

PRELIMINARY OFFICIAL STATEMENT DATED _____

School District No. 411 (Twin Falls)
Twin Falls County, State of Idaho
\$62,345,000⁽¹⁾ General Obligation Refunding Bonds,
Series 2020 (Sales Tax Guaranty) (Taxable)

Twin Falls SD No. 411
Version 3 Drafted 8/6;
Comments due end of
day 8/14.

DATED: Date of Delivery September 16, 2020

DUE: September 15, as shown on the inside cover

MOODY'S RATINGS— Credit Enhanced “___”, Underlying “___” (See “State of Idaho Guaranty” and “Ratings” herein.)

BOOK-ENTRY ONLY SYSTEM— School District No. 411 (Twin Falls), Twin Falls County, State of Idaho (the “District”), will issue its General Obligation Refunding Bonds, Series 2020 (Sales Tax Guaranty) (Taxable) (the “Bonds”) in fully registered form under a book-entry only system to be registered in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company (“DTC”). DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS—Interest on the Bonds will be paid on March 15, 2021 and semiannually thereafter on September 15 and March 15 of each year to the maturity or earlier redemption of the Bonds. Principal of and interest on the Bonds will be payable to the persons in whose names such Bonds are registered (the “Beneficial Owners”) at the address appearing upon the registration books at the close of business on the fifteenth day preceding each interest payment date and, if not a business day for the Paying Agent (hereinafter defined), the next preceding day that is a business day for the Paying Agent. The principal of and interest on the Bonds will be payable by the District’s bond registrar and paying agent, U.S. Bank National Association (the “Paying Agent”), to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds.

PURPOSE — See “Purpose and Use of Proceeds” herein.

MATURITY SCHEDULE — SEE INSIDE COVER

REDEMPTION—The Bonds are subject to optional redemption prior to their stated maturities. See “Redemption Provisions” herein.

SECURITY—The Bonds are general obligations of the District and the full faith, credit and resources of the District are pledged for the punctual payment of the principal of and interest on the Bonds. The District covenants and is obligated by law to levy annually *ad valorem* taxes without limitation as to rate or amount on all taxable property in the District sufficient to pay the principal of and interest on the Bonds. The Bonds do not constitute a debt or indebtedness of Twin Falls County, the State of Idaho (except as described under the “State of Idaho Guaranty”), or any political subdivision thereof other than the District. See “Taxes and State Funding” herein.

Payment of principal and interest on the Bonds will be secured by the State of Idaho Sales Tax Guaranty Program. See “State of Idaho Guaranty” herein.

TAX MATTERS— In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, interest on the Bonds is included in gross income subject to federal and state income taxation.

DELIVERY— The Bonds are offered when, as and if received and accepted by the original purchasers, subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent on behalf of DTC by Fast Automated Securities Transfer on or about September 16, 2020 (the “Date of Delivery”).

(1) Preliminary, subject to change.

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

PIPER | SANDLER

**School District No. 411 (Twin Falls)
Twin Falls County, State of Idaho**

**\$62,345,000⁽¹⁾ General Obligation Refunding Bonds,
Series 2020 (Sales Tax Guaranty) (Taxable)**

DATED: Date of Delivery

DUE: September 15, as shown below

MATURITY SCHEDULE

Due Sept. 15	Amounts ⁽¹⁾	Interest Rates	Yields	CUSIP ⁽²⁾ 901561
2021	\$ 845,000			
2022	715,000			
2023	745,000			
2024	785,000			
2025	815,000			
2026	4,645,000			
2027	4,855,000			
2028	5,075,000			
2029	5,305,000			
2030	5,540,000			
2031	5,790,000			
2032	5,905,000			
2033	6,025,000			
2034	6,155,000			
2035	6,290,000			
2036	2,855,000			

(1) Preliminary, subject to change.

(2) The CUSIP numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by Standard and Poor's, a division of the McGraw-Hill Companies, Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Underwriter (hereafter defined) takes any responsibility for the accuracy of such CUSIP numbers.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to a person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the District or Piper Sandler & Co., as underwriter (the "Underwriter"), to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

The District makes no representation regarding the accuracy or completeness of the information provided in Appendix C—Book-Entry Only System, which has been furnished by DTC. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of the provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the District since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Preliminary Official Statement has been "deemed final" by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under said Rule 15c2-12.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "estimated," "projected," "anticipate," "expect," "intend," "plan," "believe" and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

School District No. 411 (Twin Falls)
Twin Falls County, State of Idaho
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Twin Falls, Idaho 83301
(208) 733-6900

Board of Trustees

Bryan Matsuoka
Paul McClintock
Jayson Lloyd
Heidi Casdorff
Jonathan Lord

Chair
Vice Chair
Trustee
Trustee
Trustee

School Administrative Staff

Brady Dickinson, Ph.D.
Robert Seaman

Superintendent
Fiscal Affairs Director

Bond Counsel

Hawley Troxell Ennis & Hawley LLP
Boise, Idaho
(208) 344-6000

Paying Agent/Registrar/Escrow Agent

U.S. Bank National Association
Salt Lake City, Utah
(801) 534-6083

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PRELIMINARY OFFICIAL STATEMENT

School District No. 411 (Twin Falls) Twin Falls County, State of Idaho

\$62,345,000⁽¹⁾ General Obligation Refunding Bonds, Series 2020 (Sales Tax Guaranty) (Taxable)

School District No. 411 (Twin Falls), Twin Falls County, State of Idaho (the "District"), a political subdivision and body corporate duly organized and existing under and by virtue of the laws of the State of Idaho (the "State") furnishes this Official Statement in connection with the offering of \$62,345,000⁽¹⁾ aggregate principal amount of General Obligation Refunding Bonds, Series 2020 (Sales Tax Guaranty) (Taxable) (the "Bonds") dated the Date of Delivery as defined on the cover page. This Official Statement, which includes the cover page, inside cover page and appendices, provides information concerning the District and the Bonds.

The information set forth herein has been obtained from the District and other sources that are believed to be reliable. Piper Sandler & Co. (the "Underwriter") relied on the District with respect to the accuracy and sufficiency of such information and such information is not to be construed as a representation, warranty or guarantee by the Underwriter. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

Description of the Bonds

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amounts as shown on the cover page of this Official Statement and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts and will bear interest, payable semiannually, until the maturity or earlier redemption of the Bonds as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption Provisions

Optional Redemption. The Bonds maturing on and after September 15, 2031 are subject to optional redemption at the option of the District, in whole or in part on September 15, 2030 and on any date thereafter at the price of par plus accrued interest, if any, to the date of redemption.

Notice of Redemption

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form, the Paying Agent shall notify DTC of an early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information as required by the letter of representations on file with DTC in connection with the issuance of the District's Bonds.

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(1) Preliminary, subject to change

Defeasance

Bonds, including principal, interest, and redemption price, as applicable, due thereunder, shall be deemed to have been paid in full pursuant to the Act (herein after defined) and specifically Section 33-1103, Idaho Code, in the event that there shall have been deposited in escrow with a bank, trust company or suitable depository (the "Defeasance Agent") either (a) moneys in an amount which shall be sufficient, or (b) Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Defeasance Agent at the same time, shall be sufficient, to pay when due the principal or redemption price, as applicable, and interest due and to become due, if applicable, on said Bonds on and prior to the redemption date or maturity date thereof. In the case of a deposit under clause (b) above where the principal amount of the Defeasance Securities is less than the principal amount of the redemption prices and interest due thereon, as applicable, there will be provided a report of an independent certified public accountant verifying the sufficiency of the monies, Defeasance Securities and interest thereon to pay the redemption price on the redemption date.

"Defeasance Securities" shall include the following:

- (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below, or
- (2) direct obligations of the United States of America, or other securities, the principal and interest of which are unconditionally guaranteed by the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America, provided such securities shall be authorized as legal investments for such funds under Idaho law as then in effect.

Paying Agent and Registration Features

Book-Entry System. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as bond owner and as nominee for DTC. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. See Appendix C attached hereto for additional information.

Paying Agent. The principal of and interest on the Bonds will be payable by the Paying Agent to DTC, which, in turn, is obligated to remit such principal and interest to its participants ("DTC Participants") for subsequent disbursement to the Beneficial Owners, as further described in Appendix C attached hereto. Interest on the Bonds shall be credited to the Beneficial Owners by the DTC Participants.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the District is unable to retain a qualified successor to DTC, or the District has determined that it is in the best interest of the District not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Bonds might be adversely affected if the book-entry system of transfer is continued, the District will execute, authenticate and deliver at no cost to the Beneficial Owners of the Bonds or their nominees, Bonds in fully registered form, in the denomination of \$5,000 or any integral multiple thereof within a maturity. Thereafter, the principal of the Bonds will be payable upon due presentment and surrender thereof at the principal office of the Paying Agent; interest on the Bonds will be mailed or caused to be delivered to the persons in whose names such Bonds are registered on the fifteenth day preceding the interest payment date and, if not a business day for the Paying Agent, the next preceding day that is a business day for the Paying Agent, and the Bonds will be transferable as provided in the Resolution (defined below).

Authorization for Issuance

The Bonds are issued pursuant to the applicable provisions of Chapter 11, Title 33, and Chapters 2, 5 and 9, Title 57, Idaho Code, as amended (collectively, the "Act"). A resolution (the "Resolution") approving the issuance of the Bonds and delegating authority to officials of the District to approve the final terms of the Bonds upon the sale thereof, was adopted by the District's Board of Trustees (the "Board") at its regular meeting on August 10, 2020.

The District previously issued its General Obligation Bonds, Series 2014A, dated May 29, 2014 the “Series 2014A Bonds”) to finance a portion of the costs of (i) the construction of two new elementary schools and a new middle school, including school site(s) and all related furnishings, equipping, lighting, heating, ventilation and sanitation facilities and appliances necessary to operate buildings and facilities; (ii) the repair and renovation of Twin Falls High School; and (iii) the addition of safety and security improvements and facilities throughout the District’s existing school buildings, and to pay the costs of issuance of the Series 2014A Bonds.

The proceeds of the Bonds together with monies provided by the District (the “District Contribution”), will be used to refund the outstanding callable maturities of the Series 2014A Bonds the (the “Refunded Bonds”). See “Refunding Procedure” herein. Refundings of outstanding general obligation bonds may be issued without a vote of the electorate in the District.

Purpose and Use of Proceeds

Purpose

The Bonds are being issued to refund the Refunded Bonds, so that the District obtains a benefit of savings in total debt service requirements, and to pay the costs of issuance of the Bonds.

Refunding Procedure

Pursuant to an escrow agreement between the District and U.S. Bank National Association., serving in its role as the escrow agent for the Refunded Bonds (the “Escrow Agent”), a portion of the proceeds of the Bonds, together with the District Contribution, will purchase certain direct United States government obligations (referred to herein as “Government Obligations”) to refund the Refunded Bonds as shown below:

Series 2014A Bonds

Total Amount Outstanding	Refunded Maturities	Amount Refunded	Call Date	Call Price ⁽¹⁾
\$ 62,460,000	2026-2038	\$ 62,460,000	9/15/2024	100%
	Refunded Maturities	Amount Refunded	CUSIP 901561	
	9/15/2026	3,700,000	GF1	
	9/15/2027	3,850,000	GG9	
	9/15/2028	4,005,000	GH7	
	9/15/2029	4,165,000	GJ3	
	9/15/2030	4,340,000	GK0	
	9/15/2031	4,525,000	GL8	
	9/15/2032	4,715,000	GM6	
	9/15/2033	4,930,000	GN4	
	9/15/2034	5,150,000	GP9	
	9/15/2035	5,385,000	GQ7	
	9/15/2036	5,630,000	GR5	
	9/15/2037	5,895,000	GS3	
	9/15/2038	6,170,000	GT1	

(1) Call price is expressed as a percentage of the principal amount.

The Government Obligations, together with a cash deposit, will be deposited in the custody of the Escrow Agent. The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will provide funds to pay interest on the Refunded Bonds beginning March 15, 2021, to the date of redemption, and provide funds sufficient to redeem the Refunded Bonds on September 15, 2024.

The Government Obligations, interest earned thereon, and necessary cash balance, if any, will irrevocably be pledged to and held in trust by the Escrow Agent for the benefit of the owners of the Refunded Bonds, pursuant to the escrow agreement.

Verification of Mathematical Calculations

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District’s retained advisors, consultants or legal counsel.

Sources and Uses of Funds

The proceeds from the Bonds are estimated to be applied as follows:

Sources and Uses of Funds ⁽¹⁾

Sources of Funds	
Par Amount of the Bonds ⁽²⁾	\$ _____
District Contribution	
Original Issue Premium	
Total Sources of Funds	\$ _____
Uses of Funds	
Escrow Requirements	
Underwriting and Costs of Issuance ⁽³⁾	
Total Uses of Funds	\$ _____ 0

- (1) Amounts will be provided in the final Official Statement.
- (2) Preliminary, subject to change.
- (3) Cost of issuance includes: bond counsel, paying agent, escrow agent, escrow verification, school bond guaranty fees and rating agency fees.

Security for the Bonds

General

The Bonds are general obligations of the District and the full faith, credit and resources of the District are pledged for the punctual payment of the principal of and the interest on the Bonds. The Bonds are secured by *ad valorem* taxes to be levied against all taxable property within the District. More specifically, for the purpose of paying the principal of and interest on the Bonds as the same will become due, the District will levy on all taxable property located within the District, in addition to all other taxes, direct annual taxes sufficient in amount to provide for the payment of principal of and interest on the Bonds. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds have been fully paid, satisfied and discharged. See “Taxes and State Funding” herein.

In compliance with the Sales Tax Guaranty Program (see “State of Idaho Guaranty” below), and the Resolution, at least 15 days prior to each interest or principal payment date for the Bonds, the District is required to transfer to the Paying Agent an amount sufficient to pay the principal of and interest on the Bonds then due and payable, and the Paying Agent is authorized and directed to apply such funds to said payment. (See “State of Idaho Guaranty – Guaranty Procedures.”)

The Bonds do not constitute a debt or indebtedness of Twin Falls County (the “County”), the State (except as described below under “State of Idaho Guaranty”), or any political subdivision thereof other than the District.

State of Idaho Guaranty

The Guaranty; Pledge of State Sales Tax

School districts are eligible to apply for a guarantee under the provisions of the Idaho School Bond Guaranty Act, Title 33, Chapter 53, Idaho Code (the “Sales Tax Guaranty Program”) and may apply for further credit enhancement by the bond credit enhancement program supported by the public school endowment fund, pursuant to section 57-728, Idaho Code (the “Credit Enhancement Program”). The Bonds are guaranteed by the Sales Tax Guaranty Program only, with no further credit enhancement provided by the Credit Enhancement Program as further described herein.

The Sales Tax Guaranty Program

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 eligible bonds as such payments shall become due (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration) (the “Guaranty”). The Guaranty is good for the life of the Bonds, even if the State Treasurer later determines a district is ineligible for future guaranties. See “State Treasurer to Monitor District’s Fiscal Solvency” below.

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.

The District received a Certificate of Eligibility for the Bonds from the State Treasurer, issued on August 5, 2020 (the “Certificate of Eligibility”). The Certificate of Eligibility evidences the District’s eligibility for the Sales Tax Guaranty Program for 90 days from the date of issuance. Once the Bonds are issued pursuant to the Certificate, the Guaranty is in effect for so long as the Bonds are outstanding.

Program Limitations. The State has a debt capacity policy that caps the Sales Tax Guaranty Program at the combined maximum annual debt service (“MADS”) of bonds issued by the Sales Tax Guaranty Program and the Idaho Bond Bank Authority at no greater than the prior Fiscal Year audited state sales tax revenue, divided by five (5). The State’s sales tax revenue for fiscal year 2019 was \$1.899 billion. The combined MADS for the Sales Tax Guaranty Program and the Idaho Bond Bank Authority as of June 30, 2020 is \$192,776,959. The resulting percentage of MADS to State sales tax collections is 10.15%.

Guaranty Procedures

The Sales Tax Guaranty Program is for the protection of bondholders. Ultimate liability for the payment of the 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 Bonds.

Under the Sales Tax Guaranty Program, the District’s Superintendent is required to transfer moneys sufficient for scheduled debt service payments on the Bonds to the Paying Agent at least 15 days before any principal or interest payment date for the 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 Bonds the Paying Agent must notify the State Treasurer in writing at least 10 days prior to the payment due 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 Treasurer of a debt service payment on the 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 one percent (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 five percent (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 Bonds if that replacement would divert moneys from the payment of future debt service on the Bonds and increase the risk that the Guaranty would be called upon an additional time.

Since the inception of the Guaranty Programs, the State has not been called upon to pay the principal of or interest on any bonds guaranteed under the State 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 or her conclusions regarding the fiscal solvency of the District at least annually to the Governor, the Legislature, the Endowment Fund Investment Board and the State Superintendent of Public Instruction. In addition, the State Treasurer must immediately report any circumstances suggesting that the District will be unable to meet its debt service obligations and immediately recommend a course of remedial action.

Status of the Programs

The State has guaranteed the following under the Programs as of July 27, 2020:

	Sales Tax Guaranty Program ⁽¹⁾⁽²⁾	Sales Tax Guaranty and Credit Enhancement Programs
Number of School Districts	61	59
Number of bond issues	120	83
Total principal guaranteed	<u>\$1,301,807,215</u>	<u>\$616,470,994</u>

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

(2) The totals do not include \$119,505,000 for two pending school bond guarantees, including the District's bonds.

Source: Office of the Idaho State Treasurer.

State of Idaho—Financial and Operating Information

The State's Comprehensive Annual Financial Report may be obtained on the internet at www.sco.idaho.gov. Such information contained on the internet shall not be considered to be a part of this Official Statement and is not provided in connection with the offering of the Bonds.

Ratings

As noted on the cover page of this Official Statement, the District has applied for an underlying rating for the Bonds from Moody's Investors Service ("Moody's") of "_____". Moody's will also assign its rating of "_____" based upon the guaranty of the Bonds under the Sales Tax Guaranty Program. The ratings reflect only the views of the rating agency and an explanation of the significance of the ratings may be obtained from the rating agency. There is no assurance that the ratings will be retained 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 the ratings will be likely to have an adverse effect on the market price of the Bonds.

Bond Levy Equalization Support Program

Bond Levy Subsidy Program

In 2002, the State created the Bond Levy Subsidy Program under which a levy subsidy is paid to school districts to offset a portion of the costs of annual bond interest and redemption payments made on bonds issued pursuant to voter authorizations approved on or after September 15, 2002 (the "Levy Subsidy").

Availability of the Levy Subsidy

To determine the amount of the Levy Subsidy payment, the Idaho State Department of Education (the "DOE") calculates a value index (the "Value Index") annually for each school district based on the following three components: (i) the district's market value per support unit for equalization purposes divided by two; (ii) the average annual seasonally adjusted unemployment rate in the county in which a plurality of the district's market value for assessment purposes of taxable property (the "Taxable Assessed Value") is located; and (iii) the per capita income in the county in which a plurality of the 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 district with a Value Index of less than 1.5 will receive a minimum payment of no less than 10% of its average annual interest payments. The DOE disburses Levy Subsidy payments no later than September 1 of each 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.

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

The 2020 Legislature appropriated \$25,406,500 for Levy Subsidy payments for Fiscal Year 2021 disbursement, which will be disbursed to qualifying school districts on or about September 1, 2020. Amounts available for Levy Subsidy in future years are subject to appropriation by the State Legislature each year. Fiscal Year 2021 disbursements were funded from a mix of sources: \$8,796,600 from the General Fund (transferred from cigarette tax revenue), \$1,484,900 of carry over in the Levy Subsidy fund, and \$15,125,000 of Idaho Lottery proceeds, which are directed by statute to the Levy Subsidy. These appropriations are exempt from the holdback announced by the Governor in response to COVID-19. See "Corona Virus Disease 2019 – State Budget and Appropriation Effects."

Benefit of Levy Subsidy to the District

Based on information provided by the DOE, the District's Value Index for Fiscal Year 2020 (a fiscal year begins on July 1 and ends the following June 30) was 0.8448, which would entitle the District to receive an annual Levy Subsidy payment equal to 15.52% of the average annual interest payment on qualifying bonds. The Value Index for future fiscal years (beginning with Fiscal Year 2021) is recalculated annually by the DOE and provided each August, shortly after the beginning of the applicable fiscal year. Based on information provided by the District, and the DOE, the District's Value Index for Fiscal Year 2021 is not expected to exceed the 1.50 index cap. If the District's Value Index is above 1.50 for any fiscal year during the repayment of the Bonds, the District will not receive a Levy Subsidy payment for that fiscal year.

The District has been receiving a Levy Subsidy payment on its outstanding qualifying Bonds. 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 DOE recalculates a bond's average annual principal and interest payments in circumstances where a bond is refunded to be measured by the average annual principal and interest on the refunding bonds.

Bonded Indebtedness

Debt Limitation

Section 33-1103, Idaho Code, establishes limits on bonded indebtedness for school districts in Idaho. An elementary school district that employs not less than 6 teachers, or a school district operating an elementary school or schools, and a secondary school or schools, or issuing bonds for the acquisition of a secondary school or schools, may issue bonds in an amount not to exceed 5 percent of the Taxable Assessed Value plus all taxable property excluded from taxation pursuant to Idaho Code, Section 63-602G (the "Full Market Value") plus the value of any urban renewal within the District, less the Aggregate Outstanding Indebtedness (hereinafter defined); and no other school district shall issue bonds in an amount that exceeds at any time 2 percent of the Taxable Assessed Value thereof less the Aggregate Outstanding Indebtedness. "Aggregate Outstanding Indebtedness" means the sum of unredeemed outstanding bonds, minus all moneys in the bond interest and redemption funds, and minus the sum of all taxes levied for the redemption of principal on such bonds. The Aggregate Outstanding Indebtedness and the unexhausted debt-incurring power of a district is determined as of the date of approval by the electors in the school bond election. The Bonds are general obligation bonds subject to this debt limitation.

**General Obligation Debt Capacity
(As of the Date of Delivery)**

The following table shows the general obligation debt capacity of the District.

Full Market Value (as of December 2019)	\$ 5,054,391,838 ⁽¹⁾
Plus: Urban Renewal Value	<u>563,939,433</u>
	5,618,331,271
General Obligation Debt Capacity:	
(5% of Full Market Value)	\$ 280,916,564
Less: Outstanding Debt Subject to Limit	(82,295,000) ⁽²⁾
Plus: Other Statutory Adjustments	<u>3,030,000</u> ⁽³⁾
Remaining Legal General Obligation Debt Capacity	<u>\$ 201,651,564</u>

- (1) As provided by the Idaho State Tax Commission for calculating school district debt capacity.
(2) Represents outstanding voter-approved general obligations of the District, and the effects of this Bond issue.
(3) Plus all moneys in the bond interest redemption fund, and the sum of all taxes levied but uncollected, for the redemption of principal on such bonds (see "Debt Limitation" above).

Source: Idaho State Tax Commission and the District.

Long-Term Borrowing

**Outstanding Long-Term Debt
(As of the Date of Delivery; includes the Bonds)**

General Obligation Bonds	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
G.O. Bonds, Series 2014A	5/29/2014	9/15/2038 ⁽¹⁾	62,460,000	62,460,000
Less Refunded Bonds				(62,460,000)
G.O. Refunding Bonds, Series 2014C	5/29/2014	9/15/2025	28,320,000	19,950,000
G.O. Refunding Bonds, Series 2020 ⁽²⁾	9/16/2020	9/15/2036	<u>62,345,000</u>	<u>62,345,000</u>
Total General Obligation Bonds			<u>153,125,000</u>	<u>82,295,000</u>

- (1) The outstanding maturities will be fully defeased following the refinancing by the Bonds.
(2) This issue. Preliminary, subject to change.

Projected Debt Service Requirements

Calendar Year	Outstanding Bonds ⁽¹⁾		Less:	The Bonds ⁽²⁾		Total Outstanding Debt Service
	Principal	Interest	Refunded Bonds	Principal	Interest	
2020	3,030,000	3,466,344		0	0	6,496,344
2021	3,120,000	3,375,444	(2,702,581)	845,000	1,852,286	6,490,148
2022	3,235,000	3,261,144	(2,702,581)	715,000	1,988,792	6,497,355
2023	3,400,000	3,099,394	(2,702,581)	745,000	1,956,617	6,498,430
2024	3,515,000	2,980,394	(2,702,581)	785,000	1,923,092	6,500,905
2025	3,650,000	2,848,581	(2,702,581)	815,000	1,887,767	6,498,767
2026	3,700,000	2,702,581	(6,402,581)	4,645,000	1,851,092	6,496,092
2027	3,850,000	2,554,581	(6,404,581)	4,855,000	1,642,067	6,497,067
2028	4,005,000	2,400,581	(6,405,581)	5,075,000	1,423,592	6,498,592
2029	4,165,000	2,240,381	(6,405,381)	5,305,000	1,195,217	6,500,217
2030	4,340,000	2,063,369	(6,403,369)	5,540,000	956,492	6,496,492
2031	4,525,000	1,878,919	(6,403,919)	5,790,000	707,192	6,497,192
2032	4,715,000	1,686,606	(6,401,606)	5,905,000	594,345	6,499,345
2033	4,930,000	1,474,431	(6,404,431)	6,025,000	473,352	6,498,352
2034	5,150,000	1,252,581	(6,402,581)	6,155,000	343,875	6,498,875
2035	5,385,000	1,020,831	(6,405,831)	6,290,000	208,526	6,498,526
2036	5,630,000	771,775	(6,401,775)	2,855,000	67,064	2,922,064
2037	5,895,000	511,388	(6,406,388)			0
2038	6,170,000	231,375	(6,401,375)			0
	\$ 82,410,000	\$ 39,820,700	\$ (96,762,306)	\$ 62,345,000	\$ 19,071,370	\$ 106,884,764

(1) Debt service is as of January 1, 2020.

(2) This issue. Preliminary, subject to change.

Source: The District.

Overlapping Debt

The estimated portion of general obligation debt of taxing jurisdictions that overlap the District is called “overlapping debt.” According to the County, as of the Date of Delivery, there is no other general obligation debt that is secured by an *ad valorem* property tax pledge that overlaps the District.

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Debt Ratios

The following table presents information regarding the District's direct debt, including the effects of the Bonds.

Taxable Assessed Value (Dec 2019) ⁽¹⁾	\$ 3,926,777,321
Full Market Value plus URA Value (Dec 2019)	\$ 5,618,331,271
Estimated Population ⁽²⁾	55,973
Debt Information	
Net Direct Debt (Includes Bonds; Excludes refunded bonds) ⁽³⁾	\$ 82,295,000
Estimated Net Overlapping Debt ⁽³⁾	0
Total Net Direct and Overlapping Debt ⁽³⁾	<u>\$ 82,295,000</u>
Bonded Debt Ratios To Taxable Assessed Value	
Net Direct Debt ⁽³⁾	2.10%
Per Capita Taxable Assessed Value	\$ 70,155
Bonded Debt Ratios to Full Market Value	
Net Direct Debt ⁽³⁾	1.46%
Per Capita Full Market Value	\$ 100,376
Bonded Debt Ratios	
Per Capita Net Direct Debt ⁽³⁾	\$ 1,470

(1) Taxable Assessed Value is the Full Market Value less statutory exemptions. The Taxable Assessed Value is the value against which tax levies are applied.

(2) Population within the District. *Source: National Center for Education Statistics, 2018 dataset.*

(3) "Net Direct Debt" and "Net Overlapping Debt" includes all property tax-supported bonds. Self-supporting bonds and limited tax obligations, such as revenue bonds and capital leases, are excluded.

Debt Payment Record

The District has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

Other than the Bonds, the District has no authorized but unissued bonds outstanding. The District does not anticipate the need to finance additional projects within the next three years.

Other Indebtedness and Obligations

Short Term Debt

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

The cycle for receiving State funds and local tax revenues places the greatest potential stress on the District's general fund cash flow in June and July of each year until property tax revenues are received in July and State funds are received in mid-August. The District monitors its budget and cash flow on a monthly basis and maintains sufficient fund balances to provide liquidity in the June-August time frame.

Leases and Other Obligations

Idaho Code provides broad authority for the District to purchase personal property and equipment for school purposes. The District may finance such purchases over more than one year if such purchases constitute “ordinary and necessary” expenses as interpreted under the Idaho Constitution. The District may also finance such purchases under lease-purchase agreements that give the District the right to non-renew the lease on an annual basis as part of its budget and appropriation process and the right to cancel the lease without penalty. The District has two capital leases. The District entered into the Phase II Honeywell Inc. capital lease in Fiscal Year 2007 for capital maintenance and energy savings procedures which should result in significant energy saving cost to the District. The lease is an annual appropriation lease with an annual payment of \$369,809 and maturing on February 1, 2021. The District entered into a capital lease for the purchase of Magic Valley High School in Fiscal Year 2017. The Magic Valley High School Purchase capital lease is an annual appropriation lease for up to 15 years with an anticipated annual payment of \$107,859.

Taxes, Levies and Property Values

Overview

This section describes the process for levying and collecting taxes, as well as receipt of State resources. The District’s financial statements and recent budgets are summarized herein under “Financial Factors.” 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 for operations from two primary sources: State and local sources. In Fiscal Year 2019 State sources represented 87.5% of the District’s total General Fund revenues; the remaining 12.5% came from local property taxes and other sources. See “Financial Factors - General Fund Statement of Revenues, Expenditures and Changes in Fund Balance” herein. The District received approximately 87.1% of Fiscal Year 2020 budgeted General Fund revenues from State sources; and 12.9% from local property taxes and other miscellaneous funds. The District expects to receive approximately 86.8% of Fiscal Year 2021 budgeted General Fund revenues from State sources, and 13.2% from local property taxes and other miscellaneous funds.

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 for operating expenses.

Property Taxes

Tax Levy Procedure. Prior to the commencement of each fiscal year, the Board approves a resolution to adopt its annual budget and approve submission of its property tax levies to the Board of Commissioners of the County (the “County Board”). The budget and tax levy process is described under “Financial Factors--Budgetary Process and Controls” herein. The District’s property tax levies are certified to the County Board in September of each year. *Ad valorem* taxes, including delinquent taxes and penalties, are collected by the treasurer of the County. The taxes are due and payable in two equal installments on December 20 of the tax year (the “Tax Year” is each January 1 through December 31) and June 20 of the following year. The treasurer of the County disburses tax receipts to the District approximately one month after the statutory payable dates.

The District may levy the following *ad valorem* taxes for the following purposes:

Supplemental M&O Levy. Subject to voter approval school districts can levy and collect a supplemental maintenance and operation levy (the “Supplemental M&O Levy”). The Supplemental M&O Levy may be authorized for up to 2 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 has a Supplemental M&O Levy in the amount of \$5,000,000 authorized through Fiscal Year 2021.

Emergency, Judgment and Tort Levies. 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 does not currently have a Judgment Levy. The District’s Emergency Levy for Fiscal Year 2020 was \$659,202. The District’s Tort Levy for Fiscal Year 2020 was \$72,693. The District may or may not certify, or qualify, for these levies in the future.

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 resident district is authorized pursuant to Section 33-1408, Idaho Code, to make a levy above the Supplemental M&O Levy for the purpose of paying tuition costs of its students who, under the authorization of the board of the district, attend school in another district either in or out of Idaho. The District does not currently have a Tuition Levy.

Plant Facilities Levy. Section 33-804, Idaho Code provides for a school district to request voter approval of an annual Plant Facilities Levy. The annual dollar amount of the levy requested is limited to an amount that does not exceed four-tenths of one percent (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 has a 10 year Plant Facilities Levy in the amount of \$4,750,000, authorized through Fiscal Year 2028.

Bond Levy. Subject to voter approval and debt limitations (see “Bonded Indebtedness-Debt Limitation” herein) the District may levy an *ad valorem* property tax for the purposes of repaying voter approved debt for specific capital projects. The District’s Bond Levy for Fiscal Year 2020 is \$8,534,614.

**Historical Ad Valorem Tax Levy Rates for the District
(Levy Rate per \$1,000 of Taxable Assessed Value)**

Fiscal Year	Supplemental M&O	Emergency	Tort	Bond	Plant	Total Levy Rate
2020	1.1146	0.1469	0.0185	1.9363	1.0588	4.2751
2019	0.9940	0.5858	0.0159	1.8790	1.1110	4.5857
2018	1.0548	0.5619	0.0116	2.1709	0.8190	4.6182
2017	1.2641	0.4976	0.0113	2.1130	0.9270	4.8130
2016	1.3221	0.3833	0.0067	2.0747	0.9695	4.7562

Source: Idaho State Department of Education, “Tax Levies for School Purposes,” and the District.

Overlapping Taxing Districts. The overlapping taxing districts within the District have the statutory power to levy regular property taxes. Representative levy rates for each type of overlapping taxing district are listed below:

Representative Levy Rates Tax Year 2019

	Twin Falls County	Statewide
Average Overall	1.549%	1.156%
Average Urban	1.798%	1.327%
Average Rural	1.174%	0.893%
County	0.419%	
City of Twin Falls	0.713%	
County Ambulance	0.018%	
School District No. 411	0.428%	
Twin Falls Fire District	0.134%	
Mosquito Abatement	0.010%	
College of Southern Idaho	0.089%	
Twin Falls Roads District	0.109%	

Source: *Associated Taxpayers of Idaho.*

The County assessor annually assigns “valuation of market value for assessment purposes” to all taxable real and personal property within the County. The following table shows the history of total property values for the District during the last six years.

**District Property Values
(September Values)**

Tax Year	Full Market Value ⁽¹⁾	% Annual Change in Full Market Value	Homeowner's Exemption ⁽²⁾	Taxable Assessed Value ⁽³⁾	% Annual Change in Net Market Value	Urban Renewal ⁽⁴⁾
2019	\$ 5,057,391,838	9.47%	\$ (1,127,614,517)	\$ 3,929,777,321	9.86%	\$ 563,939,433
2018	4,620,074,800	7.75%	(1,043,151,804)	3,576,922,996	7.29%	698,529,486
2017	4,287,702,244	13.85%	(953,881,960)	3,333,820,284	13.88%	695,234,463
2016	3,766,156,302	2.77%	(838,686,861)	2,927,469,441	2.14%	632,266,740
2015	3,664,611,560	3.05%	(798,575,563)	2,866,035,997	2.42%	537,691,159
2014	3,555,986,859	4.23%	(757,563,510)	2,798,423,349	3.38%	539,300,960

- (1) Each year all taxable property must be assessed at 100 percent of the current market value.
- (2) See “Property Tax Exemption - Homeowner’s Property Tax Exemption” herein.
- (3) Taxable Assessed Value is the Full Market Value less statutory exemptions. Statutory exemptions include a Homeowner’s Exemption. The Taxable Assessed Value is the value against which tax levies are applied.
- (4) Incremental value assessed to that portion of the Urban Renewal Areas that lie within the District.

Source: *Idaho State Tax Commission.*

Property Tax Collections

Ad valorem taxes, including delinquent taxes and penalties, are collected by the treasurer of the County. The taxes are due and payable in two equal installments on December 20 of the Tax Year and June 20 of the following Tax Year. The District receives tax receipts in January and July, one month following collection by the County.

District Property Tax Collection

Tax Year	Total Taxes Certified	Taxes Collected	Percent Collected
2019	\$ 19,100,103	\$ 18,689,255	97.85%
2018	19,533,392	19,392,539	99.28%
2017	18,462,018	18,410,653	99.72%
2016	17,075,788	17,075,296	100.00%
2015	16,085,036	16,084,802	100.00%

Source: Office of the County Treasurer, July, 2020.

Property Tax Exemption

Homeowner's Property Tax Exemption: The homeowner's exemption provides a permanent exemption from *ad valorem* taxation for 50% of the Full Market Value of a homeowner's primary residence (including up to one acre of the land value) subject to a maximum exemption of \$100,000 (the "Homeowner's Exemption").

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

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

Personal Property Tax Exemption: The Bonds are secured by an unlimited tax on taxable property in the District. Taxable property includes real property and personal property. Idaho currently has a \$3,000 exemption on a de minimus item of taxable property and a \$100,000 exemption on business personal property.

Major Taxpayers

Following is a list of the District's top ten taxpayer accounts.

The District (Top Ten Taxpayer Accounts for Tax Year 2019)

Taxpayer	Type of Business	Taxable Assessed Value	% of District's Tax Assessed Value
Agro-Farma Idaho, Inc. ⁽¹⁾	Yogurt Plant	\$ 266,015,966	5.93%
Clif Bar Baking Company ⁽²⁾	Food Processing	103,823,066	2.31%
Idaho Frozen Foods/Lamb Weston	Food Processing	68,638,015	1.53%
Amalgamated Sugar LLC	Food Processing	42,396,012	0.95%
Westrock Longview LLC	Paper Products Manufacturing	34,530,215	0.77%
Glanbia Foods, Inc.	Dairy Processing/Foods	25,318,013	0.56%
Jayco Inc.	RV Manufacturing	25,228,559	0.56%
Magic Valley Mall LLC	Retail Development	23,495,960	0.52%
Idaho Power Company	Utility	18,408,807	0.41%
Wal-Mart Stores	Retail	18,110,663	0.40%
Top 10 Taxpayers		\$ 625,965,276	13.96%
All other District Taxpayers		3,859,292,290	86.04%
Total District Taxpayers (Tax Year 2019) ⁽³⁾		\$ 4,485,257,566	100.00%

- (1) Agro-Farma, Idaho, Inc. owns and operates the Chobani Greek Yogurt Plant located in Twin Falls. In 2018, the company opened a 70,000 square foot sustainably designed facility in Twin Falls which houses the company's Global Research and Development offices.
- (2) Clif Bar Baking Company is a leading producer of nutritious and organic food and drink products. In 2016, the company opened a new 300,000 square foot plant in Twin Falls that employs around 300 people.
- (3) Includes urban renewal area values totaling \$555,480,245. The District receives a portion of the taxes levied against the urban renewal value for its Supplemental M&O Levy, Plant Facility Levy, Emergency Levy and a significant portion of the Bond Levy.

Source: Office of County Assessor.

State of Idaho School Finance

General

The Legislature appropriates state and federal moneys for support of public school districts (the “Schools Appropriations”). The Schools Appropriations are deposited into the “Public School Income Fund” for further distribution by the DOE to school districts pursuant to a formula set forth in Idaho Code Section 33-1002 and accompanying rules and regulations of the DOE. See “State Support to the District” below. The amount of State funding provided to each school district is determined, in part, by support units calculated for each district, which units are calculated largely based on average daily attendance (“ADA”) at each district. ADA is calculated in accordance with Idaho Code Section 33-1003A, based on the entire school year except that the twenty-eight 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 – Average Daily Attendance” herein for a discussion of the District’s ADA.

The ADA funding formula system has been in effect, with certain modifications, since 1994. The last several Legislative sessions have considered changes to this system, culminating in a report in 2018 of an interim legislative committee that recommended the formula system transition from “counting students based on average daily attendance to counting students based on enrollment.” The 2019 legislative session did not enact any changes to the system, but did enact HB 293 which adds definitions and requires school districts to report enrollment data so that a comparison between and ADA system and an enrollment-based system could be evaluated. The 2020 Legislature took no action with respect to changing the current system.

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 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 Legislature typically 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 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 Legislature’s authorized expenditures, the Governor may issue an executive order to reduce the spending authority on file in the office of the State Controller for any department, agency, or institution of the State (a “Holdback”), or request a reversion of appropriations back to the State to balance the State budget. On July 1, 2020, the first day of the 2021 Fiscal Year, the Governor announced a 5% holdback in response to the expected revenue effects of COVID-19. See “Corona Virus Disease 2019 – State Budget and Appropriations Effects.”

Beginning July 1, 2003 the State established a series of budget reserve funds, including principally a Public Education Stabilization Fund (the “Education Stabilization Fund”) and a general budget reserve fund (the “General Reserve Fund”). Both funds act as reserve accounts from which the State can draw funds to make up revenue shortfalls and into which funds are deposited in times of surplus. The Education Stabilization Fund is

dedicated only for public education. In Fiscal Years 2009-2011 almost the entire balances in both the Education Stabilization Fund and the General Reserve Fund were drawn down to support budgets for those years. Beginning in Fiscal Year 2012 the Legislature has appropriated surplus funds for deposit in these funds, resulting in increased balances each year. At June 30, 2020, the Education Stabilization Fund balance was approximately \$62.4 million and the General Reserve Fund balance was \$393.2 million. Shortly after the beginning of the 2021 Fiscal Year on July 1, 2020, an additional \$30 million was transferred to the General Reserve Fund from the surplus for the Fiscal Year ended June 30, 2020 that resulted from revenues above projection, raising the balance to \$423.2 million. For the entire Fiscal Year 2020 State budget, actual expenditures were less than appropriations, such that in addition to the General Reserve Fund and the Education Stabilization Fund, the State begins the Fiscal Year 2021 with an unobligated opening General Fund balance of \$186.3 million.

The Governor’s holdback order cites the existence of these reserves as enabling the holdback to be limited to 5%, and the expectation that the economic effects of the Corona virus may extend over several budget years during which the reserve balances may be drawn upon to compensate for revenue shortfalls. See “Corona Virus Disease 2019 – State Budget and Appropriation Effects” 1

Appropriations to Public Schools

The State legislature convened its 2020 session on January 6, 2020 and adjourned on March 20, 2020 having set the appropriations and budgets for Fiscal Year 2021. The Legislature approved an increase of approximately 4.6% for public school support appropriations from the General Fund and a 3.2% increase from all funds for Fiscal Year 2021 compared to Fiscal Year 2020

Schools Appropriations for Fiscal Year 2017 through Fiscal Year 2020 and the budgeted appropriation for Fiscal Year 2021 are presented in the table below.

Historical and Budgeted State Appropriations

Fiscal Years	2021⁽¹⁾	2020	2019	2018	2017
General Fund	\$ 1,985,451,000	\$ 1,898,407,200	\$ 1,785,265,900	\$ 1,685,262,200	\$ 1,584,669,400
Dedicated Funds ⁽²⁾	105,717,600	105,062,300	91,010,700	91,637,700	77,496,200
Federal Funds	250,223,500	264,338,500	264,338,500	264,338,500	264,338,500
Total State Appropriation	\$ 2,341,392,100	\$ 2,267,808,000	\$ 2,140,615,100	\$ 2,041,238,400	\$ 1,926,504,100

(1) Budgeted amounts for Fiscal Year 2021.

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

Source: Idaho Legislature Sine Die Reports.

1 Source: Executive order 2020-14; July 16 Letter from DFM to State Board of Examiners

The State Funding Schedule is as follows:

**State Funding Schedule
(Fiscal Year)**

Payment Date	Payment Amount ⁽¹⁾
August 15	50%
November 15	20%
February 15	20%
May 15	10%
July 15	Final payment adjustment for the Fiscal Year ending the previous June 30.

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

Legislation Affecting Public School Appropriations and Public Schools

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 Bonds, which is funded from local property tax revenues allowed to be levied without limitation as needed to pay debt service on the Bonds. The District cannot predict the outcome of 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.

The 2020 Legislature enacted HB 501 which provides that all qualified electors in a school district are eligible to vote if property in that district is proposed to be annexed by another district pursuant to a statutory process initiated by a petition of qualified electors wishing to have their property in a different adjoining district. Previously, an annexation was subject to the vote only of the qualified electors in the specific area sought to be annexed. The District has not experienced significant annexation activity, but believes HB 501 will make adding property to the District more difficult even when favored by affected patrons.

Impact of State Funding on the District

In Fiscal Year 2019, the most current available audited numbers, the dedicated and appropriated funding sources from the State account for approximately 87.5 percent of the District’s General Fund revenue. A six year summary of State support payments are shown in the following table:

**State Support to the District
(Fiscal Years)**

Fiscal Years	2020	2019	2018	2017	2016	2015
August	\$ 24,231,554	\$ 23,060,407	\$ 21,663,026	\$ 20,543,943	\$ 19,095,910	\$ 17,530,444
November	9,720,916	9,212,364	8,661,833	8,206,103	7,654,511	7,099,765
February	10,195,815	16,179,633	16,465,098	8,697,973	8,560,788	7,775,252
May & July	6,786,704	1,148,434	6,066,869	5,538,088	5,741,108	5,161,895
Total ⁽¹⁾	<u>\$ 50,934,989</u>	<u>\$ 49,600,838</u>	<u>\$ 52,856,826</u>	<u>\$ 42,986,107</u>	<u>\$ 41,052,317</u>	<u>\$ 37,567,356</u>

(1) Totals may not track due to rounding.

Source: The District.

The District

Idaho school districts are political subdivisions empowered to provide elementary and secondary educational services. Their operations are supported primarily by State funds, property taxes (the most significant local revenue source), and federal grants. School districts are governed by a board of trustees elected by the voters of the school district. The chief administrative officer is a superintendent chosen by the board of trustees (the "Board").

Description

The District administrative offices are located in the City of Twin Falls (the "City"). The District has an estimated population of 55,973 and its boundaries encompass 135 square miles and serves the communities and unincorporated areas of the County within its boundaries.

The District operates two high schools, three middle schools, nine elementary schools, two alternative schools, and two early childhood schools.

Enrollment

Following is a table showing the historic and projected enrollment for the District.

Historical and Projected Enrollment

Fiscal Year Ended June 30	Elementary K-5	Middle 6-8	Secondary 9-12	Total	Average Daily Attendance ⁽³⁾
2022 ⁽¹⁾	4,564	2,391	2,686	9,641	9,237
2021 ⁽¹⁾	4,542	2,379	2,672	9,593	9,191
2020 ⁽²⁾	4,519	2,367	2,659	9,545	9,145
2019 ⁽²⁾	4,605	2,227	2,567	9,399	9,158
2018 ⁽²⁾	4,597	2,177	2,612	9,386	9,117
2017 ⁽²⁾	4,501	2,051	2,556	9,108	8,893
2016 ⁽²⁾	4,393	2,022	2,549	8,964	8,781
2015 ⁽²⁾	4,300	1,920	2,471	8,691	8,467

(1) Projected enrollment of 0.5%. The District uses historical enrollment for projecting growth.

(2) Historical enrollment.

(3) Weighted Average Daily Attendance is the enrollment figure, adjusted for part-time students and students with special needs, which is used to allocate revenues appropriated by the State to school districts.

Source: *The District*.

Average Daily Attendance

State funding for Idaho school districts is determined, in part, by support units calculated for each school district. The support units are calculated largely based on the ADA for each school 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.

Competition from Private and Charter Schools

Two charter schools are present in the District's service area; one serves K-8 and is opening for the first time in Fall of 2020. The existing charter enrolls K-12 students and enrolled approximately 700 students in Fall 2019. There are two religious-based private elementary and one religious-based private high school in the District's service area. The District believes that it competes well with charter schools and private schools based on cost, breadth of curricular and extra-curricular offerings and public accountability. The charter schools and private

schools have limited facilities and typically have waiting lists, so the District does not expect an increased migration to charter schools based on concerns about safety of the facilities in response to COVID 19.

Staff

The District employs 1,302 full time equivalent positions in the following capacities: 535 certified teachers; 96 supervisory and clerical personnel; 67 maintenance employees; 188 teachers’ aides; 84 food service employees; 8 technologists and 324 other.

The Board of Trustees

The District is governed by a five member Board serving staggered, four-year terms of office. The Board is a policy-making body whose primary function is to establish policies for the District, to oversee the property, facilities and financial affairs of the District and to appoint the District’s chief administrative officer, the superintendent. The members of the Board serve without compensation. Following is a table showing the current Board membership, their occupation and the date of expiration of each member’s current term.

Name	Position	Occupation	Service Began	Term Expires ⁽¹⁾
Bryan Matsuoka	Chair	Manager Small Business Incubation Center at College of Southern Idaho	1998	2021
Paul McClintock	Vice Chair	Financial Technician for U.S. Dept. of Agriculture	2011	2023
Jayson Lloyd	Trustee	Instructional Dean at CSI	2019	2021
Heidi Casdorph	Trustee	Real Estate Agent, Gateway Real Estate	2020	2023
Jonathan Lord	Trustee	Associate Dean at CSI	2020	2023

- (1) The 2018 Legislature adopted Senate Bill 1280, which changed the election date for school district trustees from the 3rd Tuesday in May in odd-numbered years, to the general election in November in odd-numbered years. The legislation extended the terms of incumbent trustees to January 1 of the year following the year in which their current term would have expired on June 30. Beginning with elections in November 2019, the terms of school district trustees will run from January 1 of the year following the election for a term of four years thereafter.

Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Brady Dickinson, Ph.D., Superintendent. Prior to assuming the position of Superintendent in 2017, Mr. Dickinson held the position of Educational Technology Director and Director of Operations. Mr. Dickinson has years of experience in the education system including acting Principal from 2008-2013 at Canyon Ridge High School, Vice Principal from 2007-2008 and Athletic Director from 2003-2008 and teacher since 1995 at Robert Stuart Jr. High. He has been successful in the planning, scheduling and opening of a new school and has served as member to numerous education committees. He received his Bachelor of Science for Secondary Education from the University of Idaho in Moscow, Idaho in 1995 and Masters from University of Idaho in 2007. In 2011 Mr. Dickinson was the recipient of the Milken Award for the State of Idaho.

Robert Seaman, Fiscal Affairs Director. Mr. Seaman has been employed by the District since 1986. Prior to that date, he worked as a CPA and was responsible for the District’s audit for five years before becoming employed by the District. Mr. Seaman was named the 2017 Business Official of the Year with the Idaho Association of School Business Officials, and a 2015 Money Maker with the Idaho Business Review. He received his Bachelor of Science degree from Brigham Young University in 1975.

Corona Virus Disease 2019

General

In response to evidence of community spread of the coronavirus disease (“COVID-19”), on March 13, 2020, Idaho Governor Brad Little (the “Governor”) proclaimed a state of emergency throughout the State. On March 25, 2020, the Governor issued a further declaration and an Order to Self-Isolate, requiring that people cease leaving their home or place of residence except to conduct or participate in essential activities, essential government

functions or to operate essential business through April 15, 2020 (the “Stay Home Order”). The Stay Home Order was extended on April 15, 2020 to continue through the end of April 2020.

On April 23, 2020, the Governor announced a phased plan for allowing economic activity to increase. The plan occurs over four stages and sets forth specific criteria for the State to meet before moving into each of the four stages, as well as business protocols that must be followed for certain business to open in the various stages. As of August 1, 2020, the State is currently in stage 4, which is the final stage of reopening and allows for all businesses to operate with proper social distancing protocols, and allows for gatherings of more than 50 and large venue events. County officials are allowed to move back one or more stages as they deem appropriate. Twin Falls County is currently in stage 4.

In response to the Stay Home Order, the Idaho State Board of Education (the “SBOE”), issued operational guidance to public schools, prescribing a “soft closure,” defined as a “shift from in-person school operations to school operations that use on-line, virtual, or distance learning to provide instruction to students and allow them to meet the Centers for Disease Control social distancing guidance.”

On July 9, 2020, the Governor, the SBOE, and the State Department of Education, with guidance from the Department for Health and Welfare, issued a memorandum titled Idaho Back to School Framework 2020, setting forth guidelines and expectations for local governance and re-entry to in-person classroom instruction. The District will operate under a green, yellow, orange or red designation as long as COVID-19 is a concern in the surrounding community. Green will indicate a traditional schedule with appropriate cleaning/disinfection and social distancing, while yellow and orange designations will indicate additional modifications to student interactions or utilization of a hybrid schedule that will limit the number of students in District facilities. A red designation will mean the District will be prepared to deliver full distance learning. The designation will be determined by the level of community spread utilizing metrics created by South Central Public Health District (SCPHD). Any change in level will be determined in conjunction with SCPHD and announced with as much preparation time for parents, students, and staff as is possible with safety being the highest priority. As of August 10, 2020, and upon evaluating the situation specific to the communities the District serves, the Board of Trustees of the District will operate under [REDACTED] designation as long as COVID-19 is a concern in the surrounding community.

The District continues to closely monitor the proclamations from the Governor’s Office, the SBOE, and recommendations from the federal, State, and local authorities regarding actions the District can or must take to address COVID-19. The District cannot predict if the Governor, or other federal, State, or local authority will issue additional proclamations that can be expected to adversely impact the financial condition of the District, either directly or indirectly.

State Budget and Appropriations Effects

In connection with the Stay Home Order the Governor announced several strategies to address the expected financial effects on State agencies and public schools. Public schools were asked to absorb a 1% reduction from the public school appropriations for the 2019-2020 year.

On July 1, 2020, the first day of the 2021 Fiscal Year, the Governor announced a 5% holdback for Fiscal Year 2021 appropriations, which amounts to approximately \$99 million state-wide and approximately \$ [REDACTED] for the District. The State has identified a wide range by which it expects State revenues to decline in Fiscal Year 2021, underscoring the uncertainty of the extent and duration of economic effects of Covid-19 at this time.¹

The District’s Fiscal Year 2021 budget is balanced and includes expenditure reductions that address the 5% holdback. The District anticipates absorbing the holdback through freezing salaries on the salary schedule, eliminating 20 classified and 2 administrative positions and delaying the hiring of 7-10 teaching positions.

The State has allocated approximately \$91 million of federal relief funds to public schools. However, a substantial amount of these funds are directed at specific needs in response to COVID-19 such as online instruction, personal protective equipment and sanitization efforts, and testing resources, and therefore do not offset the effects of the holdback.

¹ Source: July 16, 2020 Letter from DFM to State Board of Examiners

Effect on the Bonds

The Bonds are secured by and payable from a property tax levy dedicated exclusively to the repayment of the Bonds which the District may assess without limitation as to rate or amount. The Bonds are further secured by the Idaho School Bond Guaranty. Accordingly, although the economic effects of COVID-19 may be severe and the reduction in State general fund appropriations for public schools may be significant, the District does not expect any of these conditions to adversely affect the security and payment of the Bonds.

Financial Factors

Accounting Policies

The basis of accounting for all governmental funds of the District, including the General Fund, is the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Their expenditures are generally recognized when the related fund liability is incurred.

Financial Reporting

The financial statements of the District (the "Financial Statements") are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as prescribed by the Governmental Accounting Standard Board ("GASB"). In addition to presenting the financial position, results of operations and changes in financial position of the District's funds, the Financial Statements reconcile differences in reporting activities between the budgetary basis, as presented in the annual approved budget, and the generally accepted accounting principles as is used in the preparation of the financial report. The District has implemented the financial reporting model required by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments ("GASB-34"). The District follows the "business-type activities" reporting requirements of GASB-34 that provides a comprehensive one-column look at the District's financial activities.

The District's basic financial statements consist of government-wide financial statements, fund financial statements and notes to the basic financial statements. The government-wide financial statements include the following statements:

- (1) Statement of Net Assets. This statement presents information on all of the District's assets and liabilities at the end of a given fiscal year. Net assets are what remain after the liabilities have been paid or otherwise satisfied.
- (2) Statement of Activities. This statement presents information showing how the District's net assets changed over a fiscal year by tracking revenues, expenses and other transactions. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the audited financial statements that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused, vacation leave.

Fund Accounting. The District maintains three major governmental funds. Financial statements for such funds provide more detailed information on specific funds, rather than on the District as a whole.

General Fund -This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Construction Fund - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Bond Interest and Redemption Fund – This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Additional information on the District's accounting methods is available in the District's audited Financial Statements. A copy of the audited Financial Statements for Fiscal Year 2019 is attached hereto as Appendix B.

Bond Fund for the District's Bonds

The Resolution creates a "Bond Fund" for the deposit of revenues and disbursement of payments of debt service on the Bonds. In the Resolution, the District covenants to levy and collect property taxes sufficient, together with other funds, to pay debt service on the Bonds, to deposit such revenues into the Bond Fund and to use the funds on deposit in the Bond Fund for no other purpose than for payment of principal and interest on the 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 counties collect on behalf of the political subdivision. In addition to the revenues to be collected from the dedicated ad valorem tax levies for school district bonds, the counties collect revenues from supplemental maintenance and operation levies, plant facilities levies and other levies if applicable. See "Taxes and State Funding – Property Taxes" herein.

The District has adopted a Bond Fund Policy which requires the District to allocate monies received from the County to their intended purposes, and to deposit monies received from the County from the District's bond levy into the Bond Fund within five days of receipt. The District also has internal controls in place to prevent withdrawals from the Bond Fund for any purpose other than payment of principal and interest on the Bonds. Similarly, the Bond Fund Policy requires that the District deposit Levy Subsidy payments received from the State into the Bond Fund within five days of receipt and use such funds for no other purpose.

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

Auditing

Each State municipal corporation, with annual expenditures in excess of \$250,000, must obtain an audit and examination of its funds and account groups at least once each year pursuant to Section 67-450B, Idaho Code. Municipalities having annual expenditures of less than \$50,000, with the exception of those entities receiving federal assistance, are exempt from this requirement. Municipalities with annual expenditures more than \$100,000 but less than \$250,000 must obtain a biennial audit. All State school districts, regardless of amount of annual expenditures and pursuant to Idaho Code 33-701, must obtain an audit annually. The required audit may be performed by independent public accountants certified by the State as capable of auditing municipal corporations.

The District audits for the Fiscal Years 2015 through 2019 were performed by Ware & Associates., Certified Public Accountants, Twin Falls, Idaho (the "District's Auditor"). The audit reports indicate the financial statements fairly present the District's financial condition and the results of its operations and the cash flows of its proprietary fund types are in conformance with GAAP. Accordingly, the District's Auditor did not perform any procedures relating to any of the information in this Official Statement. The audited financial statements of the District as of June 30, 2019 are attached to this Official Statement as Appendix B. Any prior historical audits would need to be obtained from the District or from the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system.

The District has received a qualified opinion as further described under "Other Post-Employment Benefits" due to the fact that the District has not performed an actuarial valuation of its OPEB liability.

Summaries of the District's Net Position and Changes in Net Position follow. The Statement of Net Position and Changes in Net Position are in conformance with GASB-34. The Statement of Net Position presents information on all the District's assets and liabilities with the difference between the two reported as net assets.

Statement of Net Position
(Fiscal Years)

	2019	2018	2017	2016	2015
Assets					
Cash and investments ⁽¹⁾	\$ 12,850,911	\$ 9,114,102	\$ 20,028,783	\$ 42,025,397	\$ 76,135,804
Property Taxes	630,098	502,739	539,740	558,537	585,198
State, Federal and other	10,701,424	10,234,456	9,920,959	10,259,391	10,950,571
Inventory	313,739	252,791	335,337	394,751	322,122
Prepaid expenses	1,003,752	847,548	772,707	725,856	813,699
Capital assets:					
Land	3,383,851	3,077,342	2,660,946	2,660,946	2,660,946
Depreciable Capital assets	113,139,539	120,648,527	121,756,051	104,367,791	63,532,274
Total Assets	<u>142,023,314</u>	<u>144,677,505</u>	<u>156,014,523</u>	<u>160,992,669</u>	<u>155,000,614</u>
Deferred Outflows					
PERSI Contributions ⁽²⁾	7,515,948	10,388,322	7,741,062	5,792,834	4,114,159
Liabilities					
Accounts payable	9,142,743	8,266,150	8,666,705	12,147,395	6,554,822
Deferred revenue	635,867	553,137	595,066	686,484	0
Amounts held for others	140,717	127,966	143,378	153,981	107,983
Long-term liabilities:					
Accrued interest	1,075,242	1,147,040	1,959,648	1,312,031	1,947,117
Due within one year	3,780,650	3,618,486	3,445,994	2,949,634	2,834,284
Due in more than one year	86,352,714	89,783,830	99,455,451	101,612,502	104,267,596
PERSI net liability	17,275,220	21,768,977	22,153,316	14,332,879	4,664,114
Total Liabilities	<u>118,403,153</u>	<u>125,265,586</u>	<u>136,419,558</u>	<u>118,862,027</u>	<u>115,711,802</u>
Deferred Inflows					
PERSI Assumption ⁽²⁾	3,224,072	7,138,725	7,245,489	9,238,461	11,005,432
Unavailable revenue ⁽³⁾	0	0	0	0	1,230,333
Net Position					
Invested in capital assets, net of related debt	30,332,740	31,586,182	26,332,731	4,199,727	23,343,959
Restricted for:					
Child Nutrition	(11,867)	(14,778)	0	76,900	122,253
Debt service	7,864,926	5,460,362	9,602,602	7,649,063	6,046,676
Capital projects	3,825,890	1,987,922	7,377,157	27,115,637	70,637,109
Unrestricted	(14,099,652)	(16,358,172)	(23,221,952)	(14,679,191)	(73,646,905)
Total Net Position	<u>\$ 27,912,037</u>	<u>\$ 22,661,516</u>	<u>\$ 20,090,538</u>	<u>\$ 24,362,136</u>	<u>\$ 26,503,092</u>

(1) Cash and investments increased in 2015 as a result of the District 2014 Bond Sale. As payments were dispersed to pay for capital related projects financed by the 2014 Bonds the cash and investments account was decreased.

(2) This is due to the implementation of GASB 68. See "Financial Factors – Financial Reporting – GASB 67 and 68".

(3) As a result of implementation of GASB 68 and state pool funds treated as investments instead of cash, which created a deficit in unrestricted cash for account purposes.

Source: Audited Financial Statements of the District.

Changes in Net Position
(Fiscal Years)

Revenues:	2019	2018	2017	2016	2015
Program Revenues:					
Charges for services	\$ 3,854,911	\$ 3,843,600	\$ 4,403,080	\$ 3,632,590	\$ 3,342,323
Operating grants and contributions	11,480,184	16,331,498	14,305,540	15,453,488	8,335,200
State and Federal Programs	53,339,958	44,756,893	42,930,770	38,788,611	42,574,804
General Revenues:					
Property taxes	19,510,834	18,395,014	17,077,911	16,133,706	22,302,004
Revenue in lieu of taxes	190,788	190,788	190,788	190,788	190,788
Interest earnings	32,379	26,331	65,985	200,099	271,977
Gain on sale of capital asset	388,915	9,354	0	0	0
PERSI net pension income	9,786,050	3,138,363	0	0	0
Debt premium	0	0	0	1,245,941	746,886
Total Revenues	<u>98,584,019</u>	<u>86,691,841</u>	<u>78,974,074</u>	<u>75,645,223</u>	<u>77,763,982</u>
Expenses:					
Instructional services	43,864,073	37,534,869	38,977,351	38,781,673	30,729,386
Supporting services	33,089,908	30,288,063	28,982,773	26,209,115	25,866,383
Non-instruction	4,499,137	4,667,273	4,563,997	4,454,636	4,284,979
Capital Outlay	120,402	32,418	38,268	347,988	32,365
Interest on long-term liabilities	3,748,485	4,291,519	5,080,685	3,859,707	5,852,484
Depreciation unallocated	8,011,493	7,306,541	5,602,598	4,133,059	4,670,630
Total Expenses	<u>93,333,498</u>	<u>84,120,683</u>	<u>83,245,672</u>	<u>77,786,178</u>	<u>71,436,227</u>
Increase (decrease) in net assets	5,250,521	2,570,978	(4,271,598)	(2,140,956)	7,910,201
Net position - July 1	22,661,516	20,090,538	24,362,136	26,503,092	18,592,891
Total Net Position	<u>\$ 27,912,037</u>	<u>\$ 22,661,516</u>	<u>\$ 20,090,538</u>	<u>\$ 24,362,136</u>	<u>\$ 26,503,092</u>

Source: Audited Financial Statements of the District.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows. General Fund statements are prepared in accordance with GAAP.

General Fund Balance Sheet
(Fiscal Years)

	2019	2018	2017	2016	2015
Assets					
Cash & investments	\$ 3,453,730	\$ 4,248,280	\$ 5,123,013	\$ 5,820,347	\$ 3,659,366
Receivables:					
Property taxes	220,187	179,552	201,178	206,691	226,072
Other receivables	4,227,828	3,961,251	3,790,861	3,481,255	3,753,867
Prepaid items	701,347	459,331	327,339	317,800	279,137
Inventories	121,513	0	0	0	0
Total Assets	<u>8,724,605</u>	<u>8,848,414</u>	<u>9,442,391</u>	<u>9,826,093</u>	<u>7,918,442</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	273,205	236,448	583,496	299,515	204,062
Salaries & benefits	6,748,384	6,447,275	5,997,816	5,538,166	5,160,830
Deferred & returnable revenues	159,076	146,646	208,256	203,416	0
Other	135	0	0	0	0
Total Liabilities	<u>7,180,800</u>	<u>6,830,369</u>	<u>6,789,568</u>	<u>6,041,097</u>	<u>5,364,892</u>
Inflow of Resources					
Property taxes	0	0	0	0	216,275 ⁽¹⁾
Fund Balances					
Committed	2,018,045	2,018,045	1,962,375	1,962,375	1,962,375
Unassigned	(474,240)	0	690,397	1,822,621	374,900
Total Fund Balances	<u>1,543,805</u>	<u>2,018,045</u>	<u>2,652,772</u>	<u>3,784,996</u>	<u>2,337,275</u>
Total Liabilities and Fund Balances	<u>\$ 8,724,605</u>	<u>\$ 8,848,414</u>	<u>\$ 9,442,340</u>	<u>\$ 9,826,093</u>	<u>\$ 7,918,442</u>

(1) Refers to a portion of taxes receivable not collected within 60 days after fiscal year.

Source: Audited Financial Statements of the District.

**General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance
(Fiscal Years)**

	2019	2018	2017	2016	2015
Revenues:					
Local revenues	\$ 7,413,865	\$ 7,554,424	\$ 7,467,009	\$ 6,659,816	\$ 6,487,341
State revenues	52,045,200	49,583,188	45,705,433	42,520,828	40,235,378
Federal revenues	8,180	83,831	78,750	88,386	47,373
Other revenues	0	0	1,128,772 ⁽¹⁾	0	1,741
Total Revenues	<u>59,467,245</u>	<u>57,221,443</u>	<u>54,379,964</u>	<u>49,269,030</u>	<u>46,771,833</u>
Expenditures:					
Instructional	34,418,484	33,345,928	30,861,677	28,318,594	26,838,981
Support Services	25,223,287	24,263,735	22,673,781	19,331,930	19,737,778
Non-instructional	161,512	115,637	116,499	101,895	90,012
Capital outlay	30,246	34,648	1,118,179 ⁽²⁾	139,361	21,004
Debt service	107,859	107,859	98,871	0	0
Total Expenditures	<u>59,941,388</u>	<u>57,867,807</u>	<u>54,869,007</u>	<u>47,891,780</u>	<u>46,687,775</u>
Excess (Deficiency) of revenues over expenditures	(474,143)	(646,364)	(489,043)	1,377,250	84,058
Other Financing Sources:					
Net transfer in (out)	(97)	11,637	(643,181)	70,473	(141,342)
Total Other Financing Sources	<u>(97)</u>	<u>11,637</u>	<u>(643,181)</u>	<u>70,473</u>	<u>(141,342)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(474,240)	(634,727)	(1,132,224) ⁽³⁾	1,447,723 ⁽³⁾	(57,284)
Fund Balances, July 1	<u>2,018,045</u>	<u>2,652,772</u>	<u>3,784,996</u>	<u>2,337,273</u>	<u>2,394,559</u>
Fund Balances, June 30	<u>\$ 1,543,805</u>	<u>\$ 2,018,045</u>	<u>\$ 2,652,772</u>	<u>\$ 3,784,996</u>	<u>\$ 2,337,275</u>

(1) Increase in Other revenues from sale of District property.

(2) Increase in Capital Outlay is the result of purchasing the Magic Valley Academy facility.

(3) The build-up of fund balance in Fiscal Year 2016 and corresponding decline in fund balance in Fiscal Year 2017 was the result of a planned one-time curriculum adoption expenditure.

Source: Audited Financial Statements of the District.

Budgetary Process and Controls

According to Idaho Code 33-801, the board of trustees of each school district is required to prepare a budget, no later than 28 days prior to its annual budget hearing, which is typically held in June prior to the beginning of the subsequent fiscal year, and in prescribed form, call a public hearing. At that public hearing or at a special meeting held no later than 14 days after the public hearing, each district is required to adopt a budget for the ensuing year. Notice of the hearing must be posted and published as prescribed in Section 33-402, Idaho Code, and a record of the hearing must be kept by the clerk of the district's board. From the time the notice is posted until the date of the hearing, a copy of the proposed budget must be available for public inspection at all reasonable times at the administrative offices of the school district. The board will also prepare and publish, as a part of the notice, a summary statement of the proposed budget for the current and ensuing years. This summary statement will show amounts budgeted for all major classifications of income and expenditures as set forth within the provisions of Section 33-802, Idaho Code, with the total amounts budgeted for salary and wage expenditures in each classification shown separately.

General Fund Adopted Budget
(Fiscal Years)

	Adopted 2021	Amended 2020
Balance forward:	\$ 2,326,092	\$ 1,543,806
Revenues:		
Local Sources	5,741,160	6,502,380
State Sources	53,158,754	54,771,734
Federal Sources	0	0
Other Sources	0	0
Total Revenues	<u>58,899,914</u>	<u>61,274,114</u>
Transfers In	0	54,636
Total Funds Available:	<u>\$ 61,226,006</u>	<u>\$ 62,872,556</u>
Expenditures:		
Salaries	\$ 36,504,608	\$ 37,279,178
Benefits	13,862,229	14,111,712
Purchased Services	6,346,716	6,673,338
Supplies & Materials	1,915,721	2,083,264
Capital Outlay	0	132,302
Debt Retirement	107,860	107,859
Insurance & Judgements	315,000	315,315
Transfers (net)	0	38,013
Contingency Reserve	2,173,872	2,114,950
Unappropriated Balances	0	16,625
Total Expenditures	<u>\$ 61,226,006</u>	<u>\$ 62,872,556</u>

Source: The District.

Investment Policy

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. The District's procedures and investment policy are consistent with the Idaho Code. Idaho Code limits investments to the following general types: (a) certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of State and local governmental entities; (b) time deposits accounts, tax anticipation and interest-bearing note; (c) bonds, treasury bills, debentures or other similar obligations issued or guaranteed by agencies or instrumentalities of the government of the State of Idaho or of the United States; and (d) repurchase agreements.

The District has not adopted a formal investment policy, but is governed by Idaho Code 67-1210. Local governments, including the District, are also authorized to invest in the Local Government Investment Pool (the "LGIP"), which is managed by the Idaho State Treasurer's Office. Information on the LGIP investments is available from the Idaho State Treasurer at <http://sto.idaho.gov>. This inactive textual reference to the website is not a hyperlink and the website, by such reference, is not incorporated herein. The District does invest in the LGIP.

Cash balances of most of the District's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds pro rata based on the fund's cash balance. The District maintains checking accounts with a local bank and all excess funds are invested with the State Treasurer's pooled cash investment account.

Pension System

The District's employees are covered under the Public Employee Retirement System of Idaho ("PERSI"), the administrator of a multiple-employer cost-sharing defined benefit public employee retirement system. Beginning with Fiscal Year 2015, the District is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of PERSI due to the implementation of GASB 68. The District recorded a net pension liability as of June 30, 2019 of \$17,275,220 representing its proportional share of liability under PERSI.

Overview. PERSI is the retirement system for State public employees. Participation in PERSI is mandatory for eligible State and school district employees and is available to other public employers (e.g., political subdivisions) and their employees on a contractual basis. As of June 30, 2019, PERSI had 72,502 active members, 39,867 inactive members (of whom 13,536 are entitled to vested benefits), and 48,120 retired members or annuitants. In addition, as of June 30, 2019, there were 808 participating employers in the PERSI Base Plan (defined below) and total membership in PERSI was 160,489. PERSI collects contributions from employees and employers to fund retirement, disability, death, and separation benefits, as provided by Idaho Code.

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

PERSI is governed by a board (the "Retirement Board") consisting of five members, each appointed by the Governor to fill a five-year term. PERSI staff oversees the investment of trust corpus and new contributions with professional investment managers and funding agents. The Retirement Board maintains fiduciary responsibility for investment policy, asset allocation, and the selection of individual investment managers. The Retirement Board manages PERSI; its tasks include selecting the funding agents, establishing funding policy, and setting contribution rates.

PERSI prepares an Annual Financial Report. Information about this report may be obtained directly from PERSI, or on line at www.persi.idaho.gov/investments/annual_financial_report.cfm. PERSI is a discretely presented component unit of the State, and its financial report is included in the State's CAFR.

Defined Benefit Retirement Plans. The PERSI Base Plan and FRF are both cost-sharing, multiple-employer, defined benefit retirement plans that provide benefits based on members' years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Title 59, Chapter 13, Idaho Code, governs the PERSI Base Plan; Title 72, Chapter 14, Idaho Code, governs FRF.

Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification.

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivision employers contribute to PERSI. The number of participating employer units in the PERSI Base Plan as of June 30, 2018, and June 30, 2019, is shown below:

PARTICIPATING EMPLOYER UNITS

	2018	2019
Cities	155	158
School Districts	168	172
Highway and Water Districts	133	135
State Subdivisions	100	99
Counties	44	44
Other	197	200
Total	797	808

Source: Public Employee Retirement System of Idaho

Other Post-Employment Benefits

GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees

Basis for Modified Opinion on Governmental Activities

A methodology has not been adopted for reporting other post-employment benefits under the guidelines of GASB 75 in the government-wide statements and, subsequently, has not considered the need to record a liability for such benefit. Accounting principles generally accepted in the United States of America require that an adequate liability be provided for post-employment benefits, which would increase the liabilities, deferred inflow of resources, deferred outflow of resources and decrease net assets and change the expenses in the government-wide statements. The amount by which this department would affect the liabilities, net assets and expenses of the government-wide statements has not been determined.

Risk Management and Cybersecurity

The District is exposed to various risks of loss, as provided in greater detail in the District's audited Financial Statements. To help protect against loss, the District has a comprehensive package of insurance policies.

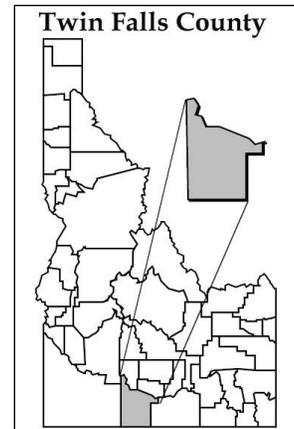
Additionally, since 2016, the District has maintained cyber liability insurance and has implemented policy measures to help offset any financial risks that may result from a cybersecurity breach. As with all risks to which the District is exposed, loss or breach can result in legal and/or regulatory claims. The District's comprehensive insurance policies are in place to protect the District in those circumstances. For further information on the District's insurance policies, see Appendix B Financial Statements for Fiscal Year 2019.

Demographic Information

The County is situated in southern Idaho, bordering Nevada. It is the sixth largest County in population with an average population density of 45 people per square mile. The County, named for the nearby waterfalls on the Snake River, was established in 1907 with its county seat at the City of Twin Falls.

Historical populations for the City, the County and State follow:

Year	City of Twin Falls	Twin Falls County	State of Idaho
2019	50,197	86,878	1,787,065
2018	49,713	86,029	1,750,536
2017	49,298	85,374	1,717,715
2016	48,287	83,819	1,682,380
2015	47,280	82,245	1,651,059



Source: U.S. Census Bureau, Population Division.

Historic Personal and Per Capita Income is as follows:

State of Idaho and Twin Falls County Total Personal and Per Capita Income

Year	Twin Falls County		State of Idaho	
	Total Personal Income (\$ in Millions)	Per Capita Income	Total Personal Income (\$ in Millions)	Per Capita Income
2018	\$ 3,411	\$ 39,623	\$ 77,012	\$ 43,994
2017	3,260	38,230	71,355	42,123
2016	3,106	37,089	68,445	40,683
2015	3,031	36,861	65,825	39,868
2014	2,859	35,300	61,827	37,905

Source: Bureau of Economic Analysis, data last updated November 14, 2019.

Historic Median Household Income is as follows:

Median Household Income

Year	Twin Falls County	State of Idaho
2018	\$ 51,594	\$ 55,524
2017	50,909	52,580
2016	49,415	51,647
2015	45,799	48,311
2014	44,236	47,572

Source: US Census Bureau, Small Area Income and Poverty Estimates.

County Major Employers - 2019

Major Employers	Average Range of Employees
St Luke's Regional Medical Center	2,000+
Twin Falls School District #411	1,000+
College of Southern Idaho	1,000+
Lamb Weston Inc	500+
Chobani Idaho LLC	500+
Personnel Plus	500+
Amalgamated Sugar Company LLC	400+
C3 Customercontactchannels Inc	400+
Twin Falls County	400+
Extreme Staffing LLC	400+
City of Twin Falls	250+
Walmart Inc	250+
Clif Bar Baking Company of Twin Falls	250+
Kimberly School District #414	250+
Costco Wholesale Corp	150+
Filer School District #413	150+
Jayco Inc	150+
First Federal Savings Bank	150+
Fred Meyer	150+

(1) The list does not include all employers. It only includes those employers that have given the Idaho Department of Labor permission to publish an employment range.

Source: *Quarterly Census of Employment & Wages 2019, Idaho Department of Labor.*

County Labor Force and Employment Trends for 2017 - 2019

Twin Falls County	Annual Average		
	2019	2018	2017
Civilian Labor Force	41,393	40,660	40,114
Unemployed	1,159	1,118	1,216
Total Employment	40,234	39,542	38,898
Percent of Labor Force Unemployed	2.80%	2.70%	3.00%

By Place of Work	2019	2018	2017
All Industry Covered Jobs	39,945	39,263	38,465
Total Private	34,716	34,106	33,446
Goods Producing (Inc. Gov.)	8,549	8,436	8,167
Service Producing (Inc. Gov.)	31,397	30,825	30,300
Private Service Producing	26,216	25,715	25,326
Mining and Logging	NA	NA	NA
Construction	1,643	1,530	1,403
Manufacturing	4,598	4,635	4,529
Trade, Transportation, and Utilities	8,235	8,152	7,961
Wholesale Trade	1,489	1,464	1,420
Retail Trade	5,018	5,047	4,911
Transportation and Warehouse	1,521	1,431	1,424
Information	400	400	402
Financial Services	1,353	1,362	1,342
Professionals and Business Services	4,873	4,922	4,948
Education and Health Services	5,917	5,900	5,899
Leisure and Hospitality	4,370	3,949	3,725
Other Services	1,068	1,030	1,049
Government, All	5,230	5,157	5,020
Federal	383	383	373
State	453	452	451
Local	4,393	4,322	4,196

Source: Quarterly Census of Employment & Wages, Idaho Department of Labor, as of July 2020..

Legislative Referrals

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

The Initiative Process

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

In 1997, the Idaho Legislature enacted significant procedural pre-requisites 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 will 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 no less than 6% of the qualified in at least a majority of the State's 35 legislative districts and the total number of signatures gathered must exceed 6% of the state-wide qualified electors. The numbers of qualified electors is measured as of the immediately preceding general election of the State.

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

Historical Initiative Petitions

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

Tax Matters

The Bonds

In the opinion of Hawley Troxell Ennis & Hawley LLP, as Bond Counsel, interest on the bonds is included in gross income subject to federal and state income taxation.

General

The opinions expressed by Bond Counsel are based on existing law as of the date of delivery of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed litigation. In addition, future court actions or regulatory decisions could affect the market value of the Bonds. Owners of the 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 Bonds (the "Premium Bonds"), as shown on the inside 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 Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of Bonds, whether the disposition is pursuant to a sale of the Bonds or other transfer, or redemption.]

[Original Issue Discount

The initial public offering price of certain maturities of the Bonds (the "Discount Bonds"), as shown on the inside cover page hereof, is less than the amount payable on such 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 and therefore is included in 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 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.]

Legal Matters

Opinions of Bond Counsel

Legal matters incident to the authorization, issuance and sale of the Bonds by the District are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue the Bonds, the security for the Bonds and tax matters relative to the Bonds present a fair summary of such matters.

Litigation

To the best of the District's knowledge there is no litigation pending questioning the validity of the Bonds or the power and authority of the District to issue the Bonds. To the best of the District's knowledge there is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Laws Relating to Municipal Reorganization

Idaho Code Section 67-3903 permits school districts, as taxing districts of the State of Idaho, to file a petition for federal bankruptcy relief, in accordance with Title IX of the United States Bankruptcy Code (the "Bankruptcy Code"). 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 any of the following 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 issued by the district; 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 and reduction of 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.

Enforcement of Remedies

The remedies available to the Beneficial Owners of the Bonds in the case of an event of default under the Resolution are subject to the exercise of judicial discretion under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code. The opinion of Bond Counsel to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of payment of the Bonds by limitations imposed by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles and other legal limitations.

Bankruptcy proceedings, if initiated by the District, could have an adverse effect on Beneficial Owners of the Bonds, including but not limited to delay in the enforcement of their remedies, subordination of their claims, and the imposition of a plan of reorganization reducing or delaying payment of the Bonds.

Continuing Disclosure

The District intends to enter into a continuing disclosure agreement (the "Undertaking") for the benefit of the Beneficial Owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b) (5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The proposed form of the Undertaking is set forth under "Appendix D—Form of Information Reporting Agreement," attached hereto.

A failure by the District to comply with the Undertaking will not constitute a default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. A failure by the District to comply with the 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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Current Compliance

The District is required to file annually within 180 days after the end of the District's fiscal year audited financial statements and annual operating data as defined by the District's prior undertakings. The District has annually provided its audited financial information for the past five years within the required 180 days following the end of the District's Fiscal Year. The District has complied in all material respects with the District's current Undertakings for its outstanding bonds.

Preliminary Official Statement

The District intends to deem this Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 as final as of its date except for the omission of information dependent upon the pricing of the issue and the completion of the underwriting agreement, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, Date of Delivery, rating, and other terms of the Bonds dependent on the foregoing matters.

Underwriting

The Bonds are being purchased for reoffering by the Underwriter at the purchase price of 100% of the principal amount of the Bonds plus a reoffering premium of \$_____, less Underwriter's discount of \$_____.

The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, and that the obligation of the Underwriter to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters. After the initial public offering, the public offering prices may be varied from time to time.

The Underwriter has entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter which could include the Bonds. Under that agreement, the Underwriter will share with Charles Schwab & Co., a portion of the fee or commission paid to the Underwriter.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the District will deliver a certificate of its authorized representative to the effect that he has examined this Official Statement and the financial and other data concerning the District contained herein and that to the best of his knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the District except as set forth in or contemplated by the Official Statement.

Concluding Statement

The information contained herein should not be construed as representing all conditions affecting the District or the Bonds. Additional information may be obtained from the District. The statements relating to the Resolution are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The information assembled herein is not to be construed as a contract with the Beneficial Owners of the Bonds.

SCHOOL DISTRICT NO. 411 (TWIN FALLS),
TWIN FALLS COUNTY, STATE OF IDAHO

/S/ Bryan Matsuoka
Chair, Board of Trustees

Appendix A

Form of Bond Counsel Opinion

Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's general purpose financial statements since the date of the audit contained herein.

Appendix C

Book-Entry Only System

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. 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 3.5 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 a Standard & Poor's 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 www.dtcc.com.

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 detail information from Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

Appendix D

Form of Information Reporting Agreement