

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

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

AUGUST 31, 2017

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

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DOUGLAS COUNTY, NEBRASKA**

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects,

Management's Discussion and Analysis

The accompanying financial statements were prepared by management and are the responsibility of management. The auditor's role is to express an opinion on these statements based on the audit.

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

STATEMENT OF NET POSITION - CASH BASIS

AUGUST 31, 2017

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 4,388,519
Investments	<u>96,869,569</u>
 TOTAL ASSETS	 <u>\$ 101,258,088</u>

NET POSITION

Restricted:	
Special building	\$ 28,139,667
Debt service	20,149,587
Unrestricted:	
Board designated:	
Employee benefit	1,849,522
Depreciation	15,941,541
Contingency	2,202,688
Undesignated	<u>32,975,083</u>
 TOTAL NET POSITION	 <u>\$ 101,258,088</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, 2017

	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Net (Disbursements) Changes in Net Position
Governmental activities:				
Instructional services	(124,406,871)			

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DOUGLASS DISTRICT #45Y, NC -12 0 86**

**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, 2017

	General Fund	Special Building	School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
RECEIPTS:					
Local receipts	\$ 105,562,433	\$ 4,570,157	\$ 1,768,505	\$ 14,227,562	\$ 126,128,657
County receipts	854,943				854,943
State receipts	108,796,783	93,650	45,617	305,646	109,241,696
Federal receipts	6,606,585		3,282,997		9,889,582
Sales of lunches			6,772,632		6,772,632
Interest	87,769	96,648	1,539	94,841	280,797
Categorical grants from corporations and other private interests	1,400,180				1,400,180
Non-revenue receipts	<u>1,221,118</u>	<u>337,363</u>	<u> </u>	<u> </u>	<u>1,558,481</u>
TOTAL RECEIPTS	<u>224,529,811</u>	<u>5,097,818</u>	<u>11,871,290</u>	<u>14,628,049</u>	<u>256,126,968</u>
DISBURSEMENTS:					
Instructional services	115,127,002				115,127,002
Support services	76,802,630				76,802,630
Other salaries and benefits			4,866,964		4,866,964
Supplies and materials			277,639		277,639
Purchased services	26,884,310	2,537,442	6,811,445		36,233,197
Capital outlay	728,525	4,318,551	7,167		5,054,243

**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, 2017

<u>Activities Fund</u>	<u>Beginning Net Position</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Net Position</u>
ADMINISTRATIVE OFFICE	\$ 357,885	\$ 563,730	\$ 567,066	\$ 354,549
HIGH SCHOOLS:				
North	687,044	1,561,918	1,565,141	683,821
South	734,417	1,513,150	1,451,913	795,654
West	230,548	2,132,819	1,778,400	584,967
MIDDLE SCHOOLS:				
Andersen	137,585	91,122	96,182	132,525
Beadle	67,718	124,107	115,081	76,744
Central	60,163	104,940	110,257	54,846
Kiewit	301,862	81,122	116,676	266,308
North	120,394	101,022	85,202	136,214
Russell	147,265	83,983	98,150	133,098
ELEMENTARY SCHOOLS:				
Abbott	33,778	32,466	30,256	35,988
Ackerman	75,118	85,196	120,952	39,362
Aldrich	34,619	27,515	33,468	29,0364 0 TD.0Y886[886]

**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

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DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS, CONTINUED

Deposits

At August 31, 2017, the carrying amount of the District's deposits was \$7,962,631 and the bank balance was \$9,311,789.

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental funds	\$ 4,388,519	\$ 5,538,952
Fiduciary funds	<u>3,574,112</u>	<u>3,772,837</u>
 TOTAL	 <u>\$ 7,962,631</u>	 <u>\$ 9,311,789</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 \$76,724,933 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

SCHOOL DISTRICT #17 – MILLARD PUBLIC SCHOOLS

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DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN, CONTINUED

Plan Description, Continued

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.

For the District's year ended August 31, 2017, the District's total payroll for all employees was \$136,418,927. Total covered payroll was \$131,926,392. 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 9.88 percent from July 1, 2015, to June 30, 2016, (and from July 1, 2016, through August 31, 2017). 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, 2017 was \$12,902,401.

Pension Liabilities

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN, CONTINUED

The School Plan's pre-retirement mortality rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females).

The School Plan's post-retirement rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set-back one year (sex distinct).

The School Plan's disability mortality rates were based on the 1983 Railroad Retirement Board Disabled Annuitants Mortality (unisex).

The actuarial assumptions used in the July 1, 2016, valuations for the School plan is based on the results of the most recent actuarial experience study, which covered the five year period ending June 30, 2011. The experience study report is dated August 20, 2012. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

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 geometric real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
US Equity	29.00%	4.3%
Non-US Equity	13.50%	5.4%
Global Equity	15.00%	5.1%
Fixed Income	30.00%	1.4%
Private Equity	5.00%	6.4%
Real Estate	7.50%	3.6%
Total	100.00%	

*Geometric mean, net of investment expenses.

Discount Rate

The discount rate used to measure the Total Pension Liability at both June 30, 2015, and June 30, 2016, was 8 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

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DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLAN, CONTINUED

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 2115.

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 8.0 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 (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	<u>Discount rate</u>	<u>District's proportionate Share of net pension liability</u>
1% decrease	7.0%	\$ 174,336,163
Current discount rate	8.0%	89,211,963
1% increase	9.0%	18,440,733

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>.

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DOUGLAS COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

Bonds Payable

The following is a summary of general obligation transactions of the District for the year ended August 31, 2017:

Balance, August 31, 2016	\$ 153,515,000
Additions:	
New obligations	14,965,000
Deductions:	
Payment of principal	<u>(8,310,000)</u>
Balance, August 31, 2017	<u>\$ 160,170,000</u>

The following is the bonded indebtedness of the District as of August 31, 2017:

<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%	6,650,000	2019
May 9, 2013	3.63577%	46,935,000	2025

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

NOTES TO BASIC FINANCIAL STATEMENTS

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 2021.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

Learning Community Legislation

In June, 2005, the Board of Education of the Omaha Public Schools (“OPS”) adopted a resolution commonly referred to as “One City, One School District.” The purpose of the resolution was to seek a “takeover” of the suburban school district surrounding OPS.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

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, 2017

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2016		\$ 32,585,517	
Receipts:			
Local receipts:			
Local property taxes	\$ 92,578,477	88,507,672	\$ (4,070,805)
Motor vehicle taxes	11,500,000	12,165,814	665,814
Carline tax	20,000	21,151	1,151
Public power district sales tax	2,700,000	2,771,186	71,186
Tuition received from individuals - general education		312,302	312,302
Local fines and license fees	400,000	327,166	(72,834)
Contributions and donations		200	200
Community services activities		731	731
Categorical grants from corporations and private interests		1,400,180	1,400,180
Other local receipts		56,031	56,031
	<u>107,198,477</u>	<u>105,562,433</u>	<u>(1,636,044)</u>
County receipts:			
County fines and license fees	<u>900,000</u>	<u>854,943</u>	<u>(45,057)</u>
State receipts:			
State aid	89,635,460	89,635,460	
Special education programs	12,100,000	11,764,049	(335,951)
Special education transportation	1,121,260	1,170,220	48,960
Pro rata motor vehicle		236,152	236,152
Homestead exemption		2,351,609	2,351,609
State apportionment	3,500,000	3,396,199	(103,801)
Textbook loan		27,013	27,013

Step
Ob

\$

2,500

\$

	<u>816</u>	<u>0,116</u>
	<u>2,500</u>	<u>84</u>
	<u>22,341,6</u>	<u>(1,9)</u>

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113,91,073

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2,318,6

110,18,82

3,78,271
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3,02,225

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(1,00,90)

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2,8,25

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

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

FOR THE YEAR ENDED AUGUST 31, 2017

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2016		<u>\$ 22,373,161</u>	
Receipts:			
Local receipts:			
Local property taxes	\$ 4,352,719	4,078,738	\$ (273,981)
Carline taxes		344	344

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

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

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2016		\$ (1,984,175)	
Receipts:			
Sale of lunches/milk	\$ 10,800,000	6,772,632	\$ (4,027,368)
Interest	3,000	1,539	(1,461)
Local receipts	967,000	1,768,505	801,505
State reimbursement	30,000	45,617	15,617
Federal reimbursement	<u>3,200,000</u>	<u>3,282,997</u>	<u>82,997</u>
Total receipts	<u>15,000,000</u>	<u>11,871,290</u>	<u>(3,128,710)</u>
Disbursements:			
Salaries and benefits	5,410,000	4,866,964	543,036
Supplies and materials	1,030,000	277,639	752,361
Contracted services	7,060,000	6,811,445	248,555
Capital outlays	500,000	7,167	492,833
Other	<u> </u>	<u>12,217</u>	<u>(12,217)</u>
Total disbursements	<u>14,000,000</u>	<u>11,975,432</u>	<u>2,024,568</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 1,000,000</u>	<u>(104,142)</u>	<u>\$ (1,104,142)</u>
Budgetary fund balance, August 31, 2017		<u>\$ (2,088,317)</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, 2017

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Budgetary fund balance, September 1, 2016		\$ 2,382,178	
Receipts:			
Interest income	\$ 500	3,670	\$ 3,170
Other receipts	1,400,000	1,141,214	(258,786)
Operational transfers from the General fund	<u>30,000,000</u>	<u>25,206,770</u>	<u>(4,793,230)</u>
Total receipts	31,400,500	26,351,654	(5,048,846)
Disbursements:			
Purchased services	<u>32,868,330</u>	<u>26,884,310</u>	<u>5,984,020</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (1,467,830)</u>	<u>(532,656)</u>	<u>\$ 935,174</u>
Budgetary fund balance, August 31, 2017		<u>\$ 1,849,522</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, 2017

Original &
Final

Variance with
Budget
Favorable

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

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

FOR THE YEAR ENDED AUGUST 31, 2017

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2016		\$ 1,983,161	
Receipts:			
Interest		5,820	\$ 5,820
Operational transfers from the General fund		254,481	254,481
Total receipts		260,301	260,301
Disbursements:			
Insurance claims	\$ 2,000,000	40,774	1,959,226
Excess (deficiency) of receipts over disbursements	\$ (2,000,000)	219,527	\$ 2,219,527
Budgetary fund balance, August 31, 2017		\$ 2,202,688	

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, 2017

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

**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, 2017

	General Fund	Contingency	Employee Benefit	DFederal receipts	Total General	Special	School	Debt Service/Bond	Total Governmental
Sales of lunches	6,606,585				6,606,585		3,282,997		9,889,582
Interest	45,340	\$ 5,820	\$ 3,670	\$ 32,939	87,769	96,648	6,772,632	94,841	6,772,632
Categorical grants from corporations and other private interests	1,400,180				1,400,180		1,539		280,797
Non-revenue receipts	<u>79,904</u>								<u>1,400,180</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2017

<u>Federal Grantor/Pass Through Entity/ Program Title</u>	Pass Through Entity Identifying Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER:			
<i>Passed through Nebraska Department of Education</i>			
School Breakfast Program	280017	10.553	\$ 2,671,070
National School Lunch Program	280017	10.555	545,959
Summer Food Service Program for Children	280017	10.559	65,968
<i>Passed through the Nebraska Department of Health and Human Services</i>			
Food Distribution Program	280017	10.555	<u>600,438</u>
Total U.S. Department of Agriculture			<u>3,883,435</u>

U.S. DEPARTMENT OF EDUCATION:

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017. 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

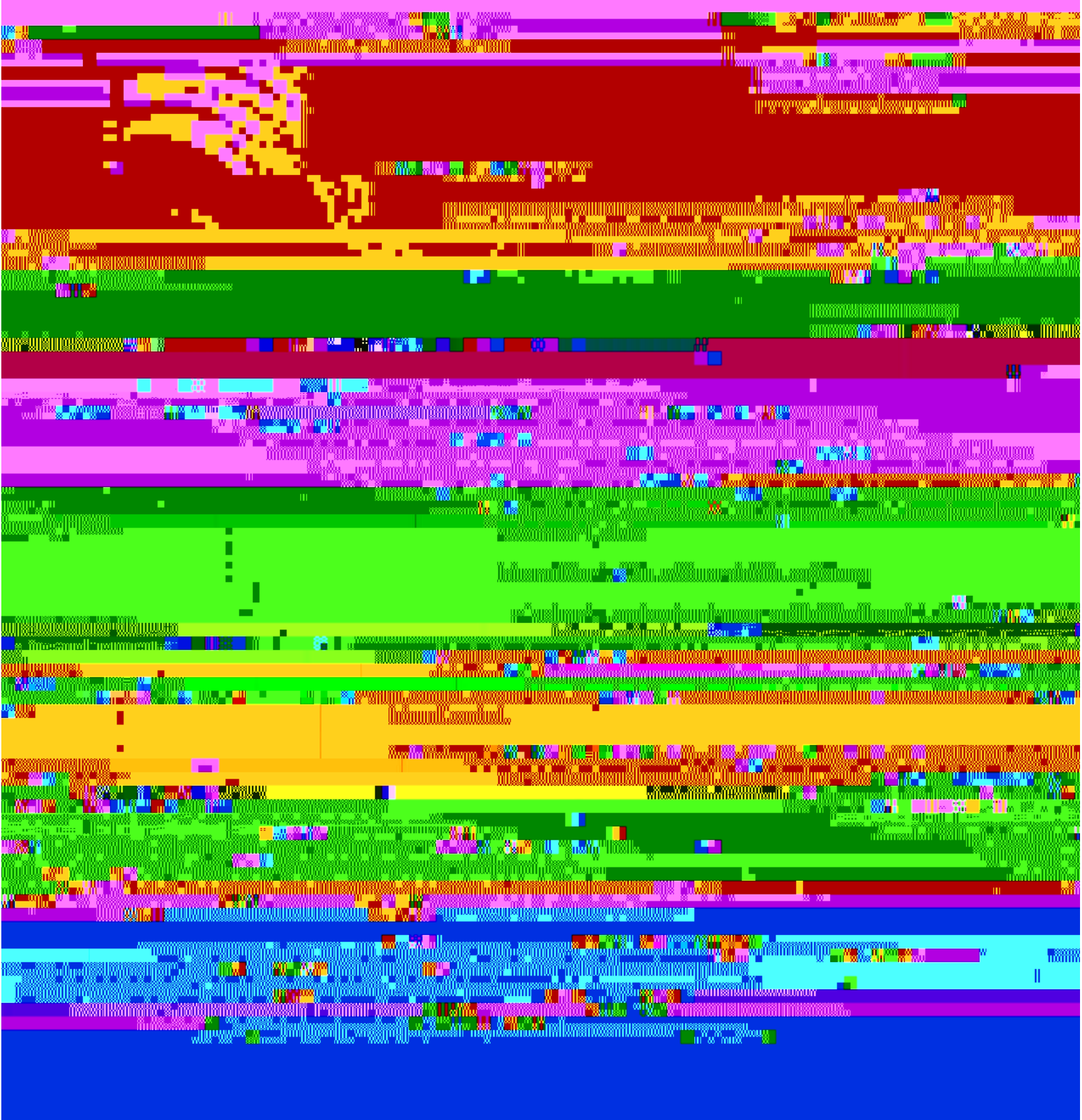
The District receives funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies, which m9 mr3(ra)l3.5t.x.007 Tw1.1491Tm -1.1497 9

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017, 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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December 31, 2018

December 31, 2018

December 31, 2018

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These amounts and the Net Income Statement amounts are part of the audit scope

referred to above that could have a direct and material effect on the financial statements

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Opinion on Each Major Federal Program

In our opinion, the District complied

major federal program to determine the auditing

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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 84.010	Title 1 Grants to Local Educational Agencies
U.S. Department of Agriculture – Child Nutrition Cluster: 10.553	School Breakfast Program
10.555	National School Lunch Program and Food Distribution Program
10.559	Summer Food Service Program

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 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, 2017**

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.