

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

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

**AUGUST 31, 2005**

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

**ANNUAL FINANCIAL STATEMENTS AND  
ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS  
FOR THE YEAR ENDED AUGUST 31, 2005**

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DOUGLAS COUNTY, NEBRASKA**

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FOR THE YEAR ENDED AUGUST 31, 2005**

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October 21, 2005

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
**School District #17 - Millard Public Schools**  
Douglas County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each fund of School District #17 – Millard Public Schools, Douglas County, Nebraska (the "District"), as of August 31, 2005 and for the year then ended, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

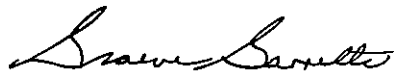
As described in Note 1, the financial statements were prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental activities and each fund of the District as of August 31, 2005 and the respective receipts and disbursements arising from cash transactions for the year then ended on the cash basis of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2005 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, as listed in the accompanying table of contents, including Management's Discussion and Analysis and the Budgetary Comparison Schedules and Note, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements. This schedule has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**GRAEVE GARRELTS DENHAM & BRUCE, LLC**

## MANAGEMENT'S DISCUSSION & ANALYSIS

### I. USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

#### A. Report Components

This annual report consists of five parts as follows:

##### 1. Government-Wide Financial Statements

The Statement of Net Assets–Cash Basis and the Statement of Activities–Cash Basis provide information about the activities of the District government-wide (or “as a whole”).

##### 2. Fund Financial Statements

Fund financial statements focus on the individual parts of the District's government. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant (“major”) funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

##### 3. Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

##### 4. Required Supplementary Information

This Management Discussion and Analysis (MD&A) and the Fund Budgetary Comparison Schedules represent financial information required to be presented by the GASB. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes to the financial statements (referred to as “the basic financial statements”).

##### 5. Supplementary Information

This part of the annual report includes the schedule of federal expenditures. This supplemental financial information is provided to

address certain specific needs of various users of the District's annual report.

#### B. Basis of Accounting

The District has elected to present the government-wide and the fund financial statements using the cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses. Under the District's cash basis of accounting, revenues are recognized when cash is received by the District and expenditures are recognized when cash is disbursed by the District. Only cash and investment balances are reported as assets; liabilities are not recorded. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

#### C. Reporting the District as a Whole

##### 1. The District's Reporting Entity Presentation

The District's financial statements are presented as the primary government and include all significant schools, departments, activities and organizations for which the District is financially accountable. The District has determined there is only one component unit that meets the criteria as set forth by GASB for inclusion in the financial statements.

##### 2. The Government-Wide Statements

The government-wide financial statements are presented on pages 11 and 12. One of the most important questions asked about the District's finances is, “Is the District as a whole better off or worse off as a result of the year's activities?” The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's activities resulting from the use of the cash basis of accounting; except for activities related to the Activities Fund and Student Fee Fund which are reported in separate statements on page 14.



These two government-wide statements report the District's net assets and changes in them. Over time, increases or decreases in the District's cash and investments are one indicator of whether its financial health is improving or deteriorating. The reader also needs to consider the other assets and liabilities which are not presented in these financial statements and other non-financial factors, such as changes in the District's property tax base and the condition of the District's capital assets (mainly buildings) to assess the overall health of the District.

### 3. The Fund Financial Statement

The financial statements of the District's funds are presented on page 13. The fund financial statements with budget comparisons begin on page 25. These financial statements provide detailed information about the District's funds – not the District as a whole.

Some funds are required to be established by State law, however the District is allowed to establish certain other funds to help it control and manage money for particular purposes.

The District's two kinds of funds (i.e., governmental funds and fiduciary funds) use different accounting approaches.

a. **Governmental Funds** – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of the those funds and the cash and investment balances left at year-end that are available for spending. Governmental fund information helps you determine (through a review of changes to fund balances) whether there is more or less available cash and investments that can be spent to finance the District's programs. The District considers all of its funds to be significant or major governmental funds.

b. **Fiduciary Funds** – These funds are used to account for assets that are held in a trustee or fiduciary capacity such as the school's activities and student fee funds.

The District currently has no proprietary funds. Proprietary funds are used to account for funds in which the District would charge a fee to customers to help it cover all or most of the cost of certain services it provides.

## I. OVERVIEW OF DISTRICT

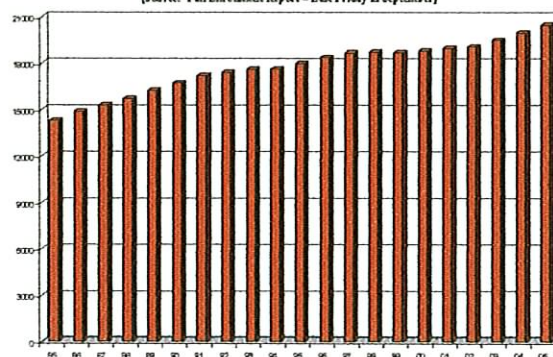
### A. Schools

The Millard Public Schools is a K-12 school system located in the southwestern part of the Omaha, Nebraska metropolitan area. The District is composed of 3 high schools (grades 9-12), 6 middle schools (grades 6-8), 23 elementary schools (grades K-5), and one alternative school. Except for Reeder Elementary School, all buildings are located in Douglas County. Approximately 90% of the taxable property value of the District is located in Douglas County. The other 10% is in Sarpy County.

### B. Students

Over the past few decades, there has been substantial growth in student enrollment in the District. In the fall of 1977, student enrollment K-12 was 9,267. The official student enrollment as of the last Friday of September, 2005 was 20,469 (see, Chart 1).

CHART 1  
**STUDENT ENROLLMENT**  
(Source: Fall Enrollment Report – Last Friday in September)



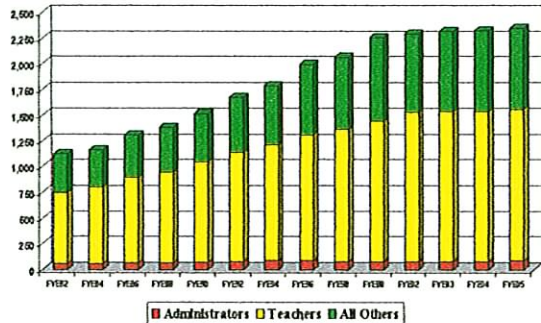
### C. Personnel

The growth in student enrollment has been accompanied by a growth in the number of employees working for the District (see, Chart 2).

The growth in the number of employees, of course, has impacted the budget for personnel costs. In addition to the growth in the number of employees, the personnel budget has been impacted by the District's increases in salary and benefits for all employees (in order to remain competitive with other employers). The increase in salary and benefits for employees in FYE05 was about 3.7%.



CHART 2  
**PERSONNEL**  
[Source: F&D Personnel Report]

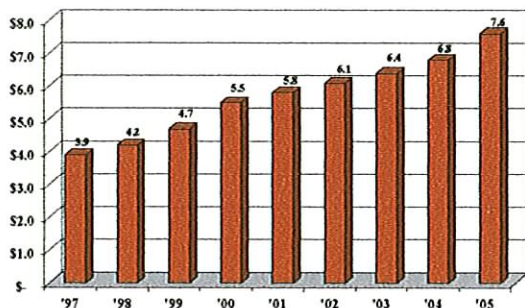


#### D. Valuation

The assessed value of property within the District has been increasing due to the revaluing of property and the growth in both new residential and new commercial developments in the area (see, Chart 3).

The rate of growth in property values in the District has fluctuated from year to year, but it has always increased. In 2000, the valuation increase was 16.5%. In 2002, the increase was only 3.8%. The increase in 2005 was 10.6%.

CHART 3  
**ASSESSED VALUE**  
[Source: August 20<sup>th</sup> County Assessor's Certifications - \$ Billions]



#### E. Tax Levy

Three of the District's funds receive monies through the property tax levy. These three are the general fund, the special building fund, and the bond fund. These funds are discussed in more detail hereinbelow.

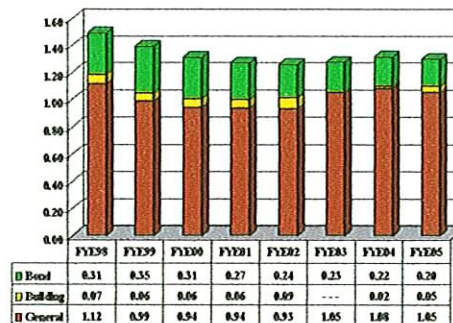
Despite the fact that the District passed an \$89 million bond issue in 1997 and another \$78 million in 2005, the total property tax levy in the District has trended downward (see, Chart 4).

In FYE98 the total levy was \$1.50. In FYE05 it was \$1.30.

This decline in the tax levy can be attributed in large part to the significant increase in taxable value in the District combined with the refunding of outstanding bonds (to take advantage of lower interest rates).

Since the District has been budgeting at or near the maximum levy permitted by the levy lid (see, "Statutory Lids" hereinbelow), it is likely that the total levy will remain at about the same level in future years.

CHART 4  
**TAX LEVY BY FUND**



#### F. Statutory Lids

The Nebraska legislature has enacted statutes which provide two "lids" on the school district's budgets. One is a spending lid. The other is a tax levy lid.

The spending lid provides for a basic limit of 0.0% on the growth of the District's expenditures from one year to the next.

The spending lid law, however, has special provisions for "low spending" districts and districts experiencing student enrollment growth.

The spending lid also provides an optional 1% spending increase that may be adopted by the local board of education. In FYE05 (and previous years), the board took advantage of this option.

Finally, the spending lid provides for exclusions for certain categories of expenses in the budget. The exclusion categories that impacted MPS in FYE05 were: (1) special education, (2) grants, (3) early retirement, and (4) interlocal agreements.

It should be noted that the spending lid's basic growth rate of 0% is scheduled to sunset in FYE06. For FYE06 and subsequent years, the basic growth rate will return to 2.5%.



In addition to the spending lid, the Nebraska legislature provided for a lid on the tax levies of school districts (and other political subdivisions). In FYE01, the tax levy lid was \$1.10 on the combined levy for the general fund and the building fund. In FYE02, the lid was reduced to \$1.00 (plus the costs associated with the District's early retirement program and the lost state aid resulting from LB898 – a total of about \$0.05 additional levy authority).

In FYE03, due to limited resources at the state level, state aid was reduced. However, at the same time, the property tax lid was increased to \$1.05 to offset the loss in state aid. The exemptions from the levy lid from FYE02 were continued, so the effective property tax lid for the District in FYE03 and subsequent years was a little over \$1.10 for the general fund and building fund combined.

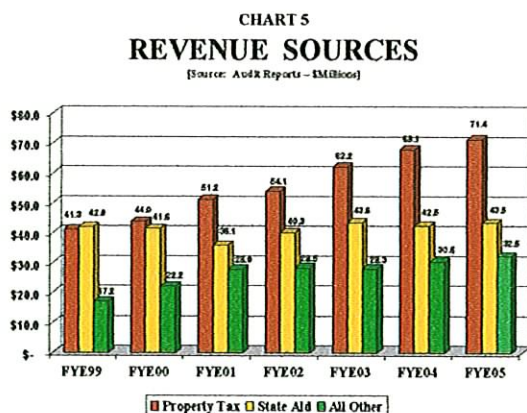
In FYE05, the District's budget was at the maximum permitted under the tax levy lid. Since the District hit the levy lid before hitting the spending lid, it has "unused budget authority" of \$5.2 million. This amount may be budgeted in future years if the property values in the District permit a levy sufficient to fund this unused authority.

#### IV. FUNDS

##### A. General Fund

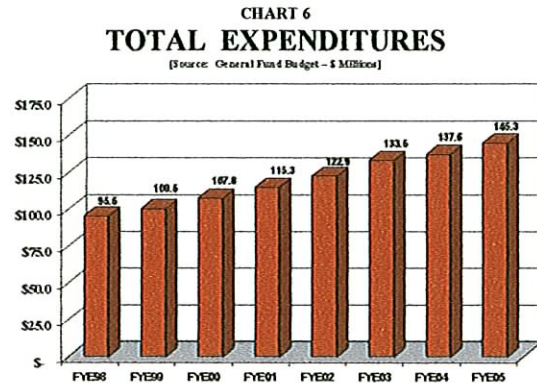
Nebraska Department of Education Rule 92 NAC 2 §003.03A provides in relevant part as follows:

*The General Fund may finance all facets of services rendered by the school district, inclusive of operation and maintenance.*



The general fund is funded by three major categories of revenue – property taxes, state aid, and other sources (i.e., grants, fines, vehicle licenses, state apportionment, etc.).

During the past few years, the proportion of the funding from each of these sources has shifted somewhat and the District has become more reliant upon property taxes than any other source (see, Chart 5). [Note: "All Other" includes changes, if any, in cash reserve.]



The total increase in the FYE05 budget of expenditures was about 5.6% over the preceding year (see, Chart 6).

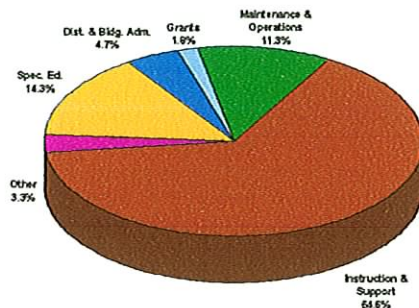
In FYE05, the budget was directed primarily towards the continuation of existing programs and services. There were, however, some funds appropriated for the opening of Reeder Elementary School (i.e., Elementary #23). The school opened in August for the start of the 05-06 school year.

The FYE05 budget provided for a 3.7% increase in salaries and benefits for teachers (i.e., the largest group of employees). This increase included an increase of about 10% in health insurance costs. The salary and benefits packages for other employees were similar to that granted to the teachers. Since education is a service industry, a majority of its costs are tied up in employee costs. Approximately 80% of the District's general fund expenditures are related to employee salaries and benefits.

Of the services provided by the District, the largest portion of the budget was related to classroom instruction and support. Special Education (including transportation for special education students) was second (see, Chart 7).



Chart 7  
**EXPENSE CATEGORIES**  
[Source: FYE05 Final Financial Report]

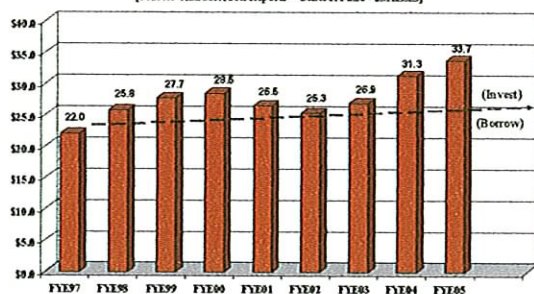


It was anticipated that the cash reserve at the conclusion of FYE05 would be similar to that of FYE04. In the end, however, the cash reserve was higher than anticipated. The increase was primarily due to the receipt of significantly more special education funding than expected as well as more revenue from property taxes and motor vehicle taxes. The unrestricted cash reserve at the end of FYE05 was \$33.7 million – up over \$2.4 million from FYE04 (see, Chart 8).

The cash reserve provides the District with monies to pay its obligations (e.g., payroll) during the year when it has not yet received sufficient property taxes or state aid to cover those obligations.

With a sufficient cash reserve, the District has funds to invest when they are not needed to meet obligations. If the reserve is not sufficient (i.e., about \$25 million) the District has to temporarily borrow money to meet its obligations. The first line of borrowing is from other District funds, namely the special building fund. The second line of funding is from commercial banks.

Chart 8  
**CASH RESERVE**  
[Source: Annual Audit Reports – General Fund – \$Millions]



In April of 2003, the District had to temporarily borrow about \$2 million from the special building fund due to the delayed payments made by the state. In subsequent years, the state aid payments were received on schedule and no borrowing was required.

## B. Special Building Fund

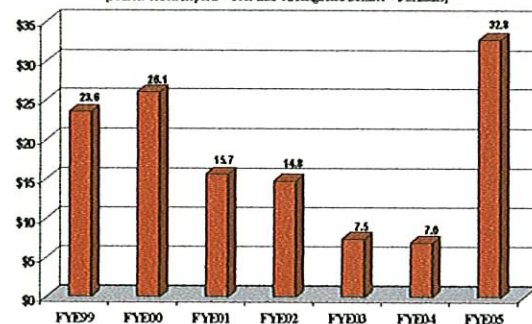
Nebraska Department of Education Rule 92 NAC 2 §003.03H provides in relevant part as follows:

*A Special Building Fund shall be established when a school district decides to acquire or improve sites and/or to erect, alter, or improve buildings.*

In FYE05, the District designated 5¢ of its property tax levy to the special building fund. This fund is used to address major capital issues (e.g., replacing roofs, parking lots, HVAC equipment, etc.).

The special building fund is also the repository for the proceeds from bond issuances. The proceeds are designated for the projects for which the bonds were issued.

Chart 9  
**SPECIAL BUILDING FUND**  
[Source: Audit Reports – Year End Undesignated Balance – \$Millions]



During FYE05, the District's residents voted in favor of a \$78 million dollar bond issue to construct new buildings and to renovate existing ones. The first \$30 million of approved bonds were issued during FYE05 and are reflected in the special building fund ending balance (see, Chart 9).

Of this \$32.8 million ending balance in the special building fund, approximately \$3.7 million was not designated to existing obligations (i.e., capital projects in progress, bond issue projects, and existing leases).



The "existing leases" noted above include: (1) lease payments to Connectivity Solutions Manufacturing, Inc. for office and warehouse space and (2) lease payments to Suburban Schools Building Corporation for the lease-purchase of Reeder Elementary School. These future commitments total about \$1.3 million per year.

Final payment on the Reeder Elementary School lease-purchase agreement will be made in FYE11. At that time, title to the building will vest with the District.

### C. School Lunch Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03F provides in relevant part as follows:

*The School Lunch Fund is required to accommodate the financial activities of all Child Nutrition Programs. These include the School Lunch, School Breakfast, Special Milk, Child and Adult Care Food, and the Summer Food Service Programs.*

The District maintains a food service program in each of its schools. In the past, the District's food service program has been self-supporting (i.e., the revenue has been sufficient to cover all direct expenses but not indirect expenses). Although the food service programs in some of the smaller elementary schools operate at a deficit, this deficit has generally been offset by the additional revenues generated at the larger and more efficient secondary schools.

In FYE04, the District elected to outsource the management of its food service program with Aramark.

At the end of FYE05, the fund balance in the food service fund was up about \$327,000 over the previous year.

As noted above, expenses (i.e., indirect costs) associate with insurance, payroll services, utilities, use of facilities, etc. are not included in the food service fund accounting. These indirect costs are paid through the general fund.

### D. Employee Benefit Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03C provides in relevant part as follows:

*An Employee Benefit Fund may be established in order to specifically*

*reserve General Fund money for the benefit of school district employees (unemployment compensation, early retirement, health insurance deductibles, etc.).*

The District uses the employee benefit fund for expenses related to its self-funded health insurance program (with United Health Care as the third party administrator).

In order to fund its health insurance plan for employees, the District budgets for health insurance premium payments in its general fund. These "payments" for health insurance premiums are transferred monthly into the Employee Benefit Fund. As medical claims are filed, UHC processes the claims and sends statements to the District. The District then pays the claims from the Employee Benefit Fund.

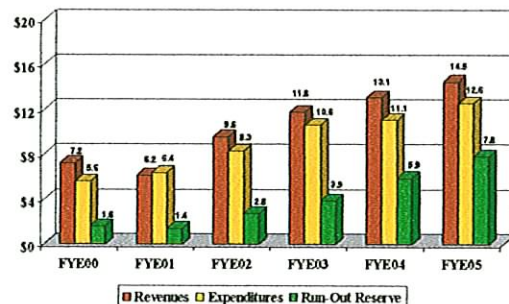
The District retains a "run-out reserve" in the Employee Benefit Fund to provide funds to pay claims that have been incurred during the year but have not yet been submitted for payment.

The goal is to have a reserve of at least 25%-30% of premiums in Employee Benefit Fund at the end of the fiscal year. The actual amount at the end of FYE05 was over 50% (see Chart 10).

This run-out reserve percentage will likely decrease in subsequent years because the District decided not to increase its assessment for premiums in FYE06 (even though a significant increase in expenditures is expected).

CHART 10  
EMPLOYEE BENEFIT FUND

[Source: Annual Audit Report - \$ Millions]



### E. Depreciation Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03B provides in relevant part as follows:

*A Depreciation Fund may be established by a school district in order*



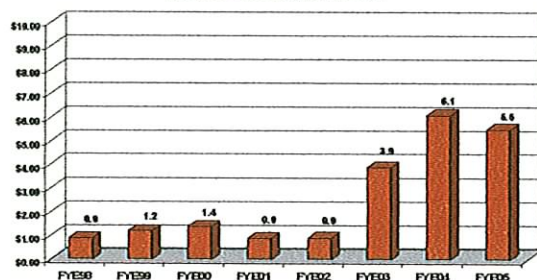
*to facilitate the eventual purchase of a costly capital outlay by reserving such monies from the General Fund.*

The monies in the depreciation fund are used to replace depreciable items. These items include copy machines, pianos, computers, printers, security cameras, band uniforms, etc. If sufficient funds are available, the monies may also be used for such things as the replacement of roofs, resurfacing of parking lots, replacing HVAC units, etc.

There are separate sub-accounts in the depreciation fund for each building in the District. There is also a district-wide account.

At the end of FYE05, the balance in the depreciation fund was down about \$600,000 from the previous year (see, Chart 11). Of the remaining balance, about \$1.8 million has been designated for the replacement of HVAC units at Millard South High School during FYE06. As a result, the undesignated balance available in the depreciation fund is about \$3.7 million.

CHART 11  
DEPRECIATION FUND BALANCE  
[Source: Annual Audit Report - \$ Millions]



#### F. Cooperative Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03J provides in relevant part as follows:

*The Cooperative Fund may be used by the school district acting as the fiscal agent for any cooperative activity between such district and one or more public agencies as defined in Section 13-803(2) R.R.S.*

During FYE05, the District had no funds that needed to be accounted for in the Cooperative Fund.

#### G. Bond Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03G provides in relevant part as follows:

*The Bond Fund shall be used to record tax receipts and the payment of bond principal and interest.*

During FYE05, the District issued the first \$30 million of bonds (pursuant to the passage of the \$78 million bond issue referendum in 2005). At the end of the fiscal year, the District had \$138.2 million in outstanding bonds carrying interest rates from 2.00 to 4.75%. The last bonds mature in 2025.

The District's maintains bond ratings of A1 (Moody's) and AA- (Standard & Poor's).

#### H. Activities Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03E provides in relevant part as follows:

*The Activities Fund is required to account for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities, not part of another fund.*

The central office and each of the 33 schools in the District maintains its own activities fund. These funds include such things as monies received from sporting events, funds raised by student organizations, receipts from vending machines, etc. The activities funds do not receive any revenue from the general fund or any other tax-supported funds.

#### I. Student Fees Fund

Nebraska Department of Education Rule 92 NAC 2 §003.03K provides in relevant part as follows:

*The student fee fund means a separate school district fund not funded by tax revenue, into which all money collected from students pursuant the Public Elementary and Secondary Student Fee Authorization (Section 79-1,125 to 79-2,135 R.R.S.) for participation in extracurricular activities, post-secondary education and summer and night school is deposited. Expenditures from this*



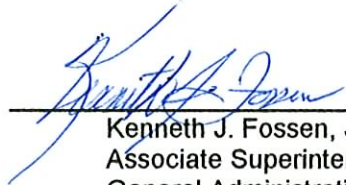
*fund must be for the purposes for which it was collected.*

Monies that are collected in student fees are deposited into the student fees fund. The expenditures associated with the programs

these monies fund are generally reflected in the activities fund. Periodically throughout the fiscal year, transfers of appropriate monies in the student fees fund are transferred to the activities fund to offset the appropriate expenditures.

\*\*\*\*\*

This Management's Discussion and Analysis (MD&A) is respectfully submitted this 21<sup>st</sup> day of October, 2005.

  
Kenneth J. Fossen, J.D.  
Associate Superintendent  
General Administration

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

**STATEMENT OF NET ASSETS - CASH BASIS**

**AUGUST 31, 2005**

**ASSETS**

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 3,995,963
Investments	<u>88,462,842</u>
 TOTAL ASSETS	 <u>\$ 92,458,805</u>

**NET ASSETS**

Restricted:	
Special building	\$ 32,782,533
School lunch	1,053,710
Debt service	11,544,512
Unrestricted:	
Board designated:	
Employee benefit	7,844,574
Depreciation	5,510,308
Undesignated	<u>33,723,168</u>
 TOTAL NET ASSETS	 <u>\$ 92,458,805</u>

See Notes to the Basic Financial Statements.

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

**STATEMENT OF ACTIVITIES - CASH BASIS**

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Net (Disbursements) Receipts and Changes in Net Assets	Cash Disbursements	Program cash receipts	
			Charges for Services	Operating Grants and Contributions
Governmental activities:				
Instructional services	\$ (69,894,957)	\$ (83,489,225)	\$ 122,853	\$ 13,471,415
Support services	(41,377,001)	(42,596,648)		1,219,647
Food services	684,246	(6,561,757)	6,208,585	1,037,418
Building maintenance and improvements	(25,507,911)	(25,507,911)		
Principal and interest on indebtedness	(14,425,158)	(14,425,158)		
Other	(342,051)	(342,051)		
Net program (disbursements) receipts	<u>(150,862,832)</u>	<u>\$ (172,922,750)</u>	<u>\$ 6,331,438</u>	<u>\$ 15,728,480</u>
General receipts:				
Taxes collected	99,487,387			
County receipts	864,297			
State receipts	47,104,562			
Federal receipts	1,322,666			
Investment earnings	915,653			
Proceeds for issuing bonds	29,941,148			
Other	732,750			
Total general receipts	<u>180,368,463</u>			
Increase in net assets	29,505,631			
Net assets - beginning of year	<u>62,953,174</u>			
Net assets - end of year	<u>\$ 92,458,805</u>			

See Notes to the Basic Financial Statements.

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

STATEMENT OF FUND BALANCES AND CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2005

	General Fund	Special Building	School Lunch	Special Revenue Funds	Depreciation	Debt Service Fund Bond	Total Governmental Funds
<b>RECEIPTS</b>							
Local receipts	\$ 83,217,925	\$ 3,408,734	\$ 2,947			\$ 13,776,677	\$ 100,406,183
County receipts	864,297						864,297
State receipts	56,398,674	36,172	29,698			152,662	56,617,206
Federal receipts	6,530,782		1,007,720				7,538,502
Sales of lunches			6,205,638				6,205,638
Interest	295,064	260,508	3,713	\$ 109,195	\$ 90,827	156,237	916,544
Non-revenue receipts	127,945	172,244					300,189
<b>TOTAL RECEIPTS</b>	<b>147,435,587</b>	<b>3,877,558</b>	<b>7,249,716</b>	<b>109,195</b>	<b>90,827</b>	<b>14,085,576</b>	<b>172,848,559</b>
<b>DISBURSEMENTS</b>							
Instructional services	79,982,959						79,982,959
Support services	50,413,164						50,413,164
Other salaries and benefits			3,084,137				3,084,137
Supplies and materials		1,432,862	54,710	12,822,098	839,973		17,464,781
Purchased services			3,409,821				3,409,821
Food			(1,453)				(1,453)
Capital outlay		2,926,446	14,542				3,790,961
Building and site acquisition and improvement		3,489,768					3,489,768
Other		218,555					218,555
Redemption of principal							
Debt service interest							
<b>TOTAL DISBURSEMENTS</b>	<b>130,396,123</b>	<b>8,077,641</b>	<b>6,561,757</b>	<b>12,822,098</b>	<b>839,973</b>		<b>172,922,750</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>17,039,464</b>	<b>(4,199,983)</b>	<b>687,959</b>	<b>(12,512,903)</b>	<b>(749,146)</b>	<b>(339,582)</b>	<b>(74,191)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from issuing bonds		29,941,148					29,941,148
Transfers in				14,474,704	142,686		14,617,390
Transfers out	(14,617,390)		(361,326)				(14,978,716)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(14,617,390)</b>	<b>29,941,148</b>	<b>(361,326)</b>	<b>14,474,704</b>	<b>142,686</b>		<b>29,579,922</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>2,422,074</b>	<b>25,741,165</b>	<b>326,633</b>	<b>1,961,801</b>	<b>(606,460)</b>	<b>(339,582)</b>	<b>29,505,531</b>
<b>FUND BALANCE - Beginning of year</b>	<b>31,301,094</b>	<b>7,041,358</b>	<b>727,077</b>	<b>5,982,773</b>	<b>6,115,768</b>	<b>11,894,094</b>	<b>62,353,174</b>
<b>FUND BALANCE - End of year</b>	<b>33,723,168</b>	<b>\$ 32,782,533</b>	<b>\$ 1,053,710</b>	<b>\$ 7,844,574</b>	<b>\$ 5,510,308</b>	<b>\$ 11,544,512</b>	<b>\$ 92,458,905</b>
<b>FUND BALANCE - CASH BASIS:</b>							
Cash and cash equivalents	\$ 1,582,205	\$ 32,782,533	\$ 1,053,710	\$ 232,000	\$ 5,510,308	\$ 1,128,048	\$ 3,995,963
Investments	32,140,963			7,612,574		10,416,464	88,462,842
<b>TOTAL FUND BALANCE - CASH BASIS - AUGUST 31, 2005</b>	<b>\$ 33,723,168</b>	<b>\$ 32,782,533</b>	<b>\$ 1,053,710</b>	<b>\$ 7,844,574</b>	<b>\$ 5,510,308</b>	<b>\$ 11,544,512</b>	<b>\$ 92,458,905</b>

See Notes to the Basic Financial Statements.



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

**STATEMENT OF NET ASSETS AND CHANGES IN NET ASSETS - CASH BASIS - FIDUCIARY FUNDS**

**AS OF AND FOR THE YEAR ENDED AUGUST 31, 2005**

<u>Activities Fund</u>	<u>Beginning Net Assets</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	<u>Ending Net Assets</u>
ADMINISTRATIVE OFFICE	\$ 260,568	\$ 354,040	\$ 260,227		\$ 354,381
HIGH SCHOOLS:					
North	650,313	791,342	890,191	\$ 111,624	663,088
South	496,511	753,741	909,629	99,626	440,249
West	330,420	837,445	883,343	95,047	379,569
MIDDLE SCHOOLS:					
Central	77,568	82,438	117,234	14,249	57,021
North	46,085	99,477	120,894	7,506	32,174
Beadle	20,420	26,411	37,725	4,896	14,002
Andersen	64,223	119,090	111,528	12,385	84,170
Kiewit	154,634	174,125	158,522	8,861	179,098
Russell	41,520	215,934	183,330	7,132	81,256
ELEMENTARY SCHOOLS:					
Abbott	22,285	19,781	14,871		27,195
Ackerman	8,223	44,419	40,090		12,552
Aldrich	1,421	11,220	6,534		6,107
Black Elk	20,004	38,915	44,233		14,686
Bryan	15,430	50,895	38,974		27,351
Cather	21,472	27,521	26,766		22,227
Cody	13,797	26,626	21,501		18,922
Cottonwood	10,975	9,863	8,512		12,326
Disney	11,170	18,203	17,551		11,822
Ezra Millard	13,927	21,139	23,378		11,688
Harvey Oaks	9,041	10,523	7,718		11,846
Hitchcock	8,830	18,705	16,265		11,270
Holling Heights	12,322	17,234	15,276		14,280
Montclair	12,690	32,526	36,689		8,527
Morton	5,922	25,883	23,797		8,008
Neihardt	16,642	24,354	29,420		11,576
Norris	17,926	24,942	24,530		18,338
Rockwell	26,827	23,053	18,512		31,368
Rohwer	21,074	33,715	40,064		14,725
Sandoz	9,063	23,338	25,525		6,876
Willowdale	7,320	38,105	35,885		9,540
Wheeler	26,017	27,607	29,325		24,299
SUMMER SCHOOL	(397)	1,036	543		96
MILLARD LEARNING CENTER	2,299	13,511	14,968		842
MSHS BUTTON FACTORY	49	785	603		231
ECHO HILLS SALES	846	2,358	1,388		1,816
MNHS LIFE SKILLS	436	430	524		342
Total Activities Fund	\$ 2,457,873	\$ 4,040,730	\$ 4,236,065	\$ 361,326	\$ 2,623,864
<u>Student Fee Fund</u>					
ALL SCHOOLS	\$ 211,541	\$ 1,178,378	\$ 1,219,108		\$ 170,811
NET ASSETS					
Cash and cash equivalents					\$ 2,071,087
Investments					723,588
TOTAL NET ASSETS - CASH BASIS HELD IN TRUST					\$ 2,794,675

See Notes to the Basic Financial Statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of School District #17 – Millard Public Schools, Douglas County, Nebraska's (the "District") significant accounting policies follows:

Except for the use of the cash basis of accounting as discussed below, the District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

The District's financial statements are presented as the primary government and include all significant schools, departments, activities and organizations for which the District is financially accountable. The District has determined that there are no potential component units that meet the criteria for inclusion in the financial statements.

Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Alternatively, business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District does not operate any significant business-type activities.

Fund Financial Statements – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, receipts and disbursements. Funds are organized into two major categories: governmental and fiduciary. The District currently has no proprietary funds. An emphasis is placed on major funds within the governmental and fiduciary categories. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District's management. In addition to the District's funds meeting the required criteria, the District's management has designated all remaining funds to be presented as major funds for financial reporting purposes.

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUND ACTIVITIES**

General Fund – This fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financing resources except those required to be accounted for in other funds.

Special Revenue Fund – These funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue funds:

*Special Building Fund* – This fund accounts for taxes levied and other revenues specifically maintained to acquire or improve sites and/or to erect, alter or improve buildings.

*School Lunch Fund* – This fund accounts for the operations of the District's child nutrition programs.

*Employee Benefit Fund* – This fund accounts for the reserve of money for the benefit of School District employees for fringe benefits through the transfer of monies from other funds.

*Depreciation Fund* – This fund accounts for resources designated and maintained for the eventual purchase of capital assets through transfer of monies from the General Fund.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs.

*Bond Fund* – This fund accounts for taxes levied and other revenues specifically earmarked for the retirement of bonded indebtedness.

**FIDUCIARY FUND ACTIVITIES**

Activities Fund – This fund is used to account for assets held by the District in a trustee capacity for various school organizations and activities.

Student Fees Fund – This fund is used to account for money collected from students that shall be expended for the purpose for which it was collected from the students.

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

**Measurement Focus**

In both the government-wide financial statements and the fund financial statements, the governmental activities are presented using a cash basis measurement focus. Their reported net assets/fund balance is considered a measure of "available cash and investments." The operating statements focus on cash received and cash disbursed.

**Basis of Accounting**

In the government-wide and the fund financial statements, the District prepares its financial statements using the cash basis of accounting. Accordingly, revenues are recognized when cash is received by the District and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This basis of accounting is applied to all transactions, including the disbursements for capital assets, receipt of proceeds from issuance of debt and the retirement of debt.

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all cash on hand, demand and savings accounts and certificate of deposit or short-term investments with an original maturity of three months or less from the date of acquisition.

Investments

Investments are carried at cost, which approximates fair value. Additional cash and investment disclosures are presented in Note 3.

Long-term Debt

Long-term debt arising from cash transactions for governmental funds is not reported as a liability in the government-wide or fund financial statements. The debt proceeds are, instead, reported as other financing receipts and payment of principal and interest reported as cash disbursements.



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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Equity Classification

*Government-Wide Statements:*

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.” However, if the funds have been designated by the Board of Education, these funds have been shown separately to distinguish their designation.

It is the District’s policy to use restricted net assets, first, prior to the use of unrestricted net assets, when a disbursement is made for purposes in which both restricted and unrestricted net assets are available.

*Fund Financial Statements:*

Governmental fund equity is reported as fund balance within each respective fund.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

*Government-Wide Financial Statements:*

Amounts reported in the fund financial statements as interfund receivables and payables, if any, would be eliminated in the governmental activities column of the Statement of Net Assets.

*Fund Financial Statements:*

Interfund activity, if any, within and among the governmental fund category is reported as follows in the fund financial statements:

- a. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables. The District has no such interfund balances as of August 31, 2005.
- b. Interfund reimbursements – repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- c. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as cash receipts and disbursements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**2. BUDGET PROCESS AND PROPERTY TAXES**

The District is required by state law to adopt annual budgets for the General Fund, Employee Benefit Fund, Bond Fund, Special Building Fund and School Lunch Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations.

The District follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

- The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing September 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at a public meeting to obtain taxpayer comments.
- On or before September 20, the budget is legally adopted by the Board of Education through passage of a resolution and is filed with the appropriate agencies on or before September 20.
- Total fund expenditures may not legally exceed total appropriations at the fund level or for "regular education" in the general fund without holding a public budget hearing and obtaining approval from the Board of Education. Appropriations lapse at fiscal year end and any revisions require Board approval.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent after the following April 1, with the second one-half becoming delinquent after August 1. The combined tax rate of the District for the year ended August 31, 2005 was \$1.2989 per \$100 of assessed valuation.

**3. DEPOSITS AND INVESTMENTS**

Nebraska Statute Section 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.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At August 31, 2005, the carrying amount of the District's deposits was \$5,343,290 and the bank balance was \$6,250,860. These deposits are insured through FDIC coverage or collateral held by the District's agent in the District's name. However, two accounts exceeded the normal FDIC coverage by \$215,391.

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**3. DEPOSITS AND INVESTMENTS, CONTINUED**

Investments of \$78,355,927 consist of the Nebraska School District Liquid Asset Fund Plus and are carried at cost, which approximates fair value. The Nebraska School District Liquid Asset Fund Plus is similar in nature to an open-end mutual fund designed specifically for Nebraska school entities, investing only in those securities allowable for such entities under Nebraska Law.

Investments of \$11,539,826 consist principally of money market funds and debt securities of U.S. Government Agencies. Included in this investment amount are cash equivalents totaling \$1,128,048.

At August 31, 2005, the District's activities fund also had \$418,725 of certificates of deposit, which have been included with bank deposits above.

The School District does not have a formal investment policy for custodial credit risk. As of August 31, 2005, the School District's investments were either insured or collateralized by securities held by financial institutions but not in the School District's name.

**4. FUNDS HELD BY COUNTY TREASURER**

The following balances were held by the Sarpy and Douglas County Treasurers for the District as of August 31, 2005. The monies were transferred to the District subsequent to August 31 and are not included as receipts or cash balances in the financial statements:

	<u>Sarpy County</u>	<u>Douglas County</u>
General Fund	\$1,029,546	\$ 973,478
Debt Service Fund	\$ 167,897	\$ 709,364
Special Building Fund	\$ 41,989	\$ 178,605

**5. LONG-TERM DEBT**

The following is a summary of general long-term debt transactions of the District for the year ended August 31, 2005:

	<u>General Obligation Bonds</u>
Balance, August 31, 2004	\$ 118,545,000
Additions:	
New obligations	30,000,000
Deductions:	
Payment of principal	<u>10,385,000</u>
Balance, August 31, 2005	<u>\$ 138,160,000</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**5. LONG-TERM DEBT, CONTINUED**

Bonds Payable - The following individual general obligation bond issues are outstanding at August 31, 2005:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Final Maturity Date</u>
July 1, 1999	4.70% to 4.75%	\$ 9,150,000	2017
October 15, 2001	3.00% to 3.20%	10,995,000	2008
November 14, 2002	3.63% to 4.50%	26,995,000	2017
April 23, 2003	2.00% to 4.25%	31,010,000	2019
March 1, 2004	2.00% to 3.50%	30,010,000	2016
May 15, 2005	4.00% to 4.50%	<u>30,000,000</u>	2025
<b>TOTAL</b>		<b><u>\$138,160,000</u></b>	

Aggregate principal and interest payments applicable to the District's bonds subsequent to August 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 10,685,000	\$ 5,073,421	\$ 15,758,421
2007	10,830,000	4,564,613	15,394,613
2008	6,860,000	4,344,740	11,204,740
2009	7,665,000	4,151,368	11,816,368
2010	7,460,000	3,930,021	11,390,021
2011-2015	41,150,000	15,567,458	56,717,458
2016-2020	33,020,000	7,819,764	40,839,764
2021-2025	<u>20,490,000</u>	<u>2,859,075</u>	<u>23,349,075</u>
<b>TOTAL</b>	<b><u>\$138,160,000</u></b>	<b><u>\$48,310,460</u></b>	<b><u>\$186,470,460</u></b>

Bond Issuance

In December 2004, the District approved a \$78,000,000 bond issue to be spread over 2005, 2006 and 2007. Over the three years the District will issue bonds in the amount of \$30,000,000, \$22,760,000 and \$25,240,000 respectively.

On February 15, 2005, the District issued \$30,000,000 in General Obligation Bonds with an average interest rate of 4.25% to finance the cost of acquiring sites for school buildings, constructing new school buildings or purchasing an existing building or buildings, constructing additions or making repairs to existing school buildings, and providing the necessary furniture, equipment, including technology, and apparatus for such school buildings and school building additions.



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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**6. SPECIAL BUILDING FUND COMMITMENTS**

The District has approximately \$4,560,000 of commitments for the construction of new buildings, building additions, improvements and related building and site costs as of August 31, 2005 that will be paid from the proceeds of the February 15, 2005 bond issue

The District has approximately \$723,000 of other commitments for the construction of new buildings, building additions, improvements and related building and site costs as of August 31, 2005.

**7. LEASE COMMITMENTS**

The District has non-cancelable operating lease agreements for 18 vans used for transportation of students in special education programs during the year ended August 31, 2005. These leases expire on various dates through August 2009. The District also has non-cancelable lease agreements for vehicles used by the administration and maintenance. These leases expire on various dates through September 2008.

In addition, the District has a lease agreement with Connectivity Solutions Manufacturing for office and warehouse space to be utilized by the District's Technology Department. This lease expires in 2009.

Finally, the District has a lease agreement with Suburban Schools Building Corporation (Suburban) for an elementary school. Suburban acquired the land and then issued certificates of participation to fund the construction of the elementary school. Lease payments related to this agreement began May, 2004 and the lease expires May, 2001. The District has the option to purchase the building at the end of the lease.

Future minimum lease payments for all leases are approximately as follows:

	<u>Amount</u>
Fiscal Year End:	
2006	\$1,296,514
2007	1,280,226
2008	1,280,929
2009	1,206,694
2010	1,059,322
2011	<u>1,053,570</u>
TOTAL	<u>\$7,177,255</u>

The total paid for lease commitments for the year ended August 31, 2005 was \$1,431,663, of which \$271,168 of the total lease commitments was paid out of the Special Building Fund and the remainder of the lease commitments was paid out of the General Fund.

**8. NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM**

Plan Description – The District contributes to the Nebraska School Employees Retirement System (NSERS), 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

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**8. NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

establishes benefit provisions. 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, 1221 N Street, Suite 325, P.O. Box 94816, Lincoln, Nebraska 68509-4816 or by calling 1-800-245-5712.

The total payroll for the School District employees covered by NSERS for the year ended August 31, 2005 was \$87,756,231. The total payroll for all School District employees for the year ended August 31, 2005 was \$95,609,533.

All School District employees who work 15 hours or more per week by August 15 preceding the school year participate in NSERS. Normal retirement is after completion of five years of service and age 65 or under the rule of 85 (when age plus years of service equals 85 and age must be at least 60). A monthly benefit is provided through either a savings and service annuity or a formula benefit annuity, whichever is greater. Early retirement is available on a reduced benefits basis. There are also vesting provisions for termination prior to retirement, as well as death and disability benefits established by Nebraska Statutes.

Funding Policy - In accordance with Nebraska Statutes §79-1531 and §79-1540, employee contributions are made in accordance with statute and the recommendation of an actuary (study as of June 30, 1996) and employer contributions are based upon 101% of employee contributions. Employee contribution requirements for the year ended August 31, 2005 were 7.25% of covered payroll. Actual employer and employee contributions made for the year ended August 31, 2005 were \$6,425,950 (7.32% of covered payroll) and \$6,362,327 (7.25% of covered payroll), respectively.

Actual employer and employee contributions made for the year ended August 31, 2004 were \$6,173,655 (7.32% of covered payroll) and \$6,112,530 (7.25% of covered payroll), respectively. Actual employer and employee contributions made for the year ended August 31, 2003 were \$6,021,228 (7.32% of covered payroll) and \$5,961,615 (7.25% of covered payroll), respectively.

**9. COMMITMENTS AND CONTINGENCIES**

Grant Program Involvement

The District participates in a number of state and federally assisted programs. These programs are subject to financial and compliance audits of various agencies and departments, many of which have not yet been performed. The District's management believes that the amount of expenditures, if any, which may be disallowed by the granting agencies would not be significant.

Compensated Absences

As a result of the District's use of the cash basis of accounting, accrued liabilities related to compensated absences (sick leave only; vacation does not vest) and any employer-related costs earned and unpaid, are not reflected in the government-wide or fund financial statements. Under the District plan, faculty, administrators and some support staff are paid \$50 per day for any sick leave accumulated over 80 days. Employees receive 12 days of sick leave per year and cannot accumulate over 80 days. Faculty and administrators' accumulated sick leave over 80 days is paid at the end of the fiscal year.

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

**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**9. COMMITMENTS AND CONTINGENCIES, CONTINUED**

Litigation

The Board of Trustees of the Omaha Public Schools (OPS) has made public announcements and initiated official request to officials of the State of Nebraska and Douglas County, Nebraska to declare all public schools of the Millard Public School (MPS) District that lie within the boundaries of the City of Omaha belong to OPS. If OPS prevailed in its claim, 17 schools in the MPS district would be lost to OPS. MPS has countered the claim, asserting that such a transfer of schools would violate state law.

While officials of both the State of Nebraska and Douglas County have, citing lack of authority, rejected the requests of OPS, this is a developing issue and its direction and outcome is indeterminable at this time.

The District is involved in various legal actions whereby certain parties are making claims for damages. Management believes the outcome of these proceedings will not have any material financial impact on the District.

**10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The District manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions	Purchased commercial insurance	Deductible
b. Health	Self-funded and purchased insurance	Stop-loss
c. Workers Compensation - employee injuries	Purchased commercial insurance	None
d. Physical property loss and natural disasters	Purchased commercial insurance	Deductible

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

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

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

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2004		\$ 31,301,094	
Receipts:			
Local receipts:			
Local property taxes	\$ 71,211,537	71,436,122	\$ 224,585
Motor vehicle taxes	9,000,000	9,529,428	529,428
Carline tax	7,415	6,689	(726)
Public power district sales tax	1,500,000	1,487,205	(12,795)
Tuition received from individuals - General Education		122,853	122,853
Interest	50,000	296,064	246,064
Local Fines and License Fees	500,000	592,808	92,808
Gifts/donations		23,465	23,465
Community services activities		2,911	2,911
Other local receipts		16,344	16,344
	<u>82,268,952</u>	<u>83,513,889</u>	<u>1,244,937</u>
County receipts:			
County fines and license fees	<u>900,000</u>	<u>864,297</u>	<u>(35,703)</u>
State receipts:			
State aid	43,472,738	43,472,738	
Special education programs	7,000,000	8,224,675	1,224,675
Special education transportation	1,000,000	1,219,647	219,647
Pro rata motor vehicle		222,521	222,521
Homestead exemption		580,450	580,450
High ability leaders		154,855	154,855
State apportionment	1,400,000	1,791,282	391,282
Textbook loan		38,624	38,624
Other state receipts	500,000	693,882	193,882
	<u>53,372,738</u>	<u>56,398,674</u>	<u>3,025,936</u>
Federal receipts:			
Title I	613,705	315,560	(298,145)
Special education - Grants to states	1,335,000	2,012,005	677,005
Special education - Additional funds		2,317,763	2,317,763
MEDICAID in public schools	24,000	288,647	264,647
Goals 2002	100,000	100,000	
Safe and drug-free schools and communities	97,928	13,902	(84,026)
Federal vocational and applied technology education	183,160	122,648	(60,512)
Innovation education program strategies	21,337	340,140	318,803
Other categorical	328,564	15,033	(313,531)
Other federal receipts	355,306	1,005,084	649,778
	<u>3,059,000</u>	<u>6,530,782</u>	<u>3,471,782</u>

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

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

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Receipts (continued):			
Non-revenue receipts:			
Sale of property		\$ 16,698	\$ 16,698
Other		<u>111,247</u>	<u>111,247</u>
Total receipts	<u>\$ 139,600,690</u>	<u>147,435,587</u>	<u>7,834,897</u>
Disbursements:			
Non-special education	74,371,227	74,287,946	83,281
Special education programs	15,144,120	15,781,286	(637,166)
Support services - pupils	9,108,701	9,133,903	(25,202)
Support services - staff	5,978,023	5,401,822	576,201
Board of education	1,990,345	2,000,108	(9,763)
Executive administration services	2,309,176	2,265,406	43,770
Office of the principal	8,509,440	8,576,225	(66,785)
General administration - business services	3,954,187	3,762,442	191,745
Vehicle acquisition and maintenance	156,500	154,939	1,561
Support services - maintenance and operation of building and site	14,620,005	16,435,358	(1,815,353)
Support services - regular pupil transportation	1,015,301	1,041,217	(25,916)
Support services - school age special education transportation	2,270,761	2,324,544	(53,783)
Community services	36,500	54,117	(17,617)
State categorical programs	40,024	102,232	(62,208)
Federal programs and other categorical aid	5,418,573	3,344,517	2,074,056
Summer school	6,750	59,517	(52,767)
Other	<u>343,399</u>	<u>287,934</u>	<u>55,465</u>
Total disbursements	<u>145,273,032</u>	<u>145,013,513</u>	<u>259,519</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (5,672,342)</u>	<u>2,422,074</u>	<u>\$ 8,094,416</u>
Budgetary fund balance, August 31, 2005		<u>\$ 33,723,168</u>	

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

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

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2004		\$ 7,041,368	
Receipts:			
Local receipts:			
Local property taxes	\$ 3,391,026	3,180,232	\$ (210,794)
Motor vehicle tax			
Carline taxes	100	236	136
Public power district sales tax	50,000	70,798	20,798
Interest	100,000	260,508	160,508
Other local receipts		157,468	157,468
State reimbursement:			
Homestead exemptions		27,409	27,409
Pro rata motor vehicle	4,900	8,763	3,863
Non-revenue receipts	445,000	172,244	(272,756)
Total receipts	3,991,026	3,877,658	(113,368)
Disbursements:			
Purchased services		1,432,862	(1,432,862)
Capital outlays		2,926,446	(2,926,446)
Site acquisition and improvement		1,529,991	(1,529,991)
Building, acquisition and improvement	10,866,743	1,969,777	8,896,966
Other		218,565	(218,565)
Total disbursements	10,866,743	8,077,641	2,789,102
Other financing sources (uses):			
Proceeds from issuing bonds		29,941,148	
Excess (deficiency) of receipts over disbursements	\$ (6,875,717)	25,741,165	\$ 2,675,734
Budgetary fund balance, August 31, 2005		\$ 32,782,533	

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

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

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2004		\$ 727,077	
Receipts:			
Local receipts:			
Sale of lunches/milk	\$ 7,500,000	6,205,638	\$ (1,294,362)
Interest	10,000	3,713	(6,287)
Other	75,000	2,947	(72,053)
State reimbursement	45,000	29,698	(15,302)
Federal reimbursement	770,000	1,007,720	237,720
Total receipts	8,400,000	7,249,716	(1,150,284)
Disbursements:			
Food		(1,453)	1,453
Salaries and benefits	3,500,000	3,084,137	415,863
Supplies and materials	650,000	54,710	595,290
Contracted services	3,800,000	3,409,821	390,179
Capital outlays	50,000	14,542	35,458
Operational disbursements to the General Fund		361,326	(361,326)
Total disbursements	8,000,000	6,923,083	1,076,917
Excess (deficiency) of receipts over disbursements	\$ 400,000	326,633	\$ (73,367)
Budgetary fund balance, August 31, 2005		\$ 1,053,710	



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

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -  
EMPLOYEE BENEFIT FUND**

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2004		<u>\$ 5,882,773</u>	
Receipts:			
Local receipts:			
Interest income	\$ 100,000	108,304	\$ 8,304
Other		891	
Operational transfers from the General Fund	<u>14,400,000</u>	<u>14,474,704</u>	<u>74,704</u>
Total receipts	<u>14,500,000</u>	<u>14,583,899</u>	<u>83,008</u>
Disbursements:			
Purchased services	<u>18,000,000</u>	<u>12,622,098</u>	<u>5,377,902</u>
Total disbursements	<u>18,000,000</u>	<u>12,622,098</u>	<u>5,377,902</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (3,500,000)</u>	<u>1,961,801</u>	<u>\$ 5,460,910</u>
Budgetary fund balance, August 31, 2005		<u>\$ 7,844,574</u>	

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

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

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2004		\$ 6,116,768	
Receipts:			
Local receipts:			
Interest income		90,827	\$ 90,827
Receipts:			
Operational transfers from the General Fund		142,686	142,686
Total receipts		233,513	233,513
Disbursements:			
Capital Outlays:			
Furniture and equipment	\$ 3,000,000	839,973	2,160,027
Total disbursements	3,000,000	839,973	2,160,027
Excess (deficiency) of receipts over disbursements	\$ (3,000,000)	(606,460)	\$ 2,393,540
Budgetary fund balance, August 31, 2005		\$ 5,510,308	

**SCHOOL DISTRICT #77, MILLARD PUBLIC SCHOOLS  
DOUGLAS COUNTY, NEBRASKA**

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

**FOR THE YEAR ENDED AUGUST 31, 2005**

	Original & Final Budget	Actual	Variance with Budget Favorable (Unfavorable)
Budgetary fund balance, September 1, 2004		\$ 11,884,094	
Receipts:			
Local receipts:			
Local property taxes	\$ 13,489,500	13,493,730	\$ 4,230
Carline taxes	5,000	1,291	(3,709)
Public Power District	450,000	281,656	(168,344)
Interest	325,000	156,237	(168,763)
State reimbursement:			
Homestead exemptions		109,886	109,886
Pro rata motor vehicle		42,776	42,776
Non-revenue receipts	230,500		(230,500)
Total receipts	14,500,000	14,085,576	(414,424)
Disbursements:			
Redemption of principal	10,385,000	10,385,000	
Debt service interest	4,040,157	4,040,158	(1)
Total disbursements	14,425,157	14,425,158	(1)
Excess (deficiency) of receipts over disbursements	74,843	(339,582)	(414,425)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ 74,843	(339,582)	\$ (414,425)
Budgetary fund balance, August 31, 2005		\$ 11,544,512	

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

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION -  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED AUGUST 31, 2005**

**1. BUDGETARY ACCOUNTING**

The District prepares its budget for the Governmental Funds on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

The term "Budgetary Fund Balance" used in these supplementary schedules is synonymous with the terms "Fund Balance – Cash Basis" used in the basic financial statements.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED AUGUST 31, 2005**

<u>Federal Grantor/Pass Through Entity/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>		
Passed through Nebraska Department of Education		
National School Lunch Program	10.555	\$ 1,007,720
Passed through the Nebraska Department of Social Services		
Food distribution	10.550	559,975
Total U.S. Department of Agriculture		<u>1,567,695</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>		
Teaching American History	84.215X	\$ 119,362
Physical Education Program	84.215F	26,273
Smaller Learning Communities	84.215L	6,840
Passed through Nebraska Department of Education		
Title I, Part A of the Elementary and Secondary Education Act	84.010	592,794
Individuals with Disabilities Education Act	84.027	4,643,549
Vocational Education - Basis Grant	84.048	117,368
Innovation Education Program Strategies Interagency Planning Grant	84.181	12,048
Innovation Education Program Strategies	84.298	88,347
Tech Literacy	84.318	6,143
English Language Acquisition	84.365	12,332
NCLB - Title IV	84.168	54,721
Improving Teacher Quality	84.367	320,394
Safe and Drug-Free Schools and Communities (Title IV, Part A of ESEA)	84.186	8,325
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	85,539
Total U.S. Department of Education		<u>6,094,035</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>		
Passed through Nebraska Department of Health and Human Services System		
MEDICAID in Public Schools	93.778	288,647
<b>OTHER FEDERAL PROGRAMS</b>		
Teammates	16.726	4,228
<b>TOTAL</b>		<u>\$ 7,954,605</u>

See Note to the Schedule of Expenditures of Federal Awards.

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

**NOTE TO SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation – The accompanying Supplementary Schedule of Expenditures of Federal Awards has been prepared on a cash basis of accounting with the exception of commodities received under the food distribution of \$559,975. Under this method, expenditures are recognized when disbursements are made. Some programs are funded jointly by District appropriations and Federal funds.

Expenditure Presentation – Expenditures of Federal funds for the National School Lunch Program, Medicaid in Public Schools and Food Distribution are not separately identifiable in the accounting records of the District. These programs are jointly funded with District monies and expenditures and are not required to be accumulated in the accounting records by funding source. For report purposes, the amount of Federal expenditures is shown equal to the amount of Federal funds received.

Program Activity – Various reimbursement procedures are used for Federal awards received by the District. Additionally, most Federal grant periods ended June 30, while the District's year-end is August 31. Consequently, timing differences between expenditures and program reimbursement can exist at the beginning and end of the year. These timing differences will be resolved over the term of the grants.

October 21, 2005

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education  
**School District #17 - Millard Public Schools**  
Douglas County, Nebraska

We have audited the financial statements of the governmental activities and each fund of School District #17, Millard Public Schools, Douglas County, Nebraska, (the "District") as of and for the year ended August 31, 2005 which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2005. Our report disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 statements 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*.



This report is intended solely for the information and use of the Board of Education, management, officials of the Nebraska Department of Education, the Nebraska Auditor of Public Accounts, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



GRAEVE GARRELTS DENHAM & BRUCE, LLC

October 21, 2005

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
**School District #17 - Millard Public Schools**  
Douglas County, Nebraska

Compliance

We have audited the compliance of School District #17 – Millard Public Schools, Douglas County, Nebraska (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance 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; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

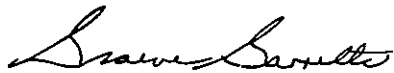
In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended August 31, 2005.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited would occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, the Nebraska Department of Education, the Nebraska Auditor of Public Accounts, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



**GRAEVE GARRELTS DENHAM & BRUCE, LLC**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2005**

**A. SUMMARY OF AUDITOR' S RESULTS**

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were reported.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal award programs were reported.
5. The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The major programs for the District for the year ended August 31, 2005 are as follows:
  - Individuals with Disabilities Education Act – CFDA # 84.027
8. A threshold of \$500,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The District did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**B. FINANCIAL STATEMENT FINDINGS**

None

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None