

**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**

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DOUGLAS COUNTY, NEBRASKA**

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31, 2018

INDEPENDENT AUDITOR'S REPORT

Education
District #17 – Millard Public Schools
County, Nebraska

Opinion on the Financial Statements

We audited the accompanying cash basis financial statements of the major fund of School District #17 – Millard Public Schools (“District”) as of and for the year ended August 31, 2018, and the related notes, which collectively comprise the District’s basic financial statements, and in our opinion, the financial statements are free from material misstatement.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and maintenance of the financial statements in accordance with the cash basis of accounting. The use of the cash basis of accounting is an acceptable basis of accounting in the circumstances. Management is also responsible for the design and maintenance of internal control relevant to the preparation and maintenance of financial statements that are free from material misstatement.

Auditor’s Responsibility

The auditor’s responsibility is to express opinions on these financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to special audits issued by the Comptroller of Public Accounts. We plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Our 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, whether due to fraud or error. In making this assessment, the auditor considers internal control relevant to the District’s preparation and maintenance of financial statements in order to design audit procedures that are appropriate for the purpose of expressing an opinion on the financial statements. However, we express no such opinion on the effectiveness of the internal control policies used and the reasonableness of the estimates and management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to support 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

**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

		Program Cash Receipts		
	Cash	Charges for	Operating	Net (Disbursements)
	Disbursements	Services	Grants and Contributions	Receipts and Changes in Net Position
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				229,439,746
Increase in net position				(1,863,938)
Net position - beginning of year				101,258,088
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

	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					

**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

	General Fund	Special Building	School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
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> </u>	<u> </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>

**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
	<u>4,489</u>	<u>17,289</u>	<u>15,259</u>	<u>6,519</u>
Total activities fund	\$ 3,926,019			

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

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 positioe

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

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

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>

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 savi

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

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

SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS

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:

- x Thirty-two vans used for transportation of students in special education programs expiring on various dates through May 2022.
- x Vehicles used by the administration and maintenance. These leases expire on various dates through May 2020.
- x 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 th54 T .72 reTt72 ivEarly Sepsw [(i17(unt)A8O

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 em

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

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

FOR THE YEAR ENDED AUGUST 31, 2018

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2017		<u>\$ 35,063,400</u>	
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

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

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

FOR THE YEAR ENDED AUGUST 31, 2018

Original &
Final
Budget



Variance with
Budget
Favorable

**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

**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	

**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 -
BOND FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, S			

**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 Building	School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
RECEIPTS:									
Local receipts	\$ 123,134,199				\$ 123,134,199	\$ 6,434,163	\$ 1,506,878	\$ 14,237,225	145,31299

**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	<u>7,210</u>
	Total local receipts	<u>125,903,060</u>
County receipts:		
2110	County fines and license fees	<u>798,446</u>
	Total county receipts	<u>798,446</u>
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	<u>248,325</u>
	Total state receipts	<u>94,705,180</u>
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	<u>306,180</u>
	Total federal receipts	

**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
Cash disbursements:	Program:	Actual
	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

**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		\$ <u>1,849,522</u>
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><u>1,349,467</u></u>
Analysis of fund balance:		
Cash in bank:		
Checking account		\$ 49,000
Investment		<u>1,300,467</u>
		<u><u>\$ 1,349,467</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 - DEPRECIATION FUND**

FOR THE YEAR ENDED AUGUST 31, 2018

		2018
		Actual
Fund balance, September 1		\$ <u>15,941,541</u>
Cash receipts:		
Interest income		164,448
Operational transfers from the general fund		<u>9,704,164</u>
Total cash receipts		<u>9,868,612</u>
Total funds available		<u>25,810,153</u>

~~Cash disbursements (15,941,541) 65.50.38 1.0per 608.iture 12E.88 0C\$C 0C\$C 0C\$C 3.52YN4\$65nb1.04 TD92 1)ation.5(T.39.36)4427 TDOperation~~

**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

		<u>2018</u>
		<u>Actual</u>
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><u>\$ 2,429,430</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, 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

		2018
		Actual
Fund balance, September 1		<u>\$ (2,088,317)</u>
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>

**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

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

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, DIS**

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2018

Pass Through Federal

**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.

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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.

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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.

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HSMC ORIZON LLC

**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.