

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**ANNUAL FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS**

AUGUST 31, 2018

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position – Cash Basis	3
Statement of Activities – Cash Basis	4
<i>Fund Financial Statements:</i>	
Statement of Fund Balances – Cash Basis – Governmental Funds	5
Statement of Changes in Fund Balances – Cash Basis – Governmental Funds	6
Statement of Net Position and Changes in Net Position – Cash Basis – Fiduciary Funds	7
Notes to Basic Financial Statements	8-20
OTHER SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Cash Basis – General Fund	21-22
Budgetary Comparison Schedule – Cash Basis – Employee Benefit Fund	23
Budgetary Comparison Schedule – Cash Basis – Depreciation Fund	24
Budgetary Comparison Schedule – Cash Basis – Contingency Fund	25
Budgetary Comparison Schedule – Cash Basis – Special Building Fund	26
Budgetary Comparison Schedule – Cash Basis – School Nutrition Fund	27
Budgetary Comparison Schedule – Cash Basis – Bond Fund	28
Notes to Other Supplementary Information	29
Schedule of Changes in Fund Balances – Cash Basis – Governmental Funds	30
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – General Fund	31-32
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Employee Benefit Fund	33

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

TABLE OF CONTENTS, CONTINUED

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION, CONTINUED:	
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Depreciation Fund	34
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Contingency Fund	35
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Special Building Fund	36
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – School Nutrition Fund	37
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Bond Fund	38
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Activities Fund	39
Schedule of Cash Receipts, Disbursements, and Fund Balance- Cash Basis – Actual – Student Fee Fund	40
Notes to Other Supplementary Information – Schedules of Receipts, Disbursements, and Fund Balances	41
INTERNAL CONTROL AND COMPLIANCE AUDIT SECTION:	
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43-44
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	47-48
Schedule of Findings and Questioned Costs	49
Summary Schedule of Prior Audit Findings	50

October 31, 2018

INDEPENDENT AUDITOR'S REPORT

Board of Education
School District #17 – Millard Public Schools
Douglas County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of School District #17 – Millard Public Schools, Douglas County, Nebraska (the "District") as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2018, and the respective changes in financial position – cash basis, thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information on pages 21-41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 42-44 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The other supplementary information, 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 issued our report dated October 31, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



HSMC ORIZON LLC

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

STATEMENT OF NET POSITION - CASH BASIS

AUGUST 31, 2018

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 20,644,558
Investments	<u>78,749,592</u>
 TOTAL ASSETS	 <u>\$ 99,394,150</u>

NET POSITION

Restricted:	
Special building	\$ 19,426,931
Debt service	20,133,623
Unrestricted:	
Board designated:	
Employee benefit	1,349,467
Depreciation	23,466,987
Contingency	2,429,430
Undesignated	<u>32,587,712</u>
 TOTAL NET POSITION	 <u>\$ 99,394,150</u>

See Notes to the Basic Financial Statements.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

STATEMENT OF ACTIVITIES - CASH BASIS

FOR THE YEAR ENDED AUGUST 31, 2018

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instructional services	\$ (126,303,381)	\$ 294,487	\$ 19,762,529	\$ (106,246,365)
Support services	(69,281,285)		1,139,307	(68,141,978)
Food services	(11,939,758)	8,406,913	3,403,959	(128,886)
Building maintenance and improvements	(40,892,747)			(40,892,747)
Debt service and lease payments	(14,803,016)			(14,803,016)
Other	(1,090,692)			(1,090,692)
Net program (disbursements) receipts	<u>\$ (264,310,879)</u>	<u>\$ 8,701,400</u>	<u>\$ 24,305,795</u>	<u>(231,303,684)</u>
General receipts:				
Taxes collected				140,834,521
County receipts				798,446
State receipts				82,188,193
Investment earnings				883,936
Other				4,734,650
Total general receipts				<u>229,439,746</u>
Increase in net position				(1,863,938)
Net position - beginning of year				<u>101,258,088</u>
Net position - end of year				<u>\$ 99,394,150</u>

See Notes to the Basic Financial Statements.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

STATEMENT OF FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS

AUGUST 31, 2018

		Special Revenue Funds			
	General Fund	Special Building	School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
ASSETS:					
Cash	\$ 22,855,899		\$ (2,216,292)	\$ 4,951	\$ 20,644,558
Investments	<u>39,193,989</u>	<u>\$ 19,426,931</u>	<u> </u>	<u>20,128,672</u>	<u>78,749,592</u>
TOTAL ASSETS	<u>\$ 62,049,888</u>	<u>\$ 19,426,931</u>	<u>\$ (2,216,292)</u>	<u>\$ 20,133,623</u>	<u>\$ 99,394,150</u>
FUND BALANCES:					
Restricted for:					
Capital projects		\$ 19,426,931			\$ 19,426,931
Debt service				\$ 20,133,623	20,133,623
Committed to:					
Capital assets	\$ 23,466,987				23,466,987
Assigned to:					
Contingency	2,429,430				2,429,430
Employee benefits	1,349,467				1,349,467
Unassigned	<u>34,804,004</u>	<u> </u>	<u>\$ (2,216,292)</u>	<u> </u>	<u>32,587,712</u>
TOTAL FUND BALANCE - CASH BASIS	<u>\$ 62,049,888</u>	<u>\$ 19,426,931</u>	<u>\$ (2,216,292)</u>	<u>\$ 20,133,623</u>	<u>\$ 99,394,150</u>

See Notes to Basic Financial Statements.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

STATEMENT OF CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

	Special Revenue Funds				Total Governmental Funds
	General Fund	Special Building	School Nutrition	Debt Service/Bond Fund	
RECEIPTS:					
Local receipts	\$ 125,903,060	\$ 6,434,163	\$ 1,506,878	\$ 14,237,225	\$ 148,081,326
County receipts	798,446				798,446
State receipts	94,705,180	84,871	46,883	295,431	95,132,365
Federal receipts	5,235,686		3,357,076		8,592,762
Sales of lunches			6,900,035		6,900,035
Interest	339,354	289,275	911	254,396	883,936
Non-revenue receipts	<u>1,712,276</u>	<u>345,795</u>			<u>2,058,071</u>
TOTAL RECEIPTS	<u>228,694,002</u>	<u>7,154,104</u>	<u>11,811,783</u>	<u>14,787,052</u>	<u>262,446,941</u>
DISBURSEMENTS:					
Instructional services	115,544,280				115,544,280
Support services	75,020,569				75,020,569
Other salaries and benefits			4,921,902		4,921,902
Supplies and materials			123,000		123,000
Purchased services	28,782,366	1,376,739	6,873,562		37,032,667
Capital outlay	2,045,992	4,132,440	7,464		6,185,896
Building and site acquisition and improvement	297,174	10,067,436			10,364,610
Other	10,884	290,225	13,830		314,939
Redemption of principal				8,760,000	8,760,000
Debt service interest				<u>6,043,016</u>	<u>6,043,016</u>
TOTAL DISBURSEMENTS	<u>221,701,265</u>	<u>15,866,840</u>	<u>11,939,758</u>	<u>14,803,016</u>	<u>264,310,879</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	6,992,737	(8,712,736)	(127,975)	(15,964)	(1,863,938)
FUND BALANCE - beginning of year	<u>55,057,151</u>	<u>28,139,667</u>	<u>(2,088,317)</u>	<u>20,149,587</u>	<u>101,258,088</u>
FUND BALANCE - end of year	<u>\$ 62,049,888</u>	<u>\$ 19,426,931</u>	<u>\$ (2,216,292)</u>	<u>\$ 20,133,623</u>	<u>\$ 99,394,150</u>

See Notes to the Basic Financial Statements.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

STATEMENT OF NET POSITION AND CHANGES IN NET POSITION - CASH BASIS - FIDUCIARY FUNDS

AS OF AND FOR THE YEAR ENDED AUGUST 31, 2018

<u>Activities Fund</u>	<u>Beginning Net Position</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Net Position</u>
ADMINISTRATIVE OFFICE	\$ 354,549	\$ 563,264	\$ 557,593	\$ 360,220
HIGH SCHOOLS:				
North	683,821	1,897,999	1,787,275	794,545
South	795,654	1,434,220	1,473,009	756,865
West	584,967	2,060,974	1,877,280	768,661
MIDDLE SCHOOLS:				
Andersen	132,525	117,707	119,947	130,285
Beadle	76,744	160,301	136,920	100,125
Central	54,846	110,173	119,911	45,108
Kiewit	266,308	110,408	116,495	260,221
North	136,214	97,376	84,630	148,960
Russell	133,098	89,425	63,845	158,678
ELEMENTARY SCHOOLS:				
Abbott	35,988	27,728	28,164	35,552
Ackerman	39,362	92,642	61,304	70,700
Aldrich	28,666	76,903	83,739	21,830
Black Elk	38,554	86,188	60,887	63,855
Bryan	27,740	24,763	23,281	29,222
Cather	28,009	14,871	17,586	25,294
Cody	14,971	13,172	14,021	14,122
Cottonwood	27,129	16,616	17,055	26,690
Disney	7,844	15,118	12,684	10,278
Ezra Millard	19,317	27,287	27,979	18,625
Harvey Oaks	13,722	24,971	25,210	13,483
Hitchcock	31,077	15,371	8,466	37,982
Holling Heights	62,425	32,230	22,172	72,483
Montclair	27,284	40,690	42,443	25,531
Morton	11,895	18,082	21,238	8,739
Neihardt	18,793	42,159	42,545	18,407
Norris	25,615	15,231	16,444	24,402
Reagan	76,774	95,671	84,139	88,306
Reeder	14,628	50,734	52,783	12,579
Rockwell	25,769	22,016	19,743	28,042
Rohwer	22,132	40,827	40,245	22,714
Sandoz	25,585	20,306	22,143	23,748
Upchurch	32,720	31,692	35,370	29,042
Wheeler	22,811	28,961	35,967	15,805
Willowdale	20,092	24,510	15,895	28,707
Summer School	3,902	72,039	71,566	4,375
Horizon High School	4,489	17,289	15,259	6,519
Total activities fund	<u>\$ 3,926,019</u>	<u>\$ 7,629,914</u>	<u>\$ 7,255,233</u>	<u>\$ 4,300,700</u>
<u>Student Fees Fund</u>				
ALL SCHOOLS	<u>\$ 229,560</u>	<u>\$ 1,122,317</u>	<u>\$ 1,117,973</u>	<u>\$ 233,904</u>
NET POSITION:				
Cash				\$ 3,993,098
Investments				<u>541,506</u>
TOTAL NET POSITION - CASH BASIS HELD IN TRUST				<u>\$ 4,534,604</u>

See Notes to the Basic Financial Statements.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

School District #17 – Millard Public Schools, Douglas County, Nebraska (the “District”) is a tax-exempt political subdivision and a Class 3 school district of the State of Nebraska.

Reporting Entity

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

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements present the District’s financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Alternatively, business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District does not operate any business-type activities.

Fund Financial Statements – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its cash, certificates of deposit, investments, fund balance, receipts and disbursements. Funds are organized into two major categories: governmental and fiduciary. The District currently has no proprietary funds. An emphasis is placed on major funds within the governmental and fiduciary categories. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District’s management. In addition to the District’s funds meeting the required criteria, the District’s management has designated all remaining funds to be presented as major funds for financial reporting purposes.

GOVERNMENTAL FUND ACTIVITIES

The funds of the financial reporting entity are described below:

General Fund – This fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financing resources except those required to be accounted for in other funds. This fund also accounts for resources designated and maintained for the eventual purchase of capital assets and for the reserve of money for the benefit of School District employees for fringe benefits.

The District has three additional special revenue funds: employee benefit, depreciation, and contingency. However, in accordance with GASB Financial Reporting Standards, these funds have been consolidated into the general fund since their revenues are transfers from the general fund.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GOVERNMENTAL FUND ACTIVITIES, CONTINUED

Special Revenue Fund – These funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue funds:

Special Building Fund – This fund accounts for taxes levied and other revenues specifically maintained to acquire or improve sites and/or to erect, alter or improve buildings.

School Nutrition Fund – This fund accounts for the operations of the District's child nutrition programs.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs.

Bond Fund – This fund accounts for taxes levied and other revenues specifically earmarked for the retirement of bonded indebtedness.

FIDUCIARY FUND ACTIVITIES

Activities Fund – This fund is used to account for assets held by the District in a trustee capacity for various school organizations and activities.

Student Fees Fund – This fund is used to account for money collected from students that shall be expended for the purpose for which it was collected from the students.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

In both the government-wide financial statements and the fund financial statements, the governmental and fiduciary activities are presented using a cash basis measurement focus. Their reported net assets/fund balance is considered a measure of "available cash and investments." The operating statements focus on cash received and cash disbursed.

Basis of Accounting

In the government-wide and the fund financial statements, the District prepares its financial statements using the cash basis of accounting. Accordingly, receipts are recognized when cash is received by the District and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, Continued

Basis of Accounting

This basis of accounting is applied to all transactions, including the disbursements for capital assets, receipt of proceeds from issuance of debt and the retirement of debt.

Equity Classification

Government-wide Statements

Equity is classified as net position and displayed in two components:

- a. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net position – All other amounts that do not meet the definition of “restricted.” However, if the funds have been designated by the Board of Education, these funds have been shown separately to distinguish their designation.

It is the District’s policy to use restricted net position, first, prior to the use of unrestricted net position, when a disbursement is made for purposes in which both restricted and unrestricted net position are available.

Fund Financial Statements

Governmental fund equity is reported as fund balance within each respective fund. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Nonspendable – This fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. At August 31, 2018, the District did not have any nonspendable funds.
- b. Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board of Education to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, Continued

Fund Financial Statements, Continued

- c. Committed – This fund balance classification includes amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board of Education or a District Administrator delegated that authority by the Board of Education.
- e. Unassigned – This fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund transfers, the flow of assets from one fund to another where repayment is not expected, are reported as cash receipts and disbursements.

There were no transfers during fiscal year 2018.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

2. BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt annual budgets for the General Fund, Special Building Fund, School Lunch Fund, Employee Benefit Fund, Contingency Fund, Depreciation Fund and Bond Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

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

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

- The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing September 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at a public meeting to obtain taxpayer comments.
- The budget is legally adopted by the Board of Education through passage of a resolution and is filed with the appropriate agencies on or before September 20.
- Total fund expenditures may not legally exceed total appropriations at the fund level or for “regular education” in the general fund without holding a public budget hearing and obtaining approval from the Board of Education. Appropriations lapse at fiscal year-end and any revisions require Board approval.

The District had no budget amendments for the 2017-2018 fiscal year.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent after the following April 1, with the second one-half becoming delinquent after August 1.

The combined tax rate of the District for the year ended August 31, 2018 was \$1.22 per \$100 of assessed valuation.

3. DEPOSITS AND INVESTMENTS

Nebraska Statutes §79-408, §79-1042 and §79-1043 provide that the District may, by and with the consent of the Board of Education of the District, invest the funds of the District in securities, including repurchase agreements, the nature of which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

3. DEPOSITS AND INVESTMENTS, CONTINUED

Deposits

At August 31, 2018, the carrying amount of the District's deposits was \$24,637,656 and the bank balance was \$24,934,427.

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental funds	\$ 20,644,558	\$ 20,724,086
Fiduciary funds	<u>3,993,098</u>	<u>4,210,341</u>
TOTAL	<u>\$ 24,637,656</u>	<u>\$ 24,934,427</u>

While the District maintains separate bank accounts for individual funds for cash flow and investment purposes the District occasionally pools cash as part of their cash management procedures.

Investments

Investments include \$58,620,920 in Nebraska School District Liquid Asset Fund Plus which is similar in nature to an open-end mutual fund designed specifically for Nebraska school entities, investing only in those securities allowable for such entities under Nebraska Law. These investments are reported at fair value. \$58,620,920 is in the governmental funds.

Investments include \$20,727,518 in money market funds. These investments are reported at fair value. \$541,506 of these funds is in the fiduciary funds and \$20,128,672 is in the governmental funds.

Risks

The District attempts to mitigate the following types of deposit and investment risks through compliance with the State Statutes referred to above. The three types of deposit and investment risks are the following:

- Custodial Credit Risk – for deposits and investments, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the District will not be able to recover the value of its deposits or investments or collateral securities in the possession of a third party.
- Credit Risk – for deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk – for deposits and investments, interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

The bank balances of the District's deposits, which includes the CD's are insured through Federal Depository Insurance Corporation ("FDIC") coverage or collateral held by the District's agent in the District's name. At August 31, 2018, the bank balance of the Organization's deposits at financial institutions was \$24,934,427 of which \$144,997 was not covered through the Federal Deposit Insurance Corporation ("FDIC") or collateralized. Subsequent to year end, the District obtained appropriate collateral.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

3. DEPOSITS AND INVESTMENTS, CONTINUED

Risks, Continued

The District's investment policy does not restrict investment maturities. The District minimizes its interest rate risk by structuring its investment portfolio so that securities mature to meet the District's cash needs, which is accomplished in part by investing primarily in short-term investments or in investment vehicles that allow for monthly cash draws.

4. FUNDS HELD BY COUNTY TREASURER

The following balances were held by the Sarpy and Douglas County Treasurers for the District as of August 31, 2018. The monies were transferred to the District subsequent to August 31, 2018 and are not included as receipts or cash balances in the financial statements:

	<u>Sarpy County</u>	<u>Douglas County</u>
General Fund	\$ 663,394	\$ 3,354,997
Debt Service Fund	56,977	1,261,605
Special Building Fund	16,279	360,466
Learning Community	2,112	11,335

5. RETIREMENT PLAN

Plan Description

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

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 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 and 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.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

5. RETIREMENT PLAN, CONTINUED

Plan Description, Continued

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

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

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

For the District's year ended August 31, 2018, the District's total payroll for all employees was \$137,423,413. Total covered payroll was \$134,025,230. 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 nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2016, to June 30, 2017, (and from July 1, 2017, 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 \$12,977,889.

Pension Liabilities

At June 30, 2017, the District had a liability of \$92,404,576 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying 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 87.28% 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 5.834484 percent, which was a decrease of 0.093846 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District's allocated pension expense was \$8,085,957.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

5. RETIREMENT PLAN, CONTINUED

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 percent
Salary increases, including wage inflation	3.5 – 8.5 percent
Investment Rate of Return, net of investment expense and including inflation	7.50 percent
Cost-of-Living Adjustment (COLA)	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

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

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

The School Plan's disability mortality rates were based on 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:

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

5. RETIREMENT PLAN, CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
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	7.50%	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 seven and a half percent. The discount rate used to measure the Total Pension Liability at June 30, 2016, was eight 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.

Discount Rate, Continued

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and nonemployers will be made at the contractually 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 payment for all current plan members was projected through 2116.

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:

	Discount rate	District's proportionate Share of net pension liability
1% decrease	6.5%	\$ 190,718,422
Current discount rate	7.5%	92,404,576
1% increase	8.5%	11,200,753

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

5. RETIREMENT PLAN, CONTINUED

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.

6. COMMITMENTS AND CONTINGENCIES

The commitments of the District mainly consist of bonds payable, lease commitments and risk management.

Bonds Payable

The following is a summary of general obligation transactions of the District for the year ended August 31, 2018:

Balance, August 31, 2017	\$ 160,170,000
Deductions:	
Payment of principal	(8,760,000)
Balance, August 31, 2018	\$ 151,410,000

The following is the bonded indebtedness of the District as of August 31, 2018:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Final Maturity Year</u>
May 1, 2010	2.00000%	\$ 8,870,000	2025
November 16, 2012	3.81066%	5,085,000	2019
May 9, 2013	3.63577%	43,415,000	2025
August 20, 2013	4.15003%	40,000,000	2034
June 30, 2015	3.67409%	25,000,000	2035
June 30, 2015	5.00000%	14,075,000	2023
June 21, 2017	3.00000%	14,965,000	2035
TOTAL		\$ 151,410,000	

Aggregate principal and interest payments applicable to the District's bonds subsequent to August 31, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 9,140,000	\$ 5,593,093	\$ 14,733,093
2020	9,840,000	5,329,193	15,169,193
2021	9,610,000	4,903,593	14,513,593
2022	9,915,000	4,484,943	14,399,943
2023-2027	59,020,000	16,322,644	75,342,644
2028-2032	31,690,000	7,993,819	39,683,819
2033-2035	22,195,000	1,616,133	23,811,133
TOTAL	\$ 151,410,000	\$ 46,243,415	\$ 197,653,415

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

Lease Commitment

The District has non-cancelable operating lease agreements for the following:

- Thirty-two vans used for transportation of students in special education programs expiring on various dates through May 2022.
- Vehicles used by the administration and maintenance. These leases expire on various dates through May 2020.
- Several copiers used throughout the District expiring on various dates through 2022.

Future minimum lease payments for all leases are as follows:

<u>Fiscal Year-end:</u>	<u>Amount</u>
2019	\$ 331,055
2020	244,901
2021	111,638
2022	45,024

The total paid for lease commitments for the year ended August 31, 2018 was \$358,747 all of which was paid-out of the General Fund.

Grant Program Involvement

The District participates in a number of state and federally assisted programs. These programs are subject to financial and compliance audits of various agencies and departments, many of which have not yet been performed. The District's management believes that the amount of expenditures, if any, which may be disallowed by the granting agencies would not be significant.

Compensated Absences

As a result of the District's use of the cash basis of accounting, accrued liabilities related to compensated absences (sick leave only; vacation does not vest) and any employer-related costs earned and unpaid, are not reflected in the government-wide or fund financial statements. Under the District plan, faculty, administrators and some support staff are paid between \$80 to a daily rate of pay per day for any sick leave accumulated over 80 days. Employees receive 12 days of sick leave per year and cannot accumulate over 87 days. Faculty and administrators' accumulated sick leave over 75 days is paid at the end of the fiscal year.

Voluntary Early Separation Plan

The District has established a Voluntary Early Separation Plan that allows certain employees to receive benefits from the District during the period beginning when they take voluntary separation for a period of up to 24 months. Under a prior version of the plan, some persons are still receiving benefits that received 60 months of payments. As of August 31, 2018, the District estimates their liability under this plan at \$5.631 million with the final obligations payable in fiscal year 2020.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

Learning Community Legislation

In April 2016, the Nebraska Legislature passed LB1067 which eliminated the common levy for the learning community schools beginning in the 2017-18 fiscal year.

Litigation

In addition, the District is involved in various legal actions whereby certain parties are making claims for damages. Management believes the outcome of these proceedings will not have any material financial impact on the District.

Arbitrage

Investment earnings from bond proceeds during the current fiscal year could be subject to arbitrage rebate and other tax matters. Currently, the District's management believes that there is no liability at year-end.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The District manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions	Self-funded and purchased insurance	Deductible
b. Health	Self-funded and purchased insurance	Stop-loss
c. Workers compensation- employee injuries	Purchased commercial insurance	None
d. General liability	Self-funded and purchased insurance	Stop-loss
e. Auto liability	Self-funded and purchased insurance	Stop-loss
f. School Board liability	Self-funded and purchased insurance	Stop-loss
g. Physical property loss and natural disasters	Purchased commercial insurance	Deductible

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
GENERAL FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2017		\$ 35,063,400	
Receipts:			
Local receipts:			
Local property taxes	\$ 106,540,536	107,410,474	\$ 869,938
Motor vehicle taxes	12,000,000	11,904,395	(95,605)
Carline tax	20,000	23,346	3,346
Public power district sales tax	2,800,000	3,157,764	357,764
Tuition received from individuals - general education		294,487	294,487
Local fines and license fees	300,000	335,305	35,305
Contributions and donations		250	250
Community services activities		968	968
Categorical grants from corporations and private interests		2,768,861	2,768,861
Other local receipts		7,210	7,210
	<u>121,660,536</u>	<u>125,903,060</u>	<u>4,242,524</u>
County receipts:			
County fines and license fees	<u>850,000</u>	<u>798,446</u>	<u>(51,554)</u>
State receipts:			
State aid	75,766,971	75,766,971	
Special education programs	12,125,000	11,708,536	(416,464)
Special education transportation	1,170,000	1,139,307	(30,693)
Pro rata motor vehicle	150,000	250,035	100,035
Homestead exemption		1,944,284	1,944,284
State apportionment	3,500,000	3,598,276	98,276
Textbook loan		49,446	49,446
Other state receipts		248,325	248,325
	<u>92,711,971</u>	<u>94,705,180</u>	<u>1,993,209</u>
Federal receipts:			
Title I	1,000,000	792,595	(207,405)
Special education - grants to states	4,314,000	994,133	(3,319,867)
Special education - additional funds		2,773,156	2,773,156
MEDICAID in public schools	300,000	180,611	(119,389)
Federal vocational and applied technology education	130,000	134,861	4,861
Every student succeeds	150,000	54,150	(95,850)
Other categorical	4,230,910	306,180	(3,924,730)
	<u>10,124,910</u>	<u>5,235,686</u>	<u>(4,889,224)</u>
Interest	<u>500</u>	<u>135,258</u>	<u>134,758</u>

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
GENERAL FUND, CONTINUED**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Receipts (continued):			
Non-revenue receipts:			
Sale of property		\$ 4,129	\$ 4,129
Other	\$ 42,020	8,603	(33,417)
	<u>42,020</u>	<u>12,732</u>	<u>(29,288)</u>
 Total receipts	 <u>225,389,937</u>	 <u>226,790,362</u>	 <u>1,400,425</u>
 Disbursements:			
Non-special education	114,850,565	109,461,930	5,388,635
Special education programs	26,890,621	25,733,036	1,157,585
Support services - pupils	12,310,278	10,535,670	1,774,608
Support services - staff	12,149,221	9,976,773	2,172,448
Board of education	2,394,979	2,357,800	37,179
Executive administration services	2,942,951	3,842,633	(899,682)
Office of the principal	13,171,322	12,728,692	442,630
General administration - business services	5,785,538	13,557,668	(7,772,130)
Vehicle acquisition and maintenance	420,533	317,958	102,575
Support services - maintenance and operation of building and site	22,915,786	22,364,783	551,003
Support services - regular pupil transportation	1,985,004	1,996,343	(11,339)
Support services - school age special education transportation	3,114,087	2,337,563	776,524
Community services	4,000	1,805	2,195
State categorical programs	49,446	120,902	(71,456)
Federal programs and other categorical aid	3,438,078	10,118,595	(6,680,517)
Summer school	183,451	519,604	(336,153)
Other	<u>5,279,210</u>	<u>1,078,003</u>	<u>4,201,207</u>
 Total disbursements	 <u>227,885,070</u>	 <u>227,049,758</u>	 <u>835,312</u>
 Excess of receipts over disbursements	 <u>\$ (2,495,133)</u>	 <u>(259,396)</u>	 <u>\$ 2,235,737</u>
 Budgetary fund balance, August 31, 2018		 <u>\$ 34,804,004</u>	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
EMPLOYEE BENEFIT FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2017		\$ 1,849,522	
Receipts:			
Interest income	\$ 3,000	14,364	\$ 11,364
Other receipts	1,500,000	1,487,202	(12,798)
Operational transfers from the General fund	<u>28,497,000</u>	<u>26,780,745</u>	<u>(1,716,255)</u>
Total receipts	30,000,000	28,282,311	(1,717,689)
Disbursements:			
Purchased services	<u>30,000,000</u>	<u>28,782,366</u>	<u>1,217,634</u>
Excess (deficiency) of receipts over disbursements	<u>\$</u>	<u>(500,055)</u>	<u>\$ (500,055)</u>
Budgetary fund balance, August 31, 2018		<u>\$ 1,349,467</u>	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
DEPRECIATION FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2017		\$ 15,941,541	
Receipts:			
Interest income	\$ 15,000	164,448	\$ 149,448
Operational transfers from the General fund		<u>9,704,164</u>	<u>9,704,164</u>
Total receipts	<u>15,000</u>	<u>9,868,612</u>	<u>9,853,612</u>
Disbursements:			
Capital outlays:			
Furniture and equipment	10,266,568	2,045,992	8,220,576
Building and site acquisition and improvement		<u>297,174</u>	<u>(297,174)</u>
Total disbursements	<u>10,266,568</u>	<u>2,343,166</u>	<u>7,923,402</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (10,251,568)</u>	<u>7,525,446</u>	<u>\$ 17,777,014</u>
Budgetary fund balance, August 31, 2018		<u>\$ 23,466,987</u>	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
CONTINGENCY FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2017		\$ 2,202,688	
Receipts:			
Interest		25,284	\$ 25,284
Other receipts		212,342	212,342
Total receipts		237,626	237,626
Disbursements:			
Insurance claims	\$ 2,000,000	10,884	1,989,116
Excess (deficiency) of receipts over disbursements	\$ (2,000,000)	226,742	\$ 2,226,742
Budgetary fund balance, August 31, 2018		\$ 2,429,430	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
SPECIAL BUILDING FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2017		<u>\$ 28,139,667</u>	
Receipts:			
Local receipts:			
Local property taxes	\$ 4,088,587	3,979,178	\$ (109,409)
Carline taxes	500	607	107
Public power district sales tax	10,000	121,532	111,532
Other local receipts		2,332,846	2,332,846
State reimbursement:			
Homestead exemptions		74,591	74,591
Pro rata motor vehicle		10,280	10,280
Interest	35,000	289,275	254,275
Non-revenue receipts		<u>345,795</u>	<u>345,795</u>
Total receipts	<u>4,134,087</u>	<u>7,154,104</u>	<u>3,020,017</u>
Disbursements:			
Purchased services		1,376,739	(1,376,739)
Capital outlays		4,132,440	(4,132,440)
Building, acquisition and improvement	32,871,273	10,067,436	22,803,837
Other		<u>290,225</u>	<u>(290,225)</u>
Total disbursements	<u>32,871,273</u>	<u>15,866,840</u>	<u>17,004,433</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (28,737,186)</u>	<u>(8,712,736)</u>	<u>\$ 20,024,450</u>
Budgetary fund balance, August 31, 2018		<u>\$ 19,426,931</u>	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
SCHOOL NUTRITION FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2017		\$ (2,088,317)	
Receipts:			
Sale of lunches/milk	\$ 10,750,000	6,900,035	\$ (3,849,965)
Interest	2,500	911	(1,589)
Local receipts	751,607	1,506,878	755,271
State reimbursement	50,000	46,883	(3,117)
Federal reimbursement	<u>3,950,000</u>	<u>3,357,076</u>	<u>(592,924)</u>
Total receipts	<u>15,504,107</u>	<u>11,811,783</u>	<u>(3,692,324)</u>
Disbursements:			
Salaries and benefits	5,425,000	4,921,902	503,098
Supplies and materials	1,250,000	123,000	1,127,000
Contracted services	7,300,000	6,873,562	426,438
Capital outlays	10,000	7,464	2,536
Other	<u> </u>	<u>13,830</u>	<u>(13,830)</u>
Total disbursements	<u>13,985,000</u>	<u>11,939,758</u>	<u>2,045,242</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 1,519,107</u>	<u>(127,975)</u>	<u>\$ (1,647,082)</u>
Budgetary fund balance, August 31, 2018		<u>\$ (2,216,292)</u>	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
BOND FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2017		\$ 20,149,587	
Receipts:			
Local receipts:			
Local property taxes	\$ 14,310,056	13,809,791	\$ (500,265)
Carline taxes	1,000	2,056	2,056
Public power district	72,456	425,378	425,378
State reimbursement:			
Homestead exemptions		260,502	260,502
Pro rata motor vehicle		34,839	34,839
Agriculture state tax credit		90	90
Interest		<u>254,396</u>	<u>254,396</u>
Total receipts	<u>14,383,512</u>	<u>14,787,052</u>	<u>476,996</u>
Disbursements:			
Redemption of principal	8,760,000	8,760,000	
Debt service interest	<u>6,443,016</u>	<u>6,043,016</u>	<u>400,000</u>
Total disbursements	<u>15,203,016</u>	<u>14,803,016</u>	<u>400,000</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (819,504)</u>	<u>(15,964)</u>	<u>\$ 876,996</u>
Budgetary fund balance, August 31, 2018		<u>\$ 20,133,623</u>	

See Notes to Other Supplementary Information - Budgetary Comparison Schedules.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED AUGUST 31, 2018**

1. BUDGETARY ACCOUNTING

The District prepares its budget for the Governmental Funds on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

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

2. PRESENTATION

Government Auditing Standards requires that for reporting purposes, the General Fund include all activity of funds that do not generate a significant amount of revenues from outside sources. Therefore, in the fund financial statements, the Depreciation Fund, Employee Benefit Fund and Contingency Fund have been included in the General Fund since their revenues are mainly derived from transfers from the General Fund. However, since the Depreciation Fund, Employee Benefit Fund and Contingency Fund are required by State law to adopt their own budget, their respective budgetary schedules have been included here.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

SCHEDULE OF CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

	General Fund	Contingency	Employee Benefit	Depreciation	Total General Funds	Special Revenue Funds			Total Governmental Funds
						Special Building	School Nutrition	Debt Service/Bond Fund	
RECEIPTS:									
Local receipts	\$ 123,134,199				\$ 123,134,199	\$ 6,434,163	\$ 1,506,878	\$ 14,237,225	\$ 145,312,465
County receipts	798,446				798,446				798,446
State receipts	94,705,180				94,705,180	84,871	46,883	295,431	95,132,365
Federal receipts	5,235,686				5,235,686		3,357,076		8,592,762
Sales of lunches							6,900,035		6,900,035
Interest	135,258	\$ 25,284	\$ 14,364	\$ 164,448	339,354	289,275	911	254,396	883,936
Categorical grants from corporations and other private interests	2,768,861				2,768,861				2,768,861
Non-revenue receipts	12,732	212,342	1,487,202		1,712,276	345,795			2,058,071
TOTAL RECEIPTS	226,790,362	237,626	1,501,566	164,448	228,694,002	7,154,104	11,811,783	14,787,052	262,446,941
DISBURSEMENTS:									
Instructional services	115,544,280				115,544,280				115,544,280
Support services	75,020,569				75,020,569				75,020,569
Other salaries and benefits							4,921,902		4,921,902
Supplies and materials							123,000		123,000
Purchased services			28,782,366		28,782,366	1,376,739	6,873,562		37,032,667
Capital outlay				2,045,992	2,045,992	4,132,440	7,464		6,185,896
Building and site acquisition and improvement				297,174	297,174	10,067,436			10,364,610
Other		10,884			10,884	290,225	13,830		314,939
Redemption of principal								8,760,000	8,760,000
Debt service interest								6,043,016	6,043,016
TOTAL DISBURSEMENTS	190,564,849	10,884	28,782,366	2,343,166	221,701,265	15,866,840	11,939,758	14,803,016	264,310,879
EXCESS (DEFICIENCY) OF RECEIPTS	36,225,513	226,742	(27,280,800)	(2,178,718)	6,992,737	(8,712,736)	(127,975)	(15,964)	(1,863,938)
OTHER FINANCING SOURCES (USES):									
Transfers in			26,780,745	9,704,164	36,484,909				36,484,909
Transfers out	(36,484,909)				(36,484,909)				(36,484,909)
TOTAL OTHER FINANCING SOURCES (USES)	(36,484,909)		26,780,745	9,704,164					
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	(259,396)	226,742	(500,055)	7,525,446	6,992,737	(8,712,736)	(127,975)	(15,964)	(1,863,938)
FUND BALANCE - beginning of year	35,063,400	2,202,688	1,849,522	15,941,541	55,057,151	28,139,667	(2,088,317)	20,149,587	101,258,088
FUND BALANCE - end of year	\$ 34,804,004	\$ 2,429,430	\$ 1,349,467	\$ 23,466,987	\$ 62,049,888	\$ 19,426,931	\$ (2,216,292)	\$ 20,133,623	\$ 99,394,150

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECIEPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - GENERAL FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		2018
		Actual
Cash receipts:		
Local receipts:		
1110/1111	Local property taxes	\$ 107,410,474
1125	Motor vehicle taxes	11,904,395
1115	Carline tax	23,346
1120	Public power district sales tax	3,157,764
1250	Tuition received from individuals - general education	294,487
1610	Local fines and license fees	335,305
1920	Contributions and donations	250
1810	Community services activities	968
1925	Categorical grants from corporations and private interests	2,768,861
1990	Other local receipts	7,210
	Total local receipts	125,903,060
County receipts:		
2110	County fines and license fees	798,446
	Total county receipts	798,446
State receipts:		
3110	State aid	75,766,971
3120	Special education programs	11,708,536
3125	Special education transportation	1,139,307
3180	Pro rata motor vehicle	250,035
3130	Homestead exemption	1,944,284
3200	State apportionment	3,598,276
3155	Textbook loan	49,446
	Other state receipts	248,325
	Total state receipts	94,705,180
Federal receipts:		
4200/4210	Title I	792,595
4404/4406	Special education - grants to states	994,133
4410/4412	Special education - additional funds	2,773,156
4455	Medicaid Administrative Activities	180,611
4700	Federal vocational and applied technology education	134,861
4925/4926	Every student succeeds	54,150
	Other categorical	306,180
	Total federal receipts	5,235,686
Non-revenue receipts:		
1410	Interest	135,258
5400	Sale of property	4,129
5690	Other	8,603
	Total non-revenue receipts	147,990
	Total cash receipts	\$ 226,790,362

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - GENERAL FUND, CONTINUED**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		2018
		Actual
Cash disbursements:	Program:	
	1100 Non-special education	\$ 109,461,930
	1200 Special education programs	25,733,036
	2100 Support services - pupils	10,535,670
	2200 Support services - staff	9,976,773
	2310 Board of education	2,357,800
	2320 Executive administration services	3,842,633
	2400 Office of the principal	12,728,692
	2510 General administration - business services	13,557,668
	2520 Vehicle acquisition and maintenance	317,958
	2600 Support services - maintenance and operation of building and site	22,364,783
	2750 Support services - regular pupil transportation	1,996,343
	2760 Support services - school age special education transportation	2,337,563
	3000 Community services	1,805
	3500 State categorical programs	120,902
	Federal programs and other categorical aid	10,118,595
	6000 Summer school	519,604
	Other	1,078,003
	Total cash disbursements by all programs	\$ 227,049,758
Fund balance, September 1		\$ 35,063,400
Cash receipts		226,790,362
	Total funds available	261,853,762
Cash disbursements		227,049,758
Fund balance, August 31		\$ 34,804,004
Analysis of fund balance:		
	Cash in bank:	
	Checking accounts	\$ 22,807,541
	Investment	11,996,463
		\$ 34,804,004
	Cash at county Treasurer's not included above:	
	Douglas County	\$ 3,366,332
	Sarpy County	665,506
		\$ 4,031,838

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - EMPLOYEE BENEFIT FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		<u>2018</u>
		<u>Actual</u>
Fund balance, September 1		\$ 1,849,522
Cash receipts:		
Interest income		14,364
Other receipts		1,487,202
Operational transfers from the general fund		<u>26,780,745</u>
Total cash receipts		<u>28,282,311</u>
Total funds available		<u>30,131,833</u>
Cash disbursements:		
Purchased services		<u>28,782,366</u>
Total cash disbursements		<u>28,782,366</u>
Fund balance, August 31		<u>\$ 1,349,467</u>
Analysis of fund balance:		
Cash in bank:		
Checking account		\$ 49,000
Investment		<u>1,300,467</u>
		<u>\$ 1,349,467</u>

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - DEPRECIATION FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	2018
	Actual
Fund balance, September 1	\$ 15,941,541
Cash receipts:	
Interest income	164,448
Operational transfers from the general fund	9,704,164
Total cash receipts	9,868,612
Total funds available	25,810,153
Cash disbursements:	
Furniture and equipment	2,045,992
Building and site acquisition and improvement	297,174
Total cash disbursements	2,343,166
Fund balance, August 31	\$ 23,466,987
Analysis of fund balance:	
Cash in bank:	
Investment	\$ 23,466,987
	\$ 23,466,987

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - CONTINGENCY FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		2018
		Actual
Fund balance, September 1		\$ <u>2,202,688</u>
Cash receipts:		
Interest		25,284
Other receipts		<u>212,342</u>
Total cash receipts		<u>237,626</u>
	Total funds available	<u>2,440,314</u>
Cash disbursements:		
Insurance claims		<u>10,884</u>
Total cash disbursements:		<u>10,884</u>
Fund balance, August 31		\$ <u><u>2,429,430</u></u>
Analysis of fund balance:		
Cash in bank:		
Investment		\$ <u>2,429,430</u>
		<u>\$ 2,429,430</u>

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENT AND FUND BALANCE
CASH BASIS - ACTUAL - SPECIAL BUILDING FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	2018
	Actual
Fund Balance, September 1	28,139,667
Cash receipts:	
Local property taxes	3,979,178
Carline taxes	607
Public power district sales tax	121,532
Other local receipts	2,332,846
Homestead exemptions	74,591
Pro rata motor vehicle	10,280
Interest	289,275
Non-revenue receipts	345,795
Total cash receipts	7,154,104
Total funds available	35,293,771
Cash disbursements:	
Purchased services	1,376,739
Capital outlays	4,132,441
Building, acquisition and improvement	10,067,435
Other	290,225
Total cash disbursements	15,866,840
Fund balance, August 31	\$ 19,426,931
Analysis of fund balance:	
Cash in bank:	
Investment	\$ 19,426,931
	\$ 19,426,931
Cash at county Treasurer's not included above:	
Sarpy County	\$ 16,279
Douglas County	360,466
	\$ 376,745

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - SCHOOL NUTRITION FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		<u>2018</u>
		<u>Actual</u>
Fund balance, September 1		\$ (2,088,317)
Cash receipts:		
	Sale of lunches/milk	6,900,035
	Interest	911
	Local receipts	1,506,878
	State reimbursement	46,883
	Federal reimbursement	<u>3,357,076</u>
	Total cash receipts	<u>11,811,783</u>
	Total funds available	<u>9,723,466</u>
Cash disbursements:		
	Salaries and benefits	4,921,902
	Supplies and materials	123,000
	Contracted services	6,873,562
	Capital outlays	7,464
	Other	<u>13,830</u>
	Total cash disbursements	<u>11,939,758</u>
Fund balance, August 31		<u><u>\$ (2,216,292)</u></u>
Analysis of fund balance:		
	Cash in bank:	
	Checking account	\$ (2,216,292)
		<u><u>\$ (2,216,292)</u></u>

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - BOND FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		2018
		Actual
Fund balance, September 1		\$ 20,149,587
Cash receipts:		
Local property taxes		13,809,791
Carline taxes		2,056
Public power district		425,378
Homestead exemptions		260,502
Pro rata motor vehicle		34,839
Agriculture state tax credit		90
Interest		254,396
	Total cash receipts	14,787,052
	Total funds available	34,936,639
Cash disbursements:		
Redemption of principal		8,760,000
Debt service interest		6,043,016
	Total cash disbursements	14,803,016
Fund balance, August 31		\$ 20,133,623
Analysis of fund balance:		
Cash in bank:		
Checking account		\$ 4,951
Investment		20,128,672
		\$ 20,133,623
Cash at county Treasurer's not included above:		
Sarpy County		\$ 56,977
Douglas County		1,261,605
		\$ 1,318,582

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - ACTIVITIES FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

		<u>2018</u>
		<u>Actual</u>
Fund balance, September 1		\$ 3,926,019
Cash receipts:		
	Activities receipts	<u>7,629,914</u>
	Total cash receipts	<u>7,629,914</u>
	Total funds available	<u>11,555,933</u>
Cash disbursements:		
	Purchased services	<u>7,255,233</u>
	Total cash disbursements	<u>7,255,233</u>
Fund balance, August 31		<u>\$ 4,300,700</u>
Analysis of fund balance:		
	Cash in bank:	
	Checking account	\$ 3,759,194
	Investment	<u>541,506</u>
		<u>\$ 4,300,700</u>

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CASH BASIS - ACTUAL - STUDENT FEE FUND**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

			<u>2018</u>
			<u>Actual</u>
Fund balance, September 1			\$ 229,560
Cash receipts:			
	Activities receipts		<u>1,122,317</u>
		Total cash receipts	<u>1,122,317</u>
		Total funds available	<u>1,351,877</u>
Cash disbursements:			
	Purchased services		<u>1,117,973</u>
		Total cash disbursements	<u>1,117,973</u>
Fund balance, August 31			<u>\$ 233,904</u>
Analysis of fund balance:			
	Cash in bank:		
		Checking account	<u>\$ 233,904</u>
			<u>\$ 233,904</u>

See Notes to Schedules of Receipts, Disbursements, and Fund Balances.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**NOTES TO OTHER SUPPLEMENTARY INFORMATION –
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES**

1. BASIS OF PRESENTATION

The Schedules of Cash Receipts, Disbursements and Fund Balance for each major fund are supplementary information required by the Nebraska Department of Education. The District prepared this information on the cash basis of accounting, which is the same basis of accounting used to prepare the District's financial statements. The presentation follows the same major function codes as that are used by the District to prepare their Annual Financial Report, which the District submits, to the Nebraska Department of Education.

**SCHOOL DISTRICT #17 - MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2018

<u>Federal Grantor/Pass Through Entity/ Program Title</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER:			
<i>Passed through Nebraska Department of Education</i>			
National School Lunch Program	280017	10.555	\$ 3,357,076
<i>Passed through the Nebraska Department of Health and Human Services</i>			
Food Distribution Program	280017	10.555	<u>525,106</u>
Total U.S. Department of Agriculture			<u>3,882,182</u>
U.S. DEPARTMENT OF EDUCATION:			
<i>Passed through Nebraska Department of Education</i>			
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education - Grants to States (IDEA, Part B)	280017	84.027	4,673,831
Special Education - Grants for Infants and Families with Disabilities (IDEA, Part C)	280017	84.181	23,480
Special Education - Preschool Grants (IDEA Preschool)	280017	84.173	<u>83,530</u>
Total Special Education Cluster (IDEA)			4,780,841
Perkins Grant	280017	84.048	93,694
Title 1 Grants to Local Education Agencies (Title 1, Part A of the ESEA)	280017	84.010	1,774,533
English Language Acquisition - Title III, Part A	280017	84.365	78,729
Improving Teacher Quality - Title II, Part A	280017	84.367	436,461
State Personnel Development	280017	84.323	<u>9,400</u>
Total U.S. Department of Education			<u>7,173,658</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER:			
<i>Passed through Nebraska Department of Health and Human Services System</i>			
Medical Assistance Program	47-6002642	93.778	<u>180,611</u>
TOTAL			<u>\$ 11,236,451</u>

See Note to the Schedule of Expenditures of Federal Awards.

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2018. The information in this schedule is presented in accordance with the requirements for Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Expenditure Presentation – Expenditures of Federal funds for the National School Lunch Program, Medicaid in Public Schools and Food Distribution are not separately identifiable in the accounting records of the District. These programs are jointly funded with District monies and expenditures and are not required to be accumulated in the accounting records by funding source. For report purposes, the amount of Federal expenditures is shown equal to the amount of Federal funds received.

Program Activity – Various reimbursement procedures are used for Federal awards received by the District. Additionally, most Federal grant periods end June 30, while the District’s year-end is August 31. Consequently, timing differences between expenditures and program reimbursement can exist at the beginning and end of the year. These timing differences will be resolved over the term of the grants.

2. REPORTING ENTITY

The District, for purposes of the Schedule of Expenditures of Federal Awards, includes all funds for which the District is financially accountable.

3. PASS-THROUGH AWARDS

The District receives certain federal awards in the form of pass-through awards from the State of Nebraska and other various agencies. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

4. NON-CASH AWARDS

The National School Lunch Program involves both cash and non-cash awards to the District. Such non-cash awards consist of donated commodities which are separately identified in the Schedule of Expenditures of Federal Awards. Donated commodity expenditures are determined on a first-in, first-out basis.

5. CONTINGENCIES

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

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018, CONTINUED**

6. DE MINIMIS COST RATE

The District has not elected to use the 10% de minimis cost rate as covered in Uniform Guidance indirect costs section.

October 31, 2018

**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
School District #17 – Millard Public Schools
Douglas County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of School District #17 – Millard Public Schools, Douglas County, Nebraska (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

HSMC Orizon LLC
HSMC ORIZON LLC

HSMC ORIZON LLC
CPAs, BUSINESS & TECHNOLOGY CONSULTANTS
16924 FRANCES STREET
OMAHA, NEBRASKA 68130



402.330.7008 / PHONE
402.330.6851 / FAX
www.hsmcorizon.com

October 31, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
School District #17 – Millard Public Schools
Douglas County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited School District #17 – Millard Public Schools, Douglas County, Nebraska (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

HSMC Orizon LLC
HSMC ORIZON LLC

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Section I: Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unqualified

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Rewards, Section 2 CFR 200.516(a)?</i>	___ Yes	_X_ No

Identification of major programs:

U.S. Department of Education:	
84.027	Special Education- Grants to States (IDEA, Part B)
84.173	Special Education- Preschool Grants (IDEA Preschool)
84.181	Special Education- Grants for Infants and Families with Disabilities (IDEA, Part C)

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000	
Is the auditee qualified as a low-risk auditee?	Yes	<input checked="" type="checkbox"/> No

Section II: Financial Statement Findings

None

Section III: Federal Awards Findings and Questioned Costs

None

**SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS
DOUGLAS COUNTY, NEBRASKA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018**

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.