

*In the opinion of Baird Holm LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel also is of the opinion that, under existing laws of the State of Nebraska, such interest is exempt from Nebraska state income taxation. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.*

**\$4,805,000**  
**NUCKOLLS COUNTY SCHOOL DISTRICT 0011**  
**(SUPERIOR PUBLIC SCHOOLS)**  
**IN THE STATE OF NEBRASKA**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2019**

**Dated: Date of Delivery**

**Due: As shown on the inside front cover**

Nuckolls County School District 0011 (Superior Public Schools) in the State of Nebraska (the "District") is issuing the above-captioned bonds (the "Bonds") as fully registered bonds which, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC is acting as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor acts as the securities depository for the Bonds.

BOKF, National Association, Lincoln, Nebraska, is the initial Paying Agent and Registrar for the Bonds. Interest is payable semiannually on December 15 and June 15 of each year, commencing June 15, 2020, until maturity or earlier redemption, and principal is payable on the dates and in the amounts set forth on the inside front cover. See "THE BONDS – Payment Provisions" herein. So long as DTC or its nominee is the registered owner of the Bonds, all payments of the principal of, premium, if any, and the interest on the Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. For terms relating to DTC and the book-entry system, see "THE BONDS – Book-Entry System" herein.

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**MATURITY SCHEDULE — SEE INSIDE COVER**

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

The District is using the proceeds of the Bonds to, along with other funds of the District, refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2012 – date of original issue March 28, 2012 in the principal amount of \$5,265,000 and paying costs of issuance. See "THE BONDS – Purpose and Authority" herein.

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

The Bonds are offered in book-entry form when, as and if issued by the District, subject to the approval of legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through DTC in New York, New York, on or about December 23, 2019.

**PiperJaffray**

Underwriter

**① First National  
Capital Markets**  
Municipal Advisor

**\$4,805,000**  
**NUCKOLLS COUNTY SCHOOL DISTRICT 0011**  
**(SUPERIOR PUBLIC SCHOOLS)**  
**IN THE STATE OF NEBRASKA**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2019**

**MATURITY SCHEDULE**

<b>Type</b>	<b>Maturity Date (December 15)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price (% of Par)</b>	<b>CUSIP<sup>1</sup></b>
Serial	2020	\$60,000	1.350%	1.350%	100.000%	670216CE8
Serial	2021	60,000	1.400	1.400	100.000	670216CF5
Serial	2022	440,000	1.450	1.450	100.000	670216CG3
Serial	2023	440,000	1.550	1.550	100.000	670216CH1
Serial	2024	450,000	1.600	1.600	100.000	670216CJ7
Serial	2025	455,000	1.700	1.700	100.000	670216CK4
Serial	2026	465,000	1.850	1.850	100.000	670216CL2
Serial	2027	475,000	3.000	1.850	105.467	670216CM0
Serial	2028	490,000	2.000	2.050	99.591	670216CN8
Serial	2029	500,000	2.000	2.150	98.659	670216CP3
Serial	2030	510,000	2.250	2.250	100.000	670216CQ1
Serial	2031	460,000	2.300	2.300	100.000	670216CR9

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

**NUCKOLLS COUNTY SCHOOL DISTRICT 0011  
(SUPERIOR PUBLIC SCHOOLS)  
IN THE STATE OF NEBRASKA**

**Board of Education**

Matt Sullivan, President  
Peggy Meyer, Vice President  
Matt Bargaen, Member  
Jason Jensen, Member  
Brad Biltoft, Member  
Luke Meyers, Member

**Administration**

Marty Kobza, Superintendent  
Bob Cook, Secondary Principal  
Doug Hoins, Elementary Principal

**MUNICIPAL ADVISOR**

First National Capital Markets, Inc.  
Omaha, Nebraska

**BOND COUNSEL**

Baird Holm LLP  
Omaha, Nebraska

**REGISTRAR AND PAYING AGENT**

BOKF, National Association  
Lincoln, Nebraska

**INDEPENDENT AUDITOR**

Mierau & Co., P.C.

**UNDERWRITER**

Piper Jaffray & Co.  
Omaha, Nebraska

## REGARDING USE OF THIS OFFICIAL STATEMENT

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

The information set forth herein has been obtained from the District and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the District since the date hereof. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. No dealer, broker, sales representative or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement; and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Bonds have not been registered with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption contained in the Securities Act. No federal or state securities commission or regulatory authority has recommended the Bonds. Moreover, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The Underwriter intends to offer the Bonds initially at the offering prices set forth on the inside cover page hereto, which may subsequently change without any requirement of prior notice. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Stabilization, if commenced, may be discontinued at any time.

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

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

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## OFFICIAL STATEMENT

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**\$4,805,000**

**NUCKOLLS COUNTY SCHOOL DISTRICT 0011  
(SUPERIOR PUBLIC SCHOOLS)  
IN THE STATE OF NEBRASKA  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2019**

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### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to set forth information concerning Nuckolls County School District 0011 (Superior Public Schools) in the State of Nebraska (the “**District**”) and the District’s General Obligation Refunding Bonds, Series 2019, in the aggregate principal amount of \$4,805,000 (the “**Bonds**”), being offered for sale pursuant to this Official Statement.

The District is issuing the Bonds to provide funds to, along with other funds of the District, refund \$5,265,000 of the District's outstanding General Obligation Refunding Bonds, Series 2012, date of original issue March 28, 2012, and to pay certain costs of issuing the Bonds. See the caption “THE BONDS – Purpose and Authority” herein.

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

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

### THE BONDS

#### General

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

## Payment Provisions

BOKF, National Association, from its corporate trust office in Lincoln, Nebraska, is the initial Registrar and Paying Agent with respect to the Bonds (the “**Registrar**”). The Registrar will pay interest on the Bonds on December 15 and June 15 of each year (each, an “**Interest Payment Date**”), commencing June 15, 2020, from their original issue date or the most recent Interest Payment Date, whichever is later, until maturity or earlier redemption. The Registrar will compute interest on the basis of a 360-day year consisting of twelve 30-day months. The Registrar will pay interest due on the Bonds by check or draft mailed to the registered owners at their registered addresses, both as shown on the registration books of the Registrar at the close of business on the fifteenth day immediately preceding each Interest Payment Date (the “**Record Date**”). The Registrar will pay the principal of the Bonds at maturity or earlier date of redemption, together with all interest accrued to such date, upon presentation and surrender of the Bonds at the Registrar’s designated corporate trust office.

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

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

## Redemption Provisions

**Optional Redemption.** The Bonds are subject to redemption prior to or at any time on or after the fifth anniversary of the date of original issue hereof, in whole, or in part in such principal amounts and from such maturity or maturities as the District in its sole and absolute discretion shall determine, at a redemption price equal to the principal amount thereof, together with the interest accrued thereon to the date of redemption, with no premium. If less than all of the Bonds of any maturity are to be called for redemption, the Registrar shall select by lot the particular Bonds of such maturity to be redeemed in Authorized Denominations within a maturity.

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

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

**Effect of Redemption.** If notice of redemption has been properly given or waived and moneys for payment are available on the redemption date, the Bonds so called for redemption shall, on the redemption date, become due and payable and shall cease to bear interest and shall cease to be entitled to any lien, benefit or security under the hereinafter-described Resolution and the owners of the Bonds so called for redemption

shall have no rights under the Resolution except to receive payment of the redemption price plus accrued interest to the date fixed for redemption from funds deposited with the Registrar by the District.

### **Registration, Transfer and Exchange of Bonds**

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

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

### **Purpose and Authority**

**Purpose.** The District is issuing the Bonds to provide funds to, along with other funds of the District, refund a portion of the District's General Obligation Refunding Bonds, Series 2012 – date of original issue March 28, 2012 – in the outstanding amount of \$5,265,000 (the "2012 Bonds"), maturing as serial bonds on December 15 in the years 2022 through and including 2033 and to pay certain costs of issuance. The District will pay the principal of the 2012 Bonds maturing on December 15 in the years 2019, 2020 and 2021 at the respective maturity dates thereof together with interest accrued to such maturity dates, as applicable.

The 2012 Bonds were issued to refund the District's General Obligation Bonds, Series 2010 (the "2010 Bonds"). The 2010 Bonds were approved by a majority of the voters at the special election held in the District on November 10, 2009. The net proceeds thereof were used for the purposes of constructing an elementary classroom addition on to the existing Junior/Senior High School, constructing a practice gymnasium/multipurpose room, locker rooms and an elementary library, adding a fire sprinkler system to the current Junior/Senior High School, and providing for the necessary furniture, equipment and apparatus for such school building, additions and improvements.

**Authority.** The District is issuing the Bonds pursuant to a resolution (the "**Resolution**") adopted on October 14, 2019, by the District's Board of Education (the "**Board**") in accordance with Sections 10-701 et seq., Reissue Revised Statutes of Nebraska, as amended (the "**Act**").

### **Security**

The Bonds are direct, general obligations of the District, secured as to the payment of principal, premium, if any, and interest by an irrevocable pledge by the District of its full faith and credit and its taxing power. The District has covenanted in the Resolution that it shall cause to be levied and collected annually a special



levy of taxes on all the taxable property in the District, in addition to all other taxes, sufficient in rate and amount to pay the principal of, premium, if any, and interest on the Bonds as and when the same become due. Pursuant to the Resolution, the District has pledged such tax levy and receipts to the payment of the debt service of the Bonds.

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

### **Book-Entry System**

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

### **Risk Factors**

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

Because transactions in the Bonds can be effected only through DTC, DTC Participants and certain banks, the ability of a Beneficial Owner to pledge a Bond to persons or entities that do not participate in the Book-Entry System, or otherwise to take actions in respect of such Bonds may be limited due to the lack of physical certificates. Beneficial Owners will not be recognized by the Registrar as registered owners for purposes of the Resolution, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and its DTC Participants. For the rights of Beneficial Owners with respect to the District’s continuing disclosure obligation, see APPENDIX C hereto.

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

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

## **THE DISTRICT**

For information regarding the District, including its finances and operations, see APPENDIX A and APPENDIX B attached hereto.

## **BONDHOLDERS' RISKS**

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

### **Absence of Credit Enhancement**

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

### **Lack of Market for the Bonds**

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

### **No Mortgage or Collateral**

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

### **Limitation of Rights upon Insolvency**

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

## **Redemption Prior to Maturity**

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

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

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

## **Nebraska Developments Related to Budgets and Taxation**

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

### **Reduced State Revenues**

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

## **NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION**

### **General**

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

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

## Budget and Levy Limitations

The Nebraska Legislature has imposed budget limitations and property tax restrictions on Nebraska political subdivisions, including public school districts, intended to reduce the level of property taxation and expenditures within the State. Budget limitations relating to school districts (Section 79-1023 *et seq.*, Reissue Revised Statutes of Nebraska, as amended, and related sections, the “**Budget Limitations**”) limit the growth in general fund expenditures for school districts. Tax levy limitations (Section 77-3442 *et seq.*, Reissue Revised Statutes of Nebraska, as amended, and related sections, the “**Levy Limitations**”) provide for an overall limitation on tax rates levied by school districts. The Budget Limitations, because they apply only to general fund expenditures, do not limit the budgeting of expenditures for debt service on bonded indebtedness, nor do they limit building fund and certain other special fund expenditures.

Similarly, the Levy Limitations expressly exclude property tax levies relating to bonded indebtedness (other than bonded indebtedness incurred by a school district pursuant to Section 44-4317, Reissue Revised Statutes of Nebraska, as amended), certain lease-purchase obligations approved prior to July 1, 1998 and building fund levies relating to projects established prior to April 1, 1996; provided, however, that any combined levy of a school district in excess of the greater of (a) \$1.20 per one hundred dollars (\$100) of taxable value or (b) the maximum levy authorized by a vote pursuant to Section 77-3444, Reissue Revised Statutes of Nebraska, as amended, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, is considered an unauthorized levy pursuant to Section 77-1606, Reissue Revised Statutes of Nebraska, as amended. **As the Bonds are general obligations of the District payable from the special property tax levy authorized by law and approved by the voters of the District, neither the tax levy nor the corresponding expenditures to pay debt service on the Bonds are subject to the Levy Limitations or the Budget Limitations.**

Under the Budget Limitations, a school district may not increase its general fund expenditures by more than its budget authority established each year by the Nebraska Department of Education. A district’s budget authority for general fund expenditures is calculated using the formula set forth in Section 79-1023, Reissue Revised Statutes of Nebraska. Such calculation is subject to modification from year to year by the Nebraska Legislature. The Budget Limitations are part of the system for determining aid from the State and are to be enforced through the office of the Auditor of Public Accounts of the State and the Nebraska Department of Education. State Aid may be withheld from governmental units which fail to comply. *Such budgetary limitations do not apply to, among other things, revenue pledged to retire bonded indebtedness, such as the Bonds.*

Under the Levy Limitations the rates for levying property taxes have been limited for each type of governmental unit in the State. The rate of levy for school districts generally may not exceed more than \$1.05 per one hundred dollars (\$100) of taxable value. The District’s general fund levy for the 2019-20 fiscal year is set at \$0.916708 per one hundred dollars (\$100) of taxable valuation. The District’s general fund levy includes certain exclusions permitted under the Levy Limitations, such as sums paid to certificated employees in exchange for voluntary termination of employment and special building funds and sinking funds established for construction, expansion or alteration projects commenced prior to April 1, 1996. In addition, property tax levies to pay bonded indebtedness (such as the Bonds) and lease-purchase contracts approved prior to July 1, 1998 are not included in such limitation (taxes to pay bonds issued by school districts pursuant to Section 44-4317, Reissue Revised Statutes of Nebraska, as amended, are included in such limitation, but the District has not issued any bonds pursuant to such statute). Any combined tax levy of a school district in excess of the greater of (a) \$1.20 per one hundred dollars (\$100) of taxable value or (b) the maximum levy authorized by a vote pursuant to Section 77-3444, Reissue Revised Statutes of Nebraska, as amended, except levies for bonded indebtedness approved by the voters of the school district (such as the Bonds), and levies for the refinancing of such bonded indebtedness is considered an unauthorized levy pursuant to Section 77-1606, Reissue Revised Statutes of Nebraska, as amended. *Any tax levied to pay the principal of and interest on the Bonds will not be subject to the Levy Limitations.*

Section 79-10,120, Reissue Revised Statutes of Nebraska, as amended, authorizes a building fund tax levy of not to exceed 14 cents on each one hundred dollars (\$100) of taxable valuation. Funds collected from this tax levy may be used solely to acquire, construct, erect, alter, equip and furnish school buildings and additions thereto for elementary and high school grades. The District has utilized this levy in the past. The District levied 0.097414 cents per one hundred dollars (\$100) of taxable valuation for fiscal year 2018-19 and is levying 0.132024 per one hundred dollars (\$100) of taxable valuation for fiscal year 2019-20. Under current statutes such levying authority is subject to the Levy Limitations, but is not included within the budgeted expenditure limitations provided for in the Budget Limitations. Funds collected from the building fund levy are not expected to be used to pay the principal of and interest on the Bonds.

### **State Aid**

State Aid is funded through the collection of statewide sales and income taxes. Legislative enactments in recent years have both increased and decreased the amounts of funds available for State Aid to school districts, as well as established and revised procedures and formulae for the distribution of State Aid to school districts. The District received \$39,351 in State Aid in fiscal year 2018-19 and expects to receive approximately \$353,634 in fiscal year 2019-20. State Aid amounts fluctuate from year to year based upon factors set in the related statutes, and the District's State Aid amount could increase or decrease in future years.

### **Motor Vehicle Taxes**

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

### **Additional Considerations**

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

## **SOURCES AND USES OF FUNDS**

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

### **Sources of Funds**

Par Amount of 2019 Bonds:	\$4,805,000.00
District Equity Contribution	\$525,200.00
Reoffering Premium	<u>17,259.15</u>
<b>Total:</b>	<u><b>\$5,347,459.15</b></u>

### **Uses of Funds**

Deposit to Current Refunding Fund	\$5,268,415.28
Costs of Issuance (including underwriting discount & Rounding)	<u>\$79,043.87</u>
<b>Total:</b>	<u><b>\$5,347,459.15</b></u>

## DEBT SERVICE REQUIREMENTS

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/31/2020	-	\$45,146.42	\$45,146.42
8/31/2021	\$60,000	94,087.50	154,087.50
8/31/2022	60,000	93,262.50	153,262.50
8/31/2023	440,000	89,652.50	529,652.50
8/31/2024	440,000	83,052.50	523,052.50
8/31/2025	450,000	76,042.50	526,042.50
8/31/2026	455,000	68,575.00	523,575.00
8/31/2027	465,000	60,406.25	525,406.25
8/31/2028	475,000	48,980.00	523,980.00
8/31/2029	490,000	36,955.00	526,955.00
8/31/2030	500,000	27,055.00	527,055.00
8/31/2031	510,000	16,317.50	526,317.50
8/31/2032	<u>460,000</u>	<u>5,290.00</u>	<u>465,290.00</u>
Total	<u>\$4,805,000</u>	<u>\$744,822.67</u>	<u>\$5,549,822.67</u>

## CONTINUING DISCLOSURE

For the benefit of the holders and Beneficial Owners of the Bonds, the District has covenanted to provide or to cause to be provided certain financial information and operating data relating to the District (the “**Annual Report**”), by not later than nine months following the end of the District's fiscal year (currently ending August 31), commencing with the report for the fiscal year ended August 31, 2020 (which is due no later than May 31, 2021), and to provide notices of the occurrence of certain enumerated events (the “**Listed Events**”). The specific nature of the information to be contained in the Annual Report and the notices of Listed Events is described in the Continuing Disclosure Agreement (the “**Disclosure Agreement**”), the form of which is attached hereto as APPENDIX C: “FORM OF CONTINUING DISCLOSURE AGREEMENT”. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (“**Rule 15c2-12**”). The name, address, and telephone number of the person from whom the foregoing information, data, and notices can be obtained is as follows:

Superior Public Schools  
601 W. 8<sup>th</sup> Street  
Superior, Nebraska 68978  
Attention: Marty Kobza, Superintendent  
402-879-3257

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

A failure by the District to comply with the Disclosure Agreement will not constitute a default under the Resolution, although Bondholders will have any available remedy at law or in equity. Any such failure

must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Rule 15c2-12 requires that an issuer or other obligated person disclose in an official statement any instances in the previous five years in which such issuer or other obligated person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

## **TAX MATTERS**

### **Federal Tax Matters**

***Tax Opinions.*** In the opinion of Baird Holm LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

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

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

discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

***Original Issue Premium.*** Bonds sold at initial public offering prices that are greater than the respective stated amounts to be paid at maturity constitute “**Premium Bonds**”. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

***Bank-Qualified.*** The District has represented that it does not expect to issue greater than \$10,000,000 of tax-exempt obligations during the calendar year in which the Bonds are issued (excluding certain private activity bonds and refunding bonds), and in the Resolution it has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

***Backup Withholding.*** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

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

## **State Tax Matters**

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

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether



any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

### LEGAL OPINION

The approving opinion of Baird Holm LLP, Omaha, Nebraska (“**Bond Counsel**”) will affirm, among other things, that the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State, including the Act, that the Bonds constitute valid and legally binding obligations of the District, and that the District has power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all taxable property located in the District without limitation as to rate or amount. The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or for the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel has participated in the preparation of this Official Statement but expresses no opinion as to the accuracy, completeness or sufficiency of the factual, operating and financial information appearing herein, which has been supplied and/or reviewed by certain officials of the District and its Auditors (as referred to herein), excepting only matters relating to its opinion, including the matters appearing in the sections of this Official Statement captioned “LEGAL OPINION” and “TAX MATTERS” herein

### LITIGATION

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

### RATING

Moody’s Investors Service, Inc. (“**Moody’s**”), has assigned the Bonds a rating of “A2”. Any explanation of the significance of such rating should be obtained from Moody’s. The District furnished Moody’s with certain information and materials relating to the Bonds and the District which have not been included in this Official Statement. Generally, a rating agency bases its rating on the information and materials so furnished and on investigations, studies and assumptions made by such rating agency. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Except as set forth in APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT, neither the District nor the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

## **FINANCIAL STATEMENTS**

The financial statements of the District, as of and for the year ended August 31, 2018 included in APPENDIX B to this Official Statement, have been audited by Mierau & Co., P.C., York, Nebraska, independent auditors (the “**Auditors**”), as stated in their report appearing herein. The Auditors have not been asked to review the information in this Official Statement, to express any opinion with respect thereto, to update or revise their report in light thereof or to provide their consent to the inclusion of the financial statements and report in this Official Statement.

## **UNDERWRITING**

Piper Jaffray & Co. (the “**Underwriter**”) has agreed to purchase the Bonds from the District pursuant to a bond purchase agreement (the “**Purchase Agreement**”), subject to certain conditions described therein, at a price equal to \$4,795,831.65 (par, plus aggregate original issue premium of \$17,259.15 less an underwriting discount equal to \$26,427.50), plus accrued interest, if any. The Purchase Agreement provides that the Underwriter shall purchase the Bonds in the aggregate principal amount thereof if any such Bonds are purchased, subject to certain conditions therein.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriter(s) in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

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

## **MUNICIPAL ADVISOR**

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

## **MISCELLANEOUS**

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

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

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

**NUCKOLLS COUNTY SCHOOL DISTRICT  
0011 (SUPERIOR PUBLIC SCHOOLS) IN THE  
STATE OF NEBRASKA**

**APPENDIX A**  
**NUCKOLLS COUNTY SCHOOL DISTRICT 0011**  
**(SUPERIOR PUBLIC SCHOOLS)**

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**GENERAL OPERATIONAL INFORMATION**

**General Information**

Superior is located just minutes from the Kansas border in south-central Nebraska and is served by Nebraska Highways 8 & 14. Major roads in the area include Highway 81, connecting south to Interstate 70 and north to Interstate 80. The economy of the area is chiefly agricultural, consisting of corn, wheat, soybeans and grain sorghum.

**Railroads**

Superior is served by the Union Pacific Railroad and the Burlington Northern Santa Fe Railroad.

**Banking**

The banking needs of the area are met by Central National Bank, Farmers & Merchants Bank, Home Federal Savings & Loan Assoc., and Horizon Bank.

**Healthcare**

Brodstone Memorial Hospital, located in Superior, meets the City's and surrounding area's healthcare needs.

**Government and Organization**

The District is organized as a Class III school district under Sections 79-102 and 79-407, Reissue Revised Statutes of Nebraska, as amended. The District is governed by a six member Board of Education (the "Board"). The members of the Board are elected by the voters of the District for four-year, staggered terms. All Board members are elected at-large and serve without compensation. The Board is responsible for all policy decisions. The President of the Board is elected by the Board from among its members for a term of one year and has no regular administrative duties. The Secretary and Treasurer are appointed by the Board and may or may not be members of the Board.

The current members and officers of the Board of Education are:

<b>Name</b>	<b>Office</b>	<b>Term Expires</b>
Matt Sullivan	President	2020
Peggy Meyer	Vice President	2020
Matt Bargaen	Member	2022
Jason Jensen	Member	2022
Brad Biltoft	Member	2022
Luke Meyers	Member	2024

The Board of Education appoints the Superintendent of Schools who is the Chief Administrative Officer of the District, responsible for carrying out the policies set by the Board. Additional members of the administrative staff are appointed by the Board of Education upon recommendation by the Superintendent. The current Superintendent of Schools is Marty Kobza, who joined the District in 2018. Mr. Kobza is assisted by Bob Cook, Secondary Principal and Doug Hoins, Elementary Principal.

### **The District/Educational Facilities**

The Superior Public School District, 65-0011, is comprised of two buildings. Superior Elementary is a K-6 facility and the Jr./Sr. High School a 7-12 facility. All buildings, PK-12 are now all in one location. The PK-12 total student count is 443 students. There are 3 administrative personnel, 39 teachers, and 33 support staff. Assessment instruments used by the Superior School District include the following: • Norm-referenced Assessment Northwest Evaluation Association (NWEA) - Measures of Academic Progress (MAP) tests are used for the district's norm-referenced testing requirements. Students in grades 3-9 and 11 are tested twice each year. • NeSA State Testing Students in grades 3-8 and 11 are administered the NeSA state tests each year in the areas of Reading, Math and Science. • DIBELS (Dynamic Indicators of Basic Early Literacy Skills) Students in grades K-6 are administered the DIBELS tests three times a year.

### **Enrollment History (PreK-12)\***

<b>School Year</b>	<b>Enrollment</b>
2018-19	430
2017-18	421
2016-17	438
2015-16	435
2014-15	469
2013-14	488

### **Staffing**

<b>Year</b>	<b>Teachers</b>	<b>Administrators</b>	<b>Other Staff</b>	<b>Total</b>
2018-19	41	3	52	96
2017-18	42	3	53	98
2016-17	39	3	49	91
2015-16	39	3	48	90
2014-15	40	3	47	90

### **Employee Relations**

The District believes it has a good working relationship with its employees. The District's teachers are represented by the SEA. The current teacher negotiations contract was approved in January of 2019 for the 2019-20 school year and ends on August 31, 2019. The negotiations contract for the 2020-21 school year will be approved in December of 2019 and will end in August 31, 2021.

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\* Source: Nebraska Department of Education State of the Schools Report (2018-19)

## SELECTED DISTRICT FINANCIAL INFORMATION

### Accounting, Budgeting, and Auditing Procedures

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

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

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

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

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

The financial records of the District are audited annually by a firm of independent certified public accountants with financial statements prepared on the modified basis of accounting. In recent years, the annual audit has been performed by Mierau & Co., P.C., York, Nebraska. A copy of the annual audit for the fiscal year ended August 31, 2018, is included in this Official Statement at **Appendix B**. A summary of significant accounting policies of the District is contained in the Notes accompanying the financial

statements in the Appendix B. Financial statements for earlier years are available for examination in the District's office.

### **General Fund Sources of Revenue**

The District finances its operations through the local property tax levy, state aid, federal grant programs and miscellaneous sources. Debt service is financed solely through local property taxes. For the fiscal year ended August 31, 2018 the District received its General Fund revenue from various sources as follows, and the District anticipates the sources of revenue will remain substantially same for the fiscal year ending August 31, 2019:

<b>Source</b>	<b>Amount (\$)</b>	<b>Amount (%)</b>
Local Receipts (Taxes)	5,000,758	77.56
Interest Income	21,743	<1
Other Local Receipts	63,271	<1
County Receipts	26,566	<1
State Aid	43,490	<1
Special Education	519,707	8.06
Other State Receipts	499,650	7.75
Federal Receipts	272,157	4.22
<b><i>Total Receipts</i></b>	<b><i>6,447,340</i></b>	<b><i>100</i></b>

The local property taxes provide the only source of funds payable into the Bond Fund. Such taxes are levied and collected by the County as hereinafter described. See **“PROPERTY TAX INFORMATION CONCERNING THE DISTRICT-Tax Collection Record.”**

### **Legal Debt Capacity**

The District has no legal debt limit.

### **Financial Statements**

The audited financial statements of the District for the fiscal year ended August 31, 2018 and the report by Mierau & Co., P.C., York, Nebraska, with respect thereto, are included in **APPENDIX B** to this Official Statement. The audited financial statements for earlier years with reports by the Certified Public Accountants are available for examination in the District's office.

### **Nebraska School Employees Retirement System\***

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

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

Section 79-958 of the Retirement Act requires school district employees to contribute 9.78% of pay. Section 79-958 currently requires school districts to contribute an amount equal to 101% of the contributions of their employees. The current State of Nebraska contribution rate is 2%. The Retirement Act, including the employee and state contribution rates, was amended in the 2013 legislative session when the Nebraska Legislature passed LB 553 over the Governor's veto.

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

## **DISTRICT PROPERTY TAX INFORMATION**

### **Current Assessed Valuation**

All taxable real and personal property within the District is assessed annually by the Nuckolls, Thayer and Webster County Assessors. The current total assessed valuation for 2019 of all taxable tangible property situated in the District is \$501,134,430.

### **History of Property Valuations**

The total assessed valuation of all taxable tangible property situated in the District in each of the following years, has been as follows:

<b>Year</b>	<b>Assessed Valuation</b>
2019-20	\$ 501,134,430
2018-19	\$ 532,644,657
2017-18	\$ 558,972,782
2016-17	\$ 581,932,886
2015-16	\$ 574,632,946
2014-15	\$ 461,002,707

### **Property Tax Levies and Collections**

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

### **Historical Tax Rates**

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

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
General	0.835475	0.867798	0.937969	0.94068	0.916708
Bond Fund	0.111003	0.108486	0.10481	0.104301	0.099782
Special Building	0.061524	0.060752	0.067765	0.097414	0.132024
QCPUF	<u>0.012305</u>	<u>0.008679</u>	<u>0.004518</u>	<u>0.005689</u>	<u>0.000000</u>
<b>Total</b>	<b>1.020307</b>	<b>1.045715</b>	<b>1.115062</b>	<b>1.148084</b>	<b>1.148514</b>



## Historical Tax Collections

The following table sets forth available tax collection information for the District for the last five years:

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Amount Collected</u>	<u>% Collected</u>
2018-19	\$6,115,209	NA	NA
2017-18	\$6,076,327	\$5,544,575	91.25%
2016-17	\$6,085,353	\$5,698,372	93.64%
2015-16	\$5,863,014	\$5,147,565	87.80%
2014-15	\$5,337,808	\$4,952,418	92.78%

## SELECTED DISTRICT FINANCIAL AND STATISTICAL INFORMATION

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

2019-20 Assessed Valuation	\$501,134,430
District Population(approx.)	3,000
Acres in District (approx.)	167,680
Square Miles in District (approx.)	262
Direct General Obligation Debt	\$4,805,000
Ratio of Direct General Obligation Debt to Taxable Valuation	0.96%
Ratio of Direct General Obligation Debt Per Capita	\$1,602
Ratio of Direct General Obligation Debt Per Acre	\$28.66
Overlapping and Underlying Debt Attributable to District	\$720,832
Total Direct, Overlapping, and Underlying Debt	\$5,525,832
Ratio of Direct, Overlapping and Underlying Debt to Taxable Valuation	1.10%
Ratio of Direct, Overlapping and Underlying Debt Per Capita	\$1,841.94
Ratio of Direct, Overlapping and Underlying Debt Per Acre	\$32.95

### Direct Debt

The following table sets forth, as of the posting date, the entire outstanding bonded indebtedness of the District.

<u>Issue Name</u>	<u>Dated Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds, Series 2019 (this issue)	12/23/2019	\$4,805,000	\$4,805,000
<b>TOTAL DIRECT G.O. DEBT:</b>			<b><u>\$4,805,000</u></b>

Overlapping and Underlying General Obligation Debt				
Taxing Jurisdiction	2018-19	Outstanding	Percent	Amount
Overlapping:	Valuation	General	Attributable	Attributable
<i>Counties:</i>		Obligation Debt	to District	to District
Nuckolls	\$1,259,327,113	\$0	28.52%	\$0
Thayer County	\$1,979,500,547	\$4,685,000	0.032%	\$1,498
Webster County	\$1,060,321,097	\$2,130,000	13.33%	\$283,929
<b>Total Overlapping:</b>				<b>\$285,427</b>
Taxing Jurisdiction	2018-19	Outstanding	Percent	Amount
Underlying:	Valuation	General	Attributable	Attributable
<i>Cities:</i>		Obligation Debt	to District	to District
City of Superior	\$72,950,932	\$435,405	100%	\$435,405
<b>Total Underlying:</b>				<b>\$435,405</b>
<b>TOTAL UNDERLYING/OVERLAPPING UNDERLYING G.O. DEBT</b>				<b>\$720,832</b>

## SELECTED AREA INFORMATION<sup>±</sup>

### Employment

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

Major Employers	Number of Employees
1. Brodstone Memorial Hospital	100-249
2. Superior – Good Samaritan Society	100-249
3. Wilde Ridge Estates	50-99
4. Superior Public Schools Dist	50-99
5. Ideal Market	20-49
6. Mid-Nebraska Individual Svc	20-49
7. Nelson Public Schools	20-49
8. Shopko Hometown	20-49
9. Superior Family Medical Center	20-49
10. North War Elementary School	20-49

### Major Property Taxpayers<sup>±</sup>

Owner	Tax Dollars	Valuation
1. General Agriculture Services LLC	\$231,338	\$16,153,865
2. John and Mary Kaldahl	\$138,502	\$ 9,503,460
3. Agrex	\$124,678	\$ 6,825,800
4. Rempe Farms	\$ 87,772	\$ 6,198,800
5. James Keifer	\$ 74,996	\$ 5,295,940
6. Aurora Cooperative	\$ 72,880	\$ 3,941,930
7. Andy and Peggy Meyer	\$ 72,382	\$ 5,110,000
8. Vernon (deceased) and Elizabeth Kaldahl	\$ 69,961	\$ 4,936,880
9. Steven and Dave Gebers, Et al	\$ 54,470	\$ 3,816,650
10. Steven and Jocelyn Shroyer	\$ 41,936	\$ 3,068,480

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<sup>±</sup> Source: Nebraska Department of Labor

<sup>±</sup> Requested from Nuckolls County Assessor

**APPENDIX B**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**  
August 31, 2018

**SUPERIOR SCHOOL DISTRICT NO. 11**

Superior, Nebraska

August 31, 2018

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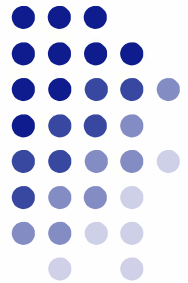
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# Mierau & Co., P.C.

Certified Public Accountants  
424 N. Grant Avenue  
York, NE 68467  
Phone: 402-362-3399  
Fax: 402-362-3390  
[www.mieraucpa.com](http://www.mieraucpa.com)



## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Superior School District No. 11  
Superior, Nebraska

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Superior School District No. 11, Superior, Nebraska, (the School District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

Randall G. Mierau, CPA  
[randy@mieraucpa.com](mailto:randy@mieraucpa.com)

Lisa D. Riley  
[lisa@mieraucpa.com](mailto:lisa@mieraucpa.com)

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of August 31, 2018, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

## **Basis of Accounting**

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

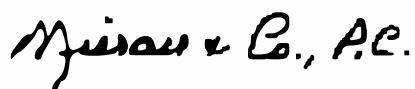
## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The management's discussion and analysis, budgetary comparison schedules and cash disbursements for operational expenses - general fund, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 November 3, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 School District's internal control over financial reporting and compliance.



York, Nebraska  
November 3, 2018



**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
August 31, 2018

This discussion and analysis of the financial performance of the Superior School District No. 11 (the District) provides an overview of the District's financial activities for the year ended August 31, 2018. It should be read in conjunction with the District's financial statements, which follow.

Financial Highlights

The District's net position on August 31, 2018 was \$6,513,790.62. Of this amount, \$4,954,071.96 is unrestricted and may be used to meet the District's ongoing obligations.

The net position of the District increased by \$50,899.89, up from \$6,462,890.73 in the prior fiscal year.

The District's receipts were \$76,362.70 less than the prior year and disbursements were \$626,845.23 more than the prior year.

The District's student enrollment decreased by 22 students.

Overview of the Financial Statements

This financial report consists of four sections: management's discussion and analysis (this section), the basic financial statements, supplementary information and other information.

The basic financial statements include two kinds of statements that present different views of the District.

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities, which provide information about the District's overall financial status.

The remaining statements are governmental fund financial statements that focus on individual funds of the District, reporting the District's basic operations in more detail than the government-wide financial statements. Governmental funds are accountability units used to maintain control over resources segregated for specific activities or objectives. Major funds are separately reported while all others are combined.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by supplementary information that details federal expenses by program. Following that is a section of other information that details the receipts and disbursements of the District by fund and program.

Financial Analysis of the District as a Whole

Receipts for the District's activities were \$7,959,182.31, while total disbursements were \$7,908,282.42.

The following table summarizes the District's changes in net position from receipts and disbursements. The District is heavily reliant on property taxes and operating grants to support governmental activities since they provide 81% of the District's total receipts.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 August 31, 2018

Financial Analysis of the District as a Whole (cont'd)

A summary of the governmental receipts and disbursements follows:

	Current Year	Percent of Total	Prior Year	Percent of Total
Receipts:				
Program Receipts-				
Charges for services	\$ 181,658.11	2.28%	\$ 168,942.54	2.10%
Operating grants and contributions	936,398.02	11.77%	1,035,725.61	12.89%
Other Receipts-				
Property taxes	5,544,575.02	69.67%	5,698,371.68	70.92%
Other taxes	244,724.83	3.07%	235,003.30	2.92%
Interest income	45,456.43	0.57%	13,003.67	0.16%
County sources	26,565.62	0.33%	29,373.19	0.37%
State aid	43,490.00	0.55%	2,489.00	0.03%
Other state sources	546,129.58	6.86%	515,965.84	6.42%
Other general receipts	390,184.70	4.90%	336,670.18	4.19%
Total Receipts	<u>7,959,182.31</u>	<u>100.00%</u>	<u>8,035,545.01</u>	<u>100.00%</u>
Disbursements:				
Programs-				
Regular instruction	2,738,378.70	34.63%	2,616,342.41	35.93%
Poverty program	232,706.34	2.94%	202,647.42	2.78%
Special education	1,210,964.69	15.31%	1,169,605.10	16.06%
Support services	1,029,113.42	13.01%	906,018.75	12.44%
General administration	720,295.06	9.11%	643,547.37	8.84%
State programs	-	0.00%	3,308.50	0.05%
Federal programs	248,645.93	3.14%	338,128.56	4.64%
Other programs	45,529.76	0.58%	45,862.13	0.63%
Non-instructional programs	594,540.05	7.52%	570,515.38	7.84%
Capital improvements	557,293.47	7.05%	256,342.82	3.52%
Debt service	530,815.00	6.71%	529,118.75	7.27%
Total Disbursements	<u>7,908,282.42</u>	<u>100.00%</u>	<u>7,281,437.19</u>	<u>100.00%</u>
Change in net position	50,899.89		754,107.82	
Beginning Net Position	<u>6,462,890.73</u>		<u>5,708,782.91</u>	
Ending Net Position	<u>\$ 6,513,790.62</u>		<u>\$ 6,462,890.73</u>	
Restricted	\$ 1,559,718.66		\$ 1,675,496.14	
Unrestricted	<u>4,954,071.96</u>		<u>4,787,394.59</u>	
Total Net Position	<u>\$ 6,513,790.62</u>		<u>\$ 6,462,890.73</u>	

A portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's government-wide restricted net position is comprised of funds to be used for debt service and capital projects.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
August 31, 2018

Financial Analysis of the District's Funds

A summary of the District's governmental fund balances follows:

	Current Year	Prior Year	Variance
General Fund Balance	\$ 3,375,244.01	\$ 3,292,935.28	\$ 82,308.73
Depreciation Fund Balance	294,586.08	269,292.40	25,293.68
Employee Benefit Fund Balance	87,364.01	67,915.88	19,448.13
Activities Fund Balance	142,438.33	127,602.21	14,836.12
School Nutrition Fund Balance	58,766.99	42,716.73	16,050.26
Bond Fund Balance	1,088,841.53	1,048,623.64	40,217.89
Special Building Fund Balance	362,974.37	475,110.52	(112,136.15)
Qualified Capital Purpose Undertaking Fund Balance	107,902.76	151,761.98	(43,859.22)
Cooperative Fund Balance	995,672.54	986,931.88	8,740.66
Student Fee Fund Balance	-	0.21	(0.21)
Total Governmental Fund Balances	<u>\$ 6,513,790.62</u>	<u>\$ 6,462,890.73</u>	<u>\$ 50,899.89</u>

Economic Factors

Factors, such as property tax rates, valuation, state funding (primarily state aid) and federal funding have a major impact on the District's receipts each year. State and federal mandated programs, fuel prices and insurance costs impact the District's disbursements. Changes in enrollment also factor heavily into the District's financial position.

Budget Analysis

The General Fund budget was not amended during the fiscal year and included \$8,041,248.00 in available resources and \$7,615,273.00 in disbursements. Actual General Fund receipts were \$171,474.22 more than budget. Actual General Fund disbursements were \$1,250,241.51 less than budget, due mainly to lower than expected spending in regular instruction, special education instruction, support services and federal programs.

Debt Administration

As of August 31, 2018, the District had outstanding general obligation indebtedness of \$6,715,000.00 as compared to \$7,065,000.00 on August 31, 2017. The decrease is a result of principal payments of \$350,000.00.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or would like to request additional information, please feel free to contact the administration at:

Superior School District No. 11  
P.O. Box 288  
601 W. 8<sup>th</sup> Street  
Superior, Nebraska 68978  
(402) 879-3257

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
 August 31, 2018

	<u>Governmental Funds</u>
<b><u>Assets</u></b>	
Cash in bank	\$ 4,176,139.86
Certificates of deposit	991,692.54
Cash at county treasurer	<u>1,345,958.22</u>
Total Assets	<u><u>6,513,790.62</u></u>
<b><u>Net Position</u></b>	
Restricted:	
Capital improvement projects	470,877.13
Debt service	1,088,841.53
Unrestricted	<u>4,954,071.96</u>
Total Net Position	<u><u>\$ 6,513,790.62</u></u>

See accompanying notes to the financial statements.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
 For the Year Ended August 31, 2018

<b>Functions/Programs</b>	Disbursements	Program Receipts		Net Receipts (Disbursements) Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular	\$ 2,738,378.70	\$ 48,000.00	\$ 15,165.10	\$ (2,675,213.60)
Poverty	232,706.34			(232,706.34)
Special education	1,210,964.69		498,660.00	(712,304.69)
Support services:				
Pupils	131,919.80			(131,919.80)
Staff	110,565.86			(110,565.86)
Plant operations	465,170.91			(465,170.91)
Transportation	321,456.85	6,347.97	31,390.00	(283,718.88)
General administration:				
Board of education	52,718.13			(52,718.13)
Executive administration	199,418.11			(199,418.11)
Office of principal	342,494.84			(342,494.84)
Business	125,663.98			(125,663.98)
Federal programs	248,645.93		264,075.32	15,429.39
Other programs	45,529.76			(45,529.76)
Non-instructional programs	594,540.05	127,310.14	127,107.60	(340,122.31)
Capital projects	557,293.47			(557,293.47)
Debt service	530,815.00			(530,815.00)
Total Governmental Activities	<u>\$ 7,908,282.42</u>	<u>\$ 181,658.11</u>	<u>\$ 936,398.02</u>	<u>(6,790,226.29)</u>

**General Receipts**

Property taxes	5,544,575.02
Carline tax	6,228.40
Public power district sales tax	9,590.85
Motor vehicle taxes	228,905.58
Interest income	45,456.43
County receipts	26,565.62
State aid	43,490.00
Other state receipts	546,129.58
Other general receipts	390,184.70

Total General Receipts	<u>6,841,126.18</u>
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Change in Net Position - Modified Cash Basis	50,899.89
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Net Position - Modified Cash Basis, Beginning of Year	<u>6,462,890.73</u>
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Net Position - Modified Cash Basis, End of Year	<u>\$ 6,513,790.62</u>
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See accompanying notes to the financial statements.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
 For the Year Ended August 31, 2018

	Major Funds		
	General Fund	Bond Fund	Special Building Fund
<b><u>Assets</u></b>			
Cash in bank	\$ 2,211,641.21	\$ 967,267.17	\$ 307,727.38
Certificates of deposit			
Cash at county treasurer	1,163,602.80	121,574.36	55,246.99
Total Assets	<u>3,375,244.01</u>	<u>1,088,841.53</u>	<u>362,974.37</u>
<b><u>Fund Balances</u></b>			
Restricted for:			
Capital improvement projects			362,974.37
Debt service		1,088,841.53	
Assigned for:			
Capital purchases			
School employee benefit			
School nutrition program			
Shared employee costs			
Student activities			
Unassigned	<u>3,375,244.01</u>		
Total Fund Balances	<u>\$ 3,375,244.01</u>	<u>\$ 1,088,841.53</u>	<u>\$ 362,974.37</u>

See accompanying notes to the financial statements.

## Exhibit C

Cooperative Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,980.00	\$ 685,524.10	\$ 4,176,139.86
991,692.54		991,692.54
	5,534.07	1,345,958.22
995,672.54	691,058.17	6,513,790.62
	107,902.76	470,877.13
		1,088,841.53
	294,586.08	294,586.08
	87,364.01	87,364.01
	58,766.99	58,766.99
995,672.54		995,672.54
	142,438.33	142,438.33
		3,375,244.01
\$ 995,672.54	\$ 691,058.17	\$ 6,513,790.62

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
 For the Year Ended August 31, 2018

	Major Funds		
	General Fund	Bond Fund	Special Building Fund
<b><u>Receipts</u></b>			
Taxes:			
Property	\$ 4,757,642.14	\$ 517,389.61	\$ 243,172.46
Carline	5,378.02	569.87	259.04
Public power district sales	8,831.98	359.08	383.47
Motor vehicle	228,905.58		
Interest income	21,742.74	8,797.70	659.59
Other local receipts	63,271.09		41,164.20
County receipts	26,565.62		
State aid	43,490.00		
Special education	519,707.00		
Other state receipts	499,649.55	43,916.63	19,990.32
Federal receipts	272,156.50		
Transfers			
Total Receipts	6,447,340.22	571,032.89	305,629.08
<b><u>Disbursements</u></b>			
Instruction:			
Regular instruction	2,827,776.29		
Poverty program	232,706.34		
Special education instruction	1,230,964.69		
Support services:			
Pupils	131,919.80		
Staff	110,565.86		
Plant operations	465,170.91		
Transportation	321,456.85		
General administration:			
Board of education	52,718.13		
Executive administration	199,418.11		
Office of principal	342,494.84		
Business	125,663.98		
Federal programs	248,645.93		
Other programs	45,529.76		
Non-instructional programs			
Capital projects			417,765.23
Debt service		530,815.00	
Transfers	30,000.00		
Total Disbursements	6,365,031.49	530,815.00	417,765.23
Net Change in Fund Balance	82,308.73	40,217.89	(112,136.15)
Fund Balance, Beg. of Year	3,292,935.28	1,048,623.64	475,110.52
Fund Balance, End of Year	\$ 3,375,244.01	\$ 1,088,841.53	\$ 362,974.37

See accompanying notes to the financial statements.



Cooperative Fund	Other Governmental Funds	Reclassifications	Total Governmental Funds
	\$ 26,370.81		\$ 5,544,575.02
	21.47		6,228.40
	16.32		9,590.85
			228,905.58
\$ 9,572.46	4,452.97		45,225.46
	467,638.49		572,073.78
			26,565.62
			43,490.00
			519,707.00
	1,259.08		564,815.58
	125,848.52		398,005.02
	160,000.00	\$ (160,000.00)	-
9,572.46	785,607.66	(160,000.00)	7,959,182.31
	20,602.41	(110,000.00)	2,738,378.70
			232,706.34
		(20,000.00)	1,210,964.69
			131,919.80
			110,565.86
			465,170.91
			321,456.85
			52,718.13
			199,418.11
			342,494.84
			125,663.98
			248,645.93
			45,529.76
831.80	593,708.25		594,540.05
	139,528.24		557,293.47
			530,815.00
		(30,000.00)	-
831.80	753,838.90	(160,000.00)	7,908,282.42
8,740.66	31,768.76	-	50,899.89
986,931.88	659,289.41	-	6,462,890.73
\$ 995,672.54	\$ 691,058.17	\$ -	\$ 6,513,790.62

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Overview** – The significant accounting principles and practices followed by Superior School District No. 11 (the "School District"), are presented below to assist the reader in evaluating the financial statements and the accompanying notes. The financial statements presented represent all funds maintained by school authority's incident to school building construction, and the operation, maintenance and management of school services, activities, projects and investments.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Reporting Entity** – The Superior School Board of Education ("Board") is the basic level of government, which has the financial accountability and control over all activities related to the public school education in the School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 61, which are included in the District's reporting entity.

**Basis of Accounting** – The District prepares its financial statements on the modified cash basis, which is in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Education; consequently, these statements represent a summary of the cash activity of the various funds of the District and do not include certain transactions that would be included if the District prepared its financial statements in accordance with generally accepted accounting principles, as applicable to Governmental Units. Under the modified cash basis, county treasurer receipts are recognized when collected by the county, all other receipts are recognized when received by the District rather than when earned, and disbursements are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles in the United States of America.

**Government-Wide and Fund Financial Statements** - The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effects of interfund transfers (those within an activity) have been removed from these statements. The District does not allocate indirect costs.

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

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

The District's government-wide and fund financial statements utilize a "current financial resources" measurement focus. Only current financial assets are included on their Statement of Assets and Fund Balances. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

**Governmental Fund Types**

***Major Governmental Funds***

General Fund – The General Fund is the main operating fund of the District and accounts for all receipts and disbursements of the District not encompassed within other funds. All property tax receipts and other receipts that are not allocated by law, budgetary requirement, or contractual agreement to some other fund are accounted for in this fund. General operating disbursements and the new and replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

Bond Fund – The Bond Fund is used to record receipts and disbursements for bond principal and interest payments. Proceeds from bond issuances are deposited and recorded as a receipt in the Special Building Fund. The General Fund is used to make interest and bond retirement payments if the Bond Fund balance is not sufficient to meet these requirements.

Special Building Fund – The Special Building Fund is established for acquiring or improving sites and buildings, including the construction, alteration, or improvements of buildings. General Fund disbursements for the purpose of this fund are not allowable. The Board of Education may approve a budget with a levy limitation of 14 cents per one hundred dollars of valuation; or a tax levy not to exceed 17.5 cents per one hundred dollars of valuation may be established for this fund by a vote of the people within the District.

Cooperative Fund – The Cooperative Fund may be used by the school district acting as the fiscal agent for any cooperative activity between two or more school districts. All school districts, including the school district acting as the fiscal agent, shall show the payment for services to a cooperative in their General Fund.

***Other Governmental Funds***

Depreciation Fund – The Depreciation Fund facilitates the eventual purchase of costly capital outlay by reserving such monies from the General Fund. To allocate monies from the General Fund, the District will show the movement of monies as a disbursement from the General Fund and the Depreciation Fund will show the receipt as a transfer from the General Fund. The District may divide this fund into more than one account to allocate a portion of this fund for different valid purposes. The purpose of a Depreciation Fund is to spread replacement costs of capital outlays over a period of years in order to avoid a disproportionate tax effort in a single year to meet such a disbursement. This fund is restricted as part of the Allowable Reserve by the Tax Equity and Educational Opportunities Support Act. The Depreciation Fund is considered a component of the General Fund.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Employee Benefit Fund - The Employee Benefit Fund is established in order to specifically reserve General Fund money for the benefit of school district employees. The District accounts for the allocation of funds from the General Fund to this fund as a disbursement in the General Fund and as a "transfer from General Fund" in the Employee Benefit Fund. This fund may consist of more than one account for valid allocation purposes. The Employee Benefit Fund is considered a component of the General Fund.

Activities Fund – The Activities Fund is used to account for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities, not part of another fund.

School Nutrition Fund – The School Nutrition Fund is used to accommodate all aspects of the nutrition program and accounts for all receipts and disbursements of all child nutrition programs. Receipts in this fund include the federal and state program cost reimbursements received by the District and general fund support of the nutrition program. All food purchases and other supplies are accounted for as disbursements of the school nutrition fund; accordingly, no inventories are maintained in this fund.

Qualified Capital Purpose Undertaking Fund – The Qualified Capital Purpose Undertaking Fund is established for the removal of environmental hazards, the reduction or elimination of accessibility barriers in school district buildings, the repayment of qualified zone academy bonds issued for a qualified capital purpose, modifications for life safety code violations, indoor air quality projects and mold abatement and prevention projects. General Fund disbursements for the purpose of this fund are not allowable. The tax levy for this fund is limited to 5 cents per one hundred dollars of valuation and shall not exceed ten years for each environmental hazard abatement project, accessibility barrier elimination project or modifications for life safety code violations, indoor air quality or mold abatement and prevention projects. And shall not exceed fifteen years for each qualified capital purpose for which the qualified zone academy bond was issued.

Student Fee Fund – The Student Fee Fund is a separate school district fund not funded by tax receipts, into which all money collected from students for participation in extracurricular activities, postsecondary education costs, summer or night school be deposited and from which money shall be disbursed for the purposes for which it was collected from students.

**Governmental Fund Classifications** – The Bond and Qualified Capital Purpose Undertaking Funds are classified as Debt Service Funds. The Special Building Fund is classified as Capital Projects Fund. All remaining funds are classified as General Funds. The District does not maintain any Special Revenue Funds.

**Property and Equipment** – Disbursements for property and equipment are charged when paid. No allowance for depreciation is provided or included in the accompanying financial statements.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Equity Classifications**

Government-Wide Financial Statements - Equity is classified as net position and is displayed as two components:

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that does not meet the definition of restricted.

Governmental Fund Financial Statements - Equity is classified as fund balance and is displayed as the following components:

*Non-Spendable Fund Balance* – Amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact. The District does not have any non-spendable fund balances.

*Restricted Fund Balance* – Amounts restricted to specific purposes when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, or state or federal laws; or (2) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Amounts to be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education (the district's highest level of decision-making authority). The District does not currently have any committed fund balances.

*Assigned Fund Balance* – Amounts the Board of Education intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed.

*Unassigned Fund Balance* – Residual classification for the District's general fund and includes all spendable amounts not contained in other classifications. Amounts also included are deficit funds, if any, from other non-general funds.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned.

**Property Taxes** - Real estate taxes are levied on October 15 each year and may be paid in two actual installments. These taxes are due December 31. The first and second halves of the taxes become delinquent on the following May 1 and September 1, respectively. Real estate taxes become a lien against property on the levy date.

Personal property taxes are levied on October 15 each year, are due December 31 each year and may be paid in two equal installments. The first and second halves of the taxes become delinquent on May 1 and September 1, respectively.

Motor vehicle taxes are due when an application is made for registration of a motor vehicle.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE B – CASH AND INVESTMENTS**

The Statutes of the State of Nebraska authorize the School District to invest in certificates of deposit and time deposits of banks or capital stock financial institutions, obligations of the United States government and agencies thereof and any securities as provided in the Public Funds Deposit Security Act. Nonnegotiable certificates of deposit with original maturity of more than three months are classified as cash equivalents within the governmental funds.

The District had cash balances at August 31, 2018 of the following amounts in the following banks:

	<u>Bank Balance</u>
Central National Bank	\$ 298,167.13
Cornerstone Bank	530,482.28
Farmers and Merchants Bank	502,496.76
Horizon Bank	2,680,458.39
NLAF	1,176,438.71

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

Of the total bank balance, \$1,250,000.00 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$3,938,043.27 was collateralized with pooled securities held by the financial institution but not in the District's name.

**NOTE C – BUDGET PROCESS AND PROPERTY TAXES**

The District is required by state law to adopt annual budgets for all funds. Each budget is presented on the modified cash basis of accounting, which is consistent with the requirements of the state budget act.

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

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

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

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE C – BUDGET PROCESS AND PROPERTY TAXES (cont'd.)**

4. The adopted budget is filed with the State Auditor, the County Clerk and the Nebraska Department of Education on or before September 20.
5. Total actual disbursements may not legally exceed the total budget of disbursements. Appropriations of disbursements lapse at year-end and any revisions require a public hearing and Board approval.
6. The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with state statutes, which attaches as an enforceable lien on property within the District as of January 1.

**NOTE D – RETIREMENT PLAN**

*Plan Description* – Superior School District No. 11 contributes to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes benefit provisions.

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 2017, there were 265 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

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

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

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

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

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE D – RETIREMENT PLAN (cont'd)**

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

For the District's year ended August 31, 2018, the District's total payroll for all employees was \$3,627,447.89. Total covered payroll was \$3,448,376.56. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

*Contributions* - The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a non-employer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2016 through August 31, 2018. The school district (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2018 was \$340,571.10.

*Pension Liabilities* - At June 30, 2017 the District had a liability of \$2,298,916.00 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying modified cash basis financial statements.) The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of that date. The NPERS School Plan was 87.25% funded as of June 30, 2017 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was 0.175017 percent, which was an increase of 2.896702 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District's allocated pension expense was \$220,852.00.

*Actuarial Assumptions* - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

- Inflation: 2.75%
- Salary increases, including wage inflation: 3.50% - 8.50%
- Cost-of-living adjustment: Members hired before July 1, 2013: 2.25% with a floor benefit equal to 75% purchasing power of original benefit. Members hired on/after July 1, 2013: 1.00% with no floor benefit
- Investment rate of return, net of investment expense and including inflation: 7.50%

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

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



**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE D – RETIREMENT PLAN (cont'd)**

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

The actuarial assumptions used in the July 1, 2017, valuations for the School plan is based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u><b>Asset Class</b></u>	<u><b>Target Allocation</b></u>	<u><b>Long Term Expected Real Rate of return *</b></u>
Large Cap U.S. Equity	26.10%	5.83%
Small Cap U.S. Equity	2.90%	7.56%
Global Equity	15.00%	6.51%
International Developed Equity	10.80%	6.80%
Emerging Markets	2.70%	10.55%
Core Bonds	20.00%	1.63%
High Yield	3.50%	5.22%
Bank Loans	5.00%	2.78%
International Bonds	1.50%	1.41%
Private Equity	5.00%	9.70%
Real Estate	<u>7.50%</u>	5.18%
Total	100.00%	

\*Arithmetic mean, net of investment expenses.

*Discount Rate* - The discount rate used to measure the Total Pension Liability at June 30, 2017 was 7.5 percent. The discount rate used to measure the Total Pension Liability at June 30, 2016 was 8.0 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2011, through June 30, 2015. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and non-employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2116.

These notes are an integral part of the accompanying financial statements.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE D – RETIREMENT PLAN (cont'd)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>Discount Rate</u>	<u>District's proportionate share of net pension liability</u>
1% decrease	6.5%	\$ 4,744,847.00
Current discount rate	7.5%	\$ 2,298,916.00
1% increase	8.5%	\$ 278,661.00

*Plan Fiduciary Net Position* - Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at [http://www.auditors.nebraska.gov/APA\\_Reports](http://www.auditors.nebraska.gov/APA_Reports).

**NOTE E – LONG-TERM DEBT**

Changes in governmental activities long-term debt for the period ended August 31, 2018 were as follows:

Bonds payable, beginning of year	\$ 7,065,000.00
Less: bonds retired	<u>350,000.00</u>
Bonds payable, end of year	<u>\$ 6,715,000.00</u>
Interest paid during the year	<u>\$ 180,415.00</u>

Long-term debt at August 31, 2018 consisted of the following:

Bonds payable in the original amount of \$8,065,000.00, dated June 15, 2012 with interest rates of .30% to 3.40%. See the following schedule for principal and interest due. Final payment is due December 15, 2033.	<u>\$ 6,715,000.00</u>
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**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2018

**NOTE E – LONG-TERM DEBT (cont'd)**

Annual future payments for debt payable at August 31, 2018 are as follows:

<u>Year Ended August 31,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 176,181.25	\$ 355,000.00	\$ 531,181.25
2020	170,905.00	360,000.00	530,905.00
2021	164,648.75	365,000.00	529,648.75
2022	157,480.00	370,000.00	527,480.00
2023	149,507.50	380,000.00	529,507.50
2024	140,803.75	385,000.00	525,803.75
2025	131,342.50	395,000.00	526,342.50
2026	121,038.75	405,000.00	526,038.75
2027	109,966.25	415,000.00	524,966.25
2028	98,025.00	430,000.00	528,025.00
2029	85,190.00	440,000.00	525,190.00
2030	71,537.50	455,000.00	526,537.50
2031	56,965.00	470,000.00	526,965.00
2032	41,645.00	480,000.00	521,645.00
2033	25,677.50	495,000.00	520,677.50
2034	8,755.00	515,000.00	523,755.00
	<u>\$ 1,709,668.75</u>	<u>\$ 6,715,000.00</u>	<u>\$ 8,424,668.75</u>

**NOTE F – NON-CASH TRANSACTIONS**

The District receives USDA Federal Food Commodities that are passed through the State Department of Health & Human Services Food Distribution Program. The Department provides the District with various food items during the school year to be incorporated into the District's nutrition program. For the year ending August 31, 2018, the value of commodities received by the District was \$15,357.48.

**NOTE G – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the District carried commercial insurance for property, liability, auto, workmen's compensation and other risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE H – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 3,292,935.28	\$ 1,765,382.00
<b><u>Receipts</u></b>		
<b>Local Sources:</b>		
1110 Property taxes	4,757,642.14	5,190,564.00
1115 Carline tax	5,378.02	4,300.00
1120 Public power district sales tax	8,831.98	9,750.00
1125 Motor vehicle taxes	228,905.58	210,250.00
1210 Tuition received other districts	44,000.00	32,000.00
1220 Other tuition received	4,000.00	8,000.00
1330 Transportation received from other districts	6,347.97	
1410 Interest income	21,742.74	1,000.00
1610 Local license fees and fines	2,680.00	2,500.00
1620 Police court fines	200.00	500.00
1990 Other local receipts	6,043.12	2,000.00
Total Local Sources	5,085,771.55	5,460,864.00
<b>County Sources:</b>		
2110 County fines and license fees	20,971.48	18,000.00
2210 Educational service unit receipts	5,594.14	
Total County Sources	26,565.62	18,000.00
<b>State Sources:</b>		
3110 State aid	43,490.00	43,490.00
3120 Special education	488,317.00	355,250.00
3125 Special education - transportation	31,390.00	22,000.00
3130 Homestead exemption	53,883.73	
3131 Property tax credit	335,570.64	
3132 Personal property tax credit	13,709.35	
3135 High ability learners	5,116.00	4,500.00
3166 Flex funding school age	10,343.00	7,500.00
3180 Pro rate motor vehicle	10,665.77	9,500.00
3200 State apportionment	68,393.14	37,000.00
3512 Distance education	1,427.92	2,150.00
3990 Other state receipts	540.00	5,500.00
Total State Sources	\$ 1,062,846.55	\$ 486,890.00

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
<b>Federal Sources:</b>		
4200 Title I	\$ 78,948.36	\$ 63,000.00
4310 Title II, part A	15,524.00	15,612.00
4404 IDEA part B	47,848.00	45,000.00
4406 IDEA part B preschool	3,835.00	3,000.00
4410 IDEA enrollment/poverty	71,046.00	127,000.00
4450 Medicaid in public schools	2,476.16	30,000.00
4455 Medicaid administrative activities	5,605.02	12,500.00
4690 State personnel development grant	14,063.96	
4992 REAP	32,810.00	14,000.00
	<hr/>	<hr/>
Total Federal Sources	272,156.50	310,112.00
	<hr/>	<hr/>
Total Receipts From All Sources	6,447,340.22	6,275,866.00
	<hr/>	<hr/>
Total Available Resources	\$ 9,740,275.50	\$ 8,041,248.00
	<hr/>	<hr/>

**Disbursements****Program:**

1100 Regular instruction	\$ 2,804,742.53	\$ 3,052,900.00
1125 Regular instruction - flex spending	23,033.76	47,075.00
1160 Poverty program	232,706.34	275,598.00
1200 Special education instruction	1,067,476.39	1,482,500.00
1291 Early childhood special education ages 3-5	147,574.43	126,700.00
1292 Early childhood special education ages 0-2	15,913.87	6,350.00
2100 Support services - pupils	123,394.80	196,400.00
2150 Safety and security	8,525.00	1,400.00
2200 Support services - staff	110,565.86	150,650.00
2310 Board of education	27,385.87	23,500.00
2320 Executive administration	199,418.11	203,400.00
2330 District legal services	25,332.26	30,000.00
2400 Office of principal	342,494.84	374,050.00
2510 General administration - business	125,663.98	134,350.00
2520 Vehicle acquisition and maintenance	5,178.64	6,500.00

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
<b><u>Disbursements (cont'd)</u></b>		
<b>Program:</b>		
2600 Support services - plant operations	\$ 465,170.91	\$ 515,200.00
2750 Pupil transportation	180,564.22	258,550.00
2760 Pupil transportation - special education	125,033.01	85,000.00
2765 Pupil transportation - special education BAF	10,680.98	33,150.00
3000 Community services	14,808.66	27,800.00
4200 Title I, part A	78,948.36	94,750.00
4310 Title II, part A	15,524.00	105,000.00
4404 IDEA part B	47,848.00	190,850.00
4406 IDEA part B pre-school	3,835.00	5,000.00
4410 IDEA enrollment/poverty	59,154.00	55,000.00
4690 State personnel development grant	10,526.57	21,850.00
4992 REAP	32,810.00	35,000.00
6000 Summer school	28,091.25	43,700.00
7000 Adult education	2,629.85	3,050.00
8000 Transfers	30,000.00	30,000.00
	<hr/>	<hr/>
Total Disbursements By All Programs	6,365,031.49	7,615,273.00
	<hr/>	<hr/>
Ending Fund Balance	\$ 3,375,244.01	\$ 425,975.00
	<hr/>	<hr/>
<b><u>Analysis of Fund Balance:</u></b>		
<b>Cash in Bank:</b>		
Checking & Money Market	\$ 2,211,641.21	
	<hr/>	
<b>County Treasurer:</b>		
Nuckolls	\$ 890,681.90	
Thayer	3,073.94	
Webster	269,846.96	
	<hr/>	
	\$ 1,163,602.80	
	<hr/>	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**DEPRECIATION FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 269,292.40	\$ 219,256.00
<b>Cash Receipts:</b>		
Interest income	\$ 2,308.68	
Allocation from general fund	<u>90,000.00</u>	
Total Cash Receipts	<u>92,308.68</u>	<u>50,225.00</u>
Total Funds Available	361,601.08	269,481.00
<b>Cash Disbursements:</b>		
Furniture and equipment	67,000.00	
Other expenses	<u>15.00</u>	
Total Cash Disbursements	<u>67,015.00</u>	<u>269,481.00</u>
Ending Fund Balance	<u><u>\$ 294,586.08</u></u>	<u><u>\$ -</u></u>
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	\$ 92,400.69	
NLAF	<u>202,185.39</u>	
	<u><u>\$ 294,586.08</u></u>	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**EMPLOYEE BENEFIT FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 67,915.88	\$ 61,651.00
<b>Cash Receipts:</b>		
Interest income	\$ 50.54	
Allocation from general fund	<u>40,000.00</u>	
Total Cash Receipts	<u>40,050.54</u>	<u>40,020.00</u>
Total Funds Available	107,966.42	101,671.00
<b>Cash Disbursements:</b>		
Regular salaries	940.50	
Social security	69.01	
Retirement	92.90	
Retirement incentive plan	<u>19,500.00</u>	
Total Cash Disbursements	<u>20,602.41</u>	<u>101,671.00</u>
Ending Fund Balance	<u><u>\$ 87,364.01</u></u>	<u><u>\$ -</u></u>
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	<u><u>\$ 87,364.01</u></u>	



**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ACTIVITIES FUND**  
 For The Year Ended August 31, 2018

	Balance 9/1/2017	Receipts	Disbursements	Balance 8/31/2018
Ag Ed	\$ 129.39		\$ 45.50	\$ 83.89
Archery	335.66	\$ 3,192.85	3,018.66	509.85
Art club	463.56	300.00	433.49	330.07
Art fund	2,600.01	658.00	300.19	2,957.82
Athletics	16,705.46	62,902.28	59,784.69	19,823.05
Backpack program	14,595.73	1,714.15	4,680.16	11,629.72
Boys basketball	1,083.25	3,649.35	4,098.53	634.07
Boys golf	19.17	1,471.00	814.83	675.34
Class of 2016	33.53		33.53	-
Class of 2017	984.49		984.49	-
Class of 2018	5,555.08	460.73	6,015.81	-
Class of 2019	4,824.64	4,367.86	4,577.09	4,615.41
Class of 2020	3,061.88	3,791.05	382.53	6,470.40
Class of 2021	-	3,142.65	47.47	3,095.18
Community service club	818.71	7,783.94	8,000.84	601.81
Cross country	7.00	790.00	660.18	136.82
Drama	2,844.37	1,877.65	2,301.15	2,420.87
Drill team	3,506.71	28,024.33	29,909.27	1,621.77
Elementary K-6	9,629.47	3,826.67	4,328.31	9,127.83
EPOCH	1,050.24	2,923.73	2,584.12	1,389.85
FBLA	1,810.58	4,164.31	4,575.50	1,399.39
FFA	1,985.58	34,301.66	29,548.23	6,739.01
Flashlight	4,718.23	5,456.60	1,746.82	8,428.01
Flower fund	177.24	548.00	158.75	566.49
Football	2,074.63	13,720.78	14,065.91	1,729.50
Foreign language	2,458.63	2,393.00	108.09	4,743.54
Girls basketball	2,616.59	2,687.00	3,520.46	1,783.13
Girls golf	64.01			64.01
Greenhouse	572.05	239.00	530.74	280.31
Industrial arts	5,620.84	2,396.19	2,289.46	5,727.57
Interest	1,034.04	2,408.84	1,880.40	1,562.48
JH football	8.50			8.50
JH volleyball	559.11			559.11
JH girls basketball	-	659.50	659.49	0.01
JH 7-8	537.22	300.00	331.59	505.63
Library fund	197.40	364.64	25.00	537.04
Music	9,552.24	49,439.96	49,686.80	9,305.40
S Club	1,127.45			1,127.45
Secondary	3,214.43	5,962.54	7,114.98	2,061.99
Speech	1,894.82	1,183.64	1,974.05	1,104.41
Student council	3,606.61	18,885.03	17,686.64	4,805.00

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ACTIVITIES FUND**  
 For The Year Ended August 31, 2018

	Balance 9/1/2017	Receipts	Disbursements	Balance 8/31/2018
<u>Activities (cont'd)</u>				
Student purchases	\$ -	\$ 319.18	\$ 319.18	\$ -
Teachers workroom	590.05	959.20	773.50	775.75
Track	76.49	2,855.00	2,852.92	78.57
Vocal music	1,554.82	50.00	1,604.82	-
Volleyball	3,717.82	14,490.05	11,838.73	6,369.14
Wellness grant	-	5,765.00	5,091.01	673.99
Wildcat food	4,287.54	34,347.00	32,479.03	6,155.51
Wrestling	24.52	3,085.96	1,502.96	1,607.52
Yearbook	5,272.42	9,802.00	7,458.30	7,616.12
Total	<u>\$ 127,602.21</u>	<u>\$ 347,660.32</u>	<u>\$ 332,824.20</u>	<u>\$ 142,438.33</u>
Original and Final Budget	<u>\$ 117,511.00</u>	<u>\$ 305,035.00</u>	<u>\$ 422,546.00</u>	<u>\$ -</u>
<b>Analysis of Fund Balance:</b>				
Cash in Bank:				
Checking				<u>\$ 142,438.33</u>

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**SCHOOL NUTRITION FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 42,716.73	\$ 13,052.00
<b>Cash Receipts:</b>		
Interest income	\$ 53.60	
Sale of lunches	127,310.14	
Other local receipts	219.28	
State reimbursements	1,259.08	
Federal reimbursements	125,848.52	
General fund allocation	10,000.00	
	<hr/>	
Total Cash Receipts	264,690.62	290,060.00
	<hr/>	
Total Funds Available	307,407.35	303,112.00
<b>Cash Disbursements:</b>		
Salaries	70,933.24	
Social security	5,156.78	
Retirement	6,744.29	
Health insurance	4,944.49	
Other utilities	1,240.00	
Repairs and maintenance	2,191.64	
Supplies	7,861.86	
Food cost	132,965.01	
Equipment	14,203.55	
Dues and fees	1,104.00	
Other expenses	1,295.50	
	<hr/>	
Total Cash Disbursements	248,640.36	303,112.00
	<hr/>	
Ending Fund Balance	\$ 58,766.99	\$ -
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	\$ 58,766.99	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**BOND FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 1,048,623.64	\$ 1,080,937.00
<b>Cash Receipts:</b>		
Property taxes	\$ 517,389.61	
Carline tax	569.87	
Public power district sales tax	359.08	
Interest income	8,797.70	
Homestead exemption	5,709.64	
Property tax credit	35,555.44	
Personal property tax credit	1,452.67	
Pro rate motor vehicle	1,198.88	
Total Cash Receipts	571,032.89	552,340.00
Total Funds Available	1,619,656.53	1,633,277.00
<b>Cash Disbursements:</b>		
Bond principal paid	350,000.00	
Bond interest paid	180,415.00	
Miscellaneous	400.00	
Total Cash Disbursements	530,815.00	1,175,400.00
Ending Fund Balance	\$ 1,088,841.53	\$ 457,877.00
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	\$ 309,993.85	
NLAF	657,273.32	
	\$ 967,267.17	
County Treasurer:		
Nuckolls	\$ 93,040.48	
Thayer	325.72	
Webster	28,208.16	
	\$ 121,574.36	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**SPECIAL BUILDING FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 475,110.52	\$ 212,386.00
<b>Cash Receipts:</b>		
Property taxes	\$ 243,172.46	
Carline tax	259.04	
Public power district sales tax	383.47	
Interest income	659.59	
Homestead exemption	2,595.27	
Property tax credit	16,142.22	
Personal property tax credit	660.34	
Pro rate motor vehicle	592.49	
Universal service fund	41,164.20	
	<u>305,629.08</u>	
Total Cash Receipts	<u>305,629.08</u>	<u>251,100.00</u>
Total Funds Available	780,739.60	463,486.00
<b>Cash Disbursements:</b>		
Site improvements	8,490.00	
Building improvements	409,275.23	
	<u>417,765.23</u>	
Total Cash Disbursements	<u>417,765.23</u>	<u>463,486.00</u>
Ending Fund Balance	<u>\$ 362,974.37</u>	<u>\$ -</u>
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	<u>\$ 307,727.38</u>	
County Treasurer:		
Nuckolls	\$ 42,276.10	
Thayer	148.06	
Webster	12,822.83	
	<u>\$ 55,246.99</u>	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 151,761.98	\$ 116,428.00
<b>Cash Receipts:</b>		
Property taxes	\$ 26,370.81	
Carline	21.47	
Public power district sales tax	16.32	
Interest income	230.97	
Homestead exemption	259.57	
Property tax credit	1,614.33	
Personal property tax credit	66.04	
Pro rate motor vehicle	74.51	
	<hr/>	
Total Cash Receipts	28,654.02	25,375.00
	<hr/>	
Total Funds Available	180,416.00	141,803.00
	<hr/>	
<b>Cash Disbursements:</b>		
Purchased services	35,179.24	
Building improvements	37,334.00	
	<hr/>	
Total Cash Disbursements	72,513.24	140,000.00
	<hr/>	
Ending Fund Balance	\$ 107,902.76	\$ 1,803.00
	<hr/>	
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	\$ 102,368.69	
	<hr/>	
County Treasurer:		
Nuckolls	\$ 4,236.51	
Thayer	14.85	
Webster	1,282.71	
	<hr/>	
	\$ 5,534.07	
	<hr/>	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**COOPERATIVE FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 986,931.88	\$ 982,097.00
<b>Cash Receipts:</b>		
Interest income	<u>\$ 9,572.46</u>	
Total Cash Receipts	<u>9,572.46</u>	
Total Funds Available	996,504.34	982,097.00
<b>Cash Disbursements:</b>		
Dues and fees	<u>831.80</u>	
Total Cash Disbursements	<u>831.80</u>	
Ending Fund Balance	<u><u>\$ 995,672.54</u></u>	<u><u>\$ 982,097.00</u></u>
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
NLAF	\$ 3,980.00	
Certificate of Deposit	<u>991,692.54</u>	
	<u><u>\$ 995,672.54</u></u>	

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**STUDENT FEE FUND**  
 For The Year Ended August 31, 2018

	Actual	Original and Final Budget
Beginning Fund Balance	\$ 0.21	\$ -
<b>Cash Receipts:</b>		
Extracurricular activity fees	<u>\$ 12,243.48</u>	
Total Cash Receipts	<u>12,243.48</u>	<u>150,000.00</u>
Total Funds Available	12,243.69	150,000.00
<b>Cash Disbursements:</b>		
Extracurricular activity expenses	<u>12,243.69</u>	
Total Cash Disbursements	<u>12,243.69</u>	<u>150,000.00</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Analysis of Fund Balance:</b>		
Cash in Bank:		
Checking	<u><u>\$ -</u></u>	



**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**Regular Instruction:**

Salaries - teachers	\$ 1,718,500.89
Salaries - substitutes	43,141.00
Salaries - stipends	3,950.00
Salaries - paraprofessional	16,017.10
Social security	131,990.47
Retirement	122,885.51
Increased retirement contribution	42,199.69
Health insurance	442,719.27
Early retirement	20,000.00
Purchased services	13,172.71
Teaching supplies	50,987.85
Textbooks	106,779.22
Computer software	36,603.32
Furniture and equipment	12,717.18
Computer hardware	35,500.83
Dues and fees	4,823.00
Travel and mileage	2,465.78
Other expenses	288.71
	<hr/>
	2,804,742.53
	<hr/>

**Regular Instruction - Flex Spending:**

Salaries - teachers	9,965.56
Salaries - paraprofessional	1,594.40
Social security	864.77
Retirement	849.39
Increased retirement contribution	291.68
Health insurance	3,040.06
Other employee benefits	4.90
Computer software	5,100.00
Computer hardware	1,323.00
	<hr/>
	\$ 23,033.76
	<hr/>

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**Poverty Program:**

Salaries - teachers	\$ 160,714.44
Social security	12,229.04
Retirement	11,726.49
Increased retirement contribution	4,026.95
Health insurance	44,009.42
	<hr/>
	232,706.34

**Special Education Instruction:**

Salaries - teachers	354,585.13
Salaries - substitutes	24,009.99
Salaries - stipends	300.00
Salaries - paraprofessional	141,650.47
Social security	37,742.56
Retirement	36,626.51
Increased retirement contribution	12,577.78
Health insurance	133,471.00
Purchased services	305,419.72
Teaching supplies	5,369.88
Textbooks	4,034.22
Computer software	59.88
Computer hardware	3,330.37
Furniture and equipment	5,943.96
Dues and fees	1,443.20
Travel and mileage	712.14
Other expenses	199.58
	<hr/>
	1,067,476.39

**Early Childhood Special Education Ages 3-5:**

Salaries - professional	49,153.07
Salaries - substitutes	3,199.26
Salaries - paraprofessional	34,990.25
Social security	2,346.54
Retirement	2,605.71
Increased retirement contribution	894.82
Health insurance	23,790.80
Purchased services	25,523.34
Supplies	4,595.66
Non-capitalized purchases	209.98
Dues and fees	220.00
Other expenses	45.00
	<hr/>
	\$ 147,574.43

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**Early Childhood Special Education Ages 0-2:**

Salaries - professional	\$ 9,103.56
Social security	696.54
Retirement	671.87
Increased retirement contribution	230.73
Health insurance	1,538.14
Purchased services	3,314.99
Supplies	336.00
Travel and mileage	22.04
	<hr/>
	15,913.87

**Support Services - Pupils:**

Salaries - professional	76,998.40
Social security	5,605.82
Retirement	5,230.93
Increased retirement contribution	1,796.34
Health insurance	18,080.82
Purchased services	8,990.00
Testing	198.00
Supplies	1,147.27
Computer software	2,805.96
Dues and fees	375.00
Travel and mileage	191.90
Other expenses	1,974.36
	<hr/>
	123,394.80

**Safety and Security:**

Purchased services	<hr/> 8,525.00
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**Support Services - Staff:**

Salaries - professional	40,788.06
Salaries - substitutes	105.26
Salaries - paraprofessional	28,786.64
Social security	5,303.87
Retirement	5,064.74
Increased retirement contribution	1,739.27
Health insurance	8,938.79
Purchased services	5,304.50
Telecommunications	4,598.20
Supplies	211.40
Library books	5,369.00
Periodicals	1,085.06
Audio visual materials	35.99
Computer software	2,914.40
Non-capitalized purchases	320.68
	<hr/>
	\$ 110,565.86

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**Board of Education:**

Purchased services	\$ 10,791.01
Fidelity bond premiums	828.90
Advertising and printing	3,797.91
Supplies	904.25
Dues and fees	6,642.00
Travel and mileage	2,016.95
Other expenses	2,404.85
	<hr/>
	27,385.87

**Executive Administration:**

Salaries - superintendent	120,823.54
Salaries - clerical	21,692.22
Social security	10,556.14
Retirement	10,185.03
Increased retirement contribution	3,497.60
Health insurance	30,455.42
Other employee benefits	255.00
Supplies	108.70
Dues and fees	839.00
Travel and mileage	1,005.46
	<hr/>
	199,418.11

**District Legal Services:**

Legal services	<hr/> 25,332.26
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**Office of the Principal:**

Salaries - professional	176,849.49
Salaries - substitutes	442.97
Salaries - clerical	48,637.04
Social security	16,806.49
Retirement	16,476.24
Increased retirement contribution	5,658.05
Health insurance	70,440.48
Other employee benefits	505.10
Supplies	3,316.34
Dues and fees	2,553.12
Travel and mileage	59.34
Other expenses	750.18
	<hr/>
	\$ 342,494.84

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**General Administration - Business:**

Salaries - clerical	\$ 18,692.16
Social security	1,320.73
Retirement	1,361.68
Increased retirement contribution	467.61
Health insurance	9,943.06
Workers compensation	22,158.95
Purchased services	28,632.00
Liability insurance	6,448.31
Advertising and printing	2,416.00
Postage	1,536.89
Telecommunications	7,276.07
Supplies	638.45
Computer hardware	975.00
Computer software	20,944.12
Dues and fees	575.00
Travel and mileage	209.95
Other expenses	2,068.00
	<hr/>
	125,663.98

**Vehicle Acquisition and Maintenance:**

Gas and oil	3,861.62
Tires and parts	818.08
Repairs and maintenance	498.94
	<hr/>
	5,178.64

**Support Services - Plant Operations & Maintenance:**

Salaries - custodial	141,618.50
Social security	10,452.43
Retirement	10,277.12
Increased retirement contribution	3,529.23
Health insurance	71,854.20
Purchased services	50,103.78
Property insurance	15,472.83
Fuel	23,909.64
Electricity	86,417.74
Water and sewer	14,117.29
Supplies	31,386.72
Furniture and equipment	6,031.43
	<hr/>
	\$ 465,170.91

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**Pupil Transportation:**

Salaries - drivers	\$ 80,751.74
Salaries - substitutes	3,676.55
Social security	5,830.39
Retirement	6,137.55
Increased retirement contribution	2,107.67
Health insurance	33,747.27
Purchased services	1,392.00
Other utilities	3,529.48
Gas and oil	25,806.89
Tires and parts	3,172.58
Repairs and maintenance	6,017.40
Property insurance	4,270.11
Telecommunications	2,470.44
Supplies	1,240.15
Other expenses	414.00
	<hr/>
	180,564.22

**Pupil Transportation - Special Education:**

Salaries - drivers	32,284.15
Social security	2,266.98
Retirement	2,178.18
Increased retirement contribution	748.00
Health insurance	5,128.80
Mileage to parents	557.38
Purchased services	199.66
Repairs and maintenance	1,838.69
Gas and oil	11,363.72
Tires and parts	1,316.77
Bus acquisition	65,532.00
Other expenses	1,618.68
	<hr/>
	125,033.01

**Pupil Transportation - Special Education BAF:**

Salaries - drivers	6,926.94
Social security	527.07
Retirement	122.18
Increased retirement contribution	41.96
Repairs and maintenance	369.39
Gas and oil	1,446.68
Other expenses	1,246.76
	<hr/>
	\$ 10,680.98

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**Community Services:**

Salaries - professional	\$ 10,197.00
Social security	773.44
Retirement	744.25
Increased retirement contribution	255.58
Health insurance	2,234.65
Supplies	299.99
Dues and fees	303.75
	<hr/>
	14,808.66

**Title I, Part A:**

Salaries - professional	61,012.84
Salaries - substitutes	220.00
Social security	4,684.32
Retirement	4,442.90
Increased retirement contribution	1,525.72
Health insurance	6,669.77
Supplies	382.81
Dues and fees	10.00
	<hr/>
	78,948.36

**Title II, Part A:**

Salaries - professional	<hr/> 15,524.00
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**IDEA Part B:**

Salaries - professional	30,556.00
Social security	5,491.34
Retirement	5,328.75
Increased retirement contribution	1,829.93
Health insurance	4,641.98
	<hr/>
	47,848.00

**IDEA Part B Pre-School:**

Purchased services	<hr/> 3,835.00
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**IDEA Enrollment/Poverty:**

Salaries - professional	36,696.45
Social security	3,280.82
Retirement	3,172.61
Increased retirement contribution	1,089.50
Health insurance	14,914.62
Purchased services	<hr/>
	\$ 59,154.00

**SUPERIOR SCHOOL DISTRICT NO. 11**  
 Superior, Nebraska  
**CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES**  
**GENERAL FUND**  
 For The Year Ended August 31, 2018  
 (Unaudited)

**State Personnel Development Grant:**

Salaries - substitutes	
Stipends	\$ 6,825.00
Social security	501.72
Retirement	501.81
Increased retirement contribution	172.32
Purchased services	1,980.00
Travel and mileage	545.72
	<hr/>
	10,526.57
	<hr/>

**REAP:**

Supplies	<hr/> 32,810.00
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**Summer School:**

Salaries - professional	18,709.12
Salaries - paraprofessional	2,521.68
Social security	1,605.19
Retirement	1,467.75
Increased retirement contribution	504.04
Health insurance	1,282.20
Supplies	1,750.09
Property insurance	251.18
	<hr/>
	28,091.25
	<hr/>

**Adult Education:**

Salaries - professional	2,237.63
Social security	171.18
Retirement	164.54
Increased retirement contribution	56.50
	<hr/>
	2,629.85
	<hr/>

**Transfers:**

School nutrition fund	10,000.00
Activities fund	20,000.00
	<hr/>
	30,000.00
	<hr/>

Total Cash Disbursements	<hr/> <hr/> \$ 6,365,031.49
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# Mierau & Co., P.C.

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

Board of Education  
Superior School District No. 11  
Superior, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Superior School District No. 11 (the School District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon, dated November 3, 2018. Our report disclosed that, as described in Note A to the financial statements, the School District prepared its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2018-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School 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*.

### **Superior School District No. 11's Response to Findings**

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

### **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.

*Muirau & Co., A.C.*

York, Nebraska  
November 3, 2018

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**SCHEDULE OF FINDINGS AND RESPONSES**  
August 31, 2018

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Superior School District No. 11.
2. One significant deficiency was disclosed during our audit of the financial statements of Superior School District No. 11.
3. No instances of noncompliance material to the financial statements of Superior School District No. 11 were disclosed during the audit.

**B. FINDINGS**

**SIGNIFICANT DEFICIENCY**

2018-1 Segregation of Duties

*Condition:* Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipt, disbursements and recording of transactions.

*Criteria:* According to SAS No. 55, the School District should assign different people the responsibilities of authorizing and recording transactions and controlling assets to reduce the opportunity of any person to be in a position to perpetrate and conceal errors or fraud in the normal course of his or her duties.

*Recommendation:* The size of the School District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. We suggest that the Board of Education remain involved in the financial affairs of the School District to provide oversight and independent review functions.

*Response:* We concur with the finding. Due to the size and resources of our School District, proper segregation of duties cannot be obtained. We will, however, remain involved in the financial affairs of our School District to provide oversight and independent review functions.

**SUPERIOR SCHOOL DISTRICT NO. 11**  
Superior, Nebraska  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
August 31, 2018

**2017-1 FINDING**

Segregation of Duties

*Condition:* Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipt, disbursements and recording of transactions.

*Criteria:* According to SAS No. 55, the School District should assign different people the responsibilities of authorizing and recording transactions and controlling assets to reduce the opportunity of any person to be in a position to perpetrate and conceal errors or fraud in the normal course of his or her duties.

*Recommendation:* The size of the School District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. We suggested that the Board of Education remain involved in the financial affairs of the School District to provide oversight and independent review functions.

*Current Status:* See Finding 2018-1.

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT**, dated December 23, 2019 (this “**Disclosure Agreement**”), is executed and delivered by Nuckolls County School District 0011 (Superior Public Schools) in the State of Nebraska (the “**Issuer**”) and BOKF, National Association, Lincoln, Nebraska, as Dissemination Agent (the “**Dissemination Agent**”), in connection with the issuance by the Issuer of \$4,805,000 in aggregate principal amount of its General Obligation Refunding Bonds, Series 2019 (the “**Bonds**”).

#### WITNESSETH:

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

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

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

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

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

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

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

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

“**Annual Report Date**” means, for each Fiscal Year during the term hereof, that date that is nine (9) months after the end of the Issuer’s Fiscal Year; provided, that if the last day of the Issuer’s Fiscal Year changes, the Annual Report Date shall thereafter be nine (9) months after the last day of the Issuer’s Fiscal Year. The first Annual Report Date shall be May 31, 2021 (being nine (9) months following the Fiscal Year ending August 31, 2020).

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

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

**“Authorizing Instrument”** means a resolution duly adopted by the governing body of the Issuer on October 14, 2019 as may be amended and supplemented pursuant to the terms thereof.

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

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

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

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

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

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

**“Dissemination Agent”** means BOKF, National Association, Lincoln, Nebraska, acting in its capacity as Dissemination Agent hereunder, or any additional or successor Dissemination Agent designated in writing by the Issuer and which has filed with the Dissemination Agent a written acceptance of such designation, and such agent’s successors and assigns.

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

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

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

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

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

**“Material”** with respect to information, means information as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the offering document related to the Bonds, information disclosed hereunder, or information generally available to the public. Notwithstanding the foregoing, “Material” information includes information that

would be deemed “material” for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the information.

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

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

“**Prescribed Form**” means, with regard to the filing of the Annual Report, each notice of the occurrence of a Listed Event and other notices described herein with the MSRB, such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

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

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

**Section 3. CUSIP Number/Final Official Statement.** The CUSIP Number of the final maturity of the Bonds is 670216CR9. The final Official Statement relating to the Bonds is dated November 20, 2019 (the “**Final Official Statement**”).

#### **Section 4. Annual Report Disclosure.**

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

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

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

(iii) Not later than fifteen (15) days prior to the Annual Report Date, the Issuer shall provide the Annual Report and the completed Annual Report Certificate to the Dissemination Agent. Promptly upon its receipt of the Annual Report, but no later than the Annual Report Date, the Dissemination Agent shall send the Annual Report to the MSRB in Prescribed Form. The Dissemination Agent shall notify the Issuer in writing of the date the Dissemination Agent provided the Annual Report to the MSRB.

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

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

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

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

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

**Section 5. Disclosure of Listed Events.**

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue



(IRS Form 5701-TEB) or other material notices 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 the holders of the Bonds, 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 events of the Issuer (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; or
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

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

set forth in the Authorizing Instrument or the Final Official Statement need not be given under this Disclosure Agreement.

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

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

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

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

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

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

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

**Section 7. Dissemination Agent.** The Issuer has appointed BOKF, National Association as Dissemination Agent to assist the Issuer with carrying out its obligations under this Disclosure Agreement, and BOKF, National Association has accepted its appointment as Dissemination Agent. The Issuer may discharge the Dissemination Agent upon 30 days' written notice to the Dissemination Agent, with or without appointing a successor. The Issuer may appoint additional Dissemination Agents without the consent of any existing Dissemination Agent. The Dissemination Agent may resign hereunder upon 30 days' written notice to the Issuer. If at any time during the term of this Disclosure Agreement the Issuer has not appointed a Dissemination Agent, then the Issuer shall be deemed to be the Dissemination Agent and shall be solely responsible for all obligations hereunder.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice

or report prepared by the Issuer pursuant to this Disclosure Agreement. The Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section 7 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

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

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

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

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

**Section 10. Default.** If the Issuer or the Dissemination Agent fails to comply with any provision of this Disclosure Agreement, any Bondholder may seek specific performance by court order to cause the Issuer or the Dissemination Agent, as applicable, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Authorizing Instrument, and the sole remedy under this Disclosure Agreement upon any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

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

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

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

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

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

If to the Issuer, at:

Superior Public Schools  
601 W. 8<sup>th</sup> Street  
Superior, Nebraska 68978  
402-879-3257

If to Dissemination Agent, at:

BOKF, National Association  
1248 "O" Street, Suite 764  
Lincoln, NE 68508  
Attention: Corporate Trust  
Phone: (402) 458-1310  
Fax: (402) 458-1315  
Email: cshirk@bokf.com

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

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

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

**NUCKOLLS COUNTY SCHOOL DISTRICT  
0011 (SUPERIOR PUBLIC SCHOOLS) IN THE  
STATE OF NEBRASKA**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**BOKE, NATIONAL ASSOCIATION**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

*Signature Page to Continuing Disclosure Agreement*

**EXHIBIT A**

**FORM OF ANNUAL REPORT CERTIFICATE**

**DATE:** \_\_\_\_\_

BOKF, National Association  
1248 "O" Street, Suite 764  
Lincoln, NE 68508  
Attention: Corporate Trust

Re: Nuckolls County School District 0011 (Superior Public Schools) General Obligation Refunding Bonds, Series 2019

Pursuant to the Continuing Disclosure Agreement, dated \_\_\_\_\_, 2019 (the "Disclosure Agreement"), between Nuckolls County School District 0011 (Superior Public Schools) in the State of Nebraska (the "Issuer") and BOKF, National Association (the "Dissemination Agent"), the Issuer has agreed to provide its annual Audited Financial Statements relating to the above-referenced Bonds.

Attached hereto are the Audited Financial Statements of the Issuer for the Fiscal Year ended August 31, 20\_\_\_. If the Issuer does not customarily prepare financial statements and make such statements publicly available, the Issuer shall attach hereto a letter to such effect, together with any waiver or other applicable document from the State Auditor or other appropriate State official.

**NUCKOLLS COUNTY SCHOOL DISTRICT  
0011 (SUPERIOR PUBLIC SCHOOLS) IN THE  
STATE OF NEBRASKA**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## APPENDIX D

### BOOK-ENTRY SYSTEM

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, or the Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the District or the Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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



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

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