

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

**Financial Statements  
and Supplementary Information  
August 31, 2016**

**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, 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, 2016 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 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 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, 2016, 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 24 through 31, 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 32 through 33 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 24 through 31 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 4, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*SEEM JOHNSON, LLP*

Omaha, Nebraska  
November 4, 2016.

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

**Management's Discussion and Analysis (Unaudited)**  
**August 31, 2016**

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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, 2016. 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, inventories are not recorded as disbursements until they are consumed 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, 2016**

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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 2015-2016 total disbursements of \$93,676,231 were \$15,788,879 more than the \$77,887,352 in total receipts.
- General Fund actual expenditures and transfers in fiscal year 2016 were \$824,385 less than the budgeted amount of \$69,775,000.

**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 2015, the District's assessed valuation was \$3,221,769,705. In fiscal year 2016, valuations increased by \$36,987,045 to \$3,258,756,750. The current assessed valuation certified August 20, 2016 has increased to \$3,410,742,455.

The following table shows the property tax rates, by fund, for fiscal years 2016 and 2015, 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 2016 would be \$357.93.

<u>Fund</u>	<u>2014-2015 Levy</u>	<u>2015-2016 Levy</u>	<u>Levy Change</u>	<u>Percentage Change</u>
General Fund	0.198034	0.206042	0.008008	4%
Bond Fund	0.116004	0.151883	0.035879	31%
Special Building Fund	0.010001	0.000000	-0.010001	-100%
District Totals	<u>0.324039</u>	<u>0.357925</u>	<u>0.033886</u>	10%

The general fund levy excludes 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, 2016**

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**General Fund Budgetary Highlights**

Over the course of the 2015-2016 fiscal year, the District's General Fund balance decreased by \$3,014,912. The following table provides a detail of that change:

	<u>2015-2016 Budget</u>	<u>Year-End Actual</u>	<u>Variance</u>
Beginning Balance, September 1, 2015		\$ 13,684,118	
Receipts			
Property taxes	\$ 25,815,985	26,122,411	306,426
State aid	31,033,742	31,033,742	--
Other local	430,000	628,071	198,071
County	290,000	281,072	(8,928)
Other state	4,792,000	5,124,259	332,259
Federal	3,108,000	2,696,148	(411,852)
Total receipts	65,469,727	65,885,703	415,976
Disbursements	<u>(68,850,000)</u>	<u>(68,110,615)</u>	<u>739,385</u>
Deficiency of receipts over disbursements	(3,380,273)	(2,224,912)	1,155,361
Transfers, net	<u>(925,000)</u>	<u>(790,000)</u>	<u>135,000</u>
Change in balance	\$ <u>133,394,727</u>	<u>(3,014,912)</u>	
Ending Balance, August 31, 2016		\$ <u>10,669,206</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 2015-2016 fiscal year the fund balance decreased \$873,931, from \$4,097,612 to \$3,223,681. The decrease was due to higher debt service for the 2015 - 2016 fiscal year.

**Employee Benefits Fund Budgetary Highlights**

The District's Employee Benefits Fund accounts for early retirees' salaries and health insurance benefits. During the 2015-2016 fiscal year expenditures decreased slightly, \$117,782 to \$837,336.

**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 2016, the district spent approximately \$13 million on improvements in 10 buildings. This included remodeling of the Community Conference Center for use as an elementary swing school, an addition and remodeling at the Middle School, security and infrastructure improvements at six elementary schools, property acquisition, and the beginning of work to replace two elementary buildings.

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

**Management's Discussion and Analysis (Unaudited)**  
**August 31, 2016**

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**Debt Administration**

The District is currently rated "Aa2" by Moody's. At year end, the District had \$98,603,028 in outstanding debt (principal and interest combined) as follows:

General and limited tax obligation bonds	
Principal	\$71,540,000
Interest	27,063,028
	<hr/>
Total District Debt	\$98,603,028
	<hr/>

**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 is part of the Learning Community of Douglas and Sarpy Counties (the "Learning Community"), which is considered the "local system" and all resources (both property tax and state aid) are processed through an additional statutory equalization formula before distribution to the school districts. For all 11 public school districts within the Learning Community, there is 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 2016 there was no levy by the Learning Community for the building fund. The unused levy authority under the property tax levy limit may be levied by the individual school districts, not the Learning Community, for their chosen purposes.

The proceeds from the Learning Community general fund common levy are distributed proportionately to the districts based upon formula needs. The proceeds from the Learning Community building fund common levy are distributed proportionately to the school districts based upon student enrollment. The remaining levy authority is distributed by the County Treasurer directly to the school districts. Learning Community state aid is distributed by the Nebraska Department of Education proportionately to the school districts based upon formula needs. It is also important to note that District voters have approved a 10-cent levy override. The levy override is significant as the resulting funds go directly to the District and are not redistributed through the Learning Community. During the 2016 Legislative session, a bill was passed to eliminate the Learning Community funding formula for Fiscal Year 2018, and have districts return to the funding mechanism used by the rest of the state's school districts.

Lastly, a large blighted/substandard zone was established by the Omaha City Council in August 2011 to aid in the redevelopment of a commercial property. Although the District was successful in negotiating with the City Council to reduce the size of the blighted area, the zone still includes approximately 15% of the District's geographic area and perhaps 60% of the commercial property. Businesses in the blighted/substandard zone may qualify for Tax Increment Financing (TIF) incentives whereby the base tax valuation of the impacted property does not change and future property valuation growth is not captured by the District for a period up to 15 years. The city of Omaha has informally agreed to limit TIF projects to a subset of the actual area which has been designated as eligible for TIF projects. Final plans for this project have yet to be developed and approved. While the District is heavily reliant on a healthy commercial presence and supports economic development, future TIF projects could have a significant negative influence on commercial property valuations and the overall tax base for the foreseeable future.

**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 76<sup>th</sup> 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](http://www.westside66.org).

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

**Statement of Net Position – Modified Cash Basis**  
**August 31, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash on deposit	\$ 63,052,044	900,988	63,953,032
Funds held by County Treasurer	530,037	--	530,037
Accounts receivable	50,886	--	50,886
Supplies inventory	348,727	--	348,727
<b>Total assets</b>	<b>\$ 63,981,694</b>	<b>900,988</b>	<b>64,882,682</b>
<b>LIABILITIES - Accounts payable</b>	<b>\$ 994,039</b>	<b>--</b>	<b>994,039</b>
<b>NET POSITION:</b>			
Restricted	51,359,469	--	51,359,469
Unrestricted	11,628,186	900,988	12,529,174
<b>Total net position</b>	<b>62,987,655</b>	<b>900,988</b>	<b>63,888,643</b>
<b>Total liabilities and net position</b>	<b>\$ 63,981,694</b>	<b>900,988</b>	<b>64,882,682</b>

*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, 2016**

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	
<b>PRIMARY GOVERNMENT</b>						
Governmental activities:						
Instructional services	\$ 41,340,216	267,775	5,124,259	(35,948,182)	--	(35,948,182)
Support services -						
Pupils	2,149,152	--	--	(2,149,152)	--	(2,149,152)
Instructional staff	5,260,511	--	--	(5,260,511)	--	(5,260,511)
General administration	3,022,976	--	--	(3,022,976)	--	(3,022,976)
Building administration	15,995,689	--	--	(15,995,689)	--	(15,995,689)
Business services	1,455,138	--	--	(1,455,138)	--	(1,455,138)
Maintenance and operation of plant	7,250,749	--	--	(7,250,749)	--	(7,250,749)
Pupil transportation	2,609,557	--	--	(2,609,557)	--	(2,609,557)
State categorical programs	27,169	--	--	(27,169)	--	(27,169)
Federal programs	2,767,469	--	2,696,148	(71,321)	--	(71,321)
Summer school	128,603	49,945	--	(78,658)	--	(78,658)
Debt service	4,699,712	--	--	(4,699,712)	--	(4,699,712)
Total governmental activities	86,706,941	317,720	7,820,407	(78,568,814)	--	(78,568,814)
Business-type activities:						
Food service	4,904,171	3,775,287	1,380,256	--	251,372	251,372
Enterprise	517,568	640,676	--	--	123,108	123,108
Total business-type activities	5,421,739	4,415,963	1,380,256	--	374,480	374,480
Total primary government	\$ 92,128,680	4,733,683	9,200,663	(78,568,814)	374,480	(78,194,334)
<b>GENERAL RECEIPTS</b>						
Taxes:						
Property				27,550,200	--	27,550,200
Motor vehicle				2,584,002	--	2,584,002
Public power district sales				141,024	--	141,024
Fines and licenses				281,072	--	281,072
State aid				31,033,742	--	31,033,742
Interest income				289,878	--	289,878
Other				441,884	10,822	452,706
Total general receipts				62,321,802	10,822	62,332,624
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				50,000	--	50,000
Transfers out				--	(50,000)	(50,000)
Total other financing sources (uses), net				50,000	(50,000)	--
<b>CHANGE IN NET POSITION</b>				(16,197,012)	335,302	(15,861,710)
<b>NET POSITION, BEGINNING OF YEAR</b>				79,184,667	565,686	79,750,353
<b>NET POSITION, END OF YEAR</b>				\$ 62,987,655	900,988	63,888,643

See notes to financial statements

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

**Balance Sheet – Modified Cash Basis**  
**Governmental Funds**  
**August 31, 2016**

	<u>General Fund</u>	<u>Special Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash on deposit	\$ 10,761,596	48,133,629	4,156,819	63,052,044
Funds held by County Treasurer	502,036	2,159	25,842	530,037
Accounts receivable	50,886	--	--	50,886
Supplies inventory	348,727	--	--	348,727
	<u>11,663,245</u>	<u>48,135,788</u>	<u>4,182,661</u>	<u>63,981,694</u>
Total assets	\$ 11,663,245	48,135,788	4,182,661	63,981,694
<b>LIABILITIES - Accounts payable</b>				
	\$ 994,039	--	--	994,039
<b>FUND BALANCES:</b>				
Nonspendable	348,727	--	--	348,727
Restricted	--	48,135,788	3,223,681	51,359,469
Assigned	--	--	958,980	958,980
Unassigned	10,320,479	--	--	10,320,479
	<u>10,669,206</u>	<u>48,135,788</u>	<u>4,182,661</u>	<u>62,987,655</u>
Total fund balances	10,669,206	48,135,788	4,182,661	62,987,655
Total liabilities and fund balances	\$ 11,663,245	48,135,788	4,182,661	63,981,694

*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, 2016**

	<u>General Fund</u>	<u>Special Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>RECEIPTS:</b>				
Taxes:				
Property	\$ 23,397,385	327,034	3,825,781	27,550,200
Motor vehicle	2,584,002	--	--	2,584,002
Public power district sales	141,024	--	--	141,024
Fines and licenses	281,072	--	--	281,072
Tuition and fees	267,775	--	49,945	317,720
State aid	36,158,001	--	--	36,158,001
Federal aid	2,696,148	--	--	2,696,148
Interest income	8,195	281,683	--	289,878
Other	352,101	89,783	--	441,884
	<u>65,885,703</u>	<u>698,500</u>	<u>3,875,726</u>	<u>70,459,929</u>
Total receipts				
<b>DISBURSEMENTS:</b>				
Instructional services	41,340,216	--	--	41,340,216
Support services -				
Pupils	2,149,152	--	--	2,149,152
Instructional staff	5,260,511	--	--	5,260,511
General administration	2,185,640	--	837,336	3,022,976
Building administration	2,986,456	13,009,233	--	15,995,689
Business services	1,455,138	--	--	1,455,138
Maintenance and operation of plant	7,250,749	--	--	7,250,749
Pupil transportation	2,609,557	--	--	2,609,557
State categorical programs	27,169	--	--	27,169
Federal programs	2,767,469	--	--	2,767,469
Summer school	78,558	--	50,045	128,603
Debt service	--	--	4,699,712	4,699,712
	<u>68,110,615</u>	<u>13,009,233</u>	<u>5,587,093</u>	<u>86,706,941</u>
Total disbursements				
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>(2,224,912)</u>	<u>(12,310,733)</u>	<u>(1,711,367)</u>	<u>(16,247,012)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	50,000	--	840,000	890,000
Transfers out	(840,000)	--	--	(840,000)
	<u>(790,000)</u>	<u>--</u>	<u>840,000</u>	<u>50,000</u>
Total other financing sources (uses), net				
CHANGE IN FUND BALANCES	(3,014,912)	(12,310,733)	(871,367)	(16,197,012)
FUND BALANCES, BEGINNING OF YEAR	<u>13,684,118</u>	<u>60,446,521</u>	<u>5,054,028</u>	<u>79,184,667</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,669,206</u>	<u>48,135,788</u>	<u>4,182,661</u>	<u>62,987,655</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, 2016

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	<u>Food Service Fund</u>	<u>Enterprise Fund</u>	<u>Total Proprietary Funds</u>
ASSETS - Cash on deposit	\$ 383,722	517,266	900,988
NET POSITION - Unrestricted	\$ 383,722	517,266	900,988

*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, 2016**

	<b>Food Service Fund</b>	<b>Enterprise Fund</b>	<b>Total Proprietary Funds</b>
OPERATING RECEIPTS - Charges for sales and services - food sales	\$ 3,775,287	640,676	4,415,963
OPERATING DISBURSEMENTS - Cost of sales and services	<u>4,904,171</u>	<u>517,568</u>	<u>5,421,739</u>
OPERATING INCOME (LOSS)	<u>(1,128,884)</u>	<u>123,108</u>	<u>(1,005,776)</u>
NONOPERATING RECEIPTS:			
Federal subsidy	1,368,377	--	1,368,377
State subsidy	11,879	--	11,879
Other	<u>10,822</u>	<u>--</u>	<u>10,822</u>
Total nonoperating receipts	<u>1,391,078</u>	<u>--</u>	<u>1,391,078</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	262,194	123,108	385,302
OTHER FINANCING USES - Transfers out	<u>(50,000)</u>	<u>--</u>	<u>(50,000)</u>
CHANGE IN NET POSITION	212,194	123,108	335,302
NET POSITION, BEGINNING OF YEAR	<u>171,528</u>	<u>394,158</u>	<u>565,686</u>
NET POSITION, END OF YEAR	<u>\$ 383,722</u>	<u>517,266</u>	<u>900,988</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, 2016**

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	<u>Activities</u> <u>Fund</u>
ASSETS - Cash on deposit	\$ <u>778,755</u>
NET POSITION - Unrestricted	\$ <u>778,755</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, 2016**

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	<u>Activities Fund</u>
ADDITIONS - Activities receipts	\$ 1,620,382
DEDUCTIONS - Supplies and materials	<u>1,547,551</u>
CHANGE IN NET POSITION	72,831
NET POSITION, BEGINNING OF YEAR	<u>705,924</u>
NET POSITION, END OF YEAR	\$ <u><u>778,755</u></u>

*See notes to financial statements*

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

**Notes to the Basic Financial Statements  
August 31, 2016**

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**(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 recorded as an asset, employee receivables are not recorded as cash until received, inventories are not recorded 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.

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

**Notes to the Basic Financial Statements**  
**August 31, 2016**

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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.

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.

*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:

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

*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 catering and 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.

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

**Notes to the Basic Financial Statements**  
**August 31, 2016**

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*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, 2016, the District had nonspendable inventory of \$348,727.

*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, 2016, the District had restricted fund balances of \$51,359,469.

*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, 2016, 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, 2016, the District had assigned fund balances of \$958,980.

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

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

**Notes to the Basic Financial Statements  
August 31, 2016**

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*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.

*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 1<sup>st</sup>, and the second half year of the taxes are due prior to August 1<sup>st</sup> of a given year. The District receives property tax receipts on the 15<sup>th</sup> of the current month and the last business day of the current month. All levy information for property taxes must be submitted to the County by September 20<sup>th</sup> 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.

**(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, Bond Interest and Retirement Fund, and Special Building Fund represent amounts collected for the District during August 2016 and remitted to the District during September 2016.

**(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, 2015, there were 266 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.

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

**Notes to the Basic Financial Statements**  
**August 31, 2016**

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Normal retirement is at age 65. 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.

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.

For the District's year ended August 31, 2016, the District's total payroll for all employees was \$42,750,955. Total covered payroll was \$41,032,322. 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, 2014, to June 30, 2015, (and from July 1, 2015, through August 31, 2016). 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, 2016 was \$4,053,091.

Pension Liabilities

At June 30, 2015 the District had a liability of \$20,634,171 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying modified cash basis financial statements.) The net pension liability was measured as of June 30, 2015, 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 89.88% funded as of June 30, 2015 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, 2015, the District's proportion was 1.894615 percent, which was an increase of 0.021607 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the District's allocated pension expense (income) was (\$565,862).

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

**Notes to the Basic Financial Statements  
August 31, 2016**

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Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 3.25%
- Investment rate of return, net of investment expense and including inflation: 8%
- Projected salary increases, including inflation: 4.0% - 9.0%
- Cost-of-living adjustments (COLA): 2.50% 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 1994 Group Annuity Mortality Table, projected to 2015 using scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females).

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

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

The actuarial assumptions used in the July 1, 2015, valuations for the School plan is based on the results of the most recent actuarial experience study, which covered the five year period ending June 30, 2011. The experience study report is dated August 20, 2012. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plans' target asset allocation as of first quarter 2016, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Stocks	29.0%	4.4%
Non-U.S. Stocks	13.5%	5.2%
Global Stocks	15.0%	4.8%
Fixed Income	30.0%	2.1%
Real Estate	7.5%	4.4%
Private Equity	5.0%	6.7%
Total	<u>100.00%</u>	

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

**Notes to the Basic Financial Statements  
August 31, 2016**

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Discount Rate

The discount rate used to measure the Total Pension Liability at both June 30, 2014, and June 30, 2015, was 8 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

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 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 payments for all current plan members were projected through 2114.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	<u>Discount Rate</u>	<u>District's Proportionate Share of Net Pension Liability</u>
1% decrease	7.0%	\$46,851,136
Current discount rate	8.0%	\$20,634,171
1% increase	9.0%	(\$1,167,158)

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 may be obtained by writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at [http://www.auditors.nebraska.gov/APA\\_Reports](http://www.auditors.nebraska.gov/APA_Reports).

**(4) Contingencies**

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.

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

**Notes to the Basic Financial Statements  
August 31, 2016**

**(5) Long-Term Debt**

Details of the District's long-term debt obligations at August 31, 2016 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 is due December 1, 2017. As of August 31, 2016, the outstanding balance was \$2,935,000.

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 is due December 1, 2017. As of August 31, 2016, the outstanding balance was \$1,060,000.

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 0.90% to 1.50%. Final payment is due December 1, 2019. As of August 31, 2016, the outstanding balance was \$2,745,000.

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%. The first principal payment is due in December 2016 and final payment is due December 1, 2029. As of August 31, 2016, the outstanding balance was \$7,800,000.

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, 2016 and recorded 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%. The first principal payment is due in December 2016 and final payment is due December 1, 2035. As of August 31, 2016, the outstanding balance was \$57,000,000.

The changes in outstanding bond indebtedness for the year ended August 31, 2016, were:

<u>Bond Issue</u>	<u>Interest Rate(s)</u>	<u>Outstanding Balance 8/31/2015</u>	<u>Issued During Year</u>	<u>Retired During Year</u>	<u>Outstanding Balance 8/31/2016</u>
08/19/2009	4.00%	\$ 4,325,000	--	1,390,000	2,935,000
02/29/2012	1.00%	1,580,000	--	520,000	1,060,000
04/25/2012	0.90% - 1.50%	3,425,000	--	680,000	2,745,000
02/19/2014	2.00% - 3.30%	7,800,000	--	--	7,800,000
07/22/2015	2.00% - 4.25%	57,000,000	--	--	57,000,000
		<u>\$ 74,130,000</u>	<u>--</u>	<u>2,590,000</u>	<u>71,540,000</u>

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

**Notes to the Basic Financial Statements**  
**August 31, 2016**

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Bonds payable and interest requirements for bond issues outstanding as of August 31, 2016, 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>
2017	\$ 3,415,000	2,325,637	5,740,637
2018	4,200,000	2,232,209	6,432,209
2019	3,065,000	2,152,776	5,217,776
2020	3,115,000	2,094,921	5,209,921
2021	3,025,000	2,019,909	5,044,909
2022-2026	16,690,000	8,689,604	25,379,604
2027-2031	19,090,000	5,617,245	24,707,245
2032-2036	<u>18,940,000</u>	<u>1,930,727</u>	<u>20,870,727</u>
Total	\$ <u>71,540,000</u>	<u>27,063,028</u>	<u>98,603,028</u>

**(6) Commitments and Contingencies**

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 million of bonds in 2015. A portion of the bond proceeds have been used for projects completed in 2016 while the unspent portion remains held by the District and is shown as cash on deposit on the statement of net position.

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

**Other Supplementary Information**  
**Budgetary Comparison Schedule (Unaudited)**  
**General Fund**  
**For the Year Ended August 31, 2016**

	<b>Budgeted</b> <b>(Original and Final)</b>	<b>Actual</b>
<b>RECEIPTS:</b>		
County Treasurer - taxes	\$ 25,815,985	26,122,411
County Treasurer - fines and licenses	290,000	281,072
	<u>26,105,985</u>	<u>26,403,483</u>
State aid	31,033,742	31,033,742
State aid - appropriations	4,792,000	5,124,259
Tuition and fees	295,000	267,775
Interest on investments	7,500	8,195
Other	127,500	352,101
	<u>36,255,742</u>	<u>36,786,072</u>
Categorical receipts:		
IDEA	1,163,000	1,481,765
NCLB - Title I	725,000	609,129
Universal service	230,000	126,971
School Improvement Grant	--	141,499
Medical assistance	120,000	150,267
NCLB - Title II	125,000	129,834
Vocational education	35,000	37,683
Homeless assistance	10,000	19,000
Youth CareerConnect	700,000	--
	<u>3,108,000</u>	<u>2,696,148</u>
Total receipts	<u>65,469,727</u>	<u>65,885,703</u>
<b>DISBURSEMENTS:</b>		
Salaries	32,556,068	33,099,674
Health insurance	6,038,380	6,198,186
Retirement	3,092,002	3,152,059
Social Security and Medicare taxes	2,404,836	2,470,448
Transportation	2,056,748	2,075,816
Property services	2,007,900	1,710,382
Miscellaneous	1,337,000	1,397,781
Building and grounds repair and maintenance	992,500	1,023,209
Supplies	886,543	931,354
Purchased services	764,854	808,571
Communications	639,100	649,149
Furniture and equipment	482,762	632,122
Dues, fees, meetings	271,400	529,114
Other employee benefits	388,470	436,810
Staff development	358,000	396,828
Textbooks	469,855	250,840
Library and media services	104,750	76,348
Advertising and printing	(11,500)	31,959
Data processing	18,000	22,293
Tuition	16,500	19,272
Mileage	13,550	9,320
Audio visual materials	5,005	7,825
Discretionary	1,409,505	83,455
	<u>56,302,228</u>	<u>56,012,815</u>
Categorical disbursements:		
IDEA	10,933,234	10,469,511
NCLB - Title I	687,606	644,019
NCLB - Title II	129,244	140,363
Youth CareerConnect	497,301	445,984
Vocational education	29,824	7,660
Homeless assistance	10,000	59,950
Elementary and secondary school counseling	184,742	253,418
School improvement	75,821	76,895
	<u>12,547,772</u>	<u>12,097,800</u>
Total disbursements	<u>68,850,000</u>	<u>68,110,615</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(3,380,273)	(2,224,912)
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	--	50,000
Transfers out	(925,000)	(840,000)
Total other financing uses, net	<u>(925,000)</u>	<u>(790,000)</u>
CHANGE IN FUND BALANCE	\$ <u>(4,305,273)</u>	(3,014,912)
FUND BALANCE, Beginning of year		<u>13,684,118</u>
FUND BALANCE, End of year		\$ <u>10,669,206</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, 2016**

	<u>Budgeted</u> <u>(Original and Final)</u>	<u>Actual</u>
RECEIPTS:		
County Treasurer - taxes	\$ --	327,034
Interest on investments	--	371,466
	<u>                    </u>	<u>                    </u>
Total receipts	--	698,500
DISBURSEMENTS - Capital expenditures, remodeling, renovation and maintenance of buildings	<u>19,684,880</u>	<u>13,009,233</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (19,684,880)</u>	(12,310,733)
FUND BALANCE, Beginning of year		<u>60,446,521</u>
FUND BALANCE, End of year		<u>\$ 48,135,788</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, 2016**

	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
RECEIPTS:		
County Treasurer - taxes	\$ 4,949,495	3,825,781
Subsidy on interest payments	--	--
Interest on investments	--	--
Total receipts	<u>4,949,495</u>	<u>3,825,781</u>
DISBURSEMENTS - principal and interest payments	<u>4,750,000</u>	<u>4,699,712</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 199,495</u>	(873,931)
FUND BALANCE, Beginning of year		<u>4,097,612</u>
FUND BALANCE, End of year		<u>\$ 3,223,681</u>

**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, 2016**

	<b>Budgeted (Original and Final)</b>	<b>Actual</b>
DISBURSEMENTS:		
Special pay deferral	\$ 225,000	193,329
Retirees' health and life insurance	700,000	644,007
Total disbursements	925,000	837,336
OTHER FINANCING SOURCES - Transfers in	925,000	840,000
CHANGE IN FUND BALANCE	\$ --	2,664
FUND BALANCE, Beginning of year		956,416
FUND BALANCE, End of year		\$ 959,080

**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, 2016**

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	<u>Budgeted</u> <u>(Original and Final)</u>	<u>Actual</u>
RECEIPTS - Student fees	\$ 125,000	49,945
DISBURSEMENTS:		
Salaries	125,000	50,045
Total disbursements	125,000	50,045
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	\$ --	(100)
FUND BALANCE, Beginning of year		--
FUND BALANCE, End of year		\$ (100)

**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, 2016**

	<u>Budgeted (Original and Final)</u>	<u>Actual</u>
<b>RECEIPTS:</b>		
Charges for sales and services - food sales	\$ 3,523,108	3,775,287
Federal subsidy	1,379,588	1,368,377
State subsidy	10,692	11,879
Other	22,612	10,822
	<u>4,936,000</u>	<u>5,166,365</u>
<b>DISBURSEMENTS:</b>		
Food purchases	2,038,400	2,183,014
Salaries	1,622,000	1,670,193
Equipment & real property maintenance	250,000	340,302
Group insurance and retirement	349,050	340,180
Supplies	160,300	168,516
Payroll taxes	102,800	122,941
Other sundry	129,850	79,025
Discretionary	328,100	--
	<u>4,980,500</u>	<u>4,904,171</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>\$ <u>(44,500)</u></b>	<b>262,194</b>
<b>OTHER FINANCING USES,</b>		
Transfers out	<u>--</u>	<u>(50,000)</u>
Total other financing sources uses	<u>--</u>	<u>(50,000)</u>
<b>CHANGE IN NET POSITION</b>	<b>\$ <u>(44,500)</u></b>	<b>212,194</b>
<b>NET POSITION, Beginning of year</b>		<u>171,528</u>
<b>NET POSITION, End of year</b>		<b>\$ <u>383,722</u></b>

**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, 2016**

	<b>Budgeted (Original and Final)</b>	<b>Actual</b>
RECEIPTS - Charges for sales and services - food sales	\$ 634,000	640,676
DISBURSEMENTS:		
Salaries	398,950	273,144
Food purchases	100,000	78,740
Group insurance and retirement	94,645	69,495
Payroll taxes	29,500	20,152
Supplies	18,950	12,284
Equipment & real property maintenance	6,500	41,729
Other sundry	13,055	22,024
Discretionary	3,000	--
Total disbursements	664,600	517,568
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (30,600)	123,108
NET POSITION, Beginning of year		394,158
NET POSITION, End of year		\$ 517,266

**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, 2016**

	<b>Budgeted (Original and Final)</b>	<b>Actual</b>
RECEIPTS - Activities	\$ 1,800,000	1,620,382
DISBURSEMENTS - Supplies and materials	<u>1,800,000</u>	<u>1,547,551</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$ --</u>	72,831
NET POSITION, Beginning of year		<u>705,924</u>
NET POSITION, End of year		<u>\$ 778,755</u>

	<b>Beginning Net Position</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Net Position</b>
Westside High Fund	\$ 515,955	1,230,163	1,261,463	484,655
Westside Middle Fund	124,447	151,992	112,286	164,153
Westbrook Elementary Fund	12,029	31,248	20,953	22,324
Hillside Elementary Fund	9,719	31,258	20,529	20,448
Loveland Elementary Fund	8,590	32,502	29,114	11,978
Access 66 Fund	550	10,959	389	11,120
Paddock Road Elementary Fund	2,069	17,098	8,981	10,186
School Fund	9,357	--	--	9,357
Oakdale Elementary Fund	2,949	28,315	22,514	8,750
Prairie Lane Elementary Fund	5,125	15,050	11,732	8,443
Westgate Elementary Fund	3,566	29,296	24,619	8,243
Swanson Elementary Fund	984	20,030	13,635	7,379
Rockbrook Elementary Fund	4,284	12,563	10,707	6,140
Sunset Hills Elementary Fund	<u>6,300</u>	<u>9,908</u>	<u>10,629</u>	<u>5,579</u>
TOTAL	<u>\$ 705,924</u>	<u>1,620,382</u>	<u>1,547,551</u>	<u>778,755</u>

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

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2016**

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	\$ 253,418
Passed through the Nebraska Department of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	28-0066-000	1,378,898
Special Education - Preschool Grants	84.173	28-0066-000	26,721
Total Special Education Cluster (IDEA)			1,405,619
Title I Grants to Local Educational Agencies	84.010	28-0066-000	644,019
Career and Technical Education - Basic Grants to States	84.048	28-0066-000	7,660
Special Education - Grants for Infants and Families	84.181	28-0066-000	14,055
Improving Teacher Quality State Grants	84.367	28-0066-000	140,363
School Improvement Grants	84.377	28-0066-000	76,895
Education for Homeless Children and Youth	84.196	28-0066-000	59,950
Total passed through the Nebraska Department of Education			2,348,561
Total U.S. DEPARTMENT OF EDUCATION			2,601,979
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through the Nebraska Department of Health & Human Services			
Medical Assistance Program	93.778	28-0066-000	84,766
Total U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			84,766
U.S. DEPARTMENT OF LABOR			
Passed through the Employment and Training Administration			
Youth CareerConnect Program	17.274	476002681	445,984
Total U.S. DEPARTMENT OF LABOR			445,984
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through the Nebraska Department of Education			
Summer Food Service Program	10.559	28-0066-000	170,871
National School Lunch Program	10.555	28-0066-000	1,197,505
Passed through the Nebraska Department of Health & Human Services			
Food Commodities Received - Non cash award	10.555	47600268100	441,204
Total Child Nutrition Cluster			1,809,580
Total U.S. DEPARTMENT OF AGRICULTURE			1,809,580
Total EXPENDITURES OF FEDERAL AWARDS			\$ 4,942,309

*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, 2016**

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**Note 1. 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, 2016. 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, Special Education – Grants for Infants and Families, 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 report purposes, the amount of federal expenditures shown is equal to the amount of federal funds received for the above mentioned awards.

**Note 3. Program Activity**

Various reimbursement procedures are used for federal awards received by the District. Additionally, most federal grant periods end September 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 grant.

**Note 4. Reporting Entity**

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

**Note 5. 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 6. 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, 2016, 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 4, 2016.

**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 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*.

Comments involving statutory and other legal matters about the District's operations for the year ended August 31, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*SEIM JOHNSON, LLP*

Omaha, Nebraska,  
November 4, 2016.

**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, 2016. 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 the requirements of 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, 2016.

**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 4, 2016.

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

**Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2016**

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**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 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 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 programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
10.555	Child Nutrition – Food Distribution
10.559	Child Nutrition – Summer Food Service 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.

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

**Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2016**

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**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None noted.

**IV. OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

IV-A-16 Certified Budget: District disbursements during the year ended August 31, 2016 did not exceed amounts budgeted as prohibited by the Nebraska Budget Act, Nebraska Revised Statutes Section 13-501.

IV-B-16 Average Daily Membership: We noted no instances of noncompliance with the calculation of average daily membership as specified in Title 92, Nebraska Administrative Code Chapter 2.

IV-C-16 Superintendent Transparency Act: Section 13-504, Revised Statutes Supplement, 2013 requires the District to make available any proposed superintendent contract or amendments to an existing superintendent contract, at least three days before the meeting of the Board of Education where the contract or amendment will be considered. The Statute further requires the District to publish a copy of such approved contract within two days after the meeting at which the contract was approved. We noted no instances of noncompliance with the publication of the approved superintendent contract.

IV-D-16 Annual Financial Report: The Annual Financial Report was submitted timely to the Nebraska Department of Education in accordance with the requirements of Title 92, Nebraska Administrative Code Chapter 8.

**V. SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**Item 2015-001: Review of Expenses Submitted for Reimbursement**

Criteria: Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87), section (C) Basic Guidelines (1a-j) states that allowable costs must not be included as a cost used to meet cost sharing in a prior period.

Condition: The District submits periodic reimbursement reports for program expenses incurred within the program period of availability. The reimbursement reports are supported by internal financial reports including payroll registers and general ledger detail. The Title I Grants to Local Educational Agencies reimbursement report submitted was overstated due to use of program expenses previously claimed for reimbursement.

Cause: The reimbursement report was not reviewed by a second individual prior to submitting the report to the Nebraska Department of Education.

Effect: The amount of reimbursement received by the District was greater than the amount that should have been reimbursed.

Questioned Costs: The amount of overstated costs of the Title I program reimbursed to the District due to the errors was \$26,685.

Recommendation: Management's close supervision and review is the best means to ensure all requirements are met. We recommend the District implement a second level of review over the reimbursement reports before they are submitted to the Nebraska Department of Education.

Correction Action Taken: Management improved the claim submission process and completed accurate reimbursement reports claiming costs that were incurred in the proper period.

Status: Finding cleared.

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

**Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2016**

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**Item 2015-002: Review of Expenses Submitted for Reimbursement**

Criteria:	Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87), section (C) Basic Guidelines (1a-j) states that allowable costs must be adequately documented.
Condition:	The District submits periodic reimbursement reports for allowable program expenses incurred. The reimbursement reports are supported by internal financial reports including payroll registers, time and effort/certification logs, and general ledger detail. The Title I Grants to Local Educational Agencies reimbursement report submitted was overstated due to use of program expenses that were for employee wages not supported by required time and effort logs or a semi-annual certification attesting to a program cost objective.
Cause:	The employee did not complete a time and effort log or a semi-annual certification supporting the allocation of their cost to the Title I program.
Effect:	The amount of reimbursement received by the District was greater than the amount that should have been reimbursed.
Questioned Costs:	The amount of overstated costs of the Title I program to the District due to the errors was \$6,267.
Recommendation:	Grant administration and oversight are the best means to ensure all requirements are met. We recommend the District review Title I program compliance requirements for targeted schools and implement procedures to complete and maintain time and effort logs for those employees serving Title I program objectives. Guidelines for time and effort reporting for the Title I program are included in the Nebraska Department of Education, State and Federal Grants Management Requirements and Guidance.
Correction Action Taken:	Management improved the process of document retention and maintained proper support of Title I program targeted costs.
Status:	Finding cleared.