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**OFFICIAL NOTICE OF BOND SALE**  
**and**  
**PRELIMINARY OFFICIAL STATEMENT**

**School District No. 58 (Aberdeen)**  
**Bingham County, State of Idaho**

**\$11,105,000\* General Obligation Bonds, Series 2016**  
**(Idaho Sales Tax and Credit Enhancement Guaranty)**

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Electronic bids will be received up to 9:30:00 A.M., Mountain Daylight Time (“M.D.T.”) for the 2016 Bonds by means of the **PARITY**® electronic bid submission system, on Thursday, July 14, 2016.

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\* Preliminary; subject to change.

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## Official Notice of Bond Sale

(Bond Sale to be Conducted Electronically)

### School District No. 58 (Aberdeen) Bingham County, State of Idaho

#### **\$11,105,000\* General Obligation Bonds, Series 2016 (Idaho Sales Tax Guaranty and Credit Enhancement Programs)**

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by School District No. 58, Bingham County, State of Idaho (the “District”) via the PARITY® electronic bid submission system (“PARITY®”) until (i) up to 9:30 a.m., Mountain Time (“MT”), for the purchase, all or none (“AON”), of the District’s \$11,105,000\* General Obligation Bonds, Series 2016 (the “2016 Bonds”) on Thursday, July 14, 2016. The bids will be reviewed and considered by authorized officers of the District and representatives from Zions Public Finance, Inc., acting as municipal advisor to the District (the “Municipal Advisor”), in accordance with certain parameters established by the Board of Trustees of the District (the “Board”) pursuant to Resolution adopted on June 15, 2016 (the “Resolution”).

#### **Description Of The 2016 Bonds**

The 2016 Bonds will be dated as of the date of issuance and delivery<sup>1</sup>, will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature on September 15 of each of the years and in the principal amounts as follows:

Maturity (September 15)	Principal Amount*	Maturity (September 15)	Principal Amount*
2018	\$440,000	2028	\$600,000
2019	450,000	2029	615,000
2020	465,000	2030	635,000
2021	480,000	2031	655,000
2022	490,000	2032	675,000
2023	505,000	2033	695,000
2024	520,000	2034	715,000
2025	540,000	2035	735,000
2026	555,000	2036	760,000
2027	575,000		
		<b>Total</b>	<b>\$11,105,000</b>

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<sup>1</sup> The anticipated date of delivery of the 2016 Bonds is Wednesday, July 27, 2016.

\* Preliminary; subject to change. See “Adjustment Of Principal Amount Of The 2016 Bonds” herein.

The 2016 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee (“DTC”). DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds are more fully described in the District’s Preliminary Official Statement with respect to the 2016 Bonds dated Friday, July 1, 2016 (the “Preliminary Official Statement”).

### **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 and on such dates as will correspond to the above–designated maturity dates and principal amounts maturing on those dates, as adjusted.

### **Adjustment Of Principal Amount Of The 2016 Bonds**

The District reserves the right, following determination of the best bid(s), to reduce or increase the principal amount of each maturity of the 2016 Bonds and to increase or reduce the overall principal amount of the 2016 Bonds to be issued, as described in this section. The District may adjust the aggregate principal amount of the 2016 Bonds maturing in any year as described in this paragraph, provided the aggregate principal amount of the 2016 Bonds shall not exceed \$11,850,000. The adjustment of maturities may be made in such amounts as are necessary to provide the District with desired debt service payments during the life of the 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 District 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 District, 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 District expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., MT, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 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 electronic means or facsimile transmission to the Municipal Advisor at [christian.anderson@zionsbank.com](mailto:christian.anderson@zionsbank.com) or fax number 855.855.9702 within one–half hour of the time of bid opening, 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 District will, at its own expense, pay fees of Moody’s Investors Service (“Moody’s”) 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 102% of the principal amount of the 2016 Bonds (\$11,327,100) or more than 112.5% of the principal amount of the 2016 Bonds (\$12,493,125).

## **Interest Rates**

The 2016 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of one-eighth or one-twentieth of one percent ( $1/8$  or  $1/20$  of 1%) per annum. In addition:

1. the highest interest rate bid for any of the 2016 Bonds shall not exceed five (5.00%) per annum;
2. the minimum price for any maturity of the 2016 Bonds shall not be less than ninety-eight percent (98.0%);
3. no Bond shall have more than one rate of interest;
4. 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;
5. all Bonds of the same maturity must bear a single rate of interest;
6. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available federal funds;
7. any premium must be paid in the funds specified for the payment of the 2016 Bonds as part of the purchase price;
8. there shall be no supplemental interest coupons;
9. a zero percent (0%) interest rate may not be used; and
10. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest for the 2016 Bonds will be payable semiannually on March 15 and September 15 beginning March 15, 2017, at the rate or rates to be fixed at the time the 2016 Bonds are sold.

## **Payment Of Principal And Interest**

Zions Bank, a division of ZB, National Association, Corporate Trust Department, Boise, Idaho will be the paying agent and bond registrar for the 2016 Bonds. The District may remove any paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 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 DTC.

## **Optional Redemption**

The 2016 Bonds maturing on or after September 15, 2026 are subject to redemption at the option of the District on March 15, 2026, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the District, at a redemption price equal to 100% of the principal amount of the 2016 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

## **Security And Sources Of Payment**

The 2016 Bonds will be full general obligations of the District, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the same as to both principal and interest. Additionally, the 2016 Bonds are secured through the Idaho Sales Tax Guaranty Program and Credit Enhancement Program.

Idaho Sales Tax Guaranty. The District has received a Certificate of Eligibility from the Idaho State Treasurer qualifying the District for the Idaho School Bond Guaranty Program (the “Idaho Sales Tax Guaranty Program”) pursuant to the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code. Payment of the principal of and interest on the 2016 Bonds when due will be guaranteed by the sales taxes collected by the State of Idaho pursuant to the provisions of the program.

Credit Enhancement Program. The District has received a Certificate of Approval of Credit Enhancement from the endowment fund investment board pursuant to Idaho Code 57-728(the “Credit Enhancement Program”) . Payment of the principal of and interest on the 2016 Bonds when due will be additionally guaranteed by the Credit Enhancement Program.

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

## **Award**

Award or rejection of bids will be made on Thursday, July 14, 2016 by certain delegated officers of the District. The 2016 Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest rate to the District computed from the date of the 2016 Bonds to maturity and taking into consideration the premium, if any, in the purchase price of the 2016 Bonds. The effective interest rate to the District shall be the interest rate per annum determined on a per annum true interest cost (“TIC”) basis by discounting the scheduled semiannual debt service payments of the District on the 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.

## **Procedures Regarding Electronic Bidding**

The bidding will be made and awarded for the 2016 Bonds on an AON basis.

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

Bids will be received by means of the *PARITY*® electronic bid submission system. A prospective bidder must communicate its bid electronically through *PARITY*® on or before 9:30 MT on Thursday, July 14, 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 or i-Deal LLC at 1359 Broadway, New York, New York 10018; 212.849.5021. The time as maintained by *PARITY*® shall constitute the official time.

**Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Municipal Advisor, the District nor i-Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the District nor i-Deal LLC shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*®. The District is using *PARITY*® as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the 2016 Bonds.**

### **Notification**

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

The award of the 2016 Bonds to the successful bidder will be considered by certain delegated officers of the District on Thursday, July 14, 2016.

### **Form Of Bid**

Each bidder for the 2016 Bonds is required to transmit electronically via *PARITY*® an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price (as described under "Purchase Price" above) at which the bidder will purchase the 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 "true interest cost" ("TIC") basis, as described under "Award" herein, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of *PARITY*®; *provided however*, that in the event a prospective bidder cannot access *PARITY*®, through no fault of its own, it may so notify the office of the Municipal Advisor by telephone at 208.501.7481. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 208.501.7481, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at 855.855.9702, in either case before the time bids are due as stated above, on Thursday, July 14, 2016. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by *PARITY*®, shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the 2016 Bonds and the total purchase price of all of the 2016 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the District nor the Municipal Advisor assumes any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., MT, on Thursday, July 14, 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 District 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 (the "Deposit") in the amount of \$110,000 is required only from the successful bidder. The Deposit shall be payable to the order of the District in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 noon, MT, on Thursday, July 14, 2016. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the District. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The District shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder, or invest the same (at the District's risk) in obligations which mature at or before the delivery of the 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 District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the successful bidder fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

### **Sale Reservations**

The District reserves the right: (i) to waive any irregularity or informality in any bid or in the bidding process; (ii) to reject any and all bids for the 2016 Bonds; and (iii) to resell the 2016 Bonds as provided by law.

### **Prompt Award**

The District will take action awarding the 2016 Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder

### **Manner And Time Of Delivery**

The successful bidder will be given at least seven (7) business days advance notice of the proposed date of the delivery of the 2016 Bonds when that date has been tentatively determined. It is now estimated that the 2016 Bonds will be delivered in book-entry form on or about Wednesday, July 27, 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 Boise, Idaho, pursuant to



DTC's FAST system. The successful bidder must also agree to pay for the Bonds in federal funds which will be immediately available to the District on the day of delivery.

### **CUSIP Numbers**

It is anticipated that CUSIP numbers will be printed on the 2016 Bonds, at the expense of the District, but neither the failure to print such numbers on any Bond nor any error with respect thereof shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the 2016 Bonds in accordance with terms of this Official Notice of Bond Sale.

### **Tax-Exempt Status**

In the opinion of Hawley Troxell Ennis & Hawley LLP, Boise, Idaho ("Bond Counsel"), subject to the condition that the District comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under present law, interest on the 2016 Bonds is not included in gross income under the present federal income tax laws pursuant to Section 103 of the Code. The 2016 Bonds are not private activity bonds. Interest on the 2016 Bonds will not be treated as an item of tax preference for purposes of determining the alternative minimum taxable income for individuals or corporations, but will be taken into account in the computation of the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations under Section 55 of the Code. Failure to comply with certain of such District covenants could cause interest on the 2016 Bonds to be included in gross income retroactive to the date of issuance of the 2016 Bonds. Ownership of the 2016 Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences with respect to the 2016 Bonds. Reference is hereby made to the discussion of the Code set forth in the Preliminary Official Statement under the caption "LEGAL MATTERS—Tax Exemption."

### **Issue Price**

To enable the District to comply with certain conditions of the Internal Revenue Code of 1986, as amended, the successful bidder will be required to provide a certificate as to the "issue price" of the 2016 Bonds in the form attached to this notice as **Exhibit A**. 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 District. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Nick Miller of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, 877 Main Street, Suite 1000, Boise, Idaho 83701-1617; 208.388.4849; fax 208.954.5241; [nmiller@hawleytroxell.com](mailto:nmiller@hawleytroxell.com).

### **Legal Opinion And Closing Documents**

The unqualified approving opinion of Hawley Troxell Ennis & Hawley LLP covering the legality of the 2016 Bonds will be furnished to the successful bidder. A supplemental opinion shall be furnished to the successful bidder by Hawley Troxell Ennis & Hawley LLP with respect to the disclosure of certain information in the final Official Statement. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 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 District will deliver to the successful bidder a certificate of an authorized officer(s) of the District, dated the date of the delivery of the 2016 Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said authorized officer(s), and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2016 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the final Official Statement are at the time of the delivery of the 2016 Bonds true and correct in all material respects and do 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 light of the circumstances under which they were made, not misleading; *provided*, should the final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended.

## **Information Reporting Agreement (Disclosure Undertaking)**

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the 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 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 District is in compliance with each and every Undertaking previously entered into by it pursuant to the Rule.

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

The successful bidder’s obligation to purchase the 2016 Bonds shall be conditioned upon the District delivering the Undertaking on or before the date of delivery of the 2016 Bonds.

## **Delivery Of Copies Of Final Official Statement**

The District shall deliver to the successful bidder on such business day as directed in writing by the successful bidder, which is not earlier than the second business day or later than the seventh business day after the award of the 2016 Bonds as described under the caption “Award” above, copies of the final Official Statement in sufficient quantity, as directed in writing by the successful bidder, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

For copies of this OFFICIAL NOTICE OF BOND SALE and the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information with respect to the 2016 Bonds, contact the Municipal Advisor to the District, Zions Public Finance, Inc. at 800 W. Main Street, Suite 700, Boise, Idaho 83702; 208.501.7533; fax 855.855.9702; Christian Anderson ([christian.anderson@zionsbank.com](mailto:christian.anderson@zionsbank.com)); Eric Pehrson ([eric.pehrson@zionsbank.com](mailto:eric.pehrson@zionsbank.com)) or Cara Bertot ([cara.bertot@zionsbank.com](mailto:cara.bertot@zionsbank.com)). The Preliminary Official Statement is available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), [www.munios.com](http://www.munios.com), and [www.fmmunihub.com](http://www.fmmunihub.com).

SCHOOL DISTRICT NO. 58, BINGHAM COUNTY,  
STATE OF IDAHO

9

EXHIBIT A

FORM OF CERTIFICATE OF PURCHASER

On behalf of \_\_\_\_\_, as Purchaser, I hereby certify in connection with the issuance of the \$\_\_\_\_\_ School District No. 58, Bingham County, State of Idaho, General Obligation Bonds, Series 2016 (the "2016 Bonds") as follows:

1. We have made a bona fide public offering of the 2016 Bonds to the public at the reoffering price as set forth below:

Maturity Date (_____)	Principal <u>Amount of Maturity</u>	Initial Reoffering Price at which Substantial Amount <u>Was Sold</u>	Total Price if Total Maturity Sold at <u>Initial Price</u>
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2. If such issue price were paid for all of the 2016 Bonds, the total issue price to the public would be \$\_\_\_\_\_.

3. A substantial amount (not less than 10%) of the 2016 Bonds was sold, or was reasonably expected at the time of the bid for the 2016 Bonds to be sold, to the public or final purchasers (not including bond houses, or brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices.

4. Based upon our experience, the issue price of the 2016 Bonds does not exceed their fair market value as of the date of sale thereof.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his official signature this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

[PURCHASER]

By: \_\_\_\_\_

Title: \_\_\_\_\_

# PRELIMINARY OFFICIAL STATEMENT

**\$11,105,000\***

**School District No. 58 (Aberdeen)  
Bingham County, State of Idaho**

**General Obligation Bonds, Series 2016  
(Idaho Sales Tax Guaranty and Credit Enhancement Programs)**

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On Thursday, July 14, 2016, up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2016 Bonds, as defined herein, will be awarded to the successful bidder and issued pursuant to a resolution of the Board of Trustees of School District No. 58, Bingham County, State of Idaho, adopted on June 15, 2016.

*The District has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2016 Bonds as permitted by the Rule.*

For additional information with respect to the 2016 Bonds contact the Municipal Advisor:



**Zions Bank Building  
800 W Main St, Ste 700  
Boise ID 83702  
208.501.7533 | f 855.547.5072  
[christian.anderson@zionsbancorp.com](mailto:christian.anderson@zionsbancorp.com)**

This PRELIMINARY OFFICIAL STATEMENT is dated July 1, 2016, and the information contained herein speaks only as of that date.

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\* Preliminary; subject to change.

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# PRELIMINARY OFFICIAL STATEMENT DATED JULY 1, 2016

## NEW ISSUE

Rating: Moody's "Aaa" (State of Idaho Guaranty; "A3" underlying)

See "STATE OF IDAHO GUARANTY" and "MISCELLANEOUS—Bond Ratings" herein.

*In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds (hereinafter defined) is not included in gross income under present federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and interest on the 2016 Bonds is not included in alternative minimum taxable income, as defined in Section 55(b)(2) of the Code, under present federal income tax laws, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the 2016 Bonds is not included in Idaho taxable income under present Idaho income tax laws. See "LEGAL MATTERS—Tax Exemption."*

**\$11,105,000\***

## School District No. 58 (Aberdeen)

### Bingham County, State of Idaho

### General Obligation Bonds, Series 2016

### (Idaho Sales Tax Guaranty and Credit Enhancement Programs)

The \$11,105,000\* General Obligation Bonds, Series 2016 Bonds (Idaho Sales Tax Guaranty and Credit Enhancement Programs) (the "2016 Bonds"), dated the date of original issuance, are issuable by School District No. 58, Bingham County, State of Idaho (the "District"), as fully-registered bonds and, when initially issued, will be in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (the "DTC"). DTC will act as securities depository for the 2016 Bonds.

Principal of and interest on the 2016 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2017) are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Boise, Idaho, as Paying Agent (the "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. See "THE 2016 BONDS—Redemption Provisions" herein.

*The 2016 Bonds will be general obligations of the District payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2016 Bonds as to both principal and interest.*

Payment of the principal of and interest on the 2016 Bonds when due is further secured by the

### State of Idaho

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

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

Due: September 15, as shown on inside 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*<sup>®</sup> electronic bid submission system on Thursday, July 14, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated July 1, 2016).

**Zions Public Finance, Inc., Boise, Idaho, is acting as Municipal Advisor.**

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

This OFFICIAL STATEMENT is dated July \_\_, 2016, and the information contained herein speaks only as of that date.

\*Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Wednesday, July 27, 2016.

**\$11,105,000\***

**General Obligation Bonds, Series 2016  
(Idaho Sales Tax Guaranty and Credit Enhancement Programs)**

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

**Due: September 15, as shown below**

<b>Due September 15</b>	<b>CUSIP® 090401</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield/ Price</b>
2018.....		\$440,000		
2019.....		450,000		
2020.....		465,000		
2021.....		480,000		
2022.....		490,000		
2023.....		505,000		
2024.....		520,000		
2025.....		540,000		
2026.....		555,000		
2027.....		575,000		
2028.....		600,000		
2029.....		615,000		
2030.....		635,000		
2031.....		655,000		
2032.....		675,000		
2033.....		695,000		
2034.....		715,000		
2035.....		735,000		
2036.....		760,000		

**\$\_\_\_\_\_ % Term Bond due September 15, 20\_\_—Yield of \_\_\_\_ % (CUSIP \_\_\_\_\_)**

<sup>1</sup> The anticipated date of delivery is Wednesday, July 27, 2016.

\* Preliminary; subject to change.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the principal amount of the 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: School District No. 58 (Aberdeen), Bingham County, State of Idaho; Zions Public Finance, Inc., Boise, Idaho; Zions Bank, a division of ZB, National Association, Corporate Trust Department, Boise, Idaho, as Paying Agent; the successful bidder; or any other entity. All other information contained herein has been obtained from the District, The Depository Trust Company, New York, New York, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2016 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the District, since the date hereof.

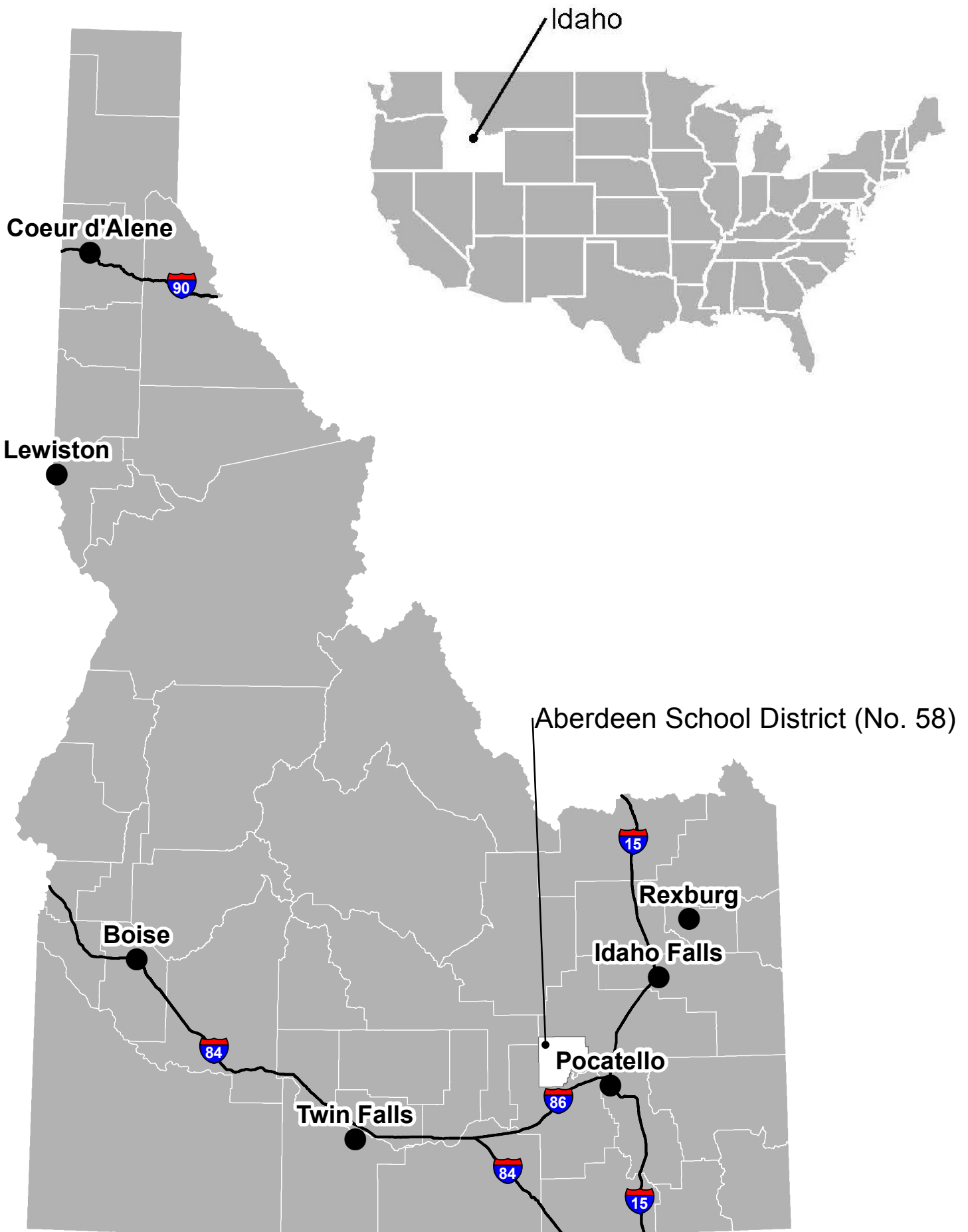
The 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of 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 on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder 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 may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2016 Bonds. Such transactions may include overallotments 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 short positions. Such transactions, if commenced, may be discontinued at any time.***

***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, 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 District 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 from websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2016 Bonds and is not a part of this OFFICIAL STATEMENT.***



**Aberdeen School District No. 58**

# OFFICIAL STATEMENT RELATED TO

**\$11,105,000\***

## **School District No. 58 (Aberdeen)**

### **Bingham County, State of Idaho**

#### **General Obligation Bonds, Series 2016 (Idaho Sales Tax Guaranty and Credit Enhancement Programs)**

#### **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 School District No. 58, Bingham County, State of Idaho (the “District”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

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

#### **Public Sale/Electronic Bid**

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY®** electronic bid submission system on Thursday, July 14, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated July 1, 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.

#### **The District**

The District serves an estimated 3,675 residents, according to the 2014 U.S. Census estimates, and encompasses the southwest portion of Bingham County (the “County”) and is located in the southeast portion of the State of Idaho (the “State”). The District is headquartered in the City of Aberdeen (the “City”), which was

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\* Preliminary; subject to change.

incorporated in 1907. The City (1,929 residents in 2015 according to estimates by the U.S. Census Bureau) covers approximately 1.03 square miles and is 20 miles west of the City of Pocatello (the State's fifth most populous city). Within the County are six school districts and they include: the District, School District No. 52 (Snake River), School District No. 55 (Blackfoot), School District No. 59 (Firth), School District No. 60 (Shelley Joint), and School District No. 93 (Bonneville Joint). The County had 44,990 residents in 2015 according to population estimates by the U.S. Census Bureau. See "THE DISTRICT" below.

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

## **The 2016 Bonds**

This OFFICIAL STATEMENT, including the cover page, inside front cover page, introduction and appendices, provides information in connection with the issuance and sale by the District of its \$11,105,000\* General Obligation Bonds, Series 2016 (Idaho Sales Tax Guaranty and Credit Enhancement Programs) ( the "2016 Bonds or "2016 Bond"), initially issued in book-entry form only.

## **Security**

The 2016 Bonds will be general obligations of the District, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the District, fully sufficient to pay the 2016 Bonds as to both principal and interest. See "THE 2016 BONDS—Security And Sources Of Payment" and "TAXES AND STATE FUNDING—Tax Levy And Collection" below.

Payment of the principal of and interest on the 2016 Bonds when due is guaranteed by the State pursuant to the sales tax pledge under the provisions of the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code (the "Sales Tax Guaranty Program") and the Credit Enhancement Program supported by the public schools endowment fund, pursuant to Section 57–728, Idaho Code (the "Credit Enhancement Program").

See "STATE OF IDAHO GUARANTY" below.

## **Authority And Purpose**

The 2016 Bonds are being issued pursuant to (i) the School Bonds Law, Title 33, Chapter 11, as amended, the Registered Public Obligations Act, Title 57, Chapter 9, and the Municipal Bond Law, Title 57, Chapter 2, Idaho Code (collectively, the "Act"), (ii) Resolution of the District adopted on June 15, 2016 (the "Resolution"), which provides for the issuance of the 2016 Bonds and delegates to certain officers of the District the authority to accept the winning bid at the competitive sale of the 2016 Bonds, subject to certain limitations, and (iii) other applicable provisions of law.

The 2016 Bonds were authorized at a special bond election held for that purpose on May 17, 2016. The proposition submitted to the voters was as follows:

Shall the Board of Trustees of School District No. 58, Bingham County, State of Idaho (the "Board"), be authorized to issue general obligation school bonds of said District, in one or more series, in the principal amount up to \$11,850,000 for the purpose of financing:

- A. Improvements to Aberdeen High School, consisting of (1) demolition of the existing two-story classroom building, (2) construction of a new of a New High School Classroom Building including 18 new classrooms, a media center, career center, counselor's office and restrooms, and (3) remodel of the existing one-story building for new administrative offices, teacher work room, and a student common area;

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\* Preliminary; subject to change.

- B. Construction of a new vocational agricultural building;
- C. Construction of a new auxiliary gymnasium;
- D. Construction a new auditorium building;
- E. Acquisition, construction, furnishing and equipping of all relevant parking, utilities, landscaping, lighting, heating, ventilation, sanitation facilities, appliances, and other required improvements necessary to maintain and operate the foregoing building and facilities;
- F. Expenditures for professional architect, engineering and permits fees, tests, contingencies, and other costs relating to all projects, or additional improvements and equipment if funds are available

(such expenditures being herein referred to collectively as the “Project”), such series of bonds to become due in such installments as may be fixed by the Board, the final installment of each series to fall due not later than September 15, 2036, all as provided in the Bond Election Resolution adopted by the Board on February 17, 2016?

At the election there were 298 votes cast in favor of the issuance of bonds and 146 votes cast against the issuance of bonds, for a total vote count of 444, with approximately 67.1% in favor of the issuance of bonds, exceeding the 66.67% voter-approved requirement to authorize issuance of the 2016 Bonds.

Under Idaho law, a challenge to an election outcome must be filed within 40 days of the date of canvass. The County canvassed the final election results on May 23, 2016; therefore the 40-day challenge periods for the County expired on July 2, 2016.

After the sale and delivery of the 2016 Bonds, the District will have no remaining authorized unissued bonds from the May 17, 2016, voted authorization. The 2016 Bonds are being issued for the purposes set forth in the 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. 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” below.

Principal of and interest on the 2016 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2017) are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Boise, Idaho (“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 under “APPENDIX D—BOOK-ENTRY SYSTEM” below.

So long as DTC or its nominee is the registered owner of the 2016 Bonds, neither the District nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 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-Exempt Status Of The 2016 Bonds**

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016 Bonds is not included in gross income under present federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2016 Bonds is not included in alternative minimum taxable income, as defined in Section 55(b)(2) of the Code, under present federal income tax laws, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the 2016 Bonds is not included in Idaho taxable income under present Idaho income tax laws. See “LEGAL MATTERS—Tax Exemption” below.

### **Professional Services**

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

#### *Bond Counsel*

Hawley Troxell Ennis & Hawley LLP  
877 Main St Ste 1000  
PO Box 1617  
Boise ID 83701-1617  
208.344.6000 | f 208.954.5421  
[nmiller@hawleytroxell.com](mailto:nmiller@hawleytroxell.com)

#### *Attorney for the District*

Moore Smith Buxton & Turcke Chartered  
950 W Bannock St Ste 520  
Boise ID 83702  
208.331.1800 | f 208.331.1202  
[eem@msbtlaw.com](mailto:eem@msbtlaw.com)

#### *Paying Agent and Bond Registrar*

Zions Bank a division of ZB National Association  
Corporate Trust Department  
800 W Main St Ste 700  
Boise ID 83702  
208.501.7493 | f 208.855.9705  
[twyla.lehto@zionsbank.com](mailto:twyla.lehto@zionsbank.com)

#### *Municipal Advisor*

Zions Public Finance Inc.  
800 W Main St Ste 700  
Boise ID 83702  
208.501.7533 | f 855.855.9702  
[christian.anderson@zionsbancorp.com](mailto:christian.anderson@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, subject to the approval of legality of the 2016 Bonds by Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the District by Moore Smith Buxton & Turcke Chartered, Boise, Idaho. It is expected that the 2016 Bonds, in book-entry form only, will be available for delivery in Boise, Idaho for deposit with the Paying Agent, as fast agent of DTC, on or about Wednesday, July 27, 2016.

### **Information Reporting Agreement (Disclosure Undertaking)**

The District will enter into an Information Reporting Agreement (the “Disclosure Undertaking”) for the benefit of the owners of the 2016 Bonds. For a detailed discussion of the Disclosure Undertaking, previous



undertakings and timing of submissions see “INFORMATION REPORTING AGREEMENT” below and “APPENDIX C—PROPOSED FORM OF INFORMATION REPORTING AGREEMENT.”

## **Basic Documentation**

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

## **Contact Persons**

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

Christian Anderson, Vice President, [christian.anderson@zionsbancorp.com](mailto:christian.anderson@zionsbancorp.com)

Zions Public Finance, Inc.  
Zions Bank Building  
800 W Main St, Ste 700  
Boise ID 83702  
208.501.7533 | f 855.855.9702

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the District concerning the 2016 Bonds are:

Jane Ward, Superintendent, [jane@aberdeen58.org](mailto:jane@aberdeen58.org)  
David Burke, Business Manager, [burked@aberdeen58.org](mailto:burked@aberdeen58.org)

School District No. 58 (Aberdeen)  
318 West Washington  
PO Box 610  
Aberdeen ID 83210  
208.397.4113 | f 208.397.4114  
[www.aberdeen58.org](http://www.aberdeen58.org)

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the guaranty for the 2016 Bonds under the Idaho Sales Tax Guaranty Program is:

Jace Perry, Investment Manager, [jace.perry@sto.idaho.gov](mailto:jace.perry@sto.idaho.gov)

Office of the Idaho State Treasurer  
304 N 8<sup>th</sup> St Rm 208  
Boise ID 83720  
208.332.2940 | f 208.332.2961  
[www.sto.idaho.gov](http://www.sto.idaho.gov)

## INFORMATION REPORTING AGREEMENT

### Continuing Disclosure For The 2016 Bonds; Historical Failure To Disclose

*The 2016 Bonds.* The District will enter into 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 INFORMATION REPORTING AGREEMENT.”

*Other than the failure to file as described below, the District represents that in the last five years there are no instances in which the District failed to comply, in all material respects, with each disclosure undertaking previously entered into by the District pursuant to the Rule.*

The Disclosure Undertaking requires the District to submit its annual financial report (Fiscal Year Ending June 30) and other operating and financial information on or before December 27 (180 days from the end of the Fiscal Year). The District will submit the Fiscal Year 2016 financial report and other operating and financial information for the 2016 Bonds on or before December 27, 2016, and annually thereafter on or before each December 27.

A failure by the District to comply with the Disclosure Undertaking will not constitute a default under the Resolution, and Beneficial Owners of the 2016 Bonds are limited to the remedies provided in the Disclosure Undertaking. A failure by the District to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2016 Bonds.

*Historical Failure to Disclose.* On November 27, 2011 (November 27 is the covenanted due date of the annual disclosure submission for the District’s outstanding bonds issued in 2011), the District failed to provide its operating and financial information. The District filed a failure to file notice and submitted the required information on August 2, 2012. The District has taken the necessary steps to ensure future continuing disclosure compliance with the 2011 bonds and any future disclosure undertaking.

## STATE OF IDAHO GUARANTY

### The Guaranty; Pledge of State Sales Tax

Payment of the principal and interest on the 2016 Bonds when due is guaranteed, as applicable, by the Sales Tax Guaranty Program and the Credit Enhancement Program s (the “Sales Tax Guaranty Program” and the “Credit Enhancement Program,” collectively referred to herein as the “Programs”). School districts may have outstanding up to \$40 million of school bonds guaranteed by both the Programs and may obtain a guaranty solely by the Sales Tax Guaranty Program if bonds to be guaranteed or already guaranteed are in excess of \$40 million.

As of the date of this OFFICIAL STATEMENT, Moody’s has assigned its “Aa1” rating to bonds that are guaranteed by the Sales Tax Guaranty Program. Moody’s has assigned its “Aaa” rating to bonds that are guaranteed by the Credit Enhancement Program and the Sales Tax Guaranty Program. *The 2016 Bonds are guaranteed by both Programs.*

## **The Sales Tax Guaranty Program**

*General.* Any school district may apply to the Idaho State Treasurer (the “State Treasurer”) for the State’s guaranty of its eligible bonds. Pursuant to the Sales Tax Guaranty Program, the sales tax of the State is pledged to guarantee full and timely payment of the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, refunding bonds issued on and after March 1, 1999, which meet certain requirements detailed below, for voter-approved bonds which were voted on by the electorate prior to March 1, 1999, and voter-approved bonds for new projects which were voted on by the electorate on and after March 1, 1999, as such payments shall become due (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration) (the “Guaranty”). In order to receive the Guaranty on refinancing bonds not previously guaranteed by the Guaranty, the State Treasurer requires a district to show a minimum of 5% net present value savings of the refunded bonds measured at the time the refunding bonds are sold or, alternatively, a district must demonstrate a clear benefit to the district by restructuring its existing debt. The Guaranty does not extend to the payment of any redemption premium. The Guaranty is good for the life of the bond, even if the State Treasurer later determines a district is ineligible for future guaranties. See in this section “State Treasurer to Monitor District’s Fiscal Solvency” below.

*On June 21, 2016, the State Treasurer issued to the District a Certificate of Eligibility for the Sales Tax Guaranty Program for the 2016 Bonds.*

The Certificate of Eligibility evidences the District’s eligibility for the Sales Tax Guaranty Program for 90 days from the date of issuance. Once the 2016 Bonds are issued pursuant to the Certificate of Eligibility, the Guaranty is in effect for so long as the 2016 Bonds are outstanding.

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

*Program Limitations.* On April 4, 2013, the State adopted a debt capacity policy that caps the Sales Tax Guaranty Program at the combined “maximum annual debt service” of bonds issued thereunder and the IBBA’s revenue bonds/municipal loan program at no greater than 20% of prior Fiscal Year audited State sales tax revenue. The State’s sales tax revenue for Fiscal Year 2015 was \$1.444 billion. The combined maximum annual debt service under the Sales Tax Guaranty Program and IBBA’s revenue bonds/municipal program as of April 30, 2016 was \$149,717,208, resulting in a percentage of 10%.

## **Credit Enhancement Program**

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

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

issued by the State Treasurer, the proceeds of which shall be sufficient to pay debt service payments as they become due (the “Notes”).

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

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

The District has the following bonds currently guaranteed under the Programs:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2016 (1).....	School Bonds	\$11,105,000*	September 15, 2036	\$11,105,000*
2011 .....	Refunding	3,170,000	August 1, 2017	<u>1,300,000</u>
Total outstanding debt guaranteed under the programs.....				<u>\$12,405,000*</u>

\* Preliminary; subject to change.

(1) Assumes the 2016 Bonds are issued and outstanding.

See “DEBT STRUCTURE OF THE DISTRICT–Outstanding General Obligation Bonded Indebtedness.”

*On June 22, 2016, the Endowment Board issued to the District its Certificate of Approval of Credit Enhancement for the 2016 Bonds.* The Certificate of Approval evidences the District’s eligibility for the Credit Enhancement Program for 90 days following the issuance of the certificate.

## **Guaranty Procedures**

The Programs are for the protection of the bondholders. Ultimate liability for the payment of the 2016 Bonds remains with the District. Accordingly, the Sales Tax Guaranty Program contains provisions, including interception of State aid to the District, possible action to compel levy of a tax sufficient to reimburse the State for any payments made to bondholders pursuant to its Guaranty, and various oversight provisions to assure that the District, and not the State, will ultimately be responsible for debt service on the 2016 Bonds.

Under the Sales Tax Guaranty Program, the Superintendent of the District 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 Superintendent is unable to transfer the scheduled debt service payment to the Paying Agent at least 15 days before the payment date, the Superintendent must immediately notify the Paying Agent and the State Treasurer. In addition, if the Paying Agent has not received the scheduled debt service payment at least 15 days prior to the scheduled debt service payment date for the 2016 Bonds, the Paying Agent shall notify the State Treasurer in writing at least 10 days prior to

the payment date. The Sales Tax Guaranty Program further provides that if sufficient moneys have not been transferred to the Paying Agent, then the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the Paying Agent to make the scheduled debt service payment. Payment by the State of a debt service payment on the 2016 Bonds discharges the obligation of the District to the bondholders for that payment to the extent of the State's payment, and transfers the District's obligation for that payment to the State.

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

The District may use property taxes or other moneys to replace intercepted funds if the moneys are derived from taxes originally levied to make the payment but which were not timely received by the District; taxes from a supplemental levy made to make the missed payment or to replace the intercepted moneys; moneys transferred from the undistributed reserve, if any, of the District, or any other source of money on hand and legally available. A District may not replace operating funds intercepted by the State with moneys collected and held to make payments on the 2016 Bonds if that replacement would divert moneys from the payment of future debt service on the 2016 Bonds and increase the risk that the Guaranty would be called upon an additional time.

***Since the inception of the Programs, the State has not been called upon to pay the principal of or interest on any bonds guaranteed under the Sales Tax Guaranty Program or the Credit Enhancement Program.***

#### **State Treasurer to Monitor District's Fiscal Solvency**

The Sales Tax Guaranty Program also charges the State Treasurer with the responsibility to monitor, evaluate and, at least annually, report his or her findings as to the fiscal solvency of each school district. Pursuant to the Sales Tax Guaranty Program, the State Treasurer will receive annual statements of the financial condition of the District and a copy of the complete audit of the financial statements of the District, which is prepared pursuant to Section 33-701, Idaho Code. The State Treasurer is also required to report his conclusions regarding the fiscal solvency of the District at least annually to the Governor, the Legislature, the Endowment Board and the State Superintendent of Public Instruction. In addition, the State Treasurer must immediately report any circumstances suggesting that the District will be unable to meet its debt service obligations and immediately recommend a course of remedial action.

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## Status Of The Programs

As of May 15, 2016, the State has guaranteed the following under the Programs:

	Sales Tax Guaranty Program (1)	Sales Tax Guaranty and Credit Enhance- ment Programs
Number of School Districts .....	65	63
Number of Bond Issues.....	117	87
Current principal outstanding guaranteed .....	\$1,149,849,375	\$466,015,280

(1) Districts included in the Sales Tax Guaranty Program column may also have bonds that are secured by both Programs.

(Source: Office of the Idaho State Treasurer.)

## State Of Idaho—Financial And Operating Information

The State produces a Comprehensive Annual Financial Report (“CAFR”) in accordance with generally accepted accounting principles as defined by the Government Accounting Standards Board. The State’s Fiscal Year 2015 CAFR may be found at <http://www.sco.idaho.gov>. The State’s most recent official statement for its tax anticipation notes (base CUSIP®451434) is currently on file with EMMA. Such information contained on websites shall not be considered to be a part of this OFFICIAL STATEMENT and is not provided in connection with the offering of the 2016 Bonds.

## BOND LEVY EQUALIZATION SUPPORT PROGRAM

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

### Availability Of The Levy Subsidy

To determine the amount of the average payment, the Idaho State Department of Education (the “DOE”) calculates a value index (the “Value Index”) annually for each school district based upon the following three components: (i) the district’s market value per support unit for equalization divided by two; (ii) the average annual seasonally adjusted unemployment rate in the county in which a plurality of the school district’s market value for assessment purposes (the “Taxable Assessed Value”) is located; and (iii) the per capita income in the county in which a plurality of the school district’s Taxable Assessed Value is located. The Levy Subsidy payment to a district is determined by multiplying one, minus the district’s Value Index, times the district’s average annual principal and interest on bonded indebtedness, subject to the provisions that every school district with a Value Index of less than 1.50 will receive a minimum payment of no less than 10% of its interest payments. School districts with a Value Index of 1.50 or greater receive no Levy Subsidy. The DOE disburses Levy Subsidy payments no later than September 1 of each year for school districts in which voters have approved the issuance of qualifying bonds by no later than January 1 of that calendar year.

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

In 2016, the State Legislature appropriated \$22.4 million for the Levy Subsidy for Fiscal Year 2017 disbursement, which will be disbursed to qualifying schools on September 1, 2016. See “STATE OF IDAHO SCHOOL FINANCE–Appropriations to Public Schools.”

*The Value Index is recalculated annually. There can be no assurance that the District will qualify to receive levy equalization payments from the State or that there will be sufficient funds in the Bond Levy Equalization Fund of the State to make payments to all eligible districts. However, a portion of the State’s revenue collected from the Idaho Lottery, which for Fiscal Year 2017 comprised \$12 million of the \$22.4 million appropriation, with the balance coming from carryover balance and the general fund, is directed by statute to the Bond Levy Subsidy Program. Further, there can be no assurance that the Bond Levy Subsidy Program will not be altered, amended or discontinued in the future.*

### **Benefit Of Levy Subsidy To The District**

Based on information provided by the DOE, the District’s Value Index for Fiscal Year 2016 is approximately 0.8084. The Value Index for future fiscal years (beginning with Fiscal Year 2016) will be recalculated annually by the DOE and provided in July, shortly after the beginning of the applicable fiscal year. Based on information provided by the District, the District’s value index for Fiscal Year 2016 is not expected to exceed the 1.50 index cap. If the District’s Value Index is above 1.50 for any fiscal year during the repayment of the 2016 Bonds, the District will not receive a Levy Subsidy payment for that fiscal year. For newly-authorized bonds, school districts receive their first Levy Subsidy payment on September 1 of the year following the calendar year in which the bonds were issued.

The District has been receiving a Levy Subsidy payment on its 2011 Bonds. The District will receive a Levy Subsidy payment for the 2016 Bonds in September 2017 for Fiscal Year 2018 payments. The District has covenanted in the Resolution to comply with the information requirements of the DOE to receive the Levy Subsidy. The District has complied with the information requirements of the DOE and expects to be able to continue to do so.

## **THE 2016 BONDS**

### **General**

The 2016 Bonds will be dated the date of their original issuance and delivery<sup>1</sup> (the “Dated Date”) and will mature on September 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

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 March 15 and September 15, commencing March 15, 2017. 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 and Paying Agent for the 2016 Bonds under the Resolution (in such respective capacities, the initial “Bond Registrar”).

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.

### **Sources And Uses Of Funds**

The sources and uses of funds in connection with the issuance of the 2016 Bonds are estimated to be as follows:

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<sup>1</sup> The anticipated date of delivery is Wednesday, July 27, 2016.

*Sources:*

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

*Uses:*

Deposit to Project Account (construction fund) .....	\$
Underwriter's discount.....	
Original issue discount.....	
Costs of Issuance (1).....	
Total .....	\$

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

## **Security And Sources Of Payment**

The 2016 Bonds will be general obligations of the District, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the District, fully sufficient to pay the 2016 Bonds as to both principal and interest.

Payment of the principal of and interest on the 2016 Bonds will be guaranteed by the Sales Tax Guaranty Program and the Credit Enhancement Program. See "STATE OF IDAHO GUARANTY" above.

See "TAXES AND STATE FUNDING—Ad Valorem Tax System" and "STATE OF IDAHO SCHOOL FINANCE" below.

## **Redemption Provisions**

*Optional Redemption.* The 2016 Bonds maturing on or after September 15, 2026, are subject to redemption at the option of the District on March 15, 2026 (the "First Redemption Date"), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the District, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days' prior written notice, at a redemption price equal to 100% of the principal amount of the 2016 Bonds to be redeemed, plus accrued interest thereon to the redemption date. 2016 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

*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" 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 District kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption 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 District 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 such notice mailed 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 to DTC and certain registered securities depositories and national information services as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

*For so long as a book-entry system is in effect with respect to the 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. See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

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

In the event the book-entry system is discontinued, any 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 District, 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.

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 term “Record Date” means (i) with respect to each interest payment date, the first day of the month of each interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 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 District, 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 (on the 2016 Bonds) 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 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.

The District, the Bond Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the 2016 Bonds registered in its name for the purpose of payment of the principal of and interest on the 2016 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of 2016 Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The District, the Bond Registrar and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2016 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the District.

So long as Cede & Co. is the registered owner of the 2016 Bonds, as nominee of DTC, 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.

*Neither the District, the Bond Registrar nor the Paying Agent will have any responsibility or obligation to any Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice to the Participants, or Beneficial Owners of the 2016 Bonds.*

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 District 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.

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## Debt Service On The 2016 Bonds

<u>Payment Date</u>	<u>The 2016 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
March 15, 2017.....	\$ 0.00			
September 15, 2017.....	0.00			
March 15, 2018.....	0.00			
September 15, 2018.....	440,000.00			
March 15, 2019.....	0.00			
September 15, 2019.....	450,000.00			
March 15, 2020.....	0.00			
September 15, 2020.....	465,000.00			
March 15, 2021.....	0.00			
September 15, 2021.....	480,000.00			
March 15, 2022.....	0.00			
September 15, 2022.....	490,000.00			
March 15, 2023.....	0.00			
September 15, 2023.....	505,000.00			
March 15, 2024.....	0.00			
September 15, 2024.....	520,000.00			
March 15, 2025.....	0.00			
September 15, 2025.....	540,000.00			
March 15, 2026.....	0.00			
September 15, 2026.....	555,000.00			
March 15, 2027.....	0.00			
September 15, 2027.....	575,000.00			
March 15, 2028.....	0.00			
September 15, 2028.....	600,000.00			
March 15, 2029.....	0.00			
September 15, 2029.....	615,000.00			
March 15, 2030.....	0.00			
September 15, 2030.....	635,000.00			
March 15, 2031.....	0.00			
September 15, 2031.....	655,000.00			
March 15, 2032.....	0.00			
September 15, 2032.....	675,000.00			
March 15, 2033.....	0.00			
September 15, 2033.....	695,000.00			
March 15, 2034.....	0.00			
September 15, 2034.....	715,000.00			
March 15, 2035.....	0.00			
September 15, 2035.....	735,000.00			
March 15, 2036.....	0.00			
September 15, 2036.....	<u>760,000.00</u>			
Totals.....	<u>\$11,105,000.00</u>	\$	\$	

\* Preliminary; subject to change.

## THE DISTRICT

### General

The District serves an estimated 3,675 residents, according to the 2014 U.S. Census estimates, and encompasses the southwest portion of the County and is located in the southeast portion of the State. The District is headquartered in the City, which was incorporated in 1907. The City, with an estimated 2015 popula-

tion estimate of 1,929 by the U.S. Census Bureau, covers approximately 1.03 square miles and is 20 miles west of Pocatello City (the State's fifth most populous city). Within the County are six school districts and they include: the District, School District No. 52 (Snake River), School District No. 55 (Blackfoot), School District No. 59 (Firth), School District No. 60 (Shelley Joint), and School District No. 93 (Bonneville Joint). The County had 44,990 residents in 2015 according to population estimates by the U.S. Census Bureau

The District presently operates three schools: an elementary school, middle school and a high school.

### **District Enrollment And Average Daily Attendance**

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

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

**Historical and Projected Average Daily Attendance and Enrollment**

Fiscal Year	Elementary (P-4)	Middle (5-8)	Secondary (9-12)	Total	% Change	ADA
2017 (1)....	311	221	191	723	(1.6)%	713
2016 (2)....	312	226	197	735	0.3	713
2015 (3)....	311	212	210	733	(3.7)	718
2014 (3)....	312	223	226	761	(2.3)	727
2013 (3)....	329	226	224	779	(5.9)	750
2012 (3)....	347	242	239	828	2.6	772
2011 (3)....	323	242	242	807	0.4	756
2010 (3)....	304	258	242	804	1.0	763
2009 (3)....	300	252	244	796	(6.0)	758
2008 (3)....	316	276	255	847	1.1	801

- (1) Estimates based on District's projections. The District makes no assurance that the projections will be achieved; actual results may differ materially from the forecasts shown above.
- (2) Enrollment as of December 14, 2015, midterm reporting period.
- (3) Historical enrollment as of fall each year.

(Source: The Idaho State Department of Education.)

### **Form Of Government**

*Board of Trustees.* The determination of policies for the management of the District is the responsibility of its Board, the members of which are elected by the qualified electors within the District. The District is divided into five representative zones, and a member of the Board is elected from each of the five zones. Members serve 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 are used to 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.

*Business Manager.* The Business Manager (the “Business Manager”) is appointed by the Board and reports to the Superintendent. The duties of the Business Manager, among others, are to (i) keep an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury and (ii) have custody of the records and papers of the Board. The Business Manager 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 Manager’s office.

Current members of the Board, the Superintendent and the Business Manager, and other official titles and respective terms in office are as follows:

Office	Person	Years in Service	Expiration of Current Term
Chairperson .....	Herb Bohrer	3	July 2017
Vice Chairperson .....	Elaine Blik	6	July 2019
Member/Clerk .....	Todd Lowder	3	July 2019
Member .....	Mike Shackelford	3	July 2017
Member/Treasurer.....	Braden Driscoll	3	July 2017
Superintendent .....	C. Jane Ward	5	Appointed
Business Manager .....	David Burke	1	Appointed

## District Staff

The District employs approximately 187 persons in the following capacities: 48 certified staff (including teachers); 5 administrators; 70 classified staff; 13 adjunct coaches; and 51 substitutes. The number of teachers who are members of the Idaho Educational Association is 22.

## Pension System; No Post–Employment Benefits

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

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”) and the Firefighters’ Retirement Fund and the Judge’s Retirement Fund, of which PERSI assumed administration effective July 1, 2014; two defined

contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k); and two Sick Leave Insurance Reserve Trust Funds, one of State employers and one for school district employers.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half-time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. On July 1, 2015, PERSI had 67,008 active members, 29,827 inactive members (of whom 11,859 are entitled to vested benefits), and 42,657 annuitants. As of July 1, 2015, there were 766 participating employers in the PERSI Base Plan. Total membership in PERSI was 139,492.

As of July 1, 2015, PERSI's actuarial value of assets total \$13,956.7 million and the actuarial liabilities funded by PERSI total \$15,448.2 million. This means that as of July 1, 2015 PERSI is 90.4% funded. Governmental Accounting Standards Board ("GASB") Statement 25 (Reporting Standards for defined benefit pension plans) has replaced Projected Benefits Obligations as the measure of pension plan funding status. As required by GASB Statement 25, the PERSI Schedule of Funding Progress shows a Funded Ratio of 90.4% and an amortization period of 17.4 years for the PERSI Base Plan, based on contribution rates and scheduled increases established as of the valuation date. The Schedule of Employer Contributions shows that PERSI employers have contributed at least 100% of the Actuarially Required Contributions.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI's inception. As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, contribution rate increases for the three years beginning July 1, 2011, as proposed by the actuary, were reviewed and approved by the PERSI Board on December 8, 2009. Only one of the approved contribution rate increases has taken effect to date, on July 1, 2013. All other approved contribution rate increases were cancelled. The current contribution rates are shown below:

	Member		Employer	
	General/ Teacher	Fire/ Police	General/ Teacher	Fire/ Police
Contribution Rates (1).....	6.79%	8.36 %	11.32%	11.66%

(1) Rate as of June 30, 2015.

(Source: PERSI 2015 CAFR for Fiscal Year 2015.)

Due to the implementation of GASB 68, the District is required to report a liability for its proportionate share of the net pension liability. The net pension liability is measured as of July 1 annually, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of that date. The District's proportion of the net pension liability is based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. On July 1, 2015, the District reported its proportion of 0.1125614% or \$1,482,251.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information and may be found at <http://www.persi.idaho.gov>. See "APPENDIX A—BASIC FINANCIAL STATEMENTS AND SELECTED OTHER FINANCIAL INFORMATION OF ABERDEEN SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015—Notes To The Financial Statements—Note 5. Public Employees Retirement System" (page A-26).

*No Other Post-Employment Benefits.* The District does not currently fund any post-employment benefits for retirees.

## **Risk Management**

The District manages its risks through the purchase of individual insurance policies through a commercial insurance company. The District has flood and earthquake protection included in its insurance policies. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The District believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the District provides.

See “APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015—Notes To The Financial Statements—Note 10. Risk Management” (page A–36).

## **Investment Of Funds**

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

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

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

See “APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015—Notes To The Financial Statements—Note 12. Credit Risk, Concentration of Credit Risk and Interest Rate Risk” (page A–37).

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## DEMOGRAPHIC INFORMATION ABOUT THE DISTRICT

### Population

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

	<u>The City</u>	<u>% Change Over Prior Period</u>	<u>The County</u>	<u>% Change Over Prior Period</u>
2015 Estimate (1).....	1,929	(1.3)%	44,990	(1.4)%
2010 Census .....	1,994	8.4	45,607	9.3
2000 Census .....	1,840	30.9	41,735	11.0
1990 Census .....	1,406	(8.0)	37,583	3.0
1980 Census .....	1,528	(0.9)	36,489	25.1
1970 Census (2) .....	1,542	3.9	29,167	3.4

(1) 2015 estimate compared to 2010 estimate.

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

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

### Economic Indicators of the County

#### Per Capita, Total Personal Income and Median Income

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Per Capita Income (1)</b>					
Bingham County .....	\$32,166	\$32,495	\$31,645	\$31,134	\$29,031
% change from prior year .....	(1.0)	2.7	1.6	7.2	0.3
State of Idaho .....	36,734	35,641	34,846	33,544	32,050
% change from prior year .....	3.1	2.3	3.9	4.7	1.3
<b>Total Personal Income (1)</b>					
Bingham County (\$ in thousands).....	\$1,456,132	\$1,475,512	\$1,439,631	\$1,428,571	\$1,327,767
% change from prior year .....	(1.3)	2.5	0.8	7.6	1.7
State of Idaho (\$ in millions) .....	60,041	57,484	55,599	53,127	50,339
% change from prior year .....	4.4	3.4	4.7	5.5	2.4
<b>Median Income (2)</b>					
Bingham County .....	\$47,644	\$47,721	\$46,816	\$45,354	\$43,571
% change from prior year .....	(0.2)	1.9	3.2	4.1	0.7
State of Idaho .....	47,572	46,621	45,296	43,345	43,259
% change from prior year .....	2.0	2.9	4.5	0.2	(3.1)

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

(2) Source: U.S. Census Bureau.

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## Largest Employers (1)

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

Firm/Location	Business	Employees
Basic American Foods (Blackfoot).....	Manufacturing	850–900
Shoshone Bannock Tribes (Fort Hall) .....	Local government	700–750
Bingham Memorial Hospital (Blackfoot) .....	Health care	500–550
Blackfoot School District No. 55 (Blackfoot) .....	Local government (education)	400–450
JR Simplot Company (Aberdeen) (2) .....	Manufacturing	300–399
Department of Health and Welfare (Blackfoot).....	Public Administration	250–300
Joint School District No. 60 (Shelley) .....	Local government (education)	250–300
Premier Technology Inc. (Blackfoot) .....	Manufacturing	250–300
Shoshone Bannock Tribes Gaming (Fort Hall).....	Local government	250–300
Wal-Mart Associates Inc. (Blackfoot).....	Retail trade	250–300
Bingham County (Blackfoot).....	Local government	200–250
Idaho Supreme Potatoes, Inc. (Firth) .....	Manufacturing	200–250
Snake River School District No. 52 (Blackfoot)....	Local government	200–250
Blackfoot, City of .....	Local government	150–200
NonPareil Corporation (Blackfoot).....	Wholesale trade	150–200

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

(2) JR Simplot Company is no longer in operation as of the date of this OFFICIAL STATEMENT.

(Source: Idaho Department of Labor, Communications and Research, Quarterly Report of Employment and Wages 2014 as of May 25, 2016.)

## Labor Market Data of the County and Employment by Industry (1)

	2015	2014	2013	2012	2011
Total civilian work force.....	22,160	22,108	22,330	22,768	22,836
Unemployed.....	907	997	1,317	1,457	1,629
Percent of labor force unemployed.....	4.1	4.5	5.9	6.4	7.1
Total employment.....	21,252	21,111	21,013	21,310	21,207
Total covered employment .....	14,387	14,495	14,608	14,804	14,653
Agriculture, forestry, fishing and hunting.....	1,391	1,501	1,520	1,526	1,460
Mining.....	11	11	5	14	9
Construction.....	789	757	725	774	723
Manufacturing.....	2,183	2,203	2,265	2,225	2,252
Trade, utilities, and transportation .....	2,742	2,802	2,840	2,986	2,977
Information .....	55	57	53	56	61
Financial activities .....	381	417	400	413	399
Professional and business services.....	534	527	596	617	574
Educational and health services .....	3,358	3,306	3,236	3,257	3,328
Leisure and hospitality .....	1,145	1,115	1,139	1,121	1,044
Other services .....	329	347	344	332	343
Government .....	1,471	1,452	1,483	1,483	1,480

(1) All amounts shown are annual averages. ND: Not disclosed.

(Source: Idaho Department of Labor.)

## Construction Value And Building Permits Of The County

Year	Units	Permits Issued	New Residential Value	New Non-Residential Value	Additions Alterations & Repairs	Total Construction Value
2016 (1).....	49	81	\$5,677,501	\$1,474,361	\$ 89,914	\$ 7,241,776
2015.....	88	233	8,936,961	3,431,810	573,036	12,941,807
2014.....	86	234	9,639,491	4,823,424	578,255	15,041,170
2013.....	72	203	7,811,918	2,100,839	620,555	10,533,312
2012.....	56	210	5,993,237	3,890,000	667,947	10,551,184

(1) Preliminary; subject to change. Information as of April 2016 only.

(Source: "Idaho Construction Report." City of Ammon Planning Department.)

## Rate Of Unemployment—Annual Average

Year	The County	State of Idaho	United States
2016 (1).....	3.4%	3.7%	5.4%
2015 .....	4.0	4.1	5.3
2014 .....	4.5	4.8	6.2
2013 .....	5.8	6.1	7.4
2012 .....	6.4	7.2	8.1

(1) Preliminary; subject to change. April 2016 only, seasonally adjusted.

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

## DEBT STRUCTURE OF THE DISTRICT

### Outstanding General Obligation Bonded Indebtedness

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
2016 (a) (1) .....	Schools	\$11,105,000*	September 15, 2036*	\$11,105,000*
2011 (1).....	Refunding	3,170,000	August 1, 2017	<u>1,300,000</u>
Total outstanding direct debt .....				<u>\$12,405,000*</u>

\* Preliminary; subject to change.

(a) For purposes of this OFFICIAL STATEMENT, the 2016 Bonds will be considered issued and outstanding.

(1) Rated "Aaa" (Idaho Sales Tax and Credit Enhancement Guaranty; "A3" underlying) by Moody's as of the date of this OFFICIAL STATEMENT.

### Other Financial Considerations/Future Issuance Of Debt

Other than the outstanding general obligation bonds, the District has no other long-term debt or capital leases outstanding.

*Future issuance of debt.* Other than the issuance of the 2016 Bonds (and any refunding opportunities) the District does not anticipate the issuance of any other debt within the next three years.

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

Fiscal Year Ending June 30	Series 2016 \$11,105,000*		Series 2011 \$6,145,000		Totals*		
	Principal*	Interest (a)	Principal	Interest	Total	Total	Total
					Principal	Interest	Debt Service
2015.....	\$ 0	\$ 0	\$ 615,000	\$ 60,900	\$ 615,000	\$ 60,900	\$ 675,900
2016.....	0	0	630,000	46,875	630,000	46,875	676,875
2017.....	0	215,365	640,000	29,400	640,000	244,765	884,765
2018.....	0	340,050	660,000	9,900	660,000	349,950	1,009,950
2019.....	440,000	335,650	—	—	440,000	335,650	775,650
2020.....	450,000	324,500	—	—	450,000	324,500	774,500
2021.....	465,000	310,775	—	—	465,000	310,775	775,775
2022.....	480,000	296,600	—	—	480,000	296,600	776,600
2023.....	490,000	282,050	—	—	490,000	282,050	772,050
2024.....	505,000	267,125	—	—	505,000	267,125	772,125
2025.....	520,000	251,750	—	—	520,000	251,750	771,750
2026.....	540,000	235,850	—	—	540,000	235,850	775,850
2027.....	555,000	216,650	—	—	555,000	216,650	771,650
2028.....	575,000	194,050	—	—	575,000	194,050	769,050
2029.....	600,000	173,550	—	—	600,000	173,550	773,550
2030.....	615,000	155,325	—	—	615,000	155,325	770,325
2031.....	635,000	136,575	—	—	635,000	136,575	771,575
2032.....	655,000	117,225	—	—	655,000	117,225	772,225
2033.....	675,000	97,275	—	—	675,000	97,275	772,275
2034.....	695,000	76,725	—	—	695,000	76,725	771,725
2035.....	715,000	55,575	—	—	715,000	55,575	770,575
2036.....	735,000	33,825	—	—	735,000	33,825	768,825
2037.....	760,000	11,400	—	—	760,000	11,400	771,400
Totals.....	<u>\$ 11,105,000</u>	<u>\$ 4,127,890</u>	<u>\$ 2,545,000</u>	<u>\$ 147,075</u>	<u>\$ 13,650,000</u>	<u>\$4,274,965</u>	<u>\$ 17,924,965</u>

\* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.08% per annum.

## Overlapping General Obligation Debt

As of the date of this OFFICIAL STATEMENT, there is no overlapping general obligation debt outstanding within the District's boundaries. (Source: Bingham County Clerk.)

## Debt Ratios

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

	To 2015 Net Taxable Value (1)	To 2015 Full Taxable Value (2)	To 2014 Population Estimate Per Capita (3)
Direct General Obligation Debt* .....	5.83%	4.96%	\$3,376
Direct and Overlapping General Obligation Debt* .....	5.83	4.96	3,376

(1) Based on a 2015 Net Taxable Value of \$212,916,410, which value excludes homeowners' exemptions and urban renewal increment.

(2) Based on a 2015 Full Taxable Value of \$250,256,894, which value includes homeowners' exemptions and urban renewal increment.

(3) Based on the District's 2014 population estimate of 3,675 according to the U.S. Census Bureau.

(Source of values: Idaho State Tax Commission)

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

Section 33-1103, Idaho Code, establishes limits on bonded indebtedness for school districts in Idaho. The general obligation indebtedness of the District is limited by State law to 5% of the market value of taxable property in the District. The legal debt limit and additional debt incurring capacity of the District are based on the full taxable value for 2015, and are calculated as follows:

2015 Full Taxable Market Value .....	<u>\$250,256,894</u>
"Taxable Market Value" time 5% equals the ("Debt Limit") .....	\$12,512,845
Less: Current Outstanding General Obligation Debt* .....	<u>(12,405,000)</u>
Estimated Additional Debt Incurring Capacity* .....	<u>\$ 107,845</u>

## No Defaulted Obligations

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

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\* Preliminary; subject to change.

## **FINANCIAL INFORMATION REGARDING THE DISTRICT**

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

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the State's school districts' accounting policies in particular. The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements. See "APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015—Notes To The Financial Statements—Note 1—Summary of Significant Accounting Policies" below.

### **Budgets And Budgetary Accounting**

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

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

### **Undistributed Reserve In School District Budget**

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

### **Financial Summaries**

The summaries contained herein were extracted from the District's basic financial statements and required supplementary information for Fiscal Years 2011 through 2015. The summaries have not been audited. See "APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015" below.

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# School District No. 58

## Statement of Net Assets

### Governmental Activities

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Assets:					
Current Assets:					
Pooled cash and cash equivalents.....	\$ 1,872,043	\$ 1,513,862	\$ 1,301,423	\$ 1,101,131	\$ 1,074,081
Cash in bond escrow account.....	—	—	—	3,241,800	—
Receivables:					
Property taxes.....	432,017	558,747	431,463	474,372	503,973
State support.....	588,033	463,448	445,390	422,522	791,329
Other receivables.....	1,051	14,871	18,408	4,493	20,360
Total current assets.....	2,893,144	2,550,928	2,196,684	5,244,318	2,389,743
Noncurrent Assets:					
Capital assets:					
Land.....	36,474	36,474	36,474	36,474	36,474
Property and equipment, net of accumulated depreciation.....	6,200,404	5,995,118	6,189,011	6,431,551	6,594,403
Total assets.....	9,130,022	8,582,520	8,422,169	11,712,343	9,020,620
Deferred Outflows:					
Deferred PERSI outflow of resources.....	72,157	—	—	—	—
Total assets and deferred outflow of resources.....	\$ 9,202,179	\$ 8,582,520	\$ 8,422,169	\$ 11,712,343	\$ 9,020,620
Liabilities:					
Current liabilities:					
Accounts payable.....	\$ 178,071	\$ 176,176	\$ 175,129	\$ 182,979	\$ 183,990
Accrued salaries.....	442,827	454,543	466,058	471,186	522,831
Interest payable.....	18,250	22,350	26,517	98,000	74,000
Due within one year - bus lease.....	74,499	17,199	16,578	15,978	—
Due within one year 2002 bonds.....	—	—	—	3,735,000	540,000
Due within one year - 2011 bonds.....	630,000	615,000	600,000	25,000	—
Total current liabilities.....	1,343,647	1,285,268	1,284,282	4,528,143	1,320,821
Noncurrent liabilities:					
Due in more than one year - bus lease.....	184,309	17,844	35,043	51,621	—
Due in more than one year - 2011 bonds.....	1,300,000	1,930,000	2,570,000	3,145,000	3,735,000
Net PERSI unfunded pension liability.....	866,838	—	—	—	—
Total liabilities.....	3,694,794	3,233,112	3,889,325	7,724,764	5,055,821
Deferred Inflows:					
Deferred PERSI inflow of resources.....	1,193,306	—	—	—	—
Net Assets:					
Invested in capital assets, net of related debt.....	4,029,820	3,429,199	2,977,347	2,639,226	2,281,877
Restricted.....	850,355	934,666	973,192	981,101	921,099
Committed.....	447,329	492,381	345,397	281,410	—
Unassigned.....	(1,013,425)	493,162	236,908	85,842	—
Unrestricted.....	—	—	—	—	761,823
Total net assets.....	4,314,079	5,349,408	4,532,844	3,987,579	3,964,799
Total liabilities, deferred inflows of resources, and net assets.....	\$ 9,202,179	\$ 8,582,520	\$ 8,422,169	\$ 11,712,343	\$ 9,020,620

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

# School District No. 58

## Statement of Activities

### Total Governmental Activities

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Assets				
	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Governmental activities:					
Instructional services:					
Regular instruction.....	\$ (2,117,019)	\$ (2,307,297)	\$ (2,053,257)	\$ (2,576,054)	\$ (2,270,522)
Special education.....	(185,497)	(225,643)	(225,403)	(194,876)	(188,329)
Support service programs:					
Pupil support.....	(409,697)	(407,982)	(209,353)	(325,406)	(367,821)
Staff support.....	19,940	(107,735)	(185,129)	(192,081)	(204,706)
Board of education.....	(14,769)	(10,400)	(16,480)	(13,230)	(9,930)
District administration.....	(234,589)	(227,374)	(225,297)	(224,732)	(215,913)
School administration.....	(341,572)	(296,715)	(498,569)	(328,774)	(422,374)
Tech services.....	(70,861)	(51,882)	(36,269)	(6,906)	(7,330)
Business operations.....	(82,575)	(52,601)	—	(58,345)	(67,401)
Operation and maintenance.....	(541,191)	(642,960)	(540,048)	(594,553)	(615,561)
Transportation.....	(317,204)	(300,785)	(312,743)	(410,038)	(382,503)
Capital outlay.....	(100,351)	—	—	—	—
Noninstructional.....	(40,701)	4,294	(27,628)	11,775	(2,023)
Interest on long-term debt.....	(75,689)	(73,455)	(115,851)	(167,276)	(180,333)
Total government activities.....	<u>(4,511,775)</u>	<u>(4,700,535)</u>	<u>(4,446,027)</u>	<u>(5,080,496)</u>	<u>(4,934,746)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes....	685,455	681,332	611,514	623,268	548,449
Property taxes levied for debt service.....	507,998	557,251	563,507	616,572	709,431
Property taxes levied for plant facilities.....	276,230	272,370	—	—	—
Federal and state aid:					
State revenue in lieu of taxes.....	—	—	—	—	—
State foundation program.....	3,772,015	3,716,829	3,702,688	3,562,229	3,838,008
State other.....	215,329	288,059	109,903	226,225	443,497
Interest and investment earnings.....	2,430	1,258	1,415	73,747	4,691
Total general revenues.....	<u>5,459,457</u>	<u>5,517,099</u>	<u>4,989,027</u>	<u>5,102,041</u>	<u>5,544,076</u>
Excess revenues before special items.....	947,682	816,564	543,000	21,545	609,330
Sale of assets.....	4,976	—	2,265	—	—
Net PERSI pension plan revenue.....	264,691	—	—	—	—
Change in net assets.....	1,217,349	816,564	545,265	21,545	609,330
Net assets—June 30, 2014.....	5,349,408	4,532,844	3,987,579	3,964,799	3,355,469
Adjustment for District's share of PERSI unfunded pension liability.....	(2,252,678)	—	—	—	—
Net assets—ending.....	<u>\$ 4,314,079</u>	<u>\$ 5,349,408</u>	<u>\$ 4,532,844</u>	<u>\$ 3,986,344</u>	<u>\$ 3,964,799</u>

This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete. For a detailed itemized report see “BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR 2015—Statement Of Activities” below.

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

## School District No. 58

### General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
<b>Assets</b>					
Cash	\$ 752,926	\$ 428,807	\$ 233,444	\$ 102,874	\$ 161,383
Receivables:					
Property taxes.....	250,668	257,057	223,026	239,761	217,937
State of Idaho.....	113,948	108,567	58,774	76,736	320,034
Other receivables.....	1,051	2,998	1,493	2,493	11,436
Due from other funds.....	198,952	185,102	219,534	169,603	267,227
Total assets.....	<u>\$ 1,317,545</u>	<u>\$ 982,531</u>	<u>\$ 736,271</u>	<u>\$ 591,467</u>	<u>\$ 978,017</u>
<b>Liabilities:</b>					
Accounts payable.....	\$ 137,141	\$ 135,235	\$ 135,208	\$ 132,162	\$ 107,146
Salaries payable.....	353,205	354,134	366,155	373,463	384,487
Deferred tax revenue.....	–	31,385	23,615	19,382	7,012
Total liabilities.....	<u>490,346</u>	<u>520,754</u>	<u>524,978</u>	<u>525,007</u>	<u>498,645</u>
<b>Deferred Resources:</b>					
Unavailable property taxes.....	<u>31,822</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Fund balances:</b>					
Unassigned.....	795,377	461,777	211,293	66,460	–
Unreserved.....	–	–	–	–	479,372
Total fund balances.....	<u>795,377</u>	<u>461,777</u>	<u>211,293</u>	<u>66,460</u>	<u>479,372</u>
Total liabilities and fund balances..	<u>\$ 1,317,545</u>	<u>\$ 982,531</u>	<u>\$ 736,271</u>	<u>\$ 591,467</u>	<u>\$ 978,017</u>

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



# School District No. 58

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

### General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Revenues:					
Local:					
Property taxes (net of cancellations).....	\$ 685,018	\$ 673,562	\$ 607,281	\$ 610,898	\$ 567,007
Earnings on investments.....	2,430	1,258	1,341	1,947	4,691
Other local.....	45,466	60,939	66,912	277,950	328,667
State:					
Base support.....	3,162,425	3,087,603	3,059,626	2,946,061	3,200,815
Transportation.....	189,540	207,444	246,091	226,604	228,907
State paid benefits.....	420,050	421,782	396,971	389,564	408,286
Other.....	291,799	211,469	301,476	113,011	312,545
Federal assistance.....	—	—	—	—	—
Total revenues.....	<u>4,796,728</u>	<u>4,664,057</u>	<u>4,679,698</u>	<u>4,566,035</u>	<u>5,050,918</u>
Expenditures:					
Instructional services.....	2,529,581	2,610,239	2,694,340	3,125,594	2,807,899
Support service programs:					
Pupil support.....	226,879	202,146	227,914	86,872	162,776
Staff support.....	100,192	109,306	185,129	192,081	204,706
Board of education.....	65,881	10,400	16,480	13,230	9,930
District administration.....	14,769	227,374	225,297	224,732	215,913
School administration.....	234,589	296,715	276,917	328,774	422,374
Business operations.....	341,572	52,601	58,694	58,345	67,401
Tech services.....	82,575	45,954	—	6,906	7,330
Operation and maintenance.....	536,711	568,165	527,685	581,267	598,523
Transportation.....	269,122	282,227	298,081	368,881	348,928
Other noninstructional.....	1,040	502	361	55	—
Capital assets.....	—	—	—	29,145	2,572
Total expenditures.....	<u>4,402,911</u>	<u>4,405,629</u>	<u>4,510,898</u>	<u>5,015,882</u>	<u>4,848,352</u>
Excess of revenues over (under) expenditures.....	<u>393,817</u>	<u>258,428</u>	<u>168,800</u>	<u>(449,847)</u>	<u>202,566</u>
Other financing sources (uses):					
Transfers (to) from other funds.....	(60,217)	(7,944)	(23,967)	36,935	(16,967)
Excess of revenues and other financing sources over expenditures and other uses.....	333,600	250,484	144,833	(412,912)	185,599
Fund balance, beginning of year.....	<u>461,777</u>	<u>211,293</u>	<u>66,460</u>	<u>479,372</u>	<u>293,773</u>
Fund balance, end of year.....	<u>\$ 795,377</u>	<u>\$ 461,777</u>	<u>\$ 211,293</u>	<u>\$ 66,460</u>	<u>\$ 479,372</u>

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

## TAXES AND STATE FUNDING

### Overview

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

*Operating Resources.* The District receives revenues from three primary sources for operations: local sources, State sources and federal sources. In Fiscal Year 2015, State sources represented 85% of the District’s total General Fund revenues, local sources represented 15% and federal sources represented 0%. The District’s tax levy is certified to the Board of County Commissioners in September. The County Treasurer disburses tax receipts to the District approximately one month after the statutory payment dates.

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

### Tax Levy And Collection; Collection Of Revenues For Bond Payments

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

The District’s bond resolutions for its outstanding bonds as well as the resolution for the 2016 Bonds provide that property taxes collected for payment of the District’s bonds shall be placed into the District’s debt service fund or bond fund and used for no other purpose than for payment of principal and interest on the District’s bonds as they become due. The Idaho system of ad valorem tax collection and disbursement does not require counties to segregate tax collections dedicated to pay principal and interest on bonded indebtedness of political subdivisions from the other revenues the county collects on behalf of the political subdivision. In addition to the revenues collected from the dedicated ad valorem tax levy for the District’s bonds, such revenues include revenues from the District’s other ad valorem tax levies. See “School District Levies” in this section. The District maintains certain internal controls to ensure that monies received from the County are properly allocated to their intended purposes, and that monies received from the bond levy are promptly deposited into the District’s debt service fund. The District also has internal controls in place to prevent withdrawals from the debt service fund for any purpose other than payment of principal and interest on the District’s bonds.

Similarly, Levy Subsidy payments received from the State are direct deposited to the District in the same manner as other state funds. The District’s internal controls ensure that Levy Subsidy payments are properly allocated to the payment of debt service and promptly deposited into the District’s debt service fund.

## **Ad Valorem Tax System**

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

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

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

Complaints or disagreement concerning assessed values of real or personal property are taken to the assessors of the respective county. If differences are not resolved at this level, a property owner may proceed through the County Board of Equalization, State Board of Tax Appeals or District Court, and the Idaho State Supreme Court. Operating property assessments must be appealed to the State Tax Commission, then through the courts.

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

## **Homeowner's Exemption**

The homeowner's exemption provides a permanent exemption from ad valorem taxation for 50% of the market value for assessment purposes of a homeowner's primary residence including up to one acre of the land value, up to a maximum of \$94,745 (the "Homeowner's Exemption") for Tax Year 2016, which represents an increase of 5.77% from Tax Year 2015 (\$89,580). In 2016, the Legislature amended Idaho Code Section 63-602G to fix the maximum amount of the Homeowner's Exemption for future tax years beginning in Tax Year 2017 at \$100,000.

## **Legislation Affecting Personal Property Tax**

The 2016 Bonds are secured by an unlimited tax on taxable property in the District. Taxable property includes real property and personal property. In 2008, the State Legislature amended Idaho Code Section 63-602KK to exempt the first \$100,000 of personal property tax value effective the year after the State general fund revenues increase 5% over the fiscal 2008 base year. The 2013 State Legislature adopted HB 315 which creates a new \$3,000 exemption on a de minimus item of taxable property, includes operating property in the exemption (which was excluded in the 2008 legislation) and triggers the \$100,000 exemption on business personal property on January 1, 2013. Section 63-602KK contains a provision for appropriations from the State sales tax receipts to taxing districts to replace the lost revenues, estimated at \$20 million. Because of the replacement provision, HB 315 has not had an effect on the District's finances. However; there is no assurance that the Legislature will appropriate sufficient moneys in future years to replace lost revenues.

## School District Levies

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

**Supplemental M&O Levy.** Subject to voter approval school districts can levy and collect a supplemental maintenance and operation levy (the “Supplemental M&O Levy”). The Supplemental M&O Levy may be authorized for up to two years for a non-charter district through an election approved by a simple majority of the district electors voting in such an election. *The District currently levies a Supplemental M&O Levy.*

**Emergency Levy; Tort Levy; Judgment Levy.** Taxes may be levied and collected for the purpose of paying for a specific, unanticipated expenditure, judgment, or legal claim for which funds were not budgeted in the prior year. *The District currently does not levy Tort and Emergency Levies.*

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

**Bond Levy.** Subject to voter approval and debt limitations the District may levy a tax for the purposes of repaying voter approved debt for specific capital projects. *The District currently levies a Bond Levy.*

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

## Historical Tax Rates

	Tax Rate				
	2015–16	2014–15	2013–14	2012–13	2011–12
Maintenance and Operation .....	.000000000	.000000000	.000000000	.000000000	.000000000
Supplemental Maintenance and Operation .....	.004579261	.003059232	.003023798	.002664289	.003020497
Emergency .....	.000000000	.000000000	.000000000	.000000000	.000000000
Tort Liability .....	.000000000	.000000000	.000030870	.000022655	.000016502
Judgment .....	.000000000	.000000000	.000000000	.000000000	.000000000
Subtotal .....	.004579261	.003059232	.003054668	.002686944	.003036999
Bond Levy .....	.002075946	.002293241	.002522506	.002504472	.002950739
Plant .....	.001291586	.001246354	.001231918	.000000000	.000000000
Total All Funds .....	.007946793	.006598827	.006809092	.005191416	.005987738

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

## Comparative Total Regional School District Tax Rates

Tax Levying District	Tax Rate				
	2015–16	2014–15	2013–14	2012–13	2011–12
Firth No. 59 .....	.001777062	.001848574	.001735240	.001888951	.002026421
Shelley No. 60 .....	.003469726	.003766047	.003553027	.003318899	.003364596
Idaho Falls No. 91 Joint .....	.004243194	.00420356	.004250601	.004327921	.003294803
Blackfoot No. 55 .....	.004578606	.003791292	.003163288	.003230318	.003714447
American Falls No. 381 Joint .....	.005245966	.005229489	.005282576	.004728873	.004988242
Bonneville No. 93 Joint .....	.005447999	.005448000	.005448000	.005448000	.005447999
Snake River No. 52 .....	.006299872	.005946279	.006098581	.003590851	.004034771
<i>The District</i> .....	.007946793	.006598827	.006809092	.005191416	.005987738

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

## Market Value Of Property Of The District

Tax Year (1)	Full Taxable Value	% change over prior year	Net Taxable Value (2)	% change over prior year
2015 .....	\$250,256,894	(2.5)%	\$212,916,410	(3.5)%
2014 .....	256,786,437	(0.9)	220,643,598	(1.2)
2013 .....	259,241,131	(1.0)	223,229,201	(0.9)
2012 .....	261,741,507	11.2	225,200,785	13.4
2011 .....	235,283,204	1.9	198,642,801	2.5

(1) “Tax Year” runs from July 1 through June 30.

(2) “Net Taxable Value” is the full market value less statutory exemptions and incremental changes to the base value in any urban renewal area that overlaps the District pursuant to Title 50 of the Code. Statutory exemptions include a homeowner’s exemption, and property tax reductions. The Net Taxable Value is the value against which tax levies are applied.

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

## Tax Collection Record Of The District

Year (1)	Tax Levy In Dollars (2)	Amount Collected	% Collected
2015 (3) (4) .....	\$1,690,612.07	\$1,111,089.33	65.7%
2014 (3) .....	1,466,108.64	1,449,901.43	98.9
2013 (3) .....	1,511,394.38	1,503,989.94	99.5
2012 .....	1,174,076.16	1,173,453.02	99.9
2011 .....	1,193,005.71	1,192,765.69	100.0
2010 .....	1,281,081.78	1,281,082.10	100.0

Final 2015 information is not available.

(1) The tax year runs from January 1 to December 31.

(2) Ad valorem taxes, including delinquent taxes and penalties, are collected by the Treasurer of Bingham County and are remitted to the District during the month following collection.

(3) Includes personal property tax replacement from the State of Idaho.

(4) Second half of tax collection will be due on June 20, 2016 for tax year 2015.

(Source: The Office of the County Treasurer.)

## Some Of The Largest Taxpayers

The following list represents some of the largest taxpayers in the District.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Taxable Value</u>	<u>% of District's 2015 Tax- able Value</u>
Idaho Power Co & Subs.....	Electric utility	\$14,208,295	6.7%
Simplot JR Company/Industries .....	Food manufacturing	6,568,897	3.1
Simplot Industries .....	Food manufacturing	6,034,896	2.8
Heritage Farms LLC .....	Farming, agriculture	4,113,412	1.9
Union Pacific Railroad.....	Transportation & warehousing	2,966,694	1.4
Wahlen K&C LVG TST .....	Farming, agriculture	2,434,358	1.1
Lava Rock Ranch LLC .....	Farming, agriculture	2,017,587	0.9
Individual .....	Individual residence	1,952,589	0.9
Duffin Properties LLLP .....	Farming, agriculture	1,910,965	0.9
Individual .....	Individual residence	<u>1,719,598</u>	0.8
Totals .....		<u>\$43,927,291</u>	20.6%

(Source: The Office of the County Treasurer.)

## STATE OF IDAHO SCHOOL FINANCE

### General

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

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

A joint committee composed of the Senate Finance Committee and the House Appropriations Committee (“JFAC”) then initiates legislative action on the state budget. Taking into account the Governor’s recommendation, JFAC hears presentations of, or reviews without hearings, budget requests of all State agencies and drafts a series of appropriation bills that are sent to the entire legislative body. The JFAC budget is based on the revenue projections of a joint legislative economic outlook committee. Upon passage by each legislative body, the appropriation bills for each agency are sent to the Governor for signature. The Governor has “line–

item” veto power for distinct appropriations. The Idaho Constitution requires a balanced budget, stating that appropriations must match the projected revenues currently provided for by law.

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

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

Beginning July 1, 2003, the State established an Education Stabilization Fund (the “Stabilization Fund”). The Stabilization Fund acts as a reserve account from which the State can draw funds to make up revenue shortfalls and into which funds are deposited in times of surplus. Stabilization Fund balances were drawn down in Fiscal Years 2009–2011 to supplement general fund appropriations and restored in subsequent Fiscal Years. The balance in the Stabilization Fund at June 30, 2015 was \$90,900,000.

### Appropriations To Public Schools

The Legislature convened its 2016 session on January 11, 2016, and adjourned on March 25, 2016, having set the appropriations and budgets for Fiscal Year 2017. The Legislature approved an increase of approximately 7.4% for public school support appropriations for fiscal year 2017 compared to fiscal year 2016.

#### Historical and Budgeted State Appropriations (1)

	Fiscal Year (\$ In Thousands)				
	2017	2016	2015	2014	2013
General Fund .....	\$1,584,669	\$1,475,784	\$1,374,598	\$1,308,365	\$1,279,819
Transfers from Public Education Stabilization Fund .....	0	0	0	0	0
Dedicated Funds (2).....	77,496	74,189	86,812	74,568	66,873
Federal Funds.....	264,339	264,339	215,224	215,224	220,121
Total State appropriation .....	<u>\$1,929,504</u>	<u>\$1,814,312</u>	<u>\$1,676,634</u>	<u>\$1,598,157</u>	<u>\$1,566,813</u>
% change over previous year ..	6.3%	8.2%	4.9%	2.0%	0.4%

(1) Years 2013 to 2016 are historical; Year 2017 is budgeted and appropriated.

(2) Includes Lottery Receipts, Endowment Fund Receipts, Miscellaneous Receipt Balances, and Cigarette Taxes & Lottery Income.

(Source: Idaho Legislature, Sine Die Reports for 2013–2016, and HB 617–623, and 625 2016 Legislature.)

The State funding schedule for distributions is as follows:

<u>Payment Date</u>	<u>Payment Amount (1)</u>
August 15	50%
November 15	20%
February 15	20%
May 15	10%
July 15	Final payment adjustment (2)

(1) Percentages are an approximation of the distribution to be received, final amounts may vary.

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

## Legislation Affecting Public School Appropriations

The Legislature annually reviews the overall framework for funding of public schools. Generally, these actions relate to operations funding and do not affect the District's ability to pay debt service on the 2016 Bonds, which is funded from local property tax revenues allowed to be levied without limitation as needed to pay debt service on the 2016 Bonds.

The current template for Legislative action is a set of twenty recommendations developed by a broad-based task force appointed by the Governor in 2013 (the "Task Force Recommendations"). The 2014 Legislature took action with regard to seven of the Task Force Recommendations, including an increase in operations funding to help reverse the recession era cuts to education funding with the intent to restore operations funding to pre-recession levels within five years. The 2015 Legislature further increased operations funding and adopted additional recommendations, including adoption of a "career ladder" and a commitment over the next five years to increase funding for teacher salaries by a total of approximately \$214 million, of which approximately \$33 million was approved for funding in the Fiscal Year 2016 budget. The 2016 Legislature added pupil service staff to the career ladder and appropriated \$39.561 million for the second year of instructors on the career ladder (source: HB 618, 2016 Legislature). The 2016 Legislative appropriations resulted in overall operations funding being restored to pre-recession levels in three years instead five.

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

## State Support To The District

In Fiscal Year 2015, the dedicated and appropriated funding sources from the State account for approximately 82% of the District's budgeted General Fund revenue. A summary of funds the District has received from the State over the past five years follows:

	Fiscal Year Ended June 30				
	2016 (1)	2015	2014	2013	2012
August.....	\$1,919,083	\$1,854,449	\$1,113,043	\$1,045,797	\$1,013,984
October .....	99,788	58,011	1,142,879	1,108,390	1,079,305
November .....	765,068	739,616	774,148	858,191	743,013
February .....	767,032	672,632	347,206	515,608	361,722
May .....	477,724	471,724	388,506	408,688	411,838
July.....	<u>145,000</u>	<u>152,528</u>	<u>143,150</u>	<u>61,237</u>	<u>10,411</u>
Total .....	<u>\$4,176,695</u>	<u>\$3,948,960</u>	<u>\$3,878,932</u>	<u>\$3,997,911</u>	<u>\$3,620,273</u>
% change over prior year .....	5.8%	1.8%	(3.0)%	10.4%	n/a

(1) The District has yet to collect payments in the month of July for Fiscal Year 2016; the figure is estimated by the District.

(Source: The District.)

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

## The Initiative Process

*The Initiative Process.* Article I, Section 3 of the Idaho Constitution provides that the people of the State have reserved to themselves the power of initiative and referendum, pursuant to which measures to enact or repeal laws can be placed on the statewide general election ballot for consideration by the voters. The initia-



tive and referendum powers relate only to laws; the Idaho Supreme Court has ruled that the Idaho Constitution cannot be amended by initiative or referendum.

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

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

To be placed on a general election ballot, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by a number of qualified voters equal to at least 6% of the qualified electors, i.e., registered voters, at the immediately previous general election. The 2013 State Legislature adopted SB 1108 which increases the number of registered voters needed to place an initiative or referendum on the ballot by requiring signatures of 6% of the registered voters in at least a majority of the State's 35 legislative districts, as well as 6% of the total registered voters of the State.

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

### **Historical Initiative Petitions**

According to the Elections Division of the Idaho Secretary of State, there are no initiative petitions that have qualified for the ballot since 2006, at which time there were 2 initiatives that qualified.

## **LEGAL MATTERS**

### **Absence Of Litigation Concerning The 2016 Bonds**

The attorneys for the District, Moore Smith Buxton & Turcke Chartered, Boise, Idaho, have advised that, to the best of their knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the 2016 Bonds.

### **Tax Exemption**

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2016 Bonds is not included in gross income under present federal income tax laws pursuant to Section 103 of the Code, and is exempt from all State of Idaho income taxes under present State income tax laws, and interest on the 2016 Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. The Code imposes several requirements that must be met with respect to the 2016 Bonds

in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations).

Certain of these requirements must be met on a continuous basis throughout the term of the 2016 Bonds. These requirements include: (i) limitations as to the use of proceeds of the 2016 Bonds, and (ii) limitations on the extent to which the proceeds of the 2016 Bonds may be invested in higher yielding investments. The District will covenant that they will take all steps to comply with the requirements of the Code to the extent necessary to maintain the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations) under present federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the 2016 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance.

Section 55 of the Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Code, for taxable years beginning after 1989, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2016 Bonds.

The Code contains numerous provisions that may affect an investor's decision to purchase the 2016 Bonds. Beneficial Owners should be aware that the ownership of tax exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "Subchapter S" corporations, may result in adverse federal tax consequences. Bond Counsel's opinion relates only to the exclusion of interest on the 2016 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on ownership of the 2016 Bonds. Beneficial Owners should consult their own tax advisors as to the applicability of these consequences.

Amendments to the federal tax laws could be proposed or enacted in the future, and there can be no assurance that any such future amendments which may be made to the federal tax laws will not adversely affect the value of the 2016 Bonds, the exclusion of interest on the 2016 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2016 Bonds or any other date, or result in other adverse federal tax consequences.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the 2016 Bonds. If an audit is commenced, under current procedures the IRS may treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2016 Bonds until the audit is concluded, regardless of the ultimate outcome. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 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 District or the Beneficial Owners to incur significant expense.

The opinions expressed by Bond Counsel are based on existing law as of the date of delivery of the 2016 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to

pending or proposed litigation. Amendments to the federal or state laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2016 Bonds, the exclusion of interest on the 2016 Bonds or any other from gross income or alternative minimum taxable income or both from the date of issuance of the 2016 Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2016 Bonds. For example, although the U.S. Supreme Court recently decided that the U.S. Constitution does not preclude the current practice that states grant more favorable tax treatment to bonds issued by issuers inside the state than bonds issued outside that state, the pendency of such case caused uncertainty until it was decided. There can be no assurance that other cases may from time to time create uncertainty or could result in a change in the treatment for state tax purposes of obligations such as the 2016 Bonds, or a change in the market value of the 2016 Bonds. Owners of the 2016 Bonds are advised to consult with their own tax advisors with respect to such matters.

### **Premium Bonds**

The initial public offering price of certain maturities of the 2016 Bonds (the “Premium Bonds”), as shown on the inside front cover, are issued at original offering prices in excess of their original principal amount. The difference between the amount of the Premium Bonds at the original offering price and the principal amount payable at maturity represents “bond premium” under the Code. As a result of requirements of the Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Bond may realize a taxable gain upon disposition of such a bond, even though such bond is sold or redeemed for an amount equal to the original owner’s cost of acquiring such bond. All owners of 2016 Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of 2016 Bonds, whether the disposition is pursuant to a sale of the 2016 Bonds or other transfer, or redemption.

### **Original Issue Discount**

[The initial public offering price of certain maturities of the 2016 Bonds (the “Discount Bonds”), as shown on the inside cover page hereof, is less than the amount payable on such 2016 Bonds at maturity. The difference between the amount of the Discount Bonds payable at maturity and the initial public offering price of the Discount Bonds will be treated as “original issue discount” for federal income tax purposes. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on March 15 and September 15 with straight line interpolation between compounding dates. In the case of a purchaser who acquires the Discount Bonds in this offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income and Idaho taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner’s basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity).

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

### **Tax Legislative Changes**

Current law may change so as directly or indirectly to reduce or eliminate the benefit of the exclusion of interest on the 2016 Bonds from the gross income for federal income tax purposes. Any proposed legislation,

whether or not enacted, could also affect the value and liquidity of the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult with their own tax advisors with respect to the effects of any proposed or future legislation.

### **Municipal Reorganization**

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

Bankruptcy proceedings by the District could have an adverse effect on the owners of the 2016 Bonds, including but not limited to delay in the enforcement of their remedies, subordination of their claims to those supplying goods or services to the District and to the administrative expenses of the bankruptcy proceedings and the imposition of a plan of reorganization reducing or delaying payment of the 2016 Bonds.

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

### **General**

The authorization and issuance of the 2016 Bonds are subject to the approval of Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, Bond Counsel. Certain legal matters will be passed upon for the District by Moore Smith Buxton & Turcke Chartered, Boise, Idaho. 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” of this OFFICIAL STATEMENT will be made available upon request from the contact person as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has not participated in the preparation of this OFFICIAL STATEMENT. The employment of Bond Counsel is limited to the review of the transcripts of legal proceedings authorizing the issuance of the 2016 Bonds and the legality of the source of payment of the 2016 Bonds, and to the issuance of the legal opinion, in conventional form, relating solely to the validity of the 2016 Bonds pursuant to such authority and the excludability of interest on the 2016 Bonds for income tax purposes as described above. Except for said legal matters, which will be specifically covered in its opinion, Bond Counsel has assumed no responsibility for the accuracy or completeness of any information furnished to any person in connection with or any offer or sale of the 2016 Bonds in the OFFICIAL STATEMENT or otherwise.

## **MISCELLANEOUS**

### **Bond Ratings**

The District has received a rating for the 2016 Bonds from Moody’s. As of the date of this OFFICIAL STATEMENT, the 2016 Bonds have been rated “Aaa” by Moody’s based upon the Guaranty Act. Moody’s rates all bond issues guaranteed under the Guaranty Act “Aaa”. An explanation of the above ratings may be

obtained from Moody's. The District has not directly applied to S&P or Fitch Ratings for a rating on the 2016 Bonds.

The 2016 Bonds have an "A3" underlying rating from Moody's.

Such ratings do not constitute a recommendation by the rating agency to buy, sell or hold the 2016 Bonds. Such ratings reflect only the views of Moody's and any desired explanation of the significance of such ratings should be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the ratings given the 2016 Bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its 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 District has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the District with respect to preparation for sale of the 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 District, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

### **Independent Auditors; Qualified Opinion**

The financial statements of the District as of June 30, 2015 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Jones, Yost, Hatt, Erickson P.A., Certified Public Accountants, Pocatello, Idaho ("Jones, Yost, Hatt, Erickson") as stated in its report in "APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015."

Jones, Yost, Hatt, Erickson has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon Jones, Yost, Hatt, Erickson's non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

*Qualified Opinion.* As noted in the Independent Auditor's Report, the Governmental Accounting Standard Board ("GASB") Statement No. 45 was not implemented in the District's 2015 Basic Financial Statements; thus, resulting in a qualified opinion. However, it should also be noted that except for the departure of the GASB Statement No. 45, it is the opinion of Jones, Yost, Hatt, Erickson that all aspects of the District's 2015 Basic Financial Statements are presented fairly, in all material respects. For additional information regarding the District's qualified opinion, please see "APPENDIX A—BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015—Independent Auditor's Report" (page 4).

### **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 refer-

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

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

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

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

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

**Board of Trustees of School District No. 58  
Bingham County, State of Idaho**

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Herb Bohrer  
Chairperson of the Board of Trustees

## **APPENDIX A**

### **BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR SCHOOL DISTRICT NO. 58 FOR FISCAL YEAR 2015**

The basic financial report and other financial information 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.

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BASIC FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

YEAR ENDED JUNE 30, 2015

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION  
YEAR ENDED JUNE 30, 2015

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SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION  
YEAR ENDED JUNE 30, 2015  
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Jones, Yost, Hatt,  
Erickson P.A.

SCOTT N. JONES, CPA, RETIRED  
KENT L. YOST, CPA, JD  
MORGAN J. HATT, CPA  
STACY L. ERICKSON, CPA

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 4987  
Pocatello, Idaho 83205

MEMBER OF  
American Institute of  
Certified Public Accountants  
Idaho Society of  
Certified Public Accountants

Board of Trustees,  
School District No. 58  
Aberdeen, Idaho

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 58 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Retired District employees pay their own health insurance. Premiums for retired and active employees are the same. The District believes that the future cost of the implicit rate subsidy built into to current health care premiums is not material to the financial statements and that the cost of adopting GASB 45 cannot be justified at the present time. The amount by which this GAAP departure would effect the liabilities and net assets he Statement of Net Assets is not determinable.

### Opinions

In our opinion, except for the effects of not providing information regarding Other Postemployment Benefit Obligations as described in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District No. 58, as of June 30, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

### Required Supplementary Information

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

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non major fund financial, statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 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 District's internal control over financial reporting and compliance.

*Jones, Yost, Hatl, Erickson P.A.*

Pocatello, Idaho  
September 11, 2015

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF NET ASSETS  
AT JUNE 30, 2015

	Governmental Activities
ASSETS:	
Current Assets:	
Pooled cash and cash equivalents	\$1,872,043
Receivables:	
Property taxes	432,017
State	588,033
Other receivables	1,051
Non-current Assets:	
Capital assets:	
Land	36,474
Property and equipment, net of accumulated depreciation	6,200,404
Total assets	<u>9,130,022</u>
DEFERRED OUTFLOWS:	
Deferred PERSI outflow of resources	<u>72,157</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	178,071
Accrued salaries	442,827
Interest payable	18,250
Due within one year - bus leases	74,499
Due within one year - series 2011 bonds	630,000
Long-term Liabilities:	
Due in more than one year - bus leases	184,309
Due in more than one year - series 2011 bonds	1,300,000
Net PERSI unfunded pension liability	866,838
Total liabilities	<u>3,694,794</u>
DEFERRED INFLOWS:	
Deferred PERSI inflow of resources	<u>1,193,306</u>
NET ASSETS:	
Invested in capital assets, net of related debt	4,029,820
Restricted	850,355
Committed	447,329
Unassigned	(1,013,425)
Total net assets	<u><u>\$4,314,079</u></u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instructional services				
Regular instruction	\$2,685,962	\$11,050	\$557,893	(\$2,117,019)
Special education	391,599		206,102	(185,497)
Support services				
Pupil support	409,697			(409,697)
Staff support	180,854		200,794	19,940
Tech services	107,324		36,463	(70,861)
Board of education	14,769			(14,769)
District administration	234,589			(234,589)
School administration	341,572			(341,572)
Business operation	82,575			(82,575)
Operation and maintenance	541,191			(541,191)
Transportation	344,379	27,175		(317,204)
Capital outlay	100,351			(100,351)
Non instructional	350,075	30,068	279,306	(40,701)
Interest on long-term debt	75,689			(75,689)
Total governmental activities	<u>\$5,860,626</u>	<u>\$68,293</u>	<u>\$1,280,558</u>	<u>(4,511,775)</u>
General revenues				
Taxes:				
Property taxes levied for general purposes				685,455
Property taxes levied for debt services				507,998
Property taxes levied for plant facilities				276,230
Federal and State aid				
State foundation program				3,772,015
State other				215,329
Interest and investment earnings				2,430
Total general revenues				<u>5,459,457</u>
Excess revenues before special items				947,682
Sale of assets				4,976
Net PERSI pension plan revenue				<u>264,691</u>
Change in net assets				<u>1,217,349</u>
Net assets, June 30, 2014				5,349,408
Adjustment for recording District's share of PERSI unfunded pension liability				<u>(2,252,678)</u>
Net assets, June 30, 2015				<u>\$4,314,079</u>



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

BALANCE SHEET  
GOVERNMENTAL FUNDS

AT JUNE 30, 2015

	Major Funds				Totals (Memorandum Only)
	General	Debt Service	Title I Fund	Non Major Funds	
ASSETS:					
Cash	\$752,926	\$669,005		\$450,112	\$1,872,043
Receivables:					
Property taxes	250,668	181,349			432,017
State of Idaho	113,948		\$158,575	315,510	588,033
Other receivables	1,051				1,051
Due from other funds	198,952				198,952
Total assets	<u>\$1,317,545</u>	<u>\$850,354</u>	<u>\$158,575</u>	<u>\$765,622</u>	<u>\$3,092,096</u>
LIABILITIES:					
Accounts payable	\$137,141		\$9,862	\$31,068	\$178,071
Salaries payable	353,205		28,202	61,420	442,827
Due to other funds			87,569	111,383	198,952
Total liabilities	<u>490,346</u>	<u>\$0</u>	<u>125,633</u>	<u>203,871</u>	<u>819,850</u>
DEFERRED RESOURCES:					
Unavailable property taxes	<u>31,822</u>	<u>24,727</u>		<u>11,943</u>	<u>68,492</u>
FUND BALANCE:					
Restricted		825,627			825,627
Committed			32,942	549,808	582,750
Unassigned	795,377				795,377
Total fund balance	<u>795,377</u>	<u>825,627</u>	<u>32,942</u>	<u>549,808</u>	<u>2,203,754</u>
Total liabilities and fund balance	<u>\$1,317,545</u>	<u>\$850,354</u>	<u>\$158,575</u>	<u>\$765,622</u>	<u>\$3,092,096</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
AT JUNE 30, 2015

Total fund balances - Governmental Funds	\$2,203,754
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Total net assets reported for governmental activities in the  
Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

Cost of capital assets	\$11,247,501	
Depreciation expense to date	<u>(5,010,623)</u>	
		6,236,878

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the governmental funds.	68,492
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Deferred amounts are not current financial resources/uses. Therefore they are not  
reported in the Governmental funds.

Deferred PERSI outflows	72,157	
Deferred PERSI inflows	<u>(1,193,306)</u>	
		(1,121,149)

Long term liabilities are not due and payable in the current period and therefore  
are not reported as liabilities in the governmental funds.

Lease purchase payable	(258,808)	
Bonds payable	(1,930,000)	
Accrued interest on bonds	(18,250)	
District's share of PERSI unfunded pension liability	<u>(866,838)</u>	
		<u>(3,073,896)</u>

Total Net Assets	<u><u>\$4,314,079</u></u>
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SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	General Fund	Debt Service Fund	Title I Fund	Non Major Funds	Total Governmental Funds
REVENUES:					
Local:					
Property taxes (net of cancellations)	\$685,018	\$510,084		\$273,921	\$1,469,023
Earnings on investments	2,430				2,430
Other local	45,466			\$54,625	100,091
State:					
Base support	3,162,425				3,162,425
Transportation	189,540				189,540
State paid benefits	420,050				420,050
Other	291,799	86,088		106,586	484,473
Federal assistance			\$282,133	702,459	984,592
Total revenues	<u>4,796,728</u>	<u>596,172</u>	<u>282,133</u>	<u>1,137,591</u>	<u>6,812,624</u>
EXPENDITURES:					
Instructional services	2,529,581		208,072	230,789	2,968,442
Support Services:					
Pupil support	226,879		54,760	128,058	409,697
Staff support	100,192			80,662	180,854
Technology	65,881			41,443	107,324
Board of education	14,769				14,769
District administration	234,589				234,589
School administration	341,572				341,572
Business operation	82,575				82,575
Operation and maintenance	536,711				536,711
Transportation	269,122				269,122
Other non instructional	1,040			335,510	336,550
Debt Service:					
Principal		615,000			615,000
Interest		63,397			63,397
Capital Assets				300,645	300,645
Total expenditures	<u>4,402,911</u>	<u>678,397</u>	<u>262,832</u>	<u>1,117,107</u>	<u>6,461,247</u>
EXCESS REVENUES (EXPENDITURES)	393,817	(82,225)	19,301	20,484	351,377
OTHER FINANCING SOURCES (USES):					
Transfers (to) from other funds	<u>(60,217)</u>		<u>(7,685)</u>	<u>67,902</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	333,600	(82,225)	11,616	88,386	351,377
FUND EQUITY - JUNE 30, 2014	<u>461,777</u>	<u>907,852</u>	<u>21,326</u>	<u>461,422</u>	<u>1,852,377</u>
FUND EQUITY - JUNE 30, 2015	<u>\$795,377</u>	<u>\$825,627</u>	<u>\$32,942</u>	<u>\$549,808</u>	<u>\$2,203,754</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
AT JUNE 30, 2015

Total net change in fund balances - Governmental Funds	\$351,377
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Amounts reported for governmental activities in the statement of activities  
are different because:

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

Depreciation expense this year	(\$316,061)	
Current year capital outlays	<u>592,968</u>	
		276,907

Governmental funds report debt proceeds as financing sources, while repayment  
of debt principal is reported as an expenditure. In the Statement of Net Assets,  
debt increases liabilities and does not effect the Statement of Activities. Repayment  
of debt reduces the liability.

Current year repayment of bond principal	615,000	
Current year bus lease payments	71,621	
4 new busses financed	<u>(295,386)</u>	
		319,614

Because some property taxes will not be collected for several months after the District's year end, they are not considered as available revenue in the Governmental funds. They are recorded as current revenue in the Statement of Activities.	660
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Revenue and expenses that do not require the use of current financial resources are not reported in the Governmental funds.	
Current year net PERSI revenue	264,691

Interest on long-term debt in the Statement of Activities differs from amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due	<u>4,100</u>
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Total Change in Net Assets	<u><u>\$1,217,349</u></u>
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SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$680,793	\$685,018	\$4,225
Investment interest	830	2,430	1,600
Other local	41,570	45,466	3,896
State base support	3,097,504	3,162,425	64,921
State transportation	204,710	189,540	(15,170)
State paid benefits	412,576	420,050	7,474
Other State	240,022	291,799	51,777
Total General Fund Revenues	<u>\$4,678,005</u>	<u>\$4,796,728</u>	<u>\$118,723</u>
EXPENDITURES:			
INSTRUCTION:			
Elementary Programs:			
Salaries	\$668,298	\$663,814	\$4,484
Benefits	257,116	250,214	6,902
Purchased services	1,250	1,250	0
Materials and supplies	33,634	27,361	6,273
	<u>960,298</u>	<u>942,639</u>	<u>17,659</u>
Secondary Programs:			
Salaries	853,833	848,939	4,894
Benefits	311,546	303,057	8,489
Purchased services	23,250	9,983	13,267
Materials and supplies	7,546	6,796	750
	<u>1,196,175</u>	<u>1,168,775</u>	<u>27,400</u>
Special Programs:			
Salaries	227,708	224,992	2,716
Benefits	87,868	80,076	7,792
Purchased services	4,394	2,500	1,894
Materials and supplies	3,140	3,337	(197)
	<u>323,110</u>	<u>310,905</u>	<u>12,205</u>
Activity Programs:			
Salaries	60,058	54,439	5,619
Benefits	8,646	7,404	1,242
Purchased services	44,553	44,266	287
Materials and supplies	1,000	17	983
Insurance	1,238		1,238
	<u>115,495</u>	<u>106,126</u>	<u>9,369</u>
Summer/After School Programs:			
Salaries	2,400	920	1,480
Benefits	538	216	322
Materials and supplies	500		500
	<u>3,438</u>	<u>1,136</u>	<u>2,302</u>
Total instruction	<u>2,598,516</u>	<u>2,529,581</u>	<u>68,935</u>
SUPPORT SERVICES:			
Guidance/Health			
Salaries	88,372	88,534	(162)
Benefits	31,578	31,239	339
Purchased services	200	747	(547)
Materials and supplies	400	287	113
	<u>120,550</u>	<u>120,807</u>	<u>(257)</u>
Special Services			
Salaries	68,217	62,072	6,145
Benefits	27,115	22,326	4,789
Purchased services	17,806	21,008	(3,202)
Materials and supplies	1,000	666	334
	<u>114,138</u>	<u>106,072</u>	<u>8,066</u>
Instructional Improvement:			
Salaries		687	(687)
Benefits	13	129	(116)
Purchased services	15,161	4,433	10,728
Materials and supplies	500	0	500
	<u>15,674</u>	<u>5,249</u>	<u>10,425</u>
Media Program:			
Salaries	66,145	66,006	139
Benefits	21,913	20,398	1,515
Purchased services	2,247	2,247	0
Materials and supplies	6,320	6,292	28
	<u>96,625</u>	<u>94,943</u>	<u>1,682</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND - (CONTINUED)

YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Technology:			
Salaries	\$33,758	\$33,888	(\$130)
Benefits	11,966	12,390	(424)
Purchased services	25,500	19,508	5,992
Materials and supplies	3,000	95	2,905
	<u>74,224</u>	<u>65,881</u>	<u>8,343</u>
Board of Education:			
Benefits	26	26	0
Purchased services	15,000	10,689	4,311
Materials and supplies	3,700	3,948	(248)
Insurance	106	106	0
	<u>18,832</u>	<u>14,769</u>	<u>4,063</u>
District Administration:			
Salaries	165,309	167,590	(2,281)
Benefits	61,824	60,784	1,040
Purchased services	8,250	4,894	3,356
Materials and supplies	2,000	1,321	679
	<u>237,383</u>	<u>234,589</u>	<u>2,794</u>
School Administration:			
Salaries	220,791	224,648	(3,857)
Benefits	100,475	100,510	(35)
Purchased services	8,750	12,555	(3,805)
Materials and supplies	3,406	3,859	(453)
	<u>333,422</u>	<u>341,572</u>	<u>(8,150)</u>
Business Operation:			
Salaries	20,000	9,000	11,000
Benefits	7,478	4,029	3,449
Purchased services	32,200	37,373	(5,173)
Materials and supplies	33,500	32,173	1,327
	<u>93,178</u>	<u>82,575</u>	<u>10,603</u>
Operation and maintenance:			
Salaries	158,549	162,803	(4,254)
Benefits	63,202	62,649	553
Purchased services	264,350	194,190	70,160
Materials and supplies	60,000	59,533	467
Capital outlay	0	8,170	(8,170)
Insurance	49,366	49,366	0
	<u>595,467</u>	<u>536,711</u>	<u>58,756</u>
Transportation:			
Salaries	101,083	108,299	(7,216)
Benefits	79,015	81,652	(2,637)
Purchased services	25,689	12,451	13,238
Materials and supplies	108,750	56,789	51,961
Insurance/Judgments	9,931	9,931	0
	<u>324,468</u>	<u>269,122</u>	<u>55,346</u>
Capital outlay/contingency	<u>0</u>	<u>0</u>	<u>0</u>
School lunch	<u>500</u>	<u>1,040</u>	<u>120,545</u>
Total support services	<u>2,024,461</u>	<u>1,873,330</u>	<u>272,216</u>
Total General Fund Expenditures	<u>4,622,977</u>	<u>4,402,911</u>	<u>341,151</u>
Excess Revenues over Expenditures	55,028	393,817	338,789
Transfers (to) from other funds	<u>(27,672)</u>	<u>(60,217)</u>	<u>(32,545)</u>
Excess revenues and other financing sources over expenditures and other financing uses	<u>\$27,356</u>	<u>333,600</u>	<u>\$306,244</u>
FUND EQUITY - JUNE 30, 2014		<u>461,777</u>	
FUND EQUITY - JUNE 30, 2015		<u>\$795,377</u>	

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$505,989	\$510,084	\$4,095
State	86,088	86,088	0
	<u>592,077</u>	<u>596,172</u>	<u>4,095</u>
EXPENDITURES:			
Principal	615,000	615,000	0
Interest	63,400	63,397	3
	<u>678,400</u>	<u>678,397</u>	<u>3</u>
Excess revenues over expenditures	(86,323)	(82,225)	4,098
FUND EQUITY - JUNE 30, 2014	<u>907,852</u>	<u>907,852</u>	<u>0</u>
FUND EQUITY - JUNE 30, 2015	<u><u>\$821,529</u></u>	<u><u>\$825,627</u></u>	<u><u>\$4,098</u></u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - TITLE I FUND

YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Federal assistance	\$282,133	\$282,133	\$0
Other	0	0	0
	<u>282,133</u>	<u>282,133</u>	<u>0</u>
EXPENDITURES:			
Instruction:			
Salaries	129,395	119,733	9,662
Benefits	48,097	44,137	3,960
Purchased services	38,955	32,398	6,557
Materials and supplies	17,337	11,804	5,533
Support Services:			
Salaries	44,982	40,187	4,795
Benefits	14,689	13,983	706
Materials and supplies	2,312	590	1,722
	<u>295,767</u>	<u>262,832</u>	<u>32,935</u>
Excess revenues over expenditures	(13,634)	19,301	32,935
Transfers (to) from other funds	<u>(7,691)</u>	<u>(7,685)</u>	<u>(6)</u>
Excess revenues and other financing sources over expenditures and other financing uses	<u>(\$21,325)</u>	11,616	<u>\$32,929</u>
FUND EQUITY - JUNE 30, 2014		<u>21,326</u>	
FUND EQUITY - JUNE 30, 2015		<u>\$32,942</u>	



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES

AT JUNE 30, 2015

ASSETS:

Cash and equivalents		<u>\$212,691</u>
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LIABILITIES

Due to High School Student groups	\$82,926	
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Due to Middle School Student groups	72,872	
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Due to Elementary School Student groups	46,771	
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Due to Rapha Brown Scholarships	<u>10,122</u>	
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		<u>\$212,691</u>
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SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements of Aberdeen School District No. 58 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**Reporting Entity** - For financial reporting purposes, management has considered potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic criterion for including a potential component unit within the reporting entity is the governing body's responsibility for financial accountability. Financial accountability is defined as the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that fiscally dependent on it. Based upon the application of these criteria, the District has no potential component units.

**Government-wide and fund financial statements** - The Statement of Net Assets and the Statement of changes in net assets display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expenses for capital assets that can specifically be identified with a function are included in its direct expenses.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS – (CONTINUED)  
YEAR ENDED JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation expense for shared assets (are ratably included in the direct expenses for the appropriate functions. Interest on general long term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

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

The District reports the following major funds:

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

The **debt service** fund accounts for resources accumulated and payments to retire long term bonds.

Additionally the District reports the following fund type:

The **student activity accounts** (a fiduciary fund) accounts for monies held on behalf of student groups.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS – (CONTINUED)  
YEAR ENDED JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to finance the program, followed by block grants, and then general revenues.

**Budgetary Data** - Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS – (CONTINUED)  
YEAR ENDED JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During May of each year, the Superintendent submits to the School Board a proposed operating budget for the next fiscal year commencing on July 1<sup>st</sup>. This budget includes proposed expenditures and the means of financing them

Copies of the proposed budget are made available for public inspection and review by the patrons of the District.

After considering patron input at a public hearing in June, the Board adopts the budget.

Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget.

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

Encumbrances are not liabilities and they are not recorded as expenditures until receipt of material or services. For budgetary purposes, appropriations lapse at year end and are rebudgeted the following year. The District does not reserve fund balance for outstanding encumbrances at year end.

**Deposits and investments** – The cash balances of substantially all funds are pooled and invested by the District for purposes of increasing earnings through investment activities. The District's investments are reported at fair value at year end. The Idaho State Treasurer's Local Government Pool operates in accordance with appropriate state laws and regulations. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned to the funds based on the average balance of each participating fund.

**Cash and Cash Equivalents** – The District considers investments with an original maturity of three months or less to be cash equivalent.

**Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as due to/due from other funds.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories** – Inventories of governmental funds are recorded as expenditures when purchased. Financial statements for the school lunch program do not show the value of donated commodities.

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

Depreciation is recorded using the straight line method over the estimated useful lives as follows: Buildings and improvements 20-40 years. Buses 10 years, furniture and equipment 3-15 years.

**Compensated Absences** – Employees are granted vacation and sick leave in varying amounts. Accumulated vacation must be used prior to the employee's anniversary date. The District does not compensate employees for unused sick leave. When a teacher retires an amount equal to one half of the accumulated sick leave is reported to the State Retirement Board. The amount is used to pay the retiree's health insurance.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. **DEPOSITS AND INVESTMENTS**

The District invests its idle cash in the Idaho State Treasurer's local government investment pool. The deposits are stated at cash which approximates market. The State Treasurer combines deposits from all government entities in Idaho, who participate in the pool, and purchases the following types of investments: Local Certificates of Deposit, Repurchase Agreements, and U.S. Government Securities.

The Entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to: increase overall the rate of return, reduce risk of default, and place each entity under the FDIC and FSLIC limits of \$250,000.

Under Idaho Code Section 67-1210 the District is authorized to invest surplus or idle moneys in investments subject to the following standards, guidelines and restrictions:

- a. District moneys shall not be made in any depository of financial institution in an amount, which exceeds ten (10%) of said entity's capital and surplus. Any investments to be made above Federal Deposit Insurance requires the depository to have a current "Moody's Bank Credit Report Service" rating of "A" or better.
- b. No demand deposits or investment in time deposits or certificates of deposit shall be made in financial institutions insured in whole or in part by the Federal Savings and Loan Insurance Corporation or in any State or Federal credit unions insurance programs in an amount in excess of the insurance available.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

2. **DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments allowable under "Idaho Code Section 67-1210" are:

- a. Bonds, Treasury bills, interest bearing notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- b. General obligation or revenue bonds of this State, or those for which the faith and credit of this State are pledged for payment of principal and interest.
- c. General obligation or revenue bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of this State.
- d. Notes, bonds, debentures, or other similar obligations issued by the Farm Credit System or institutions forming a part thereof under the Farm Credit act of 1971.
- e. Bonds, notes or other similar obligations issued by public corporations of the State of Idaho including, but not limited to, the Idaho State Building Authority, the Idaho Housing Authority and the Idaho Water Resource Board. These investments shall not extend beyond seven (7) days.
- f. Repurchase agreements covered by any legal investment for the State of Idaho.
- g. Tax anticipation notes and registered warrants of the State of Idaho.
- h. Tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing District's of the State of Idaho.
- i. Time deposits and savings accounts in state depositories including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transactions accounts.
- j. Time deposit accounts and savings accounts of federal savings and loan associations located within the geographical boundaries of the state in amounts not to exceed the insurance provided by the Federal Savings and Loan Insurance Corporation including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
- k. Revenue bonds of institutions of higher education of the State of Idaho.
- l. Share, savings and deposit accounts of state and federal credit unions located within the geographical boundaries of the state in amounts not to exceed the insurance provided by the National Credit Union Share Insurance Fund and/or any other authorized deposit guaranty corporation, including but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

3. **PROPERTY TAXES**

Taxes are levied by the second Monday on September on assessed valuations as of June 30. Taxes on real property are payable in two equal installments on December 20, and June 30, of the following year. Personal property taxes are due December 20. Delinquent payments bear simple interest of 1% per month plus a 2% penalty. Due to the small amount of taxes not collected no adjustment is made for delinquent taxes.

4. **CAPITAL ASSETS**

Governmental Activities:	<u>7/1/14</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/15</u>
Capital Assets not being depreciated:				
Land	<u>\$36,474</u>	<u>          </u>	<u>          </u>	<u>\$36,474</u>
Capital Assets being depreciated:				
Buildings & improvements	9,144,974	\$188,917		9,333,891
Furniture & equipment	623,053	\$37,044		660,097
Vehicles	<u>1,034,232</u>	<u>295,386</u>	<u>(\$112,579)</u>	<u>1,217,039</u>
	<u>10,802,259</u>	<u>521,347</u>	<u>(112,579)</u>	<u>11,211,027</u>
Accumulated Depreciation:				
Buildings & improvements	3,508,340	206,801		3,715,141
Furniture & equipment	429,300	33,919		463,219
Vehicles	<u>869,501</u>	<u>75,341</u>	<u>(112,579)</u>	<u>832,263</u>
	<u>4,807,141</u>	<u>316,061</u>	<u>(112,579)</u>	<u>5,010,623</u>
Total Capital Assets-Net of Depreciation	<u>\$6,031,592</u>	<u>\$205,286</u>	<u>\$0</u>	<u>\$6,236,878</u>
Depreciation was charged to functions as follows:				
Non instructional		\$13,525		
Transportation		75,257		
Operation & maintenance		12,480		
Regular instruction		<u>214,799</u>		
		<u>\$316,061</u>		

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM**

*Pension Benefits*

The Aberdeen School District #58 contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2014 was as follows:

Retirees and beneficiaries currently receiving benefits	\$40,776
Terminated employees entitled to but not yet receiving benefits	11,504
Active plan members	<u>66,223</u>
	<u>\$118,503</u>

*Pension Benefits*

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

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM -CONTINUED**

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

*Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2014 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The Aberdeen School District #58's contributions were \$570,974 for the year ended June 30, 2014.

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

At June 30, 2015 the Aberdeen School District #58 reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participation PERSI Base Plan employers. At July 1, 2014, the Aberdeen School District's proportion was .1177519 percent.

For the year ended June 30, 2015, the Aberdeen District #58 recognized pension expense (revenue) of \$264,691. At June 30, 2014, the Aberdeen School District #58

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$107,605
Changes in assumptions or other inputs	72,157	0
Net difference between projected and actual earnings on pension plan investments	0	1,085,701
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	0	0
Aberdeen School District #58 contributions subsequent to the measurement date	570,974	0
Total	\$643,131	\$1,193,306

\$570,974 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2015.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years.

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

**Year ended June 30:**

2015	\$279,512
2016	\$279,512
2017	\$279,512
2018	\$279,512
2019	\$ 4,624
Thereafter	\$ 0

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

**5. PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

*Actuarial Assumptions*

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

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5-10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

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

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

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment

SCHOOL DISTRICT NO. 58  
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NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
<b>Long-Term Expected Rate of Return, Net of Investment Expenses</b>			<b>7.10%</b>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

*Discount Rate*

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$3,010,276	\$866,838	(\$914,983)

*Pension plan fiduciary net position*

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.gov](http://www.persi.gov).

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

*Payables to the pension plan*

At June 30, 2015, the Aberdeen School District #58 reported payables to the defined benefit pension plan of \$356,898 for legally required employer contributions and \$214,076 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**Required Supplementary Information**

**Schedule of Employer's Share of Net Pension Liability**  
**PERSI – Base Plan**  
**Last 10 – Fiscal Years \***

	2015
Employer's portion of net the pension liability	1177519%
Employer's proportionate share of the net pension liability	\$866,838
Employer's covered-employee payroll	\$2,531,895
Employer's proportional share of the net pension as a percentage of its covered Employee payroll	34%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

\*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Aberdeen School District #58 will present information for those use for which information is available.

Data reported is measured as of July 1, 2014.



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED**

**Schedule of Employer Contributions**  
**PERSI – Base Plan**  
**Last 10 – Fiscal Years\***

	2015
Statutorily required contribution	\$382,743
Contributions in relation to the statutorily required contribution	\$366,192
Contribution (deficiency) excess	(\$16,550)
Employer's covered-employee payroll	\$2,531,895
Contributions as a percentage of covered-employee payroll	15.1%

\*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Aberdeen School District #58 will present information for those use for which information is available.

Data is reported is measured as of July 1, 2014.

6. **LONG-TERM DEBT**

General Obligation Refunding Bond Series 2011 were issued August 2011 in the amount of \$3,170,000. Proceeds were placed in escrow at Zion's Bank. In August of 2012 the proceeds of the 2011 series bonds were used to retire the outstanding 2002 bonds. Scheduled payments due on the Series 2011 bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
8/1/2015	\$630,000	\$27,375	\$657,375
2/1/2016		19,500	19,500
8/1/2016	640,000	19,500	659,500
2/1/2017		9,900	9,900
8/1/2017	660,000	9,900	669,900
	<u>\$1,930,000</u>	<u>\$86,175</u>	<u>\$2,016,175</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

**6. LONG-TERM DEBT - CONTINUED**

The District has financed the purchase of the following school buses:

2012 72 Passenger School Bus 3.75% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
January 2016	\$17,844	\$669	\$18,513

2015 72 Passenger School Bus 4.5% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
August 2015	\$16,203	\$3,119	\$19,322
August 2016	16,932	2,390	19,322
August 2017	17,694	1,628	19,322
August 2018	18,491	831	19,322
	<u>\$69,320</u>	<u>\$7,968</u>	<u>\$77,288</u>

2015 18 Passenger School Bus 4.5% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
August 2015	\$11,997	\$2,310	\$14,307
August 2016	12,537	1,770	14,307
August 2017	13,101	1,206	14,307
August 2018	13,690	617	14,307
	<u>\$51,325</u>	<u>\$5,903</u>	<u>\$57,228</u>

2016 72 Passenger School Bus 3.75% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
June 2016	\$16,707	\$2,650	\$19,357
June 2016	17,333	2,024	19,357
June 2016	17,983	1,374	19,357
June 2016	18,657	700	19,357
	<u>\$70,680</u>	<u>\$6,748</u>	<u>\$77,428</u>

2016 24 Passenger School Bus 3.65% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
June 2016	\$11,748	\$1,812	\$13,560
June 2016	12,177	1,383	13,560
June 2016	12,622	938	13,560
June 2016	13,090	470	13,560
	<u>\$49,637</u>	<u>\$4,603</u>	<u>\$54,240</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

**6. LONG-TERM DEBT - CONTINUED**

Beginning in the fiscal year ended June 30, 2015 GASB 68 requires the District to record its share of PERSI's unfunded pension liability. The June 30, 2015 liability amount is not available at this time. The District's share of PERSI's unfunded liability at June 30, 2014 was \$866,838. That amount has been recorded as a long term liability on the statement of net assets. The June 30, 2013 net PERSI pension liability amount of \$2,252,678 was recorded as a prior period adjustment to equity on the Statement of Activities..

The following is a summary of long term debt transactions for the year ended June 30, 2015:

	Balance <u>7/1/14</u>	Debt <u>Acquired</u>	Debt <u>Retired</u>	<u>6/30/15</u>
Bus lease purchases	\$35,043	\$295,386	(\$71,621)	\$258,808
2011 Series Bonds	2,545,000		(615,000)	1,930,000
District's share of PERSI				
unfunded liability	<u>0</u>	<u>866,838</u>		<u>866,838</u>
	<u>\$2,580,043</u>	<u>\$1,162,224</u>	<u>(\$686,621)</u>	<u>\$3,055,646</u>

**7. DUE TO DUE FROM**

Federal program funds are temporarily overspent while waiting for Federal Reimbursements. The Debt Service Fund tax levy was not sufficient Deficit cash is shown as due to other funds as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$198,952	
Title I Fund		\$87,569
Gear Up Grant Fund		4,172
Title I Migrant Fund		19,908
Title VI-B Fund		36,472
Preschool Fund		1,298
Small Rural Grant Fund		2,986
C Perkins Vocational Education Fund		11,165
Title III LEP Fund		3,776
Title II Teacher Quality Fund		24,998
Medicaid Fund		6,608

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

8. **DEFICIT FUND BALANCE**

For most of these Federal and State programs the District spends its own money and then requests reimbursement from the various funding agencies. For those funds with deficits, reimbursement has not yet been received.

9. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

State Vocational Fund exceeded budget by \$451.  
Small Rural Grant Fund exceeded budget by \$3,059.  
Title III LEP Fund exceeded budget by \$394.  
Medicaid Fund exceeded budget by \$9,988.  
Bus Depreciation Fund exceeded budget by \$34,313  
Lottery Fund exceeded budget by \$16,750

10. **RISK MANAGEMENT**

The District is exposed to various risks of loss, related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee health and injuries, and natural disasters. All risks are insured by commercial insurance.

11. **CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

12. **CREDIT RISK, CONCENTRATION OF CREDIT RISK,  
AND INTEREST RATE RISK**

As of June 30, 2015 the District's investments were as follows. All of the districts investments are in an internal investment pool.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Statutes authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued from the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or any taxing district in the State, time deposits, saving deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool. The District does not have an investment policy that would further limit its investment choices.

Concentration Credit Risk. The District does not place a limit on the amount that the District may invest in any one issuer. Most of the District's investments are in Local Government Investment Pool which by its nature is a diversified account. As of June 30, 2015 the fund consisted of U.S. Treasury Notes, Government Agency Notes, Idaho Bank Deposits, Repurchase Agreements, Corporate Bonds and Commercial Paper with 30% in Government Agency Notes and 7% in Idaho Bank Deposit. Average weighted days to maturity is 85.

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SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

COMBINING BALANCE SHEET  
NON MAJOR FUNDS

AT JUNE 30, 2015

	Gear Up Grant Fund	HS/MS/ Elem Local Grants Fund	Driver Education Fund	State Professional Technical Fund
ASSETS:				
Cash	\$10,213	\$1,108	\$5,698	\$1,415
Federal and State receivable			4,438	1686
Other receivables				
Total assets	<u>\$10,213</u>	<u>\$1,108</u>	<u>\$10,136</u>	<u>\$3,101</u>
LIABILITIES:				
Accounts payable	\$470			\$602
Salaries payable	2,334			1,342
Due to other funds	4,172			
Total liabilities	<u>6,976</u>	<u>\$0</u>	<u>\$0</u>	<u>1,944</u>
DEFERRED RESOURCES:				
Unavailable property taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE:				
Committed	<u>3,237</u>	<u>1,108</u>	<u>10,136</u>	<u>1,157</u>
Total liabilities and fund balance	<u>\$10,213</u>	<u>\$1,108</u>	<u>\$10,136</u>	<u>\$3,101</u>

State Technology Fund	State Substance Abuse Fund	Title I Migrant Fund	Title Title V1B Fund	Preschool Fund	Small Rural Grant Fund
\$21,517	\$3,093				
		\$53,910	\$74,493	\$2,427	\$5,496
\$21,517	\$3,093	\$53,910	\$74,493	\$2,427	\$5,496
		\$6,201	\$5,536	\$125	\$522
		20,199	16,392	633	1,263
		19,908	36,472	1,298	2,986
\$0	\$0	46,308	58,400	2,056	4,771
0	0	0	0	0	0
21,517	3,093	7,602	16,093	371	725
\$21,517	\$3,093	\$53,910	\$74,493	\$2,427	\$5,496



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

COMBINING BALANCE SHEET  
NON MAJOR FUNDS - (CONTINUED)

AT JUNE 30, 2015

	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund	Medicaid Fund
ASSETS:				
Cash				
Other receivables	\$13,472	\$6,167	\$36,088	\$9,891
Federal and State receivable				
Total assets	<u>\$13,472</u>	<u>\$6,167</u>	<u>\$36,088</u>	<u>\$9,891</u>
LIABILITIES:				
Accounts payable	\$1,478	\$1,341	\$545	\$1,435
Salaries payable		1,050	1,666	1,848
Due to other funds	11,165	3,776	24,998	6,608
Total liabilities	<u>12,643</u>	<u>6,167</u>	<u>27,209</u>	<u>9,891</u>
DEFERRED RESOURCES:				
Unavailable property taxes				
FUND BALANCE:				
Committed	<u>829</u>	<u>0</u>	<u>8,879</u>	<u>0</u>
Total liabilities and fund balance	<u>\$13,472</u>	<u>\$6,167</u>	<u>\$36,088</u>	<u>\$9,891</u>

School Lunch Fund	Bus Depreciation Fund	Lottery Fund	Plant Facilities Fund	2015 Totals
\$128,057	\$119,038	\$29,288	\$130,685	\$450,112
10,372			97,070	315,510
				0
<u>\$138,429</u>	<u>\$119,038</u>	<u>\$29,288</u>	<u>\$227,755</u>	<u>\$765,622</u>
\$8,997			\$3,816	\$31,068
14,693				61,420
				111,383
<u>23,690</u>	<u>\$0</u>	<u>\$0</u>	<u>3,816</u>	<u>203,871</u>
			11,943	11,943
<u>114,739</u>	<u>119,038</u>	<u>29,288</u>	<u>211,996</u>	<u>549,808</u>
<u>\$138,429</u>	<u>\$119,038</u>	<u>\$29,288</u>	<u>\$227,755</u>	<u>\$765,622</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON MAJOR FUNDS

YEAR ENDED JUNE 30, 2015

	Gear Up Grant Fund	HS/MS Elem Local Grants Fund	Driver Education Fund	State Professional Technical Fund
REVENUES:				
Local income			\$6,766	
Federal and State assistance	\$28,160		6,189	\$24,429
Total revenues	<u>28,160</u>	<u>\$0</u>	<u>12,955</u>	<u>24,429</u>
EXPENDITURES:				
Instructional services	22,093	648	9,777	
Support services	5,619			24,429
Non-instructional services				
Capital outlay				
Total expenditures	<u>27,712</u>	<u>648</u>	<u>9,777</u>	<u>24,429</u>
EXCESS REVENUES (EXPENDITURES)	448	(648)	3,178	0
TRANSFERS (TO) FROM OTHER FUNDS	<u>0</u>			
EXCESS FINANCING SOURCES (USES)	448	(648)	3,178	0
FUND BALANCE - JUNE 30, 2014	<u>2,789</u>	<u>1,756</u>	<u>6,958</u>	<u>1,157</u>
FUND BALANCE - JUNE 30, 2015	<u><u>\$3,237</u></u>	<u><u>\$1,108</u></u>	<u><u>\$10,136</u></u>	<u><u>\$1,157</u></u>

State Technology Fund	State Substance Abuse Fund	Title I Migrant Fund	Title V1B Fund	Preschool Fund	Small Rural Grant Fund
\$36,463	\$6,781	\$93,878	\$161,008	\$5,800	\$14,710
<u>36,463</u>	<u>6,781</u>	<u>93,878</u>	<u>161,008</u>	<u>5,800</u>	<u>14,710</u>
41,443	3,688	50,674 42,638	75,422 65,275	5,272	13,686
<u>41,443</u>	<u>3,688</u>	<u>93,312</u>	<u>140,697</u>	<u>5,272</u>	<u>13,686</u>
(4,980)	3,093	566	20,311	528	1,024
<u>          </u>	<u>          </u>	<u>(1,841)</u>	<u>(4,218)</u>	<u>(157)</u>	<u>(299)</u>
(4,980)	3,093	(1,275)	16,093	371	725
<u>26,497</u>	<u>0</u>	<u>8,877</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$21,517</u>	<u>\$3,093</u>	<u>\$7,602</u>	<u>\$16,093</u>	<u>\$371</u>	<u>\$725</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON MAJOR FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2015

	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund
REVENUES:			
Local income			
Federal and State assistance	\$13,472	\$20,075	\$55,622
Total revenues	<u>13,472</u>	<u>20,075</u>	<u>55,622</u>
EXPENDITURES:			
Instructional services	13,472	20,155	
Support services			56,233
Non-instructional services			
Capital outlay			
Total expenditures	<u>13,472</u>	<u>20,155</u>	<u>56,233</u>
EXCESS REVENUES (EXPENDITURES)	0	(80)	(611)
TRANSFERS (TO) FROM OTHER FUNDS	<u>          </u>	<u>          </u>	<u>(1,352)</u>
EXCESS FINANCING SOURCES (USES)	0	(80)	(1,963)
FUND BALANCE - JUNE 30, 2014	<u>829</u>	<u>80</u>	<u>10,842</u>
FUND BALANCE - JUNE 30, 2015	<u><u>\$829</u></u>	<u><u>\$0</u></u>	<u><u>\$8,879</u></u>

Medicaid Fund	School Lunch Fund	Bus Depreciation Fund	Lottery Fund	Plant Facilities Fund	2015 Totals
	\$30,068	\$17,791		\$273,921	\$328,546
\$30,428	279,306		\$32,724		809,045
<u>30,428</u>	<u>309,374</u>	<u>17,791</u>	<u>32,724</u>	<u>273,921</u>	<u>1,137,591</u>
19,590					230,789
10,838					250,163
	335,510				335,510
		88,013	21,750	190,882	300,645
<u>30,428</u>	<u>335,510</u>	<u>88,013</u>	<u>21,750</u>	<u>190,882</u>	<u>1,117,107</u>
0	(26,136)	(70,222)	10,974	83,039	20,484
	7,846	67,923			67,902
0	(18,290)	(2,299)	10,974	83,039	88,386
0	133,029	121,337	18,314	128,957	461,422
<u>\$0</u>	<u>\$114,739</u>	<u>\$119,038</u>	<u>\$29,288</u>	<u>\$211,996</u>	<u>\$549,808</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR FUND REVENUE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
GEAR UP GRANT FUND:			
Federal assistance	\$44,780	\$28,160	(\$16,620)
DRIVER EDUCATION FUND:			
Local revenue	\$6,512	\$6,766	\$254
State assistance	6,500	6,189	(311)
	\$13,012	\$12,955	(\$57)
STATE PROFESSIONAL TECHNICAL FUND:			
State assistance	\$23,978	\$24,429	\$451
STATE TECHNOLOGY FUND:			
State assistance	\$35,985	\$36,463	\$478
STATE SUBSTANCE ABUSE FUND:			
Local revenue	\$6,781	\$6,781	\$0
TITLE I MIGRANT FUND:			
Federal assistance	\$93,878	\$93,878	\$0
TITLE VI-B FUND:			
Federal assistance	\$160,968	\$161,008	\$40
PRESCHOOL FUND:			
Federal assistance	\$5,800	\$5,800	\$0
SMALL RURAL GRANT FUND:			
Federal assistance	\$14,710	\$14,710	\$0

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR FUND REVENUE - BUDGET AND ACTUAL - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
C. PERKINS VOCATIONAL EDUCATION FUND:			
Federal assistance	<u>\$13,472</u>	<u>\$13,472</u>	<u>\$0</u>
TITLE III LEP FUND:			
Federal assistance	<u>\$20,075</u>	<u>\$20,075</u>	<u>\$0</u>
TITLE II TEACHER QUALITY FUND:			
Federal assistance	<u>\$55,622</u>	<u>\$55,622</u>	<u>\$0</u>
MEDICAID FUND:			
State assistance	<u>\$21,000</u>	<u>\$30,428</u>	<u>\$9,428</u>
SCHOOL LUNCH FUND:			
Other local	\$24,407	\$30,068	\$5,661
Federal assistance	250,000	279,306	29,306
	<u>\$274,407</u>	<u>\$309,374</u>	<u>\$34,967</u>
BUS DEPRECIATION FUND:			
Other local	<u>\$11,000</u>	<u>\$17,791</u>	<u>\$6,791</u>
LOTTERY FUND:			
State assistance	<u>\$0</u>	<u>\$21,750</u>	<u>\$21,750</u>
PLANT FACILITIES FUND:			
Property taxes	<u>\$269,500</u>	<u>\$273,921</u>	<u>\$4,421</u>



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015

	Appropriated	Expended	Variance Favorable (Unfavorable)
GEAR UP GRANT FUND:			
Instruction:			
Salaries	\$20,957	\$15,760	\$5,197
Benefits	4,170	3,275	895
Materials and supplies	6,328	1,228	5,100
Insurance	3,725	1,830	1,895
Support Services:			0
Purchased services	7,450	4,762	2,688
Materials and supplies	2,150	857	1,293
	<u>\$44,780</u>	<u>\$27,712</u>	<u>\$17,068</u>
HS/MS/ELEM LOCAL GRANT:			
Instruction:			
Materials and supplies	<u>\$762</u>	<u>\$648</u>	<u>\$0</u>
DRIVER EDUCATION FUND:			
Instruction:			
Salaries	\$7,790	\$7,816	(\$26)
Benefits	703	689	14
Materials and supplies	4,295	1,048	3,247
Insurance	224	224	0
	<u>\$13,012</u>	<u>\$9,777</u>	<u>\$3,235</u>
STATE VOCATIONAL FUND:			
Instruction:			
Salaries	\$8,118	\$8,050	\$68
Benefits	1,642	1,670	(28)
Purchased services	4,980	1,448	3,532
Materials and supplies	9,238	13,261	(4,023)
	<u>\$23,978</u>	<u>\$24,429</u>	<u>(\$451)</u>
STATE TECHNOLOGY FUND:			
Support Services:			
Salaries	\$11,253	\$11,260	(\$7)
Benefits	3,879	3,889	(10)
Purchased services	\$12,057	7,320	4,737
Materials and supplies	17,000	18,974	(1,974)
	<u>\$44,189</u>	<u>\$41,443</u>	<u>\$2,746</u>
STATE SUBSTANCE ABUSE FUND:			
Instruction:			
Purchased services	\$3,200	\$1,843	\$1,357
Materials and supplies	3,581	1,845	1,736
	<u>\$6,781</u>	<u>\$3,688</u>	<u>\$3,093</u>
TITLE I MIGRANT FUND:			
Instruction:			
Salaries	\$25,472	\$33,846	(\$8,374)
Benefits	11,005	14,496	(3,491)
Purchased services	8,359	1,413	6,946
Materials and supplies	10,974	919	10,055
Support Services:			
Salaries	27,543	27,712	(169)
Benefits	15,049	13,996	1,053
Purchased services	1,500	601	899
Materials and supplies	1,012	329	683
	<u>\$100,914</u>	<u>\$93,312</u>	<u>\$7,602</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

	Appropriated	Expended	Variance Favorable (Unfavorable)
TITLE VI-B FUND:			
Instruction:			
Salaries	\$57,761	\$57,128	\$633
Benefits	18,137	17,829	308
Purchased services	5,058	461	4,597
Materials and supplies	4111	4	4,107
Support Services:			
Salaries	40,905	40,970	(65)
Benefits	20,904	20,755	149
Purchased services	6,897	513	6,384
Materials and supplies	2,977	3,037	(60)
	<u>\$156,750</u>	<u>\$140,697</u>	<u>\$16,053</u>
PRESCHOOL FUND:			
Instruction:			
Salaries	\$3,798	\$3,772	\$26
Benefits	804	772	32
Purchased services	500	199	301
Materials and supplies	541	529	12
	<u>\$5,643</u>	<u>\$5,272</u>	<u>\$371</u>
SMALL RURAL GRANT FUND:			
Instruction:			
Salaries	\$7,425	\$7,513	(\$88)
Benefits	3,202	3,233	(31)
Purchased services		2,940	(2,940)
Materials and supplies	3,783		
	<u>\$14,410</u>	<u>\$13,686</u>	<u>(\$3,059)</u>
C. PERKINS VOCATIONAL EDUCATION FUND:			
Instruction:			
Salaries	\$501	\$501	\$0
Benefits	101	101	0
Purchased services	3,500	2,864	636
Materials and supplies	9,370	10,006	(636)
	<u>\$13,472</u>	<u>\$13,472</u>	<u>\$0</u>
TITLE III LEP FUND:			
Support Services:			
Salaries	\$6,299	\$10,359	(\$4,060)
Benefits	4,093	6,353	(2,260)
Purchased services	2,750	1,500	1,250
Materials and supplies	6,619	1,943	4,676
	<u>\$19,761</u>	<u>\$20,155</u>	<u>(\$394)</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)  
YEAR ENDED JUNE 30, 2015

	Appropriated	Expended	Variance Favorable (Unfavorable)
TITLE II TEACHER QUALITY FUND:			
Instruction:			
Salaries	\$31,178	\$31,086	\$92
Benefits	8,279	7,655	624
Purchased services	21,859	11,583	10,276
Materials and supplies	3,795	5,909	(2,114)
	<u>\$65,111</u>	<u>\$56,233</u>	<u>\$8,878</u>
MEDICAID FUND:			
Instruction:			
Salaries	\$11,086	\$11,086	\$0
Benefits	9,062	8,504	558
Support Services:			
Salaries		6,765	(6,765)
Benefits		4,073	(4,073)
Purchased services	292		292
	<u>\$20,440</u>	<u>\$30,428</u>	<u>(\$9,988)</u>
SCHOOL LUNCH FUND:			
Non-Instruction:			
Salaries	\$94,308	\$95,277	(\$969)
Benefits	51,913	52,043	(130)
Purchased services	5,025	680	4,345
Materials and supplies	182,700	178,942	3,758
Capital outlay	18,800	8,568	10,232
	<u>\$352,746</u>	<u>\$335,510</u>	<u>\$17,236</u>
BUS DEPRECIATION FUND:			
Capital outlay	<u>\$53,700</u>	<u>\$88,013</u>	<u>(\$34,313)</u>
LOTTERY FUND:			
Capital outlay	<u>\$5,000</u>	<u>\$21,750</u>	<u>(\$16,750)</u>
PLANT FACILITIES FUND:			
Support Services:			
Salaries	\$53,011	\$53,011	\$0
Benefits	17,251	17,199	52
Purchased services	58,000	83,944	(25,944)
Materials and supplies	140,956	29,684	111,272
Capital outlay	7,044	7,044	0
	<u>\$276,262</u>	<u>\$190,882</u>	<u>\$85,380</u>

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SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2015

FUND:	Balance 6/30/14	Receipts	Disbursements	Transfers	Balance 6/30/15
Academic Decathlon	(\$1,391)				(\$1,391)
College Prep	300				300
BPA	1,020	\$181	(\$380)	\$20	841
IDLA	(317)	5,885	(5,875)	617	310
Duel credit -Social	431	540	(190)		781
Krehbiel	0	100			100
FFA - Booth	435	13,752	(10,996)	(236)	2,955
Office Teacher	0	1,189	(1,087)	100	202
FFA	(336)	7,396	(6,981)	216	295
Duel credit -English	350	350			700
AG	(162)	1,335	(625)		548
FCCLA	100				100
Scholarships	591	394	(525)		460
National Honor Society	137	390	(230)		297
Ind Alt HS	55	75	(75)		55
Ski Club	81			(81)	0
Student Body	267	1,372	(1,624)	(35)	(20)
Tiger Club	44		(27)		17
Class of 2012	40			(40)	0
Class of 2013	703			(703)	0
Class of 2014	1,578		(1,503)	(75)	0
Class of 2015	1,014	2,261	(1,142)	39	2,172
Class of 2016	676	951	(613)	39	1,053
Class of 2017	202	309	(44)	39	506
Class of 2018	0	230		38	268
Track resurfacing	50,198	28,124	(75,680)		2,642
Pop Machine	1,758	715	(2,252)	(117)	104
Music Supplies	(18)	72			54
Band Rental & Repair	(38)	1,025	(775)	50	262
Pep Band	518	16,791	(15,462)	35	1,882
Jazz Band	475				475
Musical	(2,231)	4,554	(965)		1,358
First Aid A	719		(82)		637
First Aid B	5,414	1,268	(3,111)		3,571
Weight Room	0	370	(348)		22
Athletics	625	36,140	(29,105)	4,157	11,817
Athletic Equip - direct	500				500
Plato	1,206	1,487	(2,295)		398

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2015

FUND:	Balance 6/30/14	Receipts	Disbursements	Transfers	Balance 6/30/15
Extra/Trans	\$17,113	\$7,769	(\$3,724)	(\$4,013)	\$17,145
District Tournaments	(127)	2,025		127	2,025
ACT	60				60
Annual	10,343	4,462	(7,454)	(2)	7,349
Chemistry	654	80	(461)		273
Art	136	2,030	(2,192)		(26)
Art Equipment	183				183
Computer Lab	2,191	1,371	(360)	48	3,250
Accounting class	48			(48)	0
Counselor	133	100	(196)		37
Drivers Ed	3,256	7,273	(6,701)		3,828
Faculty Pop	83	429	(510)	81	83
Gear Up 2	(221)	1,537	(1,981)	221	(444)
Interest	3,126	11	(163)		2,974
Library	278	254	(279)		253
Math	20				20
Lockers	81				81
Rental	154			(154)	0
Sales Tax	2	2,360	(2,271)	2	93
Telescope	683				683
Textbook Fines	576	3,211	(2,101)		1,686
Teacher Accounts	272	1,300	(403)	(100)	1,069
Savings	5,457				5,457
Football	519	2,366	(2,025)		860
Volleyball	48	1,475	(2,141)		(618)
Soccer	853	2,271	(2,412)		712
Girls Basketball	(3)	3,096	(3,836)		(743)
Boys Basketball	525	3,526	(3,170)		881
Wrestling	1,292	7,879	(8,932)		239
Golf	216	60			276
Track	312	378	(354)		336
Cheerleading	425	4,706	(4,273)	(225)	633
	<u>\$113,632</u>	<u>\$187,225</u>	<u>(\$217,931)</u>	<u>\$0</u>	<u>\$82,926</u>
Checking					\$21,638
Savings					6,002
Investments					55,286
					<u>\$82,926</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE MIDDLE SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2015

FUND:	Balance 6/30/14	Receipts	Disbursements	Transfers	Balance 6/30/15
Annual	\$911	\$1,605	(\$2,041)		\$475
Accelerated reader	2,826	3,003	(1,865)		3,964
Art	555	389	(186)		758
Athletics - Gen	381	10	(265)		126
Athletics - VB	1,541	1,028	(775)		1,794
Athletics - W	538	753	(258)	(\$40)	993
Athletics - GBB	2,737	1,562	(964)		3,335
Athletics -BBB	6,519	2,230	(1,567)	40	7,222
Athletics - CC	297				297
Athletics - Track	2,659	550	(20)		3,189
CD certificate	0			11,865	11,865
Cheer/Drill	1,049	192	(383)		858
Custodial	268		(65)		203
Computers	3,046	855	(1,245)		2,656
Cool to be kind	292	5	(109)		188
Credit recovery	125				125
Exploratory	(25)	770	(697)		48
Fundraiser	1,030	2,669	(2,500)		1,199
Health/PE	521	1,378	(2,835)		(936)
Health fair	56				56
General	22,750	3,813	(2,843)	(\$12,265)	11,455
Grade 6	378	575	(570)		383
Grade 7	845	644	(659)		830
Grade 8	379	520	(463)		436
Grants	198				198
Locks	10	10			20
Media Center	2,455	757	(722)		2,490
Migrant	5				5
Milk machine/health	19				19
Multi media	201	156			357
Music - Millett	926	2,288	(2,283)	400	1,331
Postage	119				119
Special Services	84				84
Student Govt	1,267	1,803	(1,992)		1,078
Ski-skate	3,779	5,562	(3,548)		5,793
Stem	250				250
Sunshine	49	265			314
Teachers	3,068	1,433	(408)		4,093
PTSA	2,111		(314)		1,797
Vending	2,656	4,264	(4,200)		2,720
Yellowstone	913		(228)		685
	<u>\$67,788</u>	<u>\$39,089</u>	<u>(\$34,005)</u>	<u>\$0</u>	<u>\$72,872</u>
Cash in bank - checking					\$61,003
Cash in bank - Savings					11,869
					<u>\$72,872</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF ELEMENTARY STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2015

FUND:	Balance 6/30/14	Receipts	Disbursements	Transfers	Balance 6/30/15
General	\$32,113	\$5,787	(\$4,603)		\$33,297
Vending	11,192	5,134	(4,611)		11,715
Teachers	1,512	779	(587)		1,704
Library	254	66	(265)		55
	<u>\$45,071</u>	<u>\$11,766</u>	<u>(\$10,066)</u>	<u>\$0</u>	<u>\$46,771</u>
Cash in bank - checking					<u>\$46,771</u>





Jones, Yost, Hatt,  
Erickson P.A.

SCOTT N. JONES, CPA, RETIRED  
KENT L. YOST, CPA, JD  
MORGAN J. HATT, CPA  
STACY L. ERICKSON, CPA

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 4987  
Pocatello, Idaho 83205

MEMBER OF  
American Institute of  
Certified Public Accountants  
Idaho Society of  
Certified Public Accountants

Board of Trustees,  
School District No. 58  
Aberdeen, Idaho

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No 58, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated September 11, 2015.

**Internal Control Over Financial Reporting**

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

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

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

However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Pocatello, Idaho  
September 11, 2015

*Jones, Yost, Hatt, Erickson P.A.*



Jones, Yost, Hatt,  
Erickson P.A.

SCOTT N. JONES, CPA, RETIRED  
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MEMBER OF  
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Board of Trustees,  
School District No. 58  
Aberdeen, Idaho

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
over Compliance Required by OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited School District No. 58's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2015. Major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, School District No. 58, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Pocatello, Idaho  
September 11, 2015

*Jones, Yost, Hatt, Erickson & P.A.*

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Title	Catalogue of Federal Domestic Assistance Number	Expenditures
<u>Department of Education (State Dept. of Education Pass Thru Funding):</u>		
Title I - Remedial )	84.010	\$270,517
Title I Migrant	84.011	95,153
Title VI-B	84.027	144,915
Vocational Education (Perkins)	84.048	13,472
Title VI-B Preschool	84.173	5,429
Gear Up	84.334	27,712
Rural Education	84.358	13,985
Title III LEP	84.365	20,155
Improving Teacher Quality	84.367	57,585
		<u>648,923</u>
<u>Department of Agriculture (State Dept. of Education Pass Thru Funding):</u>		
School Breakfast Program	10.553	52,307
School Lunch Program	10.555	230,076
Summer Food Service Program For Children	10.559	10,057
Fruit and Vegetables	10.582	20,717
		<u>313,157</u>
Total		<u><u>\$962,080</u></u>

Note 1 Basis of Presentation

The above schedule of expenditures of Federal awards includes the federal grant activity of School District # 58 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations."

Audits of States, Local Governments, and Non-Profit Organizations.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SUMMARY OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

The auditor's report is unqualified.

Internal control over financial reporting:

There are no material weaknesses identified.

There are no reportable conditions identified that are not considered to be a material weakness.

There are no instances of noncompliance material to financial statements identified.

FEDERAL AWARDS

There are no material weaknesses identified.

There are no reportable conditions identified that are not considered to be material weaknesses.

The auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 is unqualified.

There are no audit findings required to be reported in accordance with section 510(a) of Circular A-133.

IDENTIFICATION OF MAJOR PROGRAMS

The programs tested as major programs include:

Department of Agriculture	10.553	10.555	10.559	10.582
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The threshold for distinguishing Types A and B programs was \$300,000.

Aberdeen School District No. 58 qualifies as a low-risk auditee.

## **APPENDIX B**

### **PROPOSED FORM OF OPINION OF BOND COUNSEL**

Upon the delivery of the 2016 Bonds, Hawley Troxell Ennis & Hawley LLP, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

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

[Date of Delivery]

Board of Trustees  
School District No. 58, Bingham County, State of Idaho  
318 West Washington  
Aberdeen, Idaho 83210

Re: *School District No. 58, Bingham County, State of Idaho*  
*General Obligation Bonds, Series 2016*

This is to certify that we have acted as Bond Counsel in connection with the issuance by School District No. 58, Bingham County, State of Idaho (the "District"), of its General Obligation Bonds, Series 2016 in the principal amount of \$\_\_\_\_\_ (the "Bonds"), dated the date hereof, and issued pursuant to a Resolution of the District adopted June 15, 2016 (the "Resolution") and the Certificate as to Pricing and Related Matters dated July \_\_, 2016, authorized pursuant to the Resolution (the "Pricing Certificate," and together with the Resolution, the "Resolution"). The Bonds represent the general obligation bonds authorized in the aggregate principal amount of up to \$11,850,000 pursuant to an election held in the District on May 17, 2016, and are being issued under the authority of chapter 11 of Title 33 and chapters 2 and 9 of Title 57, Idaho Code, as amended. We have examined the Constitution and laws of the State of Idaho and such certified proceedings and other papers as we deem necessary to render this opinion.

Our services as Bond Counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Idaho and to a review of the transcript of such proceedings and certifications. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.



[Date of Delivery]

Page 3

The Bonds bear interest from their date at the rates per annum payable pursuant to the provisions of the Resolution, and mature on the dates in each of the designated years and in the principal amounts set forth below:

<u>September 15</u> <u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest Rate</u> <u>(Per Annum)</u>
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		

The Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds are subject to redemption prior to maturity in the manner and upon the terms set forth therein and in the Resolution.

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

1. The Resolution has been duly adopted and authorized by the District's Board of Trustees and constitutes a legal, valid, and binding agreement of the District, enforceable against the District in accordance with its terms, except as such enforceability may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and public policy limitations on the exercise of any rights to indemnification and contribution.

[Date of Delivery]

Page 4

2. The Bonds have been duly authorized, executed, and delivered under the Constitution and the laws of the State of Idaho.

3. The Bonds are valid and legally binding general obligations of the District, enforceable in accordance with their terms except to the extent such enforcement is limited by the bankruptcy laws of the United States of America and by the reasonable exercise of the sovereign police power of the State of Idaho.

4. Provision has been made for the levy and collection each year of ad valorem taxes on all the taxable property within the District sufficient to pay the principal of and interest on the Bonds as the same become due, and all of the taxable property in the District is subject to the levy of ad valorem taxes to pay the same without limitation as to rate or amount.

5. The interest on the Bonds is not includable in gross income of the owners of the Bonds 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; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The foregoing opinion set forth in this paragraph 5 assumes that the District will comply with certain covenants in the Resolution relating to requirements of the Internal Revenue Code of 1986, as amended.

6. To the extent that interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes, interest on the Bonds is exempt from taxes imposed by the Idaho Income Tax Act, as amended.

7. Based upon the certificate of eligibility issued to the District by the Treasurer of the State of Idaho, payment of the interest and the principal of the Bonds when due is guaranteed by the sales tax collected by the State of Idaho under the provisions of the Idaho School Bond Guaranty Act, Title 33, chapter 53, Idaho Code. Based upon the certificate of approval of credit enhancement issued to the District by the State of Idaho Endowment Fund Investment Board, payment of the principal of and interest on the Bonds when due is further guaranteed by the school district bond credit enhancement program under Title 57, chapter 7, Idaho Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

[Date of Delivery]

Page 5

Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Bonds should consult their own tax advisors as to the applicability of any such collateral consequences.

Very truly yours,

HAWLEY TROXELL ENNIS & HAWLEY LLP

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## APPENDIX C

### PROPOSED FORM OF INFORMATION REPORTING AGREEMENT

SCHOOL DISTRICT NO. 58, BINGHAM COUNTY, STATE OF IDAHO

#### INFORMATION REPORTING AGREEMENT

\$\_\_\_\_\_ initial principal amount of General Obligation Bonds, Series 2016, dated \_\_\_\_\_, 2016 (the "Bonds"), of School District No. 58, Bingham County, State of Idaho (the "Issuer") and issued pursuant to a Resolution authorizing the issuance and providing for the sale of the Bonds (the "Resolution")

THIS INFORMATION REPORTING AGREEMENT (the "Agreement") is executed and delivered by the Issuer and Zions Public Finance, Inc. (also known for purposes of this Agreement as the "Disclosure Agent") as of the date set forth below in order for the Issuer to authorize and direct the Disclosure Agent, as the agent of the Issuer, to make certain information available to the public in compliance with Section (b)(5)(i) of Rule 15c2-12, as hereinafter defined.

#### WITNESSETH:

1. **Background.** The Issuer has issued the Bonds pursuant to the Resolution. The CUSIP number assigned to the final maturity of the Bonds is 09041\_\_.

2. **Appointment of Disclosure Agent.** The Issuer hereby appoints the Disclosure Agent, and any successor Disclosure Agent acting as such under the Resolution, as its agent under this Agreement to disseminate the financial information and notices furnished by the Issuer hereunder in the manner and at the times as herein provided and to discharge the other duties assigned.

3. **Information to be Furnished by the Issuer.** The Issuer hereby covenants for the benefit of the registered and beneficial owners of the Bonds that, as long as the Bonds are outstanding under the Resolution, the Issuer will deliver the following information to the Disclosure Agent:

a. Within 180 days after the end of the Issuer's fiscal year (no later than December 27 of each year), the audited financial statements of the Issuer prepared in accordance with generally-accepted accounting principles, together with the report thereon of the Issuer's independent auditors, beginning with fiscal year ending June 30, 2016. If audited financial statements are not available by the time specified herein, unaudited financial statements will be provided and audited financial statements will be provided when, and if, available. The Issuer shall include with each submission a written representation addressed to the Disclosure Agent to the effect that the financial statements are the financial statements required by this Agreement and that they comply with the applicable requirements of this Agreement. For the purposes of determining whether information received from the Issuer is the required financial statements,

the Disclosure Agent shall be entitled conclusively to rely on the Issuer's written representation made pursuant to this Section.

b. Within 180 days after the end of the Issuer's fiscal year (no later than December 27 of each year), the other financial, statistical and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical and operating data contained in the Issuer's Official Statement, specifically the tables and/or information contained under the following headings and subheadings of the Official Statement reflected on the below-referenced pages of the Official Statement:

#### THE DISTRICT

- District Enrollment and Average Daily Attendance - Historical and Projected Average Daily Attendance and Enrollment - page [19]

#### DEBT STRUCTURE OF THE DISTRICT

- Outstanding General Obligation Bonded Indebtedness - page [26]
- Overlapping General Obligation Debt - page [29]

#### FINANCIAL INFORMATION REGARDING THE DISTRICT

- Financial Summaries- pages [31-35]

#### TAXES AND STATE FUNDING

- Historical Tax Rates- page [39]
- Market Value of Property In the District- page [40]
- Tax Collection Record of the District- page [40]
- Some of the Largest Taxpayers- page [42]

#### STATE OF IDAHO SCHOOL FINANCE

- State Support to the District- page [44]

c. The Disclosure Agent shall provide notice to the Issuer of its requirement to provide the information listed in Sections 3.a. and 3.b. at least thirty (30) days prior to the date such information is to be provided to the Disclosure Agent by the Issuer. Any or all of the items listed above in Sections 3.a. or 3.b. may be incorporated by reference from other documents, including official statements of debt issues of the Issuer which have been previously submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference.

d. Within ten (10) business days after the occurrence of the event, written notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-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 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 obligated person;<sup>1</sup>
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

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<sup>1</sup> For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(15) In a timely manner, notice of a failure of the Issuer or the obligated person to provide the required annual financial information specified in Sections 3.a. and 3.b. above, on or before the date specified therein, in the form attached hereto as Exhibit A.

e. Although the Disclosure Agent disclaims any affirmative obligation to monitor occurrences affecting the Issuer, the Disclosure Agent shall promptly advise the Issuer whenever, in the course of performing its duties under the Resolution, the Disclosure Agent identifies an occurrence which would require the Issuer to provide a notice of the occurrence of any of the events listed in Section 3.d. above; provided that the failure of the Disclosure Agent so to advise the Issuer of such occurrence shall not constitute a breach by the Disclosure Agent of any of its duties and responsibilities hereunder. The Disclosure Agent shall only send notice of such event listed in Section 3.d. above to the Repository if such written notice is provided to it by the Issuer, and in no event shall the Disclosure Agent be required to determine the materiality of such event.

**4. Manner and Time by Which Information is to be made Public by the Disclosure Agent.**

a. The information required to be delivered to the Disclosure Agent pursuant to Sections 3.a. and 3.b. hereof shall be referred to as the Continuous Disclosure Information (the "Continuous Disclosure Information"), and the notices required to be delivered to the Disclosure Agent pursuant to Section 3.d. hereof shall be referred to as the Event Information (the "Event Information").

b. After the receipt of any Continuous Disclosure Information or any Event Information, the Disclosure Agent will deliver the information as provided in the following Section 4.c.

c. It shall be the Disclosure Agent's duty

(1) to deliver the Continuous Disclosure Information to the Repository once it is received from the Issuer not later than ten (10) business days after receipt thereof; and

(2) to deliver the Event Information to the Repository immediately upon receipt from the Issuer and in any event, not more than two (2) business days following receipt from the Issuer.

d. The Disclosure Agent shall have no duty or obligation to disclose to the Repository any information other than (i) Continuous Disclosure Information that the Disclosure Agent actually has received from the Issuer and (ii) Event Information about which the Disclosure Agent has received written notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Agreement. The Disclosure Agent's



duties and obligations are only those specifically set forth in this Agreement, and the Disclosure Agent shall have no implied duties or obligations.

e. All Continuous Disclosure Information and Event Information, or other financial information and notices pursuant to this undertaking are to be provided to the Repository in electronic PDF format (word-searchable) as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

## **5. Indemnification.**

a. The Disclosure Agent shall have no obligation to examine or review the Continuous Disclosure Information or the Event Information and shall have no liability or responsibility for the form of or the accurateness or completeness of, the Continuous Disclosure Information or the Event Information disseminated by the Disclosure Agent hereunder. The Continuous Disclosure Information shall contain a legend to such effect. The Disclosure Agent's duties under this Agreement are ministerial in nature.

b. The Issuer hereby agrees to hold harmless and to indemnify the Disclosure Agent, its employees, officers, directors, agents and attorneys from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees and expenses, whether incurred before trial, at trial, or on appeal, or in any bankruptcy or arbitration proceedings), which may be incurred by the Disclosure Agent by reason of or in connection with the disclosure of information in accordance with this Agreement, except to the extent such claims, damages, losses, liabilities, costs or expenses result directly from the willful or negligent conduct of the Disclosure Agent in the performance of its duties under this Agreement. This Section 5.b shall survive the termination of the Agreement, payment of the Bonds and the removal and resignation of the Disclosure Agent. In no event shall Disclosure Agent be liable for special, indirect, or consequential losses or damages of any kind whatsoever (including but not limited to lost profits) even if Disclosure Agent has previously been advised of such losses and damages.

**6. Compensation.** The Issuer hereby agrees to compensate the Disclosure Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time hereunder.

**7. Enforcement.** The obligations of the Issuer under this Agreement shall be for the benefit of the registered and beneficial holders of the Bonds. Any holder of the Bonds then outstanding, including any Beneficial Owner of the Bonds (as defined in the Resolution), may enforce specific performance of such obligations by any judicial proceeding available. However, any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default under the Resolution.

This Agreement shall inure solely to the benefit of the Issuer, the Disclosure Agent and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

**8. Definitions.** As used herein, the following terms shall have the following meanings:

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"obligated person" as defined in Rule 15c2-12 shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the municipal securities to be sold in the offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Official Statement" shall mean the final official statement relating to the Bonds dated \_\_\_\_\_, 2016.

"Repository" shall mean MSRB through its Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>, or such other nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to the Rule, the identity of which will be provided to the Disclosure Agent by the Issuer as required.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

**9. Amendments and Termination.** This Agreement may be amended with the mutual agreement of the Issuer and the Disclosure Agent and without the consent of any registered or beneficial holders of the Bonds under the following conditions and upon receipt of an opinion of nationally recognized bond counsel delivered to the Disclosure Agent opining as to the following:

a. the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

b. this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

c. the amendment does not materially impair the interests of holders of the Bonds, as determined by parties unaffiliated with the Issuer (such as the Disclosure Agent or nationally recognized bond counsel).

Any party to this Agreement may terminate this Agreement by giving written notice of an intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Disclosure Agent may resign as Disclosure Agent by giving written notice of intent to resign to the Issuer at least ninety (90) days prior to resignation.

The undertaking contained in this Agreement shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid in full pursuant to the terms of the Resolution; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written undertaking (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Disclosure Agent, otherwise, do not apply to the Bonds. The Issuer shall notify the Repository if this Agreement is terminated pursuant to (iii), above.

**10. Successor Disclosure Agent.** Upon the transfer of the duties created under the Resolution from the current Disclosure Agent to a successor Disclosure Agent, such successor Disclosure Agent shall succeed to the duties under this Agreement without any further action on the part of any party, and the then current Disclosure Agent shall have no further duties or obligations upon the transfer to a successor Disclosure Agent. Such Successor Disclosure Agent may terminate this Agreement or cause it to be amended as provided in section 9.

**11. 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 Continuous Disclosure Information or Event Information, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Continuous Disclosure Information or Event Information, 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 Continuous Disclosure Information or Event Information.

**12. Notices.** Notices and the required information under this Agreement shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Agreement may designate from time to time.

**13. Counterparts.** This Agreement may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Agreement.

**14. Governing Law.** This Agreement shall be governed by the laws of the State of Idaho.

IN WITNESS WHEREOF, the Issuer and the Disclosure Agent have caused this Agreement to be executed and delivered by a duly authorized officer of each of them, all as of this \_\_\_\_ day of July, 2016.

ISSUER:

SCHOOL DISTRICT NO. 58,  
BINGHAM COUNTY, STATE OF IDAHO

By \_\_\_\_\_  
Chairman, Board of Trustees

DISCLOSURE AGENT:

ZIONS PUBLIC FINANCE, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer/  
Obligated Person: School District No. 58,  
Bingham County, State of Idaho

Name of Bond Issue General Obligation Bonds, Series 2016  
\$ \_\_\_\_\_  
Dated \_\_\_\_\_, 2016

Date of Issuance \_\_\_\_\_, 2016

CUSIP Number: 090401\_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer/Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Information Reporting Agreement (the "Disclosure Agreement") between the Issuer and Zions Public Finance, Inc., as Disclosure Agent dated the date of issuance. The Issuer has notified the Disclosure Agent that it anticipates that the Annual Report will be filed on or about \_\_\_\_\_.

Dated: \_\_\_\_\_

ZIONS PUBLIC FINANCE, INC., as Disclosure  
Agent, on behalf of the Issuer

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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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 [dtcc.com](http://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 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 District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

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

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