

**NEW ISSUE
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 Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The District has designated the Notes as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Bond Counsel also is of the opinion that, under existing laws of the State of Nebraska, such interest is exempt from Nebraska state income taxation. See “TAX MATTERS” herein.



\$5,045,000*
DOUGLAS COUNTY SCHOOL DISTRICT 0066
(WESTSIDE COMMUNITY SCHOOLS)
IN THE STATE OF NEBRASKA
GENERAL FUND PROMISSORY NOTES
SERIES 2019A

Dated: Date of Delivery

Due: As shown on the inside front cover

Douglas County School District 0066 (Westside Community Schools) in the State of Nebraska (the “District”) is issuing the above-captioned promissory notes (the “Notes”) as fully registered notes 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 is acting as the securities depository for the Notes. Purchases of the Notes will be made in book-entry form only, in denominations of \$5,000 or whole multiples thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Notes will not receive physical delivery of note certificates so long as DTC or a successor acts as the securities depository for the Notes.

The District Treasurer is acting as the initial Paying Agent and Registrar (the “Registrar”) for the Notes. The Registrar will pay principal on the date set forth on the inside front cover and will pay interest on the Notes at maturity or earlier redemption. See “THE NOTES – Payment of Notes” herein. So long as DTC or its nominee is the registered owner of the Notes, all payments of the principal of, premium, if any, and the interest on the Notes will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. For terms relating to DTC and the book-entry system, see “THE NOTES – Book-Entry System” herein.

MATURITY SCHEDULE — SEE INSIDE COVER

The Notes are subject to redemption under the circumstances, on the dates, in the amounts and at the prices described herein. See “THE NOTES – Redemption Provisions” herein.

The District is issuing the Notes for the purpose of paying general fund expenses of the District pending the receipt of general ad valorem taxes levied by the District and other anticipated receipts for such purposes and paying certain costs of issuing the Notes. The Notes are payable out of the District’s general fund from moneys collected from the District’s general fund tax levy during the two fiscal years commencing September 1, 2019. See “PURPOSE AND AUTHORITY”, “SECURITY” and “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION” herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE NOTES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered in book-entry form when, as and if issued by the District, subject to the approval of legality by Kutak Rock LLP, Omaha, Nebraska, Bond Counsel, and certain other conditions. Kutak Rock LLP has acted as Special Counsel to the District for purposes of assisting the District with the preparation of this Official Statement. It is expected that the Notes will be available for delivery through DTC in New York, New York, on or about November 22, 2019*.



Ameritas Investment Corp.
Member FINRA/SIPC

The date of this Official Statement is _____, 2019.

* Preliminary; subject to change

\$5,045,000*
DOUGLAS COUNTY SCHOOL DISTRICT 0066
(WESTSIDE COMMUNITY SCHOOLS)
IN THE STATE OF NEBRASKA
GENERAL FUND PROMISSORY NOTES
SERIES 2019A

MATURITY SCHEDULE*

<u>Type</u>	<u>Maturity Date</u> <u>(August 31)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u> <u>(% of Par)</u>	<u>CUSIP</u> ¹
Serial	2020	\$5,045,000	%	%		259363 ____

* Preliminary; subject to change

¹ CUSIP data herein is provided by the CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, as part of S&P Global Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The CUSIP numbers have been assigned by an organization not affiliated with the District and are included for the convenience of the holders of the Notes. None of the District, the Underwriter or the Registrar is responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Notes or as indicated above.

**DOUGLAS COUNTY SCHOOL DISTRICT 0066
(WESTSIDE COMMUNITY SCHOOLS)
IN THE STATE OF NEBRASKA**

Board of Education

Adam Yale, President
Kris Karnes, Vice President
Dana Blakely, Director
Beth Morrisette, Secretary
Doug Krenzer, Treasurer
Dr. Meagan Van Gelder, Treasurer-Elect

Administration

Mike Lucas, Superintendent of Schools
Enid Schonewise, Assistant Superintendent
Mark Weichel, Assistant Superintendent
Robert Zagozda, Chief Financial Officer

FINANCIAL ADVISOR

First National Capital Markets, Inc.
Omaha, Nebraska

BOND COUNSEL AND DISCLOSURE COUNSEL

Kutak Rock LLP
Omaha, Nebraska

REGISTRAR AND PAYING AGENT

District Treasurer
Omaha, Nebraska

INDEPENDENT AUDITOR

Seim Johnson LLP
Omaha, Nebraska

UNDERWRITER

Ameritas Investment Corp.
Omaha, Nebraska

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. In making an investment decision, investors must rely upon their own examination of the District and the terms of the offering, including the merits and risks involved.

The information set forth herein has been obtained from the District and other sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the District 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. No dealer, broker, sales representative or other person has been authorized by the District or the Underwriter to give any information or to make any representations, 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 any of the foregoing.

The Notes have not been registered with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption contained in the Securities Act. No federal or state securities commission or regulatory authority has recommended the Notes. Moreover, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The Underwriter intends to offer the Notes initially at the offering prices set forth on the inside cover page hereto, which may subsequently change without any requirement of prior notice. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Notes offered hereby at a level above that which might otherwise prevail in the open market. Stabilization, if commenced, may be discontinued at any time. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12(b)(1) of the Commission, this Official Statement has been deemed final by the District as of the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget," "intend" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the District nor any other party plans to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances upon which such statements are based occur.

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OFFICIAL STATEMENT

\$5,045,000*

**DOUGLAS COUNTY SCHOOL DISTRICT 0066
(WESTSIDE COMMUNITY SCHOOLS)
IN THE STATE OF NEBRASKA
GENERAL FUND PROMISSORY NOTES
SERIES 2019A**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to set forth information concerning Douglas County School District 0066 (Westside Community Schools) in the State of Nebraska (the “**District**”) and the District’s General Fund Promissory Notes, Series 2019A, in the aggregate principal amount of \$5,045,000* (the “**Notes**”).

The District is issuing the Notes for the purpose of providing funds to pay (a) claims of the District for the operation and maintenance of the District’s facilities and programs and other lawful purposes and to (b) certain costs of issuing the Notes. See the caption “THE NOTES – Purpose and Authority” herein.

The Notes are payable out of the District’s general fund from moneys collected from the District’s general fund tax levy during the two fiscal years commencing September 1, 2019 and other anticipated receipts for said fiscal years. See the captions “THE NOTES – Security” and “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION” herein.

The offering of the Notes is made only by means of this entire Official Statement, including the appendices attached hereto. Descriptions of and references to the Notes, the hereinafter-described Resolution, related transaction documents and other matters do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the complete texts thereof, copies of which are available for inspection at the office of Ameritas Investment Corp., Omaha, Nebraska, as Underwriter (the “**Underwriter**”) of the Notes. For more information regarding the District, see APPENDIX A and APPENDIX B attached hereto.

THE NOTES

General

The Notes are dated, bear interest at the rate and mature on the date and in the principal amount set forth on the inside cover page of this Official Statement. The District is issuing the Notes as fully registered notes 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 is acting as securities depository for the Notes. Purchases of Notes are being made in book-entry form only and in denominations of \$5,000 or whole multiples thereof (“**Authorized Denominations**”) through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Notes will not receive physical delivery of note certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Notes. See “THE NOTES – Book-Entry System” herein.

* Preliminary; subject to change

Payment Provisions

The District Treasurer is the initial Registrar and Paying Agent with respect to the Notes (the “**Registrar**”). The Registrar will pay interest on the Notes from their original issue date until maturity or earlier redemption. The Registrar will compute interest on the basis of a 360-day year consisting of twelve 30-day months. The Registrar will pay the principal of the Notes at maturity or earlier date of redemption, together with all interest accrued to such date and any premium, upon presentation and surrender of the Notes at the Registrar’s office in Omaha, Nebraska.

The foregoing procedures and methods for payment will apply if the provisions for global book-entry notes as described below cease to be in effect and will apply to the holding and transfer of Notes by DTC subject to certain modifications provided for in a Letter of Representations between the District and DTC. **SO LONG AS DTC OR ITS NOMINEE IS THE REGISTERED OWNER OF THE NOTES, PAYMENT OF THE PRINCIPAL OR THE REDEMPTION PRICE THEREOF AND THE INTEREST THEREON WILL BE MADE DIRECTLY TO DTC.** See “THE NOTES—Book-Entry System” herein.

Redemption Provisions*

Optional Redemption. The Notes are subject to optional redemption and prepayment by the District on May 15, 2020, or any date thereafter, in whole, or in part in such principal amounts and from such maturity or maturities as the District in its sole and absolute discretion shall determine, at a redemption price equal to the principal amount thereof, together with the interest accrued thereon to the date of redemption, with no premium. If less than all of the Notes of any maturity are to be called for redemption, the Registrar shall select by lot the particular Notes of such maturity to be redeemed in Authorized Denominations.

Redemption - Notes Held by DTC. If the Notes are being held by DTC under the book-entry system and less than all of such Notes within a maturity are being redeemed, DTC’s current practice is to determine by lot the amount of the interest of each DTC participant in such maturity to be called for redemption, and each DTC participant is to then select by lot the ownership interest in such maturity to be redeemed.

Notice of Redemption. Notice of the call for redemption, identifying the Notes or portions thereof to be redeemed, shall be given by the Registrar to the registered owners of the Notes to be redeemed at their registered addresses as shown on the registration books maintained by the Registrar, by first-class mail, postage prepaid, not less than 30 days prior to the date fixed for redemption (or such shorter period as may be acceptable to the then registered owner of the Notes). Failure to give notice to any particular registered owner or any defect in the notice given to such owner shall not affect the validity of the proceedings calling the Notes for redemption or the redemption of any Notes for which proper notice has been given.

Effect of Redemption. If notice of redemption has been properly given or waived and moneys for payment are available on the redemption date, the Notes so called for redemption shall, on the redemption date, become due and payable and shall cease to bear interest and shall cease to be entitled to any lien, benefit or security under the hereinafter-described Resolution and the owners of the Notes so called for redemption shall have no rights under the Resolution except to receive payment of the redemption price plus accrued interest to the date fixed for redemption from funds deposited with the Registrar by the District.

Registration, Transfer and Exchange of Notes

The District and the Registrar may treat the registered owner of any Note as the absolute owner of such Note for the purpose of making payment thereof and for all other purposes, and neither the District nor the Registrar shall be bound by any notice or knowledge to the contrary, whether such Note shall be overdue or not. All payments of

* Preliminary; subject to change

or on account of interest to any registered owner of any Note and all payments of or on account of principal to the registered owner of any Note shall be valid and effectual and shall be a discharge of the District and the Registrar, in respect of the liability upon the Notes or claim for interest, as the case may be, to the extent of the sum or sums paid.

Any Note may be transferred pursuant to its provisions at the designated corporate trust office of the Registrar by surrender of such Note for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent. To the extent of the denominations authorized for the Notes, one Note may be transferred for several such Notes of the same interest rate and maturity and for a like aggregate principal amount, and several such Notes may be transferred for one or several such Notes, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Note, the surrendered Note shall be canceled and destroyed. The Registrar may impose a charge sufficient to defray all costs and expenses incident to registrations of transfer and exchanges. In each case the Registrar shall require the payment by the owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The District and the Registrar shall not be required to transfer any Note during any period from any Record Date until its immediately following interest payment date, if any, or to transfer any Note called for redemption for a period of 30 days immediately preceding the date fixed for redemption.

Purpose and Authority

Purpose. The District is issuing the Notes for the purpose of providing funds to (i) pay claims of the District for the operation and maintenance of the District's facilities and programs and other lawful purposes, pending the receipt of revenues in the District's general fund, and (ii) pay the costs of issuing the Notes.

Authority. The District is issuing the Notes pursuant to the authority under Section 79-1070, Reissue Revised Statutes of Nebraska, as amended (the "**Act**"), and a resolution (the "**Resolution**") adopted by the District's Board of Education (the "**Board**") on October 7, 2019. The total principal amount of Notes outstanding does not exceed 70% of the unexpended balance of total anticipated receipts as defined in the Act for the two fiscal years beginning September 1, 2019.

Security

The Notes are payable out of the District's general fund from moneys collected or to be collected from the District's general fund tax levy during the two fiscal years commencing September 1, 2019 and other anticipated receipts for said fiscal years. The District has covenanted in the Resolution that not later than the maturity date for the Notes, moneys or legal investments sufficient to pay the principal of, premium, if any, and interest on the Notes shall be set aside in a separate fund held solely for the payment of the Notes at maturity. Any earnings on said moneys or investments in excess of the amount needed to pay all principal and interest when due may be transferred to the District's general fund at the direction of the Board. The District presently has no other obligations issued pursuant to the Act which are payable from the general fund. See also "PROJECTED GENERAL FUND CASH FLOW" herein.

Book-Entry System

General. The Notes are being made available initially in book-entry form only in Authorized Denominations. DTC will act as securities depository for the Notes. The ownership of one fully registered Note for each maturity, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as the nominee for DTC. Ownership interests in the Notes will be available to purchasers only through the book-entry system maintained by DTC (the "**Book-Entry System**"). A description of DTC, the Book-Entry System and definitions of initially capitalized terms used under this heading are found in "APPENDIX D – BOOK-ENTRY SYSTEM" attached hereto.

Risk Factors. Beneficial Owners of the Notes may experience some delay in their receipt of distributions of the principal or redemption price of and interest on the Notes because such distributions will be forwarded by the Registrar to DTC, credited by DTC to the accounts of its Direct Participants, which will thereafter credit them to the accounts of the Beneficial Owners either directly or indirectly through Indirect Participants. No assurance can be given by the District or the Registrar that DTC will distribute to the Participants, or that the Participants will distribute to the Beneficial Owners, (i) payment of debt service on the Notes paid to DTC, or its nominee, as the registered owner, or (ii) any redemption or other notices, or that DTC or the Participants will serve and act on a timely basis or in the manner described in this Official Statement.

Because transactions in the Notes can be effected only through DTC, DTC Participants and certain banks, the ability of a Beneficial Owner to pledge a Note to persons or entities that do not participate in the Book-Entry System, or otherwise to take actions in respect of such Notes may be limited due to the lack of physical certificates. Beneficial Owners will not be recognized by the Registrar as registered owners for purposes of the Resolution, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and its DTC Participants.

Notice of any proposed modification or amendment of the Resolution by means of a supplemental resolution or resolutions that are to be effective with the consent of the registered owners of the Notes as well as all notices of redemption will be mailed to DTC, as the registered owner of the Notes then outstanding.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such numbers on any Notes, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Notes.

THE DISTRICT

The District is located in the City of Omaha, approximately six miles west of the Omaha central business district. Residing within the District are 21,658 registered voters. The District encompasses approximately 13 square miles with over 5,995 students as of the beginning of the 2019-20 school year. Facilities include 10 elementary schools, 1 middle school, 1 high school and various other educational facilities. The District has been accredited by the State Department of Education with a rating of “AA,” the highest rating given by the Department. The District’s schools are accredited by AdvancEd.

Below is selected financial and operating information for the District. For more detailed information regarding the District, including its finances and operations, see APPENDIX A and APPENDIX B attached hereto.

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Douglas County School District 0066
Taxable Valuation (2019-2020)

\$3,840,303,470

District Indebtedness

General Obligation Debt	\$74,970,000 ^{1*}
Limited Tax Obligation Debt	8,450,000
Tax Anticipation Notes*	5,745,000 ^{2*}
Total District Indebtedness	89,165,000

District Levies

2019-20 General Fund Levy	\$1.1924
2019-20 Building Fund Levy	-0-
2019-20 Bond Fund Levy	\$0.1900
Total 2019-20 Levy	\$1.3824

NOTEHOLDERS' RISKS

As described above in “THE NOTES – Security”, the Notes are payable from local ad valorem taxes, State Aid and other sources, all of which are limited sources. Prospective purchasers of the Notes should be aware that investment in the Notes may entail some degree of risk. Each prospective investor in the Notes is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which could affect the payment of debt service on the Notes and could affect the market price of the Notes to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

Absence of Rating

The District has not applied for a rating with respect to the Notes, and the District does not expect to apply for any such rating in the future. Certain investors restrict their investments only to obligations which have been rated, and the absence of a rating can affect the ease of marketability for non-rated obligations.

Absence of Credit Enhancement

No credit enhancement (such as bond insurance or a letter of credit) has been or will be obtained by the District in connection with the issuance of the Notes. Prospective purchasers must look solely to the District and its levy of ad valorem taxes as described herein for repayment of the principal of the Notes, any premium, and the interest thereon.

Lack of Market for the Notes

The Notes will not be listed on a securities exchange or inter-dealer quotation system. The Underwriter is not obligated to purchase any of the Notes in the future. There can be no assurance that there will be a secondary

¹ Includes \$3,345,000 aggregate principal amount of the District’s General Obligation Bonds, Series 2019, which the District anticipates issuing on or about December 15, 2019.

² Includes the Notes, as well as \$700,000 of its tax anticipation Bond Fund Promissory Notes, Series 2019B (the “Bond Fund Notes”), which are to be paid on or before August 31, 2020 from anticipated receipts in the District’s bond fund, including receipts from its bond fund tax levy. The District intends to use the proceeds of such notes to pay debt service on certain outstanding general obligation indebtedness of the District, and intends on issuing the Bond Fund Notes simultaneously with its issuance of the Notes, on or before November 22, 2019.

*Preliminary; subject to change.

market for the Notes, and the absence of such a market for the Notes could result in investors not being able to resell their Notes should they need or wish to do so.

No Mortgage or Collateral

The Notes are not secured by a mortgage, deed of trust or security interest in any real or personal property of the District. Accordingly, the Noteholders will not have any right to exercise any remedies against any real or personal property of the District upon any event of a default with respect to the Notes.

Limitation of Rights upon Insolvency

The United States Bankruptcy Code enables debtors, including municipalities, counties and school districts, which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including noteholders. Relief under Chapter 9 of the federal Bankruptcy Code is available only to those municipalities which are specifically authorized to be a debtor under such Chapter by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor under Chapter 9. The State of Nebraska (the “**State**”) has authorized its political subdivisions, including school districts such as the District, to seek relief under the United States Bankruptcy Code by statute. Upon any insolvency upon the part of the District, the holders of the Notes would represent general unsecured obligations of the District. The extent to which the exception from limitations upon overall tax rates provided for in existing legislation, including the provisions of “Budget Limitations” and “Tax Levy Limitations” (as such terms are defined and described below under the heading “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION”), might entitle noteholders to be treated as a separate class or otherwise given priority over other unsecured claimants is a matter that would be subject to future determinations of Nebraska state and federal courts interpreting and applying both State law and the United States Bankruptcy Code. Procedures under the United States Bankruptcy Code or other insolvency laws could result in delays in payment and modifications of payment rights.

Redemption Prior to Maturity

In considering whether to make an investment in the Notes, potential investors should consider the information included under the heading “THE NOTES—Redemption Provisions” herein. Upon any redemption of the Notes, such called Notes shall be redeemed at par and not with any premium. Investors purchasing Notes at a discount or a premium should consult with their tax advisors regarding the effects of any such redemption at par.

Nebraska Developments Related to Budgets and Taxation

From time to time the Nebraska Legislature has taken actions designed to reduce the reliance of local governmental units on property taxation. For a discussion of such changes, see “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION” herein.

Reduced State Revenues

In recent years, the State, like many other states, has experienced decreased collections of revenues relating to general economic conditions as they impact enterprises throughout the State. Such decreased collections resulted in lower forecasts of revenues for the budgeting purposes of the State. In response to this change in revenue receipts and forecasts, the State Legislature increased certain taxes and has also enacted certain changes reducing State expenditures, including State contributions to certain political subdivisions. Further consideration of decreased aid to local governments, including school districts, may occur in regular legislative sessions and, possibly, in one or more special sessions. Although revenue receipts and forecasts, as publicly reported, have recently improved, there can be no assurance concerning levels of expenditure by the State affecting school districts.

NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION

General

The District's principal sources of revenue fund are local property taxes and State Aid. Local property taxes constitute the District's largest revenue sources, but are subject to certain limitations as discussed below. State Aid for each school district is determined annually based on student adjustment weightings and a variety of other factors including taxable valuations and per student costs.

The system of assessing and taxing personal property by the State for purposes of local ad valorem taxation for support of local political subdivisions, including the District, has from time to time been the object of controversy, legal challenges, constitutional initiative petitions and legislative action.

Budget and Levy Limitations

The Nebraska Legislature has imposed budget limitations and property tax restrictions on Nebraska political subdivisions, including public school districts, intended to reduce the level of property taxation and expenditures within the State. Budget limitations relating to school districts (Section 79-1023 et seq., Reissue Revised Statutes of Nebraska, as amended, and related sections, the "**Budget Limitations**") limit the growth in general fund expenditures for school districts. Tax levy limitations (Section 77-3442 et seq., Reissue Revised Statutes of Nebraska, as amended, and related sections, the "**Levy Limitations**"), provide for an overall limitation on tax rates levied by school districts. The Budget Limitations, because they apply only to general fund expenditures, do not limit the budgeting of expenditures for debt service on bonded indebtedness nor do they limit building fund and certain other special fund expenditures. The Levy Limitations expressly exclude property tax levies relating to bonded indebtedness (other than bonded indebtedness incurred by a school district pursuant to Section 44-4317, Reissue Revised Statutes of Nebraska, as amended), certain lease purchase obligations approved prior to July 1, 1998 and building fund levies relating to projects established prior to April 1, 1996; provided, however, that any combined levy of a school district in excess of the greater of (a) \$1.20 per one hundred dollars (\$100) of taxable value or (b) the maximum levy authorized by a vote pursuant to Section 77-3444, Reissue Revised Statutes of Nebraska, as amended, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, is considered an unauthorized levy pursuant to Section 77-1606, Reissue Revised Statutes of Nebraska, as amended. *As the Notes are payable from the general fund tax levy, and not from a special tax levy for bonded indebtedness as described in the Levy Limitations, the tax to pay the principal of and the interest on the Notes and the corresponding expenditure of the District's receipts are subject to both the Budget Limitations and the Levy Limitations.*

Under the Budget Limitations, a school district may not increase its general fund expenditures by more than its budget authority established each year by the Nebraska Department of Education. A district's budget authority for general fund expenditures is calculated using the formula set forth in Section 79-1023, Reissue Revised Statutes of Nebraska. Such calculation is subject to modification from year to year by the Nebraska Legislature. The Budget Limitations are part of the system for determining aid from the State and are to be enforced through the office of the Auditor of Public Accounts of the State and the Nebraska Department of Education. State Aid may be withheld from governmental units which fail to comply. *Any expenditures relating to the payment of the principal of and the interest on the Notes will be subject to the Budget Limitations.*

Under the Levy Limitations the rates for levying property taxes have been limited for each type of governmental unit in the State. The rate of levy for school districts, such as the District, may not exceed more than \$1.05 per one hundred dollars (\$100) of taxable value. A school district may exceed the Levy Limitations by an amount approved by a majority of registered voters voting on the issue in a primary, general, or special election. At a special election duly held within the District on September 12, 2017, the qualified electors of the

District authorized an additional property tax levy not to exceed \$0.15 per \$100 dollars of taxable valuation for five fiscal years commencing with the District's 2018-19 fiscal year through and including its 2022-23 fiscal year. The District's general fund levy for the 2019-20 fiscal year is set at \$1.1924 per one hundred dollars (\$100) of taxable valuation. The general fund levy includes certain exclusions permitted under the Levy Limitations, such as special building funds and sinking funds established for construction, expansion or alteration projects commenced prior to April 1, 1996. In addition, property tax levies to pay bonded indebtedness and lease-purchase contracts approved prior to July 1, 1998 are not included in such limitation (taxes to pay bonds issued by school districts pursuant to Section 44-4317, Reissue Revised Statutes of Nebraska, as amended, are included in such limitation, but the District has not issued any bonds pursuant to such statute). Any combined tax levy of a school district in excess of the greater of (a) \$1.20 per one hundred dollars (\$100) of taxable value or (b) the maximum levy authorized by a vote pursuant to Section 77-3444, Reissue Revised Statutes of Nebraska, as amended, except levies for bonded indebtedness approved by the voters of the school district, and levies for the refinancing of such bonded indebtedness is considered an unauthorized levy pursuant to Section 77-1606, Reissue Revised Statutes of Nebraska, as amended. ***Any taxes levied to pay principal of and interest on the Notes will be subject to the Levy Limitations.***

The District is a member of a learning community, which is an inter-district cooperative of 11 public school districts in Douglas and Sarpy Counties (the "**Learning Community**"). Prior to the 2017-18 school year, the Learning Community levied 95¢ per one hundred dollars (\$100) of taxable valuation within the Learning Community and distributed collections of such levy to its members (the "**Common Levy**"). The maximum levy for Learning Community members, such as the District, could not exceed the difference between (i) \$1.05 and (ii) the Common Levy. In 2016 the Nebraska Legislature adopted and the governor approved LB1067, which eliminates the Common Levy commencing with the 2017-18 fiscal year. See the caption "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION—Learning Community" herein.

Section 79 10,120, Reissue Revised Statutes of Nebraska, as amended, authorizes a building fund tax levy of not to exceed 14 cents on each one hundred dollars (\$100) of taxable valuation. Funds collected from this tax levy may be used solely to acquire, construct, erect, alter, equip and furnish school buildings and additions thereto for elementary and high school grades. The District has utilized this levy in the past. Under current statutes such levying authority is subject to the Levy Limitations, but is not included within the budgeted expenditure limitations provided for in the Budget Limitations. Funds collected from the building fund levy are not expected to be used to pay the principal of and interest on the Notes.

State Aid

State Aid is funded through the collection of statewide sales and income taxes. Legislative enactments in recent years have both increased and decreased the amounts of funds available for State Aid to school districts, as well as established and revised procedures and formulae for the distribution of State Aid to school districts. The District received \$17,147,825 in State Aid in fiscal year 2018-19 and expects to receive \$18,312,137 in fiscal year 2019-20. State Aid amounts fluctuate from year to year based upon factors set in the related statutes, and the District's State Aid amount could increase or decrease in future years.

Learning Community

The Nebraska Legislature created the Learning Community to resolve certain controversies related to school funding, student transfer policies, provisions for education of lower income students, differences in socio-economic diversity and territorial claims and disputes among various school districts located in Douglas and Sarpy Counties. The Learning Community is composed of all school districts located within Douglas County and Sarpy County, including the District. The Learning Community came into being in January of 2009, following the election of members of its governing body.

The governing body of the Learning Community is charged with responsibility for (i) coordinating integration and diversity programs, (ii) developing reorganization plans for member school districts, (iii) coordinating the development of focus schools within the Learning Community and (iv) providing certain other coordinating services for each of its member school districts.

Prior to the 2017-18 fiscal year the Learning Community was authorized to levy a maximum Common Levy up to 95¢ (and, in addition, was authorized to levy up to 2¢ for special building fund purposes). In addition to any legislative and/or voter approved levy exclusions, each school district within the Learning Community could make a levy of up to \$1.05, but reduced by the Common Levy (the “**Differential Levy**”). Tax receipts attributable to the Learning Community’s Common Levy were distributed in accordance with each district’s proportionate “formula need” as determined under statutes governing distribution of State Aid after taking into consideration State Aid as certified to be received and certain other receipts. In addition, the Learning Community could levy up to 5¢ for elementary learning facilities and capital projects approved by governing body of the Learning Community.

In April 2016, the Nebraska Legislature adopted, and the Governor signed, LB1067 which, among other things, eliminated the Common Levy after the 2016-17 fiscal year. Commencing with the 2017-18 fiscal year, the general fund levy for school districts in the Learning Community, including the District, may not exceed more than \$1.05 per one hundred dollars (\$100) of taxable value. LB1067 maintains the Learning Community structure and its programs, including two elementary learning centers and several early childhood education programs. The new law also requires the 11 school districts to work together to raise educational achievement among all metro-area students. In exchange for eliminating the Common Levy, LB1067 increases state support for the districts and the Learning Community.

As member districts and the Nebraska Legislature experience the effects of the Learning Community, further modifications are possible. No predictions can be made concerning the future introduction and enactment of any legislation affecting the Learning Community or its impact on the District. The actual operational effect of the Learning Community (and any amendments or modifications thereto) may differ materially from any currently anticipated or projected effects.

Motor Vehicle Taxes

State law allocates to each school district 60% of the motor vehicle taxes and fees (less a 1% county treasurer collection fee) arising from motor vehicles within the school district. Motor vehicle valuations are not included in the District’s property tax base, and the District, like other taxing subdivisions, receives distributions of such taxes collected by Douglas County. State law further requires school districts to deposit such distributions of taxes into their general funds, and such moneys are not available to repay bonded indebtedness, including the Notes.

Additional Considerations

Methods currently used to finance the needs of school districts and other local units may be altered depending upon future actions taken by voters of the State under initiative and referendum provisions of the State constitution, future actions of the Nebraska Legislature and future decisions of State and federal courts.

SOURCES AND USES OF FUNDS*

Set forth below are the estimated sources and used of funds:

Sources of Funds

Note Proceeds:	\$
Total:	<u>\$</u>

Uses of Funds

Deposit to General Fund	\$
Costs of Issuance (including the Underwriter's discount)	
Total:	<u>\$</u>

DEBT SERVICE REQUIREMENTS*

The aggregate debt service requirements on the Notes for each annual period ending August 31 are shown below, which amounts are to be paid from the collections of the District's general fund tax levy described herein and other available funds of the District:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 31, 2020	\$5,045,000	\$	\$

PROJECTED GENERAL FUND CASH FLOW*

	Revenue	Other Inflow¹	Expenditures	Note Debt Service²	General Fund Balance
Sep-19	3,645,312	-	7,734,343	-	11,432,896
Oct-19	2,934,368	-	6,277,945	-	8,089,320
Nov-19	2,315,918	-	6,126,003	-	4,279,236
Dec-19	4,194,174	5,000,000	6,155,342	-	7,318,067
Jan-20	6,492,081	-	6,316,891	-	7,493,258
Feb-20	5,327,160	-	5,947,086	-	6,873,332
Mar-20	5,833,719	-	6,166,718	-	6,540,333
Apr-20	18,691,478	-	6,123,084	-	19,108,727
May-20	5,688,953	-	6,229,521	5,105,603	13,462,556
Jun-20	4,082,790	-	6,125,211	-	11,420,135
Jul-20	2,579,352	-	5,544,718	-	8,454,769
Aug-20	14,780,895	-	6,713,140	-	16,522,524
Total	76,566,201	5,000,000	75,460,002	5,105,603	

¹ Note proceeds

² Assumes a 1.55% interest rate. This information is preliminary and subject to change until pricing is final.

* Preliminary; subject to change

CONTINUING DISCLOSURE

For the benefit of the holders and Beneficial Owners of the Notes, the District has covenanted to provide or to cause to be provided notices of the occurrence of certain enumerated events (the “**Listed Events**”). The specific nature of the notices of Listed Events is described in the Continuing Disclosure Certificate (the “**Disclosure Certificate**”), the form of which is attached hereto as **APPENDIX C: “FORM OF CONTINUING DISCLOSURE CERTIFICATE”**. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (“**Rule 15c2-12**”).

The notices of Listed Events will be filed by the District or its dissemination agent with the Municipal Securities Rulemaking Board (the “**MSRB**”) through the MSRB’s Electronic Municipal Market Access system (“**EMMA**”). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the District or the Notes is incorporated by reference in this Official Statement.

A failure by the District to comply with the Disclosure Certificate will not constitute a default under the Resolution, although Noteholders will have any available remedy at law or in equity. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

TAX MATTERS

Federal Tax Matters

Tax Opinions. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Notes 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 opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Notes. Failure to comply with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The District has covenanted to comply with such requirements.

The accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the owners of the Notes. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, 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 Notes.

Bank Qualified. The District has represented that it does not expect to issue greater than \$10,000,000 of tax-exempt obligations during the 2019 calendar year (excluding certain private activity bonds and refunding bonds), and in the Resolution it has designated the Notes as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Notes, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Notes. Bond Counsel expresses

no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Notes or a related person to purchase or carry the Notes.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Notes under the Code.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any Noteholder who 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 Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

No Other Opinion. Bond Counsel expresses no other opinion regarding the federal tax consequences arising with respect to the Notes.

State Tax Matters

In the opinion of Bond Counsel, under the existing laws of the State, the interest on the Notes is exempt from Nebraska state income taxation so long as it is exempt for purposes of the federal income tax. Bond Counsel expresses no other opinion regarding the State or local tax consequences arising with respect to the Notes.

Changes in Federal and State Tax Law

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 above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes 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 Notes. 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 Notes or the market value thereof would be impacted thereby. Purchasers of the Notes 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 Notes and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LEGAL OPINION

The approving opinion of Bond Counsel will affirm, among other things, that the Notes have been authorized and issued in accordance with the Constitution and statutes of the State, that the Notes constitute valid and

legally binding obligations of the District, and that the District has power and is obligated to levy its general fund tax for the payment of the Notes and the interest thereon. The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or for the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition to acting as Bond Counsel, Kutak Rock LLP has been retained to advise the District concerning, and has assisted the District in the preparation of, this Official Statement.

LITIGATION

Upon delivery of the Notes, the District will certify that no litigation is pending or, to its knowledge, threatened in any court in any way affecting the existence of the District or the titles of its officers or directors to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Notes, or the collection of any revenues or assets of the District pledged or to be pledged to pay the principal of and premium, if any, and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes or the Resolution, or contesting the powers of the Issuer or its authority with respect to the Notes or the Resolution.

FINANCIAL STATEMENTS

The financial statements of the District, as of and for the year ended August 31, 2019 included in APPENDIX B, Part II to this Official Statement, have been audited by Seim Johnson LLP, Certified Public Accountants, Omaha, Nebraska, independent auditors (the “**Auditors**”), as stated in their report appearing herein. The Auditors have not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditors have also not performed any procedures relating to this Official Statement.

UNDERWRITING

Ameritas Investment Corp. (the “**Underwriter**”) has agreed to purchase the Notes from the District pursuant to a note purchase agreement (the “**Purchase Agreement**”), subject to certain conditions described therein, at a price equal to \$_____ (par, [plus]/[less] [net] original issue [premium]/[discount] of \$_____ and less an underwriting discount equal to \$_____), plus accrued interest, if any. The Purchase Agreement provides that the Underwriter shall purchase the Notes in the aggregate principal amount thereof if any such Notes are purchased, subject to certain conditions therein.

The Underwriter intends to offer the Notes to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriter(s) in offering the Notes to the public. The Underwriter may offer and sell Notes to certain dealers (including dealers depositing Notes into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the Notes, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the Notes should therefore be prepared to hold their Notes to their maturity.

The Underwriter is not acting as a financial advisor to the District in connection with the offer and sale of the Notes.

FINANCIAL ADVISOR

The District has retained First National Capital Markets, Inc. (the “**Financial Advisor**”) as financial advisor in connection with its financing plans and the authorization and issuance of the Notes. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor did not participate in the underwriting of the Notes. Fees payable to the Financial Advisor are contingent upon the issuance of the Notes.

MISCELLANEOUS

Any descriptions herein of the terms of the Notes, the Resolution and related transactional documents do not purport to be complete, and any such descriptions and references thereto are qualified in their entirety by reference to each such document, copies of which may be obtained from the Underwriter.

Simultaneously with the delivery of the Notes, the District will furnish to the purchasers a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Notes does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

The Official Statement, and its distribution and use by the Underwriter, have been approved by the District. Neither the District nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the District or the District’s ability to make payments required of it; and further, neither the District nor its officers, directors or employees assume any duties, responsibilities or obligations in relation to the issuance of the Notes other than those either expressly or by fair implication imposed on the District by the Resolution.

**DOUGLAS COUNTY SCHOOL DISTRICT
0066 (WESTSIDE COMMUNITY SCHOOLS)
IN THE STATE OF NEBRASKA**

APPENDIX A

WESTSIDE COMMUNITY SCHOOLS

PART ONE

Selected District General Information

PART TWO

Selected Omaha Metropolitan Area Information

APPENDIX A

WESTSIDE COMMUNITY SCHOOLS

PART ONE

SELECTED DISTRICT GENERAL INFORMATION

WESTSIDE COMMUNITY SCHOOLS

SELECTED DISTRICT GENERAL INFORMATION

The District is located in the City of Omaha, approximately six miles west of the Omaha central business district. Residing within the District are 21,658 registered voters. The District encompasses approximately 13 square miles with 5,995 students as of the beginning of the 2019-20 school year. The District operates an early childhood special education center, 10 elementary schools, one middle school, one senior high school and a career center. The District has been accredited by the State Department of Education with a rating of “AA,” the highest rating given by the Department. The District’s schools are accredited by AdvancEd.

The following table illustrates the student and faculty populations over time in the District’s schools.

Students and Faculty 1995-96 to 2019-20

School Year	Elementary	Secondary	Students Total	Faculty ¹
1995-96	2,535	2,267	4,802	428
1996-97	2,685	2,294	4,979	426
1997-98	2,675	2,351	5,026	431
1998-99	2,631	2,350	4,981	430
1999-00	2,686	2,397	5,083	432
2000-01	2,736	2,444	5,180	438
2001-02	2,777	2,556	5,333	435
2002-03	2,922	2,704	5,626	448
2003-04	2,993	2,877	5,870	461
2004-05	2,986	2,888	5,874	490
2005-06	3,095	2,955	6,050	517
2006-07	3,065	3,040	6,105	514
2007-08	3,075	2,985	6,060	521
2008-09	3,069	2,934	6,003	540
2009-10	3,109	2,906	6,015	545
2010-11	3,150	2,870	6,020	553
2011-12	3,145	2,818	5,963	538
2012-13	3,123	2,863	5,986	530
2013-14	3,223	2,871	6,094	529
2014-15	3,114	2,928	6,042	531
2015-16	3,080	2,936	6,016	523
2016-17	3,013	2,887	5,900	516
2017-18	3,012	2,924	5,936	519
2018-19	2,911	2,903	5,814	525
2019-20	3,012	2,983	5,995	530

¹ Educational Personnel Only

APPENDIX A

WESTSIDE COMMUNITY SCHOOLS

PART TWO

SELECTED OMAHA METROPOLITAN AREA INFORMATION

SELECTED OMAHA METROPOLITAN INFORMATION

*The following information about the City of Omaha, Nebraska is excerpted from previous City of Omaha Official Statements and is included because the District is located within the City's boundaries. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the District. The District does not intend to update any such information. **The Notes are not a debt of, nor are they payable by, the City of Omaha.***

Location and General Background

Omaha, founded in 1854, is the largest city in the State of Nebraska. Omaha is the hub of a vast transportation network leading to all parts of the nation and thus offers significant advantages to business and industry competing in regional and national markets. This fact is substantiated by the growth of population, employment and income during recent years.

Area and Population

The U.S. Census Bureau in the 2010 Census reported the population of the eight-county Omaha Metropolitan Statistical Area ("MSA"), comprising five Nebraska counties and three Iowa counties, numbered 865,350 with over 1.5 million within a 60 minute drive. The 2018 population estimate from the U.S. Census Bureau of the City is 468,262 and 942,198 for the MSA, reflecting an annual average population growth rate of 1.1 percent over the last 8 years.

Transportation

Over 5.0 million passengers and 154.2 million pounds of cargo and mail passed through Eppley Airfield, Omaha's principal airport, in 2018. In the last decade, Eppley Airfield has made over \$200 million in investments in terminal, apron, cargo area and runway expansions. It offers the capacity for continued growth to meet increasing demands. Eppley Airfield averaged 139 total departures per day in 2018, provided by eight national air carriers representing 19 jet service carriers, seven air freight carriers and two full-service general aviation facilities. A total of 118 general aviation aircraft, including 55 executive jets, are based at Eppley Airfield. There are 87 passenger air carrier departures out of Eppley Airfield daily, including non-stop service to 34 airport destinations.

Omaha is general headquarters for the Union Pacific Railroad. The Burlington Northern Santa Fe and the Canadian National railroads also provide service and combine to make Omaha an important rail center.

Two interstate highways (Interstate 80 and Interstate 29), five federal highways and seven state highways provide fast all weather routes within Nebraska and to and from the rest of the nation. In addition, Interstate 480 (downtown spur) and Interstate 680 (circumferential route) provide quick access to all parts of the metropolitan area.

More than 100 motor common carriers haul freight to and from Omaha and all parts of the nation, making Omaha a major Midwestern trucking center. Several bus lines operate between Omaha and points in Iowa, Illinois and Nebraska.

Utility Services

Residential, commercial and industrial electric service rates in the Omaha area historically have been below the national averages. According to the Energy Information Administration, rates as of December 2018 were 13.0 percent below the national average for residential customers, 17.4 percent below for commercial customers, and 13.0 percent below for industrial customers. In addition to low rates, the Omaha Public Power

District, a Nebraska political subdivision, assures its customers ample power with a net generating capability of 2,691 megawatts as of 2018.

The Metropolitan Utilities District (“MUD”), a Nebraska political subdivision, distributes natural gas and water in the Omaha area. Rates compare favorably with those prevailing in other metropolitan areas in the nation. According to the 2018 Memphis Gas and Light Utility Bill Comparisons, MUD’s monthly residential gas rates ranked fourth lowest among the 41 utilities surveyed in the nation. Omaha has a plentiful water supply (Missouri River and Platte River wells and the Dakota sandstone aquifer) and a water system designed to the standards of the National Board of Fire Underwriters, with a current capacity in excess of 300 million gallons a day.

Education

Omaha is an important educational center and is the location of Creighton University, the University of Nebraska at Omaha and the University of Nebraska Medical Center. These institutions, together with three additional colleges located in Omaha, offer educational programs at the graduate and undergraduate levels, in law and in the health professions: medicine, dentistry, nursing and pharmacy.

Health Services

There are 13 hospitals within the City—six of them classified as acute-care community hospitals. Of the remaining seven hospitals, two are acute care hospitals operated by governmental entities (one by the State of Nebraska and one by Douglas County), four are specialized hospitals (pediatrics, maternity care, geriatrics and psychiatry) and one is a major hospital of the Veterans Administration. There are more than 3,000 physicians and surgeons and more than 300 dentists in Omaha; their services are utilized both by Omaha residents and by persons within the surrounding region.

Military

The United States Strategic Command (“USSTRATCOM”) is headquartered at Offutt Air Force Base, just south of Omaha. The missions of USSTRATCOM are: to deter attacks on U.S. vital interests, to ensure U.S. freedom of action in space and cyberspace, to deliver integrated kinetic and non-kinetic effects to include nuclear and information operations in support of U.S. Joint Force Commander operations, to synchronize global missile defense plans and operations, to synchronize regional combating of weapons of mass destruction plans, to provide integrated surveillance and reconnaissance allocation recommendations to the Secretary of Defense, and to advocate for capabilities as assigned. The 2018 estimated economic impact of Offutt Air Force Base on the Greater Omaha community is more than \$2.3 billion.

Economy

From an economy founded on the livestock industry in the late nineteenth century, Omaha is a major grain exchange market in the United States. Food processing is also an important part of the economy and is represented by such companies as ConAgra Brands, Inc., Kellogg Company and Omaha Steaks International.

The geographic centrality of Omaha in the United States has encouraged commercial development, and the City is home to four Fortune 500 companies, which represent a diverse array of industries: Berkshire Hathaway, Mutual of Omaha, Peter Kiewit Sons’, Inc. and Union Pacific Corp. The City is also home to four additional Fortune 1000 companies: TD Ameritrade, Green Plains, Inc.; Valmont Industries, and Werner Enterprises. The City’s economy continues to diversify. The Omaha MSA contains almost 600 manufacturing plants, including plants operated by Lozier Corporation and Valmont Industries Inc.

Omaha is the home of Peter Kiewit Sons', Inc., one of the largest construction and mining organizations in North America, TD Ameritrade, a major discount stock brokerage firm, and 1,000 finance and insurance companies, including Mutual of Omaha, the world's largest mutual health and accident company, and Woodmen of the World Life Insurance Society, the largest fraternal life insurance company in the United States. The district offices of the Farm Credit System for Nebraska, Iowa, South Dakota and Wyoming are headquartered in Omaha.

The City is economically attractive to potential residents. The annual cost of living in the region in 2018 across all categories was 95.0 percent of the national average. Omaha MSA residents enjoy a median household income of \$62,345 — 8.1 percent higher than the national median. The August 2019 unemployment rate for the Omaha MSA was 3.0 percent, compared with 3.8 percent for the United States.

Omaha MSA¹ Population and Employment

	Population	Non-Farm Employment
2000	767,041	444,500
2001	775,251	446,600
2002	782,158	440,900
2003	790,252	441,900
2004	800,155	443,000
2005	810,155	449,900
2006	819,073	458,000
2007	827,666	464,900
2008	837,925	471,100
2009	828,855	460,800
2010	865,350	459,100
2011	876,667	463,700
2012	885,500	469,700
2013	895,082	477,400
2014	904,241	484,700
2015	914,305	492,400
2016	924,003	497,300
2017	933,316	499,600
2018	-	502,400

¹ Includes the five Nebraska Counties in the eight County MSA (Nebraska Counties of MSA are Cass, Douglas, Sarpy, Washington and Saunders).

Source: U.S. Census Bureau, U.S. Bureau of Labor Statistics

**Largest Employers—Omaha Combined Statistical Area (CSA)
January 2019**

Company	Product/Service	Number of Employees
Offutt AFB*	Public Administration	Over 5,000
CHI	Health Care and Social Assistance	Over 5,000
Methodist Health System	Health Care and Social Assistance	Over 5,000
First Data	Information	2,500 to 4,999
Children's Hospital	Health Care and Social Assistance	2,500 to 4,999
Nebraska Medicine	Health Care and Social Assistance	2,500 to 4,999
University of Nebraska Medical Center	Health Care and Social Assistance	2,500 to 4,999
First National Bank	Finance and Insurance	2,500 to 4,999
Union Pacific Railroad	Transportation and Warehousing	2,500 to 4,999
Mutual Of Omaha	Finance and Insurance	2,500 to 4,999
Pay Pal	Finance and Insurance	2,500 to 4,999
Omaha Public Power District	Utilities	1,000 to 2,499
Creighton University	Educational Services	1,000 to 2,499
VA Nebraska-Western Iowa Health Care	Health Care and Social Assistance	1,000 to 2,499
Werner Enterprises Inc.	Transportation and Warehousing	1,000 to 2,499
University of Nebraska-Omaha	Educational Services	1,000 to 2,499
Blue Cross & Blue Shield Of Nebraska	Finance and Insurance	1,000 to 2,499
Horseshoe Casino Council Bluffs	Arts, Entertainment, and Recreation	1,000 to 2,499
Valmont Industries	Manufacturing	1,000 to 2,499
Boys Town	Health Care and Social Assistance	1,000 to 2,499
Hormel Foods	Manufacturing	1,000 to 2,499
Lozier Corp.	Wholesale Trade	1,000 to 2,499
Ameristar Casino Hotel	Arts, Entertainment, and Recreation	1,000 to 2,499
CSG International	Information	1,000 to 2,499
Omaha Steaks	Retail Trade	1,000 to 2,499

* Located in Sarpy County (immediately south of Omaha).

Source: Greater Omaha Chamber of Commerce Top 25 Employer List, (Ranked by Number of Employees).

Omaha MSA (Eight Counties) Non-Farm Employment

Industry	Average for 2017		Average for 2018	
	Number	% of Total	Number	% of Total
Mining, Logging and Construction	27,300	5.5%	28,600	5.7%
Manufacturing	33,300	6.7	33,900	6.7
Trade, Transportation and Utilities	96,900	19.4	96,200	19.1
Information	11,600	2.3	11,200	2.2
Financial Activities	43,700	8.7	44,900	8.9
Professional and Business Services	72,500	14.5	72,100	14.4
Education and Healthcare Services	80,200	16.1	80,600	16.0
Leisure and Hospitality	50,100	10.0	50,400	10.0
Other Services	17,800	3.6	18,000	3.6
Government	<u>66,100</u>	<u>13.2</u>	<u>66,500</u>	<u>13.2</u>
Total Non-Farm Employment	499,600	100.0%	502,400	100.0%

Source: U.S. Bureau of Labor Statistics: State and Area Employment, Hours and Earnings.

APPENDIX B

WESTSIDE COMMUNITY SCHOOLS

PART ONE

Selected District Financial Information

PART TWO

Independent Auditor's Report and Financial Statements

APPENDIX B

WESTSIDE COMMUNITY SCHOOLS

PART ONE

SELECTED DISTRICT FINANCIAL INFORMATION

PROPERTY VALUATIONS AND DEBT RATIOS
as of August 31, 2019

	2015	2016	2017	2018	2019
Property Valuations	\$3,258,756,750	\$3,410,742,455	\$3,523,232,610	\$3,598,736,365	\$3,840,303,470
Direct Bonded Debt ¹	74,130,000	71,540,000	68,125,000	73,910,000	\$71,625,000 ²
% of Direct Bonded Debt to Valuation	2.275%	2.097%	1.934%	2.054%	1.865%

ESTIMATED OVERLAPPING AND UNDERLYING DEBT

June 30, 2019

	Valuation	Net Bonded Debt ³	Percentage Applicable to School District 0066	Net Debt Applicable to School District 0066
Douglas County	\$47,399,345,255	\$75,065,000	8.1020%	\$6,081,766
City of Omaha	\$37,647,600,440	\$464,206,512	10.2007%	\$47,352,125
Omaha-Douglas Building Commission ⁴	\$47,399,345,255	\$38,890,000	8.1020%	<u>\$3,150,868</u>
Total				\$56,854,759

% of Combined Net Direct General Obligation Bonded Debt and Limited Tax Debt and Overlapping Bonded Debt to 2019 Taxable Valuation—3.56%.⁵

1 Does not include the District's General Obligation Bonds, Series 2019, which the District anticipates issuing in the aggregate principal amount of \$3,345,000 on or about December 15, 2019 (the "Series 2019 Bonds"), or the District's lease-purchase obligations. See "DEBT MANAGEMENT—Lease-Purchase Obligations."

2 The District's total direct general obligation bonded debt (\$71,625,000)—which does not include the Series 2019 Bonds—is 1.865% of its 2019 valuation. The District's total direct limited tax obligation debt (\$8,450,000) is 0.220% of its 2019 valuation. With a population of 30,446 (2016 U.S. Bureau of Census estimate), the District's per capita total debt relating to general obligation and limited tax debt is approximately \$2,631.

3 As of June 30, 2019.

4 Payable from certain property tax revenues and payments to be made to the Commission by the City of Omaha and Douglas County under certain contractual agreements.

5 Does not include the Series 2019 Bonds or the District's lease-purchase obligations. See "DEBT MANAGEMENT—Lease-Purchase Obligations."

PROPERTY VALUATION
2000-01 to 2019-20

Fiscal Year	Total Valuation	<u>Increase Over Preceding Year</u>	
		Amount	Percent
2000-01	\$2,403,872,300	\$319,947,060	15.35%
2001-02	2,467,451,924	63,579,615	2.64
2002-03	2,550,132,165	82,680,250	3.35
2003-04	2,610,105,830	59,973,665	2.35
2004-05	2,684,002,135	73,896,305	2.83
2005-06	2,787,550,350	103,548,215	3.86
2006-07	2,887,413,930	99,863,580	3.58
2007-08	3,187,963,420	300,549,490	10.41
2008-09	3,240,601,570	52,638,150	1.65
2009-10	3,276,807,775	36,206,205	1.12
2010-11	3,225,901,375	(50,940,285)	(1.55)
2011-12	3,241,522,035	15,620,660	0.49
2012-13	3,267,474,135	25,952,100	0.80
2013-14	3,275,777,005	8,302,870	0.25
2014-15	3,221,769,705	(54,007,300)	(1.65)
2015-16	3,258,756,750	36,987,045	1.15
2016-17	3,410,742,455	151,985,705	4.66
2017-18	3,523,232,610	112,490,155	3.30
2018-19	3,598,736,365	75,503,755	2.14
2019-20	3,840,303,470	241,567,305	6.71

Property valuation of the District has increased by over \$1,436,431,170 since 2000. Because the land in the District is fully developed, it is anticipated that enrollment will remain relatively unchanged and that growth in valuation will depend on redevelopment and the appreciation of the values of existing properties in the District.

PROPERTY TAX LEVIES

Property taxes on tangible property, real and personal, are levied by the District, collected and held by the Douglas County Treasurer, and credited to the General Fund, Special Fund and Bond Fund Accounts of the District. Taxes become due December 31. In Douglas County the first half of tax payable becomes delinquent the following April 1 and the second half the following August 1.

HISTORY OF DISTRICT LEVIES¹
2004-05 to 2019-20
(amount per \$100 of valuation)

Year	General Fund		Building Fund		Qualified Purpose ²		Bond Fund	
	Budget	Levy	Budget	Levy	Budget	Levy	Budget	Levy
2004-05	\$49,570,928	1.09796	\$3,000,000	.10838	-0-	.000000	\$2,302,800	.08666
2005-06	53,230,209	1.14019	1,800,000	.06522	-0-	.000000	2,302,800	.08344
2006-07	55,443,831	1.16504	1,800,000	.05597	-0-	.000000	2,302,800	.08055
2007-08	57,785,901	1.10066	2,500,000	.07920	-0-	.000000	2,302,800	.07296
2008-09	61,391,480	1.14502	2,300,000	.04052	-0-	.000000	2,165,000	.06748
2009-10	68,372,773	1.16191	500,000	.01718	205,000	.006320	2,130,000	.06565
2010-11	69,215,514	1.180331	300,000	.00000	1,038,100	.032506	2,110,000	.066069
2011-12	68,434,426	1.176074	300,000	.00000	4,500,000	.000000	3,300,000	.102832
2012-13	74,188,507	1.195517	300,000	.00000	950,000	.000000	3,400,000	.105107
2013-14	77,924,280	1.209917	1,453,529	.02000	-0-	.000000	3,400,000	.104841
2014-15	78,380,200	1.148304	1,237,523	.010001	-0-	.000000	11,500,000 ³	.116004
2015-16	69,275,000	1.156042	1,184,880	.00000	-0-	.000000	4,900,000	.151883
2016-17	71,115,788	1.153189	1,484,407	.00000	-0-	.000000	5,800,000	.171769
2017-18	84,571,517	1.153987	1,200,000	.00000	-0-	.000000	8,600,000	.181174
2018-19	87,353,952	1.202414	5,500,000	.00000	-0-	.000000	8,045,000	.182500
2019-20	87,733,217	1.192400	2,542,325	.00000	-0-	.000000	7,307,014	.190000

¹The District sets its levies to generate tax collections in the respective amounts necessary to meet the related budgeted amounts, net of other sources of revenues. Such other sources include State Aid (income tax rebate, State Aid for option students and special education reimbursement), contributions, fines and certain other sources.

²To address actual or potential environmental hazards, accessibility barriers, life safety code violations, life safety hazards, or mold within their existing school buildings or the school grounds of existing school buildings controlled by such school districts. The District does have limited tax bonds secured by this levy; however, the District imposes this levy as part of its Bond Fund levy.

³Includes \$7.5 million (from the escrowed proceeds of the District's \$7,800,000 Limited Tax General Obligation Refunding Bonds, Series 2014) which was applied to the June 1, 2015 payment of the redemption price of the District's then-outstanding \$7,500,000 Limited Tax Obligation Improvement Bonds, Taxable Series 2010 (Build America Bonds-Direct Payment).

PROPERTY TAX COLLECTIONS

Fiscal Year	Total District Levy	Expected Collections	Actual Collections	Percent Collected
2018-2019	1.384914	\$48,798,945	\$49,182,867	100.79%
2017-2018	1.335161	\$46,570,416	\$43,457,645	93.32%
2016-2017	0.374958*	12,660,949	12,424,223	98.13
2015-2016	0.357925*	11,663,905	10,268,959	88.04
2014-2015	0.324309*	10,448,489	10,221,762	97.83
2013-2014	0.384758 ⁸	12,603,814	12,289,916	97.51
2012-2013	0.350624*	11,456,553	11,402,997	99.53
2011-2012	0.328906*	10,661,560	11,074,750	103.88
2010-2011	0.328906*	10,610,183	10,200,281	96.14
2009-2010	1.251059	42,858,680	41,232,211	96.21
2008-2009	1.25302	40,203,119	41,350,370	102.85

Source: Douglas County Treasurer

MAJOR TAXPAYERS (2019)

The following are the twenty taxpayers located within the District with the greatest 2019 real estate valuations, representing 10.41% of the District's total 2019 real estate valuation:

Name of Taxpayer	Valuation of Real Property
NEBRASKA FURNITURE MART	\$ 62,889,600
FIRST DATA RESOURCES INC	\$ 35,136,000
GUARANTEE MUTUAL LIFE	\$ 29,527,300
BROADMOOR APARTMENTS LIMITED	\$ 29,288,100
EW11-PELC-JV ONE PACIFIC LLC	\$ 26,595,500
IRC II INC	\$ 22,351,900
BR RCP ONE PACIFIC PLACE	\$ 22,179,600
2120 TOWER LLC	\$ 18,750,000
SECURITY NATIONAL BANK OMAHA	\$ 15,483,300
ROCKBROOK VILLAGE	\$ 15,426,800
QUALITY CARE OF OMAHA INC	\$ 14,008,100
DAKOTA UPREIT LIMITED	\$ 13,694,900
WAL-MART REAL ESTATE BUSINESS	\$ 13,318,600
HERITAGE PLAZA LLC	\$ 13,189,200
ONTARIO PLACE APTS LLC	\$ 13,029,900
VENTAS CROWN POINTE LLC	\$ 11,998,600
PEONY VILLAGE LLC	\$ 11,890,000
VILLA VINEE COMPANY LLC	\$ 10,587,400
SCHUMACHER ENTERPRISES LLC	\$ 10,471,500
72 ND CROSSING LLC	\$ 10,098,700

⁸ Excludes Learning Community common levy of \$0.95. See footnote 3 under "HISTORY OF DISTRICT LEVIES" in this Appendix B.

DEBT MANAGEMENT

General Obligation Bonds

General obligation bonds may be issued by a school district only if approval is given by a majority of the district's voters. The District is a Class III School District, and, as such under Nebraska law, has no legal limit on the amount of its voter-approved general obligation bonded indebtedness. After the issuance of its General Obligation Bonds, Series 2019, the District will have no remaining unissued general obligation bonds. See "DEBT MANAGEMENT–Outstanding Bonded Indebtedness" in this Appendix B.

Debt Payment Record

The District has never defaulted on its obligations to pay principal of or interest on its indebtedness.

Lease-Purchase Obligations

The District is obligated to provide for rental payments under a lease-purchase agreement with Apple Computers which terminates on September 14, 2020. The District's yearly payment under this agreement will be \$939,238. The District also enters from time to time into short-term lease-purchase agreements for office equipment and vehicles. The aggregate annual payment under the District's existing such agreements in the 2019/20 fiscal year is \$458,293.

Outstanding Bonded Indebtedness

On May 9, 2012, the District issued its \$4,255,000 Limited Tax Obligation Building Improvement Bonds, Refunding Series 2012 (the "2012 Limited Tax Bonds"), of which \$695,000, with a final stated maturity of December 1, 2019, remain outstanding; on May 23, 2019, the District issued its \$7,755,000 Limited Tax Obligation Refunding Bonds, Series 2019 (the "2019 Limited Tax Bonds" and together with the 2012 Limited Tax Bonds, the "Limited Tax Bonds"), of which \$7,755,000, with a final stated maturity of December 1, 2029, remain outstanding; on July 23, 2015, the District issued its \$57,000,000 General Obligation Bonds, Series 2015 (the "2015 Bonds"), of which \$52,500,000, with a final stated maturity of December 1, 2035, remain outstanding; on December 20, 2017, the District issued its \$9,985,000 General Obligation Bonds, Series 2017 (the "2017 Bonds"), of which \$9,555,000, with a final stated maturity of June 1, 2037, remain outstanding; on December 11, 2018, the District issued its \$9,570,000 General Obligation Bonds, Series 2018 (the "2018 Bonds"), of which \$9,570,000, with a final stated maturity of June 1, 2038, remain outstanding; and on or about December 15, 2019, the District expects to issue its approximately \$3,345,000 General Obligation Bonds, Series 2019 (the "2019 Bonds" and together with the 2015 Bonds, the 2017 Bonds and the 2018 Bonds, the "General Obligation Bonds"), with an expected final maturity of December 1, 2039. The General Obligation Bonds are general obligations of the District. The Limited Tax Bonds are not general obligations of the District and are not secured on a parity with the General Obligation Bonds.

On or about November 22, 2019, the District expects to issue (a) approximately \$5,045,000 of its tax anticipation General Fund Promissory Notes, Series 2019A (offered by this Official Statement), which are to be paid on or before August 31, 2020 from anticipated receipts in the District's general fund, including receipts from its general fund tax levy, and (b) approximately \$700,000 of its tax anticipation Bond Fund Promissory Notes, Taxable Series 2019B, which are to be paid on or before August 31, 2020 from anticipated receipts in the District's bond fund, including receipts from its bond fund tax levy.

NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Nebraska School Employees Retirement Act, Sections 79–901 to 79-977, Reissue Revised Statutes of Nebraska, 2014, as amended (the “Retirement Act”), establishes a retirement system for school employees in the State (the “System”), except employees of the Omaha Public Schools which are governed by a separate set of statutes. The System is a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System. The System became effective (under prior statutes) in 1945. The Retirement Act requires payments by the State to fund, based upon actuarial calculations, unfunded accrued liabilities of the System which are not funded by the required contributions of participating school employees and contributions of the school districts.

Section 79-958 of the Retirement Act currently requires school district employees to contribute 9.78% of compensation. The same section currently requires school districts to contribute an amount equal to 101% of the contributions of their employees. For the fiscal year ended August 31, 2018, the District’s employees contributed \$4,159,795 (9.78% of covered payroll) and the District contributed \$ 4,201,393 (9.88% of covered payroll, and 5.28% of the District’s fiscal year 2017-18 general fund expenditures) to the System. These contributions equal the required contributions for fiscal year 2017-18. The District employee and District contributions to the System for earlier fiscal years have been equal to the respectively required contributions. See Note (3) in APPENDIX B — Independent Auditors’ Report and Financial Statements.

The Net Pension Liability of the System at July 1, 2018 (the most recent actuarial valuation date) for all covered employees within the System was \$1,364,989,558, which is 89.5% of the Plan Fiduciary Net Position (\$11,636,298,903) as a percentage of Total Pension Liability (\$13,001,288,461). The ratio of Net Pension Liability to Covered-Employee Payroll (\$1,930,157,100) was 70.72%. The State contribution to the System for the fiscal year ending June 30, 2018 was \$39,339,378 (net of \$1,243,169 of Omaha Public School Service Annuity Contributions)⁹. See “Audit Report of the Nebraska Public Employees Retirement Systems – School Employees, Judges, and State Patrol Retirement Plans – Pension Trust Funds of the State of Nebraska for the Fiscal Year Ended June 30, 2018” (the “System Audit”), and, in particular, Note 1.B. (Reporting Entity), Note 2 (Plan Description and Contribution Information), Note 3 (Funding Status and Funding Progress), which includes key actuarial assumptions, and Note 4 (Investments) to the System Report. See also the “SCHEDULE OF CHANGES IN THE SCHOOL DISTRICTS’ NET PENSION LIABILITY” and “SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS” attached as unaudited “Required Supplementary Information” to the System Audit. The System Audit is available from the Nebraska State Auditor of Public Accounts at https://auditors.nebraska.gov/Audits_Filed/2018/Westside_Community_Schools_FY2018.pdf.

OTHER POST EMPLOYMENT BENEFITS

All District administrators, full-time and part-time certified staff members, full-time custodians, twelve-month and ten-month secretaries ("Eligible Positions") who (regardless of date of retirement) retire between the ages of 55 and 65 ("Retired Staff Members") may continue medical and life insurance coverage subject to meeting the age and length of service requirements set forth below. COBRA provisions apply to medical insurance.

Life Insurance. The District pays for the life insurance coverage for Retired Staff Members until they

⁹ Unaudited. Includes the State’s scheduled contribution (2% of covered payroll) and appropriations to make up any shortfall in actuarially required contributions. Source: Audit Report of the Nebraska Public Employees Retirement Systems – School Employees, Judges, and State Patrol Retirement Plans – Pension Trust Funds of the State of Nebraska for the Fiscal Year Ended June 30, 2018 (issued by the State Auditor of Public Accounts on February 19, 2019).

reach age 70 who, as of August 31, 2013, have both a) reached age 55; and b) were employed by the District in an Eligible Position for twenty years or more. Retired Staff Members who reach age 55 by August 31, 2013, and who were employed at least ten, but less than twenty years in an Eligible Position as of August 31, 2013, may retain their life insurance until age 70 at their own expense.

Medical Insurance. Retired Staff Members who, as of August 31, 2013, have both a) reached age 55; and b) have been employed by the District in an Eligible Position for twenty years or more are eligible for reimbursement by the District, proportionate to their full time equivalent length of service, for the cost of single medical insurance premiums. The District reimburses medical insurance premiums for such Retired Staff Members until death or age 65 at an amount not to exceed the premium contribution paid each year by the District for current full time employees. The District reimburses Retired Staff Members for Medicare supplement premiums until death or age 70 at an amount not to exceed the premium contribution paid each year by the District for single medical insurance for current full-time employees. Retired Staff Members may opt, at their own expense, to enlist and pay for medical coverage beyond the minimums provided by the District.

The District's payments with respect to the life insurance and medical insurance benefits for the Retired Staff Members are on an annual pay-as-you-go basis. The amounts of such payments vary from year to year, from a high of \$726,380 in fiscal year 2014-15, to \$391,964 in fiscal 2018-19. The District anticipates that the annual amounts will continue to decline over succeeding fiscal years as the Retired Staff Members age off of the benefits without the addition of any new eligible beneficiaries to the pool.

BUDGET STATUS AND BUDGET REDUCTIONS

The District is expecting its 2018-19 fiscal year audited financial statements (which ended on August 31, 2019) to show an annual general fund surplus of approximately \$2,520,000 after audit adjustments. This surplus follows a fiscal year 2017-18 general fund surplus of \$2,280,130, a fiscal year 2016-17 general fund surplus of \$50,401, a fiscal year 2015-16 shortfall of \$3,014,912, a 2014-15 shortfall of \$5,017,320, a fiscal year 2013-14 shortfall of \$3,282,324, a fiscal year 2012-13 shortfall of \$212,938 and a fiscal year 2011-12 surplus of \$6,829,563 (a cumulative \$152,600 general fund surplus for the seven-year period). The general fund budget shortfalls have been a function of the District's relatively flat revenues since 2008 against expenses that have been increasing at or above two percent per annum during the same period. Starting in September, 2015, the District's administration has proposed annual budget reductions to mitigate against budgetary shortfalls by working towards a balance of the District's revenues and expenses. The reductions also are for the purpose of aligning the District's budget with the District's strategic plan as adopted by the Board. The Board-approved budget for fiscal year 2019-20 shows a surplus of approximately \$1,110,000.

APPENDIX B

WESTSIDE COMMUNITY SCHOOLS

PART TWO

Independent Auditor's Report and Financial Statements

School District No. 66
Westside Community Schools,
Douglas County, Nebraska
Omaha, Nebraska

Financial Statements and Supplementary Information
August 31, 2019

Together with Independent Auditor's Report

School District No. 66
Westside Community Schools, Douglas County, Nebraska

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Independent Auditor's Report

The Board of Education
School District No. 66
Westside Community Schools
Douglas County, Nebraska

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of School District No. 66, Westside Community Schools, Douglas County, Nebraska (the District), as of and for the year ended August 31, 2019 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2019, and the respective changes in modified cash-basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Management's discussion and analysis on pages 3 through 6, the budgetary comparison schedules on pages 26 through 33, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on pages 34 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management's discussion and analysis on pages 3 through 6 and the budgetary comparison schedules on pages 26 through 33 have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

SEEM JOHNSON, LLP

Omaha, Nebraska
November 5, 2019.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Management's Discussion and Analysis (Unaudited)
August 31, 2019

This section of School District No. 66, Westside Community Schools' (the District) annual audit report presents management's discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

The District prepares its financial statements based on the provisions of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("Statement 34"). Statement 34, as amended, establishes standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements, and the classification of net position into three components: (a) net investment in capital assets; (b) restricted; and (c) unrestricted.

This annual report consists of four parts: (1) Management's Discussion and Analysis (this section); (2) the Basic Financial Statements-Modified Cash Basis; (3) Supplementary Schedules; and (4) information on the Single Audit (Federal Funds).

The accompanying basic financial statements have been prepared on the modified cash basis of accounting, in that County Treasurer cash balances are recorded and certain accounts payable and accrued expenses (primarily payroll-related) have been recognized. Accordingly, the financial statements and supplementary schedules are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The use of the modified cash basis of accounting is permissible under Rule 1 of the Nebraska Department of Education for school districts such as School District No. 66, Westside Community Schools, Douglas County.

The government-wide financial statements report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to account for the District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. The Food Service Fund and Enterprise Fund are considered proprietary funds.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The Activities Fund is a fiduciary fund.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Management's Discussion and Analysis (Unaudited)
August 31, 2019

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data about the financial statements and District commitments, contingencies, and long-term debt obligations, that are not reported in the modified cash basis financial statements. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

Financial Highlights (detailed information follows)

- The District's 2018-2019 total disbursements of \$123,253,186 were \$1,834,851 less than the \$125,088,037 in total receipts.
- General Fund actual expenditures and transfers in fiscal year 2019 were \$4,354,877 less than the budgeted amount of \$87,353,952.

Financial Analysis of the District as a Whole

Governmental Activities

One of the largest sources of revenue for the District is property tax. In fiscal year 2018, the District's assessed valuation was \$3,523,232,610. In fiscal year 2019, valuations increased by \$75,503,755 to \$3,598,736,365. The current assessed valuation certified August 20, 2019 has increased to \$3,840,303,470.

The following table shows the property tax rates, by fund, for fiscal years 2019 and 2018, including a calculation of the amount and percentage by which each levy changed. Note: levies are expressed in dollars and cents per \$100 of valuation. For example, the district total property tax on a \$100,000 property in fiscal year 2019 would be \$1,384.91.

<u>Fund</u>	<u>2017-2018</u> <u>Levy</u>	<u>2018-2019</u> <u>Levy</u>	<u>Levy</u> <u>Change</u>	<u>Percentage</u> <u>Change</u>
General Fund	1.153987	1.202414	0.048427	4%
Bond Fund	0.181174	0.182500	0.001326	1%
District Totals	1.335161	1.384914	0.049753	4%

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Management's Discussion and Analysis (Unaudited)
August 31, 2019

General Fund Budgetary Highlights

Over the course of the 2018-2019 fiscal year, the District's General Fund balance increased by \$2,760,635. The following table provides a detail of that change:

	<u>2018-2019 Budget</u>	<u>Year-End Actual</u>	<u>Variance</u>
Beginning Balance, September 1, 2018		\$ 12,999,737	
Receipts			
Property taxes	\$ 42,838,981	46,966,352	4,127,371
State aid	17,147,825	17,147,825	--
Other local	653,750	849,648	195,898
County	285,000	286,670	1,670
Other state	5,810,000	6,470,333	660,333
Federal	3,731,253	4,038,882	307,629
Total receipts	70,466,809	75,759,710	5,292,901
Disbursements	<u>(87,353,952)</u>	<u>(82,999,075)</u>	<u>4,354,877</u>
Deficiency of receipts over disbursements	(16,887,143)	(7,239,365)	9,647,778
Bond proceeds	<u>10,000,000</u>	<u>10,000,000</u>	<u>--</u>
Change in balance	\$ <u><u>(6,887,143)</u></u>	<u>2,760,635</u>	
Ending Balance, August 31, 2019		\$ <u><u>15,760,372</u></u>	

Bond Interest and Retirement Fund Budgetary Highlights

The District's Bond Interest and Retirement Fund accounts for taxes levied and other receipts specifically earmarked for the retirement of bonded indebtedness. Over the course of the 2018-2019 fiscal year the fund balance increased \$567,274, from \$3,435,884 to \$4,003,158. The increase was due to higher debt service levy receipts for the 2018 - 2019 fiscal year so as to build a sufficient fund balance to eliminate the need for short term borrowing for cash flow purposes in future years.

Employee Benefits Fund Budgetary Highlights

The District's Employee Benefits Fund accounts for early retirees' salaries and health insurance benefits. During the 2018-2019 fiscal year, receipts exceeded expenditures by \$88,745, and raised the fund balance to \$460,407.

2015 Phase I Construction Fund Budgetary Highlights

In May 2015, the residents of the District approved the issuance of \$79.9 million of General Obligation Bonds. On July 7, 2015, the District authorized the issuance of general obligation bonds in the amount of \$57 million of the total to fund the cost of certain property acquisition, capital improvement, construction, and equipment projects. During fiscal year 2019, the district spent approximately \$12.45 million on projects, which included opening a new elementary school and beginning the demolition of another elementary building.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Management's Discussion and Analysis (Unaudited)
August 31, 2019

Debt Administration

The District is currently rated "Aa2" by Moody's. At year end, the District had \$106,993,793 in outstanding debt (principal and interest combined) as follows:

General and limited tax obligation bonds	
Principal	\$80,075,000
Interest	<u>26,918,793</u>
 Total District Debt	 <u><u>\$106,993,793</u></u>

Economic Factors and Next Year's Budget

All school districts in the state operate under a \$1.05 property tax levy limit and receive state aid based upon the same state aid formula (TEEOSA, Tax Equalization and Educational Opportunity Support Act). It is also important to note that District voters approved an additional 15-cent levy override that began in fiscal year 2018-19.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, students, and bond buyers a general overview of the District's finances and to demonstrate the District's accountability for the money with which it is entrusted. If you have questions about this report or need additional financial information, contact Mr. Bob Zagozda, Chief Financial Officer, or Mr. Brian Gabrial, Director of Finance, 909 South 76th Street, Omaha, Nebraska, 68114. The telephone number is (402) 390-2100, the fax number is (402) 390-2149, and our website is located at www.westside66.org.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Net Position – Modified Cash Basis
August 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash on deposit	\$ 30,440,910	1,640,226	32,081,136
Funds held by County Treasurer	2,206,900	--	2,206,900
Total assets	<u>\$ 32,647,810</u>	<u>1,640,226</u>	<u>34,288,036</u>
LIABILITIES - Accounts payable	<u>\$ 810,634</u>	<u>--</u>	<u>810,634</u>
NET POSITION:			
Restricted	15,616,397	--	15,616,397
Unrestricted	<u>16,220,779</u>	<u>1,640,226</u>	<u>17,861,005</u>
Total net position	<u>31,837,176</u>	<u>1,640,226</u>	<u>33,477,402</u>
Total liabilities and net position	<u>\$ 32,647,810</u>	<u>1,640,226</u>	<u>34,288,036</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Activities – Modified Cash Basis
For the Year Ended August 31, 2019

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services	\$ 39,682,614	357,479	6,470,333	(32,854,802)	--	(32,854,802)
Support services -						
Pupils	4,484,568	--	--	(4,484,568)	--	(4,484,568)
Instructional staff	2,856,464	--	--	(2,856,464)	--	(2,856,464)
General administration	1,776,986	--	--	(1,776,986)	--	(1,776,986)
Building administration	21,691,312	--	--	(21,691,312)	--	(21,691,312)
Business services	5,741,299	--	--	(5,741,299)	--	(5,741,299)
Maintenance and operation of plant	8,271,825	--	--	(8,271,825)	--	(8,271,825)
Pupil transportation	1,644,910	--	--	(1,644,910)	--	(1,644,910)
State categorical programs	817,347	--	--	(817,347)	--	(817,347)
Federal programs	3,497,117	--	4,038,882	541,765	--	541,765
Summer school	152,929	72,628	--	(80,301)	--	(80,301)
Debt service	25,117,895	--	--	(25,117,895)	--	(25,117,895)
Total governmental activities	115,735,266	430,107	10,509,215	(104,795,944)	--	(104,795,944)
Business-type activities:						
Food service	5,360,332	4,265,807	1,545,190	--	450,665	450,665
Enterprise	587,482	694,722	--	--	107,240	107,240
Total business-type activities	5,947,814	4,960,529	1,545,190	--	557,905	557,905
Total primary government	\$ 121,683,080	5,390,636	12,054,405	(104,795,944)	557,905	(104,238,039)
GENERAL RECEIPTS						
Taxes:						
Property				49,608,654	--	49,608,654
Motor vehicle				3,012,421	--	3,012,421
Public power district sales				1,038,490	--	1,038,490
Fines and licenses				286,670	--	286,670
State aid				17,147,825	--	17,147,825
Interest income				367,826	--	367,826
Other				5,832,433	--	5,832,433
Total general receipts				77,294,319	--	77,294,319
OTHER FINANCING SOURCES						
Bond and short-term financing proceeds				28,757,566	--	28,757,566
CHANGE IN NET POSITION						
				1,255,941	557,905	1,813,846
NET POSITION, BEGINNING OF YEAR						
				30,581,235	1,082,321	31,663,556
NET POSITION, END OF YEAR						
				\$ 31,837,176	1,640,226	33,477,402

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Balance Sheet – Modified Cash Basis
Governmental Funds
August 31, 2019

	<u>General Fund</u>	<u>Bond Interest and Retirement Fund</u>	<u>Special Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash on deposit	\$ 14,613,394	3,753,870	11,613,239	460,407	30,440,910
Funds held by County Treasurer	<u>1,957,612</u>	<u>249,288</u>	<u>--</u>	<u>--</u>	<u>2,206,900</u>
Total assets	<u>\$ 16,571,006</u>	<u>4,003,158</u>	<u>11,613,239</u>	<u>460,407</u>	<u>32,647,810</u>
LIABILITIES - Accounts payable	<u>\$ 810,634</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>810,634</u>
FUND BALANCES:					
Restricted	--	4,003,158	11,613,239	--	15,616,397
Assigned	--	--	--	460,407	460,407
Unassigned	<u>15,760,372</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,760,372</u>
Total fund balances	<u>15,760,372</u>	<u>4,003,158</u>	<u>11,613,239</u>	<u>460,407</u>	<u>31,837,176</u>
Total liabilities and fund balances	<u>\$ 16,571,006</u>	<u>4,003,158</u>	<u>11,613,239</u>	<u>460,407</u>	<u>32,647,810</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year Ended August 31, 2019

	General Fund	Bond Interest and Retirement Fund	Special Building Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS:					
Taxes:					
Property	\$ 42,931,023	6,677,462	169	--	49,608,654
Motor vehicle	2,996,839	15,582	--	--	3,012,421
Public power district sales	1,038,490	--	--	--	1,038,490
Fines and licenses	286,670	--	--	--	286,670
Tuition and fees	357,479	--	--	72,628	430,107
State aid	23,618,158	--	--	--	23,618,158
Federal aid	4,038,882	--	--	--	4,038,882
Interest income	94,033	--	273,793	--	367,826
Other	398,136	--	4,702,297	732,000	5,832,433
Total receipts	75,759,710	6,693,044	4,976,259	804,628	88,233,641
DISBURSEMENTS:					
Instructional services	39,682,614	--	--	--	39,682,614
Support services -					
Pupils	4,484,568	--	--	--	4,484,568
Instructional staff	2,856,464	--	--	--	2,856,464
General administration	1,133,731	--	--	643,255	1,776,986
Building administration	4,551,774	--	17,139,538	--	21,691,312
Business services	5,741,299	--	--	--	5,741,299
Maintenance and operation of plant	8,271,825	--	--	--	8,271,825
Pupil transportation	1,644,910	--	--	--	1,644,910
State categorical programs	817,347	--	--	--	817,347
Federal programs	3,497,117	--	--	--	3,497,117
Summer school	80,301	--	--	72,628	152,929
Debt service	10,237,125	14,880,770	--	--	25,117,895
Total disbursements	82,999,075	14,880,770	17,139,538	715,883	115,735,266
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(7,239,365)	(8,187,726)	(12,163,279)	88,745	(27,501,625)
OTHER FINANCING SOURCES:					
Bond and short-term financing proceeds	10,000,000	8,755,000	10,002,566	--	28,757,566
CHANGE IN FUND BALANCES	2,760,635	567,274	(2,160,713)	88,745	1,255,941
FUND BALANCES, BEGINNING OF YEAR	12,999,737	3,435,884	13,773,952	371,662	30,581,235
FUND BALANCES, END OF YEAR	\$ 15,760,372	4,003,158	11,613,239	460,407	31,837,176

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Net Position – Modified Cash Basis
Proprietary Funds
August 31, 2019

	Total Proprietary Funds
ASSETS - Cash on deposit	\$ <u>1,640,226</u>
NET POSITION - Unrestricted	\$ <u>1,640,226</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Receipts, Disbursements and Changes in Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended August 31, 2019

	<u>Total Proprietary Funds</u>
OPERATING RECEIPTS - Charges for sales and services - food sales	\$ 4,960,529
OPERATING DISBURSEMENTS - Cost of sales and services	<u>5,947,814</u>
OPERATING LOSS	<u>(987,285)</u>
NONOPERATING RECEIPTS:	
Federal subsidy	1,529,556
State subsidy	<u>15,634</u>
Total nonoperating receipts	<u>1,545,190</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	557,905
NET POSITION, BEGINNING OF YEAR	<u>1,082,321</u>
NET POSITION, END OF YEAR	\$ <u><u>1,640,226</u></u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Fiduciary Net Position – Modified Cash Basis
Fiduciary Funds
August 31, 2019

	<u>Activities</u> <u>Fund</u>
ASSETS - Cash on deposit	\$ <u>793,536</u>
NET POSITION - Unrestricted	\$ <u>793,536</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Changes in Fiduciary Net Position – Modified Cash Basis
Fiduciary Funds
For the Year Ended August 31, 2019

	<u>Activities Fund</u>
ADDITIONS - Activities receipts	\$ 1,591,111
DEDUCTIONS - Supplies and materials	<u>1,570,106</u>
CHANGE IN NET POSITION	21,005
NET POSITION, BEGINNING OF YEAR	<u>772,531</u>
NET POSITION, END OF YEAR	\$ <u><u>793,536</u></u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Basic Financial Statements
August 31, 2019

(1) Description of Reporting Entity and Summary of Significant Accounting Policies

The following describes the reporting entity and provides a summary of significant accounting policies of School District No. 66, Westside Community Schools, Douglas County, Nebraska.

A. Organization

School District No. 66, Westside Community Schools, Douglas County, Nebraska (the District) is a tax-exempt political subdivision and a Class IV school district of the State of Nebraska.

B. Reporting Entity

The financial statements of the District include all significant separately administered organizations for which the District is financially accountable with the exception of the Westside Community Schools Foundation, which is reported separately, as it is not considered a significant component unit under Governmental Accounting Standards Board criteria to be considered in determining financial accountability. These criteria include the basis of selection of governing authority, imposition of will, a financial benefit/burden relationship and/or fiscal dependency.

C. Basis of Accounting

The accompanying statements have been prepared on the modified cash basis of accounting, in that cash not yet received and held by the County Treasurer is recognized as an asset, employee receivables are not recognized as cash until received, inventories are not recognized as disbursements until they are consumed and certain accounts payable and accrued expenses (primarily payroll withholdings) have been recognized as liabilities. Accordingly, the financial statements are not intended to present the financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

D. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general receipts.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Basic Financial Statements
August 31, 2019

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to account for the District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs.

The District reports the following major governmental funds:

General Fund – This fund is the operating fund of the District.

Bond Interest and Retirement Fund – This fund accounts for taxes levied and other revenue specifically earmarked for the retirement of bond indebtedness.

Special Building Fund – This fund accounts for taxes levied and other revenue specifically maintained for future building and equipment purchases.

The District reports the following other governmental funds:

Employee Benefits Fund – This fund accounts for retirees' separation payments and health insurance benefits.

Student Fees Fund – This fund accounts for all monies collected from students pursuant to certain provisions of State of Nebraska Legislative Bill 1172. The money expended from this fund must be for purposes for which it was collected from students.

The District reports the following proprietary funds:

Food Service Fund – This fund accounts for the operations of the District's food service program.

Enterprise Fund – This fund accounts for the operations of the District's rental activities.

The District reports the following fiduciary funds:

Activities Fund – This fund accounts for monies used for special board-designated projects and at District schools for miscellaneous student activities.

E. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – This component of fund balance consists of amounts that are not in a spendable form or are required to be maintained intact. At August 31, 2019, the District had no nonspendable fund balances.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Basic Financial Statements
August 31, 2019

Restricted – This component of fund balance consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers. At August 31, 2019, the District had restricted fund balances of \$15,596,869.

Committed – This component of fund balance consist of amounts that can be used only for the specific purposes determined by a formal action by the Board of Education. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally. At August 31, 2019, the District had no committed fund balances.

Assigned – This component of fund balance consists of amounts intended to be used by the District for specific purposes as intended by the Board of Education. At August 31, 2019, the District had assigned fund balances of \$460,407.

Unassigned – This component of fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

F. Net Position

In the government-wide, proprietary fund, and fiduciary fund statements of net position, net position classifications are as follows:

Restricted – Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Net position reported as unrestricted does not meet the definition of restricted net position.

G. Budgetary Data

Prior to August 31, the Board of Education prepares and legally adopts an operating budget prepared essentially on the cash receipts and disbursements basis for the fiscal year commencing the following September 1. Once approved by the Board, total expenditures cannot legally exceed total appropriations at the fund level without holding a public budget hearing and obtaining approval from the Board of Education.

H. Capital Assets

Capital assets are recognized as disbursements when paid for by the District and are not capitalized in the government-wide or fund financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Basic Financial Statements
August 31, 2019

J. Major Revenue Source

Property taxes are a major source of revenue for the District. The first half year of the taxes are due to the County prior to April 1st, and the second half year of the taxes are due prior to August 1st of a given year. The District receives property tax receipts on the 15th of the current month. All levy information for property taxes must be submitted to the County by September 20th of each year.

K. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

L. Subsequent Events

The District considered events occurring through November 5, 2019 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Deposits and Investments and Funds Held by County Treasurer

Nebraska Revised Statute §79-1043 provides that the District may, by and with the consent of the Board of Education of the District, invest the funds of the District in securities, including repurchase agreements, the nature of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of another.

The District's bank accounts and investments are held by the District's agents in the District's name in accordance with State statutes. The accounts and investments are fully insured or collateralized through joint custody security arrangements or, in the case of U.S. government instruments, are registered in the District's name.

The funds held by the County Treasurer for the General Fund and Bond Interest and Retirement Fund represent amounts collected for the District during August 2019 and remitted to the District during September 2019.

(3) Nebraska School Employees Retirement System

Plan Description

The District contributes to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes benefit provisions.

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 2018, there were 265 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

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Normal retirement is at age 65. For an employee who became a member before July 1, 2013, the monthly benefit is equal to the greater of: 1) the sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to \$3.50 per year of service; or 2) the monthly average of the three 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor of 2.0%, and an actuarial factor based on age.

For an employee who became a member on or after July 1, 2013, the monthly benefit is equal to the greater of the following: 1) the sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to \$3.50 per year of service; or 2) the average of the five 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor of 2%, and an actuarial factor based on age.

Benefit calculations vary with early retirement. Employees' benefits are vested after five years of plan participation or when termination occurs at age 65 or later.

For school employees who became members prior to July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost of living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or 2.5%. The current benefit paid to a retired member or beneficiary is adjusted so that the purchasing power of the benefit being paid is not less than 75% of the purchasing power of the initial benefit.

For school employees who became members on or after July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or 1%. There is no purchasing power floor for employees who fall under this tier.

For the District's year ended August 31, 2019, the District's total payroll for all employees was \$45,408,947. Total covered payroll was \$44,013,795. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Contributions

The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to 2% of the compensation of all members. This contribution is considered a nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78% from July 1, 2017, to June 30, 2018. The school district (employer) contribution is 101% of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2019 was \$4,346,181.

Pension Liabilities

At June 30, 2018 the District had a liability of \$24,752,013 for its proportionate share of the net pension liability. (This liability is not recognized in the accompanying modified cash basis financial statements.) The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of that date. The NPERS School Plan was 89.53% funded as of June 30, 2018 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 1.820083%, which was a decrease of 0.024197% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District's allocated pension expense was \$2,285,314.

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Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.75%
- Investment rate of return, net of investment expense and including inflation: 7.5%
- Projected salary increases, including inflation: 3.5% - 8.5%
- Cost-of-living adjustments (COLA): 2.25%, with a floor benefit equal to 75% purchasing power of original benefit*

*1% and no floor benefit for members joining on or after July 1, 2013.

The School Plan's pre-retirement mortality rates were based on the RP-2014 White Collar Table for Employees (100% of male rates for males, 55% of female rates for females), projected generationally with MP-2015.

The School Plan's post-retirement mortality rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled (males: under 80, 1.008; over 80, 1.449; females: under 85, 0.924; over 85, 1.5855; geometrically blended), projected generationally with a Society of Actuaries projection scale tool using 0.5% ultimate rate in 2035.

The School Plan's disability mortality rates were based on the RP-2014 Disabled Lives Table (static table).

The actuarial assumptions used in the July 1, 2018, valuations for the School Plan are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap US Equity	26.1%	5.83%
Small Cap US Equity	2.9	7.56
Global Equity	15.0	6.51
International Developed Equity	10.8	6.80
Emerging Markets	2.7	10.55
Core Bonds	20.0	1.63
High Yield	3.5	5.22
Bank Loans	5.0	2.78
International Bonds	1.5	1.41
Private Equity	5.0	9.70
Real Estate	7.5	5.18
Total	100.0%	

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Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2018, was 7.5%. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2011 through June 30, 2015. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and nonemployees will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2117.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>Discount Rate</u>	<u>District's Proportionate Share of Net Pension Liability</u>
1% decrease	6.5%	\$56,507,578
Current discount rate	7.5%	\$24,752,013
1% increase	8.5%	(\$1,488,682)

Plan Fiduciary Net Pension

Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report can be obtained from <https://npers.ne.gov> under Related Links-Retirement Plan Audits, by writing to Public Employees Retirement Systems, PO Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

(4) Postemployment Benefits Other than Pensions (OPEB)

Plan Description

The District administers a single-employer benefit plan which provides medical benefits for employees, their families and retirees. Group insurance benefits are established in accordance with District policy. No assets are accumulated in a trust.

OPEB Benefits

Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65, who had reached age 55 by August 31, 2013 and had been employed by the District in an eligible position for 20 years, may be reimbursed for the cost of a single medical insurance premium. Reimbursement will not exceed the premium contribution paid by the District each year for current full time employees. Upon reaching aged 65, the retirees previously described may also be reimbursed for Medicare supplemental insurance premiums until age 70 at an amount not to exceed the premium contribution paid each year by the District for a single medical insurance premium for current full time employees.

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At August 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving reimbursement	75
Active employees	<u>1,406</u>
	<u>1,481</u>

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for OPEB plans. Actuaries estimate such liabilities using assumptions that include:

- Termination rates
- Mortality rates
- Retirement rates
- Discount rates
- Healthcare cost increases
- Premiums
- Inflation rates
- Post-retirement participation rates

The accuracy of these assumptions is critical in establishing an appropriate OPEB liability for the District. The liability would not be recognized under the modified cash basis, but disclosure would be similar to the net pension liability in Note 3. The District has not yet gathered necessary historical data to provide to an actuary to determine exposure of the OPEB liability as of August 31, 2019. The OPEB liability exposure will continue to decline as participation was limited to individuals meeting the qualifications as of August 31, 2013 and these individuals age out of the benefit upon reaching age 70.

(5) Long-Term Debt

Details of the District's long-term debt obligations at August 31, 2019 are as follows:

Limited Tax Obligation Building Improvement Bonds – Series 2012

On April 25, 2012, the District authorized the issuance of limited tax obligation refunding bonds in the amount of \$4,255,000. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate equal to 1.50%. Final payment is due December 1, 2019. As of August 31, 2019, the outstanding balance was \$695,000.

Limited Tax General Obligation Refunding Bonds – Series 2014

On February 19, 2014, the District authorized issuance of limited tax general obligation refunding bonds in the amount of \$7,800,000. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate increasing from 3.00% to 3.30%. The bonds were refunded in 2019 through the issuance of the Limited Tax Obligation Bonds – Series 2019.

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General Obligation Bonds – Series 2015

On July 7, 2015, the District authorized issuance of general obligation bonds in the amount of \$57,000,000 to fund the cost of certain property acquisition, capital improvement, construction and equipment projects. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate ranging from 2.00% to 4.25%. Final payment is due December 1, 2035. As of August 31, 2019, the outstanding balance was \$52,500,000.

General Obligation Bonds – Series 2017

On December 20, 2017, the District authorized issuance of general obligation bonds in the amount of \$9,985,000 to fund the cost of certain property requisition, capital improvement, construction and equipment projects. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate ranging from 2.00% to 3.12%. Final payment is due June 1, 2037. As of August 31, 2019 the outstanding balance was \$9,555,000.

General Obligation Bonds – Series 2018

On November 15, 2018, the District authorized issuance of general obligation bonds in the amount of \$9,570,000 to fund the cost of certain property requisition, capital improvement, construction and equipment projects. The unspent proceeds were held by the District at August 31, 2019 and included as cash on deposit in the Special Building Fund. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate ranging from 4.00% to 5.00%. Final payment is due June 30, 2038. As of August 31, 2019 the outstanding balance was \$9,570,000.

Taxable Promissory Notes – Series 2018A

On November 7, 2018 the District authorized issuance of taxable promissory notes in the amount of \$10,000,000 to operational expenditures through the General Fund prior to the receipt of property taxes levied for operations. The promissory notes carried an interest rate of 3.15% with principal and interest due on September 1, 2019. The promissory notes were paid in full prior to August 31, 2019 through the use of property taxes received.

Taxable Promissory Notes – Series 2018B

On November 27, 2018 the District authorized issuance of taxable promissory notes in the amount of \$1,000,000 to fund principal and interest payments due through the Bond Interest and Retirement Fund prior to the receipt of property taxes levied for debt service. The promissory notes carried an interest rate of 3.15% with principal and interest due on September 1, 2019. The promissory notes were paid in full prior to August 31, 2019 through the use of property taxes received.

Limited Tax Obligation Refunding Bonds – Series 2019

On April 23, 2019, the District authorized issuance of limited tax obligation refunding bonds in the amount of \$7,755,000. Principal and Interest payments are made annually and semi-annually, respectively, with the interest rate increasing from 1.65% to 2.40%. Final payment is due December 1, 2029. As of August 31, 2019, the outstanding balance was \$7,755,000.

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The changes in outstanding bond indebtedness for the year ended August 31, 2019, were:

Bond Issue	Interest Rate(s)	Outstanding Balance 8/31/2018	Issued During Year	Retired During Year	Outstanding Balance 8/31/2019	Due Within One Year
04/25/2012	1.50%	\$ 1,390,000	--	695,000	695,000	695,000
02/19/2014	3.00% - 3.30%	7,710,000	--	7,710,000	--	--
07/22/2015	2.00% - 4.25%	54,825,000	--	2,325,000	52,500,000	2,375,000
12/20/2017	2.00% - 3.12%	9,985,000	--	430,000	9,555,000	435,000
11/15/2018	4.00%	--	9,570,000	--	9,570,000	345,000
11/7/2018	3.15%	--	10,000,000	10,000,000	--	--
11/27/2018	3.15%	--	1,000,000	1,000,000	--	--
4/23/2019	1.65% - 2.40%	--	7,755,000	--	7,755,000	45,000
		<u>\$ 73,910,000</u>	<u>28,325,000</u>	<u>22,160,000</u>	<u>80,075,000</u>	<u>3,895,000</u>

Bond principal and interest requirements for bond issues outstanding as of August 31, 2019, are as follows:

Years Ending August 31	Bond Requirements	Interest Requirements	Total
2020	\$ 3,895,000	2,576,831	6,471,831
2021	3,865,000	2,563,284	6,428,284
2022	3,985,000	2,455,269	6,440,269
2023	4,110,000	2,349,931	6,459,931
2024	4,225,000	2,240,808	6,465,808
2025-2029	23,345,000	9,162,405	32,507,405
2030-2034	24,015,000	4,890,526	28,905,526
2035-2038	12,635,000	679,739	13,314,739
Total	<u>\$ 80,075,000</u>	<u>26,918,793</u>	<u>106,993,793</u>

(6) Line of Credit

The District has a line of credit (LOC) with a financial institution to support operating needs. The LOC has an advance limitation of \$3,500,000, a variable interest rate equal to the published prime rate (5.25% at August 31, 2019) and matures in October 2019. The LOC is secured by commercial agreement with the lender. There were no draws on the LOC in 2019.

(6) Commitments and Contingencies

Commitments

The District has committed to multiple construction contracts for building projects that are to occur over several years. Funding for the building projects was secured through the issuance of \$57,000,000 of bonds in 2015, \$9,985,000 of bonds in 2018, and \$9,570,000 of bonds in 2019. A portion of the bond proceeds have been used for projects completed in 2019 while the unspent portion remains held by the District and is shown as cash on deposit on the statement of net position.

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August 31, 2019

Contingencies

The District is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the District's future financial position or results from operations.

Federal Awards

The District receives funds under various federal grant programs to be expended in accordance with the provisions of the grant. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material impact on the District's financial statements.

(7) Subsequent Events

Subsequent to year end, the District authorized the issuance of \$3,345,000 in general obligation bonds, Series 2019, to be used for certain property acquisition, capital improvement, and construction and equipment project costs. The bonds will be repaid through imposition of ad valorem tax on all taxable property within the District and will be designated as qualified tax-exempt obligations. The bonds are expected to be issued in November 2019.

Subsequent to year end, the District authorized the issuance of \$7,000,000 in taxable promissory notes, Series 2019A, to be used for operational expenditures through the General Fund on an interim basis prior to the receipt of property taxes levied for operations. The promissory notes will be repaid upon receipt of the necessary property taxes previously levied. The promissory notes are expected to be issued in November 2019.

Subsequent to year end, the District authorized the issuance of \$700,000 in taxable promissory notes, Series 2019B, to be used for debt service through the Bond Interest and Retirement Fund on an interim basis prior to the receipt of property taxes levied for debt service. The promissory notes will be repaid upon receipt of the necessary property taxes previously levied. The promissory notes are expected to be issued in November 2019.

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
General Fund
For the Year Ended August 31, 2019

	Function Code	Budgeted (Original and Final)	Actual
RECEIPTS:			
County Treasurer - taxes	1110-1140; 3130-3134; 3180	\$ 42,838,981	46,966,352
County Treasurer - fines and licenses	1911; 2110	285,000	286,670
		<u>43,123,981</u>	<u>47,253,022</u>
State aid	3110	17,147,825	17,147,825
State aid - appropriations	3120-3125; 3155; 3400; 3535-3700	5,810,000	6,470,333
Tuition and fees	1323; 1331; 1423; 1431	305,750	357,479
Interest income	1510	15,000	94,033
Other	1925-1990	333,000	398,136
		<u>23,611,575</u>	<u>24,467,806</u>
Categorical receipts:			
IDEA	4418; 4512-4522	1,573,742	1,607,917
ESSA - Title I	4505-4506	644,026	644,026
Universal service	4105	120,000	119,784
School improvement	4507	92,000	87,100
Medical assistance	4708-4709	90,000	254,806
ESSA - Title II	4509	116,595	67,772
ESSA - Title III	4528	5,656	5,083
Vocational education	4525	39,234	20,478
State personnel development	4523	40,000	21,627
Youth CareerConnect	4530	750,000	897,212
Elementary and secondary school counseling	4530	250,000	303,077
Homeless assistance	4530	10,000	10,000
		<u>3,731,253</u>	<u>4,038,882</u>
Total receipts		<u>70,466,809</u>	<u>75,759,710</u>
DISBURSEMENTS:			
Instructional services	1100-1190; 1200; 2900; 3400	39,940,162	39,682,614
Support services -			
Pupils	2110-2190	4,522,150	4,484,568
Instructional staff	2210-2290	2,987,398	2,856,464
General administration	2310-2330	803,455	1,133,731
Building administration	2410-2490	4,627,988	4,551,774
Business services	2510-2590	5,247,372	5,741,299
Maintenance and operation of plant	2610-2670	8,583,583	8,271,825
Pupil transportation	2700	1,629,310	1,644,910
State categorical programs	3500-3575	658,615	817,347
Summer school	1300	3,500	80,301
Debt service	2510; 5000	10,000,000	10,237,125
Discretionary		4,206,239	-
		<u>83,209,772</u>	<u>79,501,958</u>
Categorical disbursements:			
IDEA	6402-6412	1,568,077	1,678,652
ESSA - Title I	6200	845,710	836,460
ESSA - Title II	6310	40,000	160,137
ESSA - Title III	6926	--	8,366
Youth CareerConnect	6990	638,850	520,061
Vocational education	6700	33,854	29,833
Homeless assistance	6990	52,000	60,911
Innovation	6414-6418	131,128	107,824
Elementary and secondary school counseling		732,000	--
School improvement	6215	102,561	94,873
		<u>4,144,181</u>	<u>3,497,117</u>
Total disbursements		<u>87,353,952</u>	<u>82,999,075</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS		(16,887,143)	(7,239,365)
OTHER FINANCING SOURCES:			
Bond and short-term financing proceeds	5150	10,000,000	10,000,000
CHANGE IN FUND BALANCE		<u>\$ (6,887,143)</u>	<u>2,760,635</u>
FUND BALANCE, Beginning of year			12,999,737
FUND BALANCE, End of year			<u>\$ 15,760,372</u>

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Special Building Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS:			
County Treasurer - taxes	1100-1140; 3130	\$ --	169
Interest income	1510	--	273,793
Other	1990	<u>5,500,000</u>	<u>4,702,297</u>
Total receipts		5,500,000	4,976,259
DISBURSEMENTS - Capital expenditures, remodeling, renovation and maintenance of buildings	2515; 4700	<u>23,500,000</u>	<u>17,139,538</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS		(18,000,000)	(12,163,279)
OTHER FINANCING SOURCES - Bond proceeds	5100	<u>10,000,000</u>	<u>10,002,566</u>
CHANGE IN FUND BALANCE		<u>\$ (8,000,000)</u>	(2,160,713)
FUND BALANCE, Beginning of year			<u>13,773,952</u>
FUND BALANCE, End of year			<u>\$ 11,613,239</u>

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Bond Interest and Retirement Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original)</u>	<u>Budgeted (Final)</u>	<u>Actual</u>
RECEIPTS - County Treasurer - taxes	1100-1990; 3130-3180	\$ 6,502,017	6,502,017	6,693,044
DISBURSEMENTS - principal and interest payments	5000	8,045,000	15,000,000	14,880,770
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS		(1,542,983)	(8,497,983)	(8,187,726)
OTHER FINANCING SOURCES - Bond proceeds	5100	--	--	8,755,000
CHANGE IN FUND BALANCE		\$ <u>(1,542,983)</u>	<u>(8,497,983)</u>	567,274
FUND BALANCE, Beginning of year				<u>3,435,884</u>
FUND BALANCE, End of year			\$ <u><u>4,003,158</u></u>	

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Employee Benefits Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS - Other	5200	\$ <u>731,291</u>	<u>732,000</u>
DISBURSEMENTS:			
Special pay deferral	2900	\$ <u>480,000</u>	<u>391,964</u>
Retirees' health and life insurance	2900	<u>251,291</u>	<u>251,291</u>
Total disbursements		<u>731,291</u>	<u>643,255</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		\$ <u><u>--</u></u>	<u>88,745</u>
FUND BALANCE, Beginning of year			<u>371,662</u>
FUND BALANCE, End of year			\$ <u><u>460,407</u></u>

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Student Fees Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS - Student fees	1741-1743	\$ 90,000	72,628
DISBURSEMENTS - Salaries	1300; 2190	<u>90,000</u>	<u>72,628</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		<u>\$ --</u>	<u>--</u>
FUND BALANCE, Beginning of year			<u>--</u>
FUND BALANCE, End of year			<u>\$ --</u>

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Food Service Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS:			
Charges for sales and services - food sales	1611; 1630	\$ 4,221,934	4,265,807
Federal subsidy	4210	1,502,661	1,529,556
State subsidy	3150	12,399	15,634
Total receipts		<u>5,736,994</u>	<u>5,810,997</u>
DISBURSEMENTS:			
Food purchases	3100	2,578,849	2,264,190
Salaries	3100	1,891,432	1,915,946
Equipment & real property maintenance	3100	357,900	430,232
Group insurance and retirement	3100	390,233	387,394
Supplies	3100	243,000	197,710
Payroll taxes	3100	144,480	138,966
Other sundry	3100	31,100	25,894
Discretionary	3100	100,000	--
Total disbursements		<u>5,736,994</u>	<u>5,360,332</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		\$ <u><u>--</u></u>	450,665
NET POSITION, Beginning of year			<u>363,667</u>
NET POSITION, End of year		\$ <u><u>814,332</u></u>	

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Enterprise Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original)</u>	<u>Budgeted (Final)</u>	<u>Actual</u>
RECEIPTS - Charges for sales and services - food sales	1990	\$ 650,000	650,000	694,722
DISBURSEMENTS:				
Salaries	3100	210,000	210,000	215,825
Food purchases	3100	140,000	140,000	135,381
Group insurance and retirement	3100	57,866	57,866	61,360
Payroll taxes	3100	16,027	16,027	15,758
Supplies	3100	24,000	24,000	28,593
Equipment & real property maintenance	3100	15,000	116,707	69,604
Other sundry	3100	85,400	85,400	60,961
Total disbursements		548,293	650,000	587,482
EXCESS OF RECEIPTS OVER DISBURSEMENTS		\$ 101,707	—	107,240
NET POSITION, Beginning of year				718,654
NET POSITION, End of year			\$	825,894

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Activities Fund
For the Year Ended August 31, 2019

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS - Activities	1710	\$ 2,000,000	1,591,111
DISBURSEMENTS - Supplies and materials	2900	2,000,000	1,570,106
EXCESS OF RECEIPTS OVER DISBURSEMENTS		\$ --	21,005
NET POSITION, Beginning of year			772,531
NET POSITION, End of year			\$ 793,536

	<u>Beginning Net Position</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Net Position</u>
Westside High Fund	\$ 510,662	1,242,812	1,234,796	518,678
Westside Middle Fund	198,707	133,821	140,948	191,580
Prairie Lane Elementary Fund	19,408	11,966	10,482	20,892
Hillside Elementary Fund	9,606	40,785	35,414	14,977
Loveland Elementary Fund	7,288	20,243	15,471	12,060
Westgate Elementary Fund	4,835	17,493	13,795	8,533
Rockbrook Elementary Fund	6,201	30,625	29,312	7,514
Paddock Road Elementary Fund	6,390	9,776	9,250	6,916
Sunset Hills Elementary Fund	3,971	14,436	12,022	6,385
Oakdale Elementary Fund	2,429	27,096	26,387	3,138
Westbrook Elementary Fund	1,321	20,737	19,672	2,386
Swanson Elementary Fund	1,713	21,321	22,557	477
TOTAL	\$ 772,531	1,591,111	1,570,106	793,536

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the Nebraska Department of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	28-0066-000	1,739,781
Special Education - Preschool Grants	84.173	28-0066-000	27,605
Total Special Education Cluster (IDEA)			1,767,386
Title I Grants to Local Educational Agencies	84.010	28-0066-000	836,460
Career and Technical Education - Basic Grants to States	84.048	28-0066-000	29,833
Special Education - Grants for Infants and Families	84.181	28-0066-000	14,259
Improving Teacher Quality State Grants	84.367	28-0066-000	160,137
School Improvement Grants	84.377	28-0066-000	94,873
English Language Acquisition State Grants	84.365	28-0066-000	8,366
State Personnel Development Grant	84.323	28-0066-000	4,832
Education for Homeless Children and Youth	84.196	28-0066-000	60,910
Total passed through the Nebraska Department of Education			2,977,056
Total U.S. DEPARTMENT OF EDUCATION			2,977,056
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through the Nebraska Department of Health & Human Services			
Medical Assistance Program	93.778	28-0066-000	98,683
Total U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			98,683
U.S. DEPARTMENT OF LABOR			
Passed through the Employment and Training Administration			
Youth CareerConnect Program	17.274	476002681	520,061
Total U.S. DEPARTMENT OF LABOR			520,061
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through the Nebraska Department of Education			
Summer Food Service Program	10.559	28-0066-000	249,263
National School Lunch Program	10.555	28-0066-000	1,280,293
Passed through the Nebraska Department of Health & Human Services			
Food Commodities Received - Non cash award	10.555	47600268100	543,400
Total Child Nutrition Cluster			2,072,956
Total U.S. DEPARTMENT OF AGRICULTURE			2,072,956
Total EXPENDITURES OF FEDERAL AWARDS			\$ 5,668,756

The accompanying notes are an integral part of this schedule

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements for Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards for the Child Nutrition Cluster and Medical Assistance Program are not separately identifiable in the accounting records of the District. These programs are jointly funded with District monies and are not required to be accumulated in the accounting records by funding source. For schedule purposes, the amount of federal expenditures shown is equal to the amount of federal funds received for the above mentioned awards.

Note 3. Pass Through Awards

The District receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards. Pass-through entity identifying numbers are presented where available.

Note 4. Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

To the Board of Education
School District No. 66
Westside Community Schools
Douglas 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 modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District No. 66, Westside Community Schools, Douglas County, Nebraska (the District) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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.

SEIM JOHNSON, LLP

Omaha, Nebraska,
November 5, 2019.

**Report on Compliance For Each Major Federal Program and Report
on Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

The Board of Education
School District No. 66
Westside Community Schools
Douglas County, Nebraska:

Report on Compliance for Each Major Federal Program

We have audited School District No. 66, Westside Community Schools, Douglas County, Nebraska's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Reporting on Internal Control Over Compliance

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

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

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

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

SEEM JOHNSON, LLP

Omaha, Nebraska,
November 5, 2019.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2019

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Noncompliance material to financial statements noted?

_____ Yes x No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes x No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster (IDEA)
84.173	Special Education – Grants to States (IDEA, Part B)
	Special Education – Preschool Grants (IDEA, Preschool)
17.274	Youth CareerConnect Program

Dollar threshold used to distinguish between type A and type B programs

 \$750,000

Auditee qualified as low-risk auditee?

_____ Yes x No

II: FINANCIAL STATEMENT FINDINGS

None noted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE, dated _____, 2019 (this “**Disclosure Certificate**”), is executed and delivered by Douglas County School District 0066 (Westside Community Schools) (the “**Issuer**”) in connection with the issuance by the Issuer of \$_____ in aggregate principal amount of its General Fund Promissory Notes, Series 2019A (the “**Notes**”). The Notes are being issued pursuant to a resolution adopted October 7, 2019 (the “**Resolution**”) authorizing the issuance of the Notes.

In consideration of the purchase of such Notes by the owners thereof, the Issuer hereby covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is executed and delivered by the Issuer as of the date set forth below, for the benefit of the holders and owners (the “**Noteholders**”) of the Notes and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person (as defined in the Rule) with respect to the Notes at the time the Notes are delivered to the Participating Underwriter and that no other person is expected to become an obligated person at any time after the issuance of the Notes.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Disclosure Certificate, unless the context clearly otherwise requires.

“**Commission**” means the Securities and Exchange Commission.

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

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosure of the MSRB.

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

“**Financial Obligation**” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Listed Event**” means the occurrence of any of the events with respect to the Notes set forth in Exhibit II.

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

“**MSRB**” means the Municipal Securities Rulemaking Board.

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

“**Prescribed Form**” means, with regard to the filing of notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such

electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

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

“**State**” means the State of Nebraska.

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

Section 3. CUSIP Number/Final Official Statement. The CUSIP Number of the final maturity of the Notes is 259363 _____. The final Official Statement relating to the Notes is dated _____ 2019 (the “**Final Official Statement**”).

Section 4. [Reserved].

Section 5. Listed Events Disclosure. Subject to Section 9 of this Disclosure Certificate, the Issuer hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, each Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Notes need not be given under this Disclosure Certificate any earlier than the notice (if any) of such redemption is given to the owners of the Notes pursuant to the Resolution. From and after the effective date, the Issuer is required to deliver such Listed Events Disclosure in the same manner as provided by Section 4 of this Certificate.

Section 6. Duty To Update EMMA/MSRB. The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB’s e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Issuer to Provide Information. If the Issuer fails to comply with any provision of this Disclosure Certificate, the holder of any Note may seek specific performance by court order to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Certificate if the Issuer fails to comply with this Disclosure Certificate shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer or type of business conducted;

(b) This Disclosure Certificate, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the holders of the Notes, as determined either by parties unaffiliated with the Issuer (such as the Paying Agent) or by an approving vote of the holders of the Notes holding a majority of the aggregate principal amount of the

Notes (excluding Notes held by or on behalf of the Issuer or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(d) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of the Issuer shall be terminated hereunder when the Issuer shall no longer have any legal liability for any obligation on or relating to the repayment of the Notes. The Issuer shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall not have any obligation under this Disclosure Certificate to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Section 12. Beneficiaries. This Disclosure Certificate has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, the Paying Agent and the holders of the Notes, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Issuer shall maintain records of all Listed Events Disclosures, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The Issuer shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the Issuer under this Disclosure Certificate or to execute a continuing disclosure undertaking under the Rule.

Section 15. Governing Law. This Disclosure Certificate shall be governed by the laws of the State.

Section 16. Issuer Contact. The Issuer designates as the person from whom its Listed Events Disclosure can be obtained: Mike Lucas, Superintendent, 909 South 76th Street, Omaha, NE 68114 (402) 390-2100.

**DOUGLAS COUNTY SCHOOL DISTRICT 0066
(WESTSIDE COMMUNITY SCHOOLS) IN THE
STATE OF NEBRASKA**

By _____
Its

APPENDIX D

BOOK-ENTRY SYSTEM

The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes 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 Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest 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 rating of “AA+” from S&P Global Ratings, a Standard and Poor’s Financial Services LLC business. 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“**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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes 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 Registrar, on the 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 Notes 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, nor its nominee, the District or the Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, 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 securities depository with respect to the Notes at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note 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.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and neither the District nor the Underwriter takes responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Underwriter will have any responsibility or obligation to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (a) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (b) the payment by 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 Notes; (c) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to registered owners of the Notes; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Notes; or (e) any consent given or other action taken by DTC as the registered owner of the Notes.