

SUPPLEMENT DATED DECEMBER 13, 2016
to
Preliminary Official Statement Dated December 9, 2016

\$141,000,000*
DOUGLAS COUNTY SCHOOL DISTRICT 0001
(OMAHA, NEBRASKA, PUBLIC SCHOOLS)
GENERAL OBLIGATION BONDS, SERIES 2016

The Preliminary Official Statement dated December 9, 2016 (the “Preliminary Official Statement”), with respect to the above-referenced bonds is hereby supplemented as follows: Pages 36, 46 and 47 appearing in the Notes to the District’s audited financial statements included in Appendix B to the Preliminary Official Statement are replaced with the substitute Pages 36, 46 and Page 47 attached to and made a part of this Supplement.

This Supplement includes certain supplemental information related to the Preliminary Official Statement. Investors must read the entire Preliminary Official Statement, including this Supplement, 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 and received by the Initial Purchaser thereof, and subject to the approval of legality by Baird Holm LLP, Omaha, Nebraska, Bond Counsel and General Counsel for the District, and certain other conditions. It is expected that the Bonds will be available for delivery through The Depository Trust Company, in New York, New York, on or about December 30, 2016.

DOUGLAS COUNTY SCHOOL DISTRICT 0001
(OMAHA, NEBRASKA, PUBLIC SCHOOLS)

AMERITAS INVESTMENT CORP
Financial Advisor to the District

*Preliminary, subject to change.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2016

The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Limited Partnerships (1)	\$ 521,090,407	214,827,905	Daily	3 - 6 months
Collective Equity Funds (2)	<u>52,804,019</u>	<u>--</u>	Daily	None
	<u>\$ 573,894,426</u>	<u>214,827,905</u>		

(1) Limited partnerships include approximately 60 funds that invest in energy, real estate, commodities, and other industries. The fair value of investments in this type have been determined using the NAV per share of the investment as reported by the fund manager. One fund in the amount of \$30,333,310 cannot be redeemed because the fund is in liquidation status. The fund is expected to be fully liquidated by December 31, 2016 and the amount to be received upon liquidation has not been fully determined.

(2) Collective equity funds include three funds that invest in shipping and real estate industries. The fair value of the investments in this type have been determined using the NAV per share. These investments have no redemption limitations.

D. *Friends of KIOS*

Legal and Contractual

The Board of Directors has established the investment philosophy of the Friends of KIOS. The investment philosophy emphasizes a balance of both income and growth. While the Friends of KIOS can invest in any type of investment available in the market, they have chosen to primarily follow the investment practices of the District.

Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to it. The Friends of KIOS does not have a deposit policy for custodial credit risk. As of August 31, 2016, the Friends of KIOS had total deposits of \$86,979. This amount was insured and collateralized.

Interest Rate Risk

It is the practice of Friends of KIOS to minimize credit risk and to avoid extreme fluctuations in both the market value and the income from investments. The Friends of KIOS currently has an investment in the Weitz Value fund. The cash composite of the fund was 19.65% of the fund balance as of August 31, 2016. The market value of the fund held by Friends of KIOS and the concentration of cash and bond securities on the fund are as follows:

	<u>Equity Securities</u>	<u>Cash</u>	<u>Market Value</u>
Weitz Fund	\$ <u>40,397</u>	<u>9,879</u>	<u>50,276</u>

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2016

Special Termination Benefits

In March 2006, the District approved a voluntary early retirement plan for employees. Eligible employees must have completed at least 18 credible years service as a full-time employee to the District, must have reached the age of 55 as of the separation date, and must be a certificated employee. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits will be equal to the lesser of the monthly Social Security retirement benefit that will be payable to the certificated employee at age 62 (as determined by the School District as of the employee's August 31 separation date) or 25% of the certificated employee's scheduled monthly salary in the certificated employee's last full year of employment.

The policy requires early retirement benefits be paid on a monthly basis. Benefit payments will begin in the month following the employee's separation date and will continue until the employee reaches age 62 at which time they will be qualified to receive social security benefits.

At August 31, 2016 the District has obligations to 256 participants with a total liability of \$12,119,326. This amount represents the discounted present value of the gross benefits due to participants each year until they reach age 62. The discount rate used by the District is 4%. Actual early retirement expenditures for the year ended August 31, 2016 totaled \$4,173,896.

Death Benefit Plan for Certificated Staff

From September 2006 through November 16, 2015, the District approved a death benefit plan for retired or terminated certificated staff. Eligibility for certificated staff is determined through retirement or termination of employment with 18 years of credible years of service and attaining age 55 years. There is no maximum age of eligibility and benefits are in effect for 84 months.

In the event a participant should die before the seventh (7th) anniversary of the date of his or her retirement, the District shall pay to the participant's designated beneficiary, a death benefit in an amount determined as follows:

- a. If the participant's death occurs within twelve (12) months of the date of his or her retirement, the death benefit shall be equal to 175 percent of the participant's final salary.
- b. If the participant's death occurs after twelve (12) months but before the twenty-fourth (24th) month following the date of his or her retirement, the death benefit shall be equal to 150 percent of the participant's final salary.
- c. If the participant's death occurs after twenty-four (24) months but before the thirty-sixth (36th) month following the date of his or her retirement, the death benefit shall be equal to 125 percent of the participant's final salary.
- d. If the participant's death occurs after thirty-six (36) months but before the forty-eight (48th) month following the date of his or her retirement, the death benefit shall be equal to 100 percent of the participant's final salary.
- e. If the participant's death occurs after forty-eight (48) months but before the sixtieth (60th) month following the date of his or her retirement, the death benefit shall be equal to 75 percent of the participant's final salary.
- f. If the participant's death occurs after sixty (60) months but before the seventy-second (72nd) month following the date of his or her retirement, the death benefit shall be equal to 50 percent of the participant's final salary.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2016

- g. If the participant's death occurs after seventy-two (72) months but before the eighty-fourth (84th) month following the date of his or her retirement, the death benefit shall be equal to 25 percent of the participant's final salary.
- h. No death benefit shall be payable to the beneficiary of any participant who dies on or after the seventh (7th) anniversary of the date of his or her retirement.

Actual expenditures paid for the year ending August 31, 2016 totaled \$95,695.

Supplemental Retirement Benefit Plan for Administrative Employees

From September 2, 2006 through October 5, 2015, the District approved a benefit for highly compensated certified administrators who have been approved for retirement under OSERS or terminate with at least 18 credible years of service and have attained at least age 55 as a full time employee are eligible to apply. The application to participate is subject to approval by the Board of Education.

The benefit plan provides 60 monthly post-retirement payments to the Section 403(b) Plan on behalf of an eligible employee following retirement, beginning Sept 1st following the date of the eligible employee's retirement.

The monthly post-retirement benefit shall be equal to 2.0833% multiplied by the amount by which the employee's final salary exceeds ninety percent (90%) of the Social Security taxable wage base in effect for the calendar year of the employee's retirement, as determined under Section 230 of the Social Security Act, as amended from time to time.

At August 31, 2016 the District has an obligation to 14 individuals for a total liability of \$359,069. Actual expenditures for the year ended August 31, 2016 totaled \$152,130.

(7) Fund Balance

A summary of governmental fund balances as of August 31, 2016 is as follows:

	<u>General Operating Fund</u>	<u>Special Building Fund</u>	<u>Grant Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable -						
Inventories	\$ 2,238,656	--	--	--	176,061	2,414,717
Prepaid expenses	815,641	8,067	420,477	--	955,479	2,199,664
Restricted -						
Debt service	--	--	--	36,438,042	--	36,438,042
Capital projects	--	87,858,932	--	--	--	87,858,932
Grants	--	--	5,805,119	--	--	5,805,119
Qualified purpose	--	--	--	--	13,826,676	13,826,676
ESU No. 19	--	--	--	--	1,997,717	1,997,717
Committed to -						
KIOS	--	--	--	--	1,050,781	1,050,781
Assigned to -						
ERP Replacement	--	--	--	--	4,000,000	4,000,000
School activity	--	--	--	--	1,454,756	1,454,756
Student fees	--	--	--	--	1,102	1,102
Central office and school support	13,990,529	--	--	--	--	13,990,529
Unassigned	<u>77,370,889</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>77,370,889</u>
Total fund balance	<u>\$ 94,415,715</u>	<u>87,866,999</u>	<u>6,225,596</u>	<u>36,438,042</u>	<u>23,462,572</u>	<u>248,408,924</u>