3,189,435</u>	<u>3,398,022</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$20,836,886</u>	<u>\$19,005,113</u>	<u>\$16,348,412</u>	<u>\$16,526,687</u>	<u>\$14,612,266</u>

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

Duchesne County School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds—Major Funds

General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Revenues:					
Property taxes.....	\$ 12,013,901	\$ 10,849,743	\$ 10,344,617	\$ 8,580,247	\$ 7,207,083
Earnings on investments.....	54,061	41,613	49,642	44,095	28,844
Other local sources.....	212,485	117,088	152,187	141,914	124,624
State sources.....	20,905,429	20,182,062	19,474,141	18,356,993	18,457,864
Federal sources.....	2,111,709	2,045,203	2,004,940	2,655,565	3,531,692
Total revenues.....	<u>35,297,585</u>	<u>33,235,709</u>	<u>32,025,527</u>	<u>29,778,814</u>	<u>29,350,107</u>
Expenditures:					
Current:					
Instructional services.....	21,521,826	18,741,836	19,189,056	17,729,189	18,106,807
Supporting services:					
Students.....	716,722	642,049	636,849	511,116	447,613
Instructional staff.....	1,173,081	1,058,073	994,603	1,157,739	1,166,238
District administration.....	340,778	315,029	278,468	238,750	277,636
School administration.....	2,292,180	2,201,223	2,202,449	2,102,390	2,051,828
Business.....	1,185,235	1,083,850	1,206,259	1,281,047	971,151
Operation and maintenance of facilities...	4,450,912	4,357,394	4,044,323	3,663,995	3,661,242
Transportation.....	2,949,747	2,578,747	2,513,969	2,228,077	2,098,479
Capital outlay.....	595,771	1,659,278	366,403	1,075,098	239,093
Total expenditures.....	<u>35,226,252</u>	<u>32,637,479</u>	<u>31,432,379</u>	<u>29,987,401</u>	<u>29,020,087</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>71,333</u>	<u>598,230</u>	<u>593,148</u>	<u>(208,587)</u>	<u>330,020</u>
Net change in fund balances.....	<u>71,333</u>	<u>598,230</u>	<u>593,148</u>	<u>(208,587)</u>	<u>330,020</u>
Fund balances—beginning.....	<u>4,380,813</u>	<u>3,782,583</u>	<u>3,189,435</u>	<u>3,398,022</u>	<u>3,068,002</u>
Fund balances—ending.....	<u>\$ 4,452,146</u>	<u>\$ 4,380,813</u>	<u>\$ 3,782,583</u>	<u>\$ 3,189,435</u>	<u>\$ 3,398,022</u>

(Source: Information taken from the District's 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. By November 1, each county treasurer furnishes each taxpayer a notice containing 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 (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 in the second preceding paragraph, 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, only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity collected 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 an 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

		Tax Rate (Fiscal Year)				
		(a)				
	Maximum Tax Rate (1)	2015–16	2014–15	2013–14	2012–13	2011–12
General Fund:						
Basic program (2).....	formula	.001736	.001419	.001535	.001651	.001591
Voted leeway (3).....	.001600	.001267	.001193	.001282	.001280	.001276
Board local leeway.....	.002500	.001195	.001122	.001422	.001801	.000000
Board voted leeway.....	—	.000000	.000000	.000000	.000000	.000412
Special transportation.....	—	.000000	.000000	.000000	.000000	.000238
K–3 reading program.....	—	.000000	.000000	.000000	.000000	.000972
Recreation.....	—	.000000	.000000	.000000	.000000	.000161
Tort liability.....	—	.000000	.000000	.000000	.000000	.000020
Totals.....		.004198	.003734	.004239	.004732	.004670
Capital Outlay:						
Capital local (4).....	.003000	.003183	.003000	.003000	.002601	.002467
10% of basic program.....	—	.000000	.000000	.000000	.000000	.000107
Totals.....		.003183	.003000	.003000	.002601	.002574
Debt service (general obligation bonds):						
Debt service (5).....	none	.000308	.000955	.000452	.000474	.000577
Judgment recovery levy (6).....	none	.000000	.000000	.000000	.000000	.000000
Total all funds.....		.007689	.007689	.007691	.007807	.007821

(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) General maintenance and operation revenue. *In 2008, District residents approved a Voted Leeway Program of not to exceed a .001600 tax rate.*

(4) Construction remodeling projects and purchase of school sites/equipment, etc. Tax rate may exceed maximum tax rate in certain situations of decreasing valuations from year to year.

(5) 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.

(6) A “judgment levy” is levied for the purpose of collecting additional revenues. The Board has the legal right to levy a “Judgment Levy” in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation “judgment” circumstances that the Board had no control over.

(Source: Utah State Tax Commission.)

See “STATE OF UTAH SCHOOL FINANCE” below.

Comparative Total Property Tax Rates Within Duchesne County

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

<u>Tax Levying Entity (1)</u>	<u>Total Tax Rate Within Taxing Area</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Duchesne County School District:					
Altamont Town.....	.013570	.013399	.013948	.013870	.013938
Duchesne City.....	.013171	.012940	.013508	.013572	.013557
Myton City.....	.013402	.013233	.013620	.013660	.013634
Roosevelt City014207	.013846	.014560	.014762	.014710
Tabiona Town.....	.013878	.013655	.013866	.014125	.014096
Unincorporated areas (2)013328	.013081	.013558	.013984	.014014

- (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 (2)</u>	<u>% Change Over Prior Year</u>
2015 (1).....	\$2,856,555,442	(5.8)%	\$3,309,114,077 (3)	(4.7)%
2014	3,032,992,537	29.2	3,473,807,198	27.3
2013	2,348,296,733	7.4	2,728,060,479	7.0
2012	2,186,898,633	15.3	2,549,298,884	13.2
2011	1,896,401,215	13.3	2,251,729,463 (3)	10.7

- (1) Preliminary; subject to change. (Source: Utah State Tax Commission)
- (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. There are no redevelopment agencies within the County or the District. (Source: Municipal Advisor)
- (3) Source: Municipal Advisor.

(Source: Information taken from Utah State Tax Commission reports.)

See “Historical Summaries Of Taxable Values Of Property” below.

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Historical Summaries Of Taxable Values Of Property

	2015		2014	2013	2012	2011
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Total centrally assessed.....	\$ 1,441,831,400	50.5 %	\$ 1,669,708,917	\$ 1,142,707,021	\$ 1,083,118,688	\$ 827,537,071
<i>Set by County Assessor (Locally Assessed)</i>						
Real property:						
Primary residential.....	550,150,000	19.3	535,796,255	461,295,855	440,138,566	431,400,840
Other residential.....	162,000,000	5.7	155,842,210	144,735,135	144,733,100	132,521,135
Commercial and industrial.....	191,500,000	6.7	184,226,825	138,336,460	127,921,095	127,075,655
FAA (greenbelt).....	29,000,000	1.0	24,344,975	24,509,221	24,232,122	24,103,752
Unimproved non FAA (vacant)...	260,020,000	9.1	247,590,915	221,739,000	207,625,200	226,452,565
Agricultural.....	16,658,710	0.6	11,658,260	8,158,569	7,306,513	7,152,043
Total real property.....	1,209,328,710	42.3	1,159,459,440	998,774,240	951,956,596	948,705,990
Personal property (1):						
Primary mobile homes.....	2,977,220	0.1	2,977,220	2,859,835	2,795,074	2,889,241
Secondary mobile homes.....	136,236	0.0	136,236	159,990	167,799	178,470
Other business personal.....	202,281,876	7.1	200,710,724	203,795,647	148,860,476	117,090,443
Total personal property.....	205,395,332	7.2	203,824,180	206,815,472	151,823,349	120,158,154
Total locally assessed.....	1,414,724,042	49.5	1,363,283,620	1,205,589,712	1,103,779,945	1,068,864,144
Total taxable value.....	\$ 2,856,555,442	100.0 %	\$ 3,032,992,537	\$ 2,348,296,733	\$ 2,186,898,633	\$ 1,896,401,215

* Preliminary; subject to change.

(1) 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 30th of each year. Information for November 30, 2015 is currently not available.

Tax Year End <u>12/31</u>	(1) Total Taxes Levied	(2) Trea- surer's Relief	Net Taxes Assessed	Current Col- lections	(3) Deliq., Personal Property and Miscel- leous Col- lections	(4) Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2014	\$23,393,932	\$216,680	\$23,177,252	\$22,136,227	\$1,330,373	\$23,466,600	95.5%	101.2%
2013	18,003,629	139,385	17,864,244	17,191,366	1,079,022	18,270,388	96.2	102.3
2012	17,092,513	139,543	16,952,970	16,361,127	978,945	17,340,072	96.5	102.3
2011	14,822,440	163,825	14,658,615	13,878,371	1,080,234	14,958,605	94.7	102.0
2010	12,808,687	180,717	12,627,970	11,877,417	996,264	12,873,681	94.1	101.9

- (1) Excludes redevelopment agencies valuation (there are no redevelopment agencies in the District).
- (2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.
- (3) Delinquent Collections include interest, sales of real and personal property, and miscellaneous delinquent collections.
- (4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for the funds as indicated in the preceding paragraph, for tax year 2014 of \$1,575,080; for tax year 2013 of \$1,437,935; for tax year 2012 of \$1,303,621; for tax year 2011 of \$1,254,260, and for tax year 2010 of \$1,230,238; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

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

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Some Of The Largest Taxpayers

Taxpayer	Type of Business	2015 Taxable Value (1)	% of the District's Est. 2015 Tax Value
Newfield Production Company.....	Mining	\$ 447,453,525	15.7%
Linn Operating, Inc.	Mining	253,677,870	8.9
EP Energy	Mining	206,094,275	7.2
Kinder Morgan Altamont LLC	Mining	183,841,835	6.4
Bill Barrett Corp	Mining	98,100,190	3.4
Questar Pipeline	Natural gas utility	37,669,920	1.3
Petroglyph Operating	Mining	37,541,515	1.3
Moon Lake Electric.....	Electric utility	36,021,270	1.3
Strata Networks.....	Telecommunications	23,563,565	0.8
Three Rivers Gathering.....	Natural gas/petroleum	<u>20,385,640</u>	0.7
Totals		<u>\$1,344,349,605</u>	47.1%

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

(Source: County Treasurer.)

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 2015, approximately 53% of the District’s funding was provided by Local District Funding, approximately 41% from State Funding, and approximately 6% from Federal Funding. See “APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015.”

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 DUCHESNE 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 (unaudited)				
	2015	2014	2013	2012	2011
<i>State Funds</i>					
General	\$20,905,429	\$20,182,062	\$19,474,141	\$18,356,993	\$18,457,864
Other governmental	933,400	769,183	766,925	771,568	692,635
Capital projects	<u>51,199</u>	<u>34,645</u>	<u>20,912</u>	<u>21,449</u>	<u>36,811</u>
Total	<u>\$21,890,028</u>	<u>\$20,985,890</u>	<u>\$20,261,978</u>	<u>\$19,150,010</u>	<u>\$19,187,310</u>
% change over prior year	4.3%	3.6%	5.8%	(0.2)%	(1.5)%
<i>Federal Funds</i>					
General	\$2,111,709	2,045,203	\$2,004,940	\$2,655,565	\$3,531,692
Other governmental	1,023,817	979,517	908,100	955,433	982,156
Capital projects	<u>—</u>	<u>—</u>	<u>359,971</u>	<u>88,713</u>	<u>491,289</u>
Total	<u>\$3,135,526</u>	<u>3,024,720</u>	<u>\$3,273,011</u>	<u>\$3,699,711</u>	<u>\$5,005,137</u>
% change over prior year	3.7%	(7.6)%	(11.5)%	(26.1)%	1.1%

(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 DUCHESNE COUNTY SCHOOL DISTRICT, UTAH—Financial Summaries" above.

LEGAL MATTERS

Absence Of Litigation

The attorney for the Board, Ostler Moss & Thompson, 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 2016 Bonds.

TAX EXEMPTION

Federal Income Taxation Of 2016 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 2016 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 2016 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 2016 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 2016 Bonds is less than the amount to be paid at maturity of such 2016 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2016 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 2016 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2016 Bonds is the first price at which a substantial amount of such maturity of the 2016 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 2016 Bonds accrues daily over the term to maturity of such 2016 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 2016 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2016 Bonds. Beneficial Owners of the 2016 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2016 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2016 Bonds in the original offering to the public at the first price at which a substantial amount of such 2016 Bonds is sold to the public.

2016 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 2016 Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions,

and requirements designed to ensure that interest on the 2016 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 2016 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2016 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 2016 Bonds may adversely affect the value of, or the tax status of interest on, the 2016 Bonds.

Although Bond Counsel is of the opinion that interest on the 2016 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 2016 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 2016 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 2016 Bonds. Prospective purchasers of the 2016 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 2016 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 2016 Bonds ends with the issuance of the 2016 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 2016 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 2016 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 2016 Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

State Tax Exemption For The 2016 Bonds

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2016 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 2016 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 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

MISCELLANEOUS

General

The authorization and issuance of the 2016 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, Ostler Moss & Thompson, Salt Lake City, Utah. The approving opinion of Bond Counsel will be delivered with the 2016 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 2016 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 2016 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 2016 Bonds have been rated “Aaa” by Moody’s based upon the Guaranty Act. An explanation of the above rating may be obtained from Moody’s. The Board has not directly applied to Fitch or S&P for a rating on the 2016 Bonds.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody’s has given the 2016 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 2016 Bonds.

Municipal Advisor

The Board has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the 2016 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2016 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, 2015 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Aycock, Miles & Associates, CPAs, P.C., Certified Public Accountants, Roosevelt, Utah (“Aycock”), as stated in their report in “APPENDIX A—FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015” to this OFFICIAL STATEMENT.

Aycock 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 Duchesne County School District, Utah

By: _____

Mark Thacker, President

APPENDIX A

FINANCIAL STATEMENTS OF DUCHESNE COUNTY SCHOOL DISTRICT, UTAH FOR FISCAL YEAR 2015

The financial statements for Fiscal Year 2015 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 basic financial statements for Fiscal Year 2016 must be completed under State law by November 30, 2016.

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DUCHESNE COUNTY SCHOOL DISTRICT

50 East 100 South
PO Box 446
Duchesne, Utah 84021
(435) 738-1240

Financial Statements

Year Ended June 30, 2015

David Brotherson, Superintendent of Schools
Dee E. Miles, Business Administrator

Prepared by
Dee E. Miles, CPA

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DUCHESNE COUNTY SCHOOL DISTRICT

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditors' Report

Honorable Board of Education
To the Duchesne County School Board
Duchesne County, Utah

We have audited the accompanying financial statements of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County School District, as of and for the year ended June 30, 2015, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, aggregate remaining fund information and budgetary comparison information of the Duchesne County School District as of June 30, 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary & Other Information

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

The combining, individual nonmajor fund financial statements are the responsibility of management and were derived from and related 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 to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical sections and continuing disclosure undertaking have 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 15, 2015 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.

Aycock, Miles & Associates, CPAs

November 15, 2015

Management's Discussion and Analysis

The following discussion and analysis presents an overview of the financial performance of Duchesne County School District (District) for the year ended June 30, 2015. Readers should integrate the information presented here with the additional information furnished in the financial statements that follow this section.

Financial Highlights

- ❑ The District's General Fund receives revenue based on the number of pupils enrolled and other allocation formulas. State Legislative appropriations account for 71.8% of the funding and another 6.0% came from Federal restricted programs. The remaining 22% came from local sources. As the local tax base has leveled off in recent years, the percent of local revenue has stabilized as well.
- ❑ The District's financial status as measured by total net assets in excess of liabilities was \$69.3 million as of the close of the fiscal year which was a net decrease of \$2.1 million from the prior year. The actual position increased \$10.5, but was offset by the recording of a pension liability of \$13.7 million.
- ❑ The general fund balance increased \$71,333 the net result of an increases in fund balance committed for economic stabilization and decreases in committed and assigned fund balance amounts. Undistributed reserves increased from 3.6% to 4.8% of the budget. The capital projects fund balance decreased \$19.2 million in reserves from use of bond proceeds to complete Duchesne Elementary and Centennial Elementary school construction projects with \$8 million left to complete the projects. The reserve for catastrophic events remained at the targeted amount of \$1.16 million.
- ❑ Average District enrollment increased 159 students with 5,185 enrolled on October 1, 2014. Local oil and gas exploration activities created in-migration to the District along with increased birth rates. State funding increased by 3.5% due to the increases in enrollment and a state base funding increase of 2.5%
- ❑ A master plan for buildings was moving forward with the replacement of Duchesne Elementary and the construction of Centennial Elementary in the final stages of completion. Other long-term building plans include replacing Union High School and repairs to other existing buildings.

Overview of the Financial Statements

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

District-wide financial statements. The statement of net position and the statement of activities are designed to provide a broad overview of the District's financial position as a whole, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets 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 for some items where the cash flows occur in future periods (e.g. uncollected taxes).

Fund financial statements. The District uses separate funds to segregate activities and ensure compliance with finance-related legal requirements. Governmental and fiduciary types of funds are used.

Governmental funds account for the functions reported as *governmental activities* in the District-wide financial statements. However, unlike District-wide financial statements, the focus is on near-term inflows, outflows, and fiscal year-end balances of spendable resources. Reconciliations are also provided from the narrower focused governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances to the *governmental activities* of the District-wide financial statements.

Notes to the basic financial statements. The notes provide additional information for a full understanding of the data provided in the District-wide and fund financial statements.

Other information. Individual fund statements and schedules immediately follow the notes.

District-wide Financial Analysis

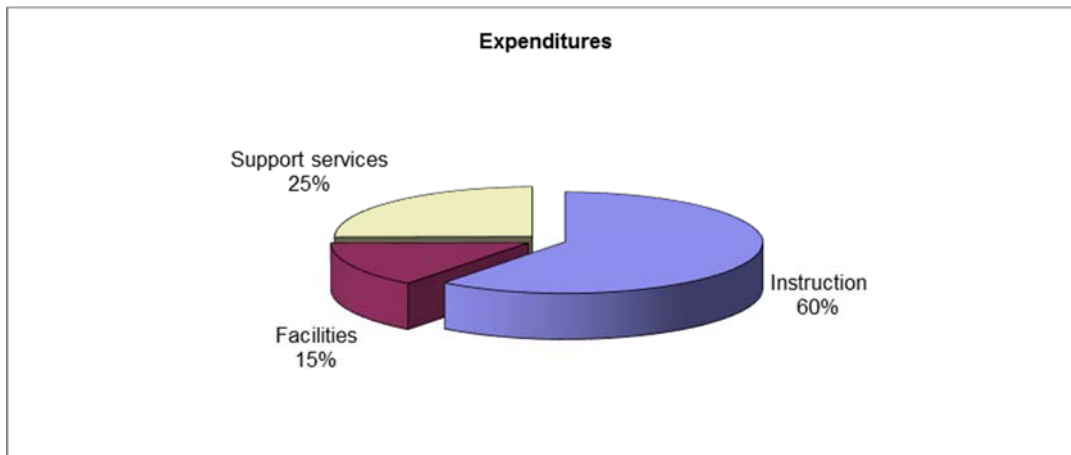
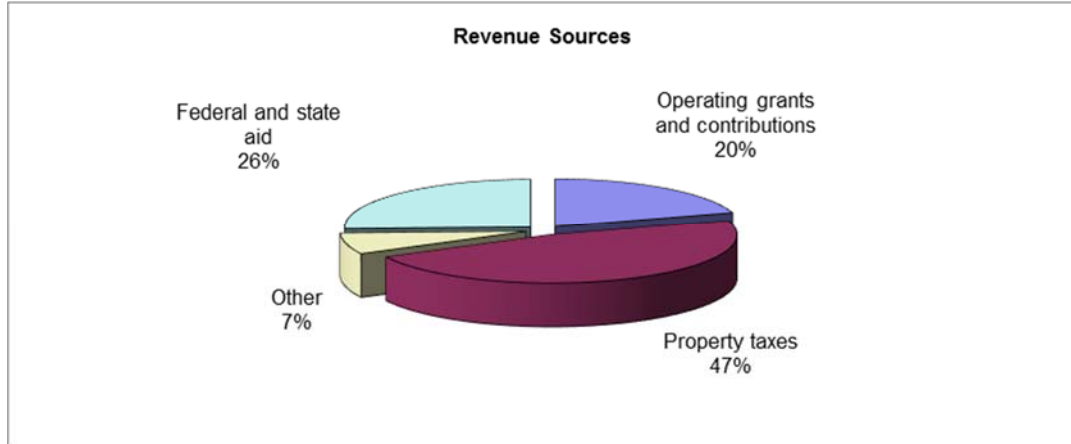
Net position. The District's assets are invested in land, buildings, and equipment less outstanding general obligation and revenue bonds used to acquire those assets. The net position of the District declined 3% due to the recognition of a pension liability under the new Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*. The District is still on schedule with its master building plan and investment in new buildings and management of outstanding debt. These assets are used to provide educational programs and are not considered available resources for future spending. Payments on the outstanding debt also come from other sources and not from the assets themselves. Assets subject to external restrictions on how they may be used represent 7% of net assets.

Changes in net position. Net assets increased \$11,636,477 due to investment in new buildings but was offset by a decrease in unrestricted assets of \$13,719,610 for the pension liability which net to a decline of \$2,083,133 in net position. The District's total revenues increased by 15% and total expenses increased 8%. Tax revenues increased due to the oil field growth affecting the local economy and the resultant increase in taxable values. State revenues increased due to enrollment legislative appropriation increases while Federal funding was steady. An increase in staff salaries and additional employees to handle the growth in numbers of students along with cost increases for retirement and health insurance all contributed to the increase in expenses.

With the adoption of GASB Statement No. 68, the District now reports deferred outflows and inflows of resources related to participation in Utah Retirement Systems pension plans. Deferred outflows of \$2,088,315 were reported for contributions subsequent to the measurement date. Deferred inflows related to the difference between expected and actual experience of the pension plan and changes in assumptions was \$1,271,999.

Net Position	2015	2014	Total Change
Current and other assets	\$ 56,982,194	\$ 72,632,355	\$ (15,650,161)
Capital assets	110,929,876	87,388,492	23,541,384
Total assets	167,912,070	160,020,847	7,891,223
Deferred outflows of resources	2,088,315		2,088,315
Total assets and deferred outflows	170,000,385	160,020,847	9,979,538
Current and other liabilities	8,715,367	6,235,449	2,479,918
Long-term liabilities outstanding	55,539,518	60,317,102	(4,777,584)
Net pension liability	13,424,284		
Total liabilities	77,679,169	66,552,551	11,126,618
Deferred Inflows of resources	22,995,045	22,058,992	936,053
Net Position			
Invested in capital assets, net of related debt	72,321,691	63,246,776	9,074,915
Restricted	4,963,184	4,947,573	15,611
Unrestricted	(7,958,704)	3,214,955	(11,173,659)
Total net position	\$ 69,326,171	\$ 71,409,304	\$ (2,083,133)

Changes in Net Position	2015	2014	Total Change
Revenues			
Program revenues			
Charges for services	\$ 1,876,102	\$ 2,042,522	\$ (166,420)
Operating grants and contributions	11,022,185	11,266,579	(244,394)
Capital grants and contributions	51,199	34,645	16,554
General revenues			
Property taxes	25,704,110	19,806,699	5,897,411
Federal and state aid	13,952,170	12,709,386	1,242,784
Earnings on investments	195,949	159,542	36,407
Miscellaneous	1,741,757	1,395,029	346,728
Total revenues	54,543,472	47,414,402	7,129,070
Expenses			
Instructional services	25,915,242	23,496,777	2,418,465
Supporting services:			
Students	692,146	642,049	50,097
Instructional staff	1,129,951	1,058,073	71,878
District administration	427,704	421,530	6,174
School administration	2,245,045	2,302,524	(57,479)
Business	1,153,185	1,099,659	53,526
Operation and maintenance of facilities	4,706,218	4,970,382	(264,164)
Transportation	3,149,515	2,835,262	314,253
School lunch services	1,986,181	1,961,014	25,167
Interest on long-term liabilities	1,501,809	1,120,676	381,133
Total Expenses	42,906,995	39,907,946	2,999,049
Increase (decrease) in net assets	11,636,477	7,506,456	4,130,021
Net position - beginning	71,409,303	63,902,847	7,506,456
Change in accounting principle	(13,719,610)		
Net position - ending	\$ 69,326,171	\$ 71,409,303	\$ (2,083,132)



Financial Analysis of the District's Funds

Governmental funds. The focus of the District's governmental funds is to provide information regarding the inflow, outflow, and remaining balances of resources. Revenues provided to the District are intended to be used during the period for which they were generated. Fund balances of each fund must be spent within the purposes of the fund. The difference between assets and liabilities is reported as fund balance which is divided into nonspendable, restricted, and unrestricted. *Nonspendable* includes inventories that are not expected to be converted to cash. *Restricted* are subject to external constraints, laws, or creditors (as in the case of restricted programs, debt service, capital projects, and other governmental funds). The unrestricted balance is divided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitations and amounts set aside to meet specific obligations. *Assigned* balances are intended to be used for specific purposes. *Unassigned* balances are all remaining fund resources.

Under Utah law, a budget may not include an unassigned fund balance. Any unassigned balance at the end of the fiscal year must be appropriated in the following fiscal year's budget. Utah law allows an economic stabilization committed reserve of fund balance in the general fund of up to 5% of its budget.

At the completion of the year the combined governmental fund balance was \$24.7 million, \$19 million less than the prior year. The largest change was a decrease of \$19.2 million in the capital projects fund from bond proceeds used for construction projects. The general fund stabilization balance increased by \$.5 million placing the total at the statutory maximum.

General fund budgetary highlights. The Board of Education revised the budget during the year for changes in programs, funding, and needs. The final budget anticipates revenues and expenditures to be approximately equal with only minor variances between the budget and actual results. The difference between the original budget and the final amended budget included updates in state funding offset by local taxes in the student funding formula.

Capital Asset and Debt Administration

Capital Assets. The capital outlay fund accounts for the acquisition of land, construction and remodeling of buildings, and procurement of equipment necessary for the operation of the District. The following projects were under way during 2015:

- ❑ Construction of a new building to replace Duchesne Elementary was 91% complete with \$14.1 million expended.
- ❑ Construction of Centennial Elementary was 96% complete with \$18.5 million expended.
- ❑ Remodeling of Altamont Elementary and Kings Peak Elementary were 30% complete with \$2 million expended.

Capital assets as of June 30, 2015

(Net of accumulated depreciation)

	2015	2014	Total Change
Land	\$ 3,873,077	\$ 3,873,077	\$ -
Construction in progress	34,649,383	8,368,619	26,280,764
Buildings and improvements	69,778,970	72,424,056	(2,645,086)
Furniture and equipment	2,628,446	2,722,740	(94,294)
Total capital assets	<u>\$ 110,929,876</u>	<u>\$ 87,388,492</u>	<u>\$ 23,541,384</u>

Debt Administration.

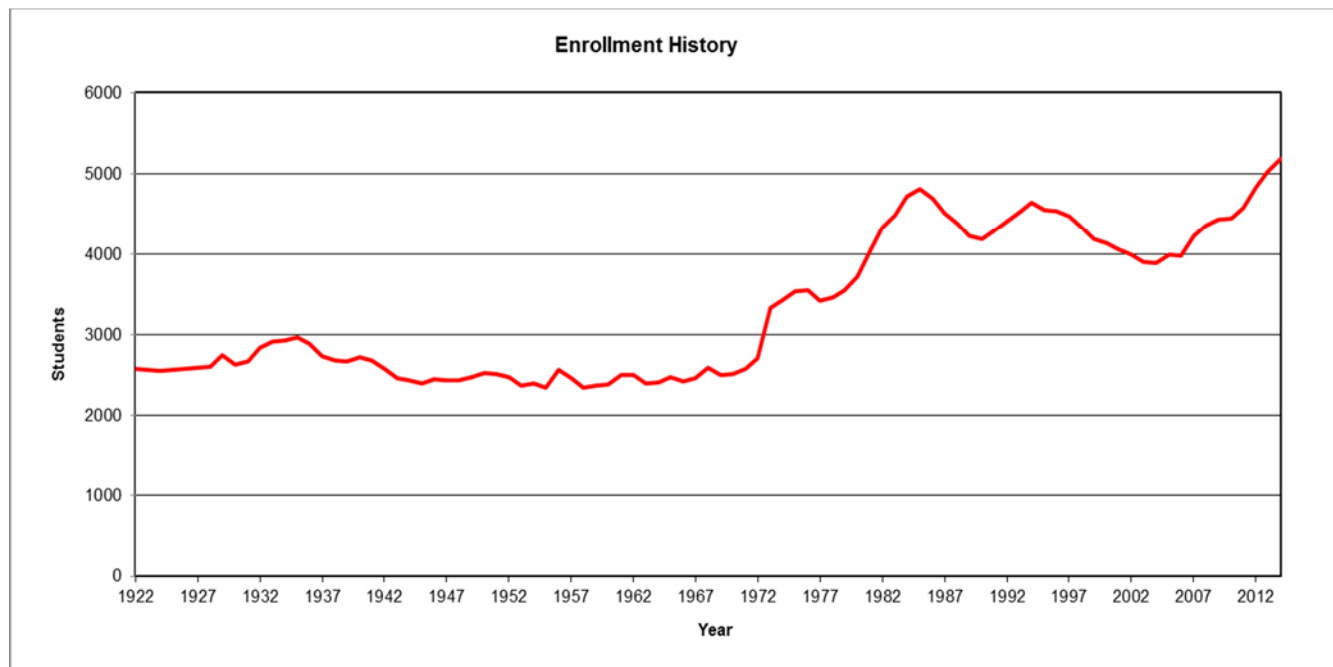
General obligation debt is limited by Utah Law to 4% of the market value of property. Current unused legal debt capacity is \$86 million or 62%.

Outstanding long-term debt as of June 30, 2015

	2015	2014	Total Change
General obligation bonds	\$ 28,946,000	\$ 30,031,000	\$ (1,085,000)
Lease revenue bonds	20,865,725	23,100,562	(2,234,837)
Notes payable	2,762,290	3,992,498	(1,230,208)
Unamortized bond issuance premium	2,122,129	2,273,710	(151,581)
Total debt	<u>\$ 54,696,144</u>	<u>\$ 59,397,770</u>	<u>\$ (4,701,626)</u>

Student Enrollment

Enrollment declined approximately 2% per year from 1994 to 2004 with a total decline of 755 students. Aging population and the loss of jobs in a depressed economy contributed to the decline. In 2004 the high price of oil created a rebound in the local economy and spawned an increase in all grades, and a younger population bringing increases in student enrollment as they have moved up through the grades. Since 2004, enrollments have increased 3% per year with a total increase for that period of 33%. Birth rate projections show enrollment will continue to increase over the next decade at a rate of 1% while a decline in oil prices may offset that increase.



Requests for Information

This financial report is designed to provide an overview of the District's finances. Any questions regarding this information or requests for additional information should be directed to the Business Administrator, Duchesne School District, 50 East 100 South / P.O. Box 446, Duchesne, Utah, 84021 or by visiting dcsd.org.

Basic Financial Statements

DUCHESNE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets:	
Cash and investments	\$ 32,165,405
Receivables:	
Property taxes	23,858,170
Other governments	649,688
Local	3,220
Inventories and prepaid expenses	305,711
Capital assets:	
Land and construction in progress	38,522,460
Buildings and other capital assets, net of depreciation	72,407,416
Total assets	<u>167,912,070</u>
Deferred Outflows of Resources:	
Deferred outflows of resources relating to pensions	2,088,315
Total assets and deferred outflows	<u>170,000,385</u>
Liabilities:	
Accounts payable	5,428,821
Accrued interest	258,855
Accrued salaries and benefits	3,027,691
Noncurrent liabilities:	
Due within one year	5,051,124
Due after one year	50,488,394
Net pension liability	13,424,284
Total liabilities	<u>77,679,169</u>
Deferred Inflows of Resources:	
Property taxes levied for future year	21,723,046
Resources relating to pensions	1,271,999
Total deferred inflows	<u>22,995,045</u>
Net Position:	
Net investment in capital assets	72,321,691
Restricted for:	
Programs	1,023,871
School lunch	454,736
Non K-12 programs	422,106
Trust Fund	796,699
Student Activities	1,188,921
Capital projects	975,104
Debt service	101,747
Unrestricted	(7,958,704)
Total net position	<u><u>\$ 69,326,171</u></u>

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

DUCHESNE COUNTY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2015

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental activities:					
Instructional services	\$ 25,915,242	\$ 1,169,790	\$ 8,426,747	\$ -	\$ (16,318,705)
Supporting services:					
Students	692,146	-	457,553	-	(234,593)
Instructional staff	1,129,951	-	313,633	-	(816,318)
District administration	427,704	-	-	-	(427,704)
School administration	2,245,045	-	145,783	-	(2,099,262)
Business	1,153,185	-	141,601	-	(1,011,584)
Operation and maintenance of facilities	4,706,218	-	4,684	51,199	(4,650,335)
Transportation	3,149,515	10,248	214,694	-	(2,924,573)
School lunch services	1,986,181	696,064	1,317,490	-	27,373
Interest on long-term liabilities	1,501,809	-	-	-	(1,501,809)
Total school district	<u>\$ 42,906,995</u>	<u>\$ 1,876,102</u>	<u>\$ 11,022,185</u>	<u>\$ 51,199</u>	<u>\$ (29,957,509)</u>
General revenues:					
Property taxes levied for:					
General purposes					12,482,657
Transportation					-
Recreation					-
Debt service					3,192,538
Capital outlay					10,028,915
Federal and state aid not restricted to specific purposes					13,952,170
Earnings on investments					195,949
Miscellaneous					1,741,757
Total general revenues					<u>41,593,986</u>
Change in net position					11,636,477
Net position - beginning					71,409,303
Change in accounting principle					<u>(13,719,610)</u>
Net position - ending					<u>\$ 69,326,171</u>

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

DUCHESNE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
Assets:				
Cash and investments	\$ 7,832,757	\$ 21,026,578	\$ 2,708,468	\$ 31,567,803
Restricted cash - bond proceeds		597,602		597,602
Accounts receivable:				
Property tax	12,451,130	10,317,417	1,089,623	23,858,170
Local	3,220	-		3,220
State of Utah	1,347	-	86,937	88,284
Federal government	548,432	-	12,972	561,404
Inventories	-	73,959	231,752	305,711
Total assets	<u>\$ 20,836,886</u>	<u>\$ 32,015,556</u>	<u>\$ 4,129,752</u>	<u>\$ 56,982,194</u>
Liabilities:				
Accounts payable	\$ 1,025,041	\$ 4,396,447	\$ 7,333	\$ 5,428,821
Accrued payroll and benefits	2,936,312		91,379	3,027,691
Deferred property taxes			-	-
Total liabilities	<u>3,961,353</u>	<u>4,396,447</u>	<u>98,712</u>	<u>8,456,512</u>
Deferred Inflows of Resources:				
Unavailable property tax revenue	\$ 1,012,433	\$ 813,417	\$ 258,938	\$ 2,084,788
Property taxes levied for future year	11,410,954	9,483,774	828,318	21,723,046
Total deferred inflows of resources	<u>12,423,387</u>	<u>10,297,191</u>	<u>1,087,256</u>	<u>23,807,834</u>
Fund Balances:				
Nonspendable:				
Inventories	-	73,959	231,752	305,711
Restricted:				
Capital projects	-	16,087,959	-	16,087,959
Debt service	-	-	101,747	101,747
Nutrition services			202,559	202,559
Schools			346,643	346,643
Extra-curricular			422,106	422,106
Committed:				
Economic stabilization	1,700,000	-	-	1,700,000
Self insurance	360,000	1,160,000	-	1,520,000
Employee benefit obligations	931,374			931,374
Assigned:				
Students	-	-	1,638,977	1,638,977
Programs	1,023,871	-	-	1,023,871
Unassigned:	436,901	-	-	436,901
Total fund balances	<u>4,452,146</u>	<u>17,321,918</u>	<u>2,943,784</u>	<u>24,717,848</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,836,886</u>	<u>\$ 32,015,556</u>	<u>\$ 4,129,752</u>	<u>\$ 56,982,194</u>

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

DUCHESNE COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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

Total fund balance for governmental funds \$ 24,717,848

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

Land	\$ 3,873,077	
Construction in progress	34,649,383	
Buildings and improvements, net of \$36,526,064 accumulated depreciation	69,778,970	
Furniture and equipment, net of \$5,479,943 accumulated depreciation	2,628,446	110,929,876

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 unavailable revenue in the funds. 2,084,788

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year end are:

Net pension liability	(13,424,284)	
Deferred outflows of resources related to pensions	2,088,315	
Deferred inflows of resources related to pensions	(1,271,999)	
Debt payable	(52,574,015)	
Unamortized bond issuance premiums	(2,122,129)	
Accrued interest	(258,855)	
Compensated absences payable	(843,374)	(68,406,341)

Total net assets of governmental activities \$ 69,326,171

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

DUCHESNE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
Revenues:				
Property taxes	\$ 12,013,901	\$ 9,709,775	\$ 2,929,120	\$ 24,652,796
Earnings on investments	54,061	126,584	15,304	195,949
School lunch sales	-	-	696,064	696,064
Other local sources	212,485	571,764	2,262,546	3,046,795
State sources	20,905,429	51,199	933,400	21,890,028
Federal sources	2,111,709	-	1,023,817	3,135,526
Total revenues	35,297,585	10,459,322	7,860,251	53,617,158
Expenditures:				
Current:				
Instructional services	21,521,826	-	2,843,801	24,365,627
Supporting services:				
Students	716,722	-	-	716,722
Instructional staff	1,173,081	-	-	1,173,081
District administration	340,778	-	-	340,778
School administration	2,292,180	-	-	2,292,180
Business	1,185,235	-	-	1,185,235
Operation and maintenance of facilities	4,450,912	-	-	4,450,912
Transportation	2,949,747	-	-	2,949,747
School lunch services	-	-	1,953,318	1,953,318
Capital outlay	595,771	26,280,764	-	26,876,535
Debt service:				
Principal retirement	-	2,953,207	1,596,837	4,550,044
Interest and fiscal charges	-	438,410	1,244,408	1,682,818
Bond issuance and service costs	-	-	-	-
Total expenditures	35,226,252	29,672,381	7,638,364	72,536,997
Excess (deficiency) of revenues over (under) expenditures	71,333	(19,213,059)	221,887	(18,919,839)
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Sale of capital assets	-	44,965	-	44,965
Total other financing sources (uses)	-	44,965	-	44,965
Net change in fund balances	71,333	(19,168,094)	221,887	(18,874,874)
Fund balances - beginning	4,380,813	36,490,012	2,721,897	43,592,722
Fund balances - ending	\$ 4,452,146	\$ 17,321,918	\$ 2,943,784	\$ 24,717,848

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

DUCHESNE COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2015

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

Net change in fund balances-total governmental funds \$ (18,874,874)

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

Capital outlays	\$ 26,876,535	
Gain on disposal of capital assets	25,400	
Proceeds from sales of capital assets	(44,965)	
Depreciation expense	(3,315,586)	23,541,384

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due.

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bond proceeds	-	
Repayment of bond principal	4,550,044	
Amortization of bond premium	151,581	
Interest expense - general obligation bonds	29,428	4,731,053

Delinquent property taxes are reported as deferred revenue in the governmental funds. However, they are reported as revenues in the statement of activities. 1,051,314

In the statement of activities, certain operating expenses -- compensated absences (vacation), and special termination benefits (early retirement) -- are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, vacation payable increased by \$7,759 and early retirement payable decreased by (\$83,717). 75,958

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.

Pension expense	1,111,642
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Change in net assets of governmental activities \$ 11,636,477

DUCHESNE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 13,035,000	\$ 12,193,000	\$ 12,013,901	\$ (179,099)
Earnings on investments	40,000	45,000	54,061	9,061
Other local sources	136,000	236,000	212,485	(23,515)
State sources	20,231,000	20,817,000	20,905,429	88,429
Federal sources	1,733,000	1,905,000	2,111,709	206,709
Total revenues	35,175,000	35,196,000	35,297,585	101,585
Expenditures:				
Current:				
Instructional services	22,265,000	22,309,000	21,656,826	652,174
Supporting services:				
Students	672,000	743,000	716,722	26,278
Instructional staff	1,068,000	1,202,000	1,173,081	28,919
District administration	325,000	372,000	340,778	31,222
School administration	2,234,000	2,367,000	2,292,180	74,820
Business	1,357,000	1,235,000	1,185,235	49,765
Operation and maintenance of facilities	4,027,000	4,279,000	4,536,912	(257,912)
Transportation	3,245,000	3,222,000	3,324,518	(102,518)
Total expenditures	35,193,000	35,729,000	35,226,252	502,748
Excess of revenues over expenditures	(18,000)	(533,000)	71,333	604,333
Other financing sources (uses):				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Net change in fund balances	(18,000)	(533,000)	71,333	604,333
Fund balances - beginning	4,380,813	4,380,813	4,380,813	-
Fund balances - ending	\$ 4,362,813	\$ 3,847,813	\$ 4,452,146	\$ 604,333

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

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies

The financial statements of Duchesne County School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. Following is a summary of the significant accounting policies of the District.

The Reporting Entity – The District was established in 1915 as an independent political entity under the Constitution and laws of the State of Utah and provides elementary and secondary education in Duchesne County, Utah. The Board of Education, comprised of five elected officials, has primary governing authority for the District. Each Board Member is elected from the precinct in which they reside and serves for four years. The Board establishes policies, approves budgets, appoints administrators, and has authority to levy taxes and issue debt instruments. The District is not a component unit of any other government.

These financial statements present the activities of the District and its component units, the *Duchesne County School District Foundation* and the *Municipal Building Authority*, for which the District is considered to be financially accountable. Although a legally separate entity, a blended component unit is, in substance, a part of the District's operations.

Blended Component Units. The Duchesne County School District Foundation, established under Internal Revenue Service regulations as a nonprofit 501(c)(3) organization, raises tax-deductible donations for educational and charitable purposes, and is presented as a special revenue fund of the District. The Municipal Building Authority facilitates the issuance of financing for building projects.

Government-Wide and Fund Financial Statements – The *government-wide financial statements* (i.e. the statement of net position) reports on all of the non-fiduciary activities of the District and its component unit.

The statement of activities compares the expenses of the District, categorized by function or activity, to program revenues by function. Program revenues include fees paid by recipients of goods or services provided by a function, and grants that are restricted to a particular function. Taxes and other revenues not identified with a specific function are presented as general revenues.

Fund financial statements are provided for governmental funds. Each fund has a different purpose and is accounted for separately. The emphasis of the fund statements is on the major governmental funds with each reported in a separate column. Remaining governmental funds are aggregated and reported as non-major funds.

The District reports major governmental funds as follows:

- ❑ The *general fund* is the District's primary operating fund. It accounts for all financial resources not required to be in another fund.
- ❑ The *capital projects fund* accounts for the accumulated resources and payments to acquire building sites, construct and remodel facilities, and procurement of equipment and supplies.

Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred regardless of when related cash flows take place. Property taxes are recognized as revenues when levied. Grant revenues are recognized when eligibility requirements are satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. The District considers revenues to be available if collectable within thirty days after year-end with the exception of property taxes which are accrued when levied. Expenditures are recorded when a liability is incurred except for early retirement, and compensated absences, which are recognized to the extent they have matured. When both restricted and unrestricted resources are available for use, restricted resources are used first. Unrestricted resources are also used: committed first, followed by assigned, and then unassigned.

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

Budgetary Data - Budgets are prepared on the modified accrual basis of accounting. Annual appropriations lapse at the end of each fiscal year with the exception of restricted programs indicated as an assigned fund balance. The following procedures are used to establish budgets:

- ❑ A proposed budget for the fiscal year commencing July 1 is submitted to the Board of Education during a public hearing in June.
- ❑ The budget is legally adopted by the Board prior to June 22.
- ❑ A final budget, including any interim adjustments approved by the Board, is adopted the following June just prior to year-end.
- ❑ Expenditures may not legally exceed budgeted appropriations at the fund level.

Inter-fund Balances – Internal fund activity has been eliminated from the government-wide statement of activities. There were no inter-fund payables or receivables to be eliminated from the financial statements.

Inventories and Prepaid Expenses – Inventories are valued using a weighted moving average cost, or fair value if donated. An equal reservation of fund balance as nonspendable is reported to indicate they are not “expendable resources.”

Capital Assets – Assets are capitalized and depreciated using the straight-line method according to the schedule below. Assets are reported at cost or estimated historical cost in the government-wide financial statements. Land and construction in progress are not depreciated.

Asset Class	Useful Life (Years)	Capitalization Threshold
Land	N/A	\$ 5,000
Buildings	45	100,000
Remodeling, Improvements, Systems	20	100,000
Athletic, Instructional, & Musical Equipment	10	5,000
Kitchen Custodial & Grounds Equipment	15	5,000
Computers, Copiers	5	5,000
Furniture	20	5,000
Vehicles (Cars, Trucks, Buses)	10	5,000

Deferred Outflows/Inflows of Resources — Beginning with fiscal year 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify and recognize, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

The financial statements will 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. 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. These amounts account for property tax lien effective January 1, 2014 for the 2014-2015 school year.

Net Position/Fund Balances—The residual of all other elements presented in a statement of net position is *net position* 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 less unspent bond proceeds), 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.

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

Fund Balance Classification – 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 classifications are as follows:

- ☐ *Nonspendable* are in the form of inventories instead of cash.
- ☐ *Restricted* have external constraints imposed by creditors, grantors, laws, or other government entities.
- ☐ *Committed* can only be used for purposes established by the Board of Education or contractual obligations.
 - The District has committed an “undistributed reserve” for economic stabilization to cover potential budget cuts or other significant events and to maintain liquidity as per Utah Code 53A-19-103. The commitment can only be used by resolution of the Board of Education and cannot be used in the settlement of contract salaries.
 - The self-insurance balance in the capital fund has been committed to repair any major building failures.
 - Employee benefit obligations include commitments for accrued vacation and early retirement incentives.
- ☐ *Assigned* amounts include remaining balances of other governmental funds and programs.
- ☐ Residual balances become *unassigned*.

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the 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.

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

2. Deposits and Investments

Resources from all funds are pooled for deposit and investment purposes. A separate accounting is maintained for each fund. Deposits and investments are stated at fair value, and are managed according to the Utah Money Management Act (Utah Code, Title 51, Chapter 7).

Deposits and investments at year-end appear in the financial statements as summarized below:

Cash	\$ 4,328,138
Unexpended cash from bond proceeds	597,602
Investments	27,239,665
Total cash and investments	<u>\$ 32,165,405</u>
Cash and investments - governmental funds, balance sheet	\$ 32,165,405
Total cash and investments	<u>\$ 32,165,405</u>

Deposits

A sweep account is used to invest cash float in the bank accounts. The carrying amount of bank deposits at year-end was \$4,328,138 and the bank balance was \$5,272,829 of which \$1,124,797 was covered by federal depository insurance, \$0 was collateralized, and \$4,148,032 was exposed to custodial credit risk as uninsured and uncollateralized.

Custodial Credit Risk – This is the risk that deposits would be lost in the event of a bank failure. Deposits that exceed federal agency insurance limits are uninsured and uncollateralized nor are they required to be by the Act. The State Money Management Council certifies depositories that adhere to the Act, and rules of the Council, as qualified to receive public funds. If a depository

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

becomes ineligible to hold public funds, public treasurers are notified immediately. The District considers oversight of the Council necessary and sufficient for adequate protection of its uninsured bank deposits, and does not have a formal deposit policy for custodial credit risk.

Investments

The Money Management Act defines the types of securities and the conditions for making investments. Only qualified depositories and certified dealers may conduct transactions.

Investments are primarily through the Utah Public Treasurers' Investment Fund (PTIF) that invests in corporate debt, United States Treasury obligations, money market, and CD's. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized by the Money Management Act, managed by the Utah State Treasurer, and the State Money Management Council provides oversight of its activities and investments. Investments are targeted to mature in 90 days or less to maintain liquidity while maximizing return on investment for participants. The PTIF is not insured or otherwise guaranteed by the State of Utah. The degree of risk of the PTIF depends upon the underlying portfolio, and is not subject to categorization as to credit risk. The PTIF operates on an amortized cost basis. Income, gains, or losses (net of administration fees), are allocated monthly based on each participant's average daily balance. The District's fair value position in the pool is materially equivalent to the value of pool shares.

As of June 30 the District had the following investments maturities and corresponding quality ratings:

Investment Type	Quality Rating	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
State of Utah						
Public Treasurer's Investment Fund (PTIF)	Unrated	\$ 27,239,665	\$27,239,665	-	-	-
PTIF - Restricted cash	Unrated	597,602	597,602	-	-	-
Total Investments		<u>\$ 27,837,267</u>	<u>\$27,837,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk – The risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Money Management Act requires the remaining term to maturity of an investment may not exceed the availability of the funds to be invested.

Credit risk – The risk that an issuer will not fulfill its obligations. The Act authorizes investments in obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies).

Custodial credit risk – In the event of the failure of a counter party, this is the risk that the District would not be able to recover the value of an investment in the possession of an outside party. Investments are held in the District's name by the District's custodial bank.

Concentration of credit risk – The risk of loss due to the magnitude of investments in a single issuer. The Act does not place any investment limitations on securities issued by the U.S. government and its agencies.

3. Property Taxes

The Duchesne County Treasurer collects property taxes for the District according to Utah statutes. A tax lien attaches to property as of January 1. Taxes are levied on September 1 and are payable on November 30. Motor vehicles are subject to an "age-based" fee due each year at registration, which is recognized as property tax revenue by the District when collected.

At year-end the District reported deferred inflows or resources in the fund financial statements of \$23,807,834. A major portion of this accrual, \$21,723,046, represents taxes levied on January 1 that are not due and collectable until November, does not meet the

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

revenue recognition criteria, and is also reported as deferred inflows of resources in the District-wide financial statements in the current reporting period. The remainder represents delinquent taxes that are reported as revenue.

4. Capital Assets

The District was completing two building projects: replacing Duchesne Elementary at a cost of \$13.2 million and a new Centennial Elementary at a cost of \$16.6 million. The projects were financed with Capital Fund revenues and general obligation bonds.

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,873,077	\$ -	\$ -	\$ 3,873,077
Construction in progress	8,368,619	26,280,764	-	34,649,383
Total capital assets, not being depreciated	12,241,696	26,280,764	-	38,522,460
Capital assets, being depreciated:				
Buildings and improvements	106,305,034	-	-	106,305,034
Furniture and equipment	8,017,459	595,771	(504,841)	8,108,389
Total capital assets, being depreciated	114,322,493	595,771	(504,841)	114,413,423
Accumulated depreciation for:				
Buildings and improvements	(33,880,978)	(2,645,086)	-	(36,526,064)
Furniture and equipment	(5,294,719)	(670,500)	485,276	(5,479,943)
Total accumulated depreciation	(39,175,697)	(3,315,586)	485,276	(42,006,007)
Total capital assets, being depreciated, net	75,146,796	(2,719,815)	(19,565)	72,407,416
Governmental activities capital assets, net	<u>\$87,388,492</u>	<u>\$23,560,949</u>	<u>\$ (19,565)</u>	<u>\$ 110,929,876</u>

Depreciation expense for the year ended June 30, 2015 was allocated to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 2,330,006
Supporting services:	
District administration	99,209
School administration	113,997
Business	14,594
Operation and maintenance of facilities	322,977
Transportation	256,515
School lunch services	178,288
Total depreciation expense, governmental activities	<u>\$ 3,315,586</u>

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

5. Retirement Plans

The Utah State Retirement Act (Section 49 of the Utah Code Annotated) established the Utah Retirement Systems (URS) in 1953 and provides for administration by the Utah State Retirement Board whose members are appointed by the Governor. A financial report is available at Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or 1.800.365.8772 or visit www.urs.org.

The URS is a cost-sharing, multiple-employer, public employee retirement system that provides retirement, disability, and death benefits to members and beneficiaries according to statutes. The District participates in the Noncontributory and Tier 2 Public Employee retirement system trust funds. Eligible employees hired after July 1, 2011 are members of the Tier 2 retirement system.

Summary of Retirement Benefits by System

System	Final Average Salary	Years of service required and/ or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows: Noncontributory – 22.19%; Tier 2 – 18.27%

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

At December 31, 2014, we reported the following net pension asset and net pension liability:

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory	0.5319443 %	\$0	\$13,365,253
Contributory System	0.6958214 %	0	\$76,296
Tier 2	0.5697140 %	17,265	\$0
Total Net Pension Asset / Liability		\$17,265	\$13,441,549

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014. For the year ended December 31, 2014, we recognized pension expense of \$2,598,381.

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$821,060
Changes in assumptions	\$0	\$450,939
Net difference between projected and actual earnings on pension plan investments	\$249,813	\$0
Contributions subsequent to the measurement date	<u>\$1,838,502</u>	<u>\$0</u>
Total	\$2,088,315	\$1,271,999

\$1,838,502 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2015	(\$262,081)
2016	(\$262,081)
2017	(\$262,081)
2018	(\$217,069)
2019	(\$3,020)
Thereafter	(\$15,855)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation 2.75 Percent; Salary increases 3.50 - 10.50 percent, average, including inflation; Investment rate of return 7.50 percent, net of pension plan investment expense, including inflation.

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

Retired Member Mortality

Class of Member	Men	Women
Educators	EDUM (90%)	EDUF (100%)
Local Government, Public Employees	RP 2000mWC (100%)	EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

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

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

<u>Asset class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target asset allocation</u>	<u>Real return arithmetic basis</u>	<u>Long-term expected portfolio real rate of return</u>
Equity securities	40 %	7.06 %	2.82 %
Debt securities	20 %	0.80 %	0.16 %
Real assets	13 %	5.10 %	0.66 %
Private equity	9 %	11.30 %	1.02 %
Absolute return	18 %	3.15 %	0.57 %
Cash and cash equivalents	0 %	0.00 %	0.00 %
Totals	100 %		5.23 %
	Inflation		2.75 %
	Expected arithmetic nominal return		7.98 %

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, and a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	\$27,395,135	\$13,424,284	\$1,731,013

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

OPEB & Termination Benefits – The Governmental Accounting Standards Board (GASB) Statement No. 45 requires the entire liability for Other Post-Employment Benefits (post-retirement health care benefits) to be accrued. The District does not offer any OPEB plans and has no liability under GASB Statement No. 45.

The District does offer voluntary termination benefits which are governed by GASB Statement No. 47 and are recognized to the extent they become payable in the current year. The District offers an early retirement incentive, for up to four years or until Medicare eligibility, to employees with at least ten years of employment. The incentive is half the savings of hiring a replacement employee and allows retirees to purchase health care coverage prior to becoming eligible for Medicare at 117% of the employee rate. The discounted present value method was used to value the expected future benefit payments with a 5% discount rate and 10% health care inflation trend.

Outstanding termination benefits payable as of June 30, 2015			Total
	2015	2014	Change
Early retirement incentive	\$ 403,073	\$ 471,382	\$ (68,309)
Retiree health plan	230,179	245,587	(15,408)
Total early retirement benefits payable	\$ 633,252	\$ 716,969	\$ (83,717)

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

6. Risk Management

The District carries insurance coverage for general, automotive, personal injury, errors and omissions, and malpractice liability up to \$10 million per occurrence through policies issued by Utah State Risk Management Fund, a public entity risk pool. The District also insures its buildings through the same entity.

Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah.

Worker's compensation insurance is pooled with other districts in the state through the Utah School Boards Risk Management Mutual Insurance Association.

7. Prior Period Adjustments

Implementation of GASB 68 has required restating 2014 financial statement balances. Beginning unrestricted net position decreased \$13,719,610 because a net pension liability of \$15,367,911 and deferred outflow of resources of \$1,648,301 were included on the Statement of Net Position for year ending December 31, 2014.

8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$30,031,000	\$ -	\$(1,085,000)	\$ 28,946,000	\$1,101,000
Lease revenue bonds	23,100,562	-	(2,234,837)	20,865,725	2,271,000
Loans	3,992,498	-	(1,230,208)	2,762,290	1,256,355
Unamortized bond premiums	2,273,710	-	(151,581)	2,122,129	-
Total debt payable	59,397,770	-	(4,701,626)	54,696,144	4,628,355
Other Liabilities					
Net pension liability	15,367,911	1,766,396	(3,710,023)	13,424,284	-
Accrued vacation payable	202,363	205,063	(197,304)	210,122	204,869
Early retirement benefits payable	716,969	123,234	(206,951)	633,252	217,900
Total other liabilities	16,287,243	2,094,693	(4,114,278)	14,267,658	422,769
Total long-term liabilities	<u>\$75,685,013</u>	<u>\$ 2,094,693</u>	<u>\$(8,815,904)</u>	<u>\$ 68,963,802</u>	<u>\$5,051,124</u>

Payments on the general obligation bonds and leases are made by the debt service and capital outlay funds from property taxes. Accrued vacation and early retirement will be paid by the fund in which the employee worked.

Debt reserve and sinking fund requirements are located in the footnotes of the supplemental information *Continuing Disclosure Undertaking*.

DUCHESNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

General Obligation Debt

Annual amortization of general obligation debt, including interest, as of June 30, 2015 is as follows:

	General Obligation Refunding Building Bonds		Utah State Office of Education Building Loan		Qualified Zone Academy Building Bond		
Issue Date	2012		2011		2004		
Original Amount	\$2,039,000		\$6,000,000		\$3,500,000		
Interest Rate	0.97%		2.15%		1.69%		
Maturity Date	6/1/2016		9/30/2016		8/26/2017		
Year Ending							
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 521,000	\$ 5,054	\$ 1,225,604	\$ 54,014	\$ 500,000	\$ 59,150	
2017	-	-	1,252,245	27,372	500,000	59,150	
2018	-	-	-	-	40,725	59,150	
2019	-	-	-	-	-	-	
Total	\$ 521,000	\$ 5,054	\$ 2,477,849	\$ 81,386	\$ 1,040,725	\$ 177,450	
	Qualified School Construction Bonds (QSCB)		Lease Revenue Building Bonds		Lease Revenue Building Bonds		Energy Efficiency Loan
Issue Date	2011		2011		2013		2011
Original Amount	\$9,000,000		\$6,880,000		\$7,650,000		\$369,011
Interest Rate	0.44%		2.58 to 4.76%		2.03%		0.00%
Maturity Date	3/1/2026		3/1/2026		6/30/2021		1/1/2024
Year Ending							
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2016	\$ 643,000	\$ 30,952	\$ 423,000	\$ 215,518	\$ 555,000	\$ 99,293	\$ 30,751
2017	643,000	28,138	438,000	200,967	590,000	93,188	30,751
2018	643,000	25,324	454,000	184,892	625,000	85,813	30,751
2019	643,000	22,511	472,000	166,642	1,165,000	76,438	30,751
2020	643,000	19,697	492,000	146,346	1,215,000	56,050	30,751
2021-2025	3,215,000	56,276	2,786,000	407,386	1,270,000	31,750	130,686
2026	643,000	2,814	617,000	21,225	-	-	-
Total	\$ 7,073,000	\$ 185,712	\$ 5,682,000	\$ 1,342,976	\$ 5,420,000	\$ 442,532	\$ 284,441
	Community Impact Board Building Loan		General Obligation Building Bonds				
Issue Date	2005		2014				
Original Amount	\$3,000,000		\$29,000,000				
Interest Rate	0.00%		2.93%		Total Debt		
Maturity Date	6/15/2026		6/1/2029				
Year Ending					Total	Total	Grand
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$ 150,000	\$ -	\$ 580,000	\$ 1,161,506	\$ 4,628,355	\$ 1,625,487	\$ 6,253,842
2017	150,000	-	1,120,000	1,144,106	4,723,996	1,552,921	6,276,917
2018	150,000	-	1,595,000	1,099,306	3,538,476	1,454,485	4,992,961
2019	150,000	-	1,805,000	1,019,556	4,265,751	1,285,147	5,550,898
2020	150,000	-	1,895,000	929,306	4,425,751	1,151,399	5,577,150
2021-2025	750,000	-	11,000,000	3,126,530	19,151,686	3,621,942	22,773,628
2026-2029	150,000	-	10,430,000	861,450	11,840,000	885,489	12,725,489
	-	-	-	-			-
Total	\$ 1,650,000	\$ -	\$ 28,425,000	\$ 9,341,760	\$ 52,574,015	\$11,576,870	\$ 64,150,885

Individual Fund Statements

DUCHESNE COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue					Debt Service	Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Trust Fund	Student Activities	Total		
Assets:							
Cash and investments	\$ 168,918	\$ 454,550	\$ 796,699	\$ 1,188,921	\$ 2,609,088	\$ 99,380	\$ 2,708,468
Accounts receivable:							
Property tax	-	-	-	-	-	1,089,623	1,089,623
State of Utah	86,937	-	-	-	86,937	-	86,937
Federal government	12,972	-	-	-	12,972	-	12,972
Inventories	231,752	-	-	-	231,752	-	231,752
Total assets	<u>\$ 500,579</u>	<u>\$ 454,550</u>	<u>\$ 796,699</u>	<u>\$ 1,188,921</u>	<u>\$ 2,940,749</u>	<u>\$ 1,189,003</u>	<u>\$ 4,129,752</u>
Liabilities:							
Accounts payable	\$ 6,850	\$ 483	\$ -	\$ -	\$ 7,333	\$ -	\$ 7,333
Accrued payroll and benefits	59,418	31,961	-	-	91,379	-	91,379
Deferred property tax revenue	-	-	-	-	-	-	-
Total liabilities	<u>66,268</u>	<u>32,444</u>	<u>-</u>	<u>-</u>	<u>98,712</u>	<u>-</u>	<u>98,712</u>
Deferred Inflows of Resources:							
Unavailable property tax revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,938	\$ 258,938
Property taxes levied for future year	-	-	-	-	-	828,318	828,318
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,087,256</u>	<u>1,087,256</u>
Fund balances:							
Nonspendable:							
Inventories	231,752	-	-	-	231,752	-	231,752
Restricted:							
Debt service	-	-	-	-	-	101,747	101,747
Schools	-	-	346,643	-	346,643	-	346,643
Nutrition services	202,559				202,559		202,559
Extra-curricular		422,106			422,106		422,106
Assigned:							
Students			450,056	1,188,921	1,638,977	-	1,638,977
Total fund balances	<u>434,311</u>	<u>422,106</u>	<u>796,699</u>	<u>1,188,921</u>	<u>2,842,037</u>	<u>101,747</u>	<u>2,943,784</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 500,579</u>	<u>\$ 454,550</u>	<u>\$ 796,699</u>	<u>\$ 1,188,921</u>	<u>\$ 2,940,749</u>	<u>\$ 1,189,003</u>	<u>\$ 4,129,752</u>

DUCHESNE COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue						Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Trust Fund	Student Activities	Total	Debt Service	
Revenues:							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,929,120	\$ 2,929,120
Student fees	-	3,536	-	847,746	851,282	-	851,282
Lunch sales	696,064	-	-	-	696,064	-	696,064
Earnings on investments	-	-	2,666	525	3,191	12,113	15,304
Other local revenues	-	-	189,413	1,221,851	1,411,264	-	1,411,264
State aid	327,562	605,838	-	-	933,400	-	933,400
Federal aid	989,928	33,889	-	-	1,023,817	-	1,023,817
Total revenues	2,013,554	643,263	192,079	2,070,122	4,919,018	2,941,233	7,860,251
Expenditures:							
Current:							
Instructional services	-	625,314	169,433	2,049,054	2,843,801	-	2,843,801
School lunch services	1,953,318	-	-	-	1,953,318	-	1,953,318
Debt service:							
Principal retirement	-	-	-	-	-	1,596,837	1,596,837
Interest and fiscal charges	-	-	-	-	-	1,244,408	1,244,408
Total expenditures	1,953,318	625,314	169,433	2,049,054	4,797,119	2,841,245	7,638,364
Excess of revenues over expenditures	60,236	17,949	22,646	21,068	121,899	99,988	221,887
Other financing sources:							
Transfer in (out)	-	-	-	-	-	-	-
Net change in fund balances	60,236	17,949	22,646	21,068	121,899	99,988	221,887
Fund balances - beginning	374,075	404,157	774,053	1,167,853	2,720,138	1,759	2,721,897
Fund balances - ending	\$ 434,311	\$ 422,106	\$ 796,699	\$ 1,188,921	\$ 2,842,037	\$ 101,747	\$ 2,943,784

DUCHESNE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
	<u>Actual Amounts</u>	<u>Actual Amounts</u>
Revenues:		
Local sources:		
Lunch sales - students	\$ 637,813	\$ 667,178
Lunch Sales - adult	28,431	29,081
Earnings on investments	-	-
Other sales	29,820	16,911
Total local sources	<u>696,064</u>	<u>713,170</u>
State sources:		
State lunch program	327,562	306,500
Total state sources	<u>327,562</u>	<u>306,500</u>
Federal sources:		
Lunch program	160,933	168,575
Free and reduced assistance	536,279	489,595
Breakfast program	171,430	160,904
Special Milk / Snack / Fruit	842	626
Donated commodities	120,444	128,062
Total federal sources	<u>989,928</u>	<u>947,762</u>
Total revenues	<u>2,013,554</u>	<u>1,967,432</u>
Expenditures:		
Current:		
Salaries	576,603	561,193
Employee benefits	203,312	182,225
Purchased services	15,873	16,756
Food	915,067	931,802
Other supplies	99,416	88,825
Equipment	18,047	1,925
Indirect cost allocation	125,000	125,000
Total expenditures	<u>1,953,318</u>	<u>1,907,726</u>
Excess (deficiency) of revenues over expenditures	<u>60,236</u>	<u>59,706</u>
Other financing sources (uses):		
Transfer out	-	-
Net change in fund balances	60,236	59,706
Fund balances - beginning	<u>374,075</u>	<u>314,369</u>
Fund balances - ending	<u><u>\$ 434,311</u></u>	<u><u>\$ 374,075</u></u>

DUCHESNE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
	<u>Actual Amounts</u>	<u>Actual Amounts</u>
Revenues:		
Local sources:		
Property taxes	\$ -	\$ -
Adult education fees	3,536	2,772
Earnings on investments	-	-
Total local sources	<u>3,536</u>	<u>2,772</u>
State sources:		
Special education - preschool	432,495	363,378
Adult high school completion	173,343	99,305
Total State Sources	<u>605,838</u>	<u>462,683</u>
Federal sources:		
Special education - preschool	32,389	31,755
Adult education	1,500	-
Total federal sources	<u>33,889</u>	<u>31,755</u>
Total revenues	<u>643,263</u>	<u>497,210</u>
Expenditures:		
Current:		
Salaries	388,891	347,045
Employee benefits	128,082	119,199
Purchased services	46,367	6,392
Supplies	23,706	11,289
Equipment	14,120	8,616
Other	24,148	2,148
Total expenditures	<u>625,314</u>	<u>494,689</u>
Excess (deficiency) of revenues over expenditures	17,949	2,521
Other financing sources (uses):		
Transfer in (out)	-	-
Net change in fund balances	<u>17,949</u>	<u>2,521</u>
Fund balances - beginning	<u>404,157</u>	<u>401,636</u>
Fund balances - ending	<u>\$ 422,106</u>	<u>\$ 404,157</u>

DUCHESNE COUNTY SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Trust Fund
Nonmajor Special Revenue Fund
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Local sources:		
Contributions	\$ 189,413	\$ 330,892
Earnings on investments	<u>2,666</u>	<u>2,612</u>
Total revenues	<u>192,079</u>	<u>333,504</u>
Expenditures:		
Current:		
Program services - Instruction Support	8,130	26,890
Program services - graduating student scholarships	<u>161,303</u>	<u>29,000</u>
Total expenditures	<u>169,433</u>	<u>55,890</u>
Net change in fund balances	22,646	277,614
Fund balances - beginning	<u>774,053</u>	<u>496,439</u>
Fund balances - ending	<u><u>\$ 796,699</u></u>	<u><u>\$ 774,053</u></u>

DUCHESNE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances
Student Activities
Nonmajor Special Revenue Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
	<u>Actual Amounts</u>	<u>Actual Amounts</u>
Revenues:		
Local sources:		
Fees	\$ 834,139	\$ 938,524
Earnings on investments	525	577
School vending	51,660	73,592
Textbook rentals	13,607	17,372
Other local sources	1,170,191	1,127,383
Total revenues	<u>2,070,122</u>	<u>2,157,448</u>
Expenditures:		
Current:		
Purchased professional services	511,587	415,974
Other purchased services	245,750	187,369
Supplies	1,182,896	1,255,688
Equipment	48,004	71,716
Other objects and fees	60,817	72,352
Total expenditures	<u>2,049,054</u>	<u>2,003,099</u>
Excess (deficiency) of revenues over expenditures	<u>21,068</u>	<u>154,349</u>
Fund balances - beginning	<u>1,167,853</u>	<u>1,013,504</u>
Fund balances - ending	<u><u>\$ 1,188,921</u></u>	<u><u>\$ 1,167,853</u></u>

DUCHESNE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
	<u>Actual Amounts</u>	<u>Actual Amounts</u>
Revenues:		
Property tax	\$ 2,929,120	\$ 1,111,556
Earnings on Investments	12,113	9,518
Total revenues	<u>2,941,233</u>	<u>1,121,074</u>
Expenditures:		
Debt service:		
Bond principal	1,596,837	1,017,246
Bond interest	1,242,157	259,586
Fees	2,251	116,203
Total expenditures	<u>2,841,245</u>	<u>1,393,035</u>
Net change in fund balances	99,988	(271,961)
Fund balance - beginning	<u>1,759</u>	<u>273,720</u>
Fund balance - ending	<u><u>\$ 101,747</u></u>	<u><u>\$ 1,759</u></u>

DUCHESNE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Major Capital Projects Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	2015	2014
	Actual Amounts	Actual Amounts
Revenues:		
Property taxes	\$ 9,709,775	\$ 7,718,708
Earnings on investments	126,584	105,222
Other local	571,764	241,758
State sources - capital outlay foundation	51,199	34,645
Federal sources	-	-
Total revenues	<u>10,459,322</u>	<u>8,100,333</u>
Expenditures:		
Capital outlay:		
Salaries	-	202,210
Employee benefits	-	80,102
Supplies and materials	-	-
Land and improvements	-	-
Buildings	26,280,764	8,368,619
Total capital outlay	<u>26,280,764</u>	<u>8,650,931</u>
Debt Service:		
Principal	2,953,207	2,885,619
Interest and service fees	438,410	675,051
Bond issuance	-	-
Total debt service	<u>3,391,617</u>	<u>3,560,670</u>
Total expenditures	<u>29,672,381</u>	<u>12,211,601</u>
Excess (deficiency) of revenues over expenditures	(19,213,059)	(4,111,268)
Other Financing Sources (Uses):		
Bond proceeds	-	31,273,710
Proceeds of refunding bonds	-	-
Payment to refunding bond escrow agent	-	-
Escrow advance for amortized interest	-	-
Sale of capital assets	44,965	13,818
Total other financing sources (uses)	<u>44,965</u>	<u>31,287,528</u>
Net change in fund balances	(19,168,094)	27,176,260
Fund balance - beginning	<u>36,490,012</u>	<u>9,313,752</u>
Fund balance - ending	<u><u>\$ 17,321,918</u></u>	<u><u>\$ 36,490,012</u></u>

DUCHESNE COUNTY SCHOOL DISTRICT
Required Supplementary Information
June 30, 2015

Schedule of The District's Proportionate Share of the Net Pension Liability
Utah Retirement Systems

		<u>12/31/2014</u>
Proportion of the net pension liability (asset)	Noncontributory	0.5319443%
	Contributory	0.6958214%
	Tier 2	0.5697140%
Proportionate share of the net pension liability (asset)	Noncontributory	\$13,365,253
	Contributory	\$76,296
	Tier 2	(\$17,265)
Covered employee payroll	Noncontributory	\$14,274,698
	Contributory	\$254,743
	Tier 2	\$2,788,955
Proportionate share of the net pension liability (asset) (asset) as a percentage of its covered-employee payroll	Noncontributory	93.6%
	Contributory	30.0%
	Tier 2	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	Noncontributory	87.2%
	Contributory	98.7%
	Tier 2	103.5%

Schedule of Contributions
Utah Retirement Systems

		<u>12/31/2014</u>
Contractually required contribution	Noncontributory	\$3,225,817
	Contributory	\$42,214
	Tier 2	\$235,049
Contributions in relation to the contractually required contribution	Noncontributory	(\$3,225,817)
	Contributory	(\$42,214)
	Tier 2	(\$235,049)
Contribution deficiency (excess)	Noncontributory	\$0
	Contributory	\$0
	Tier 2	\$0
Covered employee payroll	Noncontributory	\$14,274,698
	Contributory	\$254,743
	Tier 2	\$2,788,955
Contributions as a percentage of covered-employee payroll	Noncontributory	22.6%
	Contributory	16.6%
	Tier 2	8.4%

Statistical Section

Unaudited

DUCHESNE COUNTY SCHOOL DISTRICT
General Fund - Per Capita Operating Costs By School
Year Ended June 30, 2015

SCHOOL	CODE	PER CAPITA	AVERAGE DAILY MEMBERSHIP	% OF AVERAGE DAILY MEMBERSHIP	% OF TOTAL OPERATION COSTS	TOTAL OPERATION COSTS	INSTRUCTION	STUDENTS	SUPPORT SERVICES				BUILDING OPER. & MTN.	PUPIL TRANS.
									INSTRUCTION STAFF	GENERAL ADMIN.	SCHOOL ADMIN.	BUSINESS ADMIN.		
Altamont Elementary	104	\$ 6,217	350	7.11%	6.18%	\$ 2,176,353	\$ 1,402,149	\$ 13,670	\$ 98,237	\$ 24,222	\$ 121,917	\$ 84,245	\$ 185,250	\$ 246,663
Duchesne Elementary	108	6,823	380	7.72%	7.37%	2,594,764	1,695,821	14,851	103,762	26,314	146,992	91,520	245,380	270,124
East Elementary	110	6,570	650	13.20%	12.13%	4,272,219	2,854,651	25,393	98,619	44,994	235,187	156,490	446,340	410,547
Myton Elementary	112	8,385	154	3.12%	3.66%	1,289,867	854,560	6,007	39,467	10,644	80,295	37,022	161,189	100,683
Neola Elementary	116	7,320	188	3.82%	3.90%	1,375,572	870,922	7,338	45,785	13,003	81,539	45,224	187,915	123,846
Tabiona Elementary	124	10,482	74	1.50%	2.20%	774,996	544,474	2,887	15,489	5,116	37,393	17,793	94,074	57,769
Roosevelt Middle	304	5,503	638	12.96%	9.97%	3,512,692	2,140,646	25,224	148,095	44,173	235,771	153,635	366,906	398,243
Roosevelt Junior High	404	6,577	780	15.83%	14.56%	5,127,787	3,216,191	143,969	176,120	53,946	266,757	187,625	592,928	490,252
Altamont High	704	9,066	287	5.82%	7.38%	2,599,786	1,450,746	80,657	99,404	19,844	191,526	69,016	480,416	208,178
Duchesne High	708	8,065	386	7.84%	8.83%	3,111,981	1,901,282	102,311	101,928	26,701	208,789	92,868	395,431	282,670
Tabiona High	712	11,880	85	1.73%	2.88%	1,013,794	607,470	29,993	23,022	5,905	111,696	20,538	139,340	75,830
Union High	714	7,082	904	18.35%	18.17%	6,399,357	3,451,073	260,187	214,263	62,526	447,087	217,467	1,121,873	624,880
Con Amore	802	19,940	49	0.99%	2.77%	977,084	666,842	4,234	8,890	3,391	127,232	11,793	119,870	34,833
Totals			4,925	100.00%	100.00%	\$ 35,226,252	\$ 21,656,825	\$ 716,722	\$ 1,173,081	\$ 340,778	\$ 2,292,180	\$ 1,185,235	\$ 4,536,912	\$ 3,324,518

District Average: \$ 7,153

Average Daily Membership	Kindergarten 55%, Special Education Included
Instruction	Direct & Prorated Indirect
Support Services:	
Students	Direct & Prorated Indirect
General Administration	Average Daily Membership
School Administration	Direct & Prorated Indirect
Business Administration	Average Daily Membership
Building Oper. & Maint.	Direct & Prorated Indirect
Transportation	Direct & Prorated Indirect

Continuing Disclosure Undertaking

Unaudited

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

1. Debt Structure of Duchesne County School District, Utah

Outstanding general obligation bonded indebtedness

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2014 (1)	School building	\$ 29,000,000	June 1, 2029	\$ 28,425,000
2012 (2)	Refunding (1997 series)	2,039,000	June 1, 2016	521,000
Total general obligation debt				<u>\$ 28,946,000</u>

- (1) Rated "Aaa" (State of Utah Guaranty; underlying "A1") by Moody's, on the date of issuance.
(2) Issued as a private placement bond; no rating applied for. However, payment of the principal and interest is guaranteed by the full faith and credit and unlimited ad valorem taxing power of the State of Utah under the provisions of the Guaranty Act.

Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year

Fiscal Year Ending June 30	Series 2014 \$29,000,000 Interest cost 2.93%		Series 2012 (1) \$2,039,000 Interest cost 0.97%		Totals		
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2016	\$ 580,000	\$ 1,161,506	\$ 521,000	\$ 5,054	\$ 1,101,000	\$ 1,173,060	\$ 2,274,060
2017	1,120,000	1,144,106	-	-	1,120,000	1,144,106	2,264,106
2018	1,595,000	1,099,306	-	-	1,595,000	1,099,306	2,694,306
2019	1,805,000	1,019,556	-	-	1,805,000	1,017,138	2,822,138
2020	1,895,000	929,306	-	-	1,895,000	927,956	2,822,956
2021	1,990,000	834,556	-	-	1,990,000	833,100	2,823,100
2022	2,090,000	735,056	-	-	2,090,000	733,256	2,823,256
2023	2,195,000	630,556	-	-	2,195,000	629,306	2,824,306
2024	2,305,000	520,806	-	-	2,305,000	519,556	2,824,556
2025	2,420,000	405,556	-	-	2,420,000	404,556	2,824,556
2026	2,490,000	332,956	-	-	2,490,000	335,056	2,825,056
2027	2,565,000	258,256	-	-	2,565,000	260,556	2,825,556
2028	2,645,000	178,100	-	-	2,645,000	180,556	2,825,556
2029	2,730,000	92,138	-	-	2,730,000	95,806	2,825,806
Totals	<u>\$ 28,425,000</u>	<u>\$ 9,341,760</u>	<u>\$ 521,000</u>	<u>\$ 5,054</u>	<u>\$ 28,946,000</u>	<u>\$ 9,353,317</u>	<u>\$ 38,299,317</u>

- (1) Issued as a private placement bond.

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Municipal Building Authority of Duchesne County School District, Utah

The Board created the Municipal Building Authority of Duchesne County School District, Utah (the “Authority”) as a nonprofit corporation in accordance with the provisions of the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code (the “Nonprofit Corporation Act”) and as provided in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code. The purpose of the Authority is to finance building acquisition or improvement projects on behalf of the Board.

The Authority is to be of perpetual duration as set forth in its Articles of Incorporation. The Board serves as the governing Board of Trustees of the Authority. The Authority has no property, money or other assets, except for the projects that are or have been constructed by the Authority. The principal place of business of the Authority is at the Board offices.

Debt Issuance. For each school construction project built by the Authority, the Authority has entered into an indenture and annual leases with the Board. The Authority leases the school building projects to the Board, pursuant to individual master lease agreements. The Authority has granted to a trustee, for the benefit of the owners of lease revenue bonds issued under each master lease, a security interest in all of the Authority’s right, title and interest in the school building project financed with lease revenue bonds issued under each separate indenture. Debt issued by the Authority is being paid from rental payments received by the Authority from the Board. Rental payments by the Board are being made from the capital projects fund from property taxes which are annually budgeted and appropriated by the Board for such purpose.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2013 (1)	Refunding (2007 series)	\$ 6,430,000	June 30, 2021	\$ 5,420,000
2011B (2)	School building	6,880,000	March 1, 2026	5,682,000
2011A (2)	School building / QSCB	9,000,000	March 1, 2026	7,073,000
2005 (3)	School building / CIB	3,000,000	June 15, 2026	1,650,000
2004 (4)	School building / QZAB	3,500,000	August 26, 2017	3,500,000
Total Authority debt				<u>\$ 23,325,000</u>

(1) This bond was privately placed and is not rated.

(2) This bond was privately placed and is not rated. The 2011A MBA Bonds are federally taxable, Qualified School Construction Bonds, (“QSCB”), authorized by the American Recovery and Reinvestment Act of 2009. The QSCB tax credit rate is approximately 4.59% depending on congressional sequestration. The 2011A MBA Bonds will mature on March 1, 2026.

(3) Not rated; no rating applied for. Loan purchased by the State of Utah, Community Impact Board (“CIB”) at an annual interest rate of 0% per annum.

(4) The 2004 MBA Bonds were privately placed and were not rated. The 2004 MBA Bonds are federally taxable, Qualified Zone Academy Bonds, (“QZAB”). The QZAB tax credit rate is 5.64% with a supplemental coupon of 1.69%. The 2004 MBA Bonds will mature on August 26, 2017. The Authority is required to make an annual deposit of \$500,000 (or less, depending on interest earnings) to a sinking fund held by an escrow agent for the 2004 MBA Bonds (the current deposit in this sinking fund is approximately \$2,109,275). These bonds are additionally secured by a debt service reserve fund in the amount of \$350,000 held by the trustee for the 2004 MBA Bonds.

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Debt Service Schedule of Outstanding Lease Revenue Bonds of the Municipal Building
Authority of Duchesne County School District, Utah by Fiscal Year

Fiscal Year Ending	Refunding 2013 \$7,650,000 Interest cost 2.03%		Series 2011B \$6,880,000 Interest cost 3.70%		Series 2011A \$9,000,000 Interest cost 0.44% (1)		Federal Interest Subsidy
June 30	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 555,000	\$ 99,293	\$ 423,000	\$ 215,518	\$ 643,000	\$ 355,772	\$ (324,820)
2017	590,000	93,188	438,000	200,967	643,000	323,429	(295,291)
2018	625,000	85,813	454,000	184,892	643,000	291,086	(265,762)
2019	1,165,000	76,438	472,000	166,642	643,000	258,743	(236,232)
2020	1,215,000	56,050	492,000	146,346	643,000	226,400	(206,703)
2021	1,270,000	31,750	515,000	123,861	643,000	194,057	(177,174)
2022			539,000	99,347	643,000	161,715	(147,646)
2023			558,000	80,806	643,000	129,372	(118,117)
2024			577,000	61,610	643,000	97,029	(88,588)
2025			597,000	41,762	643,000	64,686	(59,058)
2026			617,000	21,225	643,000	32,342	(29,528)
Totals	<u>\$ 5,420,000</u>	<u>\$ 442,532</u>	<u>\$5,682,000</u>	<u>\$ 1,342,976</u>	<u>\$ 7,073,000</u>	<u>\$2,134,631</u>	<u>\$ (1,948,919)</u>

Fiscal Year Ending	Series 2005 \$3,000,000 Interest cost 0%	Series 2004 \$3,500,000 Interest cost 1.69% (2)			Total Lease Revenue Bonds		
June 30,	Principal	Principal	Interest	Annual Sinking Fund Contributions	Total Principal	Total Interest	Total Debt Service
2016	\$ 150,000	\$ -	\$ 59,150	\$ 500,000	\$ 2,271,000	\$ 373,961	\$ 2,644,961
2017	150,000	-	59,150	500,000	2,321,000	353,305	2,674,305
2018	150,000	3,500,000	59,150	40,725	1,912,725	329,855	2,242,580
2019	150,000				2,430,000	243,080	2,673,080
2020	150,000				2,500,000	202,396	2,702,396
2021	150,000				2,578,000	155,611	2,733,611
2022	150,000				1,332,000	99,347	1,431,347
2023	150,000				1,351,000	80,806	1,431,806
2024	150,000				1,370,000	61,610	1,431,610
2025	150,000				1,390,000	41,762	1,431,762
2026	150,000				1,410,000	21,225	1,431,225
Totals	<u>\$ 1,650,000</u>	<u>\$3,500,000</u>	<u>\$ 177,450</u>	<u>\$ 1,040,725</u>	<u>\$20,865,725</u>	<u>\$ 1,962,958</u>	<u>\$ 22,828,683</u>

(1) Federally taxable QSCB bond. Interest is based on a coupon rate of 5.03% per annum. The interest due is partially paid by a federal subsidy. The Authority contributes \$643,000 into a sinking account annually which will retire the 2011A bonds on March 1, 2026. The current deposit in the sinking fund is \$1,927,000.

(2) Federally taxable Qualified Zone Academy Bond. Assumes a federal interest rate tax credit of 5.64% per annum. The annual contributions and reserve fund account will retire the 2004 Bonds on August 26, 2017.

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Outstanding Loan obligations

In 2011, the Board entered into a \$6,000,000 loan purchased by the State of Utah Office of Education (SOE) revolving loan fund at an annual interest rate of 2.15% per annum for a term of 5 years. Current principal outstanding is \$2,477,849.

In 2011, the Board also entered into a \$369,011 loan, issued through a combined federal and state program for energy efficiencies. The loan has a 0% rate of interest and is currently outstanding in the amount of \$284,441. Principal is due January 1, 2013 through October 1, 2024.

Fiscal Year Ending June 30,	SOE Loan 2011 \$6,000,000 Interest cost 2.15%		Energy Loan 2011 \$369,011 Interest 0%		Total Loans	
	Principal	Interest	Principal	Total Principal	Total Interest	Total Debt Service
2016	\$ 1,225,604	\$ 54,014	\$ 30,751	\$ 1,256,355	\$ 54,014	\$ 1,310,369
2017	1,252,245	27,372	30,751	1,282,996	27,372	1,310,368
2018	-	-	30,751	30,751	-	30,751
2019	-	-	30,751	30,751	-	30,751
2020	-	-	30,751	30,751	-	30,751
2021	-	-	30,751	30,751	-	30,751
2022	-	-	30,751	30,751	-	30,751
2023	-	-	30,751	30,751	-	30,751
2024	-	-	30,751	30,751	-	30,751
2025	-	-	7,682	7,682	-	7,682
Totals	<u>\$ 2,477,849</u>	<u>\$ 81,386</u>	<u>\$ 284,441</u>	<u>\$ 2,762,290</u>	<u>\$ 81,386</u>	<u>\$ 2,843,676</u>

2. Financial Information Regarding Duchesne County School District, Utah

Satement of Net Position

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

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Statement of Activities (1)
Total Governmental Activities

	Net (Expense) Revenue and Changes in Net Position				
	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Governmental activities:					
Instructional services	\$ (16,318,705)	\$ (13,324,324)	\$ (14,208,111)	\$ (13,356,682)	\$ (13,033,105)
Supporting services:					
Students	(234,593)	(281,453)	(261,249)	(185,271)	(47,727)
Instructional staff	(816,318)	(679,767)	(600,556)	(781,678)	(722,461)
District administration	(427,704)	(421,530)	(368,885)	(311,788)	(334,447)
School administration	(2,099,262)	(2,081,598)	(2,099,518)	(2,032,121)	(2,014,944)
Business	(1,011,584)	(906,552)	(1,018,036)	(1,134,306)	(816,838)
Operation and maintenance of facilities	(4,650,335)	(4,928,593)	(4,250,662)	(4,046,815)	(3,999,735)
Transportation	(2,924,573)	(2,826,125)	(2,764,447)	(2,321,566)	(2,178,522)
School lunch services	27,373	6,418	(200,774)	(7,256)	39,062
Interest on long-term liabilities	(1,501,809)	(1,120,676)	(658,565)	(625,428)	(413,458)
Capital outlay	-	-	-	-	-
Total school district	<u>(29,957,509)</u>	<u>(26,564,200)</u>	<u>(26,430,803)</u>	<u>(24,802,911)</u>	<u>(23,522,175)</u>
General revenues:					
Property taxes levied for:					
General purposes	12,482,657	10,916,733	10,311,657	7,047,244	6,306,102
Debt service	3,192,538	1,164,040	1,128,023	1,188,965	1,096,713
Capital outlay	10,028,915	7,725,926	7,139,388	7,057,546	6,338,246
Transportation	-	-	-	490,422	434,904
Recreation	-	-	-	331,756	340,359
Federal and state aid not restricted to specific purposes	13,952,170	12,709,386	11,542,848	12,910,829	13,483,243
Earnings on investments	195,949	159,542	124,811	195,439	117,503
Miscellaneous	<u>1,741,757</u>	<u>1,395,029</u>	<u>1,342,782</u>	<u>1,363,561</u>	<u>1,398,407</u>
Total general revenues	<u>41,593,986</u>	<u>34,070,656</u>	<u>31,589,509</u>	<u>30,585,762</u>	<u>29,515,477</u>
Change in net assets	11,636,477	7,506,456	5,158,706	5,782,851	5,993,302
Net position-beginning (as restated)	57,689,694	63,902,847	58,744,141	53,181,390	47,188,087
Net position-ending	<u>\$ 69,326,171</u>	<u>\$ 71,409,303</u>	<u>\$ 63,902,847</u>	<u>\$ 58,964,241</u>	<u>\$ 53,181,389</u>

(1) This report is presented in summary format concerning the single item of "Net (Expense) Revenue and Changes in net Assets-Total Governmental Activities" and is not intended to be complete

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

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Balance Sheet--Governmental Funds--Major Funds
General Fund

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Assets:					
Cash and investments	\$ 7,832,757	\$ 7,330,921	\$ 6,090,279	\$ 5,984,377	\$ 4,990,689
Accounts receivables:					
Property taxes	12,451,130	11,302,178	9,600,184	10,074,235	8,388,139
Local	3,220	3,947	2,693	2,277	-
State of Utah	1,347	2,597	15,945	-	-
Federal government	548,432	365,470	639,311	345,134	1,113,237
Prepaid expenses	-	-	-	120,664	120,201
Total assets	<u>\$ 20,836,886</u>	<u>\$ 19,005,113</u>	<u>\$ 16,348,412</u>	<u>\$ 16,526,687</u>	<u>\$ 14,612,266</u>
Liabilities:					
Accounts payable	\$ 1,025,041	\$ 525,819	\$ 225,158	\$ 589,232	\$ 112,085
Accrued payroll and benefits	2,936,312	2,816,385	2,779,527	2,699,529	2,729,851
Deferred property taxes	-	-	-	10,048,491	8,372,308
Total liabilities	<u>3,961,353</u>	<u>3,342,204</u>	<u>3,004,685</u>	<u>13,337,252</u>	<u>11,214,244</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,012,433	569,614	503,277	-	-
Property taxes levied for future years	11,410,954	10,712,482	9,057,867	-	-
Total deferred inflows of resources	<u>12,423,387</u>	<u>11,282,096</u>	<u>9,561,144</u>	<u>-</u>	<u>-</u>
Fund balances:					
Committed:					
Economic stabilization	1,700,000	1,200,000	800,000	700,000	675,000
Self insurance	360,000	360,000	360,000	357,864	348,080
Employee benefit obligations	931,374	1,007,332	1,079,361	924,821	906,957
Assigned:					
Programs	1,023,871	1,280,000	1,308,878	1,202,266	1,461,332
Unassigned	436,901	533,481	234,344	4,484	6,653
Unreserved:					
Designated for:					
Undistributed reserve	-	-	-	-	-
Early retirement	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total fund balances	<u>4,452,146</u>	<u>4,380,813</u>	<u>3,782,583</u>	<u>3,189,435</u>	<u>3,398,022</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,836,886</u>	<u>\$ 19,005,113</u>	<u>\$ 16,348,412</u>	<u>\$ 16,526,687</u>	<u>\$ 14,612,266</u>

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

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Statement of Revenues, Expenditures and Canges in Fund Balances
Governmental Funds--Major Fund
General Fund

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Revenues:					
Property taxes	\$ 12,013,901	\$ 10,849,743	\$ 10,344,617	\$ 8,580,247	\$ 7,207,083
Earnings on investments	54,061	41,613	49,642	44,095	28,844
Other local sources	212,485	117,088	152,187	141,914	124,624
State sources	20,905,429	20,182,062	19,474,141	18,356,993	18,457,864
Federal sources	2,111,709	2,045,203	2,004,940	2,655,565	3,531,692
Total revenues	<u>35,297,585</u>	<u>33,235,709</u>	<u>32,025,527</u>	<u>29,778,814</u>	<u>29,350,107</u>
Expenditures:					
Current:					
Instructional services	21,656,826	19,651,114	19,189,056	17,729,189	18,106,807
Supporting services					
Students	716,722	642,049	636,849	511,116	447,613
Instructional staff	1,173,081	1,058,073	994,603	1,157,739	1,166,238
District administration	340,778	315,029	278,468	238,750	277,636
School administration	2,292,180	2,201,223	2,202,449	2,102,390	2,051,828
Business	1,185,235	1,233,850	1,206,259	1,281,047	971,151
Operation and maintenance of facilities	4,536,912	4,557,394	4,044,323	3,663,995	3,661,242
Transportation	3,324,518	2,978,747	2,513,969	2,228,077	2,098,479
Capital outlay	-	-	366,403	1,075,098	239,093
Total expenditures	<u>35,226,252</u>	<u>32,637,479</u>	<u>31,432,379</u>	<u>29,987,401</u>	<u>29,020,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,333</u>	<u>598,230</u>	<u>593,148</u>	<u>(208,587)</u>	<u>330,020</u>
Net change in fund balances	71,333	598,230	593,148	(208,587)	330,020
Fund balances-beginning	4,380,813	3,782,583	3,189,435	3,398,022	3,068,002
Fund balances-ending	<u>\$ 4,452,146</u>	<u>\$ 4,380,813</u>	<u>\$ 3,782,583</u>	<u>\$ 3,189,435</u>	<u>\$ 3,398,022</u>

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

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Historical Property Tax Rates of the District

Tax		Maximum	Tax Rate				
		Tax Rate (1)	2015-16	2014-15	2013-14	2012-13(a)	2011-12
Basic Program	(2)	Formula	0.001736	0.001419	0.001535	0.001651	0.001591
Voted Leeway	(3)	0.002000	0.001267	0.001193	0.001282	0.001280	0.001276
Board Leeway	(4)	0.002500	0.001195	0.001122	0.001422	0.001801	0.000412
Reading Achievement							0.000121
Transportation							0.000238
Tort Liability							0.000020
Recreation							0.000161
Debt Service	(5)	Sufficient	0.000308	0.000955	0.000452	0.000474	0.000577
Capital Outlay	(6)	0.003000	0.003183	0.003000	0.003000	0.002601	0.002467
10% of Basic							0.000958
Judgement	(7)	Sufficient	-	-	-	-	-
Total			0.007689	0.007689	0.007691	0.007807	0.007821

(a) The State Legislature consolidated tax accounting/funding classifications for school districts beginning in Fiscal Year 2013.

1 Maximum tax rate where applicable under State law. (A decline in taxable value overrides maximum limit.)

2 Set by law to fund the State Minimum School Program.

3 General revenue. Tax rate of 0.000800 was authorized by vote of the District population on May 11, 1993, and an additional 0.000800 was approved on June 24, 2008 for a total of .0016 in voter authorization.

4 General revenue. Adopted by the Board of Education January 6, 2000 before restrictions on use were enacted by the State.

5 Limited to applicable levy to provide for payment of principal and interest on general obligation bonds authorized by voters.

6 Construction and remodeling of buildings and purchase of sites, equipment, etc.

7 Tax revenue shortfalls due to revaluation of taxable values may be levied in the succeeding tax year.

Taxable and Fair Market Value of Property Within the District

Tax Year	Taxable Value	Percentage Change	Fair Market/ Market Value (1)	Percentage Change
2014	\$3,032,992,537	29.2%	\$3,473,807,198	27.3%
2013	2,348,296,733	7.4%	2,728,060,479	7.0%
2012	2,186,898,633	15.9%	2,549,298,884	13.2%
2011	1,887,527,331	12.6%	2,251,729,463	10.7%
2010	1,676,177,389	10.7%	2,033,343,226	10.4%

(1) 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. There are no redevelopment agencies within the County or the District.

DUCHESNE COUNTY SCHOOL DISTRICT
Continuing Disclosure Undertaking
June 30, 2015

Historical Summaries of Taxable Values of Property

	2014		2013	2012	2011	2010
	Taxable Value	% of T V	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Total centrally assessed	\$ 1,669,708,917	55.1 %	\$ 1,142,707,021	\$ 1,083,118,688	\$ 827,537,071	\$ 628,974,318
<i>Set by County Assessor (Locally Assessed)</i>						
Real Property:						
Primary residential	535,796,255	17.7	461,295,855	440,138,566	431,400,840	437,336,950
Other residential	155,842,210	5.1	144,735,135	144,733,100	132,521,135	133,290,125
Commercial and industrial	184,226,825	6.1	138,336,460	127,921,095	127,075,655	112,304,745
FAA	24,344,975	0.8	24,509,221	24,232,122	24,103,752	23,929,894
Unimproved non FAA	247,590,915	8.2	221,739,000	207,625,200	226,452,565	226,476,900
Agricultural	11,658,260	0.4	8,158,569	7,306,513	7,152,043	6,651,246
Total real property	1,159,459,440	38.2	998,774,240	951,956,596	948,705,990	939,989,860
Personal property:						
Primary mobile homes	2,977,220	0.1	2,859,835	2,795,074	2,889,241	2,865,740
Secondary mobile homes	136,236	0.0	159,990	167,799	178,470	205,595
Other business personal	200,710,724	6.6	203,795,647	148,860,476	117,090,443	101,141,876
Total personal property	203,824,180	6.7	206,815,472	151,823,349	120,158,154	104,213,211
Total locally assessed	1,363,283,620	44.9	1,205,589,712	1,103,779,945	1,068,864,144	1,044,203,071
Total taxable value	\$ 3,032,992,537	100.0 %	\$ 2,348,296,733	\$ 2,186,898,633	\$ 1,896,401,215	\$ 1,673,177,389

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

Tax Collection Record

Fiscal Year	Tax Levied	Current Collections (1)	Percent of Current Collections	Delinquent Collections (2)	Total Current and Delinquent Collections	Percent of Total Collections	Fee in Lieu (3)	Total Property Tax Collections
2015	\$22,058,993	\$ 21,040,884	95.4%	\$ 845,413	\$ 21,886,297	99.2%	\$ 3,366,154	\$ 25,252,451
2014	16,434,078	15,542,285	94.6	877,476	15,857,124	96.5	3,192,384	19,049,508
2013	15,882,928	15,193,272	95.7	663,852	13,940,933	87.8	2,646,852	16,587,785
2012	13,805,181	13,235,899	95.9	705,034	13,940,933	101.0	2,224,770	16,165,703
2011	11,908,060	11,419,589	95.9	743,129	12,162,718	102.1	2,118,805	14,281,523

(1) Ad valorem property taxes are due on November 30 of each year.

(2) Interest and penalties are not included.

(3) Uniform Fees from motor vehicles and other tangible personal property required to be registered with the State.

Some of the Largest Tax Payers

Taxpayer	Type of Business	2014 Taxable Value	% of the District's Tax Value
Newfield Production Company	Mining	\$ 566,113,005	18.7 %
EP Energy E&P Company	Mining	240,521,900	7.9
Berry Petroleum	Mining	209,036,645	6.9
Kinder Morgan Altamont LLC	Mining	152,441,890	5.0
Bill Barrett Corp	Mining	134,629,615	4.4
Devon Energy	Mining	78,618,070	2.6
El Paso E&P Company	Mining	42,783,020	1.4
Questar Pipeline	Natural gas utility	38,506,010	1.3
Petroglyph Operating	Mining	35,664,450	1.2
Moon Lake Electric	Electric utility	32,504,740	1.1
Totals		\$ 1,530,819,345	50.5

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]

[TO BE DATED CLOSING DATE]

Re: \$ _____
Board of Education of
Duchesne County School District, Duchesne County, Utah
General Obligation School Building Bonds
(Utah School Bond Guaranty Program),
Series 2016

We have acted as bond counsel to the Board of Education of Duchesne County School District, Duchesne County, Utah (the “*Issuer*”) in connection with the issuance by the Issuer of its \$ _____ General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016 dated the date hereof (the “*Bonds*”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

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

1. The Bonds are valid and legally binding upon the Issuer and all taxable property in Duchesne County School District, Duchesne County, Utah, is subject to the levy of taxes to pay the same without limitation as to rate or amount.

2. The guaranty of timely payment of the Bonds provided by the Utah School Bond Guaranty Act is a valid and binding obligation of the State of Utah.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; *however*, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. 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

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 Duchesne County School District, Duchesne County, Utah (the “*Issuer*”) in connection with the issuance of \$_____ General Obligation School Building Bonds (Utah School Bond Guaranty Program), Series 2016 (the “*Bonds*”). The Bonds are being issued pursuant to a Resolution of the Issuer adopted on December 10, 2015 (collectively, the “*Resolution*”).

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

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it and the State (pursuant to the Utah School 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:

JUNE 1 OF THE YEAR	CUSIP NUMBER	JUNE 1 OF THE YEAR	CUSIP NUMBER
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The Final Official Statement relating to the Bonds is dated _____, 2016 (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.

DATED as of the day and year first above written.

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

By _____
President

Address: 50 East 100 South
Duchesne, Utah 84021

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 DUCHESNE COUNTY SCHOOL DISTRICT, UTAH

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

FINANCIAL INFORMATION REGARDING DUCHESNE COUNTY SCHOOL DISTRICT, UTAH

- Financial Summaries
- Historical Tax Rates
- 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

* 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 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 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 2016 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 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 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 2016 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 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 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 2016 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 2016 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 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2016 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 2016 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, 2016 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, 2016 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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