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

ANNUAL FINANCIAL STATEMENTS AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS

AUGUST 31, 2019

BerganKDV

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

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

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October 31, 2019

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, 2019, 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, 2019, 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, 2019 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 mattes. 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.

BerganKDV, LLC

BerganKDV, LLC
Omaha, Nebraska

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

STATEMENT OF NET POSITION - CASH BASIS

AUGUST 31, 2019

ASSETS

	Governmental Activities
Cash	$ 12,194,022
Investments	79,477,354
TOTAL ASSETS	$ 91,671,376

NET POSITION

Restricted:	
Special building	$ 15,382,488
Debt service	21,017,515
Unrestricted:	
Board designated:	
Employee benefit	227,306
Depreciation	18,387,018
Contingency	1,952,843
Undesignated	34,704,206
TOTAL NET POSITION	$ 91,671,376

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, 2019

	Cash Disbursements	Program Cash Receipts: Charges for Services	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
Governmental activities:				
Instructional services	$ (128,810,031)	$ 865,298	$ 21,457,205	$ (106,487,528)
Support services	(72,206,565)		1,307,886	(70,898,679)
Food services	(10,436,009)	7,450,563	3,568,098	582,652
Building maintenance and improvements	(45,808,259)			(45,808,259)
Debt service and lease payments	(14,733,093)			(14,733,093)
Other	(1,669,600)			(1,669,600)
Net program (disbursements) receipts	$ (273,663,557)	$ 8,315,861	$ 26,333,189	(239,014,507)
General receipts:				
Taxes collected				142,846,186
County receipts				775,851
State receipts				83,622,332
Investment earnings				1,153,716
Other				2,893,648
Total general receipts				231,291,733
Decrease in net position				(7,722,774)
Net position - beginning of year				99,394,150
Net position - end of year				$ 91,671,376

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, 2019

	General Fund	Special Revenue Funds: Special Building	Special Revenue Funds: School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
ASSETS:					
Cash	$ 13,825,892		$ (1,631,870)		$ 12,194,022
Investments	43,077,351	$ 15,382,488		$ 21,017,515	79,477,354
TOTAL ASSETS	$ 56,903,243	$ 15,382,488	$ (1,631,870)	$ 21,017,515	$ 91,671,376
FUND BALANCES:					
Restricted for:					
Capital projects		$ 15,382,488			$ 15,382,488
Debt service				$ 21,017,515	21,017,515
Committed to:					
Capital assets	$ 18,387,018				18,387,018
Assigned to:					
Contingency	1,952,843				1,952,843
Employee benefits	227,306				227,306
Unassigned	36,336,076		$ (1,631,870)		34,704,206
TOTAL FUND BALANCE - CASH BASIS	$ 56,903,243	$ 15,382,488	$ (1,631,870)	$ 21,017,515	$ 91,671,376

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, 2019

	General Fund	Special Revenue Funds: Special Building	Special Revenue Funds: School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
RECEIPTS:					
Local receipts	$ 124,862,130	$ 5,199,815	$ 600,962	$ 14,910,972	$ 145,573,879
County receipts	775,851				775,851
State receipts	96,492,584	91,495	47,987	320,347	96,952,413
Federal receipts	8,284,857		3,520,111		11,804,968
Sales of lunches			6,849,601		6,849,601
Interest	425,913	335,416	1,770	390,617	1,153,716
Categorical grants from corporations and other private interests	1,198,140				1,198,140
Non-revenue receipts	1,170,148	462,067			1,632,215
TOTAL RECEIPTS	233,209,623	6,088,793	11,020,431	15,621,936	265,940,783
DISBURSEMENTS:					
Instructional services	118,049,324				118,049,324
Support services	75,264,451				75,264,451
Other salaries and benefits			4,945,105		4,945,105
Supplies and materials			185,283		185,283
Purchased services	32,000,000	1,597,514	5,294,230		38,891,744
Capital outlay	10,401,333	1,196,549	2,320		11,600,202
Building and site acquisition and improvement	976,511	7,316,518			8,293,029
Other	1,664,649	22,655	9,071	4,951	1,701,326
Redemption of principal				9,140,000	9,140,000
Debt service interest				5,593,093	5,593,093
TOTAL DISBURSEMENTS	238,356,268	10,133,236	10,436,009	14,738,044	273,663,557
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	(5,146,645)	(4,044,443)	584,422	883,892	(7,722,774)
FUND BALANCE - beginning of year	62,049,888	19,426,931	(2,216,292)	20,133,623	99,394,150
FUND BALANCE - end of year	$ 56,903,243	$ 15,382,488	$ (1,631,870)	$ 21,017,515	$ 91,671,376

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, 2019

Activities Fund	Beginning Net Position	Receipts	Disbursements	Ending Net Position
ADMINISTRATIVE OFFICE	$ 360,220	$ 537,984	$ 535,128	$ 363,076
HIGH SCHOOLS:				
North	794,545	1,692,541	1,687,228	799,858
South	756,865	1,538,855	1,672,929	622,791
West	768,661	1,771,377	1,787,742	752,296
MIDDLE SCHOOLS:				
Andersen	130,285	137,662	134,691	133,256
Beadle	100,125	177,398	154,221	123,302
Central	45,108	89,761	96,029	38,840
Kiewit	260,221	92,620	98,847	253,994
North	148,960	149,730	118,208	180,482
Russell	158,678	137,539	168,214	128,003
ELEMENTARY SCHOOLS:				
Abbott	35,552	29,063	30,077	34,538
Ackerman	70,700	87,745	75,183	83,262
Aldrich	21,830	25,327	26,921	20,236
Black Elk	63,855	42,473	42,204	64,124
Bryan	29,222	20,426	18,972	30,676
Cather	25,294	17,241	21,813	20,722
Cody	14,122	11,591	9,719	15,994
Cottonwood	26,690	30,051	21,029	35,712
Disney	10,278	20,383	19,242	11,419
Ezra Millard	18,625	33,409	29,227	22,807
Harvey Oaks	13,483	31,408	22,878	22,013
Hitchcock	37,982	13,483	12,920	38,545
Holling Heights	72,483	16,156	36,048	52,591
Montclair	25,531	33,589	28,846	30,274
Morton	8,739	16,516	18,551	6,704
Neihardt	18,407	31,645	26,736	23,316
Norris	24,402	23,459	19,657	28,204
Reagan	88,306	105,310	88,772	104,844
Reeder	12,579	65,385	47,321	30,643
Rockwell	28,042	20,229	21,197	27,074
Rohwer	22,714	38,067	33,364	27,417
Sandoz	23,748	26,332	26,078	24,002
Upchurch	29,042	29,646	38,410	20,278
Wheeler	15,805	44,548	38,267	22,086
Willowdale	28,707	36,592	45,478	19,821
	-			-
Summer School	4,375	48,319	48,770	3,924
Horizon High School	6,519	46,443	46,363	6,599
Total activities fund	$ 4,300,700	$ 7,270,303	$ 7,347,280	$ 4,223,723
Student Fees Fund				
ALL SCHOOLS	$ 233,904	$ 1,268,911	$ 1,251,798	$ 251,017
NET POSITION:				
Cash				$ 3,931,994
Investments				542,746
TOTAL NET POSITION - CASH BASIS HELD IN TRUST				$ 4,474,740

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, Continued

Basis of Accounting, Continued

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, 2019, 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.

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 2019.

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 2018-2019 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, 2019 was $1.25 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.

3. DEPOSITS AND INVESTMENTS, CONTINUED

Deposits

At August 31, 2019, the carrying amount of the District's deposits was $16,130,967 and the bank balance was $16,581,496.

	Book Balance	Bank Balance
Governmental funds	$ 12,198,973	$ 12,374,145
Fiduciary funds	3,931,994	4,207,351
TOTAL	$ 16,130,967	$ 16,581,496

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 $58,459,839 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. $58,459,839 is in the governmental funds.

Investments include $21,560,261 in money market funds. These investments are reported at fair value. $542,746 of these funds is in the fiduciary funds and $21,017,515 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, 2019, all funds were covered by Federal Deposit Insurance Corporation ("FDIC") or collateral held by the Districts agent in the District's name.

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, 2019. The monies were transferred to the District subsequent to August 31, 2019 and are not included as receipts or cash balances in the financial statements:

	Sarpy County	Douglas County
General Fund	$ 740,205	$ 3,811,965
Debt Service Fund	61,649	1,398,066
Special Building Fund	17,520	399,438
Learning Community	6,899	5,818

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, 2018, 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.

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, 2019, the District's total payroll for all employees was $139,329,214. Total covered payroll was $135,620,132. 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, 2017, to June 30, 2018, (and from July 1, 2018, through August 31, 2019). 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, 2019 was $13,132,326.

Pension Liabilities

At June 30, 2018, the District had a liability of $77,381,329 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, 2018, 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 89.50% funded as of June 30, 2018 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, 2018, the District's proportion was 5.69006 percent, which was a decrease of 0.144424 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District's allocated pension expense was $7,165,064.

5. RETIREMENT PLAN, CONTINUED

Actuarial Assumptions

The total pension liability in the June 30, 2018 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, 2018, 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, 2018, (see the discussion of the pension plan's investment policy) are summarized in the following table:

5. RETIREMENT PLAN, CONTINUED

Actuarial Assumptions, 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, 2018, was seven and a half percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2011, through June 30, 2015. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and 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 2117

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 (asset)
1% decrease	6.5%	$ 176,657,607
Current discount rate	7.5%	77,381,329
1% increase	8.5%	(4,654,014)

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 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, 2019:

Balance, August 31, 2018	$ 151,410,000
Deductions:	
Payment of principal	9,140,000
Balance, August 31, 2019	$ 142,270,000

The following is the bonded indebtedness of the District as of August 31, 2019:

Issue Date	Interest Rate	Amount	Final Maturity Year
May 1, 2010	2.00000%	$ 8,870,000	2025
May 9, 2013	3.63577%	39,360,000	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		$ 142,270,000	

Aggregate principal and interest payments applicable to the District's bonds subsequent to August 31, 2019 are as follows:

	Principal	Interest	Total
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	10,365,000	4,052,142	14,417,142
2024-2028	54,525,000	14,345,081	68,870,081
2029-2033	32,950,000	6,727,194	39,677,194
2034-2035	15,065,000	808,177	15,873,177
TOTAL	$ 142,270,000	$ 40,650,323	$ 182,920,323

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

Lease Commitment

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

- Forty-one 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 2024.

Future minimum lease payments for all leases are as follows:

Fiscal Year-end:	Amount
2020	$ 347,305
2021	214,042
2022	147,428
2023	102,404
2024	61,419

The total paid for lease commitments for the year ended August 31, 2019 was $382,314 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, 2019, the District estimates their liability under this plan at $4.246 million with the final obligations payable in fiscal year 2022.

6. COMMITMENTS AND CONTINGENCIES, CONTINUED

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:

Type of Loss	Method Managed	Risk of Loss Retained
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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ 34,804,004	
Receipts:			
Local receipts:			
Local property taxes	$ 114,395,401	107,259,721	$ (7,135,680)
Motor vehicle taxes	12,000,000	13,141,576	1,141,576
Carline tax	20,000	10,883	(9,117)
Public power district sales tax	3,000,000	3,264,902	264,902
Tuition received from individuals - summer school		308,184	308,184
Tuition received from individuals - preschool		557,114	557,114
Local fines and license fees	350,000	312,394	(37,606)
Community services activities		426	426
Categorical grants from corporations and private interests		1,198,140	1,198,140
Other local receipts		6,930	6,930
	129,765,401	126,060,270	(3,705,131)
County receipts:			
County fines and license fees	800,000	775,851	(24,149)
State receipts:			
State aid	72,985,364	72,985,364	
Special education programs	11,500,000	11,949,810	449,810
Special education transportation	1,100,000	1,307,886	207,886
Pro rata motor vehicle	150,000	272,465	122,465
Persoanl property taxes		4,310,289	4,310,289
Homestead exemption		2,176,411	2,176,411
State apportionment	3,400,000	3,171,572	(228,428)
Textbook loan		24,398	24,398
Other state receipts		294,389	294,389
	89,135,364	96,492,584	7,357,220
Federal receipts:			
Title I	2,000,000	1,867,641	(132,359)
Special education - grants to states	4,624,973	1,813,880	(2,811,093)
Special education - additional funds		3,543,184	3,543,184
Special education - other funds		24,625	24,625
MEDICAID in public schools	200,000	467,330	267,330
Federal vocational and applied technology education	130,000	139,687	9,687
Every student succeeds	150,000	74,481	(75,519)
Other categorical	4,388,638	354,029	(4,034,609)
	11,493,611	8,284,857	(3,208,754)
Interest	40,000	53,034	13,034

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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Receipts (continued):			
Non-revenue receipts:			
Sale of property		$ 204	$ 204
Other	$ 2,520	54,826	52,306
	2,520	55,030	52,510
Total receipts	231,236,896	231,721,626	484,730
Disbursements:			
Non-special education	116,866,030	112,214,922	4,651,108
Special education programs	28,387,004	27,138,263	1,248,741
Support services - pupils	12,619,572	11,256,263	1,363,309
Support services - staff	13,092,422	9,229,573	3,862,849
Board of education	2,262,467	2,394,568	(132,101)
Executive administration services	3,109,342	3,826,698	(717,356)
Office of the principal	13,155,690	12,630,689	525,001
General administration - business services	6,200,350	11,085,340	(4,884,990)
Vehicle acquisition and maintenance	400,533	322,443	78,090
Support services - maintenance and operation of building and site	22,797,855	23,974,736	(1,176,881)
Support services - regular pupil transportation	1,808,638	1,952,095	(143,457)
Support services - school age special education transportation	3,237,207	2,319,475	917,732
Community services	4,000	1,102	2,898
State categorical programs		104,799	(104,799)
Federal programs and other categorical aid	3,371,016	10,098,013	(6,726,997)
Summer school	158,971	557,895	(398,924)
Other	6,222,255	1,082,680	5,139,575
Total disbursements	233,693,350	230,189,554	3,503,796
Excess (deficiency) of receipts over disbursements	$ (2,456,454)	1,532,072	$ 3,988,526
Budgetary fund balance, August 31, 2019		$ 36,336,076	

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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ 19,426,931	
Receipts:			
Local receipts:			
Local property taxes	$ 4,268,486	4,135,803	$ (132,683)
Carline taxes		409	409
Public power district sales tax	120,000	121,920	1,920
Other local receipts		941,683	941,683
State reimbursement:			
Homestead exemptions		81,215	81,215
Pro rata motor vehicle		10,280	10,280
Interest	150,000	335,416	185,416
Non-revenue receipts		462,067	462,067
Total receipts	4,538,486	6,088,793	1,550,307
Disbursements:			
Purchased services		1,597,514	(1,597,514)
Capital outlays		1,196,549	(1,196,549)
Building, acquisition and improvement	23,505,031	7,316,518	16,188,513
Other		22,655	(22,655)
Total disbursements	23,505,031	10,133,236	13,371,795
Excess (deficiency) of receipts over disbursements	$ (18,966,545)	(4,044,443)	$ 14,922,102
Budgetary fund balance, August 31, 2019		$ 15,382,488	

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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ (2,216,292)	
Receipts:			
Sale of lunches/milk	$ 10,450,000	6,849,601	$ (3,600,399)
Interest		1,770	1,770
Local receipts	2,085,817	528,982	(1,556,835)
Other receipts		71,980	71,980
State reimbursement	52,500	47,987	(4,513)
Federal reimbursement	4,000,000	3,520,111	(479,889)
Total receipts	16,588,317	11,020,431	(5,567,886)
Disbursements:			
Salaries and benefits	5,440,000	4,945,105	494,895
Supplies and materials	1,050,000	185,283	864,717
Contracted services	7,500,000	5,294,230	2,205,770
Capital outlays	10,000	2,320	7,680
Other		9,071	(9,071)
Total disbursements	14,000,000	10,436,009	3,563,991
Excess (deficiency) of receipts over disbursements	$ 2,588,317	584,422	$ (2,003,895)
Budgetary fund balance, August 31, 2019		$ (1,631,870)	

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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ 1,349,467	
Receipts:			
Interest income	$ 7,500	17,410	$ 9,910
Other receipts	1,222,734	1,047,605	(175,129)
Operational transfers from the General fund	31,134,883	29,812,824	(1,322,059)
Total receipts	32,365,117	30,877,839	(1,487,278)
Disbursements:			
Purchased services	32,000,000	32,000,000	
Excess (deficiency) of receipts over disbursements	$ 365,117	(1,122,161)	$ (1,487,278)
Budgetary fund balance, August 31, 2019		$ 227,306	

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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ 23,466,987	
Receipts:			
Interest income	$ 27,500	318,702	$ 291,202
Operational transfers from the General fund		5,979,173	5,979,173
Total receipts	27,500	6,297,875	6,270,375
Disbursements:			
Capital outlays:			
Furniture and equipment	10,278,610	10,401,333	(122,723)
Building and site acquisition and improvement		976,511	(976,511)
Total disbursements	10,278,610	11,377,844	(1,099,234)
Excess (deficiency) of receipts over disbursements	$ (10,251,110)	(5,079,969)	$ 5,171,141
Budgetary fund balance, August 31, 2019		$ 18,387,018	

See Notes to Other Supplementary Information - Budgetary Compariaton Schedules.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - CONTINGENCY FUND

FOR THE YEAR ENDED AUGUST 31, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ 2,429,430	
Receipts:			
Interest		36,767	$ 36,767
Other receipts		67,513	67,513
Total receipts		104,280	104,280
Disbursements:			
Judgements		115,000	(115,000)
Insurance claims	$ 2,380,030	465,867	1,914,163
Total disbursements	2,380,030	580,867	1,799,163
Excess (deficiency) of receipts over disbursements	$ (2,380,030)	(476,587)	$ 1,903,443
Budgetary fund balance, August 31, 2019		$ 1,952,843	

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, 2019

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2018		$ 20,133,623	
Receipts:			
Local receipts:			
Local property taxes	$ 14,939,700	14,482,795	$ (456,905)
Carline taxes		1,433	1,433
Public power district		426,744	426,744
State reimbursement:			
Homestead exemptions		284,223	284,223
Pro rata motor vehicle	35,000	35,981	981
Agriculture state tax credit		143	143
Interest	200,000	390,617	190,617
Total receipts	15,174,700	15,621,936	447,236
Disbursements:			
Redemption of principal	9,140,000	9,140,000	
Other		4,951	4,951
Debt service interest	5,593,093	5,593,093	
Total disbursements	14,733,093	14,738,044	4,951
Excess (deficiency) of receipts over disbursements	$ 441,607	883,892	$ 452,187
Budgetary fund balance, August 31, 2019		$ 21,017,515	

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, 2019

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, 2019

	General Fund	Contingency	Employee Benefit	Depreciation	Total General Funds	Special Revenue Funds: Special Building	Special Revenue Funds: School Nutrition	Debt Service/Bond Fund	Total Governmental Funds
RECEIPTS:									
Local receipts	$ 124,862,130				$ 124,862,130	$ 5,199,815	$ 600,962	$ 14,910,972	$ 145,573,879
County receipts	775,851				775,851				775,851
State receipts	96,492,584				96,492,584	91,495	47,987	320,347	96,952,413
Federal receipts	8,284,857				8,284,857		3,520,111		11,804,968
Sales of lunches							6,849,601		6,849,601
Interest	53,034	$ 36,767	$ 17,410	$ 318,702	425,913	335,416	1,770	390,617	1,153,716
Categorical grants from corporations and other private interests	1,198,140				1,198,140				1,198,140
Non-revenue receipts	55,030	67,513	1,047,605		1,170,148	462,067			1,632,215
TOTAL RECEIPTS	231,721,626	104,280	1,065,015	318,702	233,209,623	6,088,793	11,020,431	15,621,936	265,940,783
DISBURSEMENTS:									
Instructional services	118,049,324				118,049,324				118,049,324
Support services	75,264,451				75,264,451				75,264,451
Other salaries and benefits							4,945,105		4,945,105
Supplies and materials							185,283		185,283
Purchased services			32,000,000		32,000,000	1,597,514	5,294,230		38,891,744
Capital outlay				10,401,333	10,401,333	1,196,549	2,320		11,600,202
Building and site acquisition and improvement				976,511	976,511	7,316,518			8,293,029
Other	1,083,782	580,867			1,664,649	22,655	9,071		1,696,375
Redemption of principal								9,140,000	9,140,000
Debt service interest								5,593,093	5,593,093
TOTAL DISBURSEMENTS	194,397,557	580,867	32,000,000	11,377,844	238,356,268	10,133,236	10,436,009	14,733,093	273,658,606
EXCESS (DEFICIENCY) OF RECEIPTS	37,324,069	(476,587)	(30,934,985)	(11,059,142)	(5,146,645)	(4,044,443)	584,422	888,843	(7,717,823)
OTHER FINANCING SOURCES (USES):									
Transfers in			29,812,824	5,979,173	35,791,997				35,791,997
Transfers out	(35,791,997)				(35,791,997)				(35,791,997)
TOTAL OTHER FINANCING SOURCES (USES)	(35,791,997)		29,812,824	5,979,173					
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	1,532,072	(476,587)	(1,122,161)	(5,079,969)	(5,146,645)	(4,044,443)	584,422	888,843	(7,717,823)
FUND BALANCE - beginning 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
FUND BALANCE - end of year	$ 36,336,076	$ 1,952,843	$ 227,306	$ 18,387,018	$ 56,903,243	$ 15,382,488	$ (1,631,870)	$ 21,022,466	$ 91,676,327

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, 2019

Cash receipts:				
Local receipts:				
	1100	Local property taxes		$ 107,259,721
	1125	Motor vehicle taxes		13,141,576
	1115	Carline tax		10,883
	1120	Public power district sales tax		3,264,902
	1312	Tuition received from individuals - general education		308,184
	1370	Tuition received from individuals - preschool		557,114
	1921	Local sources and police court fines		312,394
	1800	Community services activities		426
	1925	Categorical grants from corporations and private interests		1,198,140
	1990	Other local receipts		6,930
			Total local receipts	126,060,270
County receipts:				
	2110	County fines and license fees		775,851
			Total county receipts	775,851
State receipts:				
	3110	State aid		72,985,364
	3120/3165/3166	Special education programs		11,949,810
	3125	Special education transportation		1,307,886
	3180	Pro rata motor vehicle		272,465
	3130	Homestead exemption		2,176,411
	3131/3132	Property tax credit and personal prorprety tax		4,310,289
	3400	State apportionment		3,171,572
	3155	Textbook loan		24,398
	3134/3180/3990	Other state receipts		294,389
			Total state receipts	96,492,584
Federal receipts:				
	4505/4506	Title I		1,867,641
	4512/41516	Special education - grants to states		1,813,880
	4519/4521	Special education - additional funds		3,543,184
	4522	Special education - other funds		24,625
	4708/4709	Medicaid administrative activities		467,330
	4525	Federal vocational and applied technology education		139,687
	4527/4528	Every student succeeds		74,481
	4509	Other categorical		354,029
			Total federal receipts	8,284,857
Non-revenue receipts:				
	1510	Interest		53,034
	5300	Sale of property		204
	5690	Other		54,826
			Total non-revenue receipts	108,064
			Total cash receipts	$ 231,721,626

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, 2019

Cash disbursements:			
	Program:		
	1000	Non-special education	$ 112,214,922
	1200	Special education programs	27,138,263
	2100	Support services - pupils	11,256,263
	2200	Support services - staff	9,229,573
	2310	Board of education	2,394,568
	2320	Executive administration services	3,826,698
	2400	Office of the principal	12,630,689
	2300	General administration - business services	11,085,340
	2520	Vehicle acquisition and maintenance	322,443
	2600	Support services - maintenance and operation of building and site	23,974,736
	27RG	Support services - regular pupil transportation	1,952,095
	27SP	Support services - school age special education transportation	2,319,475
	3300	Community services	1,102
	3500	State categorical programs	104,799
	6000	Federal programs and other categorical aid	10,098,013
	1300	Summer school	557,895
		Other	1,082,680
		Total cash disbursements by all programs	$ 230,189,554
Fund balance, September 1			$ 34,804,004
Cash receipts			231,721,626
	Total funds available		266,525,630
Cash disbursements			230,189,554
Fund balance, August 31			$ 36,336,076
Analysis of fund balance:			
	Cash in bank:		
		Checking accounts	$ 13,825,892
		Investment	22,510,184
			$ 36,336,076
	Cash at county Treasurer's not included above:		
		Douglas County	$ 3,811,965
		Sarpy County	740,205
			$ 4,552,170

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, 2019

Fund Balance, September 1			19,426,931
Cash receipts:			
	Local property taxes		4,135,803
	Carline taxes		409
	Public power district sales tax		121,920
	Other local receipts		941,683
	Homestead exemptions		81,215
	Pro rata motor vehicle		10,280
	Interest		335,416
	Non-revenue receipts		462,067
		Total cash receipts	6,088,793
		Total funds available	25,515,724
Cash disbursements:			
	Purchased services		1,597,514
	Capital outlays		1,196,549
	Building, acquisition and improvement		7,316,518
	Other		22,655
		Total cash disbursements	10,133,236
Fund balance, August 31			$ 15,382,488
Analysis of fund balance:			
	Cash in bank:		
		Investment	$ 15,382,488
			$ 15,382,488
	Cash at county Treasurer's not included above:		
		Sarpy County	$ 17,520
		Douglas County	399,438
			$ 416,958

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, 2019

Fund balance, September 1				$ (2,216,292)
Cash receipts:				
	Sale of lunches/milk			6,849,601
	Interest			1,770
	Local receipts			528,982
	Other receipts			71,980
	State reimbursement			47,987
	Federal reimbursement			3,520,111
		Total cash receipts		11,020,431
			Total funds available	8,804,139
Cash disbursements:				
	Salaries and benefits			4,945,105
	Supplies and materials			185,283
	Contracted services			5,294,230
	Capital outlays			2,320
	Other			9,071
		Total cash disbursements		10,436,009
Fund balance, August 31				$ (1,631,870)
Analysis of fund balance:				
	Cash in bank:			
		Checking account		$ (1,631,870)
				$ (1,631,870)

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, 2019

Fund balance, September 1				$ 20,133,623
Cash receipts:				
	Local property taxes			14,482,795
	Carline taxes			1,433
	Public power district			426,744
	Homestead exemptions			284,223
	Pro rata motor vehicle			35,981
	Agriculture state tax credit			143
	Interest			390,617
		Total cash receipts		15,621,936
			Total funds available	35,755,559
Cash disbursements:				
	Redemption of principal			9,140,000
	Other			4,951
	Debt service interest			5,593,093
		Total cash disbursements		14,738,044
Fund balance, August 31				$ 21,017,515
Analysis of fund balance:				
	Cash in bank:			
		Investment		21,017,515
				$ 21,017,515
	Cash at county Treasurer's not included above:			
		Sarpy County		$ 61,649
		Douglas County		1,398,066
				$ 1,459,715

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, 2019

Fund balance, September 1				$ 2,429,430
Cash receipts:				
	Interest			36,767
	Other receipts			67,513
		Total cash receipts		104,280
			Total funds available	2,533,710
Cash disbursements:				
	Judgements			115,000
	Insurance claims			465,867
		Total cash disbursements:		580,867
Fund balance, August 31				$ 1,952,843
Analysis of fund balance:				
	Cash in bank:			
		Investment		$ 1,952,843
				$ 1,952,843

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, 2019

Fund balance, September 1			$ 23,466,987
Cash receipts:			
	Interest income		318,702
	Operational transfers from the general fund		5,979,173
	Total cash receipts		6,297,875
		Total funds available	29,764,862
Cash disbursements:			
	Furniture and equipment		10,401,333
	Building and site acquisition and improvement		976,511
	Total cash disbursements		11,377,844
Fund balance, August 31			$ 18,387,018
Analysis of fund balance:			
	Cash in bank:		
	Investment		$ 18,387,018
			$ 18,387,018

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, 2019

Fund balance, September 1				$ 1,349,467
Cash receipts:				
	Interest income			17,410
	Other receipts			1,047,605
	Operational transfers from the general fund			29,812,824
		Total cash receipts		30,877,839
			Total funds available	32,227,306
Cash disbursements:				
	Purchased services			32,000,000
		Total cash disbursements		32,000,000
Fund balance, August 31				$ 227,306
Analysis of fund balance:				
	Cash in bank:			
		Investment		$ 227,306
				$ 227,306

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, 2019

Fund balance, September 1				$ 4,300,700
Cash receipts:				
	Activities receipts			7,270,303
		Total cash receipts		7,270,303
			Total funds available	11,571,003
Cash disbursements:				
	Purchased services			7,347,280
		Total cash disbursements		7,347,280
Fund balance, August 31				$ 4,223,723
Analysis of fund balance:				
	Cash in bank:			
		Checking account		$ 3,680,977
		Investment		542,746
				$ 4,223,723

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, 2019

Fund balance, September 1				$ 233,904
Cash receipts:				
	Activities receipts			1,268,911
		Total cash receipts		1,268,911
			Total funds available	1,502,815
Cash disbursements:				
	Purchased services			1,251,798
		Total cash disbursements		1,251,798
Fund balance, August 31				$ 251,017
Analysis of fund balance:				
	Cash in bank:			
		Checking account		$ 251,017
				$ 251,017

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, 2019

Federal Grantor/Pass Through Entity/ Program Title	Pass Through Entity Identifying Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER:			
Passed through Nebraska Department of Education			
National School Lunch Program	280017	10.555	$ 3,463,308
Summer Food Service Program	280017	10.559	56,803
Passed through the Nebraska Department of Health and Human Services			
Food Distribution Program	280017	10.555	782,140
Total U.S. Department of Agriculture			4,302,251
U.S. DEPARTMENT OF EDUCATION:			
Passed through Nebraska Department of Education			
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education - Grants to States (IDEA, Part B)	280017	84.027	4,800,665
Special Education - Grants for Infants and Families with Disabilities (IDEA, Part C)	280017	84.181	27,920
Special Education - Preschool Grants (IDEA Preschool)	280017	84.173	84,776
Total Special Education Cluster (IDEA)			4,913,361
Perkins Grant	280017	84.048	171,290
Title 1 Grants to Local Education Agencies (Title 1, Part A of the ESEA)	280017	84.010	1,682,607
English Language Acquisition - Title III, Part A	280017	84.365	80,722
Improving Teacher Quality - Title II, Part A	280017	84.367	360,522
Student Support and Academic Enrichment Gratns: Title IV, Part A		84.424	101,483
Total U.S. Department of Education			7,309,985
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER:			
Passed through Nebraska Department of Health and Human Services System			
Medical Assistance Program	47-6002642	93.778	467,330
TOTAL			$ 12,079,566

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, 2019

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, 2019. 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.

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, 2019

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, 2019, 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, 2019.

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.

BerganKDV, LLC
Omaha, Nebraska

October 31, 2019

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, 2019. 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 statues, 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, 2019.

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.

BerganKDV, LLC
Omaha, Nebraska

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Rewards, Section 2 CFR 200.516(a)*?	____ 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:	
10.555	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, 2019

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.