

**School District No. 66
Westside Community Schools,
Douglas County, Nebraska
Omaha, Nebraska**

**Financial Statements and Supplementary Information
August 31, 2018**

Together with Independent Auditor's Report

School District No. 66
Westside Community Schools, Douglas County, Nebraska

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Independent Auditor's Report

The Board of Education
School District No. 66
Westside Community Schools
Douglas County, Nebraska

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of School District No. 66, Westside Community Schools, Douglas County, Nebraska (the District), as of and for the year ended August 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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 of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit 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 modified cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in modified cash-basis financial position thereof for the year then ended in accordance with the modified 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 modified 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 this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Management's discussion and analysis on pages 3 through 6, the budgetary comparison schedules on pages 26 through 33, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on pages 34 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying 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.

Management's discussion and analysis on pages 3 through 6 and the budgetary comparison schedules on pages 26 through 33 have not been subject 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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.

SEEM JOHNSON, LLP

Omaha, Nebraska
November 2, 2018.

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Management's Discussion and Analysis (Unaudited)
August 31, 2018**

This section of School District No. 66, Westside Community Schools' (the District) annual audit report presents management's discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

The District prepares its financial statements based on the provisions of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("Statement 34"). Statement 34, as amended, establishes standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements, and the classification of net position into three components: (a) net investment in capital assets; (b) restricted; and (c) unrestricted.

This annual report consists of four parts: (1) Management's Discussion and Analysis (this section); (2) the Basic Financial Statements-Modified Cash Basis; (3) Supplementary Schedules; and (4) information on the Single Audit (Federal Funds).

The accompanying basic financial statements have been prepared on the modified cash basis of accounting, in that County Treasurer cash balances are recorded and certain accounts receivable and payable and accrued expenses (primarily payroll-related) have been recognized. Accordingly, the financial statements and supplementary schedules are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The use of the modified cash basis of accounting is permissible under Rule 1 of the Nebraska Department of Education for school districts such as School District No. 66, Westside Community Schools, Douglas County.

The government-wide financial statements report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the Direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to account for the District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. The Food Service Fund and Enterprise Fund are considered proprietary funds.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The Activities Fund is a fiduciary fund.

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Management's Discussion and Analysis (Unaudited)
August 31, 2018**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data about the financial statements and District commitments, contingencies, and long-term debt obligations, that are not reported in the modified cash basis financial statements. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

Financial Highlights (detailed information follows)

- The District's 2017-2018 total disbursements of \$118,122,745 were \$9,188,862 more than the \$108,933,883 in total receipts.
- General Fund actual expenditures and transfers in fiscal year 2018 were \$4,566,865 less than the budgeted amount of \$84,471,517.

Financial Analysis of the District as a Whole

Governmental Activities

One of the largest sources of revenue for the District is property tax. In fiscal year 2017, the District's assessed valuation was \$3,410,742,455. In fiscal year 2018, valuations increased by \$112,490,155 to \$3,523,232,610. The current assessed valuation certified August 20, 2018 has increased to \$3,598,736,365.

The following table shows the property tax rates, by fund, for fiscal years 2018 and 2017, including a calculation of the amount and percentage by which each levy changed. Note: levies are expressed in dollars and cents per \$100 of valuation. For example, the district total property tax on a \$100,000 property in fiscal year 2018 would be \$1,335.16.

<u>Fund</u>	<u>2016-2017 Levy</u>	<u>2017-2018 Levy</u>	<u>Levy Change</u>	<u>Percentage Change</u>
General Fund	1.153189	1.153987	0.000798	0%
Bond Fund	<u>0.171769</u>	<u>0.181174</u>	<u>0.009405</u>	5%
District Totals	<u><u>1.324958</u></u>	<u><u>1.335161</u></u>	<u><u>0.010203</u></u>	1%

The 2016-2017 general fund levy includes the 0.95 cents levied by the Learning Community for the LC general fund budget.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Management's Discussion and Analysis (Unaudited)
August 31, 2018

General Fund Budgetary Highlights

Over the course of the 2017-2018 fiscal year, the District's General Fund balance increased by \$2,280,130. The following table provides a detail of that change:

	<u>2017-2018 Budget</u>	<u>Year-End Actual</u>	<u>Variance</u>
Beginning Balance, September 1, 2017		\$ 10,719,607	
Receipts			
Property taxes	\$ 42,949,268	44,268,774	1,319,506
State aid	16,456,006	16,456,006	--
Other local	1,006,750	942,104	(64,646)
County	280,000	316,403	36,403
Other state	5,351,219	5,938,697	587,478
Federal	4,285,663	4,155,311	(130,352)
Total receipts	70,328,906	72,077,295	1,748,389
Disbursements	<u>(84,151,517)</u>	<u>(79,579,652)</u>	<u>4,571,865</u>
Excess (deficiency) of receipts over disbursements	(13,822,611)	(7,502,357)	6,320,254
Bond proceeds	10,000,000	10,000,000	--
Sale of property	--	107,487	107,487
Transfers, net	<u>(320,000)</u>	<u>(325,000)</u>	<u>(5,000)</u>
Change in balance	\$ <u><u>(4,142,611)</u></u>	<u>2,280,130</u>	
Ending Balance, August 31, 2018		\$ <u><u>12,999,737</u></u>	

Bond Interest and Retirement Fund Budgetary Highlights

The District's Bond Interest and Retirement Fund accounts for taxes levied and other receipts specifically earmarked for the retirement of bonded indebtedness. Over the course of the 2017-2018 fiscal year the fund balance decreased \$93,868, from \$3,529,752 to \$3,435,884. The decrease was due to higher debt service payments for the 2017 - 2018 fiscal year.

Employee Benefits Fund Budgetary Highlights

The District's Employee Benefits Fund accounts for early retirees' salaries and health insurance benefits. During the 2017-2018 fiscal year, expenditures exceeded receipts by \$189,701, and lowered the fund balance to \$371,662.

2015 Phase I Construction Fund Budgetary Highlights

In May 2015, the residents of the District approved the issuance of \$79.9 million of General Obligation Bonds. On July 7, 2015, the District authorized the issuance of general obligation bonds in the amount of \$57 million of the total to fund the cost of certain property acquisition, capital improvement, construction, and equipment projects. During fiscal year 2018, the district spent approximately \$20.7 million on projects, which included opening two new elementary schools and completing the remodeling work at the Middle School.

**School District No. 66
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**Management's Discussion and Analysis (Unaudited)
August 31, 2018**

Debt Administration

The District is currently rated "Aa2" by Moody's. At year end, the District had \$99,363,583 in outstanding debt (principal and interest combined) as follows:

General and limited tax obligation bonds	
Principal	\$73,910,000
Interest	<u>25,453,584</u>
 Total District Debt	 <u><u>\$99,363,584</u></u>

Economic Factors and Next Year's Budget

All school districts in the state operate under a \$1.05 property tax levy limit and receive state aid based upon the same state aid formula (TEEOSA, Tax Equalization and Educational Opportunity Support Act). The District was part of the Learning Community of Douglas and Sarpy Counties (the "Learning Community"), which was considered the "local system" and all resources (both property tax and state aid) were processed through an additional statutory equalization formula before distribution to the school districts. For all 11 public school districts within the Learning Community, there was a maximum \$0.95 Learning Community common levy for general fund purposes and a maximum \$0.02 common levy for building fund purposes, though for fiscal year 2017 there was no levy by the Learning Community for the building fund. The unused levy authority under the property tax levy limit could have been levied by the individual school districts, not the Learning Community, for their chosen purposes.

The proceeds from the Learning Community general fund common levy were distributed proportionately to the districts based upon formula needs. The remaining levy authority was distributed by the County Treasurer directly to the school districts. Learning Community state aid was distributed by the Nebraska Department of Education proportionately to the school districts based upon formula needs. During the 2016 Legislative session, a bill was passed to eliminate the Learning Community funding formula for fiscal year 2018, and districts returned to the funding mechanism used by the rest of the state's school districts. It is also important to note that District voters approved an additional 15-cent levy override that begins in fiscal year 2018-19.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, students, and bond buyers a general overview of the District's finances and to demonstrate the District's accountability for the money with which it is entrusted. If you have questions about this report or need additional financial information, contact Mr. Bob Zagozda, Chief Financial Officer, or Mr. Brian Gabriel, Director of Finance, 909 South 76th Street, Omaha, Nebraska, 68114. The telephone number is (402) 390-2100, the fax number is (402) 390-2149, and our website is located at www.westside66.org.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Net Position – Modified Cash Basis
August 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash on deposit	\$ 29,475,608	1,082,321	30,557,929
Funds held by County Treasurer	1,937,342	--	1,937,342
Accounts receivable	364	--	364
Total assets	\$ 31,413,314	1,082,321	32,495,635
LIABILITIES - Accounts payable	\$ 832,079	--	832,079
NET POSITION:			
Restricted	17,209,836	--	17,209,836
Unrestricted	13,371,399	1,082,321	14,453,720
Total net position	30,581,235	1,082,321	31,663,556
Total liabilities and net position	\$ 31,413,314	1,082,321	32,495,635

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Activities – Modified Cash Basis
For the Year Ended August 31, 2018

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services	\$ 43,367,829	426,595	5,938,697	(37,002,537)	--	(37,002,537)
Support services -						
Pupils	1,948,991	--	--	(1,948,991)	--	(1,948,991)
Instructional staff	4,374,150	--	--	(4,374,150)	--	(4,374,150)
General administration	2,532,235	--	--	(2,532,235)	--	(2,532,235)
Building administration	24,605,811	--	--	(24,605,811)	--	(24,605,811)
Business services	1,521,663	--	--	(1,521,663)	--	(1,521,663)
Maintenance and operation of plant	7,494,721	--	--	(7,494,721)	--	(7,494,721)
Pupil transportation	1,345,507	--	--	(1,345,507)	--	(1,345,507)
State categorical programs	429,121	--	--	(429,121)	--	(429,121)
Federal programs	4,079,282	--	4,155,311	76,029	--	76,029
Summer school	152,463	72,264	--	(80,199)	--	(80,199)
Debt service	18,725,316	--	--	(18,725,316)	--	(18,725,316)
Total governmental activities	<u>110,577,089</u>	<u>498,859</u>	<u>10,094,008</u>	<u>(99,984,222)</u>	<u>--</u>	<u>(99,984,222)</u>
Business-type activities:						
Food service	5,407,507	3,819,476	1,464,986	--	(123,045)	(123,045)
Enterprise	497,420	635,703	--	--	138,283	138,283
Total business-type activities	<u>5,904,927</u>	<u>4,455,179</u>	<u>1,464,986</u>	<u>--</u>	<u>15,238</u>	<u>15,238</u>
Total primary government	<u>\$ 116,482,016</u>	<u>4,954,038</u>	<u>11,558,994</u>	<u>(99,984,222)</u>	<u>15,238</u>	<u>(99,968,984)</u>
GENERAL RECEIPTS						
Taxes:						
Property				46,711,224	--	46,711,224
Motor vehicle				2,865,697	--	2,865,697
Public power district sales				1,176,507	--	1,176,507
Fines and licenses				316,403	--	316,403
State aid				16,456,006	--	16,456,006
Interest income				70,510	--	70,510
Other				1,055,312	12,369	1,067,681
Total general receipts				<u>68,651,659</u>	<u>12,369</u>	<u>68,664,028</u>
OTHER FINANCING SOURCES (USES)						
Bond and short-term financing proceeds				21,998,506	--	21,998,506
Sale of equipment				107,487	--	107,487
Transfers in				100,000	--	100,000
Transfers out				--	(100,000)	(100,000)
Total other financing sources (uses), net				<u>22,205,993</u>	<u>(100,000)</u>	<u>22,105,993</u>
CHANGE IN NET POSITION				(9,126,570)	(72,393)	(9,198,963)
NET POSITION, BEGINNING OF YEAR				39,707,805	1,154,714	40,862,519
NET POSITION, END OF YEAR				<u>\$ 30,581,235</u>	<u>1,082,321</u>	<u>31,663,556</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Balance Sheet – Modified Cash Basis
Governmental Funds
August 31, 2018

	<u>General Fund</u>	<u>Bond Interest and Retirement Fund</u>	<u>Special Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash on deposit	\$ 12,113,445	3,216,549	13,773,952	371,662	29,475,608
Funds held by County Treasurer	1,718,007	219,335	--	--	1,937,342
Accounts receivable	364	--	--	--	364
Total assets	\$ 13,831,816	3,435,884	13,773,952	371,662	31,413,314
LIABILITIES - Accounts payable					
	\$ 832,079	--	--	--	832,079
FUND BALANCES:					
Restricted	--	3,435,884	13,773,952	--	17,209,836
Assigned	--	--	--	371,662	371,662
Unassigned	12,999,737	--	--	--	12,999,737
Total fund balances	12,999,737	3,435,884	13,773,952	371,662	30,581,235
Total liabilities and fund balances	\$ 13,831,816	3,435,884	13,773,952	371,662	31,413,314

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year Ended August 31, 2018

	<u>General Fund</u>	<u>Bond Interest and Retirement Fund</u>	<u>Special Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS:					
Taxes:					
Property	\$ 40,399,314	6,311,904	6	--	46,711,224
Motor vehicle	2,852,618	13,079	--	--	2,865,697
Public power district sales	1,016,842	159,665	--	--	1,176,507
Fines and licenses	316,403	--	--	--	316,403
Tuition and fees	426,595	--	--	72,264	498,859
State aid	22,394,703	--	--	--	22,394,703
Federal aid	4,155,311	--	--	--	4,155,311
Interest income	64,340	--	6,170	--	70,510
Other	451,169	5,967	598,176	--	1,055,312
Total receipts	<u>72,077,295</u>	<u>6,490,615</u>	<u>604,352</u>	<u>72,264</u>	<u>79,244,526</u>
DISBURSEMENTS:					
Instructional services	43,367,829	--	--	--	43,367,829
Support services -					
Pupils	1,948,991	--	--	--	1,948,991
Instructional staff	4,374,150	--	--	--	4,374,150
General administration	1,917,534	--	--	614,701	2,532,235
Building administration	2,879,425	--	21,726,386	--	24,605,811
Business services	1,521,663	--	--	--	1,521,663
Maintenance and operation of plant	7,494,721	--	--	--	7,494,721
Pupil transportation	1,345,507	--	--	--	1,345,507
State categorical programs	429,121	--	--	--	429,121
Federal programs	4,079,282	--	--	--	4,079,282
Summer school	80,596	--	--	71,867	152,463
Debt service	10,140,833	8,584,483	--	--	18,725,316
Total disbursements	<u>79,579,652</u>	<u>8,584,483</u>	<u>21,726,386</u>	<u>686,568</u>	<u>110,577,089</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>(7,502,357)</u>	<u>(2,093,868)</u>	<u>(21,122,034)</u>	<u>(614,304)</u>	<u>(31,332,563)</u>
OTHER FINANCING SOURCES (USES):					
Bond and short-term financing proceeds	10,000,000	2,000,000	9,998,506	--	21,998,506
Sale of equipment	107,487	--	--	--	107,487
Transfers in	100,000	--	--	425,000	525,000
Transfers out	(425,000)	--	--	--	(425,000)
Total other financing sources, net	<u>9,782,487</u>	<u>2,000,000</u>	<u>9,998,506</u>	<u>425,000</u>	<u>22,205,993</u>
CHANGE IN FUND BALANCES	2,280,130	(93,868)	(11,123,528)	(189,304)	(9,126,570)
FUND BALANCES, BEGINNING OF YEAR	<u>10,719,607</u>	<u>3,529,752</u>	<u>24,897,480</u>	<u>560,966</u>	<u>39,707,805</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,999,737</u>	<u>3,435,884</u>	<u>13,773,952</u>	<u>371,662</u>	<u>30,581,235</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Net Position – Modified Cash Basis
Proprietary Funds
August 31, 2018

	Total Proprietary Funds
ASSETS - Cash on deposit	\$ <u>1,082,321</u>
NET POSITION - Unrestricted	\$ <u>1,082,321</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Receipts, Disbursements and Changes in Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended August 31, 2018

	Total Proprietary Funds
OPERATING RECEIPTS - Charges for sales and services - food sales	\$ 4,455,179
OPERATING DISBURSEMENTS - Cost of sales and services	<u>5,904,927</u>
OPERATING LOSS	<u>(1,449,748)</u>
NONOPERATING RECEIPTS:	
Federal subsidy	1,447,677
State subsidy	17,309
Other	<u>12,369</u>
Total nonoperating receipts	<u>1,477,355</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	27,607
OTHER FINANCING USES - Transfers out	<u>(100,000)</u>
CHANGE IN NET POSITION	(72,393)
NET POSITION, BEGINNING OF YEAR	<u>1,154,714</u>
NET POSITION, END OF YEAR	<u>\$ 1,082,321</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Fiduciary Net Position – Modified Cash Basis
Fiduciary Funds
August 31, 2018

	Activities Fund
ASSETS - Cash on deposit	\$ <u>772,531</u>
NET POSITION - Unrestricted	\$ <u>772,531</u>

See notes to financial statements

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Statement of Changes in Fiduciary Net Position – Modified Cash Basis
Fiduciary Funds
For the Year Ended August 31, 2018

	Activities Fund
ADDITIONS - Activities receipts	\$ 1,650,830
DEDUCTIONS - Supplies and materials	<u>1,640,729</u>
CHANGE IN NET POSITION	10,101
NET POSITION, BEGINNING OF YEAR	<u>762,430</u>
NET POSITION, END OF YEAR	<u><u>\$ 772,531</u></u>

See notes to financial statements

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Notes to Basic Financial Statements
August 31, 2018**

(1) Description of Reporting Entity and Summary of Significant Accounting Policies

The following describes the reporting entity and provides a summary of significant accounting policies of School District No. 66, Westside Community Schools, Douglas County, Nebraska.

A. Organization

School District No. 66, Westside Community Schools, Douglas County, Nebraska (the District) is a tax-exempt political subdivision and a Class IV school district of the State of Nebraska.

B. Reporting Entity

The financial statements of the District include all significant separately administered organizations for which the District is financially accountable with the exception of the Westside Community Schools Foundation, which is reported separately, as it is not considered a significant component unit under Governmental Accounting Standards Board criteria to be considered in determining financial accountability. These criteria include the basis of selection of governing authority, imposition of will, a financial benefit/burden relationship and/or fiscal dependency.

C. Basis of Accounting

The accompanying statements have been prepared on the modified cash basis of accounting, in that cash not yet received and held by the County Treasurer is recognized as an asset, employee receivables are not recognized as cash until received, inventories are not recognized as disbursements until they are consumed and certain accounts payable and accrued expenses (primarily payroll withholdings) have been recognized as liabilities. Accordingly, the financial statements are not intended to present the financial position and changes in net position in conformity with accounting principles generally accepted in the United States of America.

D. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general receipts.

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August 31, 2018

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to account for the District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs.

The District reports the following major governmental funds:

General Fund – This fund is the operating fund of the District.

Bond Interest and Retirement Fund – This fund accounts for taxes levied and other revenue specifically earmarked for the retirement of bond indebtedness.

Special Building Fund – This fund accounts for taxes levied and other revenue specifically maintained for future building and equipment purchases.

The District reports the following other governmental funds:

Employee Benefits Fund – This fund accounts for retirees' separation payments and health insurance benefits.

Student Fees Fund – This fund accounts for all monies collected from students pursuant to certain provisions of State of Nebraska Legislative Bill 1172. The money expended from this fund must be for purposes for which it was collected from students.

The District reports the following proprietary funds:

Food Service Fund – This fund accounts for the operations of the District's food service program.

Enterprise Fund – This fund accounts for the operations of the District's rental activities.

The District reports the following fiduciary funds:

Activities Fund – This fund accounts for monies used for special board-designated projects and at District schools for miscellaneous student activities.

E. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – This component of fund balance consists of amounts that are not in a spendable form or are required to be maintained intact. At August 31, 2018, the District had no nonspendable fund balances.

School District No. 66
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Notes to Basic Financial Statements
August 31, 2018

Restricted – This component of fund balance consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers. At August 31, 2018, the District had restricted fund balances of \$17,209,836.

Committed – This component of fund balance consist of amounts that can be used only for the specific purposes determined by a formal action by the Board of Education. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally. At August 31, 2018, the District had no committed fund balances.

Assigned – This component of fund balance consists of amounts intended to be used by the District for specific purposes as intended by the Board of Education. At August 31, 2018, the District had assigned fund balances of \$371,662.

Unassigned – This component of fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

F. Net Position

In the government-wide, proprietary fund, and fiduciary fund statements of net position, net position classifications are as follows:

Restricted – Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Net position reported as unrestricted does not meet the definition of restricted net position.

G. Budgetary Data

Prior to August 31, the Board of Education prepares and legally adopts an operating budget prepared essentially on the cash receipts and disbursements basis for the fiscal year commencing the following September 1. Once approved by the Board, total expenditures cannot legally exceed total appropriations at the fund level without holding a public budget hearing and obtaining approval from the Board of Education.

H. Capital Assets

Capital assets are recognized as disbursements when paid for by the District and are not capitalized in the government-wide or fund financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Basic Financial Statements
August 31, 2018

J. Major Revenue Source

Property taxes are a major source of revenue for the District. The first half year of the taxes are due to the County prior to April 1st, and the second half year of the taxes are due prior to August 1st of a given year. The District receives property tax receipts on the 15th of the current month. All levy information for property taxes must be submitted to the County by September 20th of each year.

K. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

L. Subsequent Events

The District considered events occurring through November 2, 2018 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Deposits and Investments and Funds Held by County Treasurer

Nebraska Revised Statute §79-1043 provides 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.

The District's bank accounts and investments are held by the District's agents in the District's name in accordance with State statutes. The accounts and investments are fully insured or collateralized through joint custody security arrangements or, in the case of U.S. government instruments, are registered in the District's name.

The funds held by the County Treasurer for the General Fund and Bond Interest and Retirement Fund represent amounts collected for the District during August 2018 and remitted to the District during September 2018.

(3) Nebraska School Employees Retirement System

Plan Description

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

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 2017, there were 265 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

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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: 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 monthly 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 2.0%, 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 2%, and an actuarial factor based on age.

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 2.5%. 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% 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 1%. There is no purchasing power floor for employees who fall under this tier.

For the District's year ended August 31, 2018, the District's total payroll for all employees was \$44,064,103. Total covered payroll was \$42,539,718. 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 2% 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% from July 1, 2016, to June 30, 2017. The school district (employer) contribution is 101% of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2018 was \$4,201,393.

Pension Liabilities

At June 30, 2017 the District had a liability of \$29,209,080 for its proportionate share of the net pension liability. (This liability is not recognized in the accompanying modified cash basis financial statements.) The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of that date. The NPERS School Plan was 87.28% funded as of June 30, 2017 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was 1.844280%, which was a decrease of 0.033899% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District's allocated pension expense was \$2,497,299.

School District No. 66
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Notes to Basic Financial Statements
August 31, 2018

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.75%
- Investment rate of return, net of investment expense and including inflation: 7.5%
- Projected salary increases, including inflation: 3.5% - 8.5%
- Cost-of-living adjustments (COLA): 2.25%, with a floor benefit equal to 75% purchasing power of original benefit*

*1% and no floor benefit for members joining on or after July 1, 2013.

The School Plan's pre-retirement mortality rates were based on the 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 mortality rates were based on the 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 the RP-2014 Disabled Lives Table (static table).

The actuarial assumptions used in the July 1, 2017, valuations for the School Plan are 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 plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap US Equity	26.1%	5.83%
Small Cap US Equity	2.9	7.56
Global Equity	15.0	6.51
International Developed Equity	10.8	6.80
Emerging Markets	2.7	10.55
Core Bonds	20.0	1.63
High Yield	3.5	5.22
Bank Loans	5.0	2.78
International Bonds	1.5	1.41
Private Equity	5.0	9.70
Real Estate	7.5	5.18
Total	<u>100.0%</u>	

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Notes to Basic Financial Statements
August 31, 2018**

Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2017, was 7.5%. The discount rate used to measure the Total Pension Liability at June 30, 2016, was 8.0%. 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 nonemployees will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 payments to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2116.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>Discount Rate</u>	<u>District's Proportionate Share of Net Pension Liability</u>
1% decrease	6.5%	\$60,286,080
Current discount rate	7.5%	\$29,209,080
1% increase	8.5%	\$3,540,557

Plan Fiduciary Net Pension

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 can be obtained from <https://npers.ne.gov> under Related Links-Retirement Plan Audits, by writing to Public Employees Retirement Systems, PO Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

(4) Postemployment Benefits Other than Pensions (OPEB)

Plan Description

The District administers a single-employer benefit plan which provides medical benefits for employees, their families and retirees. Group insurance benefits are established in accordance with District policy. No assets are accumulated in a trust.

OPEB Benefits

Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65, who had reached age 55 by August 31, 2013 and had been employed by the District in an eligible position for 20 years, may be reimbursed for the cost of a single medical insurance premium. Reimbursement will not exceed the premium contribution paid by the District each year for current full time employees. Upon reaching aged 65, the retirees previously described may also be reimbursed for Medicare supplemental insurance premiums until age 70 at an amount not to exceed the premium contribution paid each year by the District for a single medical insurance premium for current full time employees.

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Basic Financial Statements
August 31, 2018

At August 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving reimbursement	139
Active employees	<u>1,402</u>
	<u><u>1,541</u></u>

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for OPEB plans. Actuaries estimate such liabilities using assumptions that include:

- Termination rates
- Mortality rates
- Retirement rates
- Discount rates
- Healthcare cost increases
- Premiums
- Inflation rates
- Post-retirement participation rates

The accuracy of these assumptions is critical in establishing an appropriate OPEB liability for the District. The liability would not be recognized under the modified cash basis, but disclosure would be similar to the net pension liability in Note 3. The District has not yet gathered necessary historical data to provide to an actuary to determine exposure of the OPEB liability as of August 31, 2018. The OPEB liability exposure will continue to decline as participation was limited to individuals meeting the qualifications as of August 31, 2013 and these individuals age out of the benefit upon reaching age 70.

(5) Long-Term Debt

Details of the District's long-term debt obligations at August 31, 2018 are as follows:

Series 2009 Bond Issue

On July 14, 2009, the District authorized the issuance of general obligation bonds in the amount of \$12,005,000. Principal and interest payments are made annually and semi-annually, respectively, at an interest rate of 4.00%. Final payment was made on December 1, 2017.

General Obligation Refunding Bonds – Series 2012

On February 29, 2012, the District authorized issuance of general obligation refunding bonds in the amount of \$2,185,000. Principal and interest payments are made annually and semi-annually, respectively, at a fixed rate of interest of 1.00%. Final payment was made on December 1, 2017.

Limited Tax Obligation Building Improvement Bonds – Series 2012

On April 25, 2012, the District authorized the issuance of limited tax obligation refunding bonds in the amount of \$4,255,000. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate increasing from 1.30% to 1.50%. Final payment is due December 1, 2019. As of August 31, 2018, the outstanding balance was \$1,390,000.

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Notes to Basic Financial Statements
August 31, 2018

Limited Tax General Obligation Refunding Bonds – Series 2014

On February 19, 2014, the District authorized issuance of limited tax general obligation refunding bonds in the amount of \$7,800,000. Principal and interest payments are made annually and semi-annually, respectively, with the interest rate increasing from 2.00% to 3.30%. Final payment is due December 1, 2029. As of August 31, 2018, the outstanding balance was \$7,710,000.

General Obligation Bonds – Series 2015

On July 7, 2015, the District authorized issuance of general obligation bonds in the amount of \$57,000,000 to fund the cost of certain property acquisition, capital improvement, construction and equipment projects. The unspent proceeds were held by the District at August 31, 2018 and included as cash on deposit in the Special Building Fund. Principal and interest payments are made annually with the interest rate ranging from 2.00% to 4.25%. Final payment is due December 1, 2035. As of August 31, 2018, the outstanding balance was \$54,825,000.

Taxable Promissory Notes – Series 2017A

On November 20, 2017 the District authorized issuance of taxable promissory notes in the amount of \$2,000,000 to fund principal and interest payments due through the Bond Interest and Retirement Fund prior to the receipt of property taxes levied for debt service. The promissory notes carried an interest rate of 1.95% with principal and interest due on August 31, 2018. The promissory notes were paid in full prior to August 31, 2018 through the use of property taxes received.

Taxable Promissory Notes – Series 2017B

On December 11, 2017 the District authorized issuance of taxable promissory notes in the amount of \$10,000,000 to fund operational expenditures through the General Fund prior to the receipt of property taxes levied for operations. The promissory notes carried an interest rate of 1.95% with principal and interest due on August 31, 2018. The promissory notes were paid in full prior to August 31, 2018 through the use of property taxes received.

General Obligation Bonds – Series 2017

On December 20, 2017, the District authorized issuance of general obligation bonds in the amount of \$9,985,000 to fund the cost of certain property requisition, capital improvement, construction and equipment projects. The unspent proceeds were held by the District at August 31, 2018 and included as cash on deposit in the Special Building Fund. Principal and interest payments are made annually with the interest rate ranging from 2.00% to 3.12%. Final payment is due June 1, 2037. As of August 31, 2018 the outstanding balance was \$9,985,000.

The changes in outstanding bond indebtedness for the year ended August 31, 2018, were:

<u>Bond Issue</u>	<u>Interest Rate(s)</u>	<u>Outstanding Balance 8/31/2017</u>	<u>Issued During Year</u>	<u>Retired During Year</u>	<u>Outstanding Balance 8/31/2018</u>
08/19/2009	4.00%	\$ 1,495,000	--	1,495,000	--
02/29/2012	1.00%	535,000	--	535,000	--
04/25/2012	1.30% - 1.50%	2,070,000	--	680,000	1,390,000
02/19/2014	2.00% - 3.30%	7,755,000	--	45,000	7,710,000
07/22/2015	2.00% - 4.25%	56,270,000	--	1,445,000	54,825,000
11/20/2017	1.95%	--	2,000,000	2,000,000	--
12/11/2017	1.95%	--	10,000,000	10,000,000	--
12/20/2017	2.00% - 3.12%	--	9,985,000	--	9,985,000
		<u>\$ 68,125,000</u>	<u>21,985,000</u>	<u>16,200,000</u>	<u>73,910,000</u>

School District No. 66
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Notes to Basic Financial Statements
August 31, 2018

Bond principal and interest requirements for bond issues outstanding as of August 31, 2018, are as follows:

<u>Years Ending</u> <u>August 31</u>	<u>Bond</u> <u>Requirements</u>	<u>Interest</u> <u>Requirements</u>	<u>Total</u>
2019	\$ 3,495,000	2,406,051	5,901,051
2020	3,550,000	2,339,596	5,889,596
2021	3,470,000	2,255,884	5,725,884
2022	3,580,000	2,154,734	5,734,734
2023	3,695,000	2,056,721	5,751,721
2024-2028	20,360,000	8,537,838	28,897,838
2029-2033	21,410,000	4,816,616	26,226,616
2034-2037	14,350,000	886,144	15,236,144
Total	\$ 73,910,000	25,453,584	99,363,584

(6) Commitments and Contingencies

Commitments

The District has committed to multiple construction contracts for building projects that are to occur over several years. Funding for the building projects was secured through the issuance of \$57,000,000 of bonds in 2015 and \$9,985,000 of bonds in 2018. A portion of the bond proceeds have been used for projects completed in 2018 while the unspent portion remains held by the District and is shown as cash on deposit on the statement of net position.

Contingencies

The District is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the District's future financial position or results from operations.

Federal Awards

The District receives funds under various federal grant programs to be expended in accordance with the provisions of the grant. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. 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 impact on the District's financial statements.

(7) Subsequent Events

Subsequent to year end, the District authorized the issuance of \$10,000,000 in taxable promissory notes, Series 2018A, to be used for operational expenditures through the General Fund on an interim basis prior to the receipt of property taxes levied for operations. The promissory notes will be repaid upon receipt of the necessary property taxes previously levied. The promissory notes are expected to be issued in November 2018.

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Notes to Basic Financial Statements
August 31, 2018

The District authorized the issuance of \$1,000,000 in taxable promissory notes, Series 2018B, to be used for debt service through the Bond Interest and Retirement Fund on an interim basis prior to the receipt of property taxes levied for debt service. The promissory notes will be repaid upon receipt of the necessary property taxes previously levied. The promissory notes are expected to be issued in November 2018.

The District authorized the issuance of \$10,000,000 in general obligation bonds, Series 2018, to be used for certain property acquisition, capital improvement, and construction and equipment project costs. The bonds will be repaid through imposition of ad valorem tax on all taxable property within the District and will be designated as qualified tax-exempt obligations. The bonds are expected to be issued in December 2018.

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Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
General Fund
For the Year Ended August 31, 2018

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS:			
County Treasurer - taxes	1110-1125; 3130-3132; 3180	\$ 42,949,268	44,268,774
County Treasurer - fines and licenses	1610; 2110	280,000	316,403
		<u>43,229,268</u>	<u>44,585,177</u>
State aid	3110	16,456,006	16,456,006
State aid - appropriations	3120-3125; 3135-3166; 3200-3990	5,351,219	5,938,697
Tuition and fees	1230-1235	305,750	426,595
Interest income	1410	7,500	64,340
Other	1925-1990	693,500	451,169
		<u>22,813,975</u>	<u>23,336,807</u>
Categorical receipts:			
IDEA	4404-4415; 4690	1,528,374	1,615,343
NCLB - Title I	4200-4210	603,353	625,246
Universal service	4850	150,000	119,784
School improvement	4215	150,000	95,511
Medical assistance	4450-4455	127,408	51,981
NCLB - Title II	4310	127,885	127,885
Vocational education	4700	38,643	33,196
State personnel development	4990	--	21,404
Youth CareerConnect	4990	1,200,000	1,000,000
Elementary and secondary school counseling	4990	350,000	454,961
Homeless assistance	4990	10,000	10,000
		<u>4,285,663</u>	<u>4,155,311</u>
Total receipts		<u>70,328,906</u>	<u>72,077,295</u>
DISBURSEMENTS:			
Instructional services	1100-1292; 2760	43,556,277	43,367,829
Support services -			
Pupils	2100; 2150	2,020,594	1,948,991
Instructional staff	2200	4,141,035	4,374,150
General administration	2310; 2320; 2330	1,798,044	1,917,534
Building administration	2400	2,809,573	2,879,425
Business services	2510	1,428,577	1,521,663
Maintenance and operation of plant	2600	7,748,509	7,494,721
Pupil transportation	2750	1,337,000	1,345,507
State categorical programs	3500	345,961	429,121
Summer school	6000	163,883	80,596
Debt service	5000	10,000,000	10,140,833
Discretionary		5,053,122	--
		<u>80,402,575</u>	<u>75,500,370</u>
Categorical disbursements:			
IDEA	4403-4412	1,553,095	1,801,073
NCLB - Title I	4200-4210	830,396	885,512
NCLB - Title II	4310	89,996	88,535
NCLB - Title III	4925	--	958
Youth CareerConnect	4990	777,358	674,150
Vocational education	4700	19,500	23,080
Homeless assistance	4990	52,000	35,906
Innovation	4415	15,233	124,252
Elementary and secondary school counseling	4990	249,794	330,648
School improvement	4215	161,570	115,168
		<u>3,748,942</u>	<u>4,079,282</u>
Total disbursements		<u>84,151,517</u>	<u>79,579,652</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS		(13,822,611)	(7,502,357)
OTHER FINANCING SOURCES (USES):			
Bond and short-term financing proceeds	5150	10,000,000	10,000,000
Sale of property	5400	--	107,487
Transfers in	5500	100,000	100,000
Transfers out	2510	(420,000)	(425,000)
Total other financing sources, net		<u>9,680,000</u>	<u>9,782,487</u>
CHANGE IN FUND BALANCE		\$ <u>(4,142,611)</u>	2,280,130
FUND BALANCE, Beginning of year			<u>10,719,607</u>
FUND BALANCE, End of year			<u>\$ 12,999,737</u>

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Special Building Fund
For the Year Ended August 31, 2018

	<u>Function Code</u>	<u>Budgeted (Original)</u>	<u>Budgeted (Final)</u>	<u>Actual</u>
RECEIPTS:				
County Treasurer - taxes	1110	\$ --	--	6
Interest income	1410	--	--	6,170
Other	1990	<u>706,661</u>	<u>706,661</u>	<u>598,176</u>
Total receipts		706,661	706,661	604,352
DISBURSEMENTS - Capital expenditures, remodeling, renovation and maintenance of buildings	2150	<u>27,493,339</u>	<u>28,200,000</u>	<u>21,726,386</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS		(26,786,678)	(27,493,339)	(21,122,034)
OTHER FINANCING SOURCES - Bond proceeds	5100	<u>10,500,000</u>	<u>10,500,000</u>	<u>9,998,506</u>
CHANGE IN FUND BALANCE		<u>\$ (16,286,678)</u>	<u>(16,993,339)</u>	(11,123,528)
FUND BALANCE, Beginning of year				<u>24,897,480</u>
FUND BALANCE, End of year			<u>\$</u>	<u><u>13,773,952</u></u>

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Bond Interest and Retirement Fund
For the Year Ended August 31, 2018**

	<u>Function Code</u>	<u>Budgeted (Original)</u>	<u>Budgeted (Final)</u>	<u>Actual</u>
RECEIPTS:				
County Treasurer - taxes	1110; 3130-3180	\$ 6,319,355	6,319,355	6,484,648
Other	1990	--	--	5,967
Total receipts		6,319,355	6,319,355	6,490,615
DISBURSEMENTS - principal and interest payments	5000	6,500,000	8,600,000	8,584,483
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS		(180,645)	(2,280,645)	(2,093,868)
OTHER FINANCING SOURCES - Bond proceeds	5100	--	--	2,000,000
CHANGE IN FUND BALANCE		\$ (180,645)	(2,280,645)	(93,868)
FUND BALANCE, Beginning of year				3,529,752
FUND BALANCE, End of year				\$ 3,435,884

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Employee Benefits Fund
For the Year Ended August 31, 2018**

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
DISBURSEMENTS:			
Special pay deferral	2500	\$ --	140,463
Retirees' health and life insurance	2500	<u>650,000</u>	<u>474,238</u>
Total disbursements		650,000	614,701
OTHER FINANCING SOURCES - Transfers in	5500	<u>425,000</u>	<u>425,000</u>
CHANGE IN FUND BALANCE		<u>\$ (225,000)</u>	(189,701)
FUND BALANCE, Beginning of year			<u>561,363</u>
FUND BALANCE, End of year			<u>\$ 371,662</u>

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Student Fees Fund
For the Year Ended August 31, 2018**

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS - Student fees	1741-1743	\$ 100,000	72,264
DISBURSEMENTS - Salaries	6000	<u>100,000</u>	<u>71,867</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		<u>\$ --</u>	397
FUND BALANCE, Beginning of year			<u>(397)</u>
FUND BALANCE, End of year			<u>\$ --</u>

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Food Service Fund
For the Year Ended August 31, 2018

	<u>Function Code</u>	<u>Budgeted (Original)</u>	<u>Budgeted (Final)</u>	<u>Actual</u>
RECEIPTS:				
Charges for sales and services - food sales	1720; 1990	\$ 3,770,223	3,770,223	3,819,476
Federal subsidy	4800	1,487,968	1,487,968	1,447,677
State subsidy	3150	14,275	14,275	17,309
Other	1410	36,000	36,000	12,369
		<u>5,308,466</u>	<u>5,308,466</u>	<u>5,296,831</u>
DISBURSEMENTS:				
Food purchases	2100	2,224,300	2,224,300	2,393,512
Salaries	2100	1,777,400	1,777,400	1,852,813
Equipment & real property maintenance	2100	459,800	459,800	377,055
Group insurance and retirement	2100	375,412	375,412	373,562
Supplies	2100	144,300	144,300	176,866
Payroll taxes	2100	135,971	135,971	133,457
Other sundry	2100	76,150	76,150	100,242
Discretionary	2100	--	306,667	--
		<u>5,193,333</u>	<u>5,500,000</u>	<u>5,407,507</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS		115,133	(191,534)	(110,676)
OTHER FINANCING USES - Transfers out		8000	<u>(100,000)</u>	<u>(100,000)</u>
CHANGE IN NET POSITION		\$ 15,133	<u>(291,534)</u>	(210,676)
NET POSITION, Beginning of year				<u>574,343</u>
NET POSITION, End of year				\$ <u><u>363,667</u></u>

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Enterprise Fund
For the Year Ended August 31, 2018

	<u>Function Code</u>	<u>Budgeted (Original)</u>	<u>Budgeted (Final)</u>	<u>Actual</u>
RECEIPTS - Charges for sales and services - food sales	1720	\$ 420,000	420,000	635,703
DISBURSEMENTS:				
Salaries	2100	208,369	208,369	211,326
Food purchases	2100	40,000	40,000	141,845
Group insurance and retirement	2100	60,895	60,895	60,195
Payroll taxes	2100	15,941	15,941	15,267
Supplies	2100	14,594	14,594	19,402
Equipment & real property maintenance	2100	83,250	83,250	39,308
Other sundry	2100	5,949	5,949	4,287
Discretionary	2100	--	101,002	5,790
Total disbursements		<u>428,998</u>	<u>530,000</u>	<u>497,420</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS		\$ <u>(8,998)</u>	<u>(110,000)</u>	138,283
NET POSITION, Beginning of year				<u>580,371</u>
NET POSITION, End of year			\$	<u><u>718,654</u></u>

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Other Supplementary Information
Budgetary Comparison Schedule (Unaudited)
Activities Fund
For the Year Ended August 31, 2018

	<u>Function Code</u>	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS - Activities	1710	\$ 2,000,000	1,650,830
DISBURSEMENTS - Supplies and materials	2100	<u>2,000,000</u>	<u>1,640,729</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		<u>\$ --</u>	10,101
NET POSITION, Beginning of year			<u>762,430</u>
NET POSITION, End of year			<u>\$ 772,531</u>

	<u>Beginning Net Position</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Net Position</u>
Westside High Fund	\$ 482,417	1,375,934	1,347,689	510,662
Westside Middle Fund	196,122	116,685	114,100	198,707
Prairie Lane Elementary Fund	21,130	10,469	12,191	19,408
Hillside Elementary Fund	10,029	30,353	30,776	9,606
Loveland Elementary Fund	3,353	19,363	15,428	7,288
Paddock Road Elementary Fund	7,088	9,589	10,287	6,390
Rockbrook Elementary Fund	7,104	19,709	20,612	6,201
Westgate Elementary Fund	4,640	12,723	12,528	4,835
Sunset Hills Elementary Fund	4,636	5,481	6,146	3,971
Oakdale Elementary Fund	3,698	19,669	20,938	2,429
Swansdale Elementary Fund	4,851	13,649	16,787	1,713
Westbrook Elementary Fund	<u>17,362</u>	<u>17,206</u>	<u>33,247</u>	<u>1,321</u>
TOTAL	<u>\$ 762,430</u>	<u>1,650,830</u>	<u>1,640,729</u>	<u>772,531</u>

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Program			
Fund for the Improvement of Education	84.215E	S215E140564	\$ <u>330,648</u>
Passed through the Nebraska Department of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	28-0066-000	1,835,192
Special Education - Preschool Grants	84.173	28-0066-000	<u>51,734</u>
Total Special Education Cluster (IDEA)			1,886,926
Title I Grants to Local Educational Agencies	84.010	28-0066-000	885,512
Career and Technical Education - Basic Grants to States	84.048	28-0066-000	23,080
Special Education - Grants for Infants and Families	84.181	28-0066-000	12,320
Improving Teacher Quality State Grants	84.367	28-0066-000	88,535
School Improvement Grants	84.377	28-0066-000	115,168
English Language Acquisition State Grants	84.365	28-0066-000	958
State Personnel Development Grant	84.323	28-0066-000	26,078
Education for Homeless Children and Youth	84.196	28-0066-000	<u>35,906</u>
Total passed through the Nebraska Department of Education			<u>3,074,483</u>
Total U.S. DEPARTMENT OF EDUCATION			<u>3,405,131</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through the Nebraska Department of Health & Human Services			
Medical Assistance Program	93.778	28-0066-000	<u>49,244</u>
Total U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>49,244</u>
U.S. DEPARTMENT OF LABOR			
Passed through the Employment and Training Administration			
Youth CareerConnect Program	17.274	476002681	<u>674,150</u>
Total U.S. DEPARTMENT OF LABOR			<u>674,150</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through the Nebraska Department of Education			
Summer Food Service Program	10.559	28-0066-000	183,559
National School Lunch Program	10.555	28-0066-000	1,264,118
Passed through the Nebraska Department of Health & Human Services			
Food Commodities Received - Non cash award	10.555	47600268100	<u>504,527</u>
Total Child Nutrition Cluster			<u>1,952,204</u>
Total U.S. DEPARTMENT OF AGRICULTURE			<u>1,952,204</u>
Total EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>6,080,729</u></u>

The accompanying notes are an integral part of this schedule

School District No. 66
Westside Community Schools, Douglas County, Nebraska

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards for the Child Nutrition Cluster and Medical Assistance Program are not separately identifiable in the accounting records of the District. These programs are jointly funded with District monies and are not required to be accumulated in the accounting records by funding source. For schedule purposes, the amount of federal expenditures shown is equal to the amount of federal funds received for the above mentioned awards.

Note 3. Pass Through Awards

The District receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards. Pass-through entity identifying numbers are presented where available.

Note 4. Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

To the Board of Education
School District No. 66
Westside Community 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 modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District No. 66, Westside Community Schools, Douglas County, Nebraska (the District) as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting 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 of 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.

SEEM JOHNSON, LLP

Omaha, Nebraska,
November 2, 2018.

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

The Board of Education
School District No. 66
Westside Community Schools
Douglas County, Nebraska:

Report on Compliance for Each Major Federal Program

We have audited School District No. 66, Westside Community Schools, Douglas County, Nebraska's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Reporting 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 a major federal program in order to determine our 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SEEM JOHNSON, LLP

Omaha, Nebraska,
November 2, 2018.

**School District No. 66
Westside Community Schools, Douglas County, Nebraska**

**Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2018**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes x No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
10.559	Child Nutrition – National School Lunch Program
	Child Nutrition – Summer Food Service Program
17.274	Youth CareerConnect Program

Dollar threshold used to distinguish between type A and type B programs _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ Yes x No

II: FINANCIAL STATEMENT FINDINGS

None noted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.