

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

\$3,255,000
SANITARY AND IMPROVEMENT DISTRICT NO. 238
OF SARPY COUNTY, NEBRASKA
(Ashford Hollow)
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2020

Dated: February 18, 2020

Due: December 1, as shown below

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska (Ashford Hollow), a body corporate and politic and a political subdivision of the State of Nebraska (the “District”), is issuing the above-captioned bonds (the “Bonds”) pursuant to its authority under Sections 10-615 and 31-727 et seq., Reissue Revised Statutes of Nebraska, as amended, and a resolution of the District’s Board of Trustees (the “Resolution”).

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

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

The Bonds maturing on or after December 1, 2025 are subject to optional redemption prior to maturity at the option of the District, in whole or in part, at any time on or after February 15, 2025 at the principal amount thereof plus interest to the redemption date, all as described in this Official Statement.

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

MATURITY SCHEDULE

Type	Maturity Date (December 1)	Principal Amount	Interest Rate	Price	Type	Maturity Date (December 1)	Principal Amount	Interest Rate	Price
Serial	2020	\$135,000	1.85%	100%	Serial	2030	\$160,000	2.75%	100%
Serial	2021	120,000	1.95	100	Serial	2031	170,000	2.80	100
Serial	2022	125,000	2.05	100	Serial	2032	170,000	2.85	100
Serial	2023	130,000	2.10	100	Serial	2033	175,000	2.90	100
Serial	2024	135,000	2.15	100	Serial	2034	185,000	2.95	100
Serial	2025	135,000	2.25	100	Serial	2035	190,000	3.00	100
Serial	2026	145,000	2.35	100	Serial	2036	195,000	3.05	100
Serial	2027	150,000	2.45	100	Serial	2037	200,000	3.10	100
Serial	2028	150,000	2.55	100	Serial	2038	210,000	3.15	100
Serial	2029	155,000	2.65	100	Serial	2039	220,000	3.20	100

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

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

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval of legality of the Bonds by Kutak Rock LLP, Bond Counsel, and to certain other conditions. Kutak Rock LLP, Underwriter’s Counsel, will provide certain legal advice to the Underwriter regarding this Official Statement. It is expected that the Bonds in definitive form will be available for delivery at DTC in New York, New York, on or about February 18, 2020.

AMERITAS INVESTMENT COMPANY, LLC

Dated: January 8, 2020

**SANITARY AND IMPROVEMENT DISTRICT
NO. 238
OF SARPY COUNTY, NEBRASKA**

BOARD OF TRUSTEES

Thomas Rubenstein II Chair
David Booth Clerk
Mario Hatcher..... Trustee
Gary Smith Trustee
Ryan McGrain Trustee

BOND COUNSEL

Kutak Rock LLP

ATTORNEY FOR DISTRICT

Croker, Huck, Kasher, DeWitt, Anderson & Gonderinger, L.L.C.

PAYING AGENT AND REGISTRAR

UMB Bank, NA

ACCOUNTANT

Frankel Zacharia LLC

UNDERWRITER

Ameritas Investment Company, LLC

UNDERWRITER'S COUNSEL

Kutak Rock LLP

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion contained herein are subject to change, without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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THE UNDERWRITER INTENDS TO OFFER THE BONDS INITIALLY AT THE OFFERING PRICES SET FORTH ON THE COVER PAGE OF THIS OFFICIAL STATEMENT, WHICH MAY SUBSEQUENTLY CHANGE WITHOUT ANY REQUIREMENT OF PRIOR NOTICE. IN CONNECTION WITH ITS REOFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE

PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

OFFICIAL STATEMENT

\$3,255,000

**SANITARY AND IMPROVEMENT DISTRICT NO. 238
OF SARPY COUNTY, NEBRASKA
(ASHFORD HOLLOW)
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2020**

INTRODUCTION

This Official Statement has been prepared in connection with the offer for sale of \$3,255,000 in aggregate principal amount of General Obligation Refunding Bonds, Series 2020 (the “Bonds”) issued by Sanitary and Improvement District No. 238 of Sarpy County, Nebraska (Ashford Hollow), a body corporate and politic and a political subdivision of the State of Nebraska (the “District”).

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

Brief descriptions of the Bonds, the security therefor and the District are included in this Official Statement together with summaries of certain provisions of the Bonds and the District’s Resolution (as hereinafter defined) authorizing the issuance of the Bonds. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds and the Resolution are qualified in their entirety by reference to the complete documents, copies of which are available for inspection at the office of the Underwriter, Ameritas Investment Company, LLC, 5900 O Street, Lincoln, Nebraska 68510, Attention: Ms. Jen Kobza, during normal business hours.

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

THE BONDS

General Description

The Bonds will be dated February 18, 2020, and will bear interest from that date, payable June 1, 2020 and semiannually thereafter on December 1 and June 1 of each year (each an “Interest Payment Date”). The Bonds will mature on December 1 in the years and principal amounts and bear interest at the rates referred to on the cover page of this Official Statement.

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

Authority for Issuance and Use of Proceeds

The District is issuing the Bonds pursuant to and by authority of the Act and a Bond Resolution (the “Resolution”) to be adopted by the District’s Board of Trustees on January 8, 2020, which Resolution authorizes the issuance and sale of the Bonds. The District previously issued its General Obligation and Refunding Bonds, Series 2015, dated February 1, 2015 in the original aggregate principal amount of \$3,425,000 (the “Prior Bonds”). The District used the proceeds of the Prior Bonds to (i) refund on a current refunding basis the District’s General Obligation Bonds, Series 2010 and (ii) redeem outstanding construction fund warrants previously issued by the District to pay for the installation of public improvements in the District.

The Prior Bonds maturing on or after December 1, 2020 are subject to redemption, in whole or in part, prior to maturity at the option of the District at any time on or after December 1, 2019 at a price equal to the principal amount so called for redemption plus accrued interest to the date set for redemption, with no redemption premium. The District will use the proceeds of the Bonds, together with funds on deposit in the District’s Bond Fund, to refund on a current refunding basis on February 18, 2020 (the “Redemption Date”) \$3,080,000 outstanding aggregate principal amount of the Prior Bonds (the “Refunded Bonds”). The District’s General Obligation Bonds, Series 2018 (the “Parity Bonds”), which are secured on parity with the Bonds, are outstanding in the aggregate principal amount of \$640,000.

Registration, Transfer and Payment

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

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

The District will cause books for the registration and transfer of the Bonds to be kept at the principal office of the Paying Agent at all times while any of such Bonds shall be outstanding. Any Bond may be transferred pursuant to its provisions at the principal office of the Paying Agent by surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form satisfactory to such Paying Agent, duly executed by the registered owner in person or by his duly authorized agent, and thereupon the Paying Agent will authenticate and deliver at the office of the Paying Agent (or send by registered mail to the owner thereof at such owner’s expense), in the name of the transferee or transferees, a new Bond of the same series, interest rate, principal amount and maturity, dated so there shall result no gain or loss of interest as a result of such transfer. To the extent of denominations authorized for Bonds by the Resolution, one Bond may be transferred for several other Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount and several such Bonds may be transferred for one or several such Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount. As a condition of any registration or transfer, the Paying Agent may at its option require the payment of a sum sufficient to reimburse it or the District for any tax or other governmental charge that may be imposed

thereon. The Paying Agent may charge reasonable fees for a transfer; provided, however, the District shall not pay any such fees.

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

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

Book-Entry-Only System

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Optional Redemption

The Bonds maturing on or after December 1, 2025 are subject to optional redemption prior to maturity at the option of the District, in whole or in part, at any time on or after February 15, 2025 at the

principal amount thereof plus interest to the redemption date, with no redemption premium. The District may select the maturity of the Bonds so to be redeemed in its sole discretion.

Notice of Redemption

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

Security for Bonds

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

Sources and Uses of Funds

The District shall provide the proceeds from the sale of the Bonds (net of Underwriter’s discount and other costs of issuance) to the paying agent for the Refunded Bonds to redeem the Refunded Bonds as set forth below:

Sources:

Bond Proceeds (net of accrued interest, if any)	\$3,255,000.00
Bond Fund Cash	0.00
Total	<u>\$3,255,000.00</u>

Uses:

Redemption of Refunded Bonds	\$3,104,413.28
Cost of Issuance (including underwriter’s discount)	150,586.72
Total	<u>\$3,255,000.00</u>

BONDHOLDERS' RISKS

Adverse Property Sale Conditions

Development in the District is complete. See “APPENDIX A — District Development” herein. Accordingly, the District does not expect the risks described under this paragraph to materially affect the repayment of the Bonds. The development and sale of sanitary and improvement district properties are contingent upon numerous factors. Changes in general economic conditions, including fluctuations in the local real estate market, interest rates on construction loans, the availability of mortgage money, and other similar factors, may adversely affect the development of a district. Other factors influencing decisions to buy property in a district would include the overall tax levels, the convenience to local shopping and employment, accessibility to major highways and interstates, the proximity and reputation of schools and the availability and cost of utility services. Land development is subject to comprehensive federal, state and local regulations. There can be no assurance that future government policies will not adversely affect land development operations within a district. The ultimate consequence of such adverse conditions may be an inability by a district to pay its debts, including its bonds.

Challenges to Property Tax System

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

Delinquent Special Assessments

The District has no outstanding special assessments to collect and does not anticipate levying new special assessments. Accordingly, the District does not expect to be subject to the risk of delinquent special assessment collections. See “APPENDIX A — Special Assessments” and “APPENDIX A — Remedies for Delinquencies” herein for general information about delinquent special assessments.

Parity Bonds

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

Bankruptcy of District

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

of all or a portion, of the principal and interest on the Bonds. The District, however, does not have significant exposure to the risks of a compounding debt burden because it does not have any construction fund warrants outstanding. The Nebraska Supreme Court has held that the payment of a district's bonds would have priority over the payment of such district's construction fund warrants.

Bankruptcy of Property Owners

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

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

No Investment Rating

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

No Secondary Market Maker

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

ONGOING DISCLOSURE

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

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

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

LEGAL MATTERS

Legal Opinion

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

Tax Exemption

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

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

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

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

gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

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

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

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

NO LITIGATION

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

UNDERWRITING

Ameritas Investment Company, LLC is purchasing the Bonds from the District for resale at a purchase price of \$3,132,937.50 (principal amount of the Bonds, less an underwriting discount of \$122,062.50), plus accrued interest, if any. Ameritas Investment Company, LLC shall make a public offering of the Bonds at not in excess of the public offering prices set forth on the cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of such Bonds are purchased. The Bonds may be offered and sold to certain dealers at prices lower than such public offering prices and the Underwriter may change such public offering prices from time to time.

FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended June 30, 2019 are included in this Official Statement as Part Two of Appendix B and should be read in their entirety. Audited financial statements for the District for fiscal years ending prior to June 30, 2019 are available for inspection at the offices of the attorney for the District in Omaha, Nebraska and at the offices of the State Auditor of Public Accounts in Lincoln, Nebraska. Frankel Zacharia LLC, as independent auditors, audited the financial statements of the District as of June 30, 2019 included in Appendix B of this Official Statement, as stated in their report appearing therein.

MISCELLANEOUS

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

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

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

AUTHORIZATION OF OFFICIAL STATEMENT

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

SANITARY AND IMPROVEMENT DISTRICT
NO. 238 OF SARPY COUNTY, NEBRASKA

By /s/ _____
Chair

APPENDIX A — GENERAL INFORMATION
SANITARY AND IMPROVEMENT DISTRICT NO. 238
OF SARPY COUNTY, NEBRASKA

(Ashford Hollow)

The District

Ashford Hollow LLC (the “Former Developer”) established Sanitary and Improvement District No. 238 of Sarpy County, Nebraska, commonly known as Ashford Hollow (the “District”) on October 27, 2003, pursuant to Sections 31-727 et seq., Reissue Revised Statutes of Nebraska, as amended (the “Act”).

On March 7, 2006, the Former Developer and Benchmark Homes, Inc., the previous homebuilder in the District, filed petitions in bankruptcy. Great Western Bank acquired the unsold lots in the District from the bankruptcy estate of the Former Developer in 2006. In March 2012, Great Western Bank sold the 66 lots it owned to Ashford Hollow Development LLC (the “Developer”). The Developer subsequently sold all the lots it owned to builders for home construction.

The District and the Former Developer entered into a Subdivision Agreement with the City of Bellevue pursuant to which the City approved the zoning and platting of the District, and the District agreed to levy special assessments with respect to the District’s public improvements and to levy ad valorem taxes. The District and the Developer entered into an Amended and Restated Subdivision Agreement with the City of Bellevue pursuant to which the City of Bellevue approved the zoning and replatting of Phase II of the District, and the District agreed to levy special assessments with respect to the District’s public improvements in Phase II and to levy ad valorem taxes.

Installation of the public infrastructure in the District is complete. The City of Omaha and the City of Bellevue provide sanitary sewer services to the District. Metropolitan Utilities District and Omaha Public Power District provide water and natural gas, and electric services, respectively, to the District and its residents. The District lies within the Papillion-La Vista Public School District. The Papillion-La Vista School District’s Anderson Grove Elementary School is located southeast of the District on 36th Street, one-half mile south of Highway 370, and such school district’s middle and high schools are located in Papillion, Nebraska, which is approximately three miles west of the District.

District Development

The District lies west of 42nd Street, east of 48th Street, south of Raynor Parkway and north of Fairview Addition, which abuts Highway 370. The District consists of approximately 71.5 acres with 198 platted lots. Development in the District occurred in two phases. Development in the District is complete with homes occupying all lots in the District.

Board of Trustees

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

Name	Position
Thomas Rubenstein II	Chair
David Booth	Clerk
Mario Hatcher	Trustee
Gary W. Smith	Trustee
Ryan McGrail	Trustee

At present, each member of the Board of Trustees is a resident property owner in the District. Thus, the control of the Board has shifted from the Developer to the resident property owners. Under the Act, elections for members of the Board of Trustees occur every two years. The next Board of Trustees election is in September 2021.

Financial Information

As of February 18, 2020, the District will have outstanding general obligation bonds in the principal amount of \$3,895,000 and no outstanding construction fund warrants.

The District's 2018/2019 Bond Fund tax levy is set at \$0.55 and the General Fund tax levy is set at \$0.28 per \$100 of taxable valuation. The 2019 taxable valuation of all real property in the District is \$53,416,367.

Description of Budget Process

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

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

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

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

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

Ad valorem Taxes

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

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

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

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

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

Budget and Levy Limitations

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

not property taxes subject to the levy limitation. State law permits a political subdivision to exceed its levy limitation for a period of up to five years by majority vote of the electorate.

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

Special Assessments

The District has no special assessments outstanding and has no present plans to levy additional special assessments. The following discussion, accordingly, is not applicable to the District's current circumstances and is provided for information only. Under the Act, the District assesses against specially benefitted property, a portion of the costs of the work for which the District issues construction fund warrants. After the Board of Trustees of the District levies such assessments, the Sarpy County Treasurer collects them on behalf of the District. Special assessments relating to the District's improvements constitute a lien in favor of the District on the assessed property, but do not constitute a personal or corporate indebtedness of the owners of property within the District. The lien of the District is inferior only to the general taxes levied by the State and its political subdivisions, including the District. Special assessments are due without interest 50 days after the date of levy, but if not so paid they shall bear interest thereafter on a per annum basis. Interest accrues on annual installments at the interest rate per annum of the greater of (a) the rate of interest accruing on the construction fund warrants registered against the District 60 days prior to the actual levy of the special assessments or (b) the average rate of interest accruing on the District's construction fund warrants issued to pay for the improvements for which the special assessments are to be levied adjusted to the next greater $\frac{1}{2}\%$. Such assessments shall become delinquent in equal annual installments over such periods of years (not exceeding 20 years and typically 10 years), as the Board of Trustees determines at the time of making the levy. Delinquent installments bear interest at the rate of 2% per annum above the rate set by the District on such installments before delinquency, subject to a 14% per annum ceiling (subject to adjustment from time to time by the Legislature). If three or more annual installments become delinquent, the Board of Trustees of the District may declare all remaining annual installments due and payable and increase to 14% per annum (subject to adjustment from time to time by the Legislature) the interest rate on all installments.

Remedies for Delinquencies

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

interest still will accrue as aforesaid. The county treasurer conducts the tax certificate sale and maintains the records.

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

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

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

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

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

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DEBT SERVICE REQUIREMENTS

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

For Year Ending December 31	Debt Service on Parity Bonds	Debt Service on Bonds	Total
2020	\$48,902.50	\$203,489.93	\$252,392.43
2021	48,215.00	204,627.50	252,842.50
2022	47,502.50	207,287.50	254,790.00
2023	46,752.50	209,725.00	256,477.50
2024	45,977.50	211,995.00	257,972.50
2025	50,127.50	209,092.50	259,220.00
2026	49,107.50	216,055.00	265,162.50
2027	48,087.50	217,647.50	265,735.00
2028	46,962.50	213,972.50	260,935.00
2029	50,837.50	215,147.50	265,985.00
2030	49,525.00	216,040.00	265,565.00
2031	48,212.50	221,640.00	269,852.50
2032	46,847.50	216,880.00	263,727.50
2033	50,482.50	217,035.00	267,517.50
2034	48,922.50	221,960.00	270,882.50
2035	47,262.50	221,502.50	268,765.00
2036	50,602.50	220,802.50	271,405.00
2037	48,735.00	219,855.00	268,590.00
2038	46,867.50	223,655.00	270,522.50
2039	<u>0.00</u>	<u>227,040.00</u>	<u>227,040.00</u>
TOTAL	<u>\$919,930.00</u>	<u>\$4,315,449.93</u>	<u>\$5,235,379.93</u>

APPENDIX B — FINANCIAL INFORMATION & ANNUAL AUDIT

**SANITARY AND IMPROVEMENT DISTRICT NO. 238
OF SARPY COUNTY, NEBRASKA—**

Part One

Selected District Financial Information

SELECTED FINANCIAL INFORMATION

2019 Taxable Valuation	\$53,416,367
Outstanding District Bonded Debt (Including the Bonds)	\$3,895,000
Outstanding District Construction Fund Warrants	\$0
Total Outstanding District Debt (Following issuance of the Bonds)	\$3,895,000
Bond Fund Balance (Following issuance of the Bonds)	\$276,320
Outstanding Special Assessments with accrued interest	\$0
Total Net District Debt (Following issuance of the Bonds) <i>(Net District Debt=Outstanding District Debt, less Bond Fund Cash and Uncollected Special Assessments)</i>	\$3,618,680
Ratio of District Debt to 2019 Taxable Valuation	7.29%
Ratio of Net District Debt to 2019 Taxable Valuation	6.77%

STATEMENT OF DIRECT DEBT

Direct Debt

General Obligation Bonds, Series 2020	\$3,255,000
General Obligation Bonds, Series 2018	<u>640,000</u>
Total Direct Debt	\$3,895,000

OVERLAPPING DEBT

	Taxable Valuation	Bonded Debt	Net Bonded Debt Applicable to S.I.D. No. 238
Sarpy County	\$16,801,973,211	\$6,450,000	\$20,506
Papillion-La Vista School District	\$6,209,434,652	\$121,550,000	1,045,628
Papillion Rural Fire District	\$2,897,026,131	\$0	<u>0</u>
Total Overlapping Debt			\$1,066,134
Total Direct Debt of District			\$3,895,000
Total Direct and Overlapping General Obligation Debt			<u>\$4,956,134</u>
2019 Taxable Valuation			\$53,416,367
Ratio of Direct & Overlapping Debt to 2019 Taxable Valuation			9.29%

Source: Sarpy County Assessor & Nebraska State Auditor Website

PROPERTY VALUATIONS

Year	Taxable Valuation
2019	\$ 53,416,367
2018	\$ 49,314,584
2017	\$ 44,519,893
2016	\$ 38,927,390
2015	\$ 34,748,714

TOTAL PROPERTY TAX LEVIES
Sanitary and Improvement District No. 238
Of Sarpy County, Nebraska
(Levy rates are dollars per \$100 of actual valuation)

SID 238 Tax Levy	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund	0.275088	0.275088	0.275088
Bond Fund	<u>0.548159</u>	<u>0.548159</u>	<u>0.624709</u>
Total	0.823247	0.823247	0.899797
Other Taxing Units			
Sarpy County	0.296900	0.296900	0.296900
Papillion-La Vista School	1.290632	1.304999	1.305808
Learning Community	0.016052	0.016250	0.016250
Papillion Rural Fire	0.130104	0.135709	0.135030
Papillion Natural Resource District	0.037384	0.037594	0.037797
Metropolitan Community College	0.095000	0.095000	0.095000
Agricultural Society	0.002758	0.002742	0.002587
Educational Service Unit #3	<u>0.015000</u>	<u>0.015000</u>	<u>0.015000</u>
Total Other Taxing Units	1.883830	1.904194	1.904372

Source: Sarpy County Clerk

PROPERTY TAX COLLECTIONS
Sanitary and Improvement District No. 238
of Sarpy County, Nebraska

<u>Year</u>	<u>Due *</u>	<u>Levied</u>	<u>Collected</u>	<u>Percent Collected</u>
2018/2019	12/31/2018	\$439,748	na	na
2017/2018	12/31/2017	\$405,980	\$544,869	134%
2016/2017	12/31/2016	\$400,588	\$544,869	136%

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

Source: Sarpy County Treasurer

No property owner in the District owns property with a taxable valuation in excess of 5.00% of the District's 2019 taxable valuation.

DISTRICT DEVELOPMENT

District Build Out	<u>Built or Under Construction Homes</u>	<u>Platted Lots</u>	<u>Percent Complete</u>
Single Family Lots	197	197	100.00%

Part Two of Appendix B

Independent Auditor's Report and Combined Financial Statements fiscal year ending June 30, 2019

Sanitary and Improvement District
No. 238 of Sarpy County, Nebraska

Financial Statements
and Independent Auditors' Reports

June 30, 2019

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

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Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sanitary and Improvement District
No. 238 of Sarpy County, Nebraska:

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Sanitary and Improvement District No. 238 of Sarpy County, Nebraska (hereinafter the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the 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.

Auditors' 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, and major fund information of the Sanitary and Improvement District No. 238 of Sarpy County, as of June 30, 2019, and the respective changes in the cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information included in the supplementary schedules on pages 15-19 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information included in the supplementary schedules on pages 15-19 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information included in the supplementary schedules on pages 15-19 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Schedule 6 – Board of Trustees and Related Bonds on page 20 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019, on our consideration of Sanitary and Improvement District No. 238 of Sarpy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sanitary and Improvement District No. 238 of Sarpy County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Sanitary and Improvement District No. 238 of Sarpy County's internal control over financial reporting and compliance.

Lengemann & Associates, P. C.

Lengemann & Associates, P.C.
Papillion, Nebraska
December 15, 2019

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Statement of Net Position - Cash Basis

June 30, 2019

ASSETS		Governmental Activities
		<hr/>
Cash with County Treasurer		\$ 386,080
		<hr/>
TOTAL ASSETS		<u><u>\$ 386,080</u></u>
NET POSITION		
Restricted:		
Debt service		\$ 367,426
Unrestricted		<hr/> 18,654
		<hr/>
TOTAL NET POSITION		<u><u>\$ 386,080</u></u>

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Statement of Activities - Cash Basis

Year Ended June 30, 2019

	Net (Disbursements) Receipts and Changes in Net Position	Cash Disbursements
GOVERNMENTAL ACTIVITIES:		
General services	\$ (92,965)	\$ (92,965)
Principal and interest on indebtedness	(262,089)	(262,089)
Net program (disbursements) receipts	(355,054)	\$ (355,054)
GENERAL RECEIPTS:		
Property taxes	368,573	
Intergovernmental	29,430	
Interest	175	
Issuance of debt, net	(253,817)	
Total general receipts	144,361	
Change in net position	(210,693)	
Net position - beginning of year	596,773	
Net position - end of year	\$ 386,080	

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Statement of Fund Balances and Changes in Fund Balances Cash Basis - Governmental Funds

Year Ended June 30, 2019

	General Fund	Debt Service Fund	Total Government Funds
RECEIPTS:			
Property taxes	\$ 118,233	\$ 250,339	\$ 368,573
Real estate tax credit	4,122	8,215	12,337
Homestead	5,282	10,810	16,092
State motor vehicle tax allocation	325	677	1,001
Interest	54	121	175
Total receipts	<u>128,016</u>	<u>270,162</u>	<u>398,177</u>
DISBURSEMENTS:			
Collection fees - County Treasurer	2,366	5,009	7,375
Electricity	15,809	-	15,809
Engineering fees	9,392	-	9,392
Insurance and bonds	1,130	-	1,130
Legal fees and accounting fees	19,434	3,266	22,700
Repairs and maintenance	32,736	-	32,736
Fiscal fees	2,524	1,300	3,824
Bond principal	-	80,000	80,000
Bond issue costs	-	35,940	35,940
Interest expense - bonds	-	132,362	132,362
Warrant interest expense	1,131	12,655	13,787
Total disbursements	<u>84,521</u>	<u>270,533</u>	<u>355,054</u>
Excess of receipts over disbursements	<u>43,494</u>	<u>(371)</u>	<u>43,123</u>
OTHER FINANCING SOURCES AND (USES):			
Warrants issued	81,024	4,566	85,590
Warrants retired	(115,259)	(884,148)	(999,407)
Bonds issued	-	660,000	660,000
Total other financing sources and (uses)	<u>(34,235)</u>	<u>(219,582)</u>	<u>(253,817)</u>
Excess (deficiency) of receipts over disbursements and other financing sources (uses)	<u>9,260</u>	<u>(219,953)</u>	<u>(210,693)</u>
Fund balances/net position:			
Beginning of year	<u>9,394</u>	<u>587,379</u>	<u>596,773</u>
End of year	<u><u>\$ 18,654</u></u>	<u><u>\$ 367,426</u></u>	<u><u>\$ 386,080</u></u>

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Statement of Fund Balances and Changes in Fund Balances Cash Basis

Governmental Funds - Continued

Year Ended June 30, 2019

	General Fund	Construction and Debt Service Fund	Total Government Funds
Fund Balance - Cash Basis			
Cash with County Treasurer	\$ 18,654	\$ 367,426	\$ 386,080
Total Fund Balance - Cash Basis	\$ 18,654	\$ 367,426	\$ 386,080
Fund Balance - Cash Basis:			
Restricted for:			
Debt Service	-	\$ 367,426	\$ 367,426
Unassigned	\$ 18,654	-	18,654
Total Net Position - Cash Basis	18,654	367,426	386,080

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

A. *Reporting Entity*

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska (the "District") is a governmental subdivision authorized under the statutes of the State of Nebraska. It was formed for the purposes of infrastructure construction and to arrange for basic services for a residential subdivision commonly known as "Ashford Hollow" located in the vicinity of 42nd Street and Highway 370, Bellevue, Nebraska.

The District's financial statements are presented as the primary government and include all departments and activities for which the District is financially accountable. The District has determined that there are no potential component units that meet the criteria for inclusion in the financial statements.

B. *Government-wide and Fund Financial Statements*

Government-wide Financial Statements: Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. The types of transaction reported as program revenue are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts and disbursements. The District only has governmental funds. The District currently has no fiduciary or proprietary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District's management. All of the District's funds meet the criteria of a major fund.

General Fund

The general fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied. In both the government-wide financial statements and the fund financial statements, the governmental activities are presented using a cash basis measurement focus. Their reported net position/fund balance is considered a measure of “available cash and investments.” The operating statements focus on cash received and cash disbursed.

In the government-wide and the fund financial statements, the District prepares its financial statements using the cash basis of accounting. Accordingly, revenues are recognized when cash is received by the District and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting is applied to all transactions, including the disbursements for capital assets, receipt of proceeds from issuance of debt and the retirement of debt.

D. Budgets and Budgetary Accounting

The District is required to adopt an annual operating budget for all the funds which the District controls. These budgeted appropriations lapse at fiscal year end June 30, 2019.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) In August of each year, the District submits a proposed operating budget for all funds to the real estate owners of the District.
- (2) Notice of place and time of public hearings must be published prior to the public hearings.
- (3) Public hearings are conducted to obtain taxpayer comment.
- (4) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts on or before September 20.
- (5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (6) The Board of Trustees may authorize supplemental appropriations during the year. There were no supplemental appropriations during fiscal year ended June 30, 2019.

The budget is adopted using a cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year. Payment is deemed to have been made when warrants are issued.

The term “Budgetary Fund Balances” used in the supplementary schedules is synonymous with the terms “Fund Balances – Cash Basis” used in the basic financial statements.

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

E. Restricted Net Assets

All assets in a debt service (bond or construction) fund are restricted and may be used only for the purpose of the fund, which is to pay off the debt of the District. Typical assets include cash, investments, and taxes receivable.

F. Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the statutes) to the District Treasurer in the amount of the District's deposits. The statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2019, the District's cash deposits in excess of the \$250,000 FDIC limits are covered by collateral held by an agent for the District in the District's name and thus no custodial credit risk exists.

G. Credit Risk

The District's credit risk relates to receivables for property taxes, sewer connection fees and special assessments which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.

H. Property Taxes

Property taxes, which constitute the District's principal source of tax revenue, are levied in September based on the assessed value of property and attach as an enforceable lien on the property as of December 31. Assessed values are an approximation of market value. Property taxes are delinquent on April 1 (first half) and August 1 (second half). The Sarpy County Treasurer bills and collects all property taxes for the District.

The District has levied taxes for 2018-2019 at a rate of \$.82325 per \$100 of actual value of taxable property. The 2018-2019 taxes based on this levy are as follows:

	General Fund	Debt Service Fund
Valuation of taxable property	\$ 49,314,584	\$ 49,314,584
Tax levy	0.27509	0.54816
2018-2019 taxes assessed	<u>\$ 135,660</u>	<u>\$ 270,322</u>

There were no delinquent taxes, therefore no allowance for uncollectible taxes is provided.

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

I. Use of Restricted/Unrestricted Net Position and Fund Balances

The District's policy is to first apply unrestricted resources when a cost is incurred for purposes for which both restricted and unrestricted resources are available.

J. Income Taxes

As a government subdivision, the District is not subject to federal or state income taxes.

K. Net Position

Net position presents the difference between assets and liabilities in the statement of financial position. Net investment in capital assets is 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 legal limitations imposed on their use by the District's constitutional provisions or external restrictions by creditors, grantors, laws, or regulations of other governments. All other resources that do not meet the previous definition constitute "unrestricted" net position.

L. Long-Term Debt

Long-term debt arising from cash transactions for governmental funds is not reported as a liability in the government-wide or fund financial statements. The debt proceeds are, instead, reported as other financing receipts and payment of principal and interest reported as cash disbursements.

2. Liabilities

Liabilities include registered warrants and general obligation bonds. Warrant activity for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Issued	Retired	Balance June 30, 2019
General Fund Warrants:				
7.0%	\$ 34,983	\$ 81,024	\$ 115,259	\$ 748
Debt Service Fund Warrants:				
7.0%	879,582	4,566	884,148	-
Total Warrants Payable	<u>\$ 914,565</u>	<u>\$ 85,590</u>	<u>\$ 999,407</u>	<u>\$ 748</u>

Registered warrants outstanding bear interest at 7% per annum. Interest is accrued on warrants from the date of registration with the Sarpy County Treasurer. General Fund warrants mature three years from the date of issuance and Debt Service Fund warrants mature five years from the date of issuance. Warrants will be redeemed with proceeds from tax revenues, special assessments and bond proceeds. The District is not currently registering its warrants, but is paying its warrants on a current basis as presented.

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Notes to Financial Statements

2. Liabilities - Continued

Bond activity for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Issued (Retired)	Balance June 30, 2019
General Obligation Bonds:			
2.30-4.20%: 2015	\$ 3,250,000	\$ (80,000)	\$ 3,170,000
General Obligation Bonds:			
2.60-4.15%: 2018	-	660,000	660,000
Total Bonds Payable	<u>\$ 3,250,000</u>	<u>\$ 580,000</u>	<u>\$ 3,830,000</u>

General Obligation 2017 Series Bonds payable bear interest at 2.30% to 4.20%. Interest is payable semi-annually on June 1 and December 1. General Obligation 2018 Series Bonds payable bear interest at 2.60% to 4.15%. Interest is payable semi-annually on June 1 and December 1. The General Obligation 2018 Series Bond proceeds were used along with existing cash to pay off registered warrants and accrued interest. Aggregate maturities are as

Year Ending June 30	Principal	Interest	Total
2020	\$ 110,000	\$ 140,113	\$ 250,113
2021	125,000	137,355	262,355
2022	130,000	134,093	264,093
2023	135,000	130,455	265,455
2024	140,000	126,490	266,490
2025-2029	790,000	560,865	1,350,865
2030-2034	970,000	405,898	1,375,898
2035-2039	1,200,000	193,906	1,393,906
2040	230,000	9,660	239,660
Total	<u>\$ 3,830,000</u>	<u>\$ 1,838,835</u>	<u>\$ 5,668,835</u>

3. Risk Management

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

4. Internal and Interfund Balance and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. Interfund transfers, the flow of assets from one fund to another where repayment is not expected are reported as cash receipts and disbursements.

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Notes to Financial Statements

5. Commitment and Contingencies

The District received a request for payment of \$441,808 dated July 12, 2002, from Sanitary and Improvement District No. 212 of Sarpy County, Nebraska, related to an interlocal agreement between the districts entered into in 2003. Sanitary and Improvement District No. 212 of Sarpy County, Nebraska, has subsequently been annexed by the City of Bellevue. The District has not reached an opinion as to the validity or correct amount of the claim as of June 30, 2019.

The City of Bellevue has claimed that park development fees in the amount of \$23,452 plus applicable interest may become due under a subdivision agreement with the City of Bellevue. The District has not reached an opinion as to the validity or correct amount of the claim as of June 30, 2019.

No amounts were recorded in the accompanying financial statements for the potential liabilities listed in the two preceding paragraphs.

Required Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Cash Basis (Budgetary Basis) - General Fund**

Supplemental Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Cash Basis (Budgetary Basis) - Debt Service Fund**

Bonds Payable

**Information Required by Section 31-740,
Nebraska Revised Statutes**

Schedule of Capital Assets

Other Information

Board of Trustees and Related Surety Bonds

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Cash Basis (Budgetary Basis) - General Fund

Year Ended June 30, 2019

Schedule 1

	Original and Final Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
REVENUES RECEIVED			
Property taxes	\$ 132,999	\$ 118,233	\$ (14,766)
Real estate tax credit	-	4,122	4,122
Interest on taxes	75	54	(21)
State motor vehicle tax allocation	275	325	50
Homestead	3,000	5,282	2,282
Total revenues received	136,349	128,016	(8,333)
EXPENDITURES PAID			
Current:			
Collection fee - County Treasurer	2,660	2,366	294
Engineering	18,000	9,392	8,608
Insurance	1,400	1,130	270
Interest on warrants	3,000	1,131	1,869
Legal fees	25,000	19,434	5,566
Fiscal agent fees	3,500	2,524	976
Repairs and maintenance	35,000	32,736	2,264
Utilities	18,000	15,809	2,191
Total expenditures paid	106,560	84,522	22,038
Excess of revenues received over expenditures paid	29,789	43,494	13,705
OTHER FINANCING SOURCES (USES)			
Issuance of warrants	-	81,024	81,024
Warrants redeemed	(34,983)	(115,259)	(80,276)
Net other financing uses	(34,983)	(34,235)	748
Excess (deficiency) of revenues received and other financing sources over expenditures paid and other financing sources (uses)	(5,194)	9,259	\$ 14,453
Fund balances - beginning of year	9,394	9,394	
Fund balances - end of year	\$ 4,200	\$ 18,653	

See Independent Auditors' Report.

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Cash Basis (Budgetary Basis) - Debt Service Fund

Year Ended June 30, 2019

	Schedule 2		
	Original and Final Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
REVENUES RECEIVED			
Property taxes	\$ 265,022	\$ 250,339	\$ (14,683)
Real estate tax credit	-	8,215	8,215
Interest on taxes	-	121	121
State motor vehicle tax allocation	650	677	27
Homestead	9,000	10,810	1,810
Miscellaneous income	150	-	(150)
Total revenues received	<u>274,822</u>	<u>270,162</u>	<u>(4,660)</u>
EXPENDITURES PAID			
Current:			
Collection fee - County Treasurer	5,300	5,009	291
Interest on warrants	5,000	12,655	(7,655)
Legal fees	12,000	3,266	8,734
Fiscal agent fees	18,000	1,300	16,700
Bond issue costs	46,550	35,940	10,610
Debt service:			
Principal	80,000	80,000	-
Interest	128,802	132,362	(3,560)
Capital outlay:			
Improvements	25,000	-	25,000
Total expenditures paid	<u>320,652</u>	<u>270,532</u>	<u>50,120</u>
Excess (deficiency) of revenues received over expenditures paid	<u>(45,830)</u>	<u>(370)</u>	<u>45,460</u>
OTHER FINANCING SOURCES (USES)			
New bond issue	665,000	660,000	(5,000)
Issuance of warrants	-	4,566	4,566
Warrants redeemed	(879,581)	(884,148)	(4,567)
Net other financing uses	<u>(214,581)</u>	<u>(219,582)</u>	<u>(5,001)</u>
Excess (deficiency) of revenues received and other financing sources over expenditures paid and other financing sources (uses)	<u>(260,411)</u>	<u>(219,952)</u>	<u>\$ 40,459</u>
Fund balances - beginning of year	<u>587,379</u>	<u>587,379</u>	
Fund balances - end of year	<u>\$ 326,968</u>	<u>\$ 367,427</u>	

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Bonds Payable

June 30, 2019

Schedule 3

2015 Series

Issue Date: December 1, 2015
Option Call Date: December 1, 2020

<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2020	2.30%	\$ 90,000
December 1, 2021	2.55%	100,000
December 1, 2022	2.75%	105,000
December 1, 2023	2.90%	110,000
December 1, 2024	3.00%	115,000
December 1, 2025	3.10%	120,000
December 1, 2026	3.20%	120,000
December 1, 2027	3.30%	130,000
December 1, 2028	3.40%	135,000
December 1, 2029	3.45%	140,000
December 1, 2030	3.55%	145,000
December 1, 2031	3.90%	150,000
December 1, 2032	3.90%	160,000
December 1, 2033	3.90%	165,000
December 1, 2034	3.90%	170,000
December 1, 2035	3.90%	180,000
December 1, 2036	4.20%	190,000
December 1, 2037	4.20%	195,000
December 1, 2038	4.20%	205,000
December 1, 2039	4.20%	215,000
December 1, 2040	4.20%	230,000
TOTAL 2015 Series		<u>\$ 3,170,000</u>

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

**Bonds Payable
June 30, 2019**

Schedule 3 - Cont'd

2018 Series

Issue Date: October 1, 2018
Option Call Date: October 1, 2023

<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2019	2.60%	\$ 20,000
December 1, 2020	2.75%	25,000
December 1, 2021	2.85%	25,000
December 1, 2022	3.00%	25,000
December 1, 2023	3.10%	25,000
December 1, 2024	3.40%	25,000
December 1, 2025	3.40%	30,000
December 1, 2026	3.40%	30,000
December 1, 2027	3.75%	30,000
December 1, 2028	3.75%	30,000
December 1, 2029	3.75%	35,000
December 1, 1930	3.75%	35,000
December 1, 1931	3.90%	35,000
December 1, 1932	3.90%	35,000
December 1, 1933	3.90%	40,000
December 1, 1934	4.15%	40,000
December 1, 1935	4.15%	40,000
December 1, 1936	4.15%	45,000
December 1, 1937	4.15%	45,000
December 1, 1938	4.15%	45,000
TOTAL 2018 SERIES		<u>\$ 660,000</u>

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Information Required by Section 31-740 Nebraska Revised Statutes

June 30, 2019

Schedule 4

Gross income from all sources	\$	398,177
Amount spent for sewage disposal		NONE
Amount expended for water mains		NONE
Gross amount of sewage processed		NONE
Cost per thousand gallons of processing sewage		NONE
Amount expended for:		
a. Maintenance and repair	\$	32,736
b. New equipment		NONE
c. New construction		NONE
d. Property purchased		NONE
Number of employees (Clerk)		NONE
Salaries and fees paid employees		NONE
Total amount of taxes levied upon the property within the District	\$	368,573

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Schedule of Capital Assets

June 30, 2019

Schedule 5

	Balance June 30, 2018	Additions	Balance June 30, 2019
South Project	\$ 254,654	-	\$ 254,654
Water Main Extension	187,206	-	187,206
Interior Water Main Extension 1	293,738	-	293,738
Underground Power Sec 1	149,945	-	149,945
Raynor Parkway Bridge and Trail	374,387	-	374,387
Outfall Sanitary Sewer	124,607	-	124,607
Sanitary & Storm Sewer; Paving I	1,311,514	-	1,311,514
Ashford Hollow Park Land	87,640	-	87,640
Ashford Hollow Park Improvements	537,842	-	537,842
Ashford Hollow North Replat	924,108	-	924,108
Total	<u>\$ 4,245,641</u>	<u>-</u>	<u>\$ 4,245,641</u>

Sanitary and Improvement District No. 238 of Sarpy County, Nebraska

Board of Trustees and Related Surety Bonds

June 30, 2019

Schedule 6

<u>Name</u>	<u>Office</u>
Dean Nilson - See Note	Chairman
David Booth - See Note	Clerk
Shane Ehlin	Trustee
Buck Morris	Trustee

Note - Surety bond for the District clerk was on file with the Sarpy County Clerk as of June 30, 2019 in accordance with the Revised Statutes of Nebraska.

Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

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

Board of Trustees
Sanitary and Improvement District
No. 238 of Sarpy County, Nebraska:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Sanitary and Improvement District No. 238 of Sarpy County, Nebraska (hereinafter the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2019-01, that we consider to be significant deficiencies.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District'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.

Compliance and Other Matters

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

Purpose of this Report

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

Lengemann & Associates, P. C.

Lengemann & Associates, P.C.

Papillion, Nebraska

December 15, 2019

Schedule of Findings and Responses

Significant Deficiency of Internal Control Over Financial Reporting Identified **2019 – 01**

Criteria (Significant Deficiency)

Internal Controls should be in place to provide for preparation of the financial statements and notes in accordance with the cash basis of accounting.

Condition (Significant Deficiency)

The Board of Trustees has engaged an outside audit firm to prepare the financial statements and notes in accordance with the cash basis of accounting.

Cause (Significant Deficiency)

The District has no administrative personnel available to prepare the financial statements and notes in accordance with the cash basis of accounting.

Effect (Significant Deficiency)

The District is not in compliance with regulatory requirements to prepare the financial statements and notes in accordance with the cash basis of accounting.

Recommendation

We recommend the Board of Trustees become more aware of regulatory requirements and provide required oversight of financial reporting.

Response from the Board of Trustees

The Board of Trustees agrees with the deficiency but notes this type of entity typically has this lack of oversight due to the size of the Board and cost associated to provide an internal control system to allow the District to prepare the financial statements and notes in accordance with the cash basis of accounting. The Board of Trustees will accept responsibility and risk associated with this deficiency.

APPENDIX C — SARPY COUNTY, NEBRASKA INFORMATION

The following information about Sarpy County, Nebraska is included because the District is located within the County. The Bonds are not a debt of, nor are they payable by, Sarpy County.

General Description of the County

The County encompasses approximately 249 square miles, or 159,360 acres in area, and is located on the eastern border of Nebraska. Sarpy County is surrounded by Douglas County on the north, Saunders County on the west, and Cass County on the south, and borders with the State of Iowa on the east. The Missouri River separates Iowa and Nebraska on Sarpy County's eastern edge. Papillion, the county seat of Sarpy County, is located ten miles from Omaha, Nebraska, and 45 miles from Lincoln, Nebraska. The current population of the County is estimated at 184,459.

Sarpy County, unlike most of Nebraska, does not have an agriculturally oriented economy. Offutt Air Force Base is located in the County, making the U.S. military the County's largest employer. Offutt is the headquarters for the Strategic Command ("STRATCOM").

The major highways serving Sarpy County include Interstate 80 running from the north-center County line to the southwest corner of the County and connecting Omaha with Lincoln. U.S. Routes 73/75, and 6, and the Kennedy Freeway run north-south along with Nebraska Routes 50 and 85. The major east-west thoroughfare is Nebraska Route 370.

Rail facilities serving the County include the Union Pacific Railroad and the Burlington Northern Santa Fe Railroad. Residents of the County use Omaha's Eppley Airfield for air transportation.

Source: US Census (www.quickfacts.census.gov)

Source: Sarpy County (for Offutt information and size of county)

The Economy

The economy of Sarpy County can be described as follows:

Labor Force. According to the Nebraska Department of Labor, the average monthly civilian labor force in Sarpy County in April 2019 was 95,891. According to Offutt Air Force Base, as of 2017 there are 16,753 military and civilian personnel employed on the base in Bellevue.

*Source: State of Nebraska, <http://neworks.nebraska.gov> (for civilian labor)
Offutt Economic Impact Statement Fiscal Year 2017 (for military and civilian assigned).*

Per Capita Personal Income. In 2017, the per capita personal income of Sarpy County residents was \$48,129 which was 94.7% of the Nebraska average per capita income of \$50,809. The lower per capita income is explained by Sarpy County's 27.6% population under age 18.

*Source: <http://quickfacts.census.gov> (for population under 18)
<http://bea.gov> (for per capita personal income by County)*

Median Household Income. In 2017 the median income of households in Sarpy County was \$75,752.

Source: <http://quickfacts.census.gov> - most recent info available

Sales

Net taxable sales (excluding motor vehicles) within the County increased from \$1,743,450,920 in 2016 to \$1,835,611,916 in 2017, representing a 5.3% increase over the prior year.

Source: Sarpy County

Employers

The ten largest employers located in the County and the nature of their businesses are as follows:

Company	Industry
Offutt Air Force Base	Government
PayPal, Inc.	Service
Infogroup, Inc.	Data/Marketing
Oriental Trading Company	Warehouse/ Distribution
Papillion-La Vista Public Schools	Education
Bellevue Public Schools	Education
Werner Enterprises	Trucking
Wal-Mart Stores & Sam's Club	Retail
Bellevue University	Education
Hillcrest Health Systems	Healthcare

Source: Sarpy County Economic Development Corporation, 2018

Indebtedness

The County by law may assess taxes in an amount not to exceed \$0.50 per \$100 of actual valuation without an approving vote of the citizens of the County. The County's total tax levy for fiscal year 2018-2019 is 29.690 cents per \$100 of actual valuation.

Source: Sarpy County

Actual Value of Taxable Property

Tax Year	Actual Valuation	Percentage of Increase
2014	\$11,995,964,919.00	3.40
2015	\$12,785,158,397.00	6.58
2016	\$13,565,438,185.00	6.10
2017	\$14,493,101,695.00	6.84
2018	\$15,511,549,423.00	7.03

Source: Sarpy County Assessor

10 Largest Taxpayers

The largest taxpayers located in the County, the actual taxes of their properties and the types of their businesses include the following:

Business Name	2018 Taxes	Nature of Business
Shadow Lake Towne Center LLC	\$2,250,821	Retail Businesses
Omaha Outlets LLC	\$1,610,493	Retail Business
JQH La Vista Conference/CY Dev/III Dev	\$1,375,430	Conference Center & Hotel
Offutt AFB America	\$1,295,102	Base Housing
Walmart Real Estate/Stores/Business Trust/Neighborhood Market	\$1,243,659	Retail Business
Edward Rose Development	\$989,363	Apartments
PayPal	\$956,289	Commercial Business
MFR Partners IX/XVI LLC	\$851,689	Apartments
Werner Enterprises	\$784,679	Trucking
Harrison Hills Apartments	\$783,330	Apartments

*Totals based on names on file.

Source: Sarpy County Treasurer's Office.

History of County Tax Levies (Cents per \$100 of Assessed Valuation)

Year	Amount
2014	29.990
2015	29.690
2016	29.690
2017	29.690
2018	29.690

Source: Sarpy County

Tax Levies and Collections

Tax Certified by the Assessor

	2015	2016	2017
Real Estate	\$266,992,173	\$284,736,799	\$304,381,624
Personal	6,923,756	7,045,338	7,428,978
Centrally Assessed	1,515,907	1,641,119	1,747,151
	<u>\$275,431,836</u>	<u>\$293,423,256</u>	<u>\$313,557,753</u>

Source: Sarpy County Unaudited Financial Statements

Sarpy County Population

July 2014 (estimate)	172,193
July 2015 (estimate)	175,692
July 2016 (estimate)	179,023
July 2017 (estimate)	181,439
July 2018 (estimate)*	184,459

Source: U.S. Census (*Based on Census Bureau Vintage 2018 Population Estimate)

Sarpy County Building Permits*

Year	Single Family		Multi Family	
	Permits	Value	Permits	Value
2014	320	\$ 76,495,447	1	\$ 4,535,687
2015	330	\$ 79,457,683	1	\$ 1,966,328
2016	276	\$ 68,739,432	0	\$ -
2017	342	\$ 84,666,636	0	\$ -
2018	329	\$ 81,169,710	0	\$ -

Year	Commercial/Industrial	Value
	Permits	
2014	9	\$23,277,076
2015	28	\$36,792,946
2016	52	\$33,244,920
2017	57	\$34,262,992
2018	87	\$20,185,899

Source: Sarpy County Building and Planning Department

*Includes only areas outside city zoning jurisdictions.

APPENDIX D — FORM OF CONTINUING DISCLOSURE UNDERTAKING

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

This Continuing Disclosure Certificate, dated on or about February 18, 2020 is executed and delivered by Sanitary and Improvement District No. 238 of Sarpy County, Nebraska (the “District”) in connection with the issuance by the District of \$3,255,000 in aggregate principal amount of its General Obligation Refunding Bonds, Series 2020 (the “Bonds”). The Bonds are being issued pursuant to a resolution dated January 8, 2020 (the “Resolution”) authorizing the issuance of the Bond and authorizing the District to enter into this Undertaking. In consideration of the purchase of such Bonds by the owners thereof, the District hereby covenants and agrees as follows:

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

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

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

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

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

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

[Signature Page to Follow]

THIS CERTIFICATE IS EXECUTED AND DATED February 18, 2020

SANITARY AND IMPROVEMENT
DISTRICT NO. 238 OF SARPY
COUNTY, NEBRASKA

By: _____
Chair, Board of Trustees