

NEW ISSUE
BOOK-ENTRY-ONLY

BANK QUALIFIED
RATING: NON-RATED

In the opinion of Baird Holm LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount) 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. 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. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

\$4,800,000*
ANTELOPE COUNTY SCHOOL DISTRICT 0049
(ORCHARD PUBLIC SCHOOLS)
IN THE STATE OF NEBRASKA
GENERAL OBLIGATION BONDS
SERIES 2019

Dated: Date of Delivery

Due: As shown on the inside front cover

Antelope County School District 0049 (Orchard Public Schools) in the State of Nebraska (the "District") is issuing the above-captioned bonds (the "Bonds") as fully registered bonds 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 Bonds. Purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor acts as the securities depository for the Bonds.

BOKF, National Association, Lincoln, Nebraska, is the initial Paying Agent and Registrar for the Bonds. Interest is payable semiannually on December 15 and June 15 of each year, commencing June 15, 2020*, until maturity or earlier redemption, and principal is payable on the dates and in the amounts set forth on the inside front cover. See "THE BONDS – Payment Provisions" herein. So long as DTC or its nominee is the registered owner of the Bonds, all payments of the principal of, premium, if any, and the interest on the Bonds 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 BONDS – Book-Entry System" herein.

MATURITY SCHEDULE — SEE INSIDE COVER*

The Bonds are subject to redemption under the circumstances, on the dates, in the amounts and at the prices described herein. See "THE BONDS – Redemption Provisions" herein. The Bonds are direct, general obligations of the District to which the full faith and credit and the taxing power of the District are pledged. The Bonds are payable from ad valorem taxes, unlimited as to rate or amount, to be levied against all taxable property located within the District, in addition to all other taxes to be collected, sufficient to pay the principal of, premium, if any and the interest on the Bonds when due. See "THE BONDS – Security" and "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION" herein.

The District is using the proceeds of the Bonds to pay the costs of constructing a new school and the acquisition and preparation of a site or sites for such building purposes and providing for necessary furniture and apparatus for such school buildings and additions. See "THE BONDS – Purpose and Authority" herein.

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

The Bonds are offered in book-entry form when, as and if issued by the District, subject to the approval of legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through DTC in New York, New York, on or about December 30, 2019*.



UNDERWRITER



Municipal Advisor

The date of this Official Statement is _____, 2019.

* Preliminary; subject to change

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

\$4,800,000*
ANTELOPE COUNTY SCHOOL DISTRICT 0049
(ORCHARD PUBLIC SCHOOLS)
IN THE STATE OF NEBRASKA
GENERAL OBLIGATION BONDS
SERIES 2019

MATURITY SCHEDULE*

Type	Maturity Date (December 15)	Principal Amount	Interest Rate	Price (% of Par)	CUSIP¹
Serial	2020	\$205,000			
Serial	2021	205,000			
Serial	2022	205,000			
Serial	2023	210,000			
Serial	2024	215,000			
Serial	2025	215,000			
Serial	2026	220,000			
Serial	2027	225,000			
Serial	2028	230,000			
Serial	2029	235,000			
Serial	2030	235,000			
Serial	2031	240,000			
Serial	2032	250,000			
Serial	2033	255,000			
Serial	2034	260,000			
Serial	2035	265,000			
Serial	2036	270,000			
Serial	2037	280,000			
Serial	2038	285,000			
Serial	2039	295,000			

* 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 Bonds. 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 Bonds or as indicated above.

**ANTELOPE COUNTY SCHOOL DISTRICT 0049
(ORCHARD PUBLIC SCHOOLS)
IN THE STATE OF NEBRASKA**

Board Members

Candice Hoke, President
Kristi Schutt, Vice President
Nate Schwager, Treasurer
DeAnna Clifton, Secretary
Terra Williby, Board Member
Terri Hergert, Board Member

Administration

Dale Martin, Superintendent
Cathy Cooper, Principal
Sally Finch, Recording Secretary

MUNICIPAL ADVISOR

First National Capital Markets, Inc.
Omaha, Nebraska

BOND COUNSEL

Baird Holm LLP
Omaha, Nebraska

REGISTRAR AND PAYING AGENT

BOKF, National Association
Lincoln, Nebraska

INDEPENDENT AUDITOR

Pekny & Associates, CPA's, PC
Columbus and Schyler, 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 Bonds 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.

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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Bonds 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 Bonds. 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 Bonds 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 Bonds offered hereby at a level above that which might otherwise prevail in the open market. Stabilization, if commenced, may be discontinued at any time.

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

ANTELOPE COUNTY SCHOOL DISTRICT 0049 (ORCHARD PUBLIC SCHOOLS) IN THE STATE OF NEBRASKA

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to set forth information concerning Antelope County School District 0049 (Orchard Public Schools) in the State of Nebraska (the “**District**”) and the District’s General Obligation Bonds, Series 2019, in the aggregate principal amount of \$4,800,000* (the “**Bonds**”), being offered for sale pursuant to this Official Statement.

The District is issuing the Bonds to pay the costs of constructing a new school and the acquisition and preparation of a site or sites for such building purposes and providing for necessary furniture and apparatus for such school buildings and additions (as more fully described herein, the “**Project**”) and paying certain costs of issuing the Bonds. At a November 2019 special election, a majority of the electors voting at such election authorized the District to issue its general obligation bonds in one or more series in a total aggregate principal amount not to exceed \$14,750,000. The Bonds represent the first issuance under this voter authorization. See the captions “THE BONDS – Purpose and Authority” and “THE DISTRICT— Future Borrowing Plans” herein.

The Bonds are direct, general obligations of the District to which the full faith and credit and the taxing power of the District are pledged. The Bonds are payable from ad valorem taxes, unlimited as to rate or amount, to be levied against all taxable property located within the District, in addition to all other taxes to be collected, sufficient to pay the principal of, premium, if any and the interest on the Bonds when due. See the captions “THE BONDS – Security”, “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION” and “THE DISTRICT”.

The offering of the Bonds is made only by means of this entire Official Statement, including the appendices attached hereto. Descriptions of and references to the Bonds, the hereinafter-described Resolution, the 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 Bonds. For more information regarding the District, see APPENDIX A attached hereto.

* Preliminary, subject to change

THE BONDS

General

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

Payment Provisions

BOKF, National Association, from its corporate trust office in Lincoln, Nebraska, is the initial Registrar and Paying Agent with respect to the Bonds (the “**Registrar**”). The Registrar will pay interest on the Bonds on December 15 and June 15 of each year (each, an “**Interest Payment Date**”), commencing June 15, 2020*, from their original issue date or the most recent Interest Payment Date, whichever is later, 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 interest due on the Bonds by check or draft mailed to the registered owners at their registered addresses, both as shown on the registration books of the Registrar at the close of business on the fifteenth day (whether or not a business day) immediately preceding each Interest Payment Date (the “**Record Date**”). The Registrar will pay the principal of the Bonds at maturity or earlier date of redemption, together with all interest accrued to such date, upon presentation and surrender of the Bonds at the Registrar’s designated corporate trust office.

The foregoing procedures and methods for payment will apply if the provisions for global book-entry bonds as described below cease to be in effect and will apply to the holding and transfer of Bonds 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 BONDS, PAYMENT OF THE PRINCIPAL OR THE REDEMPTION PRICE THEREOF AND THE INTEREST THEREON WILL BE MADE DIRECTLY TO DTC.** See “THE BONDS—Book-Entry System” herein.

If payments of interest due on the Bonds on any Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners as of a special date of record for payment of such defaulted interest as shall be designated by the Registrar whenever moneys for the purpose of paying such defaulted interest become available.

* Preliminary; subject to change

Redemption Provisions*

Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the District at any time on or after the fifth anniversary of the date of original issue thereof, 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 Bonds of any maturity are to be called for redemption, the Registrar shall select by lot the particular Bonds of such maturity to be redeemed in Authorized Denominations within a maturity.

Redemption - Bonds Held by DTC. If the Bonds are being held by DTC under the book-entry system and less than all of such Bonds 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 Bonds or portions thereof to be redeemed, shall be given by the Registrar to the registered owners of the Bonds 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 Bonds). 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 Bonds for redemption or the redemption of any Bonds 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 Bonds 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 Bonds 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 Bonds

The District and the Registrar may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payment thereof and for all other purposes, and neither the District nor the Registrar shall be bound by any notice or knowledge to the contrary, whether such Bond shall be overdue or not. All payments of or on account of interest to any registered owner of any Bond and all payments of or on account of principal to the registered owner of any Bond shall be valid and effectual and shall be a discharge of the District and the Registrar, in respect of the liability upon the Bonds or claim for interest, as the case may be, to the extent of the sum or sums paid.

Any Bond may be transferred pursuant to its provisions at the designated corporate trust office of the Registrar by surrender of such Bond 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 Bonds, one Bond may be transferred for several such Bonds of the same interest rate and maturity and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond 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 Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond 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 Bonds in order to pay the costs of constructing a new school and the acquisition and preparation of a site or sites for such building purposes and providing for necessary furniture and apparatus for such school buildings and additions.

Authority. The District is issuing the Bonds pursuant to a resolution (the “**Resolution**”) adopted on November 20, 2019, by the District’s Board of Education (the “**Board**”) in accordance with Sections 10-701 et seq., Reissue Revised Statutes of Nebraska, as amended (the “**Act**”). The Bonds were authorized by more than 50% (289 for and 230 against) of the electors voting at the November 12, 2019 special election (the “**Election**”). At such Election the requisite majority authorized the District to issue its general obligation bonds in one or more series in a total aggregate principal amount not to exceed \$14,750,000 and to levy a tax, unlimited as to rate or amount, against all taxable property located within the District sufficient to pay the principal of, premium, if any and the interest on the Bonds. The Bonds represent the first issuance under this voter authorization.

Security

The Bonds are direct, general obligations of the District, secured as to the payment of principal, premium, if any, and interest by an irrevocable pledge by the District of its full faith and credit and its taxing power. The District has covenanted in the Resolution that it shall cause to be levied and collected annually a special levy of taxes on all the taxable property in the District, in addition to all other taxes, sufficient in rate and amount to pay the principal of, premium, if any, and interest on the Bonds as and when the same become due. Pursuant to the Resolution, the District has pledged such tax levy and receipts to the payment of the debt service of the Bonds.

See “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION” herein.

Book-Entry System

General. The Bonds are being made available initially in book-entry form only in Authorized Denominations. DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond 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 Bonds 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 Bonds may experience some delay in their receipt of distributions of the principal or redemption price of and interest on the Bonds 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 Bonds 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 Bonds can be effected only through DTC, DTC Participants and certain banks, the ability of a Beneficial Owner to pledge a Bond to persons or entities that do not participate in the Book-Entry System, or otherwise to take actions in respect of such Bonds 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. For the rights of Beneficial Owners with respect to the District's continuing disclosure obligation, see APPENDIX C hereto.

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 Bonds as well as all notices of redemption will be mailed to DTC, as the registered owner of the Bonds then outstanding.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds, 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 Bonds.

THE DISTRICT

The District is a Class III school district maintaining education for grades PreK-12. The District includes the Village of Orchard, Page, and Royal and other adjacent territory, and covers part of Antelope and Knox Counties in Nebraska. Facilities currently consist of one school. Current student enrollment at the District is approximately 136 students. The District is currently a part of the Nebraska Unified School District 001 (the "Unified District") with Clearwater Public Schools (Antelope County School District 0006) (the "Clearwater School District") and Verdigre Public Schools (Knox County School District 0583) pursuant to a state approved unification agreement (the "Existing Agreement"). Each underlying District is independently governed by its own Advisory Board and is responsible for its own Special Building Fund, Bond Fund and Qualified Capital Purpose Undertaking Fund. The Unified District remains in effect under the Existing Agreement for a period of seven years and one day commencing on June 3, 2013. Following the termination of the Existing Agreement, on June 5, 2020 (the "Effective Date"), the District and Clearwater School District will dissolve and, along with Ewing Public Schools (Holt County School District 0029) ("Ewing School District"), form a new school district that will encompass the territory of the District, Clearwater School District and Ewing School District (together, this new territory will be known as the "Summerland School District"). All bonded indebtedness of the District, Clearwater School District and Ewing School District shall become the obligations of Summerland School District on the Effective Date.

The Summerland School District will be a Class III school district maintaining education for grades PreK-12, and will include the Villages of Clearwater, Ewing, Orchard, Page, and Royal and other adjacent territory and will cover parts of Antelope, Holt, Knox, and Wheeler Counties in Nebraska. The facilities will consist of one school centrally located geographically and will have a student enrollment of approximately 435 students.

Future Borrowing Plans

The Bonds were authorized by more than 50% of the voters at the special election called by the Board of Education and held on November 12, 2019 in the District, and are being issued to pay for the Project. At

such election the issuance of bonds in a total aggregate principal amount of \$14,750,000 was authorized. The Bonds represent the first issuance under this voter authorization. The remaining bonds under such voter authorization are expected to be issued in the future.

On November 12, 2019, Clearwater School District and Ewing School District also held special elections with more than 50% of the voters at such special elections approving \$9,950,000 and \$9,600,000, respectively, in bonds to be issued by such districts. It is anticipated that the District, Clearwater School District and Ewing School District will issue all of their authorized bonds in 2020 prior to the Effective Date and formation of the Summerland School District.

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

Summerland Public School District

Total Taxable Valuation (2019-20)	\$1,092,191,460
Orchard Public Schools	\$472,811,755
Clearwater Public Schools	\$315,693,176
Ewing Public Schools	\$303,686,529
General Obligation Debt (this issue only)	\$4,800,000*
School District Population (Summerland 2020 Estimate)	2,000
Direct Debt Per Capita	\$2,400
Square Miles in District	455
Acres in District	291,200
Direct Debt Per Acre	\$16.48
Percent of Direct Debt to Valuation	0.44%

BONDHOLDERS' RISKS

As described above in “THE BONDS – Security”, the Bonds are payable from general ad valorem taxes levied upon the taxable property in the District without limit as to rate or amount and other available moneys for the District. Prospective purchasers of the Bonds should be aware that investment in the Bonds may entail some degree of risk. Each prospective investor in the Bonds 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 Bonds and could affect the market price of the Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

* Preliminary, subject to change

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 Bonds. 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 Bonds, any premium, and the interest thereon.

Lack of Market for the Bonds

The Bonds will not be listed on a securities exchange or inter-dealer quotation system. Although the Underwriter presently intends to make a market for the Bonds, the Underwriter is not obligated to purchase any of the Bonds in the future, and such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Bonds, and the absence of such a market for the Bonds could result in investors not being able to resell their Bonds should they need or wish to do so.

No Mortgage or Collateral

The Bonds are not secured by a mortgage, deed of trust or security interest in any real or personal property of the District, including the Project financed with the proceeds of the Bonds. Accordingly, the Bondholders will not have any right to exercise any remedies against the Project or other real or personal property of the District upon any event of a default with respect to the Bonds.

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 bondholders. 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 Bonds 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 bondholders 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 Bonds, potential investors should consider the information included under the heading “THE BONDS—Redemption Provisions” herein. Upon any redemption of the Bonds, such called Bonds shall be redeemed at par and not with any premium. Investors purchasing Bonds at a discount or a premium should consult with their tax advisors regarding the effects of any such redemption at par.

Tax Treatment of the Bonds; Changes in Federal and State Law

The Internal Revenue Code of 1986, as amended (the “**Code**”) establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of original issuance of the Bonds. In addition, 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 status of the Bonds or adversely affect their market value. The District cannot predict whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

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 for its general 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.

Similarly, 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 Bonds are general obligations of the District payable from the special property tax levy authorized by law and approved by the voters of the District, neither the tax levy nor the corresponding expenditures to pay debt service on the Bonds are subject to the Levy Limitations or the Budget 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. *Such budgetary limitations do not apply to, among other things, revenue pledged to retire bonded indebtedness, such as the Bonds.*

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 generally may not exceed more than \$1.05 per one hundred dollars (\$100) of taxable value. The District's general fund levy includes certain exclusions permitted under the Levy Limitations, such as sums paid to certificated employees in exchange for voluntary termination of employment and 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 (such as the Bonds) 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 (such as the Bonds), 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 tax levied to pay the principal of and interest on the Bonds will not be subject to the Levy Limitations.*

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 Bonds.

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 Unified District received \$36,453 in State Aid in fiscal year 2019-20 while the Ewing Public School District received \$14,037. The Summerland School District expects to receive approximately \$25,000 in fiscal year 2020-21. 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.

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 Antelope 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 Bonds.

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 uses of funds:

Sources of Funds

Bond Proceeds:	\$
[Plus/Less] [Net] Original Issue [Premium/Discount]	
Total:	<u>\$</u>

Uses of Funds

Deposit to Construction Fund	\$
Costs of Issuance (including underwriting discount)	
Total:	<u>\$</u>

* Preliminary; subject to change

DEBT SERVICE REQUIREMENTS*

The aggregate debt service requirements on the Bonds for each annual period ending August 31 are shown below, which amounts are to be paid from the collections of the special levy of ad valorem taxes described herein and other available funds of the District:

Date	Principal	Interest	Total
8/31/2020	\$205,000		
8/31/2021	205,000		
8/31/2022	205,000		
8/31/2023	210,000		
8/31/2024	215,000		
8/31/2025	215,000		
8/31/2026	220,000		
8/31/2027	225,000		
8/31/2028	230,000		
8/31/2029	235,000		
8/31/2030	235,000		
8/31/2031	240,000		
8/31/2032	250,000		
8/31/2033	255,000		
8/31/2034	260,000		
8/31/2035	265,000		
8/31/2036	270,000		
8/31/2037	280,000		
8/31/2038	285,000		
8/31/2039	295,000		
TOTAL	<u>\$4,800,000.00</u>	\$	\$

CONTINUING DISCLOSURE

For the benefit of the holders and Beneficial Owners of the Bonds, the District has covenanted to provide or to cause to be provided certain financial information and operating data relating to the District (the “**Annual Report**”), by not later than nine months following the end of the District's fiscal year (currently ending August 31), commencing with the report for the fiscal year ended August 31, 2019 (which is due no later than May 31, 2020), and to provide notices of the occurrence of certain enumerated events (the “**Listed Events**”). The specific nature of the information to be contained in the Annual Report and the notices of Listed Events is described in the Continuing Disclosure Agreement (the “**Disclosure Agreement**”), the form of which is attached hereto as APPENDIX C: “**FORM OF CONTINUING DISCLOSURE AGREEMENT**”. 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 name, address, and telephone number of the person from whom the foregoing information, data, and notices can be obtained is as follows:

Antelope County School District 0049
PO Box 269
Orchard, Nebraska 68764
Attention: Dale Martin, Superintendent
402-893-2068

The Annual Report and 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 Bonds is incorporated by reference in this Official Statement.

A failure by the District to comply with the Disclosure Agreement will not constitute a default under the Resolution, although bondholders will have any available remedy at law or in equity. Any such failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Rule 15c2-12 requires that an issuer or other obligated person disclose in an official statement any instances in the previous five years in which such issuer or other obligated person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12. The District has not previously entered into any undertaking under Rule 15c2-12.

TAX MATTERS

Federal Tax Matters

Tax Opinions. In the opinion of Baird Holm LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount) 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 Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements.

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

Original Issue Discount. Bonds sold at initial public offering prices that are less than the respective stated amounts to be paid at maturity constitute "**Discount Bonds**". The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above. The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. Bonds sold at initial public offering prices that are greater than the respective stated amounts to be paid at maturity constitute "**Premium Bonds**". An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond using constant yield principles, based on the purchaser's yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is

amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

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 Bonds 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 Bonds, a deduction is allowed for 80 percent of that portion of such institutions' interest expense allocable to interest on the Bonds. 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 Bonds or a related person to purchase or carry the Bonds.

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 Bonds 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 bondholder 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 Bonds 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 Bonds.

State Tax Matters

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

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 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel 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 Baird Holm LLP, Omaha, Nebraska (“**Bond Counsel**”) will affirm, among other things, that the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State, including the Act, that the Bonds constitute valid and legally binding obligations of the District, and that the District has power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all taxable property located in the District without limitation as to rate or amount. The rights of the holders of the Bonds 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. Bond Counsel has participated in the preparation of this Official Statement but expresses no opinion as to the accuracy, completeness or sufficiency of the factual, operating and financial information appearing herein, which has been supplied and/or reviewed by certain officials of the District and its Auditors (as referred to herein), excepting only matters relating to its opinion, including the matters appearing in the sections of this Official Statement captioned “LEGAL OPINION” and “TAX MATTERS” herein

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance and delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the District, nor the title of the members of the Board or other officers of the District to their respective offices is being contested or questioned. In connection with the closing of the sale of the Bonds, the District is expected to provide a closing certification that no such litigation is pending or, to the best of its knowledge, threatened, which would affect or question the validity of the Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the Unified District for the fiscal year ended August 31, 2019 and the report by AMGL, PC, with respect thereto, and the audited financial statements of Ewing Public Schools for the fiscal year ended August 31, 2019 and the report by Dana F Cole & Company, LLP, with respect thereto, are included in **APPENDIX B** to this Official Statement. The Auditors have not been asked to review the information in this Official Statement, to express any opinion with respect thereto, to update or revise their report in light thereof or to provide their consent to the inclusion of the financial statements and report in this Official Statement.

UNDERWRITING

Ameritas Investment Corp. (the “**Underwriter**”) has agreed to purchase the Bonds from the District pursuant to a bond 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 Bonds in the aggregate principal amount thereof if any such Bonds are purchased, subject to certain conditions therein.

The Underwriter intends to offer the Bonds 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 Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds 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 Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

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

MUNICIPAL ADVISOR

First National Capital Markets, Inc. has acted as Municipal Advisor to the District in connection with the sale of the Bonds. The Municipal Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Bonds. The Municipal Advisor has read and participated in the preparation of this Official Statement and has supervised the compilation and editing thereof. The Municipal Advisor has not, however, independently verified the factual and financial information contained in this Official Statement and, accordingly, expresses no view as to the sufficiency or accuracy thereof.

MISCELLANEOUS

Any descriptions herein of the terms of the Bonds, 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 Bonds, the District will furnish to the Underwriter 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 Bonds 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 Bonds other than those either expressly or by fair implication imposed on the District by the Resolution.

**ANTELOPE COUNTY SCHOOL DISTRICT 0049
(ORCHARD PUBLIC SCHOOLS)
IN THE STATE OF NEBRASKA**

APPENDIX A
ANTELOPE COUNTY SCHOOL DISTRICT 0049
(ORCHARD PUBLIC SCHOOLS)
IN THE STATE OF NEBRASKA

GENERAL OPERATIONAL INFORMATION

General Information

The District is a Class III school district maintaining education for grades PreK-12. The District includes the Village of Orchard, Page, and Royal and other adjacent territory, and covers part of Antelope and Knox Counties in Nebraska. Facilities consist of one school. Current student enrollment at the District is approximately 136 students. The District is currently a part of the Nebraska Unified School District 001 (the "Unified District") with Clearwater Public Schools (Antelope County School District 0006) (the "Clearwater School District") and Verdigre Public Schools (Knox County School District 0583) pursuant to a state approved unification agreement (the "Existing Agreement").

Each underlying District is independently governed by its own Advisory Board and is responsible for its own Special Building Fund, Bond Fund and Qualified Capital Purpose Undertaking Fund. The Unified District remains in effect under the Existing Agreement for a period of seven years and one day commencing on June 3, 2013. Following the termination of the Existing Agreement, on June 5, 2020 (the "Effective Date"), the District and Clearwater School District will dissolve and, along with Ewing Public Schools (Holt County School District 0029) ("Ewing School District"), form a new school district that will encompass the territory of the District, Clearwater School District and Ewing School District (together, this new territory will be known as the "Summerland School District"). All bonded indebtedness of the District, Clearwater School District and Ewing School District shall become the obligation of Summerland School District on the Effective Date.

The Summerland School District will be a Class III school district maintaining education for grades PreK-12, and will include the Villages of Clearwater, Ewing, Orchard, Page, and Royal and other adjacent territory and will cover parts of Antelope, Holt, Knox, and Wheeler Counties in Nebraska. The facilities will consist of one school centrally located geographically and will have a student enrollment of approximately 435 students. The Summerland School District will comprise approximately 455 square miles, and will cover parts of Antelope, Holt, Knox, and Wheeler counties. The community's financial base develops from an agriculture economy. The Summerland School District will consist of one newly constructed PreK-12 facility located centrally between the communities of Clearwater, Ewing, and Orchard.

The Summerland School District will be governed by a six-member Board of Education (the "Board"). The members of the Board will be initially appointed by the sitting Boards, but will be elected by the voters of the Summerland School District for four-year staggered terms in the future. All Board members are to be elected at-large and serve without compensation. The Board will be responsible for all policy decisions. The President of the Board is to be elected by the Board from among its members for a term on one year and has no regular administrative duties. The Secretary and Treasurer are appointed by the Board and may or may not be members of the Board.

The Board of Education will appoint the Superintendent of Schools who is the chief administrative officer of the Summerland School District responsible for carrying out the policies set by the Board. Additional members of the administrative staff are to be appointed by the Board of Education upon recommendation by the Superintendent.

Higher education is provided at Northeast Community College, a tax-supported area community college in Norfolk that provides career and technical programs as well as academic transfer courses. The Summerland School District will continue and expand this relationship to offer students additional dual credit courses.

Hospitals utilized by Summerland residents include the Avera St. Anthony’s Hospital in O’Neill, the Antelope Memorial Hospital in Neligh, and the Faith Regional Health Services in Norfolk. The available hospitals range from 10 to 45 miles depending on which community and which hospital is selected.

Financial and Banking Services are provided by The Bank of Orchard (Orchard, NE), Chambers State Bank (Ewing, NE), The Tilden Bank (Clearwater, NE), and Citizens State Bank (Clearwater, NE).

Current Enrollment of Clearwater, Ewing, Orchard Combined (PreK-12)*

2019-20	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	PK	K-6	7-12	Total
Clearwater	14	13	11	11	10	7	13	8	14	12	12	12	10	11	14	73	71	158
Ewing	5	4	11	14	11	11	10	6	15	4	11	10	7	17	5	67	64	136
Orchard	10	13	13	10	5	13	11	7	14	5	7	11	8	6	10	72	51	133

Projected Enrollment of Summerland Public School District (PreK-12)

	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	PK	K-6	7-12	Total
2020-21	32	25	35	35	35	26	31	34	21	43	21	30	33	25	32	221	173	426
2021-22	39	32	25	35	35	35	26	31	34	21	43	21	30	33	39	219	182	440
2022-23	30	39	32	25	35	35	35	26	31	34	21	43	21	30	30	227	180	437

Projected Staffing of Summerland Public Schools**

<u>Year</u>	<u>Teachers</u>	<u>Administrators</u>	<u>Staff and Other</u>	<u>Total</u>
2019-20	65	4	30	99
2020-21	48	3	24	75
2021-22	48	3	24	75
2022-23	48	3	24	75
2023-24	48	3	24	75

Employee Relations

The District believes it has a good working relationship with its employees. The District’s teachers are represented by their local education association. The current teacher negotiations contract will be negotiated with the Ewing School District based on the Ewing negotiated agreement. All certified employees will be placed on the Ewing negotiated agreement which will commence for the 2020-21 fiscal year. It is anticipated that this agreement will be approved in February of 2020 for the 2020-21 school year. It is unknown at this time whether the agreement will be a one or two year agreement.

SELECTED DISTRICT FINANCIAL INFORMATION

Accounting, Budgeting, and Auditing Procedures

The District follows a cash system of accounting in conformity with the requirements of Nebraska law. Under this system, financial data is recorded on a cash basis with revenues and expenses being recognized only as cash is received or disbursed. Receivables, payables, and accrued expenses are not recorded. Cash transactions are recorded in the following funds which the District is required to maintain for the accounting of all school moneys:

*Nebraska Department of Education State of the Schools Report (2017-18)

General Fund
Bond Fund
Special Building Fund
Cooperative Fund
Lunch Fund
Aggregate Remaining Fund

The Treasurer of the District is responsible for handling all moneys of the District and administering the above funds. All moneys received by the District from whatever source are credited to the appropriate fund. Moneys may be disbursed from such funds by the Treasurer only for the purpose for which they are levied, collected, or received and all checks must be signed by the President of the Board and the Secretary of the Board.

The Superintendent, with input from his staff, principals and interested community groups, prepares a recommended budget and submits it to the Board, which may modify it. The Board adopts a budget which is submitted along with the Annual Financial report to the State of Nebraska Department of Education. The budget is designated as the Official Budget and governs the general operations for the fiscal year unless amended by the Board. The budget process begins in January and is passed at the regular Board of Education meeting in September. Under applicable statutes limitations are imposed upon increases which may be made in the District's general fund budget from year to year. See the caption "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION" herein. The District's fiscal year is September 1 through August 31. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a statement of the rate of levy per hundred dollars of assessed valuation required to raise each amount shown on the budget as coming from District taxes.

The District's principal sources of revenue for its general fund are local property taxes and state aid. State aid is allocated to school districts based upon statutory formulas which take into consideration taxable valuations, student population, per student costs and a variety of other factors. The District's current budget is governed by the provisions of the "Budget Limitations" (as described and defined below) which are discussed under the heading "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION." The "Levy Limitations" (as described and defined below), also discussed under the heading "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION," will limit the tax levies for subsequent fiscal years thereafter. Such limitations do not affect the District's ability to levy and collect taxes sufficient to pay the principal of and interest on the Bonds.

The audited financial statements of the Nebraska Unified District 1 for the fiscal year ended August 31, 2019 and the report by AMGL, PC, with respect thereto, and the audited financial statements of Ewing Public Schools for the fiscal year ended August 31, 2019 and the report by Dana F Cole & Company, LLP, with respect thereto, are included in **APPENDIX B** to this Official Statement. A summary of significant accounting policies of the District is contained in the Notes accompanying the financial statements in the Appendix B. Financial statements for earlier years are available for examination in the District's office.

Legal Debt Capacity

The District has no legal debt limit.

Financial Statements

The audited financial statements of the Nebraska Unified District 1 for the fiscal year ended August 31, 2019 and the report by AMGL, PC, with respect thereto, and the audited financial statements of Ewing Public Schools for the fiscal year ended August 31, 2019 and the report by Dana F Cole & Company, LLP, with respect

thereto, are included in **APPENDIX B** to this Official Statement. The audited financial statements for earlier years with reports by the Certified Public Accountants are available for examination in the District’s office.

Nebraska School Employees Retirement System*

The Nebraska School Employees Retirement Act (Sections 79-901 to 79-977, Reissue Revised Statutes of Nebraska, 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 became effective (under prior statutes) in 1945. The Retirement Act requires payments by the State of Nebraska 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 requires school district employees to contribute 9.78% of pay. Section 79-958 currently requires school districts to contribute an amount equal to 101% of the contributions of their employees. The current State of Nebraska contribution rate is 2%. The Retirement Act, including the employee and state contribution rates, was amended in the 2013 legislative session when the Nebraska Legislature passed LB 553 over the Governor’s veto.

The unfunded accrued liability as of July 1, 2018 for all covered employees within the Nebraska School Employee Retirement System amounted to \$1,455,629,499. Actuarial Valuation Report as of July 1, 2018 by A-3 Cavanaugh Macdonald Consulting, LLC reports a positive contribution margin for the current plan year of 2.93%, resulting in no additional state funding required for that year.

**DISTRICT PROPERTY TAX INFORMATION
(Orchard Public Schools)**

Current Assessed Valuation

All taxable real and personal property within the District is assessed annually by the Antelope, Holt and Knox County Assessors. The current total assessed valuation of Orchard 2019-20 fiscal year of all taxable tangible property situated in the District is \$472,811,755.

History of Property Valuations

The total assessed valuation of all taxable tangible property situated in the Clearwater, Ewing, and Orchard Districts in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>
2019-20	\$472,811,755
2018-19	\$478,725,751
2017-18	\$490,265,247
2016-17	\$496,491,769
2015-16	\$496,186,964

* *School Retirement System of the State of Nebraska-Actuarial Valuation Report as of July 1, 2018, Sixty-Sixth Actuarial Report for State Fiscal Year ending June 30, 2020 and System Plan Year Beginning July 1, 2018.*

Property Tax Levies and Collections

Taxes are levied annually on or before November 1 of each year. Real Property taxes and personal property taxes are due December 31 of each year with the first half delinquent May 1 and the second half delinquent September 1.

Historical Tax Rates (Orchard Public Schools)

The following table shows the Orchard School District’s total tax levies including debt service (per \$100 of assessed valuation) for each of the last five fiscal years:

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General	0.633704	0.625472	0.626716	0.640871	0.662153
Special Building Fund	0.020473	0.015128	0.020100	0.020018	0.020135
Total	0.654177	0.640600	0.646816	0.660889	0.682288

Direct General Obligation Debt

The following table sets forth, as of December 6, 2019, the entire outstanding general obligation indebtedness of the District.

<u>Issue Name</u>	<u>Dated Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Obligation Bonds, Series 2019 (this issue)	12/30/2019**	\$4,800,000*	\$4,800,000*
TOTAL DIRECT G.O. DEBT:			<u>\$4,800,000*</u>

**SELECTED DISTRICT FINANCIAL AND STATISTICAL INFORMATION*
(Orchard Public Schools)**

The following table summarizes certain financial information concerning the District. This information should be reviewed in conjunction with the information contained in this section and the excerpts of financial statements of the District contained in “APPENDIX B – FINANCIAL STATEMENTS.”

2019-20 Assessed Valuation	\$472,811,755
District Population(approx.)	850
Acres in District (approx.)	179,200
Square Miles in District (approx.)	280
Direct General Obligation Debt	\$4,800,000*
Ratio of Direct General Obligation Debt to Taxable Valuation	1.02%
Ratio of Direct General Obligation Debt Per Capita	\$5,647
Ratio of Direct General Obligation Debt Per Acre	\$26.79
Overlapping and Underlying Debt Attributable to District	\$932,436
Total Direct, Overlapping, and Underlying Debt	\$5,732,436
Ratio of Direct, Overlapping and Underlying Debt to Taxable Valuation	1.21%
Ratio of Direct, Overlapping and Underlying Debt Per Capita	\$6,744
Ratio of Direct, Overlapping and Underlying Debt Per Acre	\$31.99

*Preliminary, subject to change.

Overlapping and Underlying General Obligation Debt
(Orchard Public Schools)

The following table sets forth the outstanding indebtedness of political subdivisions that envelop as well as fall within the boundaries of the District and the amount and percent of such indebtedness that is attributable (on the basis of assessed valuation) to the County:

<u>Taxing Jurisdiction</u>	<u>2019 Valuation</u> *	<u>Outstanding General Obligation Debt</u>	<u>Percent Attributable to District</u>	<u>Amount Attributable to District</u>
<i>Counties:</i>				
Antelope County	\$2,483,485,076	\$4,550,192	14.0%	\$637,027
Holt County	\$3,373,890,676	\$4,000,000	3.1%	\$124,546
Total Counties:				<u>\$761,573</u>
<i>Villages:</i>				
Orchard	\$16,863,427	\$170,863	100%	\$170,863
Total Villages:				<u>\$170,863</u>
TOTAL UNDERLYING/OVERLAPPING UNDERLYING G.O. DEBT				<u>\$ 932,436</u>

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* Includes only valuation.

**SELECTED DISTRICT FINANCIAL AND STATISTICAL INFORMATION
(Summerland Public Schools)**

2019-20 Assessed Valuation	\$1,092,191,460
District Population(approx.)	2,000
Acres in District (approx.)	291,200
Square Miles in District (approx.)	455
Direct General Obligation Debt	\$4,800,000*
Ratio of Direct General Obligation Debt to Taxable Valuation	0.44%
Ratio of Direct General Obligation Debt Per Capita	\$2,400
Ratio of Direct General Obligation Debt Per Acre	\$16.48
Overlapping and Underlying Debt Attributable to District	\$2,811,630
Total Direct, Overlapping, and Underlying Debt	\$7,611,630*
Ratio of Direct, Overlapping and Underlying Debt to Taxable Valuation	0.70%
Ratio of Direct, Overlapping and Underlying Debt Per Capita	\$3,805.82
Ratio of Direct, Overlapping and Underlying Debt Per Acre	\$26.14

Overlapping and Underlying General Obligation Debt

The following table sets forth the outstanding indebtedness of political subdivisions that envelop as well as fall within the boundaries of the District and the amount and percent of such indebtedness that is attributable (on the basis of assessed valuation) to the County:

<u>Taxing Jurisdiction</u>	<u>2019 Valuation*</u>	<u>Outstanding General Obligation Debt</u>	<u>Percent Attributable to District</u>	<u>Amount Attributable to District</u>
<i>Counties:</i>				
Antelope County	\$2,483,485,076	\$4,550,192	27.0%	\$1,228,552
Holt County	\$3,373,890,676	\$4,000,000	10.9%	\$436,000
Total Counties:				<u>\$1,664,552</u>
 <i>Villages:</i>				
Ewing	\$8,067,941	\$976,215	100%	\$976,215
Orchard	\$16,863,427	\$170,863	100%	\$170,863
Total Villages:	\$1,499,041	\$0	100%	<u>\$1,147,078</u>
TOTAL UNDERLYING/OVERLAPPING UNDERLYING G.O. DEBT				<u>\$ 2,811,630</u>

*Preliminary, subject to change.

* Includes only valuation.

SELECTED AREA INFORMATION

Employment*

Listed below are the major employers located in the Antelope and Holt County area and the estimated number employed by each:

<u>Major Employers</u>	<u>Number of Employees</u>
1. Antelope Memorial Hospital	100-249
2. Neligh Oakdale Schools	50-99
3. Golden Living Ctr	50-99
4. Orchard Public Schools	50-99
5. Niewohner Bros Inc Feed Lot	50-99
6. Nebraska Dept of Education (ESU)	20-49
7. Nebraska Dept of Education (ESU)	20-49
8. Blackburn Manufacturing	20-49
9. Elgin Public Schools	20-49
10. Clearwater Public Schools	20-49

Major Property Taxpayers in Antelope County†

<u>Owner</u>	<u>Type</u>	<u>Assessed Valuation</u>
Central Valley Ag Coop	Agriculture	42,897,394
NE Board of Ed Lands	Ag/Education	32,771,190
Brandco Farms	Ag-Producer	17,632,390
Prairie Breeze Wind LLC	Wind Energy	17,271,663
Upstream Wind Energy	Wind Energy	17,151,794
JSMM Farms LLC	Ag-Producer	16,533,330
Brozek & Sons Inc	Ag Producer	16,477,875
Morrison, Frank	Ag-Producer	13,784,282
Sunshine Ranch Co	Ag-Producer	13,608,445
J E Meuret Grain Co	Ag-Producer	13,378,028

* Source: Nebraska Department of Labor

† Source: Antelope and Holt County Assessors

APPENDIX B
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

**NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
ANTELOPE COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

August 31, 2019

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SHAREHOLDERS:

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Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

INDEPENDENT AUDITOR’S REPORT

Board of Education of Nebraska Unified School District No. 1
Antelope County, Nebraska
Orchard, Nebraska

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Nebraska Unified School District No. 1 as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the School District’s 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 A; 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures

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that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Nebraska Unified School District No. 1, 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 A.

Basis of Accounting

We draw attention to Note A 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 opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nebraska Unified School District No. 1's financial statements. The management's discussion and analysis and supplementary and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The management's discussion and analysis, budgetary comparison schedules, nonmajor fund combining statements, fiduciary fund statements, general fund departmental disbursements compared to budget, and combining statements by location are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph is fairly stated, in all material respects, in relation to the financial statements as a whole.

The county treasurer statements of receipts and disbursements have not been subjected to the auditing procedures applied in the audit of the 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 October 25, 2019, on our consideration of Nebraska Unified School District No. 1'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 Nebraska Unified School District No. 1'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 Nebraska Unified School District No. 1's internal control over financial reporting and compliance.

AMGL, PC.

Grand Island, Nebraska
October 25, 2019

**NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended August 31, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Nebraska Unified School District No. 1's annual financial report presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended August 31, 2019. Please read the MD&A in conjunction with the entire financial report, which immediately follows this section.

FINANCIAL HIGHLIGHTS

- General Fund revenues were \$8,361,412, \$234,932 less than expenses.
- General Fund operational costs were \$8,596,344, an \$83,637 (1.0 percent) decrease from the prior year.
- Nebraska Unified School District No. 1's student enrollment increased 2.0 students (0.5 percent) to an Average Daily Membership (ADM) of 395.60 for the year ended August 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This audited annual financial report consists of three sections: management's discussion and analysis (MD&A) [this section], the financial statements, and supplementary and other information. The financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* show how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates *like a business*, such as Nutrition Services.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary and other information that further explains and supports the financial statements with a comparison of the District's budget for the year and various other supporting schedules and statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was lower on August 31, 2019, than it was the year before, decreasing 2.8 percent to \$8,892,279. Most of the deterioration in the District's financial position came from its governmental activities, the net position of which decreased \$232,788 to \$8,804,845 in 2019. In 2019, the net position of the District's business-type activities also decreased \$19,276 from \$106,710 to \$87,434.

Summary Statements of Net Position

	August 31, 2019	August 31, 2018	Increase (Decrease)
Current Assets	\$ 7,234,006	\$ 7,431,740	\$ (197,734)
Capital Assets	4,246,812	4,533,475	(286,663)
Total Assets	11,480,818	11,965,215	(484,397)
Long-term Liabilities	2,355,000	2,588,539	(233,539)
Current Liabilities	233,539	232,333	1,206
Total Liabilities	2,588,539	2,820,872	(232,333)
Net Position:			
Net Investment in Capital Assets	1,658,273	1,712,603	(54,330)
Restricted	949,499	802,192	147,307
Unrestricted	6,284,507	6,629,548	(345,041)
Total Net Position	<u>\$ 8,892,279</u>	<u>\$ 9,144,343</u>	<u>\$ (252,064)</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019

Governmental Activities

A summary of the governmental activities' receipts and expenses follows:

	Years ended August 31,		Increase (Decrease)
	2019	2018	
Receipts:			
Charges for services	\$ -	\$ -	\$ -
Operating grants	847,384	786,135	61,249
Capital grants and contributions	16,236	25,991	(9,755)
Taxes (property, motor vehicle, and other)	7,825,143	7,835,026	(9,883)
State aid	35,836	38,641	(2,805)
Other revenue	181,135	168,693	12,442
Total receipts	<u>8,905,734</u>	<u>8,854,486</u>	<u>51,248</u>
Expenses:			
Instruction	5,493,476	5,573,833	(80,357)
Support services:			
Pupils	276,486	281,689	(5,203)
Special education	213,854	-	213,854
Staff	58,982	59,193	(211)
General administration	251,463	237,804	13,659
School administration	613,275	633,006	(19,731)
Business	219,686	180,715	38,971
Building and grounds	695,347	713,537	(18,190)
Pupil transportation	406,353	423,489	(17,136)
State categorical programs	28,029	56,769	(28,740)
Federal programs	240,012	330,418	(90,406)
Summer school	-	296	(296)
Transfer to Activity Fund	5,000	20,000	(15,000)
Interest on long-term debt	65,289	67,697	(2,408)
Depreciation - unallocated	571,270	583,675	(12,405)
Total expenses	<u>9,138,522</u>	<u>9,162,121</u>	<u>(23,599)</u>
Decrease in governmental net position	<u>\$ (232,788)</u>	<u>\$ (307,635)</u>	<u>\$ 74,847</u>

Total receipts increased \$51,248 (0.6 percent) from the prior year, due primarily to a \$61,249 increase in operating grants.

Total expenses were \$23,599 (0.3 percent) lower than the prior year due primarily to decreases in instruction expense and Federal programs offset by increases in support services.

**NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019**

Business-type Activities

A summary of the business-type activities' receipts and expenses follows:

	Years ended August 31,		Increase (Decrease)
	2019	2018	
Receipts:			
Charges for services	\$ 126,544	\$ 135,929	\$ (9,385)
Operating grants	148,585	155,850	(7,265)
Other income	65	3,775	(3,710)
Interest income	661	382	279
Total receipts	275,855	295,936	(20,081)
Expenses:			
Nutrition Services	295,131	314,736	(19,605)
Decrease in net position	\$ (19,276)	\$ (18,800)	\$ (476)

In 2019, revenues of the District's business-type activities (nutrition program) decreased 6.8 percent to \$275,855, and expenses decreased 6.2 percent to \$295,131.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$7,146,572, \$178,458 less than last year's ending combined fund balance of \$7,325,030.

Included in the \$234,932 decrease in the fund balance of the General Fund is a \$100,000 transfer to the Depreciation Fund for future capital outlay expenditures.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019

The following is a summary of receipts and disbursements for the governmental funds for the year ended August 31, 2019:

	<u>Receipts</u>	<u>Disbursements</u>	Receipts Over (Under) <u>Disbursements</u>
General	\$ 8,361,412	\$ 8,596,344	\$ (234,932)
Building	226,435	87,300	139,135
Cooperative	14,047	37,608	(23,561)
Depreciation	103,096	170,800	(67,704)
Employee Benefit	432	-	432
Bond	283,866	270,289	13,577
Qualified Capital			
Purpose Undertaking	209	5,614	(5,405)
Eliminations	(100,000)	(100,000)	-
Totals	<u>\$ 8,889,497</u>	<u>\$ 9,067,955</u>	<u>\$ (178,458)</u>

The following is a summary of receipts and disbursements for the governmental funds for the year ended August 31, 2018:

	<u>Receipts</u>	<u>Disbursements</u>	Receipts Over (Under) <u>Disbursements</u>
General	\$ 8,275,083	\$ 8,679,981	\$ (404,898)
Building	240,531	176,855	63,676
Cooperative	6,758	20,148	(13,390)
Depreciation	101,393	-	101,393
Employee Benefit	188	-	188
Bond	309,566	272,705	36,861
Qualified Capital			
Purpose Undertaking	4,898	8,663	(3,765)
Eliminations	(100,008)	(100,008)	-
Totals	<u>\$ 8,838,409</u>	<u>\$ 9,058,344</u>	<u>\$ (219,935)</u>

As mentioned, the business-type activities' expenses exceeded receipts for 2019. In addition to the district-wide financial statements, food services are reported in greater detail in the proprietary fund statements.

**NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019**

BUDGET ANALYSIS

In 2019, General Fund disbursements were \$768,656 less than budgeted appropriations, with regular instruction actual costs \$263,766 less than budget. Actual General Fund receipts were \$193,106 more than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2019, the District had invested \$11,276,894 in a broad range of capital assets, including buildings and improvements, vehicles, furniture and equipment and computer equipment. The net book value after depreciation was \$4,246,812 at August 31, 2019.

The ending net value represents a net decrease of \$286,663 or 6.3 percent from last year. (More detailed information about capital assets can be found in note E to the financial statements.) Total depreciation expense for the year was \$571,270, while additions to capital assets amounted to \$284,607.

Significant additions (greater than \$15,000 each) were:

- 2020 I C bus - \$88,100
- 2019 International bus - \$82,700
- Playground equipment at Verdigre - \$43,379
- Final costs on the Orchard walk-in freezer addition - \$19,010

Long-term Debt

A summary of the District's debt follows:

	2019	2018	Increase (Decrease)
General obligation bonds	\$ 2,560,000	\$ 2,765,000	\$ (205,000)
Capital lease obligations	28,539	55,872	(27,333)
Total receipts	\$ 2,588,539	\$ 2,820,872	\$ (232,333)

Long-term debt decreased \$232,333 (8.2 percent) due to scheduled principal payments.

(More detailed information about the District's long-term liabilities is presented in note F to the financial statements.)

**NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019**

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The General Fund tax asking for the year ending August 31, 2020, of \$7,266,362 is \$255,231 (3.6 percent) higher than the tax asking for the prior year of \$7,011,131. The District's Bond Fund tax asking increased \$4,716 (1.7 percent). The Building Fund tax asking increased \$1,961 (0.9 percent).
- Certified state aid for next year is \$35,453, down \$383 from the prior year state aid of \$35,836.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This audited financial report is designed to provide the District's stakeholders (i.e. citizens, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, please feel free to contact the following school official:

Dale Martin
Superintendent

Nebraska Unified School District No. 1
P.O. Box 248
420 East 4th Street
Orchard, NE 68764
(402) 893-2068
(402) 893-2065 – fax

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

August 31, 2019

	Primary Government			Component <u>Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash (note C)	\$ 4,322,793	\$ 87,434	\$ 4,410,227	\$ 77,691
Cash restricted for building projects (note C)	786,841	-	786,841	-
Cash restricted for bond payments (note C)	429,553	-	429,553	-
Cash restricted for qualified capital purpose undertaking (note C)	23,059	-	23,059	-
Cash with County Treasurers (note D)	1,584,326	-	1,584,326	-
Total current assets	7,146,572	87,434	7,234,006	77,691
Noncurrent assets:				
Capital assets (notes A5 and E):				
Buildings and improvements	9,001,031	-	9,001,031	-
Vehicles	1,279,900	-	1,279,900	-
Furniture and equipment	995,963	-	995,963	-
Less: Accumulated depreciation	(7,030,082)	-	(7,030,082)	-
Total capital assets	4,246,812	-	4,246,812	-
Total assets	11,393,384	87,434	11,480,818	77,691
LIABILITIES				
Current liabilities (note F):				
Current portion of general obligation bonds	205,000	-	205,000	-
Current portion of capital leases	28,539	-	28,539	-
Total current liabilities	233,539	-	233,539	-
Long-term liabilities, net of current maturities (note F):				
General obligation bonds payable	2,355,000	-	2,355,000	-
Total liabilities	2,588,539	-	2,588,539	-
NET POSITION				
Net investment in capital assets	1,658,273	-	1,658,273	-
Restricted for:				
Building additions	357,376	-	357,376	-
Debt service	484,064	-	484,064	-
Qualified capital purposes	108,059	-	108,059	-
Unrestricted	6,197,073	87,434	6,284,507	77,691
Total net position	\$ 8,804,845	\$ 87,434	\$ 8,892,279	\$ 77,691

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the year ended August 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Receipts</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Instruction	\$ 5,493,476	\$ -	\$ 449,600
Support services:			
Pupils	276,486	-	-
Special education	213,854	-	-
Staff	58,982	-	-
General administration	251,463	-	-
School administration	613,275	-	-
Business	219,686	-	-
Building and grounds	695,347	-	-
Pupil transportation	406,353	-	35,997
State categorical programs	28,029	-	25,219
Federal programs	240,012	-	336,568
Activities support	5,000	-	-
Interest and fees on long-term debt	65,289	-	-
Depreciation - unallocated	571,270	-	-
	<hr/>	<hr/>	<hr/>
Total governmental activities	9,138,522	-	847,384
Business-type activities:			
Nutrition services	295,131	126,544	148,585
	<hr/>	<hr/>	<hr/>
Total primary government	\$ 9,433,653	\$ 126,544	\$ 995,969
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Component unit:			
Verdigre Public School Foundation	\$ 12,057	\$ -	\$ 61,660
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

Program Receipts Capital Grants and Contributions	Net (Expenses) Receipts and Changes in Net Position			Component Unit
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (5,043,876)		\$ (5,043,876)	
-	(276,486)		(276,486)	
-	(213,854)		(213,854)	
-	(58,982)		(58,982)	
-	(251,463)		(251,463)	
-	(613,275)		(613,275)	
-	(219,686)		(219,686)	
16,236	(679,111)		(679,111)	
-	(370,356)		(370,356)	
-	(2,810)		(2,810)	
-	96,556		96,556	
-	(5,000)		(5,000)	
-	(65,289)		(65,289)	
-	(571,270)		(571,270)	
16,236	(8,274,902)	\$ -	(8,274,902)	
-	-	(20,002)	(20,002)	
<u>\$ 16,236</u>	<u>(8,274,902)</u>	<u>(20,002)</u>	<u>(8,294,904)</u>	
<u>\$ -</u>				\$ 49,603
General receipts:				
Taxes:				
Property	7,447,333	-	7,447,333	-
Motor vehicle	280,585	-	280,585	-
Other taxes	97,225	-	97,225	-
Fines and licenses	28,049	-	28,049	-
State aid	35,836	-	35,836	-
State apportionment	67,055	-	67,055	-
Interest income	56,076	661	56,737	288
Insurance proceeds/gain on sale	17,939	-	17,939	-
Other	12,016	65	12,081	-
Total general receipts	<u>8,042,114</u>	<u>726</u>	<u>8,042,840</u>	<u>288</u>
Change in net position	(232,788)	(19,276)	(252,064)	49,891
Net position - August 31, 2018	<u>9,037,633</u>	<u>106,710</u>	<u>9,144,343</u>	<u>27,800</u>
Net position - August 31, 2019	<u>\$ 8,804,845</u>	<u>\$ 87,434</u>	<u>\$ 8,892,279</u>	<u>\$ 77,691</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**BALANCE SHEET - GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS**

August 31, 2019

	General Fund	Building Fund	Bond Fund	Cooperative Fund	Other Governmental Funds	Eliminations	Total Governmental Funds
ASSETS							
Cash	\$ 2,642,391	\$ 786,841	\$ 429,553	\$ 1,227,266	\$ 476,195	\$ -	\$ 5,562,246
Cash with County Treasurers	1,484,225	45,590	54,511	-	-	-	1,584,326
Due from other fund	-	-	-	475,055	85,000	(560,055)	-
Total assets	<u>\$ 4,126,616</u>	<u>\$ 832,431</u>	<u>\$ 484,064</u>	<u>\$ 1,702,321</u>	<u>\$ 561,195</u>	<u>\$ (560,055)</u>	<u>\$ 7,146,572</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Due to other fund	\$ -	\$ 475,055	\$ -	\$ 85,000	\$ -	\$ (560,055)	\$ -
Fund balances:							
Restricted for:							
Building additions	-	357,376	-	-	-	-	357,376
Debt service	-	-	484,064	-	-	-	484,064
Qualified capital purposes	-	-	-	-	108,059	-	108,059
Assigned for:							
Capital outlay	-	-	-	-	351,380	-	351,380
Employee benefits	-	-	-	-	101,756	-	101,756
Individual school expenditures	-	-	-	1,617,321	-	-	1,617,321
Budgetary stabilization	909,375	-	-	-	-	-	909,375
Unassigned	3,217,241	-	-	-	-	-	3,217,241
Total fund balances	<u>4,126,616</u>	<u>357,376</u>	<u>484,064</u>	<u>1,617,321</u>	<u>561,195</u>	<u>-</u>	<u>7,146,572</u>
Total liabilities and fund balances	<u>\$ 4,126,616</u>	<u>\$ 832,431</u>	<u>\$ 484,064</u>	<u>\$ 1,702,321</u>	<u>\$ 561,195</u>	<u>\$ (560,055)</u>	<u>\$ 7,146,572</u>

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

August 31, 2019

Total fund balances - governmental funds \$ 7,146,572

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

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

The cost of the assets is \$11,276,894, and the accumulated depreciation is \$7,030,082.

4,246,812

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

General obligation bonds payable \$ (2,560,000)

Capital lease obligation (28,539)

(2,588,539)

Total net position - governmental activities

\$ 8,804,845

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS

For the year ended August 31, 2019

	General <u>Fund</u>	Building <u>Fund</u>
RECEIPTS		
Taxes:		
Property	\$ 6,283,004	\$ 198,019
Motor vehicle	280,585	-
Penalties and interest on taxes	17,469	553
Homestead exemption	33,258	1,038
Property tax credit	615,786	19,123
Personal property tax credit	35,335	1,216
Pro-rate motor vehicle	14,793	467
Carline	2,681	83
Public power district tax	37,001	-
Nameplate capacity tax	2,744	84
Fines and licenses	28,049	-
Education service unit receipts	583	-
State aid and grants	610,530	-
Federal grants	339,745	-
Interest income	31,922	5,452
Transfer from other funds	-	-
Insurance proceeds/sale of assets	16,940	-
Other	10,987	400
Total receipts	<u>8,361,412</u>	<u>226,435</u>
DISBURSEMENTS		
Instruction	4,681,234	-
Special education programs	817,183	-
Support services:		
Pupils	276,486	-
Special education	213,854	-
Staff	58,982	-
General administration	231,598	-
School administration	613,275	-
Business	224,319	-
Building and grounds	664,497	43,921
Pupil transportation	506,354	-
State categorical programs	28,029	-
Federal programs	280,533	-
Transfer to Activity Fund	-	-
Capital outlay	-	43,379
Debt service		
Principal	-	-
Interest	-	-
Bond fees	-	-
Total disbursements	<u>8,596,344</u>	<u>87,300</u>
Excess (deficit) of receipts over disbursements	(234,932)	139,135
Fund balances - August 31, 2018	<u>4,361,548</u>	<u>218,241</u>
Fund balances - August 31, 2019	<u>\$ 4,126,616</u>	<u>\$ 357,376</u>

See notes to financial statements.

<u>Bond Fund</u>	<u>Cooperative Fund</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ 251,396	\$ -	\$ 2	\$ -	\$ 6,732,421
-	-	-	-	280,585
748	-	-	-	18,770
2,332	-	-	-	36,628
23,155	-	-	-	658,064
1,527	-	-	-	38,078
656	-	-	-	15,916
-	-	-	-	2,764
2,086	-	-	-	39,087
-	-	-	-	2,828
-	-	-	-	28,049
-	-	-	-	583
-	-	-	-	610,530
-	-	-	-	339,745
1,966	14,001	2,735	-	56,076
-	-	100,000	(100,000)	-
-	-	1,000	-	17,940
-	46	-	-	11,433
<u>283,866</u>	<u>14,047</u>	<u>103,737</u>	<u>(100,000)</u>	<u>8,889,497</u>
-	-	-	-	4,681,234
-	-	-	-	817,183
-	-	-	-	276,486
-	-	-	-	213,854
-	-	-	-	58,982
-	19,864	-	-	251,462
-	-	-	-	613,275
-	-	-	-	224,319
-	12,744	1,911	(100,000)	623,073
-	-	-	-	506,354
-	-	-	-	28,029
-	-	-	-	280,533
-	5,000	-	-	5,000
-	-	174,503	-	217,882
205,000	-	-	-	205,000
64,889	-	-	-	64,889
400	-	-	-	400
<u>270,289</u>	<u>37,608</u>	<u>176,414</u>	<u>(100,000)</u>	<u>9,067,955</u>
13,577	(23,561)	(72,677)	<u>\$ -</u>	(178,458)
<u>470,487</u>	<u>1,640,882</u>	<u>633,872</u>		<u>7,325,030</u>
<u>\$ 484,064</u>	<u>\$ 1,617,321</u>	<u>\$ 561,195</u>		<u>\$ 7,146,572</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended August 31, 2019

Total net change in fund balances - governmental funds \$ (178,458)

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

Capital outlays are reported in governmental funds as disbursements. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$284,607) was exceeded by depreciation expense (\$571,270) during the period. (286,663)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bonds	\$ 205,000	
Limited tax obligation bonds	27,333	232,333
	<u>27,333</u>	<u>232,333</u>

Change in net position of governmental activities \$ (232,788)

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENT OF NET POSITION - PROPRIETARY FUND -
MODIFIED CASH BASIS**

August 31, 2019

	<u>Nutrition Fund</u>
ASSETS	
Cash	\$ 87,434
LIABILITIES	<u>-</u>
NET POSITION	
Unrestricted	<u><u>\$ 87,434</u></u>

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND -
MODIFIED CASH BASIS

For the year ended August 31, 2019

	Nutrition Fund
Operating receipts:	
Lunch sales	\$ 126,544
State reimbursement	1,362
Federal reimbursement	123,037
USDA commodities	24,186
Interest	661
Other	65
Total operating receipts	<u>275,855</u>
Operating disbursements:	
Salaries	99,984
Payroll taxes and employee benefits	25,947
Supplies and materials	4,239
Food	146,272
Capital outlay	9,360
Other	9,329
Total operating disbursements	<u>295,131</u>
Operating disbursements in excess of receipts	(19,276)
Net position - August 31, 2018	<u>106,710</u>
Net position - August 31, 2019	<u>\$ 87,434</u>

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS -
MODIFIED CASH BASIS**

August 31, 2019

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 471,388
LIABILITIES	
For the obligations of the Activities Fund	430,024
For the obligations of the Student Fee Fund	41,364
Total liabilities	<u>471,388</u>
NET POSITION	<u><u>\$ -</u></u>

See notes to financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

Nebraska Unified School District No. 1 is a tax-exempt political subdivision and a Class III school district of the State of Nebraska. The District operates a unified General Fund for Clearwater, Orchard, and Verdigre schools. The District has considered whether any other organizations should be included in the reporting entity based upon the significance of the operational or financial relationship with the District and has concluded that Verdigre Public School Foundation should be included. Therefore, the financial statements present the District as the primary government and the Foundation as a discretely presented component unit.

The Verdigre Public School Foundation is a non-profit organization, which is engaged primarily in raising funds for extracurricular and academic purposes for Verdigre Public School. Support is received primarily through contributions and fundraising programs. As a non-profit organization, the Verdigre Public School Foundation is exempt from income taxes in accordance with the Internal Revenue Code Section 501(c)(3).

2. Basis of Presentation

On September 1, 2003, the School District adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Effective September 1, 2010, the District adopted GASB Statement No. 54 regarding classification of governmental fund balances. Fund balances are classified as follows:

Nonspendable-Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted-Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Committed-Amounts that can be used only for specific purposes determined by a formal action by School Board resolution.

Assigned-Amounts that are designated by the Superintendent for a specific purpose but are not spendable until a budget ordinance is passed by the School Board.

Unassigned-All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

expenditure authority has been budgeted by the School Board or the Assignment has been changed by the Superintendent. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, the Assigned and Committed Fund Balances are used in that order.

The District's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. The effect of interfund activity has been eliminated from these statements. These statements report those activities of the District that are governmental (i.e., generally supported by taxes and intergovernmental revenues) and business-type (i.e., generally supported by fees for service). Fiduciary funds are not included in the government-wide financial statements.

The statement of net position presents the financial position of the District's governmental and business-type activities at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from the general revenues.

Fund Financial Statements – The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level.

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.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements, continued

Proprietary funds are used to account for the School 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. The Nutrition Fund is considered a proprietary fund.

Fiduciary funds report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the School District's own programs. The Activities Fund and Student Fee Fund are fiduciary funds.

3. Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared on the modified cash basis of accounting in that capital assets are capitalized and depreciated under the government-wide measurement focus and long-term liability proceeds and payments do not affect the statement of activities (but are instead carried on the statement of net position) under the government-wide measurement focus. This basis recognizes assets, liabilities, net position, revenues and expenses when they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Accordingly, the financial statements and supplementary schedules are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Differences between the government-wide financial statements and the fund financial statements arise in the recording of capital assets, the recognition of depreciation, and the recording of long-term liabilities. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Basis of Accounting/Measurement Focus, continued

The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized and depreciation is recognized over the estimated lives of the related assets.

The governmental fund financial statements are prepared using a flow of current financial resources measurement focus and the modified cash basis of accounting. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

4. Fund Types

Governmental Funds – Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are to be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

Building Fund: Accounts for taxes levied and other revenue specifically maintained for future building purchases. The School District maintains separate Building Funds for all three instructional sites.

Bond Fund: The Bond Fund accounts for taxes levied and other revenues specifically earmarked for the retirement of bonded indebtedness. The District maintains separate funds for the Clearwater, Orchard A, Orchard B and Verdigre bonds.

Cooperative Fund: Accounts for funds of the individual schools – Clearwater, Orchard, and Verdigre Public Schools – after unification. These funds are maintained in separate accounts and will revert back to the individual school districts if the District decides to end unification.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued
August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Fund Types, continued

The other governmental funds are:

Depreciation Fund: The Depreciation Fund was established to facilitate future purchases of capital assets by reserving money from the General Fund.

Employee Benefit Fund: Accounts for monies specifically reserved by the General Fund to be used for unemployment claims or early retirement benefits.

Qualified Capital Purpose Undertaking Fund: This fund was established for the purpose of collecting tax receipts to facilitate the removal of environmental hazards and the reduction or elimination of accessibility barriers in the District buildings. Clearwater and Verdigre maintain QCAP Funds.

Proprietary Funds – Proprietary funds include enterprise funds. Enterprise funds account for ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon the determination of change in net position. The District’s only proprietary fund is the following fund:

Nutrition Fund: Accounts for the operations of the District’s lunch program. The District maintains separate Nutrition Funds for all three instructional sites.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The District’s fiduciary funds consist of the following:

Activities Fund: This fund is used to account for assets held by the District in a trustee/custodial capacity for various school organizations and activities. The District maintains separate Activity Funds for all three instructional sites.

Student Fee Fund: This fund is used to account for student fees collected from students by the District in a trustee capacity for extracurricular activities and summer school. The District maintains separate Student Fee Funds for all three instructional sites.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statement of assets, liabilities, and fund balances – governmental funds.

The District has a \$1,000 capitalization threshold. Capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets not being depreciated include land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The District has established estimated useful lives as follows:

<u>Description</u>	<u>Estimated Useful Lives in Years</u>
Buildings and Improvements	15–25
Vehicles	5
Furniture and Equipment	5–10

6. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

6. Net Position, continued

enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

7. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt annual budgets for all funds. The supplementary information presents budgets for the General Fund, Building Fund, and Cooperative Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. As of August 1, or shortly thereafter, Administration of the District prepares a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the budget filing date, the budget is legally adopted by the Board of Education through passage of a resolution.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE B – BUDGET PROCESS AND PROPERTY TAXES, continued

4. Total actual expenditures may not legally exceed the Total Budget of Expenditures. Appropriations for expenditures lapse at year end and any revisions require a public hearing and Board approval.
5. The county clerk certifies a preliminary property tax rate for each fund of the School District, which levied property taxes in the county the previous year. For school systems with multiple school districts, the county clerk certifies to each school district the combined valuation of the school system and the proportion of valuation of each district. The county clerk also certifies the preliminary levies based on the combined valuation and the amount requested for the school system for the prior year. The preliminary levy shall be the final levy unless the School Board passes, by a majority vote, a resolution setting a levy at a different amount. For school systems with multiple school districts, the School Board of the Class III school district, or kindergarten through grade twelve district, shall have the authority to set the tax rate for the school system.
6. The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with the procedures discussed above, which attaches as an enforceable lien on property within the District as of January 1. Taxes are due as of that date. The first half of the real estate taxes due January 1 become delinquent after the following May 1, with the second half becoming delinquent after September 1.

The assessed value for Nebraska Unified School District No. 1 at August 31, 2018, upon which the 2019 levy was based, was \$1,094,000.

The tax levy per \$100 of assessed valuation of taxable property for the year ended August 31, 2019, was as follows:

General Fund levy subject to limitation	\$ 0.640871
Building Fund	<u>0.020018</u>
	\$ <u>0.660889</u>
Verdigre Bond Fund	\$ <u>0.092157</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE C – CASH AND INVESTMENTS

Cash

At August 31, 2019, the carrying value of the District’s deposits was \$6,121,068 and the bank balance was \$6,237,974. For reporting purposes, the collateral on the School District bank deposits are classified in these categories:

1. Insured or collateralized with securities held by the School District or by its agent in the School District’s name.
2. Collateralized with securities held by the pledging financial institution’s trust department or agent in the School District’s name.
3. Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the School District’s name.

The bank balances of the School District’s deposits as of August 31, 2019 exceeded FDIC coverage and collateral by \$87,893. The rest of the District’s deposits were fully insured or collateralized. All securities are held by the pledging financial institution, but not in the School District’s name.

Cash for the School District at August 31, 2019 consisted of the following:

Certificates of deposit	\$	2,913,375
Demand deposits and money market accounts		3,163,179
Savings		44,514
Total cash	\$	6,121,068

Summary of Carrying Values

The carrying values of cash shown above are included in the fund financial statements at August 31, 2019, as follows:

Carrying value:		
Cash	\$	6,121,068
Included the following fund financial statements captions:		
Statement of Net Position-Governmental Funds		
Cash	\$	4,322,793
Cash-restricted for building projects		786,841
Cash-restricted for bond payments		429,553
Cash-restricted for qualified capital purposes		23,059
Statement of Net Position-Proprietary Funds		
Cash		87,434
Statement of Net Position-Fiduciary Funds		
Activities Fund and Student Fees Fund-Cash		471,388
	\$	6,121,068

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE C – CASH AND INVESTMENTS, continued

Summary of Carrying Values, continued

Component Unit

The carrying values of cash for the Verdigre Public School Foundation is made up of the following at August 31, 2019:

Carrying value:	
Demand deposits and money market accounts	\$ 72,347
Certificates of deposit	5,344
Total component unit cash	\$ 77,691

NOTE D – FUNDS HELD BY COUNTY TREASURERS

The following receipts were held by the County Treasurers for the School District at August 31, 2019. The receipts were transferred subsequent to the fiscal year ended August 31, 2019.

General Fund	\$ 1,484,225
Building Fund	45,590
Bond Fund	54,511
Qualified Capital Purpose Undertaking Fund	-
Total cash with County Treasurers at August 31, 2019	\$ 1,584,326

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE E – CAPITAL ASSETS

Capital asset balances and activity for the year ended August 31, 2019 were as follows:

	Balance August 31, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance August 31, <u>2019</u>
Assets not being depreciated:					
Construction in progress	\$ 16,103	\$ -	\$ -	\$ (16,103)	\$ -
Assets being depreciated:					
Buildings and improvements	8,954,705	30,223	-	16,103	9,001,031
Vehicles	1,184,000	170,800	(74,900)	-	1,279,900
Furniture and equipment	<u>912,379</u>	<u>83,584</u>	<u>-</u>	<u>-</u>	<u>995,963</u>
Total capital assets	11,067,187	284,607	(74,900)	-	11,276,894
Less accumulated depreciation:					
Buildings and improvements	(4,950,913)	(412,808)	-	-	(5,363,721)
Vehicles	(1,049,783)	(72,593)	74,900	-	(1,047,476)
Furniture and equipment	<u>(533,016)</u>	<u>(85,869)</u>	<u>-</u>	<u>-</u>	<u>(618,885)</u>
Total accumulated depreciation	<u>(6,533,712)</u>	<u>(571,270)</u>	<u>74,900</u>	<u>-</u>	<u>(7,030,082)</u>
Net capital assets	<u>\$ 4,533,475</u>	<u>\$ (286,663)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,246,812</u>

Included in furniture and equipment is \$134,666 of computer equipment acquired under a capital lease arrangement. Accumulated depreciation on these assets totaled \$70,416 at August 31, 2019.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE F – LONG-TERM DEBT

Following is a summary of changes in the District’s governmental activities long-term debt for the year ended August 31, 2019:

	Balance August 31, <u>2018</u>	<u>Additions</u>	<u>Repayments</u>	Balance August 31, <u>2019</u>	Due Within <u>One Year</u>
General obligation bonds	\$ 2,765,000	\$ -	\$ (205,000)	\$ 2,560,000	\$ 205,000
Capital lease obligation	55,872	-	(27,333)	28,539	28,539
Totals	<u>\$ 2,820,872</u>	<u>\$ -</u>	<u>\$ (232,333)</u>	<u>\$ 2,588,539</u>	<u>\$ 233,539</u>

The principal and interest payments on the general obligation bonds are made by the Bond Fund. The General Fund makes the principal and interest payments on the capital lease obligation.

General Obligation Bonds

On September 5, 2012, the District issued \$3,500,000 of Series 2012 G.O. bonds to refund \$3,120,000 of the Series 2010 G.O. bonds under the partial advance defeasance described in the preceding paragraph. The bonds bear interest ranging from 1.25 – 3.0 percent. Interest is due semi-annually on December 15 and June 15, commencing December 15, 2012. Principal is due annually, commencing December 15, 2012 through December 15, 2029. Outstanding principal as of August 31, 2019 was \$2,560,000.

Capital Lease Obligation

On May 22, 2018, the District entered into an \$85,669 capital lease obligation with Apple, Inc. for 105 iPads and 75 Lenovo laptop computers. The capital lease bears interest of 4.41 percent. The lease is due in three annual principal and interest payments of \$29,797 commencing May 22, 2018 through May 22, 2020. Outstanding principal as of August 31, 2019 was \$28,539.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE F – LONG-TERM DEBT, continued

Following is a summary of remaining annual debt service requirements to maturity on the District’s governmental activities long-term debt:

Year Ending <u>August 31,</u>	<u>Direct Placements</u>		<u>Other Debt Issues</u>		<u>Total Annual Requirements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 28,539	\$ 1,259	\$ 205,000	\$ 61,916	\$ 296,714
2021	-	-	215,000	58,393	273,393
2022	-	-	215,000	54,307	269,307
2023	-	-	215,000	49,793	264,793
2024	-	-	225,000	44,671	269,671
2025-2029	-	-	1,220,000	128,263	1,348,263
2030-2034	-	-	265,000	3,975	268,975
Totals	<u>\$ 28,539</u>	<u>\$ 1,259</u>	<u>\$ 2,560,000</u>	<u>\$ 401,318</u>	<u>\$ 2,991,116</u>

NOTE G – PENSION PLAN

Plan Description

Nebraska Unified School District No. 1 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.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Plan Description, continued

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 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 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 two percent, 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 two percent, 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 two and one-half percent. 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 percent 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 one percent. 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 \$5,069,702. Total covered payroll was \$4,790,738. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Contributions

The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to two percent 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 percent from July 1, 2017, to June 30, 2018 (and from July 1, 2018 through August 31, 2019). The school district (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2019, was \$473,220.

Pension Liabilities

At June 30, 2018 the District had a liability of \$2,769,910 for its proportionate share of the net pension liability. (This liability is not recorded 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 by an actuarial valuation as of that date. The NPERS School Plan was 89.50% 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 0.203679 percent, which was an increase of 0.011676 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District's allocated pension expense was \$315,569.

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:

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Actuarial Assumptions, continued

Inflation	2.75 percent
Salary increases, including wage inflation	3.5 - 8.5 percent
Cost-of-Living Adjustment	Members hired before July 1, 2013: 2.25% with a floor benefit equal to 75% purchasing power of original benefit. Members hired on/after July 1, 2013: 1.00% with no floor benefit
Investment Rate of Return, net of investment expense, including inflation	7.5 percent

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 female), 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 is 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 plans’ target asset allocation as of June 30, 2018, (see the discussion of the pension plan’s investment policy) are summarized in the following table:

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Actuarial Assumptions, continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
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%	

*Arithmetic mean, net of investment expenses.

Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2018, was 7.5 percent. 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 nonemployers will be made at the contractually rates, actuarially determined. Based on those assumptions, the pension plans' 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 percent, 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 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate, continued

	Discount rate	District's proportionate Share of net pension liability
1% decrease	6.5%	\$6,323,562
Current discount rate	7.5%	\$2,769,910
1% increase	8.5%	(\$166,593)

Plan Fiduciary Net Position

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 may be obtained via the internet at

http://www.auditors.nebraska.gov/APA_Reports

NOTE H – RISK MANAGEMENT

The School District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk of exposure to the School District.

Settled claims in the past three years have not exceeded the coverages.

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the School District’s investments at August 31, 2019 are held in the name of the School District. The underlying securities consist of certificates of deposit.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE H – RISK MANAGEMENT, continued

Deposits and Investments, continued

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificate of deposit maturities are as follows:

Maturities by Month

September 2019	\$ 26,319
October 2019	490,374
November 2019	570,000
December 2019	425,000
January 2020	74,966
February 2020	636,001
April 2020	142,716
May 2020	187,999
July 2020	360,000
	<u>\$ 2,913,375</u>

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The School District’s investments consist of only certificates of deposit, minimizing credit risk associated with the School District’s investment portfolio.

Concentration of Credit Risk. The School District’s investment policy places no limit on the amount that may be invested in any one issuer. At August 31, 2019, the School District’s deposits consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank of Orchard	\$ 2,714,152
The Tilden Bank	2,085,416
Pinnacle Bank	1,076,500
Brunswick State Bank	245,000
	<u>\$ 6,121,068</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The School District’s investments had no exposure to foreign currency risk and the School District held no investments denominated in foreign currency at August 31, 2019.

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE I – INTERFUND TRANSFERS AND BALANCES

During the year ended August 31, 2019, the General Fund transferred \$100,000 to the Depreciation Fund. The transfer to the Depreciation Fund will be used for future vehicle and equipment purchases. This transfer was eliminated from the Total Governmental Funds column on page 17. The Cooperative Fund also transferred \$5,000 to the Activity Fund.

As of August 31, 2019, the Orchard Building Fund owed \$475,055 to the Orchard Cooperative Fund for a loan made to finance the Orchard HVAC project. Also, the Clearwater Cooperative Fund owed \$85,000 to the Clearwater Qualified Capital Purpose Undertaking Fund. The District expects to pay these interfund loans back over the next two years.

NOTE J – LEASE AGREEMENTS

The District has an ethernet service agreement at Orchard with Great Plains Communications requiring monthly payments of \$3,050 for a 36 month term commencing July 1, 2019 through June 30, 2022. The District has an ethernet service agreement at Clearwater with NebraskaLink, LLC requiring monthly payments of \$2,529 for a 12 month term commencing July 1, 2019 through June 30, 2020. The District also has an ethernet service agreement at Verdigre with Great Plains Communications requiring 36 monthly payments of \$2,012 commencing July 1, 2019 through July 1, 2022.

Lease expense for the year ended August 31, 2019, was \$86,700.

The following is a schedule of future minimum payments required under the agreement:

Year ending August 31, 2020	\$ 86,700
Year ending August 31, 2021	56,352
Year ending August 31, 2022	<u>46,960</u>
Total lease commitments	\$ <u>190,012</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE K – TAX ABATEMENTS

The District is subject to tax abatements granted by the Village of Verdigre, who has entered into tax increment financing (TIF) agreements with various redevelopers. This TIF program has the stated purpose of increasing business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the Village to finance the project for a period of up to 15 years.

Information relevant to the abatements impacting Nebraska Unified School District No. 1 for the year ended August 31, 2019 is as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated During the Year</u>
Tax Increment Financing	\$1,925

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2019, the date on which the financial statements were available for issue.

During September 2019, the District received a notice from the Internal Revenue Service showing a proposed Employer Shared Responsibility Payment (ESRP) balance due of \$41,528 for calendar year 2017. The District intends to review this preliminary calculation and appeal any identified errors before settling on the final amount due to the IRS for 2017.

SUPPLEMENTARY AND OTHER INFORMATION

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended August 31, 2019

Function Code	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RECEIPTS			
Local receipts:			
1100	\$ 6,941,020	\$ 6,283,004	\$ (658,016)
1115	4,000	2,681	(1,319)
1120	12,000	37,001	25,001
1125	265,000	280,585	15,585
1140	-	17,469	17,469
1510	22,000	31,922	9,922
1911	1,500	2,603	1,103
1960	-	120	120
1990	3,000	10,867	7,867
	<u>7,248,520</u>	<u>6,666,252</u>	<u>(582,268)</u>
County receipts:			
2110	25,000	25,446	446
2210	3,000	583	(2,417)
	<u>28,000</u>	<u>26,029</u>	<u>(1,971)</u>
State receipts:			
3110	35,836	35,836	-
3120	450,000	446,423	(3,577)
3125	25,000	35,997	10,997
3130	-	33,258	33,258
3131	-	615,786	615,786
3132	-	35,335	35,335
3133	-	2,744	2,744
3180	-	14,793	14,793
3400	72,000	67,055	(4,945)
3535	5,200	4,737	(463)
3540	-	20,482	20,482
3990	4,000	-	(4,000)
	<u>592,036</u>	<u>1,312,446</u>	<u>720,410</u>
4000	299,750	339,745	39,995
Non-revenue receipts:			
5301	-	16,940	16,940
	<u>8,168,306</u>	<u>8,361,412</u>	<u>193,106</u>
DISBURSEMENTS			
1100	4,945,000	4,681,234	(263,766)
1200	750,000	817,183	67,183
Support services:			
2100	481,000	276,486	(204,514)
2141-2183	329,000	213,854	(115,146)
2200	100,000	58,982	(41,018)
2300	300,000	231,598	(68,402)
2400	655,000	613,275	(41,725)
2500	235,000	224,319	(10,681)
2600	750,000	664,497	(85,503)
2700	470,000	506,354	36,354
3000	25,000	28,029	3,029
6000	225,000	280,533	55,533
8000	100,000	-	(100,000)
	<u>9,365,000</u>	<u>8,596,344</u>	<u>(768,656)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS			
	<u>\$ (1,196,694)</u>	<u>(234,932)</u>	<u>\$ 961,762</u>
Fund balance - August 31, 2018		4,361,548	
Fund balance - August 31, 2019		<u>\$ 4,126,616</u>	

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**BUDGETARY COMPARISON SCHEDULE -
BUILDING FUND**

Year ended August 31, 2019

Function Code		Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RECEIPTS				
Local receipts:				
1100	Local property taxes	\$ 216,809	\$ 198,019	\$ (18,790)
1115	Carline	100	83	(17)
1140	Penalties and interest on taxes	-	553	553
1510	Interest income	1,500	5,452	3,952
1990	Other miscellaneous local revenue	-	400	400
	Total local receipts	<u>218,409</u>	<u>204,507</u>	<u>(13,902)</u>
State receipts:				
3130	Homestead exemption	-	1,038	1,038
3131	Property tax credit	-	19,123	19,123
3132	Personal property tax credit	-	1,216	1,216
3133	Nameplate capacity tax	-	84	84
3180	Pro-rate motor vehicle	-	467	467
	Total state receipts	<u>-</u>	<u>21,928</u>	<u>21,928</u>
	Total receipts	218,409	226,435	8,026
DISBURSEMENTS				
2515	Building and grounds	-	43,921	43,921
2515	Capital outlay	548,600	43,379	(505,221)
	Total disbursements	<u>548,600</u>	<u>87,300</u>	<u>(461,300)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		<u>\$ (330,191)</u>	139,135	<u>\$ 469,326</u>
Fund balance - August 31, 2018			<u>218,241</u>	
Fund balance - August 31, 2019			<u>\$ 357,376</u>	

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**BUDGETARY COMPARISON SCHEDULE -
COOPERATIVE FUND**

Year ended August 31, 2019

Function Code		Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RECEIPTS				
	Local receipts:			
1510	Interest earned	\$ 5,000	\$ 14,001	\$ 9,001
1990	Other miscellaneous local revenue	-	46	46
	Total local receipts	<u>5,000</u>	<u>14,047</u>	<u>9,047</u>
DISBURSEMENTS				
2320	General administration	1,645,394	19,864	(1,625,530)
2600	Building and grounds	-	12,744	12,744
8000	Transfer to Activity Fund	-	5,000	5,000
	Total disbursements	<u>1,645,394</u>	<u>37,608</u>	<u>(1,607,786)</u>
	RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,640,394)</u>	(23,561)	<u>\$ 1,616,833</u>
	Fund balance - August 31, 2018		<u>1,640,882</u>	
	Fund balance - August 31, 2019		<u>\$ 1,617,321</u>	

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS**

August 31, 2019

	Depreciation <u>Fund</u>	Employee Benefit <u>Fund</u>	Qualified Capital Purpose Undertaking <u>Fund</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 351,380	\$ 101,756	\$ 23,059	\$ 476,195
Due from other funds	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>85,000</u>
Total assets	<u><u>\$ 351,380</u></u>	<u><u>\$ 101,756</u></u>	<u><u>\$ 108,059</u></u>	<u><u>\$ 561,195</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Fund Balances:				
Restricted for:				
Qualified capital purposes	-	-	108,059	108,059
Assigned for:				
Capital outlay	351,380	-	-	351,380
Employee benefits	<u>-</u>	<u>101,756</u>	<u>-</u>	<u>101,756</u>
Total fund balances	<u><u>351,380</u></u>	<u><u>101,756</u></u>	<u><u>108,059</u></u>	<u><u>561,195</u></u>
Total liabilities and fund balances	<u><u>\$ 351,380</u></u>	<u><u>\$ 101,756</u></u>	<u><u>\$ 108,059</u></u>	<u><u>\$ 561,195</u></u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS**

Year ended August 31, 2019

	Depreciation <u>Fund</u>	Employee Benefit <u>Fund</u>	Qualified Capital Purpose Undertaking <u>Fund</u>	<u>Total</u>
RECEIPTS				
Property tax	\$ -	\$ -	\$ 2	\$ 2
Interest income	2,096	432	207	2,735
Sales proceeds	1,000	-	-	1,000
Interfund transfers	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total receipts	103,096	432	209	103,737
DISBURSEMENTS				
Building and grounds	-	-	1,911	1,911
Capital outlay	<u>170,800</u>	<u>-</u>	<u>3,703</u>	<u>174,503</u>
Total disbursements	<u>170,800</u>	<u>-</u>	<u>5,614</u>	<u>176,414</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(67,704)	432	(5,405)	(72,677)
Fund balances - August 31, 2018	<u>419,084</u>	<u>101,324</u>	<u>113,464</u>	<u>633,872</u>
Fund balances - August 31, 2019	<u><u>\$ 351,380</u></u>	<u><u>\$ 101,756</u></u>	<u><u>\$ 108,059</u></u>	<u><u>\$ 561,195</u></u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND NET POSITION - ACTIVITIES FUND -
CLEARWATER PUBLIC SCHOOL**

Year ended August 31, 2019

	Balance September 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance August 31, <u>2019</u>
Annual	\$ 20,201	\$ 3,375	\$ 5,890	\$ 17,686
Art	474	26	16	484
Calendars	5,673	2,155	-	7,828
CD interest	4,396	300	-	4,696
Close-up	19,576	51,900	58,419	13,057
Contributions	3,105	-	-	3,105
O-C Concessions	1,654	34,788	33,666	2,776
District No. 6	107,238	30,488	46,412	91,314
Drama	343	-	-	343
Fine Arts Boosters	35,947	5,280	591	40,636
O-C Boosters	11,901	3,115	4,924	10,092
O-C athletics	27,284	47,665	67,289	7,660
O-C Boys basketball	576	1,459	1,273	762
O-C Girls basketball	3,098	867	722	3,243
O-C speech	149	-	-	149
O-C track	711	468	575	604
O-C volleyball	4,266	1,999	3,395	2,870
Stand for the Silent	35	-	-	35
Youth basketball	473	1,612	1,178	907
Youth volleyball	1	-	-	1
Bobcat athletics	297	2,702	897	2,102
Class of 2020	466	2,573	2,370	669
Class of 2021	110	676	74	712
Class of 2022	73	240	76	237
Class of 2023	36	200	36	200
Music	247	75	149	173
Quiz Bowl	-	666	562	104
Parent-Teacher Organization	169	1,854	1,697	326
Scholarship	6,866	1,250	1,350	6,766
School to work	2,574	-	-	2,574
Security card membership	1,460	840	-	2,300
Shop	650	595	789	456
Skills USA - VICA	5,604	8,709	9,112	5,201
Student Council - Elementary	3,200	1,397	1,967	2,630
Student Council - High School	699	433	564	568
Wrestling	8,328	20,837	23,435	5,730
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Clearwater Activities	<u>\$ 277,880</u>	<u>\$ 228,544</u>	<u>\$ 267,428</u>	<u>\$ 238,996</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND NET POSITION - ACTIVITIES FUND -
ORCHARD PUBLIC SCHOOL**

Year ended August 31, 2019

	Balance September 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance August 31, <u>2019</u>
Elementary	\$ 5,108	\$ 1,198	\$ 969	\$ 5,337
Spirit Club	1,444	220	1,444	220
Athletics	1,123	1,992	1,184	1,931
Wrestling mats	2,685	-	-	2,685
Alumni	1,296	986	531	1,751
Faculty Fund	-	120	-	120
Student Council	4,322	2,308	2,829	3,801
Annual	1,286	-	-	1,286
Stand for the Silent	81	-	-	81
Skills USA - VICA	-	500	500	-
Music	(350)	119	-	(231)
Shop projects	1,435	800	1,140	1,095
Orchard Teachers Association	5,297	4,341	4,263	5,375
Cheerleaders	367	-	367	-
Dance	602	-	602	-
Shop scholarship	616	-	100	516
FFA	-	2,000	-	2,000
Art reimbursement	1,711	30	-	1,741
Speech contest	-	17	17	-
Library	1,733	39	-	1,772
Quiz bowl	514	-	-	514
Scholarships	4,250	-	1,300	2,950
Copier reimbursement	1,389	55	750	694
Powerlifting	2,781	14,600	15,714	1,667
Class of 2019	919	78	997	-
Class of 2020	579	5,972	5,626	925
Class of 2021	-	1,285	11	1,274
Calendar	1,690	705	1,254	1,141
Donations	1,259	2,443	-	3,702
Proposed merger/bond	-	5,000	1,660	3,340
Photo	647	-	317	330
	<hr/>	<hr/>	<hr/>	<hr/>
Total Orchard Activities	\$ 42,784	\$ 44,808	\$ 41,575	\$ 46,017
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND NET POSITION - ACTIVITIES FUND -
VERDIGRE PUBLIC SCHOOL

Year ended August 31, 2019

	Balance September 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance August 31, <u>2019</u>
FFA	\$ 12,806	\$ 27,094	\$ 23,659	\$ 16,241
Locker Fund	212	65	65	212
Annual	11,450	3,225	5,514	9,161
Band	227	640	540	327
Art Club	682	1,149	728	1,103
Drama	1,659	627	161	2,125
Speech	816	5,353	5,822	347
Library	449	336	472	313
Dance - Drill Team	2,027	913	489	2,451
Student Council	1,315	613	162	1,766
Interest	1,265	371	551	1,085
National Honor Society	463	300	100	663
Close Up	7,381	5,016	7,875	4,522
Mathcounts	-	394	394	-
Tech Funds	2,051	3,500	1,500	4,051
Project Challenge	13,663	360	4,998	9,025
PE Achievement	1,589	1,219	1,678	1,130
Great Plains Grant	694	-	301	393
Education Quest Grant	250	2,250	2,330	170
Class of 2018	46	-	46	-
Class of 2019	3,144	400	3,544	-
Class of 2020	4,452	2,279	3,918	2,813
Class of 2021	2,552	5,196	3,087	4,661
Class of 2022	764	5,450	3,756	2,458
Class of 2023	249	376	-	625
Class of 2024	49	305	-	354
Class of 2025	25	86	-	111
Class of 2026	14	-	-	14
Class of 2027	15	-	-	15
Class of 2028	75	-	-	75
Prior years seniors	3,347	28	48	3,327
HOSA	200	822	864	158
Sound system	33	366	394	5
Special programs	1,247	304	467	1,084
Spirit Club	-	870	10	860
Athletics	9,946	16,296	19,742	6,500
Locker Fund	2,240	11	-	2,251
Verdigre Scholarship Fund	3,895	18	-	3,913
Pavlik Musical Mem.	11,320	52	-	11,372
N. Nelson Scholarship Fund	3,785	17	100	3,702
B. Novacek Scholarship Fund	100	376	375	101
Pavlik Scholarship Fund	36,740	226	-	36,966
Pellikann Scholarship Fund	4,513	20	500	4,033
N-V Athletic Co-op	3,453	26,959	28,770	1,642
Student Reimbursement Fund	3,130	8,432	8,676	2,886
Total Verdigre Activities	<u>\$ 154,333</u>	<u>\$ 122,314</u>	<u>\$ 131,636</u>	<u>\$ 145,011</u>
Total of all Activity Funds	<u>\$ 474,997</u>	<u>\$ 395,666</u>	<u>\$ 440,639</u>	<u>\$ 430,024</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN NET POSITION - STUDENT FEE FUND**

Year ended August 31, 2019

	<u>Orchard- Clearwater</u>	<u>Verdigre</u>	<u>Total</u>
RECEIPTS			
Interest	\$ 123	\$ 84	\$ 207
Summer or night school fees	<u>4,564</u>	<u>422</u>	<u>4,986</u>
Total receipts	4,687	506	5,193
DISBURSEMENTS			
Other expenses - summer school	<u>705</u>	<u>720</u>	<u>1,425</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,982	(214)	3,768
Net position - August 31, 2018	<u>26,007</u>	<u>11,589</u>	<u>37,596</u>
Net position - August 31, 2019	<u><u>\$ 29,989</u></u>	<u><u>\$ 11,375</u></u>	<u><u>\$ 41,364</u></u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
GENERAL FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Antelope</u> <u>County</u>	<u>Holt</u> <u>County</u>	<u>Knox</u> <u>County</u>	<u>Wheeler</u> <u>County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ 941,924	\$ 149,588	\$ 391,177	\$ 6,615	\$ 1,489,304
Receipts:					
Local property taxes	3,692,789	757,381	1,873,472	31,758	6,355,400
Motor vehicle taxes	180,447	17,551	82,530	57	280,585
Property tax relief	365,091	74,461	172,662	3,572	615,786
Personal property tax credit	18,453	5,642	11,223	17	35,335
Carline	1,758	923	-	-	2,681
Pro-rate motor vehicle	8,488	1,596	4,657	52	14,793
Homestead exemption	14,211	2,473	16,574	-	33,258
Public power district tax	24,206	-	12,795	-	37,001
Nameplate capacity tax	2,744	-	-	-	2,744
Interest	9,786	2,645	5,038	-	17,469
Fines and licenses	17,937	1,829	5,680	-	25,446
Total receipts	<u>4,335,910</u>	<u>864,501</u>	<u>2,184,631</u>	<u>35,456</u>	<u>7,420,498</u>
Total funds available	5,277,834	1,014,089	2,575,808	42,071	8,909,802
Disbursements:					
To School District	4,335,902	847,556	2,134,409	35,172	7,353,039
Treasurers' fees	40,993	8,773	22,418	354	72,538
Total disbursements	<u>4,376,895</u>	<u>856,329</u>	<u>2,156,827</u>	<u>35,526</u>	<u>7,425,577</u>
Fund Balance - August 31, 2019	<u>\$ 900,939</u>	<u>\$ 157,760</u>	<u>\$ 418,981</u>	<u>\$ 6,545</u>	<u>\$ 1,484,225</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
BUILDING FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Antelope</u> <u>County</u>	<u>Holt</u> <u>County</u>	<u>Knox</u> <u>County</u>	<u>Wheeler</u> <u>County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ 29,668	\$ 4,766	\$ 12,304	\$ 212	\$ 46,950
Receipts:					
Local property taxes	115,666	23,752	58,661	993	199,072
Property tax relief	11,404	2,326	5,393	-	19,123
Personal property tax credit	576	176	349	114	1,215
Carline	55	29	-	-	84
Pro-rate motor vehicle	269	50	147	-	466
Homestead exemption	444	77	518	-	1,039
Public power district tax	756	-	400	-	1,156
Nameplate capacity tax	86	-	-	-	86
Interest	307	85	161	-	553
Total receipts	<u>129,563</u>	<u>26,495</u>	<u>65,629</u>	<u>1,107</u>	<u>222,794</u>
Total funds available	159,231	31,261	77,933	1,319	269,744
Disbursements:					
To School District	130,296	26,121	64,425	1,104	221,946
Treasurers' fees	1,283	264	650	11	2,208
Total disbursements	<u>131,579</u>	<u>26,385</u>	<u>65,075</u>	<u>1,115</u>	<u>224,154</u>
Fund Balance - August 31, 2019	<u>\$ 27,652</u>	<u>\$ 4,876</u>	<u>\$ 12,858</u>	<u>\$ 204</u>	<u>\$ 45,590</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
BOND FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Antelope</u> <u>County</u>	<u>Holt</u> <u>County</u>	<u>Knox</u> <u>County</u>	<u>Wheeler</u> <u>County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ -	\$ 790	\$ 57,542	\$ -	\$ 58,332
Receipts:					
Local property taxes	25	1,162	253,298	-	254,485
Property tax relief	-	176	22,979	-	23,155
Personal property tax credit	-	9	1,518	-	1,527
Pro-rate motor vehicle	-	4	652	-	656
Homestead exemption	-	-	2,332	-	2,332
Public power district tax	-	-	1,840	-	1,840
Interest	22	2	746	-	770
Total receipts	<u>47</u>	<u>1,353</u>	<u>283,365</u>	<u>-</u>	<u>284,765</u>
Total funds available	47	2,143	340,907	-	343,097
Disbursements:					
To School District	46	2,130	283,590	-	285,766
Treasurers' fees	1	13	2,806	-	2,820
Total disbursements	<u>47</u>	<u>2,143</u>	<u>286,396</u>	<u>-</u>	<u>288,586</u>
Fund Balance - August 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,511</u>	<u>\$ -</u>	<u>\$ 54,511</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Antelope County</u>	<u>Holt County</u>	<u>Knox County</u>	<u>Wheeler County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Local property taxes	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total funds available	2	-	-	-	2
Disbursements:					
To School District	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Fund Balance - August 31, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES -
GENERAL FUND

Year ended August 31, 2019

	<u>Actual</u>	<u>Budget</u> <u>"Unaudited"</u>	Variance- Favorable (Unfavorable)
REGULAR INSTRUCTION			
Regular salaries of teachers	\$ 2,703,200	\$ 2,822,573	\$ 119,373
Substitute salaries	84,445	80,256	(4,189)
Clerical and paraprofessional staff salaries	199,950	225,518	25,568
Payroll taxes	223,674	228,635	4,961
Employee benefits	1,085,142	1,071,057	(14,085)
Purchased services	66,665	150,442	83,777
Distance learning	48,426	58,000	9,574
Supplies and materials	127,016	128,655	1,639
Equipment rent	1,306	51,900	50,594
Textbooks	72,076	72,000	(76)
Software	11,646	2,000	(9,646)
Capital outlay	22,724	60	(22,664)
Other expenses	34,964	53,904	18,940
	<u>4,681,234</u>	<u>4,945,000</u>	<u>263,766</u>
SPECIAL EDUCATION PROGRAMS			
Regular salaries of teachers	266,801	270,379	3,578
Substitute salaries	1,650	12,000	10,350
Aides	153,482	173,000	19,518
Payroll taxes	29,962	35,000	5,038
Employee benefits	148,262	152,858	4,596
Tuition paid to other agencies	196,509	88,000	(108,509)
Supplies and materials	3,804	12,763	8,959
Other expenses	16,713	6,000	(10,713)
	<u>817,183</u>	<u>750,000</u>	<u>(67,183)</u>
SUPPORT SERVICES - PUPILS			
Regular salaries	183,883	204,000	20,117
Payroll taxes	13,752	13,752	-
Employee benefits	73,396	73,400	4
Purchased services	-	171,000	171,000
Supplies and materials	3,614	9,033	5,419
Other expenses	1,841	9,815	7,974
	<u>276,486</u>	<u>481,000</u>	<u>204,514</u>
SUPPORT SERVICES - SPECIAL EDUCATION			
Purchased services	209,218	290,500	81,282
Other expenses	4,636	38,500	33,864
	<u>213,854</u>	<u>329,000</u>	<u>115,146</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES -
GENERAL FUND, Continued
Year ended August 31, 2019

	<u>Actual</u>	<u>Budget</u> <u>"Unaudited"</u>	Variance- Favorable <u>(Unfavorable)</u>
SUPPORT SERVICES - INSTRUCTIONAL STAFF			
Regular salaries	22,180	22,764	584
Payroll taxes	1,637	1,575	(62)
Employee benefits	7,306	8,162	856
Supplies and materials	1,024	4,499	3,475
Library books	12,451	63,000	50,549
Software	3,530	-	(3,530)
Capital outlay	260	-	(260)
Other expenses	10,594	-	(10,594)
	<u>58,982</u>	<u>100,000</u>	<u>41,018</u>
GENERAL ADMINISTRATION -			
BOARD OF EDUCATION			
Purchased services	14,482	20,000	5,518
Legal services	2,900	10,000	7,100
Fidelity bond premiums	550	2,000	1,450
Supplies	108	-	(108)
Software	1,500	-	(1,500)
Other expenses	12,104	16,000	3,896
	<u>31,644</u>	<u>48,000</u>	<u>16,356</u>
GENERAL ADMINISTRATION -			
EXECUTIVE ADMINISTRATION SERVICES			
Regular salaries	147,455	165,000	17,545
Payroll taxes	10,096	10,000	(96)
Employee benefits	35,623	47,500	11,877
Legal services	2,073	2,000	(73)
Supplies and materials	619	5,000	4,381
Other expenses	4,088	22,500	18,412
	<u>199,954</u>	<u>252,000</u>	<u>52,046</u>
Total general administration	231,598	300,000	68,402
SCHOOL ADMINISTRATION -			
OFFICE OF THE PRINCIPAL SERVICES			
Regular salaries	293,897	323,000	29,103
Clerical salaries	155,615	156,500	885
Payroll taxes	34,905	34,925	20
Employee benefits	115,768	117,287	1,519
Supplies and materials	3,769	6,000	2,231
Other expenses	9,321	17,288	7,967
	<u>613,275</u>	<u>655,000</u>	<u>41,725</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES -
GENERAL FUND, Continued
Year ended August 31, 2019

	<u>Actual</u>	<u>Budget</u> <u>"Unaudited"</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>
BUSINESS SERVICES			
Regular salaries	69,986	70,000	14
Payroll taxes	5,568	5,535	(33)
Employee benefits	9,575	9,947	372
Purchased services	35,204	51,804	16,600
Insurance	45,817	47,016	1,199
Supplies and materials	18,444	29,626	11,182
Software	25,405	20,000	(5,405)
Capital outlay	4,633	-	(4,633)
Other expenses	9,687	1,072	(8,615)
	<u>224,319</u>	<u>235,000</u>	<u>10,681</u>
MAINTENANCE AND OPERATION OF BUILDINGS			
Regular salaries	266,336	282,700	16,364
Payroll taxes	21,016	21,500	484
Employee benefits	39,435	42,800	3,365
Fuel	56,152	77,000	20,848
Electricity	125,770	139,000	13,230
Water and sewer	16,351	24,500	8,149
Supplies and materials	41,176	45,000	3,824
Contracted services - repairmen	10,920	8,000	(2,920)
Technical services	7,205	8,000	795
Property insurance	64,639	75,000	10,361
Storage rent	6,190	14,500	8,310
Capital outlay	4,338	-	(4,338)
Other expenses	4,969	12,000	7,031
	<u>664,497</u>	<u>750,000</u>	<u>85,503</u>
PUPIL TRANSPORTATION			
Regular salaries	198,604	214,668	16,064
Payroll taxes	16,181	21,064	4,883
Employee benefits	30,140	40,510	10,370
Mileage paid to parents	534	1,500	966
Gas and oil	73,058	92,702	19,644
Bus repair and maintenance	52,378	59,967	7,589
Communications	4,273	3,968	(305)
Insurance	23,614	25,584	1,970
Capital outlay	100,000	-	(100,000)
Other expenses	7,572	10,037	2,465
	<u>506,354</u>	<u>470,000</u>	<u>(36,354)</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1
CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES -
GENERAL FUND, Continued
Year ended August 31, 2019

	<u>Actual</u>	<u>Budget</u> <u>"Unaudited"</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>
STATE CATEGORICAL PROGRAM			
Regular salaries of teachers	13,055	17,723	4,668
Payroll taxes	549	-	(549)
Employee benefits	6,878	2,759	(4,119)
Supplies and materials	5,356	4,518	(838)
Software	2,191	-	(2,191)
	<u>28,029</u>	<u>25,000</u>	<u>(3,029)</u>
FEDERAL PROGRAMS			
Title I	139,676	125,390	(14,286)
IDEA Part B	47,232	41,981	(5,251)
IDEA Enrollment/Poverty	62,554	57,629	(4,925)
PEAK	450	-	(450)
Carl Perkins	5,974	-	(5,974)
REAP (Small Rural School Achievement Grants)	24,647	-	(24,647)
	<u>280,533</u>	<u>225,000</u>	<u>(55,533)</u>
TRANSFERS TO OTHER FUNDS			
Transfer to other funds	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total Disbursements	<u>\$ 8,596,344</u>	<u>\$ 9,365,000</u>	<u>\$ 768,656</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BUILDING FUND**

Year ended August 31, 2019

	<u>Clearwater</u>	<u>Orchard</u>	<u>Verdigre</u>	<u>Total</u>
RECEIPTS				
Local property taxes	\$ 56,459	\$ 85,513	\$ 56,047	\$ 198,019
Penalties and interest on taxes	159	240	154	553
Carline	24	36	23	83
Pro-rate motor vehicle	134	203	130	467
Homestead exemption	298	451	289	1,038
Property tax credit	5,489	8,306	5,328	19,123
Personal property tax credit	349	528	339	1,216
Nameplate capacity tax	24	37	23	84
Interest income	2,204	2,517	731	5,452
Other income	-	-	400	400
	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	65,140	97,831	63,464	226,435
DISBURSEMENTS				
Building and grounds	2,146	20,534	21,241	43,921
Capital outlay	-	-	43,379	43,379
	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	2,146	20,534	64,620	87,300
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	62,994	77,297	(1,156)	139,135
Fund balances - August 31, 2018	<hr/>	<hr/>	<hr/>	<hr/>
	283,795	(234,275)	168,721	218,241
Fund balances - August 31, 2019	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 346,789	\$ (156,978)	\$ 167,565	\$ 357,376
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Fund balance consists of:</u>				
Cash	\$ 333,374	\$ 299,189	\$ 154,278	\$ 786,841
Cash with County Treasurers	13,415	18,888	13,287	45,590
Due to other fund	-	(475,055)	-	(475,055)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	\$ 346,789	\$ (156,978)	\$ 167,565	\$ 357,376
	<hr/>	<hr/>	<hr/>	<hr/>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - COOPERATIVE FUND**

Year ended August 31, 2019

	<u>Clearwater</u>	<u>Orchard</u>	<u>Verdigre</u>	<u>Total</u>
RECEIPTS				
Interest	\$ 5,024	\$ 7,327	\$ 1,650	\$ 14,001
Other income	-	46	-	46
	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	5,024	7,373	1,650	14,047
DISBURSEMENTS				
General administration	-	19,864	-	19,864
Building and grounds	-	2,500	10,244	12,744
Transfer to Activity Fund	-	5,000	-	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	27,364	10,244	37,608
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,024	(19,991)	(8,594)	(23,561)
Fund balances - August 31, 2018	<hr/> 393,261	<hr/> 1,025,036	<hr/> 222,585	<hr/> 1,640,882
Fund balances - August 31, 2019	<hr/> <u>\$ 398,285</u>	<hr/> <u>\$ 1,005,045</u>	<hr/> <u>\$ 213,991</u>	<hr/> <u>\$ 1,617,321</u>
 <u>Fund balance consists of:</u>				
Cash	\$ 483,285	\$ 529,990	\$ 213,991	\$ 1,227,266
Due from (to) other fund	(85,000)	475,055	-	390,055
Total fund balance	<hr/> <u>\$ 398,285</u>	<hr/> <u>\$ 1,005,045</u>	<hr/> <u>\$ 213,991</u>	<hr/> <u>\$ 1,617,321</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BOND FUND**

Year ended August 31, 2019

	<u>Orchard A</u>	<u>Orchard B</u>	<u>Verdigre</u>	<u>Total</u>
RECEIPTS				
Local property taxes	\$ -	\$ -	\$ 251,396	\$ 251,396
Penalties and interest on taxes	-	-	748	748
Pro-rate motor vehicle	-	-	656	656
Homestead exemption	-	-	2,332	2,332
Property tax credit	-	-	23,155	23,155
Personal property tax credit	-	-	1,527	1,527
Public power district tax	-	-	2,086	2,086
Interest income	-	-	1,966	1,966
	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	-	283,866	283,866
DISBURSEMENTS				
Bond principal	-	-	205,000	205,000
Bond interest	-	-	64,889	64,889
Bond fees	-	-	400	400
	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	-	270,289	270,289
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER DISBURSEMENTS	-	-	13,577	13,577
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - August 31, 2018	-	-	470,487	470,487
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - August 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,064</u>	<u>\$ 484,064</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Fund balance consists of:</u>				
Cash	\$ -	\$ -	\$ 429,553	\$ 429,553
Cash with County Treasurers	-	-	54,511	54,511
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,064</u>	<u>\$ 484,064</u>
	<hr/>	<hr/>	<hr/>	<hr/>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND**

Year ended August 31, 2019

	<u>Clearwater</u>	<u>Orchard</u>	<u>Verdigre</u>	<u>Total</u>
RECEIPTS				
Local property taxes	\$ 2	\$ -	\$ -	\$ 2
Interest	207	-	-	207
Total receipts	209	-	-	209
DISBURSEMENTS				
Building and grounds	1,911	-	-	1,911
Capital outlay	3,703	-	-	3,703
Total disbursements	5,614	-	-	5,614
RECEIPTS UNDER DISBURSEMENTS	(5,405)	-	-	(5,405)
Fund balances - August 31, 2018	113,464	-	-	113,464
Fund balances - August 31, 2019	<u>\$ 108,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,059</u>
 <u>Fund balance consists of:</u>				
Cash	\$ 23,059	\$ -	\$ -	\$ 23,059
Due from other funds	85,000	-	-	85,000
Total fund balance	<u>\$ 108,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,059</u>

NEBRASKA UNIFIED SCHOOL DISTRICT NO. 1

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND NET POSITION - SCHOOL NUTRITION FUND**

Year ended August 31, 2019

	<u>Clearwater</u>	<u>Orchard</u>	<u>Verdigre</u>	<u>Total</u>
RECEIPTS				
Lunch sales	\$ 47,619	\$ 33,630	\$ 45,295	\$ 126,544
State reimbursement	454	454	454	1,362
Federal reimbursement	36,723	41,106	45,208	123,037
USDA commodities	9,143	7,335	7,708	24,186
Interest income	191	470	-	661
Other income	-	65	-	65
	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	94,130	83,060	98,665	275,855
DISBURSEMENTS				
Salaries	33,888	29,394	36,702	99,984
Payroll taxes and employee benefits	8,658	7,904	9,385	25,947
Supplies and materials	1,345	1,950	944	4,239
Food	56,441	36,308	53,523	146,272
Capital outlay	-	7,161	2,199	9,360
Other expenses	4,864	491	3,974	9,329
	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	105,196	83,208	106,727	295,131
RECEIPTS UNDER DISBURSEMENTS	(11,066)	(148)	(8,062)	(19,276)
Net position - August 31, 2018	<hr/>	<hr/>	<hr/>	<hr/>
	49,528	40,364	16,818	106,710
Net position - August 31, 2019	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 38,462	\$ 40,216	\$ 8,756	\$ 87,434

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

To the Board of Education
Nebraska Unified School District No. 1
Antelope 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Nebraska Unified School District No. 1 as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the School District's financial statements, and have issued our report thereon dated October 25, 2019. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the School District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of Nebraska, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nebraska Unified School District No. 1'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 Nebraska Unified School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Nebraska Unified School District No. 1'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.

SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

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A PROFESSIONAL
CORPORATION

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, and therefore material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

- Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nebraska Unified School District No. 1'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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

- Bank balances at one financial institution exceeded FDIC coverage and pledged securities by \$87,893.

Nebraska Unified School District No. 1's Response to Findings

Nebraska Unified School District No. 1's response to the findings identified above is that it is impractical to further segregate duties due to the limited number of personnel. Also, the District will monitor bank balances to ensure all deposits are adequately collateralized in the future. Nebraska Unified School District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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.

AMGL, A.C.

Grand Island, Nebraska
October 25, 2019

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated _____ (this “**Disclosure Agreement**”), is executed and delivered by Antelope County School District 0049 (Orchard Public Schools) in the State of Nebraska (the “**Issuer**”) and BOKF, National Association, Lincoln, Nebraska, as Dissemination Agent (the “**Dissemination Agent**”), in connection with the issuance by the Issuer of \$_____ in aggregate principal amount of its General Obligation Bonds, Series 2019 (the “**Bonds**”).

WITNESSETH:

WHEREAS, in connection with the issuance of the Bonds, the Issuer has agreed to enter into this Disclosure Agreement in accordance with section (d)(2) of the Rule (as hereinafter defined) to provide certain financial and operating information, as well as notice of the occurrence of certain events, during the life of the Bonds; and

WHEREAS, the Issuer desires to appoint BOKF, National Association as Dissemination Agent to assist the Issuer with carrying out its obligations under this Disclosure Agreement, and BOKF, National Association is willing to accept such appointment in accordance with the terms hereof.

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS AND PROMISES HEREIN CONTAINED, the Issuer and the Dissemination Agent agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and to assist the Participating Underwriter (as defined herein) in complying with the Rule. The Issuer represents that it is the only Obligated Person (as defined in the Rule) with respect to the Bonds and that no other person is expected to become an Obligated Person at any time after the issuance of the Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Authorizing Instrument (as defined herein), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Financial Information**” means the financial information and operating data of the Issuer described in Section 4 hereto.

“**Annual Report**” means the Annual Financial Information and the Audited Financial Statements for any Fiscal Year, as more fully described in Section 4 hereof.

“**Annual Report Certificate**” means the certificate of the Issuer with respect to its Annual Report, the form of which is attached hereto as Exhibit A.

“**Annual Report Date**” means, for each Fiscal Year during the term hereof, that date that is nine (9) months after the end of the Issuer’s Fiscal Year; provided, that if the last day of the Issuer’s Fiscal Year changes, the Annual Report Date shall thereafter be nine (9) months after the last day of the Issuer’s Fiscal Year. The first Annual Report Date shall be May 31, 2020 (being nine (9) months following the Fiscal Year ending August 31, 2019).

“Annual Report Disclosure” means the dissemination of the Annual Report as set forth in Section 4 hereof.

“Audited Financial Statements” means the audited financial statements of the Issuer, prepared pursuant to the standards and as described in Section 4 hereof.

“Authorizing Instrument” means a resolution duly adopted by the governing body of the Issuer on November 20, 2019 as may be amended and supplemented pursuant to the terms thereof.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, the Bonds (including persons holding such Bonds through nominees, depositories or other such intermediaries).

“Bonds” means the Issuer’s General Obligation Bonds, Series 2019, authorized under and secured by the Authorizing Instrument.

“Business Day” means any day other than a Saturday, Sunday, legal holiday or a day on which the Dissemination Agent or banking institutions in Lincoln, Nebraska are authorized or required by law to close.

“Commission” means the Securities and Exchange Commission.

“Disclosure Agreement” means this Continuing Disclosure Agreement, as may from time to time be amended or supplemented pursuant to terms hereof.

“Disclosure Representative” means the Superintendent of the Issuer, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means BOKF National Association, Lincoln, Nebraska, acting in its capacity as Dissemination Agent hereunder, or any additional or successor Dissemination Agent designated in writing by the Issuer and which has filed with the Dissemination Agent 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.

“Fiscal Year” means the 12-month period beginning the first day of September and ending on the last day of the following August, or such other annual period as determined by the Issuer, for which the Issuer shall promptly notify the MSRB in Prescribed Form.

“Listed Events” means any of the events with respect to the Bonds described in Section 5 hereof.

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

“Material” with respect to information, means information as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an

investor from the offering document related to the Bonds, information disclosed hereunder, or information generally available to the public. Notwithstanding the foregoing, “Material” information includes information that would be deemed “material” for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the information.

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“**Participating Underwriter**” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Prescribed Form**” means, with regard to the filing of the Annual Report, each notice of the occurrence of a Listed Event and other notices described herein with the MSRB, 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.

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

Section 4. Annual Report Disclosure.

(a) ***Provision of Annual Report.***

(i) On or before each Annual Report Date, the Issuer shall provide, or shall cause the Dissemination Agent to provide, to the MSRB an Annual Report which is consistent with the requirements of this Section 4. The Annual Report shall be submitted in Prescribed Form, and it may cross-reference other information as provided in Section 4(b) below. The Annual Report shall identify the Bonds by name and CUSIP number.

(ii) Not later than forty-five (45) days prior to each Annual Report Date, the Dissemination Agent shall submit to the Issuer the form of Annual Report Certificate attached hereto as Exhibit A and shall request that the Issuer return the completed certificate along with its Annual Report prior to the date set forth in subsection 4(a)(iii) below.

(iii) Not later than fifteen (15) days prior to the Annual Report Date, the Issuer shall provide the Annual Report and the completed Annual Report Certificate to the Dissemination Agent. Promptly upon its receipt of the Annual Report, but no later than the Annual Report Date, the Dissemination Agent shall send the Annual Report to

the MSRB in Prescribed Form. The Dissemination Agent shall notify the Issuer in writing of the date the Dissemination Agent provided the Annual Report to the MSRB.

(b) ***Contents of Annual Report.***

(i) The Annual Report for each Fiscal Year shall contain (or incorporate by reference as described below) the following, but only to the extent customarily prepared and made publicly available each year:

(A) The Issuer's Audited Financial Statements for the previous Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to the Issuer; provided that if the Issuer's Audited Financial Statements are not available prior to the Annual Report Date, then (I) the Annual Report shall contain unaudited financial statements, if prepared and if in a format similar to the financial statements contained in the Final Official Statement, (II) the Issuer shall give, or shall cause the Dissemination Agent to give, notice in the same manner as for a Listed Event under subsection 5(f), which notice shall provide the estimated date of when the Issuer's Audited Financial Statements shall be available and (III) the Audited Financial Statements shall be provided to the MSRB when they become available.

(ii) Any or all of the items listed above may be included by specific reference to other documents, including official statements or prospectuses of debt issues of the Issuer or related public entities, which have been previously provided to the MSRB or the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify in the Annual Report each such other document so included by reference.

(iii) If any part of the Annual Report can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will include a statement to such effect as part of its Annual Report for the year in which such event first occurs and will provide notice of the same to the MSRB in Prescribed Form.

Section 5. Disclosure of Listed Events.

(a) Upon the occurrence of any of the following Listed Events, the Issuer (or the Dissemination Agent on behalf of the Issuer) shall give notice of the occurrence of such event to the MSRB in accordance with this Section 5:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if Material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;

- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if Material;
- (viii) Bond calls, if Material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if Material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer*;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if Material;
- (xiv) appointment of a successor or additional Trustee/Paying Agent or the change of name of a Trustee/Paying Agent, if Material;
- (xv) incurrence of a financial obligation, if Material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if Material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

* For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Notwithstanding the foregoing: notice of the occurrence of the Listed Event described in (viii) above need not be given under this Section 5 any earlier than when notice (if any) of the underlying event is given to the registered owners of the affected Bonds pursuant to the Authorizing Instrument; and notice of any scheduled sinking fund redemption in accordance with the schedule set forth in the Authorizing Instrument or the Final Official Statement need not be given under this Disclosure Agreement.

(b) Within one (1) Business Day of obtaining actual knowledge of the occurrence of a Listed Event, the Dissemination Agent shall contact the Disclosure Representative, inform such person of the occurrence of such event, and request that the Issuer promptly notify the Dissemination Agent in writing whether to report the occurrence of the Listed Event pursuant to subsection 5(f).

(c) When the Issuer obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection 5(b) or otherwise, the Issuer shall promptly determine whether notice of such occurrence is required to be disclosed pursuant to the Rule.

(d) If the Issuer determines that the occurrence of a Listed Event is required to be disclosed pursuant to the Rule, the Issuer shall promptly instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection 5(f).

(e) If in response to a request from the Dissemination Agent pursuant to subsection 5(b), the Issuer determines that the occurrence of a Listed Event is not required to be disclosed pursuant to the Rule, the Issuer shall promptly direct the Dissemination Agent in writing not to report the occurrence pursuant to subsection 5(f).

(f) If the Issuer has instructed the Dissemination Agent to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in Prescribed Form not later than ten (10) Business Days after the occurrence of the Listed Event.

(g) If the Issuer provides the Dissemination Agent with additional information in accordance with Section 9 hereof and directs the Dissemination Agent to deliver such information to the MSRB, the Dissemination Agent shall deliver such information in a timely manner to the MSRB in Prescribed Form.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate when the Issuer shall have no legal liability for any obligation on or relating to the repayment of the Bonds, including a legal defeasance of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under subsection 5(f).

Section 7. Dissemination Agent. The Issuer has appointed BOKF, National Association as Dissemination Agent to assist the Issuer with carrying out its obligations under this Disclosure Agreement, and BOKF, National Association has accepted its appointment as Dissemination Agent. The Issuer may discharge the Dissemination Agent upon 30 days' written notice to the Dissemination Agent, with or without appointing a successor. The Issuer may appoint additional Dissemination Agents without the consent of any existing Dissemination Agent. The Dissemination Agent may resign hereunder upon 30 days' written notice to the Issuer. If at any time during the term of this Disclosure Agreement the

Issuer has not appointed a Dissemination Agent, then the Issuer shall be deemed to be the Dissemination Agent and shall be solely responsible for all obligations hereunder.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section 7 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 8. Amendment or Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and, to the extent that any such amendment does not materially change or increase its obligations hereunder, the Dissemination Agent shall agree to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, if (a) permitted by the Rule or (b):

(i) 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 the type of business conducted;

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

(iii) The amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Authorizing Instrument for amendments thereto with the consent of Bondholders, or (B) does not, in the opinion of the Dissemination Agent or nationally recognized bond counsel, materially impair the interests of the Bondholders.

Following any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall give notice in the same manner as for the occurrence of a Listed Event under subsection 5(f) and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer.

Section 9. Dissemination of Additional Information. The Issuer may disseminate, or may cause the Dissemination Agent to disseminate, additional information in any Annual Report, notice of the occurrence of an event other than a Listed Event, or any other information in addition to that which is required by this Disclosure Agreement by means of dissemination set forth in this Disclosure Agreement or any other means of communication. Such information shall be provided in Prescribed Form. The Issuer shall have no obligation under this Disclosure Agreement or the Rule to update such additional information, to include it in any future Annual Report or to provide notice of any future occurrence of such event.

Section 10. Default. If the Issuer or the Dissemination Agent fails to comply with any provision of this Disclosure Agreement, any Bondholder may seek specific performance by court order to cause the

Issuer or the Dissemination Agent, as applicable, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Authorizing Instrument, and the sole remedy under this Disclosure Agreement upon any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Transmission of Information and Notices. Notwithstanding anything in this Disclosure Agreement to the contrary, unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in Prescribed Form. The Dissemination Agent shall determine each year prior to the Annual Report Date whether a change has occurred in the MSRB's email address or filing procedures and requirements under the Rule or with respect to EMMA.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, each Participating Underwriter and the Beneficial Owners of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Issuer and the Dissemination Agent shall maintain records of all Annual Report Disclosures and Listed Event Disclosures, including the content of such disclosures, the names of the entities with whom such disclosure was filed and the date of filing such disclosure. Such records shall be kept for at least 10 years after the respective dates of such filings.

Section 14. Assignment. The Issuer shall not transfer its obligations under this Disclosure Agreement unless the transferee agrees to assume all obligations of the Issuer under this Disclosure Agreement or to execute a continuing disclosure undertaking under the Rule. Any corporation or association (a) into which the Dissemination Agent is merged or with which it is consolidated, (b) resulting from any merger or consolidation to which the Dissemination Agent is a party, or (c) succeeding to all or substantially all of the corporate trust business of the Dissemination Agent shall be the successor Dissemination Agent without the execution or filing of any document or the taking of any further action.

Section 15. Notices and Additional Information. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Issuer, at:

Antelope County School District 0049
PO Box 269
Orchard, NE 68764
Phone: (402) _____

If to Dissemination Agent, at:

BOKF, National Association
1248 "O" Street, Suite 732
Lincoln, NE 68508
Attention: Corporate Trust

Phone: (402) 458-1310
Fax: (402) 458-1315
Email: cshirk@bokf.com

Section 16. Governing Law. The provisions of this Disclosure Agreement shall be governed by the laws of the State.

Section 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

EXECUTED AND DATED on behalf of the Issuer and the Dissemination Agent by their duly authorized representatives as of the date first written above.

**ANTELOPE COUNTY SCHOOL DISTRICT
0049 (ORCHARD PUBLIC SCHOOLS) IN THE
STATE OF NEBRASKA**

By _____
Name _____
Title _____

BOKF, NATIONAL ASSOCIATION

By _____
Name _____
Title _____

Signature Page to Continuing Disclosure Agreement

EXHIBIT A

FORM OF ANNUAL REPORT CERTIFICATE

DATE: _____

BOKF, National Association
1248 "O" Street, Suite 732
Lincoln, NE 68508
Attention: Corporate Trust

Re: Colfax County School District 0039 (Leigh Community Schools) General Obligation Bonds,
Series 2019

Pursuant to the Continuing Disclosure Agreement, dated _____, 2019 (the "Disclosure Agreement"), between Colfax County School District 0039 (Leigh Community Schools) in the State of Nebraska (the "Issuer") and BOKF, National Association (the "Dissemination Agent"), the Issuer has agreed to provide its annual Audited Financial Statements relating to the above-referenced Bonds.

Attached hereto are the Audited Financial Statements of the Issuer for the Fiscal Year ended August 31, 2019. If the Issuer does not customarily prepare financial statements and make such statements publicly available, the Issuer shall attach hereto a letter to such effect, together with any waiver or other applicable document from the State Auditor or other appropriate State official.

**ANTELOPE COUNTY SCHOOL DISTRICT
0049 (ORCHARD PUBLIC SCHOOLS) IN THE
STATE OF NEBRASKA**

By _____
Name _____
Title _____

APPENDIX D

BOOK-ENTRY SYSTEM

The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, or the 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 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, 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 Bonds 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, Bond 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, Bond certificates will be printed and delivered to DTC.

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

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 Bonds; (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 Bonds; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any consent given or other action taken by DTC as the registered owner of the Bonds.