

REFUNDING—BOOK ENTRY ONLY

NOT RATED; BANK QUALIFIED

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel also is of the opinion that, under existing laws of the State of Nebraska, interest on the Bonds is exempt from Nebraska state income taxation as long as it is exempt for purposes of the federal income tax. The District has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “LEGAL MATTERS” herein.

\$6,350,000*
SANITARY AND IMPROVEMENT DISTRICT NO. 5
OF CASS COUNTY, NEBRASKA
(Buccaneer Bay)
GENERAL OBLIGATION AND REFUNDING BONDS
SERIES 2020

Dated: January 8, 2020

Due: December 1, as shown below

Sanitary and Improvement District No. 5 of Cass County, Nebraska (Buccaneer Bay), a body corporate and politic and a political subdivision of the State of Nebraska (the “District”), is issuing the above-captioned bonds (the “Bonds”) pursuant to its authority under Sections 10-615 and 31-727 et seq., Reissue Revised Statutes of Nebraska, as amended, and a resolution of the District’s Board of Trustees (the “Resolution”).

The District is issuing the Bonds in fully registered form which, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will serve as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the security depository with respect to the Bonds. See “THE BONDS — Book-Entry Only System” herein.

Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2020. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal or redemption price of and interest on the Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC. UMB Bank, NA, West Des Moines, Iowa will serve as paying agent and registrar (the “Paying Agent”) for the Bonds. For terms relating to payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see “THE BONDS — Book-Entry-Only System” herein.

The Bonds maturing on or after December 1, 2025 are subject to optional redemption prior to maturity at the option of the District, in whole or in part, at any time on or after January 8, 2025 at the principal amount thereof plus interest to the redemption date, all as described in this Official Statement.

The Bonds and the interest thereon constitute general obligations of the District, payable from ad valorem taxes, without limitation as to rate or amount, which, together with any collections of special assessments or any other funds legally available for the purpose, will be sufficient to meet the punctual payment of principal of and interest on the Bonds as such principal and interest become due.

MATURITY SCHEDULE*

Type	Maturity Date (December 1)	Principal Amount	Interest Rate	Price	Type	Maturity Date (December 1)	Principal Amount	Interest Rate	Price
Serial	2020	\$305,000	%	100%	Serial	2029	\$350,000	%	100%
Serial	2021	290,000		100	Serial	2030	355,000		100
Serial	2022	300,000		100	Serial	2031	370,000		100
Serial	2023	305,000		100	Serial	2032	380,000		100
Serial	2024	315,000		100	Serial	2033	385,000		100
Serial	2025	320,000		100	Serial	2034	400,000		100
Serial	2026	325,000		100	Serial	2035	410,000		100
Serial	2027	335,000		100	Serial	2036	425,000		100
Serial	2028	340,000		100	Serial	2037	440,000		100

(plus accrued interest from January 8, 2020)

SEE “BONDHOLDERS’ RISKS” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED (IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN) IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains 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.

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval of legality of the Bonds by Kutak Rock LLP, Bond Counsel, and to certain other conditions. Kutak Rock LLP, Underwriter’s Counsel, will provide certain legal advice to the Underwriter regarding this Official Statement. It is expected that the Bonds in definitive form will be available for delivery at DTC in New York, New York, on or about January 8, 2020.

AMERITAS INVESTMENT CORP.

Dated: November 19, 2019

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**SANITARY AND IMPROVEMENT DISTRICT
NO. 5
OF CASS COUNTY, NEBRASKA**

BOARD OF TRUSTEES

Kurt W. Meisinger..... Chair
James Grotrian..... Clerk
Gary Petersen Trustee
Dan Brandt Trustee
Lynn Gorman Trustee

BOND COUNSEL

Kutak Rock LLP

ATTORNEY FOR DISTRICT

Roger K. Johnson

PAYING AGENT AND REGISTRAR

UMB Bank, NA

ACCOUNTANT

Lengemann & Associates, P.C.

UNDERWRITER

Ameritas Investment Corp.

UNDERWRITER'S COUNSEL

Kutak Rock LLP

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion contained 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 any implication that there has been no change in the matters described herein since the date hereof. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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THE UNDERWRITER INTENDS TO OFFER THE BONDS INITIALLY AT THE OFFERING PRICES SET FORTH ON THE COVER PAGE OF THIS OFFICIAL STATEMENT, WHICH MAY SUBSEQUENTLY CHANGE WITHOUT ANY REQUIREMENT OF PRIOR NOTICE. IN CONNECTION WITH ITS REOFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES 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.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE FOREGOING

AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS. THESE FORWARD-LOOKING STATEMENTS INCLUDE, AMONG OTHERS, STATEMENTS CONCERNING EXPECTATIONS, BELIEFS, OPINIONS, FUTURE PLANS AND STRATEGIES, ANTICIPATED EVENTS OR TRENDS AND SIMILAR EXPRESSIONS CONCERNING MATTERS THAT ARE NOT HISTORICAL FACTS. THE FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN OR IMPLIED BY SUCH STATEMENTS. THE DISTRICT HAS NO DUTY OR OBLIGATION TO UPDATE ANY OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

OFFICIAL STATEMENT

\$6,350,000*
SANITARY AND IMPROVEMENT DISTRICT NO. 5
OF CASS COUNTY, NEBRASKA
(BUCCANEER BAY)
GENERAL OBLIGATION AND REFUNDING BONDS
SERIES 2020

INTRODUCTION

This Official Statement has been prepared in connection with the offer for sale of \$6,350,000* in aggregate principal amount of General Obligation and Refunding Bonds, Series 2020 (the “Bonds”), issued by Sanitary and Improvement District No. 5 of Cass County, Nebraska (Buccaneer Bay), a body corporate and politic and a political subdivision of the State of Nebraska (the “District”).

Pursuant to Sections 10-615 and 31-727 et seq., Reissue Revised Statutes of Nebraska, as amended (the “Act”), a sanitary and improvement district may, finance or refinance the capital costs of public improvements and public infrastructure within the boundaries of such district. Once duly established, a sanitary and improvement district possesses certain powers, including, but not limited to, the authority to issue warrants and bonds for its authorized purposes, to assess special assessments and to levy ad valorem taxes to repay its indebtedness.

Brief descriptions of the Bonds, the security therefor and the District are included in this Official Statement together with summaries of certain provisions of the Bonds and the District’s Resolution (as hereinafter defined) authorizing the issuance of the Bonds. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds and the Resolution are qualified in their entirety by reference to the complete documents, copies of which are available for inspection at the office of the Underwriter, Ameritas Investment Corp., 440 Regency Parkway Drive, Suite 222, Omaha, Nebraska 68114, Attention: Ms. Jen Kobza, during normal business hours.

Prospective investors are advised to read carefully “BONDHOLDERS’ RISKS” herein for a description of certain risk factors that should be considered (in addition to other matters set forth herein) in evaluating the investment quality of the Bonds.

THE BONDS

General Description

The Bonds will be dated January 8, 2020, and will bear interest from that date, payable June 1, 2020 and semiannually thereafter on December 1 and June 1 of each year (each an “Interest Payment Date”). The Bonds will mature on December 1 in the years and principal amounts and bear interest at the rates referred to on the cover page of this Official Statement.

Pursuant to the Resolution, the Bonds will be issued as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, not exceeding the amount of each maturity. Interest on the Bonds will be calculated based on twelve 30-day months and a 360-day year.

* Preliminary; subject to change.

Authority for Issuance and Use of Proceeds*

The District is issuing the Bonds pursuant to and by authority of the Act, an order of the Cass County District Court as required by the Act and a Bond Resolution (the “Resolution”) adopted by the District’s Board of Trustees on November 19, 2019, which Resolution authorized the issuance and sale of the Bonds. The District previously issued its General Obligation and Refunding Bonds, Series 2012, dated April 1, 2012 in the original aggregate principal amount of \$7,000,000 (the “Prior Bonds”). The District used the proceeds of the Prior Bonds to (a) refund and redeem its General Obligation and Refunding Bonds, Series 2004 (the “Prior 2004 Bonds”), (b) refund and redeem its General Obligation and Refunding Bonds, Series 2007 (the “Prior 2007 Bonds”), and (c) redeem construction fund warrants issued by the District to pay the costs of installing public improvements and public infrastructure in the District. The District issued the Prior 2004 Bonds to (a) refund and redeem its General Obligation Bonds, Series 1998 (the “Previously Refunded 1998 Bonds”), and (b) redeem construction fund warrants issued by the District to pay the costs of installing public improvements and public infrastructure in the District. The District issued the Prior 2007 Bonds to (a) refund and redeem its General Obligation Bonds, Series 2000 (the “Previously Refunded 2000 Bonds”), (b) refund and redeem its General Obligation Bonds, Series 2002 (the “Previously Refunded 2002 Bonds”), and (b) redeem construction fund warrants issued by the District to pay the costs of installing public improvements and public infrastructure in the District. The District issued its Previously Refunded 2000 Bonds and its Previously Refunded 2002 Bonds to redeem construction fund warrants issued by the District to pay the costs of installing public improvements and public infrastructure in the District.

The Prior Bonds maturing on or after December 1, 2017 are subject to redemption, in whole or in part, prior to maturity at the option of the District at any time on or after April 1, 2017 at a price equal to the principal amount so called for redemption plus accrued interest to the date set for redemption, with no redemption premium.

The District will use the proceeds of the Bonds, together with funds on deposit in the District’s Bond Fund, to (i) refund on a current refunding basis on January 8, 2020 (the “Redemption Date”) \$5,070,000 outstanding aggregate principal amount of the Prior Bonds (the “Refunded Bonds”) and (ii) redeem \$908,353.64 outstanding aggregate principal amount (plus interest to the Redemption Date) of construction fund warrants (the “Refunded Warrants”) previously issued by the District to pay the costs of installing the public improvements and public infrastructure in the District. The Refunded Warrants are subject to redemption by the District in whole at any time in advance of their maturity date. The District will pay the principal and interest requirements for the Prior Bonds coming due on December 1, 2019 directly out of Bond Fund cash of the District. The District’s loan from the Nebraska Department of Environmental Quality (the “NDEQ Loan”), which is secured on a parity with the Bonds, is outstanding in the aggregate principal amount of \$410,551.

Registration, Transfer and Payment

The principal of the Bonds is payable upon presentation and surrender thereof at the principal corporate trust office of UMB Bank, NA, West Des Moines, Iowa, as Paying Agent and Registrar (the “Paying Agent”). The interest on the Bonds will be payable by check or draft mailed to registered owners appearing on the books of the Paying Agent at the close of business on the fifteenth day of the month immediately preceding the month in which an Interest Payment Date occurs (the “Record Date”).

The District and the Paying Agent may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payment thereof and for all other purposes and neither the District nor the Paying Agent shall be bound by any notice or knowledge to the contrary, whether such Bond shall

* Preliminary; subject to change.

be overdue or not. All payments of or on account of interest to any registered owner of any Bond and all payments of or on account of principal to the registered owner of any Bond, shall be valid and effectual and shall be a discharge of the District and the Paying Agent, in respect of the liability upon the Bond or claim for interest, as the case may be, to the extent of the sum or sums paid.

The District will cause books for the registration and transfer of the Bonds to be kept at the principal office of the Paying Agent at all times while any of such Bonds shall be outstanding. Any Bond may be transferred pursuant to its provisions at the principal office of the Paying Agent by surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form satisfactory to such Paying Agent, duly executed by the registered owner in person or by his duly authorized agent, and thereupon the Paying Agent will authenticate and deliver at the office of the Paying Agent (or send by registered mail to the owner thereof at such owner's expense), in the name of the transferee or transferees, a new Bond of the same series, interest rate, principal amount and maturity, dated so there shall result no gain or loss of interest as a result of such transfer. To the extent of denominations authorized for Bonds by the Resolution, one Bond may be transferred for several other Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount and several such Bonds may be transferred for one or several such Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount. As a condition of any registration or transfer, the Paying Agent may at its option require the payment of a sum sufficient to reimburse it or the District for any tax or other governmental charge that may be imposed thereon. The Paying Agent may charge reasonable fees for a transfer; provided, however, the District shall not pay any such fees.

The Paying Agent shall not be required (a) to issue, transfer or exchange Bonds from the Record Date to the next Interest Payment Date; (b) to issue, register or transfer any Bonds for a period of 15 days immediately preceding any selection of Bonds for redemption or for a period of 15 days thereafter; or (c) to register, transfer or exchange any Bonds which have been designated for redemption within a period of 30 days immediately preceding the date fixed for redemption.

Transfer of interests by Beneficial Owners, so long as there is a securities depository serving, will be governed by the procedures described under "THE BONDS — Book-Entry-Only System" herein.

Book-Entry-Only System

The Bonds initially are being issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and Beneficial Owners (as hereinafter defined) will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Resolution. The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. Neither the District nor the Paying Agent makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of maturity and will be deposited with DTC.

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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments, redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to DTC. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NEITHER THE DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments. Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

THE DISTRICT AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE BONDS, (ii) BONDS REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT “RULES” APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT “PROCEDURES” OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS ARE ON FILE WITH DTC.

Optional Redemption

The Bonds maturing on or after December 1, 2025 are subject to optional redemption prior to maturity at the option of the District, in whole or in part, at any time on or after January 8, 2025 at the principal amount thereof plus interest to the redemption date, with no redemption premium. The District may select the maturity of the Bonds so to be redeemed in its sole discretion.

Notice of Redemption

Notice of redemption of any Bond or any portion thereof shall be given by first-class mail to the registered owner of such Bond, addressed to his or her registered address and placed in the mail not less than 30 nor more than 60 days prior to the date fixed for redemption. Such notice shall specify the numbers of the Bonds called for redemption, the redemption date and the place where the redemption amount will be payable, and in the case of Bonds to be redeemed in part only, such notice shall specify the respective portion of the principal amount thereof to be redeemed. A notice of optional redemption shall describe whether and the conditions under which the call for redemption shall be revoked. If the Paying Agent shall hold funds sufficient for such redemption on the date fixed for redemption and such notice shall have been given, the Bonds or the portion thereof thus called for redemption shall not bear interest after the date fixed for redemption. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent shall determine, in its sole discretion, in any manner deemed by it to be fair and equitable, the particular Bonds or portions of Bonds of such maturity so to be redeemed. Any Bond shall be subject to redemption in part in a principal amount equal to \$5,000 or any integral multiple thereof.

Security for Bonds

Pursuant to the Resolution, the District irrevocably pledged its full faith, credit and resources and its taxing power for the prompt payment of the principal of and the interest on the Bonds as the same become due. The District agrees that it will cause to be levied annually upon all the taxable property in the District an ad valorem tax which, together with collections of any special assessments or any other funds legally available for the purpose, will be sufficient to meet the payment of principal of and interest on the Bonds, the NDEQ Loan and any other bonds or other indebtedness now or hereafter issued by the District, as such principal and interest become due. The Resolution does not limit such ad valorem tax as to rate or amount and it does not limit the ability or authority of the District to issue additional bonds in the future. See “APPENDIX A — Budget and Levy Limitations” thereunder for a discussion of challenges to Nebraska’s property tax system. See also “BONDHOLDERS’ RISKS — Parity Bonds.”

Sources and Uses of Funds*

The District shall provide the proceeds from the sale of the Bonds (net of Underwriter’s discount and other costs of issuance) to the County Treasurer of Cass County, Nebraska, acting as the District’s ex-officio treasurer, for deposit into the District’s Bond Fund. The District will use the net proceeds of the Bonds, together with certain other moneys on deposit in the Bond Fund and available for such purpose, to redeem the Refunded Bonds and the Refunded Warrants.

Sources:

Bond Proceeds (net of accrued interest, if any)	\$6,350,000.00
Bond Fund Cash	0.00
Total	<u>\$6,350,000.00</u>

Uses:

Principal Redemption of Refunded Bonds	\$5,070,000.00
Interest on Refunded Bonds to the Redemption Date.....	18,917.28
Principal of Refunded Warrants (Nos. 18038 – 18153)	908,353.64
Interest on Refunded Warrants to the Redemption Date	53,638.44
Cost of Issuance (including underwriter’s discount)	295,575.00
Rounding Amount	3,515.64
Total	<u>\$6,350,000.00</u>

BONDHOLDERS’ RISKS

Adverse Property Sale Conditions

The development and sale of District properties are contingent upon numerous factors. Changes in general economic conditions, including fluctuations in the local real estate market, interest rates on construction loans, the availability of mortgage money, and other similar factors, may adversely affect the development of the District. Other factors influencing decisions to buy property in the District would include the overall tax levels, the convenience to local shopping and employment, accessibility to major highways and interstates, the proximity and reputation of schools and the availability and cost of utility services. Land development is subject to comprehensive federal, state and local regulations. There can be no assurance that future government policies will not adversely affect land development operations within the District. The ultimate consequence of such adverse conditions may be an inability by the District to pay its debts, including the Bonds.

Challenges to Property Tax System

The levy and collection of ad valorem taxes by taxing jurisdictions in the State of Nebraska has been the object of legislative, judicial and electoral action. Ad valorem tax revenues are the primary source of payment of the Bonds; any diminution in the legal authority to levy and collect such taxes could adversely affect the timely payment of the Bonds. See “APPENDIX A — Budget and Levy Limitations.”

Delinquent Special Assessments

Even in the absence of adverse property development conditions, from time to time, the payment of special assessments with respect to various parcels of property in the District may be delinquent. A district may collect special assessments at the time of the sale of a developed lot with the sale price inclusive of the amount of the special assessments outstanding. Alternatively, a property owner may assume the

* Preliminary; subject to change.

obligation to repay special assessments in installments. Installments of special assessments are due and payable annually. Amounts available to the District from ad valorem tax revenues and other sources may not be sufficient to make up any special assessment shortfall.

Parity Bonds

Other than the NDEQ Loan, the District presently has no other debt outstanding that are payable from or secured by the pledge of ad valorem taxes as permitted under the Act. However, neither the Act nor the Resolution limits the ability or the authority of the District to issue additional bonds secured by a pledge of the revenues derived from such tax. No assurance can be given that the District will not elect to issue additional bonds payable from such tax levy prior to the final maturity of the Bonds.

Bankruptcy of District

Significant delays in the development of a sanitary and improvement district after the incurrence of indebtedness for public improvements while interest on such indebtedness continues to compound can result in a debt burden and a significant tax levy that discourages sale of property and impedes the ability of the district to provide services to current residents. For such reasons, among others, several Nebraska sanitary and improvement districts over the years have filed bankruptcy petitions under Chapter 9 of the United States Bankruptcy Code. Such a filing by the District would result in an automatic stay of certain District payments, including its debt service payments, and enforcement actions against the District or its property. The consequences for the District's bondholders of a Chapter 9 bankruptcy filing could include material modification of the terms of the Bonds and related documents and significant delays in the payment, or loss of all or a portion, of the principal and interest on the Bonds. The Nebraska Supreme Court has held that the payment of a district's bonds would have priority over the payment of such district's construction fund warrants.

Bankruptcy of Property Owners

The payment of property owners' taxes and special assessments and the ability of the District or Cass County to foreclose the lien of a delinquent unpaid tax or assessment, as discussed under "Remedies for Delinquencies" in Appendix A, may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of Nebraska relating to judicial foreclosure or tax certificate sales. Bond Counsel's approving legal opinion will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although personal bankruptcy proceedings would not extinguish the outstanding ad valorem taxes or special assessments, the bankruptcy of a property owner could result in a delay in prosecuting foreclosure proceedings. Such delay in prosecuting foreclosure proceedings would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of partial or incomplete payments on delinquent installments of taxes or assessments. The dispersal of ownership of the property within the District to hundreds of property owners mitigates the potential risk of delay in the payment of the principal and interest on the Bonds due to a single District property owner filing for bankruptcy. See "APPENDIX A — District Development" and "APPENDIX B — Major Taxpayers".

No Investment Rating

None of the Bonds, the NDEQ Loan or any other debt obligation of the District is rated by a securities rating agency. The District has not applied, and does not intend to apply, for any such rating. The absence of an investment rating may adversely affect the marketability of the Bonds.

No Secondary Market Maker

The Underwriter has not agreed to maintain a secondary market for the District's bonds, including the Bonds, and the District does not anticipate that such a market will exist. Prospective purchasers of the Bonds should be prepared, therefore, to hold their Bonds until retired by the District.

ONGOING DISCLOSURE

Subject to the provisions of a Dissemination Agent Agreement, by and between the District and UMB Bank, NA, as dissemination agent, the District will provide a Continuing Disclosure Certificate (the "Undertaking") on behalf of the Bondholders and beneficial owners requiring the District to provide annually to the Municipal Securities Rulemaking Board ("MSRB"), in an electronic format accompanied by identifying information as prescribed by the MSRB, (a) financial information about the District which the District customarily prepares and makes publicly available and (b) notices of the listed events specified by the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). See "APPENDIX D—Form of Continuing Disclosure Undertaking."

A failure by the District to comply with the Undertaking will not constitute an event of default with respect to the Bonds, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Undertaking.

Pursuant to the Act, the District must annually file its independently audited financial statements with the Nebraska State Auditor of Public Accounts, where they are available as public records for inspection during normal business hours. See "FINANCIAL STATEMENTS."

LEGAL MATTERS

Legal Opinion

Kutak Rock LLP, Omaha, Nebraska ("Bond Counsel") will deliver its legal opinion approving the validity of the Bonds to the Underwriter and the District at the time of original delivery of the Bonds. Bond Counsel examined a transcript of the District's proceedings and relied thereon without undertaking to verify the same by independent investigation. Certain legal matters will be passed upon for the District by its disclosure counsel, Kutak Rock LLP.

Tax Exemption

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners'

particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under the existing laws of the State of Nebraska, interest on the Bonds is exempt from Nebraska state income taxation so long as it is exempt for purposes of the federal income tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Nebraska or any other state or jurisdiction.

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

The District has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in the current calendar year (excluding certain private activity and refunding bonds) and that it has designed the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions’ interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “LEGAL MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The rights of the holders of the Bonds and the priorities and enforceability thereof may be subject to valid bankruptcy, insolvency, reorganization, moratorium, extension, compromise and other similar laws for the relief of debtors, including the District.

NO LITIGATION

No litigation is pending or, to the knowledge of the District, threatened in any court to restrain or enjoin the issuance or delivery of any of the Bonds or in any way contesting or affecting the validity or tax-exempt status of the Bonds or the Resolution approving the Bonds or contesting the powers or authority of the District to issue the Bonds or to adopt such Resolution.

UNDERWRITING

Ameritas Investment Corp. is purchasing the Bonds from the District for resale at a purchase price of \$6,081,600 (principal amount of the Bonds, less an underwriting discount of \$253,400), plus accrued interest, if any. Ameritas Investment Corp. shall make a public offering of the Bonds at not in excess of the public offering prices set forth on the cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of such Bonds are purchased. The Bonds may be offered and sold to certain dealers at prices lower than such public offering prices and the Underwriter may change such public offering prices from time to time.

FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended June 30, 2018 are included in this Official Statement as Part Two of Appendix B and should be read in their entirety. Audited financial statements for the District for fiscal years ending prior to June 30, 2018 are available for inspection at the offices of the attorney for the District in Omaha, Nebraska and at the offices of the State Auditor of Public Accounts in Lincoln, Nebraska. Ritterbush & Piotrowski, L.L.P., as independent auditors, audited the financial statements of the District as of June 30, 2018 included in Appendix B of this Official Statement, as stated in their report appearing therein.

MISCELLANEOUS

The Chair of the Board of Trustees, on behalf of the District, executed and delivered this Official Statement. At the date of this Official Statement and at the date of delivery of the Bonds, (i) the information and statements, including financial statements, of or pertaining to the District, contained in this Official Statement were and are correct in all material respects; and (ii) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District further confirms that insofar as the descriptions and statements, including financial data, contained in this Official Statement of or pertaining to nongovernmental bodies or governmental bodies other than the District are concerned, such descriptions, statements and data have been obtained from sources believed by the District to be reliable, and that the District has no reason to believe that they are untrue or incomplete in any material respect.

The information contained in this Official Statement has been obtained from the District and other sources believed to be reliable, but said information is not warranted or guaranteed, either expressly or impliedly, as to accuracy or completeness by the Underwriter.

Any statement in this Official Statement involving matter of opinion, whether or not expressly so stated, is intended as such and not as representations of fact. The appendices attached hereto are an integral part of this Official Statement, and should be read in conjunction with the foregoing material.

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AUTHORIZATION OF OFFICIAL STATEMENT

The District hereby duly authorizes the delivery of this Official Statement.

SANITARY AND IMPROVEMENT DISTRICT
NO. 5 OF CASS COUNTY, NEBRASKA

By /s/ _____
Chair

APPENDIX A — GENERAL INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA

(Buccaneer Bay)

The District

The original developer established Sanitary and Improvement District No. 5 of Cass County, Nebraska, (the “District”), commonly known as Buccaneer Bay, in March of 1974 in accordance with Section 31-727 et seq., Reissue Revised Statutes of Nebraska, as amended (the “Act”).

The District consists of approximately 1,244 acres located in Cass County, Nebraska, approximately 18 miles south of downtown Omaha, Nebraska, just south of the Platte River and one and one-half miles west of U.S. Highway 73-75. The District lies within the zoning jurisdiction of Cass County. The District owns and operates its own water and sanitary sewer services. Omaha Public Power District provides the District with electric utility services and the District has a central gas distribution system, supplied by Black Hills Energy. The District lies within the Plattsmouth Public School District.

District Development

The District is a residential subdivision which includes a total of approximately 750 platted single-family and duplex lots, of which 520 contain built or under construction homes or duplexes. Construction is underway on certain additional lots within the District. Bay Hills Golf Course, a public 18-hole pay-for-play golf course, is located in the District.

Board of Trustees

A five member Board of Trustees governs the District. The current members are as follows:

Name	Position
Kurt W. Meisinger	Chair
James Grotrian	Clerk
Gary Petersen	Trustee
Dan Brandt	Trustee
Lynn Gorman	Trustee

Each member of the Board of Trustees is a resident property owner in the District. Under the Act, elections for members of the Board of Trustees occur every two years. The next Board of Trustees election is in September 2020.

Financial Information

As of January 8, 2020, the District will have outstanding general obligation bonds in the principal amount of \$6,350,000, the outstanding NDEQ Loan in the approximate amount of \$410,551 and no outstanding construction fund warrants.

The District’s 2019/2020 Bond Fund tax levy is set at \$0.440013 and the General Fund tax levy is set at \$0.339980 per \$100 of taxable valuation.

Description of Budget Process

As described below, budgets of sanitary and improvement districts in existence more than five years are subject to statutory budget limitations and the property tax levies of such districts are subject to tax levy limitations.

A sanitary and improvement district is required by state law to file its budget with the county clerk and state auditor on or before September 20 of each year. The District's accountant prepares a budget draft in July of each year based on actual expenses and revenues for the three preceding fiscal years and proposed expenses and revenues for the coming fiscal year. District budgets as proposed and adopted can frequently differ substantially from actual figures reviewed after the fact, especially in those years with major changes in tax rates or valuation. Such differences are principally due to the fact that while the fiscal year for a district begins on July 1, tax dollars generated by the budget are not received by the district until the following calendar year. The first half of such tax receipts is received during the spring of the following calendar year (April 1). The second half tax receipts are not received until the late summer of the following calendar year (August 1), several weeks into the ensuing fiscal year.

The proposed budget contains line items detailing, among other things, revenues and expenses in both the General Fund and the Bond Fund. Revenues in the General Fund cover noncapital items, i.e., operating expenses including insurance, streetlights, legal and accounting fees, and maintenance expenses. Revenues in the Bond Fund principally cover construction expenses (including associated professional fees), interest on registered construction fund warrants, principal redemption of registered construction fund warrants, and payments of principal and interest under outstanding bond issues. Revenues in the General Fund are generated primarily by ad valorem taxes, with a small amount coming from various state and local sources. Bond Fund revenues are generated in the same way, plus special assessments and interest thereon. The proposed budget compares total anticipated expenses with total anticipated revenues, other than those to be collected from property taxes, to arrive at a net amount that must be generated from ad valorem taxes.

The proposed budget is reviewed by the board of trustees of the district, in consultation with the district's attorney, accountant, and municipal advisor, if applicable. Prior to its adoption, a budget summary is published in a local legal newspaper one time at least five days prior to the budget meeting, with a copy of the meeting notice being given at least one week prior to the meeting. At the meeting, the budget is discussed in open and public session, after which it can be adopted as proposed or as modified at the meeting. If modified, a summary of the modifications must be published one time in a legal newspaper within 20 days of adoption of the budget.

While district budgets must "balance," that balance is often accomplished through the registration of warrants. Under the warrant registration process, a warrant drawn on the district is not paid when presented to the county treasurer if adequate funds are not then on hand in that particular district fund to pay the warrant. It is then registered with the date of presentment for payment determining the date when interest begins to accrue and determining the priority of payment. Warrants are paid in the order of registration.

Ad valorem Taxes

Property taxes received by sanitary and improvement districts are levied and collected in the same manner as property taxes for other political subdivisions. Once all taxing authorities have submitted their budgets to the county in which they are located after any final adjustments have been made in the valuation of property within a district, the dollar requirements of each taxing authority are converted to a tax rate (based on cents per \$100 of actual taxable valuation) and total tax bills for the ensuing calendar year (not fiscal year) are compiled showing the breakdown of taxes attributable to each taxing authority and the total tax bill related to each parcel of property.

During December of each year, the Cass County Treasurer sends a tax statement to each owner of property within the county, which states that the property taxes for such year are due on December 31 of that year. Half of such tax amount becomes delinquent April 1 of the subsequent year and the other half delinquent August 1. Taxes not paid before the date of delinquency draw interest at the rate of 14%.

If taxes are not paid within three years of the due date, the parcel of property to which the taxes appertain is subject to foreclosure by Cass County, Nebraska. Prior to entry of a decree of foreclosure and sale for delinquent taxes, the county treasurer may conduct a tax certificate sale with respect to such parcel. See “Remedies for Delinquencies” below.

When the Cass County Treasurer receives tax payments, they allocate the payments among the various taxing authorities levying taxes. The Cass County Treasurer is the ex-officio treasurer for all sanitary and improvement districts within Cass County, Nebraska, including the District. Those funds collected pursuant to a district’s tax levy are then deposited into such district’s General Fund and Bond Fund, as applicable. A district’s claim for its share of general ad valorem taxes is of equal priority with the tax claims of other taxing authorities, and such taxes constitute a first lien against the property, superior to purchase money mortgages, special assessments and all other liens.

Bondholders are paid the principal of and the interest on bonds issued by sanitary and improvements districts generally from ad valorem taxes and special assessments. Individual bondholders do not enjoy a lien on the real property within a district. The remedies of a tax certificate sale and foreclosure available to the county and a district, as applicable, may accrue to the benefit of the bondholders, but are not directly available to bondholders. If the payment of bond principal has been in default for over 90 days, a majority of the bondholders may petition for the appointment of an administrator in lieu of the district board of trustees. The board of trustees or the new administrator, if any, may negotiate agreements to compromise the indebtedness, including the issuance of new bonds in conjunction with a workout. This effort can include a voluntary Chapter 9 bankruptcy filing by the district. See “BONDHOLDERS’ RISKS — Bankruptcy of District.”

Budget and Levy Limitations

The Nebraska Legislature has imposed budget limitations and property tax restrictions on Nebraska political subdivisions, including sanitary and improvement districts, intended to reduce the level of property taxation and expenditures in the State of Nebraska (the “State”). State law prohibits governmental units, including sanitary and improvement districts in existence for more than five years, from adopting budgets in excess of 102.5% of the prior fiscal year’s budget plus allowable growth (which includes increases in taxable valuation for such things as new construction and annexations). However, such budgetary limitations do not apply, among other things, to revenues pledged to retire bonded indebtedness, such as the Bonds, or budgeted for capital improvements. Provision also is made for a governmental unit to exceed the budget limit for a given fiscal year by up to an additional 1% upon the affirmative vote of at least 75% of the governing body or in such amount as is approved by a majority vote of the electorate. State law also limits the maximum rates that may be levied by each type of governmental unit. The General Fund levy of a sanitary and improvement district in existence for more than five years is limited to a maximum of 40¢ per \$100 of taxable valuation (districts in existence less than five years are not subject to any maximum General Fund levy until they reach their fifth anniversary). The levy limit does not apply to tax levies for bonded indebtedness, such as the Bonds, approved according to law and secured by a levy on property. Taxable value of motor vehicles no longer constitutes a portion of the ad valorem tax base of sanitary and improvement districts and districts do not receive motor vehicle taxes. Special assessments are not property taxes subject to the levy limitation. State law permits a political subdivision to exceed its levy limitation for a period of up to five years by majority vote of the electorate.

There can be no assurance that Nebraska's system of assessing and taxing real property will remain substantially unchanged. Such changes could materially and adversely affect the amount of property tax revenues the District could collect in future years. The District does not believe that the Nebraska Legislature, subject to constitutional restrictions, if any, would leave the District without adequate taxing resources to pay for its programs and meet its financial obligations, including the repayment of its warrants, bonds and other obligations.

Special Assessments

As of October of 2019, the District has outstanding special assessments in the aggregate principal amount of \$233,874.54. Under the Act, the District assesses against specially benefitted property, a portion of the costs of the work for which the District issues construction fund warrants. After the Board of Trustees of the District levies such assessments, the Cass County Treasurer collects them on behalf of the District. Special assessments relating to the District's improvements constitute a lien in favor of the District on the assessed property, but do not constitute a personal or corporate indebtedness of the owners of property within the District. The lien of the District is inferior only to the general taxes levied by the State and its political subdivisions, including the District. Special assessments are due without interest 50 days after the date of levy, but if not so paid they shall bear interest thereafter on a per annum basis. Interest accrues on annual installments at the interest rate per annum of the greater of (a) the rate of interest accruing on the construction fund warrants registered against the District 60 days prior to the actual levy of the special assessments or (b) the average rate of interest accruing on the District's construction fund warrants issued to pay for the improvements for which the special assessments are to be levied adjusted to the next greater ½%. Such assessments shall become delinquent in equal annual installments over such periods of years (not exceeding 20 years and typically 10 years), as the Board of Trustees determines at the time of making the levy. Delinquent installments bear interest at the rate of 2% per annum above the rate set by the District on such installments before delinquency, subject to a 14% per annum ceiling (subject to adjustment from time to time by the Legislature). If three or more annual installments become delinquent, the Board of Trustees of the District may declare all remaining annual installments due and payable and increase to 14% per annum (subject to adjustment from time to time by the Legislature) the interest rate on all installments.

Remedies for Delinquencies

Tax Certificate Sale and Tax Deed. Nebraska law provides two statutory schemes for clearing the tax liens of delinquent special assessment installments and ad valorem taxes. Both processes require several years to reach conclusion. The first method is the sale of tax certificates by the county in which the property in question is located. County treasurers are empowered to sell tax certificates for real estate on which taxes or assessments have not been paid as provided by law for an amount equal to all of the taxes and, if so requested by the levying district, special assessments. The county treasurer conducts tax certificate sales in March following three weekly notice publications in general circulation newspapers in the county. For the tax certificate sale to occur, the county treasurer must receive a sale price at least equal to the sum of the delinquent assessments, delinquent ad valorem taxes, if any, and certain statutory expenses. If a tax certificate is sold, the liens of the special assessments and any other taxes are transferred to the purchaser, and the county treasurer will distribute to the district that portion of sale price attributable to the delinquent special assessment installments and the district's share of unpaid ad valorem taxes. Subject to the priority of outstanding bonds, the district then may retire warrants in full in the order registered to the extent of the amount of the proceeds of the tax certificate sale. The owner of the property will have three years from the tax certificate sale date to redeem the tax certificates, after which time the purchaser of the tax certificates, if not so redeemed, may obtain a tax deed pursuant to Section 77-1837, Reissue Revised Statutes of Nebraska, as amended, or foreclose on the tax lien via a sheriff's sale as discussed below. If the purchaser exercises its right to acquire a tax deed, the district's lien for special assessments, if not so included in the tax certificate sale, will remain and the tax deed will be subject to the lien of special assessments. In order

to obtain a tax deed or a sheriff's deed, the tax certificate holder must act under either method within nine months of the end of the three-year redemption period. If a tax certificate is not sold, the owner retains the property, but interest still will accrue as aforesaid. The county treasurer conducts the tax certificate sale and maintains the records.

Foreclosure Proceedings and Sheriff's Deed. The second statutory method for clearing liens of taxes or assessments is foreclosure against the property in question. Either the sanitary and improvement district or the county may exercise the right to foreclose; however, a district may only foreclose its tax lien in the case of delinquent special assessments.

Additionally, as mentioned above, the purchaser of a tax certificate may also obtain a sheriff's deed via the foreclosure proceedings. Upon exercising the remedy of foreclosure pursuant to its tax certificate lien, the county court may immediately confirm the sale and issue a sheriff's deed to the tax certificate purchaser.

The district's board of trustees may initiate foreclosure proceedings once special assessment installments are delinquent for three years running and may bid its tax lien in the amount of delinquent special assessments at the sheriff sale. The district will take the property if there are no other adequate bids and may resell the property, in which event the proceeds of the resale must be divided among the affected taxing jurisdictions, including the district, in proportion to their respective liens. However, the district is not entitled to any surplus unless the county treasurer has first offered the special assessments for sale via the tax certificate sale process describe above.

Alternatively, the county may foreclose the lien of delinquent taxes or special assessments against property within a district. If taxes or assessments are delinquent for three years or more, the county must foreclose in order to recapture anticipated proceeds from property taxes and special assessments. If the special assessments are not requested by a district to be included in the tax foreclosure proceeding and the county treasurer has not previously offered the delinquent special assessments for sale, then the district's special assessment lien will survive the foreclosure sale.

Confirmation of the sale of foreclosed property pursuant to a sheriff's sale is not available until the passage of a two-year redemption period (during which time the delinquent property owner may satisfy the delinquency and remove the outstanding lien of taxes or special assessments), running from the sale date. Thus, the winning bidder must wait two years before receiving clear title. However, the purchaser of a tax certificate may foreclose its lien at the conclusion of the three year redemption period specifically associated with the tax certificate sale and will not be subject to an additional two year redemption period. Under the foreclosure proceedings, there is no requirement that the auction price equal or exceed the special assessments and ad valorem taxes then owing; the recovery, if any, can be insufficient to make bondholders whole.

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DEBT SERVICE REQUIREMENTS

The annual debt service requirements on the Bonds are shown below.

For Year Ending December 31	Principal (December 1)	June 1 Interest	December 1 Interest	Total
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
TOTAL				

APPENDIX B — FINANCIAL INFORMATION & ANNUAL AUDIT

**SANITARY AND IMPROVEMENT DISTRICT NO. 5
OF CASS COUNTY, NEBRASKA—**

Part One

Selected District Financial Information

SELECTED FINANCIAL INFORMATION

2019 Taxable Valuation	\$123,860,047
Outstanding District Bonded Debt (Including the Bonds)	\$6,350,000
Outstanding District Construction Fund Warrants (Following issuance of the Bonds)	\$0
Total Outstanding District Debt (Following issuance of the Bonds)	\$6,350,000
Bond Fund Balance (Following issuance of the Bonds)	\$1,077,908
Outstanding Special Assessments with accrued interest (Oct 2019)	\$233,875
Total Net District Debt (Following issuance of the Bonds) (Net District Debt=Outstanding District Debt, less Bond Fund Cash and Uncollected Special Assessments)	\$5,038,217
Ratio of District Debt to 2019 Taxable Valuation	5.13%
Ratio of Net District Debt to 2019 Taxable Valuation	4.07%

Source: Cass County Treasurer; Cass County Assessor & Nebraska State Auditor Website

STATEMENT OF DEBT AND DEBT RATIOS

Direct Debt¹

Construction Fund Warrants (following issuance of the Bonds)	\$0
General Obligation Bonds, Series 2020 (this issue)	\$6,350,000
Total Direct Debt	\$6,350,000

¹ Does not include the NDEQ Loan currently outstanding in the principal amount of \$410,551. The primary source for repayment of the NDEQ Loan has been a monthly water surcharge; however the NDEQ Loan is secured by a parity pledge of the District's ad valorem taxes. The District has pledged its taxing authority on a parity with the Bonds to support the repayment of the NDEQ Loan.

OVERLAPPING DEBT

	<u>2019 Taxable Valuation</u>	<u>Outstanding Bonds</u>	<u>Outstanding Bonds Applicable to SID No. 5</u>
Cass County	\$3,657,073,738	\$0	\$0
Plattsmouth School District	\$794,395,826	\$15,371,716	\$2,396,716
Total Overlapping Debt			\$2,396,716
Total Direct Debt of District (Following issuance of the Bonds)			\$6,350,000
Total Direct and Overlapping General Obligation Debt			\$8,746,716
2019 Taxable Valuation			\$123,860,047
Ratio of Direct & Overlapping Debt to 2019 Taxable Valuation			7.06%

PROPERTY VALUATIONS
Sanitary and Improvement District No. 5
of Cass County, Nebraska

Year	Taxable Valuation as of January 1
2019	\$ 123,860,047
2018	\$ 116,716,429
2017	\$ 98,607,714
2016	\$ 93,189,237
2015	\$ 88,904,938

Source: Cass County Treasurer

TOTAL PROPERTY TAX LEVIES
Sanitary and Improvement District No. 5
of Cass County, Nebraska

SID No. 5	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>
General Fund	0.339980	0.339969	0.275000
Bond Fund	0.440013	0.440041	0.505000
Total	<u>0.779993</u>	<u>0.780010</u>	<u>0.780000</u>
Other Taxing Units			
Cass County	0.367848	0.372490	0.388348
Plattsmouth School District	1.047531	1.048863	1.048510
Plattsmouth Rural Fire District	0.010735	0.010442	0.008580
Lower Platte South NRD	0.030893	0.026759	0.032066
Southeast Nebraska CC	0.093700	0.070700	0.070700
ESU No. 3 of Cass County	0.015000	0.015000	0.015000
Agricultural Society	0.003342	0.003818	0.003401
Total	<u>1.569049</u>	<u>1.548072</u>	<u>1.566605</u>
Total Levy S.I.D. No. 5	2.349042	2.328082	2.346605

Source: Cass County Clerk

PROPERTY TAX COLLECTIONS
Sanitary and Improvement District No. 5
of Cass County, Nebraska
(as of December 31, 2018)

<u>Year</u>	<u>Due *</u>	<u>Levied</u>	<u>Collected</u>	<u>% Collected</u>
2018/2019	12/31/2017	\$910,400	N/A	N/A
2017/2018	12/31/2017	\$769,140	\$769,212	100%
2016/2017	12/31/2016	\$726,875	\$731,063	101%

* Taxes are due on December 31 of the year levied, but may be paid in two equal installments due April 1 and August 1 of the following year. The taxes for the 2018/2019 year, accordingly, were due on December 31, 2018, but the first installment of such taxes did not become delinquent until April 1, 2019 and the second installment did not become delinquent until August 1, 2019. Thus, the amount of taxes collected in the current fiscal year will be reported upon preparation of the District's 2019 audited financial statements.

MAJOR TAXPAYERS

No property taxpayer within the District owns property in the District with a taxable valuation exceeding 5.00% of the District's 2019 taxable valuation.

DISTRICT DEVELOPMENT

District Build Out	<u>Built or Under Construction Homes</u>	<u>Platted Lots</u>	<u>Percent Complete</u>
Single Family Lots	520	750	69.33%

Part Two of Appendix B

Independent Auditor's Report and Combined Financial Statements fiscal year ending June 30, 2018

**SANITARY AND IMPROVEMENT DISTRICT NO. 5
OF CASS COUNTY, NEBRASKA
Basic Financial Statements
with
Supplementary Information
and
Accompanying Independent
Auditors' Report
For the Year ended June 30, 2018**

**Sanitary and Improvements District No. 5
of Cass County, Nebraska**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 5
of Cass County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 5 of Cass County, Nebraska as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 5 of Cass County, Nebraska as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019, on our consideration of Sanitary and Improvement District No. 5 of Cass County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary and Improvement District No. 5 of Cass County, Nebraska's internal control over financial reporting and compliance.

Ritterbush & Piotrowski, LLP

Ritterbush & Piotrowski, L.L.P.
Omaha, Nebraska
February 20, 2019

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Government-Wide Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash on Deposit	\$ 484,769	\$ 151,147	\$ 635,916
Investments	761,802	-	761,802
Accounts Receivable	-	31,811	31,811
Taxes Receivable	312,267	-	312,267
Special Assessments Receivable	141,151	-	141,151
Interest Receivable on Special Assessments	141,503	-	141,503
Prepaid Expenses	750	-	750
Capital Assets, Net of Accumulated Depreciation	2,053,453	923,468	2,976,921
Total Assets	<u>3,895,695</u>	<u>1,106,426</u>	<u>5,002,121</u>
Liabilities			
Accounts Payable	34,446	9,390	43,836
Sales Tax Payable	-	4,280	4,280
Accrued Interest Payable	16,485	730	17,215
Deferred Rent Revenue	8,000	-	8,000
Warrants Payable:			
Due Within One Year	5,168	-	5,168
Due in More than One Year	-	-	-
Noncurrent Liabilities:			
Due Within One Year	290,000	59,454	349,454
Due in More than One Year	5,365,000	441,060	5,806,060
Total Liabilities	<u>5,719,099</u>	<u>514,914</u>	<u>6,234,013</u>
Net Position			
Net Investment in Capital Assets	(3,601,547)	422,954	(3,178,593)
Restricted for Debt Service	1,600,158	-	1,600,158
Unrestricted	177,985	168,558	346,543
Total Net Position	<u>\$ (1,823,404)</u>	<u>\$ 591,512</u>	<u>\$ (1,231,892)</u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Government-Wide Statement of Activities
For the Year Ended June 30, 2018

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Expenses			
Governmental Activities			
General Government			
Accounting and Audit Fees	\$ 15,572	\$ -	\$ 15,572
Broker Fees	750	-	750
Collection Fees, County Treasurer	17,460	-	17,460
Depreciation	133,542	-	133,542
Engineering	317,409	-	317,409
Insurance and Trustee Bonding	9,530	-	9,530
Legal Fees	113,685	-	113,685
Miscellaneous	1,377	-	1,377
Repairs and Maintenance	842,540	-	842,540
Utilities	5,722	-	5,722
Uncollectible Taxes / Adjustments	1,692	-	1,692
Writeoff of Special Assessments & Interest	21,716	-	21,716
Total General Government Expenses	1,480,995	-	1,480,995
Interest Expense on Long-Term Debt	200,090	-	200,090
Total Governmental Activities Expense	1,681,085	-	1,681,085
Business-Type Activities			
Water Operator and Billing Fees	-	159,463	159,463
Repairs and Maintenance	-	56,771	56,771
Interest Expense on Long-Term Debt	-	18,946	18,946
Loan Fee Payment	-	5,437	5,437
Depreciation	-	125,853	125,853
Total Business-Type Activities	-	366,470	366,470
Total Government	1,681,085	366,470	2,047,555
General Revenues			
Taxes			
Property Taxes Assessed	769,140	-	769,140
Taxes Collected in Excess of Levy	72	-	72
State Motor Vehicle Tax Allocation	1,813	-	1,813
Charges for Water and Sewer	-	332,637	332,637
Interest Income			
Interest Income, Cash Investments	7,556	-	7,556
Interest Income, Other	18,747	-	18,747
Miscellaneous Income	656	-	656
Rental Income	12,000	-	12,000
Transfers (to)/from	5,955	(5,955)	-
Total General Revenues and Transfers	815,939	326,682	1,142,621
Change in Net Position	(865,146)	(39,788)	(904,934)
Net Position - Beginning of the Year	(958,258)	631,300	(326,958)
Net Position - End of the Year	\$ (1,823,404)	\$ 591,512	\$ (1,231,892)

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Balance Sheet
Governmental Funds
June 30, 2018

	General	Debt Service	Total Governmental Funds
Assets			
Cash on Deposit	\$ 116,148	\$ 368,621	\$ 484,769
Investments	-	761,802	761,802
Taxes Receivable	109,451	202,816	312,267
Interfund Receivable, Proprietary Fund	(1,890)	250	(1,640)
Special Assessments Receivable	-	141,151	141,151
Interest Receivable, Special Assessments	-	141,503	141,503
Prepaid Expenses	-	750	750
Total Assets	\$ 223,709	\$ 1,616,893	\$ 1,840,602
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 34,446	\$ -	\$ 34,446
Deferred Rent Revenue	8,000	-	8,000
Deferred Special Assessment Revenue	-	141,151	141,151
Deferred Interest Receivable - Special Assessments	-	141,502	141,502
Total Liabilities	42,446	282,653	325,099
Fund Balances			
Non-Spendable Fund Balance	-	750	750
Unrestricted Fund Balance:			
Assigned Fund Balance	-	1,333,490	1,333,490
Unassigned Fund Balance	181,263	-	181,263
	181,263	1,334,240	1,515,503
Total Liabilities and Fund Balances	\$ 223,709	\$ 1,616,893	\$ 1,840,602

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended June 30, 2018

Total Fund Balance of Governmental Funds \$ 1,515,503

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

Operating transfers were reported on the government-wide financial statements to eliminate interfund payables. These interfund payables are posted on the fund financial statements.	1,640
Deferred special assessments receivable and deferred interest receivable - special assessments were recognized at the time that the special assessment was levied on the government-wide statements. In the fund financials, these revenue will be realized at the time when they are available to be collected. This is the amount of deferred special assessments receivable and deferred interest receivable - special assessments.	282,653
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. This is the amount of capital assets, net of accumulated depreciation.	2,053,453
Interest payable on long-term debt does not require current financial resources. Therefore, this accrued interest is not reported as a liability in the governmental funds balance sheet. This is the amount of interest accrued on bonds and warrants payable as of June 30, 2018.	(16,485)
Warrants issued but not paid are shown as a liability in the government-wide statements, whereas warrants issued and paid are shown as revenues and expenditures in the governmental funds. This is the total amount of warrants payable as of June 30, 2018.	(5,168)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the the governmental funds: Bonds Payable	<u>(5,655,000)</u>
Total Net Position of Governmental Activities	<u><u>\$ (1,823,404)</u></u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	Debt Service	Total Governmental Funds
Revenues			
Taxes			
Property Taxes	\$ 271,171	\$ 497,969	\$ 769,140
Taxes Collected in Excess of Levy	72	-	72
State Motor Vehicle Tax Allocation	604	1,209	1,813
Interest Income			
Interest on Taxes Collected	316	748	1,064
Interest on Cash Investments	-	63,291	63,291
Interest on Special Assessments	-	7,556	7,556
Special Assessment Revenue	-	83,063	83,063
Rent Income	12,000	-	12,000
Miscellaneous Income	656	-	656
Total Revenues	<u>284,819</u>	<u>653,836</u>	<u>938,655</u>
Expenditures			
Current			
General Government			
Accounting and Audit Fees	15,572	-	15,572
Broker Fees	-	750	750
Collection Fees, County Treasurer	4,875	12,585	17,460
Engineering	47,978	269,431	317,409
Insurance and Trustee Bonding	9,530	-	9,530
Legal Fees	62,047	51,638	113,685
Miscellaneous	684	693	1,377
Repairs and Maintenance	126,947	715,593	842,540
Utilities	5,722	-	5,722
Uncollectible Taxes / Adjustments	-	1,692	1,692
Total General Government	<u>273,355</u>	<u>1,052,382</u>	<u>1,325,737</u>
Debt Service			
Warrant Principal Payment	309,038	1,038,161	1,347,199
Bond Principal Payment	-	280,000	280,000
Bond Interest Payment	-	200,545	200,545
Total Expenditures	<u>582,393</u>	<u>2,571,088</u>	<u>3,153,481</u>
Excess (Deficit) Revenues Over Expenditures	(297,574)	(1,917,252)	(2,214,826)
Other Financing Sources (Uses)			
Proceeds from the Issuance of Warrants	309,038	1,037,411	1,346,449
Transfers (to)/from	-	-	-
Change in Fund Balance	<u>11,464</u>	<u>(879,841)</u>	<u>(868,377)</u>
Fund Balance - Beginning of Year	169,799	2,214,081	2,383,880
Fund Balance - End of Year	<u>\$ 181,263</u>	<u>\$ 1,334,240</u>	<u>\$ 1,515,503</u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (868,377)

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

Operating transfers were reported on the government-wide financial statements to eliminate interfund payables. This is the difference between interfund transfers on the government-wide financial statements and the fund financial statements. 5,955

Special assessment revenue is recognized at the time of the assessment in the government-wide financial statements. This is the amount of revenue recognized in the government-wide financial statements less the special assessment revenues that were collected or available to be collected at June 30, 2017. (104,779)

Interest on special assessments is recorded when it is collected in the fund financials. In the government-wide financials, the interest is recognized when it is accrued. This is the difference in the two figures. (45,608)

Amortization and depreciation expense on intangible and capital assets are reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, amortization and depreciation expenses are not reported as an expenditure in governmental funds. This is reported as an expenditure in governmental funds. This is the combined amount of amortization and depreciation expenses in the current year for total intangible and capital assets. (133,542)

Proceeds from issuance of warrants and bonds are reported as an other financing source in the governmental funds. In the statement of net position, the proceeds increase long-term liabilities. This is the amount of proceeds in the current year.
Warrant Proceeds (1,346,449)

Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net position, the repayment reduces long-term liabilities. This is the amount of repayments in the current year.
Warrant Principal Payments 1,347,199
Bond Principal Payments 280,000

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. This is the difference between governmental activities interest expense and interest expenditures reported in government funds. 455

Change in Net Position of Governmental Activities \$ (865,146)

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Telecommunications Antenna Space Lease	Total
Assets			
Current Assets			
Cash on Deposit	\$ 151,147	\$ -	\$ 151,147
Accounts Receivable	31,811	-	31,811
Total Current Assets	<u>182,958</u>	<u>-</u>	<u>182,958</u>
Other Assets			
Capital Assets:			
Infrastructure	1,821,111	-	1,821,111
Waste Water Treatment Plant	1,141,558	-	1,141,558
Accumulated Depreciation	(2,039,201)	-	(2,039,201)
Capital Assets, Net of Accumulated Depreciation	<u>923,468</u>	<u>-</u>	<u>923,468</u>
Total Assets	<u>1,106,426</u>	<u>-</u>	<u>1,106,426</u>
Liabilities			
Current Liabilities			
Accounts Payable	9,390	-	9,390
Sales Tax Payable	4,280	-	4,280
Accrued Interest Payable	730	-	730
Due to Other Funds	(1,640)	-	(1,640)
Current Portion of Long-Term Debt	59,454	-	59,454
Total Current Liabilities	<u>72,214</u>	<u>-</u>	<u>72,214</u>
Noncurrent Liabilities			
Loan Payable - Long-Term Portion	441,060	-	441,060
Total Liabilities	<u>513,274</u>	<u>-</u>	<u>513,274</u>
Net Position			
Net Investment in Capital Assets	422,954	-	422,954
Unrestricted	170,198	-	170,198
Total Net Position	<u>\$ 593,152</u>	<u>\$ -</u>	<u>\$ 593,152</u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Reconciliation of the Proprietary Funds Statement of Net Position to the
Government-Wide Business-Type Activities Statement of Net Position
For the Year Ended June 30, 2018

Total Fund Balance of Proprietary Funds	\$ 593,152
Amounts reported for business-type activities in the statement of activities are different because:	
Operating transfers were reported on the government-wide financials to eliminate interfund payables. These interfund payables are posted on the fund financials.	<u>(1,640)</u>
Total Net Position of Governmental-Wide Business-Type Activities	<u>\$ 591,512</u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Telecommunications		
	Water and Sewer	Antenna Space Lease	Total
Operating Revenues			
Charges for Services	\$ 332,637	\$ -	\$ 332,637
Rent Income	-	-	-
Total Operating Revenues	<u>332,637</u>	<u>-</u>	<u>332,637</u>
Operating Expenses			
Depreciation	125,853	-	125,853
Interest on Loan Payable	18,946	-	18,946
Loan Fee Payment	5,437	-	5,437
Repairs and Maintenance	56,771	-	56,771
Water Operator and Billing Fees	159,463	-	159,463
Total Operating Expenses	<u>366,470</u>	<u>-</u>	<u>366,470</u>
Income (Loss) from Operations	<u>(33,833)</u>	<u>-</u>	<u>(33,833)</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers (Out)	-	-	-
Net Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(33,833)	-	(33,833)
Adjustment to reconcile to Government-Wide Statement of Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position of Business-type Activities	(33,833)	-	(33,833)
Net Position - Beginning of the Year	<u>626,985</u>	<u>-</u>	<u>626,985</u>
Net Position - End of the Year	<u>\$ 593,152</u>	<u>\$ -</u>	<u>\$ 593,152</u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Reconciliation of the Proprietary Funds Statement of Revenues, Expenditures,
and Changes in Business-Type Activities to the Government-Wide Changes in
Net Position for Business-Type Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Proprietary Funds \$ (33,833)

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

Operating transfers were reported on the government-wide financial statements to eliminate interfund payables. This is the difference between interfund transfers on the government-wide financial statements and the fund financial statements. (5,955)

Change in Net Position of Business-Type Activities \$ (39,788)

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Telecommunications		
	Water and Sewer	Antenna Space Lease	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 368,209	\$ -	\$ 368,209
Warrants issued for operating activities	209,239	-	209,239
Warrants issued to pay suppliers for goods and services	(194,640)	-	(194,640)
Warrants issued to pay sales tax	(14,599)	-	(14,599)
Cash payments to retire warrants issued for operating activities	(209,239)	-	(209,239)
Cash payments to general fund for reimbursement of utility costs	(32,057)	-	(32,057)
Net Cash Provided by Operating Activities	<u>126,913</u>	<u>-</u>	<u>126,913</u>
Cash Flows from Non-Capital Financing Activities			
Transfers from other funds	-	-	-
Transfers (to) other funds	-	-	-
Net Cash (Used) by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Payments to other fund to pay long-term debt	(81,893)	-	(81,893)
Net Cash (Used) by Capital and Related Financing Activities	<u>(81,893)</u>	<u>-</u>	<u>(81,893)</u>
Net (Decrease) in Cash and Cash Investments	45,020	-	45,020
Cash and Cash Investments - Beginning of Year	106,127	-	106,127
Cash and Cash Investments - End of Year	<u>\$ 151,147</u>	<u>\$ -</u>	<u>\$ 151,147</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities			
Income (Loss) from Operations	\$ (33,833)	\$ -	\$ (33,833)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:			
Depreciation	125,853	-	125,853
(Increase) Decrease in Accounts Receivable	20,239	-	20,239
Increase (Decrease) in Accounts Payable	(4,507)	-	(4,507)
Increase (Decrease) in Sales Taxes Payable	733	-	733
Increase (Decrease) in Accrued Interest Payable	(84)	-	(84)
Increase (Decrease) in Warrants Payable	-	-	-
Utility Costs Paid by Other Fund	26,102	-	26,102
Reimbursements for Utility Costs Paid to Other Fund	(32,057)	-	(32,057)
Loan Interest and Loan Fee Paid by Other Fund	24,467	-	24,467
Net Cash Provided by Operating Activities	<u>\$ 126,913</u>	<u>\$ -</u>	<u>\$ 126,913</u>

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Notes to Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Sanitary and Improvement District No. 5 of Cass County, Nebraska (the District) is presented to assist in understanding the District's basic financial statements. The basic financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the basic financial statements.

Reporting Entity

The District is a governmental subdivision authorized under the statutes of the State of Nebraska. A Board of Trustees is elected by the property owners of the District and has decision-making authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The board has governance responsibilities over all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The board also has primary financial accountability for fiscal matters of the District. The District is engaged in a single government program and is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In addition, there are no component units as defined by GASB 14, which are included in the District's reporting entity. For enterprise funds, GASB Statement Nos. 20 and 34 provide the District the option of electing to apply FASB pronouncements issued after November 30, 1989. The District has elected not to apply those pronouncements

Government Accounting Standards Board Statement No. 34

Effective June 30, 2004, the District adopted GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Note Disclosures." These statements require the presentation of government-wide financial statements in addition to fund financial statements.

The primary impact of adopting the statements includes changing the presentation of fund equity to net position and long-term debt in the statements in place of separate account groups, and presenting "Management's Discussion and Analysis."

Basis of Presentation

The basic financial statements of the District include the government-wide and the fund financial statements. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities, which report financial information for all non-fiduciary activities of the District. Individual funds are not displayed, and internal activity between or within funds is eliminated.

Note 1 – Summary of Significant Accounting Policies (Continued)

The government-wide statement of net position recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position for debt service; and unrestricted net position. Net position is restricted when constraints placed on it are either externally imposed or imposed by law through constitutional provisions or enabling legislatures. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first then unrestricted resources, as they are needed.

The government-wide statement of activities reflects the expenses of the District's governmental activities, offset by general revenues to determine the change in net position for the year.

Fund Financial Statements

The fund financial statements provide additional and detailed information about the District. The emphasis of the fund financial statements is on the determination of financial position and changes in financial position rather than upon net income. The following is a description of the District's two governmental funds:

General Fund – This fund is the operating fund of the District. It is used to account for all financing resources, except those accounted for in other funds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the statement of net position. The District has presented the following major proprietary funds:

Water and Sewer Fund - This fund is used to account for the provision of water and sewer services to the residents of the District. Activities include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term principal debt and interest for water and sewer debt. All costs are financed through the charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Telecommunications Antenna Space Lease – This fund is used to account for operations of the space on top of the District's water tower used for a lease for a telecommunications antenna. The lessee pays all operational costs including maintenance.

Note 1 – Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide financial statements, the activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. On an accrual basis, revenues are recognized when earned. Expenditures are recorded when liabilities are incurred, regardless of the timing of related cash flows.

In the fund financial statements, both funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available. Available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the period the liability is incurred, except for unaccrued interest on general long-term debt, which is recognized when due.

Use of Estimates – The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

Revenue – (See subsequent note "Tax Levy" for property tax revenues.) State motor vehicle tax allocation, taxes collected in excess, interest on taxes, and miscellaneous revenues are recognized as the amounts are collected as the amounts earned cannot be measured. However, investment earnings are recorded as earned since they are measurable and available. All non-property tax revenue is considered available if able to collect within one year.

The revenues susceptible to accrual are property taxes, charges for services, interest income, franchise fees, licenses, and intergovernmental revenues. All other governmental fund revenues are recognized when received.

Note 1 – Summary of Significant Accounting Policies (Continued)

Special Assessments - Revenue on special assessments levied after June 15, 1987 is recognized as the amounts are collected on the fund financial statements and is recognized at the time that the assessment is levied on the government-wide financials. Uncollected special assessments outstanding are recorded as receivable on the government-wide statement of net position and balance sheet. Special assessments levied before June 15, 1987 were recorded as income in the year assessed.

Long-Lived Assets – Long-lived assets and certain identifiable intangibles held and used by the entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This application has not materially affected the entity’s reported earnings, financial condition or cash flows.

Cash and Cash Investments – Cash and cash investments that are available upon demand are considered to be “cash equivalents” when preparing these financial statements. Also, any marketable securities that are purchased with maturity of ninety days or less are considered to be “cash equivalents.”

Capital Assets and Depreciation – Capital assets of the District are recorded at historical costs except for minor expenses for street and sidewalk improvements, recreational equipment, costs of constructing improvements for utilities, etc.

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant assets capitalized are as follows:

Infrastructure Assets	7-40 Years
Building	25 Years

Infrastructure assets include all water systems, drainage systems, easements, sewage disposal works system, waterways, electrical systems, and roads.

GASB 34 requires the District to report and depreciate new infrastructure assets effective July 1, 2003 and allows for an extended implementation period for retroactive reporting of infrastructure assets. The District has elected to report and depreciate all major general infrastructure assets retroactively.

Interest Expense - GASB 37 eliminated the requirement to capitalize construction-period interest for governmental activities. Effective July 1, 2003, all governmental activities interest not relating to long-term debt is expensed when incurred, and the long-term debt related interest is expensed when incurred for government-wide financial statements and expensed when paid for fund financial statements. However, all debt related interest expense is capitalized during construction periods for all business-type activities for both the government-wide statements and proprietary fund statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

Investments - Investments are stated at cost or amortized cost, which approximates market.

Bond Issue Costs and Amortization – In the government-wide financial statements bond issue costs are expensed when incurred. Fund financial statements expense bond issue costs when paid. Net bond issue costs incurred prior to July 1, 2013 have been charged to net position to properly recognize them in the prior periods they were incurred.

Transactions Between Funds – Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Subsequent Events – The District has evaluated subsequent events through February 20, 2019, the date which the financial statements were available to be issued.

Concentration of Credit Risks

Cash and Cash Investments – Governmental and business-type activity deposits of the District are classified as Category 3, deposits that are uncollateralized or uninsured held by an agent, but not in the entity's name. These deposit balances are with the County Treasurer, which is covered by the federal depository insurance corporation or has sufficient assets pledged to the County and held by the County in its own name, rather than in the name of the District.

Taxes and Special Assessments Receivable - Receivables for real estate and property taxes and special assessments are due from property owners within the boundaries of the District located in Cass County, Nebraska.

Budget and Budgetary Accounting – The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Board of Trustees considers a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Expenditures and transfers cannot exceed appropriations at the fund level. When expenditures and transfers are required for functions that have not been budgeted, authorization to amend the budget and to incur the expenditures is permitted following a public hearing. No significant supplemental appropriations were made for the fiscal year ended June 30, 2018.
- d) A majority vote by the Board of Trustees authorizes transfer of budgeted amounts from the General Fund to the Debt Service Fund.

Note 1 – Summary of Significant Accounting Policies (Continued)

- e) Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees. On or before September 20, the budget document is filed with the County Board and State Auditor of Public Accounts.
- f) Appropriations for the General Fund and the Debt Service Fund lapse at the end of the fiscal year.

Note 2 – Deposits and Investments

Listed below is a summary of the deposits and investments that comprise the Cash on Deposit and Investments on the June 30, 2018, basic financial statements.

Deposits. At June 30, 2018, the carrying amounts of the District’s deposits were \$116,148 in the General Fund, \$1,130,423 in the Debt Service Fund, and \$120,134 in the Enterprise Fund. The County Treasurer balances for all funds totaled \$1,366,705. The balance at Cass County Bank totaled \$31,013. For purposes of classifying categories of custodial risk, the bank and the County Treasurer balances of the District’s deposits as of June 30, 2018 were entirely insured by the federal depository insurance corporation.

Investments. As of June 30, 2018 all investments for the District are invested in obligations of the U.S. Treasury and are conducted through the District’s fiscal agent, the County Treasurer. These securities are bought and held in safekeeping by the County Treasurer in the District’s name.

At June 30, 2018, the District had the following investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Maturity</u>
<u>Debt Service:</u>			
Nebraska Public Agency Invest Trust	<u>\$ 761,802</u>	<u>\$ 761,802</u>	Due on Demand
Total	<u>\$ 761,802</u>	<u>\$ 761,802</u>	

Note 3 – Tax Levy

Property taxes are levied in August and become due December 31. The first half payment is due March 31 and becomes delinquent April 1 of the following year and the second half payment is due July 31 and becomes delinquent August 1 of the following year. The County Treasurer bills and collects all property taxes for the District. If the taxes remain delinquent after February of the following year, the County places a lien on the property.

Property tax revenues are recognized when they are assessed. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectible taxes is provided.

Note 3 – Tax Levy (Continued)

The District has levied real and personal property taxes as follows:

<u>Fiscal Year</u>	District Valuation of <u>Property</u>	<u>District Tax Levy per \$100</u>		
		<u>General</u>	Debt <u>Service</u>	<u>Total</u>
2017-2018	<u>\$ 98,607,714</u>	<u>0.275000</u>	<u>0.505000</u>	<u>0.780000</u>

Note 4 – Special Assessments Receivable and Deferred Revenue

A summary of special assessment activity for the year ended June 30, 2018 is as follows:

<u>Levy Date</u>	Uncollected Assessment June 30, <u>2016</u>	Collected/ Written Off <u>Assessed</u>	Assessed	Uncollected Assessment June 30, <u>2017</u>	Accrued Interest
6/04/1994	\$ 4,009	\$ 2,216	\$ -	\$ 1,793	\$ 3,449
5/30/1996	17,234	4,308	-	12,926	30,756
7/26/2005	60,583	15,146	-	45,437	48,123
2/17/2009	<u>148,489</u>	<u>67,495</u>	-	<u>80,994</u>	<u>59,455</u>
	<u>\$ 230,315</u>	<u>\$ 89,165</u>	<u>\$ -</u>	<u>\$ 141,150</u>	<u>\$ 141,783</u>

Of the amount shown above, total special assessments collected were \$89,165, and the total amount written off as uncollectible was \$6,102.

A special assessment was levied on June 4, 1994 for the 1993 street reconstruction and repair project. The special assessment collections are due in ten equal annual installments commencing on June 4, 1995 and concluding June 4, 2004. Interest is charged at a rate of 10% on the unpaid balance of current installments. If the installment becomes delinquent, interest charged is increased to 12% of all delinquent installments due.

A special assessment was levied on May 30, 1996 for the 1995 underground power, paving, storm sewer, water improvements, and sanitary sewer improvements. The special assessment collections are due in ten equal annual installments commencing on May 30, 1997 and concluding May 30, 2006. Interest is charged at a rate of 10% on the unpaid balance of current installments. If the installment becomes delinquent, interest charged is increased to 12% of all delinquent installments due.

A special assessment was levied on July 26, 2005 for the Phase V, Section I Paving, and Water Main, Storm Sewer and Sanitary Sewer Systems and Section II underground Service Agreement with the Omaha Public Power District. The special assessment collections are due in ten equal annual installments commencing on July 26, 2006 and concluding July 26, 2015. Interest is charged at a rate of 7% on the unpaid balance of current installments. If the installment becomes delinquent, interest charged is increased to 9% of all delinquent installments due.

Note 4 – Special Assessments Receivable and Deferred Revenue (Continued)

A special assessment was levied on February 17, 2009 for the Phase VI, Section I Paving, and Water Main, Storm Sewer and Sanitary Sewer Systems and Section II underground Service Agreement with the Omaha Public Power District. The special assessment collections are due in ten equal annual installments commencing on February 17, 2009 and concluding February 17, 2019. Interest is charged at a rate of 7% on the unpaid balance of current installments. If the installment becomes delinquent, interest charged is increased to 9% of all delinquent installments due.

Note 5 – Capital Assets and Accumulated Depreciation

A summary of capital assets for the year ended June 30, 2018 is as follows:

<u>Governmental Activities</u>	Balance June 30, 2017	<u>Additions</u>	<u>Sales or Disposals</u>	Balance June 30, 2018
Depreciable Capital Assets:				
Infrastructure Assets	\$ 7,306,298	\$ -	\$ -	\$ 7,306,298
Subtotal	7,306,298	-	-	7,306,298
Less: Accumulated Depreciation	<u>(5,119,303)</u>	<u>(133,542)</u>	-	<u>(5,252,845)</u>
Total Net Capital Assets	<u>\$ 2,186,995</u>	<u>\$ (133,542)</u>	<u>\$ -</u>	<u>\$ 2,186,995</u>

<u>Business-type Activities:</u>	Balance June 30, 2017	<u>Additions</u>	<u>Sales or Disposals</u>	Balance June 30, 2018
Depreciable Capital Assets:				
Infrastructure	\$ 1,821,111	\$ -	\$ -	\$ 1,821,111
Waste Water Treatment Plant	<u>1,141,558</u>	-	-	<u>1,141,558</u>
Subtotal	2,962,669	-	-	2,962,669
Less: Accumulated Depreciation	<u>(1,913,348)</u>	<u>(125,853)</u>	-	<u>(2,039,201)</u>
Total Net Capital Assets	<u>\$ 1,049,321</u>	<u>\$ (125,853)</u>	<u>\$ -</u>	<u>\$ 1,049,321</u>

The District recorded total depreciation expense of \$259,395, of which \$133,542 was allocated directly for the governmental activities and \$125,853 was directly allocated to the business-type activities, for the year ended June 30, 2018.

Note 6 – Warrants Outstanding

General fund warrants are due and payable no later than three years from the date of issuance. Debt service fund warrants and proprietary fund warrants are due and payable no later than five years from the date of issuance. The outstanding general and debt service fund warrants mature during the next five years as follows:

Year Ending <u>June 30,</u>	General <u>Fund</u>	Debt Service <u>Fund</u>	Proprietary <u>Funds</u>	<u>Total</u>
2019	\$ 5,168	\$ -	\$ -	\$ 5,168
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
	<u>\$ 5,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,168</u>

Registered warrants bear interest at the rate of 7% per annum. Interest accrues on warrants from the date of registration until the date they are called for payment. A total of \$0 of the general fund warrants and debt service warrants issued and outstanding have been registered as of June 30, 2018.

Note 7 – Risk Management

The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 8 – Long-Term Debt

Long-term debt comprised of the following:

Bonds Payable

On April 1, 2012, the District issued \$7,000,000 in general obligation bonds. The proceeds from the sale of these bonds were used to refinance the remaining balance on the November 15, 2004 and February 15, 2007 bond issues and retire outstanding registered debt service fund warrants. The bonds were callable on December 1, 2017 and at any time thereafter. The bonds mature according to the following schedule and bear interest, which is payable semi-annually at the rates indicated:

Note 8 – Long-Term Debt (Continued)

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Payable</u>
December 1, 2018	2.20%	\$ 290,000
December 1, 2019	2.50%	295,000
December 1, 2020	2.75%	305,000
December 1, 2021	2.95%	315,000
December 1, 2022	3.15%	330,000
December 1, 2023	3.25%	340,000
December 1, 2024	3.35%	355,000
December 1, 2025	3.45%	365,000
December 1, 2026	3.55%	380,000
December 1, 2027	3.65%	395,000
December 1, 2028	4.05%	410,000
December 1, 2029	4.05%	435,000
December 1, 2030	4.05%	455,000
December 1, 2031	4.05%	480,000
December 1, 2032	4.05%	505,000
		<u>\$ 5,655,000</u>

On May 9, 2006, the District received a loan from the Nebraska Department of Environmental Quality for \$1,107,232. The proceeds from the loan were used to retire outstanding registered debt service fund warrants. The District can repay the loan in full at any time. The loan is payable semi-annually at an interest rate of 3.5%, plus 1% of the loan balance annually for a loan administrative fee.

Transactions for long-term debt for the year ended June 30, 2018 are summarized as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2017</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
Bond Issue, 2012	\$ 5,935,000	\$ -	\$ 280,000	\$ 5,655,000
Loan, 2006	557,940	-	57,426	500,514
Total	<u>\$ 6,492,940</u>	<u>\$ -</u>	<u>\$ 337,426</u>	<u>\$ 6,155,514</u>

Aggregate maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Bond Fund</u>		<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 290,000	\$ 194,625	\$ 59,454	\$ 17,002
2020	295,000	187,747	61,553	14,903
2021	305,000	179,866	63,726	12,730
2022	315,000	171,026	65,976	10,480
2023	330,000	161,183	68,305	8,151
2024 - 2028	1,835,000	629,652	181,500	9,639
2029 - 2033	2,285,000	240,874	-	-
Totals	<u>\$ 5,655,000</u>	<u>\$ 1,764,972</u>	<u>\$ 500,514</u>	<u>\$ 72,905</u>

Note 9 – Interfund Transfers

The \$5,955 of transfers shown on the Government-Wide Statement of Activities consists of \$5,955 being transferred from the General Fund to the Water and Sewer Service Fee Fund.

The General Fund amount of \$5,955 was for utility costs of \$26,102, less reimbursements received from the Water and Sewer Service Fee Fund totaling \$32,057. The \$26,102 reduced utility costs in the General Fund while increasing costs in the Water and Sewer Service Fee Fund. The variance on reimbursements was due to timing differences on when the utilities were incurred and when they were reimbursed.

Note 10 – Interfund Receivables and Payables

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Service Fee Fund	(\$ 1,890)
Service Fee Fund	Debt Service Fund	<u>250</u>
		<u>(\$ 1,640)</u>

The payable from the General Fund to the Service Fee Fund is for an overpayment of utility costs paid by the Service Fee Fund. The balance is expected to be fully collected in the subsequent year.

The payable from the Service Fee Fund to the Debt Service Fund is for part of a loan payment made by the Debt Service Fund on behalf of the Service Fee Fund. Normally, the Service Fee Fund will reimburse the Debt Service Fund for loan payments. This balance is scheduled to be fully collected in the subsequent year.

Note 11 – Deficit Net Position

The total governmental activities have a deficit net position of (\$1,823,404) at June 30, 2018. This deficit will be financed through future revenues of the general and debt service funds.

REQUIRED SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General and Debt Service Funds
For the Year Ended June 30, 2018

	General Fund			Debt Service Fund		
	Budgetary Basis (Non GAAP)			Budgetary Basis (Non GAAP)		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property Taxes Collected	\$ 271,171	\$253,207	\$ (17,964)	\$ 497,969	\$ 515,537	\$ 17,568
State Motor Vehicle Tax Allocation	500	604	104	1,000	1,209	209
Special Assessments and Interest	-	-	-	3,284,700	153,098	(3,131,602)
Rent Income	-	12,000	12,000	-	-	-
Miscellaneous	-	13,409	13,409	-	119	119
Total Revenues	<u>271,671</u>	<u>279,220</u>	<u>7,549</u>	<u>3,783,669</u>	<u>669,963</u>	<u>(3,113,706)</u>
Expenditures						
Current Operating Expenses:						
General Government and Administration	310,000	309,038	962	160,200	1,038,161	(877,961)
Collection Fee, County Treasurer	5,317	4,875	442	9,764	12,585	(2,821)
Total Operating Expenses	<u>315,317</u>	<u>313,913</u>	<u>1,404</u>	<u>169,964</u>	<u>1,050,746</u>	<u>(880,782)</u>
Capital Outlay	-	-	-	2,000,000	-	2,000,000
Debt Service						
Retirement of Bond Principal	-	-	-	280,000	280,000	-
Interest on Bonds	-	-	-	200,545	200,545	-
Total Expenditures	<u>315,317</u>	<u>313,913</u>	<u>1,404</u>	<u>2,650,509</u>	<u>1,531,291</u>	<u>1,119,218</u>
Excess/(Deficiency) of Revenues Over Expenditures	(43,646)	(34,693)	8,953	1,133,160	(861,328)	(1,994,488)
Other Financing Sources (Uses)						
Issuance of Bonds	-	-	-	-	-	-
Issuance of Warrants	289,500	309,038	19,538	1,759,850	1,037,411	(722,439)
Retirement of Warrants	(294,039)	(309,038)	(14,999)	(1,760,600)	(1,038,161)	722,439
Transfers to Other Funds	-	-	-	(81,893)	(81,893)	-
Transfers from Other Funds	28,971	32,057	3,086	123,050	81,893	(41,157)
Excess (Deficiency) Of Revenues and Expenditures And Other Uses	<u>\$ (19,214)</u>	<u>(2,636)</u>	<u>\$ 16,578</u>	<u>\$ 1,173,567</u>	<u>(862,078)</u>	<u>\$ (2,035,645)</u>
Fund Balance, Beginning of Year		<u>118,784</u>			<u>1,992,501</u>	
Fund Balance, End of Year		<u>\$116,148</u>			<u>\$1,130,423</u>	

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to GAAP Reconciliation
For the Year Ended June 30, 2018

	General Fund	Debt Service Fund	Total
<u>Sources/Inflows of Resources</u>			
Actual Amounts (Budgetary Basis) "Total Revenues" Available for Appropriation from the Budgetary Comparison Schedule	\$ 279,220	\$ 669,963	\$ 949,183
Differences - Budget to GAAP			
Property tax revenue is recognized when assessed or when excess collections are recorded rather than when collected	18,352	(16,820)	1,532
Special assessments revenue was recognized when assessed rather than when paid	-	(83,063)	(83,063)
Interest income is accrued during the year rather than recognized when collected		(45,608)	(45,608)
Net transfers from business-type funds are recorded as revenue	5,955	-	5,955
General Revenues and Transfers as reported on the Government-Wide Statement of Activities for Governmental Activities (GAAP)	<u>\$ 303,527</u>	<u>\$ 524,472</u>	<u>\$ 827,999</u>
<u>Uses/Outflows of Resources</u>			
Actual Amounts (Budgetary Basis) of Total Expenditures from the Budgetary Comparison Schedule	\$ 313,913	\$ 1,531,291	\$ 1,845,204
Differences - Budget to GAAP			
Depreciation expense is recorded on depreciable capital assets	-	133,542	133,542
Retirement of bonds is not expensed, but reduces a liability	-	(280,000)	(280,000)
Writeoff of uncollectible taxes is an accrual adjustment that is not considered an expenditure for budget purposes	-	1,692	1,692
Interest on bonds payable is accrued during the year rather than expensed when paid	-	(455)	(455)
Prepaid expenses are accrued during the year rather than expensed when paid	(750)	-	(750)
Writeoff of special assessments is an accrual adjustment that is not considered an expenditure for budget purposes	-	21,716	21,716
Expenses are accrued during the year through accounts payable and other payables rather than expensed when paid	(1,702)	-	(1,702)
Expenses paid for enterprise fund were recorded as general fund expenses on the budget. This is the total amount reclassified.	(26,102)	-	(26,102)
Total Expenses as Reported on the Government-Wide Statement of Activities for Governmental Activities (GAAP)	<u>\$ 285,359</u>	<u>\$ 1,407,786</u>	<u>\$ 1,693,145</u>
<u>Other Financing Sources/Uses</u>			
Issuance of Warrants (Budgetary Basis)	\$ 309,038	\$ 1,037,411	\$ 1,346,449
Retirement of Warrants (Budgetary Basis)	(309,038)	(1,038,161)	(1,347,199)
Transfers from Other Funds (Budgetary Basis)	32,057	(81,893)	(49,836)
Differences - Budget to GAAP			
Warrants and bonds issued and not yet retired are recorded as a payable rather than recognized as an other financing source	(309,038)	(1,037,411)	(1,346,449)
Retirement of warrants reduces a liability rather than recognized as an other financing use	309,038	1,038,161	1,347,199
Transfers are netted and are recognized as revenue or as an expense rather than other financing sources or uses	(32,057)	81,893	49,836
Total Other Financing Sources/Uses (GAAP)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Schedule of Taxes Receivable
June 30, 2018

Tax Levy

During 2017, the District's Board of Trustees approved a tax levy of 0.779999 per \$100 of actual value of taxable property. The June 30, 2018 taxes receivable based on this levy and the delinquent taxes receivable are as follows:

	General Fund	Debt Service Fund
Valuation of Taxable Property	\$ 98,607,714	\$ 98,607,714
Tax Levy	<u>0.275000</u>	<u>0.505000</u>
Taxes Receivable – 2017-2018	271,171	497,969
Less: 2017-2018 Taxes Collected	<u>162,092</u>	<u>297,660</u>
Balance Taxes Receivable 2017-2018	109,079	200,309
Add: Delinquent Taxes Levied in previous years:		
Tax Levied in 2013	-	211
Tax Levied in 2014	-	1,410
Tax Levied in 2015	78	185
Tax Levied in 2016	<u>293</u>	<u>702</u>
Total Taxes Receivable	<u>\$ 109,450</u>	<u>\$ 202,817</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Schedule of Cash Investments
June 30, 2018

	<u>Cost</u>	<u>Market Value</u>	<u>Accrued Interest</u>
<u>Debt Service Fund</u>			
Nebraska Public Agency Investment Trust Account			
Due on Demand	\$ 761,802	\$ 761,802	\$ -
Totals	<u>\$ 761,802</u>	<u>\$ 761,802</u>	<u>\$ -</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Information Required by Section 31-740
Revised Statutes of Nebraska, 1998
For the year ended June 30, 2018

Gross Revenue from all Sources	\$	1,142,621
Gross Revenue from all Sources in Previous Year	\$	1,052,919
Amount Spent for Access to the Facilities and Use of the Services of the Library System		None
Amount Spent for Sewage Disposal	\$	4,584
Amount Expended on Water Mains		None
Gross Gallons of Sewage Processed		38,883,588
Cost per Thousand Gallons of Processing Sewage	\$	0.03
Amount Expended for Repairs and Maintenance	\$	899,311
Amount Expended for New Equipment		None
Amount Expended for New Construction Work		None
Amount Expended for Real Estate Acquisitions and Property		None
Number of Employees at June 30, 2018		None
Salaries and Fees Paid Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	\$	769,140

SANITARY AND IMPROVEMENT DISTRICT NO. 5 OF CASS COUNTY, NEBRASKA
Board of Trustees and Related Bonds
June 30, 2018

<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
David L. Martin	Chairperson	Old Republic Surety Co.	\$ 5,000
James Grotrian	Clerk	Old Republic Surety Co.	\$ 20,000
Janet McCartney	Trustee		
Gary Petersen	Trustee		
Carol Walker	Trustee		



RITTERBUSH & PIOTROWSKI, L.L.P.

Certified Public Accountants

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Omaha, Nebraska 68154-2652
Telephone 402-896-1500
Fax 402-896-1726

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Sanitary and Improvement District No. 5
of Cass County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 5 of Cass County, Nebraska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanitary and Improvement District No. 5 of Cass County, Nebraska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 5 of Cass County, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 5 of Cass County, Nebraska's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 5 of Cass County, Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ritterbush & Piotrowski, LLP

Ritterbush & Piotrowski, LLP
Omaha, Nebraska
February 20, 2019

APPENDIX C — FORM OF CONTINUING DISCLOSURE UNDERTAKING

Following is the form of Continuing Disclosure Certificate that will be entered into by the District pursuant to Securities and Exchange Commission Rule 15c2-12(d)(2).

This Continuing Disclosure Certificate, dated on or about January 8, 2020 is executed and delivered by Sanitary and Improvement District No. 5 of Cass County, Nebraska (the “District”) in connection with the issuance by the District of \$6,350,000 in aggregate principal amount of its General Obligation and Refunding Bonds, Series 2020 (the “Bonds”). The Bonds are being issued pursuant to a resolution dated November 19, 2019 (the “Resolution”) authorizing the issuance of the Bond and authorizing the District to enter into this Undertaking. In consideration of the purchase of such Bonds by the owners thereof, the District hereby covenants and agrees as follows:

- (a) The District does hereby covenant and agree and enters into this written undertaking (the “Undertaking”) for the benefit of the holders and beneficial owners of the Bonds required by Section (d)(2) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”). Capitalized terms used in this Undertaking and not otherwise defined in this Undertaking shall have the meanings assigned such terms in subsection (f) hereof. It being the intention of the District that there be full and complete compliance with the Rule, this Undertaking shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.
- (b) The District represents and warrants that the aggregate amount of its outstanding municipal securities, including the Bonds, does not exceed \$10,000,000.
- (c) The District undertakes to provide, on or before the Record Date, Financial Information about the District to the MSRB, via UMB Bank, NA, as Dissemination Agent pursuant to a Dissemination Agent Agreement between the District and UMB Bank, NA (the “Dissemination Agent”), in an electronic format accompanied by identifying information as prescribed by the MSRB, to the extent that the District customarily prepares such Financial Information and makes it publicly available. The District shall provide any information or notice required by this Undertaking to the Dissemination Agent. The Dissemination Agent will not be responsible for compiling any of the information required to be provided by this Undertaking.
- (d) The District designates as the person from whom its Financial Information and Listed Event Notices can be obtained: Ms. Minda Barr, UMB Bank, NA, as Dissemination Agent, 7155 Lake Drive, West Des Moines, IA 50265.
- (e) If a Listed Event occurs while any Bonds are outstanding, the District, through the Dissemination Agent, shall provide a Listed Event Notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB. Each Listed Event Notice shall be so captioned and shall prominently state the date and title of the Bonds.
- (f) The following are the definitions of the capitalized terms used in this Undertaking and not otherwise defined in this Undertaking:
 - (1) “*Financial Information*” means the financial information or operating data with respect to the District presented in the Official Statement related to the Bonds, which is customarily prepared by the District and is publicly available. The District

customarily prepares and makes publicly available its Audited Financial Statements. In connection with its issues of warrants and bonds, the District from time to time prepares and makes publicly available its offering documents containing, among other things, financial information and operating data about the District.

- (2) “*Audited Financial Statements*” means the District’s annual financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Government Accounting Standards Board (“GASB”), which financial statements shall have been audited by such auditor as shall then be required or permitted by the laws of the State of Nebraska.
- (3) “*Listed Event*” means any of the following events with respect to the Bonds:
 - (i) Principal and interest payment delinquencies;
 - (ii) Non-payment related defaults, if material;
 - (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (v) Substitution of credit or liquidity providers, or their failure to perform;
 - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (vii) Modifications to rights of Bondholders, if material;
 - (viii) Bond calls, if material, and tender offers;
 - (ix) Defeasances;
 - (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
 - (xi) Rating changes;
 - (xii) Bankruptcy, insolvency, receivership or similar event of the District;
 - (xiii) The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (xiv) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
 - (xv) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

of a financial obligation of the District, any of which affect security holders, if material; and

- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.
- (4) “*Listed Event Notice*” means an electronic notice of a Listed Event.
- (5) “*MSRB*” means the Municipal Securities Rulemaking Board. As of July 1, 2009, the MSRB is the sole repository to which the District must electronically submit Financial Information, Audited Financial Statements, if any, and Listed Event Notices pursuant to this Undertaking. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “*Release*”) relating to the MSRB’s Electronic Municipal Market Access (“*EMMA*”) system for municipal securities disclosure that became effective on July 1, 2009. To the extent applicable to its Undertakings, the District shall comply with the Release and with EMMA.
- (6) “*Record Date*” means March 31 of each year, or such later date as the information comprising the Financial Information is customarily prepared and made publicly available.
- (g) The continuing obligation hereunder of the District to provide Financial Information, Audited Financial Statements, if any, and Listed Event Notices shall terminate immediately once the Bonds no longer are outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that the District obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds, provided that the District shall have provided notice of such delivery and the cancellation of this Undertaking to the MSRB.
- (h) This Undertaking may be amended, without the consent of the Bondholders, but only upon the District obtaining an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking with the Rule, provided that the District shall have provided notice of such delivery and of the amendment to the MSRB. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:
 - (1) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District or type of business conducted;
 - (2) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
 - (3) The amendment either (i) is approved by the Bondholders in the same manner as provided in the Resolution for amendments thereto with the consent of Bondholders, or (ii) does not, in the opinion of the Dissemination Agent or nationally recognized bond counsel, materially impair the interests of the Bondholders.

- (i) The initial Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of financial information being provided.
- (j) Any failure by the District to perform in accordance with this Undertaking shall not constitute an event of default with respect to the Bonds. If the District fails to comply herewith, any Bondholder or beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations hereunder.

[Signature Page to Follow]

THIS CERTIFICATE IS EXECUTED AND DATED January 8, 2020

SANITARY AND IMPROVEMENT
DISTRICT NO. 5 OF CASS COUNTY,
NEBRASKA

By: _____
Chair, Board of Trustees