

**CASS COUNTY SCHOOL DISTRICT NO. 1
PLATTSMOUTH, NEBRASKA**

FINANCIAL STATEMENTS

AUGUST 31, 2014

(WITH INDEPENDENT AUDITOR'S REPORTS)

CASS COUNTY SCHOOL DISTRICT NO. 1

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Cass County School District No. 1
Plattsmouth, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cass County School District No. 1 (the District), as of and for the year ended August 31, 2014 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1.D.; this includes determining that the 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 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, 2014, and the related receipts, disbursements, and activities arising from cash transactions, for the year then ended in conformity with the cash basis of accounting described in Note 1.D.

Basis of Accounting

As described in Note 1.D., the District prepares its financial statements on the cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Supplementary and 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. The accompanying Management's Discussion and Analysis, the Combined Schedule of Cash Receipts, Disbursements, and Fund Balances, the General Fund Components - Combining Schedule of Receipts, Disbursements, and Fund Balances, the General Fund Supplemental Schedule of Operational Disbursements, the Fiduciary Fund Schedule of Changes in Cash Balances and the Schedules of Cash Receipts, Disbursements and Fund Balance – Budget and Actual are presented for purposes of additional analysis and are not required parts of the basis financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Combined Schedule of Cash Receipts, Disbursements, and Fund Balances, the General Fund Components - Combining Schedule of Receipts, Disbursements, and Fund Balances, the General Fund Supplemental Schedule of Operational Disbursements, the Fiduciary Fund Schedule of Changes in Cash Balances and the Schedule of Expenditures of Federal Awards are the responsibility of management and were 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The Management's Discussion and Analysis and the Schedules of Cash Receipts, Disbursements and Fund Balance – Budget and Actual have not been subjected to the auditing procedures applied in the audit of the basis 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 3, 2014 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, 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* in considering the District's internal control over financial reporting and compliance.

Frankel Zacharia LLC

November 3, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
CASS COUNTY SCHOOL DISTRICT NO. 1
(Unaudited)

The Management's Discussion and Analysis (MD&A) of the Cass County School District No. 1 provides an overview and analysis of the District's financial activities for the fiscal year ended August 31, 2014. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section, and the notes thereto to enhance their understanding of the District's financial performance.

OVERVIEW AND BACKGROUND FOR FINANCIAL STATEMENTS

This annual report consists of three parts: (1) Management's Discussion and Analysis (this section); (2) the Basic Financial Statements; and (3) Supplemental and Other Information and the Single Audit (Federal Funds).

The accompanying basic financial statements have been prepared on the cash basis of accounting. Therefore, no capital assets are reported in this analysis. The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities that rely on fees, charges and donations 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 revenues 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 District considers the School Lunch Fund to be a proprietary fund.

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 the District's commitments, contingencies, and long-term debt obligations that are not reported in the cash basis financial statements. The statements are followed by a section of Supplementary and Other Information that further explains and supports the information in the financial statements.

FINANCIAL HIGHLIGHTS

The District's total net position as of August 31, 2014 was \$5,248,647 down \$379,672 from the 2012-13 net position of \$5,628,319.

The fund balance of the General Fund decreased by \$522,693.

The Bond Fund had an ending balance of \$57,056, which reflects the loan from General Fund to cover bond obligations. The District made principal and interest payments on its bond issues totaling \$5,540,000.

Total outstanding bond debt at the end of the 13-14 fiscal year was \$9,077,379, including interest, with \$1,180,000 of net bond principal debt retired during the year.

The fund balance of the Head Start fund was stable, with an ending balance of \$137 in program funds, and a deficit of \$4,714 in the CACFP nutrition fund.

The Qualified Capital Purpose Undertaking Fund (QCPUF) ended the year with a fund balance of \$790,619. The district sold a parcel of land to Bomgaars' parent company with net proceeds of \$398,011. These funds were deposited into the QCPUF fund pending reallocation of funds by the Board of Education.

The School Lunch Fund balance on August 31, 2014, was \$170,914. Federal reimbursement to the district for food was \$448,368, down \$27,250 from 12-13.

The net position of the Fiduciary Funds, though not considered material for purposes of reporting the financial condition of the District's assets, are of interest to management. Fiduciary Funds include the Activities Account, the Student Fee Fund, the Wiley Memorial Scholarship and the Wiles Scholarship. The activities account, exclusive of the scholarship funds, increased in value by \$5,672, with an ending balance of \$202,877. The Student Fee Fund increased in value by \$18,188, with an ending balance of \$71,172. The Wiley Memorial Scholarship Fund decreased in value by \$31,816, with an ending balance of \$978,198. The Wiles Scholarship decreased in value by \$2,466, with an ending balance of \$19,646.

Financial Analysis of the District as a Whole

Total Governmental Funds - The District's Revenue was \$20,787,661 for the fiscal year 2013-14. Local sources of revenue accounted for 42.80% of the District's revenue, 46.94% of the revenue was from state sources and 10.26 % came from federal sources.

The District disbursed \$20,610,323 in 2013-14. The District expended 56.16% of its total funds on instruction, and 29.66% on support services related to instruction. Business and administrative services, buildings and grounds, and pupil transportation contributed to the remaining 14.18% of expenditures. These figures include the bond payments under the support services category.

**Plattsmouth Community School District
Levies 2012-13 and 2013-14**

	<u>2012-13</u>	<u>2013-14</u>	<u>Change</u>
General Fund	1.0240	0.9946	(.0294)
Bond Fund	0.2203	0.2411	.0208
QCPUF	<u>0.0162</u>	<u>0.0231</u>	<u>.0069</u>
Total	<u>1.2605</u>	<u>1.2588</u>	<u>(.0017)</u>

**Plattsmouth Community School District
General Fund Receipts
Comparison of 2010-11 to 2013-14**

<u>Revenue Source</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Local	\$ 6,927,354	7,045,407	6,980,264	6,916,467
State	9,167,893	8,970,101	9,441,913	9,633,877
Federal	3,045,014	1,003,589	1,156,505	920,968
Other	<u>131,412</u>	<u>98,267</u>	<u>104,248</u>	<u>102,092</u>
	<u>\$ 19,271,673</u>	<u>17,117,364</u>	<u>17,682,930</u>	<u>17,573,404</u>

Disbursements decreased by less than 1% from 2012-2013 to 2013-2014.

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2010-11 to 2013-14**

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Disbursements				
Regular instruction	\$ 7,172,184	8,233,256	8,571,059	8,622,548
Special education	3,024,449	3,267,963	3,350,871	3,330,343
Pupil support	385,972	435,395	438,930	829,167
Gifted program	7,942	13,025	12,799	12,899
Guidance services	223,639	275,762	292,338	298,665
Health services	74,788	75,611	82,662	85,756
Building maintenance and Operations	1,525,090	1,420,361	1,594,534	1,545,345
Vehicle maintenance	36,424	20,938	103,503	67,375
Pupil transportation	329,230	580,714	555,628	627,084
BOE	246,309	197,443	234,403	254,968
Executive administration	137,141	132,764	145,441	148,004
Office of the Principal	706,420	773,394	868,175	860,409
Business services	235,966	202,214	181,858	172,363
Library services	238,466	234,188	230,358	242,330

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2010-11 to 2013-14**

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Disbursements (Continued)				
Community Service/				
Fitness Center	\$ 20,891	28,836	20,304	16,691
Federal programs	1,458,502	871,261	955,421	921,662
Other programs	112,325	96,935	--	60,488
ARRA –ESEA	<u>1,710,704</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total disbursements	<u>\$ 17,646,442</u>	<u>16,860,060</u>	<u>17,638,284</u>	<u>18,096,097</u>

**Plattsmouth Community School District
General Fund Cash Position
Change from 2012-13 to 2013-2014**

Cash Carryover 2013-14	\$ 4,569,790
General Fund Receipts	17,573,404
General Fund Expenditures	<u>18,096,097</u>
Cash Carryover 2014-15	\$ <u>4,047,097</u>

DEBT ADMINISTRATION

Despite the financial pressure on school districts in Nebraska, Plattsmouth Community School District continues to maintain exceptional bond ratings. Currently, Standard and Poor's rates the Districts "AAA." Total outstanding bonds at the end of the 2013-14 year were \$9,077,379, including interest obligations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide patrons, students, and bond buyers a general overview of the District's finances and to demonstrate accountability for the money entrusted to the District for the education of the community's youth. If you have questions or need additional financial information contact the Office of the Superintendent, Plattsmouth Community School District, 1912 East Highway 34, Plattsmouth, Nebraska 68048. The telephone number is (402) 296-3361.

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION - CASH BASIS

AUGUST 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 2,710,232	170,914	2,881,146
Cash at County Treasurer	2,367,501	--	2,367,501
TOTAL ASSETS	\$ 5,077,733	170,914	5,248,647

NET POSITION

Restricted for:			
Debt service	\$ 847,675	--	847,675
Unrestricted	4,230,058	170,914	4,400,972
TOTAL NET POSITION	\$ 5,077,733	170,914	5,248,647

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS

YEAR ENDED AUGUST 31, 2014

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government						
Governmental Activities						
Regular instruction	\$ 8,913,810	98,683	1,332,097	(7,483,030)	--	(7,483,030)
Limited English proficiency	73,600	--	--	(73,600)	--	(73,600)
Poverty programs	660,870	--	192,141	(468,729)	--	(468,729)
Special education instruction	3,330,343	--	1,521,295	(1,809,048)	--	(1,809,048)
Support services						
Pupils	829,167	--	--	(829,167)	--	(829,167)
Instructional staff	242,330	--	--	(242,330)	--	(242,330)
Implementation of standards	48,603	--	--	(48,603)	--	(48,603)
Maintenance and operation of buildings	1,568,165	--	--	(1,568,165)	--	(1,568,165)
Regular pupil transportation	370,410	--	--	(370,410)	--	(370,410)
Special education pupil transportation	256,674	--	44,799	(211,875)	--	(211,875)
General and administrative						
Board of Education	254,968	--	--	(254,968)	--	(254,968)
Business services	172,363	--	--	(172,363)	--	(172,363)
Executive administration	148,004	--	--	(148,004)	--	(148,004)
Office of the Principal	860,409	--	--	(860,409)	--	(860,409)
Nonfederal support to Head Start	60,488	--	--	(60,488)	--	(60,488)
Subtotal of governmental activities carried forward	\$ 17,790,204	98,683	3,090,332	(14,601,189)	--	(14,601,189)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2014

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities (continued)						
Balances carried forward	\$ 17,790,204	98,683	3,090,332	(14,601,189)	--	(14,601,189)
State programs	358,107	--	24,125	(333,982)	--	(333,982)
Federal programs	921,662	--	581,378	(340,284)	--	(340,284)
Categorical grants	28,271	--	25,000	(3,271)	--	(3,271)
Other	44,557	--	--	(44,557)	--	(44,557)
Employee benefits	52,619	--	--	(52,619)	--	(52,619)
Nutrition and meals	107,389	--	--	(107,389)	--	(107,389)
Capital outlay	377,971	--	--	(377,971)	--	(377,971)
Debt service						
Principal	5,620,000	--	--	(5,620,000)	--	(5,620,000)
Interest	263,495	--	26,875	(236,620)	--	(236,620)
Wire fees	398	--	--	(398)	--	(398)
Bond issuance costs	45,650	--	--	(45,650)	--	(45,650)
Total governmental activities	25,610,323	98,683	3,747,710	(21,763,930)	--	(21,763,930)
Business-type activities						
Food program services	835,582	381,842	454,514	--	774	774
Total business-type activities	835,582	381,842	454,514	--	774	774
Total primary government	\$ 26,445,905	480,525	4,202,224	(21,763,930)	774	(21,763,156)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2014

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
General receipts						
Taxes						
Property taxes - general purpose				\$ 5,801,586	--	5,801,586
Property taxes - debt service				1,391,658	--	1,391,658
Motor vehicle tax				662,559	--	662,559
Carline taxes				8,093	--	8,093
Public Power District sales tax				186,436	--	186,436
In-lieu-of tax - Housing Authority				10,176	--	10,176
Local license fees				795	--	795
County fines and licenses				188,962	--	188,962
State aid				7,061,171	--	7,061,171
Other state receipts				1,080,828	--	1,080,828
Interest				2,240	--	2,240
Proceeds from the sale of land				398,011	--	398,011
Proceeds from bond issuance				4,440,000	--	4,440,000
Other receipts				148,753	2,216	150,969
Total general receipts				21,381,268	2,216	21,383,484
Change in net position				(382,662)	2,990	(379,672)
Net position - beginning				5,460,395	167,924	5,628,319
Net position - ending				\$ 5,077,733	170,914	5,248,647

CASS COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS**

AUGUST 31, 2014

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,122,276	747,474	(342,521)	187,580	(4,577)	2,710,232
Cash at County Treasurer	1,924,821	43,145	399,577	(42)	--	2,367,501
Total assets	\$ 4,047,097	790,619	57,056	187,538	(4,577)	5,077,733

FUND BALANCES

Restricted for:						
Debt service	\$ --	790,619	57,056	--	--	847,675
Assigned	1,436,018	--	--	187,538	--	1,623,556
Unassigned (deficit)	2,611,079	--	--	--	(4,577)	2,606,502
Total fund balance	\$ 4,047,097	790,619	57,056	187,538	(4,577)	5,077,733

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
CASH BASIS - GOVERNMENTAL FUNDS

YEAR ENDED AUGUST 31, 2014

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
RECEIPTS						
Taxes						
Property - general purpose	\$ 5,801,601	--	--	(15)	--	5,801,586
Property - debt service	--	131,906	1,259,752	--	--	1,391,658
Motor vehicle	662,559	--	--	--	--	662,559
Carline	6,729	143	1,221	--	--	8,093
Public Power District sales tax	148,896	--	37,540	--	--	186,436
In-lieu of tax - Housing Authority	6,707	3,469	--	--	--	10,176
Rental of school facilities	3,087	--	--	--	--	3,087
Local license fees	795	--	--	--	--	795
Other local receipts/tuition	95,596	--	--	35,250	--	130,846
County receipts	188,962	--	--	--	--	188,962
State receipts	9,633,877	9,076	89,265	--	--	9,732,218
Federal receipts	920,968	26,875	--	--	1,184,648	2,132,491
Categorical grants	25,000	--	--	--	--	25,000
Interest income	1,535	123	496	58	28	2,240
Proceeds from sale of land	--	398,011	--	--	--	398,011
Other nonrevenue receipts	77,092	--	--	36,411	--	113,503
Total receipts	17,573,404	569,603	1,388,274	71,704	1,184,676	20,787,661
DISBURSEMENTS						
Regular instruction	7,695,982	--	--	--	1,099,323	8,795,305
Regular instruction-school age (flex spending)	100,980	--	--	--	--	100,980
Regular instruction-below age five (flex spending)	17,525	--	--	--	--	17,525
Limited English proficiency	73,600	--	--	--	--	73,600
Poverty programs	660,870	--	--	--	--	660,870
Special education	3,330,343	--	--	--	--	3,330,343
Support services:						
Pupils	829,167	--	--	--	--	829,167
Instructional staff	242,330	--	--	--	--	242,330
Implementation of standards	48,603	--	--	--	--	48,603
Maintenance and operation of business	1,568,165	--	--	--	--	1,568,165
Regular pupil transportation	370,410	--	--	--	--	370,410
Special education pupil transportation	256,674	--	--	--	--	256,674
Subtotal of disbursements carried forward	\$ 15,194,649	--	--	--	1,099,323	16,293,972

See accompanying notes to financial statements

Continued

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
CASH BASIS - GOVERNMENTAL FUNDS - CONTINUED

YEAR ENDED AUGUST 31, 2014

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
DISBURSEMENTS (continued)						
Balance carried forward	\$ 15,194,649	--	--	--	1,099,323	16,293,972
General administration:						
Board of education	254,968	--	--	--	--	254,968
Executive administration	148,004	--	--	--	--	148,004
Office of principal	860,409	--	--	--	--	860,409
Business services	172,363	--	--	--	--	172,363
Nonfederal support to head start	60,488	--	--	--	--	60,488
State programs	358,107	--	--	--	--	358,107
Federal programs	921,662	--	--	--	--	921,662
Categorical grants	28,271	--	--	--	--	28,271
Other	44,557	--	--	--	--	44,557
Employee benefits	52,619	--	--	--	--	52,619
Nutrition and meals	--	--	--	--	107,389	107,389
Capital outlay	--	36,763	--	341,208	--	377,971
Debt service:						
Principal	--	80,000	5,540,000	--	--	5,620,000
Interest	--	55,911	207,584	--	--	263,495
Wire fees	--	--	398	--	--	398
Bond issuance costs	--	--	45,650	--	--	45,650
Total disbursements	18,096,097	172,674	5,793,632	341,208	1,206,712	25,610,323
Excess (deficit) of receipts over disbursements	(522,693)	396,929	(4,405,358)	(269,504)	(22,036)	(4,822,662)
Other sources of financial resources						
Proceeds from bond issuance	--	--	4,440,000	--	--	4,440,000
NET CHANGE IN FUND BALANCES	(522,693)	396,929	34,642	(269,504)	(22,036)	(382,662)
Fund balances - beginning	4,569,790	393,690	22,414	457,042	17,459	5,460,395
Fund balances - ending	\$ 4,047,097	790,619	57,056	187,538	(4,577)	5,077,733

See accompanying notes to financial statements

CASS COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND**

AUGUST 31, 2014

	<u>School Lunch Fund</u>
ASSETS	
Cash in Bank	\$ 170,914
TOTAL ASSETS	170,914
NET POSITION	
Unrestricted	170,914
TOTAL NET POSITION	\$ 170,914

CASS COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUND**

YEAR ENDED AUGUST 31, 2014

	<u>School Lunch Fund</u>
Operating receipts	
Charges for sales and services	
Lunchroom sales	\$ 381,842
Operating disbursements	
Cost of sales and services	835,582
Operating loss	(453,740)
Nonoperating receipts	
USDA and State subsidy	454,514
Other	2,216
Total nonoperating receipts	456,730
Change in net position	2,990
Net position - beginning	167,924
Net position - ending	\$ 170,914

CASS COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS**

AUGUST 31, 2014

			Private Purpose Trust Funds	
			Wiley Memorial Scholarship Fund	Wiles Scholarship Fund
	Activities Fund	Student Fee Fund		
ASSETS				
Cash and cash equivalents	\$ 202,877	71,172	3,439	1,670
Investments	--	--	974,759	23,976
Due from Wiles Scholarship Fund	6,000	--	--	--
TOTAL ASSETS	\$ 208,877	71,172	978,198	25,646
LIABILITIES				
Due to student groups and other	\$ 208,877	--	--	6,000
NET POSITION	--	71,172	978,198	19,646
TOTAL LIABILITIES AND NET POSITION	\$ 208,877	71,172	978,198	25,646

CASS COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CASH BASIS - FIDUCIARY FUNDS**

YEAR ENDED AUGUST 31, 2014

	Student Fee Fund	Private Purpose Trust Funds	
		Wiley Memorial Scholarship Fund	Wiles Scholarship Fund
ADDITIONS			
Interest and dividend income	\$ --	21,707	534
Other receipts	44,796	--	--
Total additions	44,796	21,707	534
DEDUCTIONS			
Disbursements	--	53,523	3,000
Student fee expenses	26,608	--	--
Total deductions	26,608	53,523	3,000
Change in net position	18,188	(31,816)	(2,466)
Net position - beginning	52,984	1,010,014	22,112
Net position - ending	\$ 71,172	978,198	19,646

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

1. Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of Cass County School District No. 1 (the District) which is commonly known as Plattsmouth Community School District.

- A. Reporting Entity - The Plattsmouth Community School District, Plattsmouth, Nebraska's Board of Education is the basic level of government, which has financial accountability and control over all activities related to the public school education in the District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the District's board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 61, which are included in the District's reporting entity.

All significant activities and organizations on which the School exercises oversight responsibility have been included in the District's financial statements.

- B. Basic Financial Statements - Government-Wide Statements - The statement of net assets and statement of activities report information on the District as a whole. They include all funds of the District except for fiduciary funds. The effects of interfund activity have 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 revenues are reported instead as general receipts.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

1. Summary of Significant Accounting Policies - Continued

- C. Fund Types - The accounts of the District are organized on the basis of funds which are grouped into governmental, proprietary and fiduciary fund types as follows:

Governmental Funds:

General Fund – The General Fund is the general operating fund of the District and accounts for all receipts and disbursements of the District not encompassed within other funds. All property tax receipts and other receipts that are not allocated by law, budgetary requirement, or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the new and replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

Depreciation Fund – A Depreciation Fund may be established by a District in order to facilitate the eventual purchase of a costly capital outlay by reserving such monies from the General Fund. To allocate monies from the General Fund, a District will show the movement of monies as an expense from the General Fund and the Depreciation Fund will show the revenue as a transfer from the General Fund. The District may divide this fund into more than one account to allocate a portion of this fund for different valid purposes. The purpose of a Depreciation Fund is to spread replacement costs of capital outlays over a period of years in order to avoid a disproportionate tax effect in a single year to meet such an expense. This fund is restricted as part of the Allowable Reserve by the Tax Equity and Educational Opportunities Support Act. The Depreciation Fund shall be considered only a component of the General Fund.

Qualified Capital Purpose Undertaking Fund – The Qualified Capital Purpose Undertaking Fund may be established for the removal of environmental hazards, the reduction or elimination of accessibility barriers in District buildings, and the repayment of a qualified zone academy bond issued for a qualified special purpose. General Fund expenditures for the purpose of this fund are not allowed. The tax levy for this fund is limited to 0.052 cents per hundred dollars of valuation for the District and shall not exceed ten years for each environmental hazard abatement project or accessibility barrier elimination project and shall not exceed fifteen years for each qualified special purpose for which the qualified zone academy bond was issued according to Section 79-10, 100 R.R.S.

Bond Fund – The Bond Fund is used to record receipts and expenditures for bond principal and interest payments. Proceeds from bond issuance are deposited and recorded as a receipt in the Special Building Fund. The General Fund is used to make interest and bond retirement payments if the Bond Fund balance is not sufficient to meet these requirements.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

1. Summary of Significant Accounting Policies - Continued

C. Fund Types - Continued

Special Building Fund – The Special Building Fund is established for acquiring or improving sites and buildings, including the construction, alteration, or improvements of buildings. The Board of Education may approve a budget with a levy limitation of 14 cents per one hundred dollars of valuation; or a tax levy not to exceed 17.5 cents per one hundred dollars of valuation may be established for this fund by a vote of the people within the District.

Employee Benefit Fund – The Employee Benefit Fund is established in order to specifically reserve General Fund money for the benefit of the District employees. The District accounts for the allocation of funds from the General Fund to this fund as an expense in the General Fund and as a "transfer from the General Fund" in the Employees Benefit Fund. This fund may consist of more than one account for valid allocation purposes. The Employee Benefit Fund is considered a component of the General Fund.

Headstart Fund – Used to account for receipts and disbursements for the financial operation of the Headstart programs.

Proprietary Fund:

School Lunch Fund – The School Lunch Fund is used to accommodate all aspects of the school lunch program and accounts for all receipts and disbursements of all child nutrition programs. Receipts in this fund include the federal and state program cost reimbursements received by the District and General Fund support of the lunch program. All food purchases and other supplies are accounted for as expenses of the School Lunch Fund; accordingly, no inventories are maintained in this fund.

Fiduciary Funds:

Activities Fund – The Activities Fund is used 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 cash is received by the District to be held or disbursed on the instructions of the organization from whom they are received. This is not cash of the District.

Student Fee Fund – A Student Fee Fund shall be established to collect fees for participation in extracurricular activities, post-secondary education costs and summer school or night school. The money shall be expended for the purposes for which it was collected from the students.

Private Purpose Trust Funds – These funds are held to provide scholarships for students in accordance with the donor's stipulations.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

1. Summary of Significant Accounting Policies - Continued

D. Basis of Accounting - The District prepares its financial statements on the cash basis, which is in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Education; consequently, these statements represent a summary of the cash activity of the various funds of the District and do not include certain transactions that would be included if the District prepared its financial statements in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units. Under the cash basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental units.

Taxes and other revenues collected by the County Treasurer are included in revenues of the District in the year collected by the county and the District funds held by the County Treasurer at year end are included as assets of the District. This is in accordance with the requirements of the State of Nebraska Department of Education.

E. Capital Assets - Capital assets are not recorded as assets on the government-wide or fund financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

F. Long-term Obligations - Long-term debt is not reported as a liability in the government-wide or fund financial statements. Proceeds from long-term debt are reported as receipts and payments of principal are reported as disbursements in both the government-wide and fund financial statements.

G. Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in the following components:

a. Restricted net position

Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

1. Summary of Significant Accounting Policies – Continued

G. Equity Classification - Continued

b. Unrestricted net position

All other assets that do not meet the definition of restricted net position.

It is the District's policy to use restricted net position first, prior to the use of unrestricted net position, when a disbursement is paid for purposes in which both restricted and unrestricted net positions are available.

Fund Statements

Fund Balance Classification. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District currently has no amounts classified in this category.

b. Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

c. Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

1. Summary of Significant Accounting Policies – Continued

G. Equity Classification - Continued

d. Assigned

This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board delegating this responsibility to the District manager through the budgetary process.

e. Unassigned

This classification includes the residual fund balance for the General Fund.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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

In December 2011, a loan of \$1,271,586 was made from the general fund to the bond fund. The balance of the loan is \$901,200 as of August 31, 2014. The District will make payments as tax receipts allow with the intention to have it paid in full as soon as possible.

I. Budget Process and Property Taxes - The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. The General Fund is also subject to a total non-special education expenditure limit. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing. 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 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 January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

1. Summary of Significant Accounting Policies – Continued

- J. Compensated Absences - Vacation and sick leave are recorded when paid. Certified employees who separate from the District upon retirement, disability, or death will receive pay for unused accumulated sick leave days at the substitute teacher's daily pay rate up to a maximum of 45 days. All other employees can accrue up to a maximum of 30 days for sick leave; however, there is no payment for unused sick leave. Management believes the amounts attributable to accumulated annual leave will not have a material financial impact on the accompanying financial statements. There was no liability for accrued vacation at August 31, 2014, as all vacation earned during the year must be used by August 31 with no carryover.

- K. Use of Estimates - The preparation of financial statements in conformity with the special purpose framework used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

- L. Tax Receipts - Taxes collected by the County Treasurer are recorded as receipts by the District when received by the County Treasurer.

- M. Retirement System - The District participates in the Nebraska School Retirement System retirement plan (See Note 3).

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

2. Cash and Investments

For the following disclosures, deposits, including checking accounts, savings accounts, money market accounts and certificates of deposit, are all classified as cash or cash and cash equivalents on the financial statements.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2014, the majority of the District's deposits with financial institutions were fully insured or collateralized with pooled securities held by the financial institution but not registered in the District's name. The District holds an uncollateralized position of approximately \$360,000 at one financial institution at year-end. State law requires all funds in depositories to be fully insured or collateralized; and the District's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

Investments

Nebraska statutes allow the District to make any investment allowed by the State Investment Officer. This includes bank certificates of deposit.

Investments are carried at cost. Investments of \$974,759 held by the Wiley Memorial Scholarship Fund and \$23,976 held by the Wiles Scholarship Fund consist of mutual funds.

The Nebraska Liquid Asset Fund (NLAF) was established in March 1998 through the Interlocal Cooperation Act. NLAF was established to assist Nebraska school districts, educational service units and technical community colleges with the investment of their available cash reserves. Participation in the investment trust is voluntary for its members. The objective of NLAF is to provide its owner members with a conservative and effective investment alternative tailored to the needs of its members. NLAF portfolio management generally follows established investment criteria developed by the Securities and Exchange Commission for money market funds designed to offer acceptable yield while maintaining liquidity. NLAF is not registered with the Securities and Exchange Commission (SEC) as an investment company. The District has \$236,338 invested with NLAF as of August 31, 2014.

NLAF's short-term investment portfolio consists of cash and short-term investments valued at amortized cost, which is determined to approximate fair value due to the short-term nature of the instruments. This involves valuing a portfolio security at its original cost on the date of purchase and thereafter amortizing any premium or discount on the straight-line basis to maturity. The amount of premium or discount amortized to income under the straight-line method does not differ materially from the amount which would be amortized to income under the interest method. Procedures are followed to maintain a constant net asset value of \$1.00 per unit in NLAF.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

3. Pension Plan

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. 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, PO Box 94816, Lincoln, Nebraska 68509-4816 or by calling 1-800-245-5712.

Funding Policy - Plan members were required to contribute 8.88% of their annual covered salary from September 1, 2011 to August 31, 2012. Plan members were required to contribute 9.78% of their annual covered salary from September 1, 2012 to August 31, 2013. Plan members were required to contribute 9.78% of their annual covered salary from September 1, 2013 to August 31, 2014. The District is required to contribute 101% of the employee contribution. The contribution requirements of plan members and the District are established by the Nebraska statutes. The School District's contribution to NPERS for the years ended August 31, 2012, 2013, and 2014 were \$1,016,927, \$1,150,303, and \$1,144,405, respectively, equal to the required contributions each year.

4. Bonds Payable

The District has six bond issues outstanding as of August 31, 2014:

Bond Fund

General Obligation Refunding Bond, Series 2010, dated August 23, 2010, principal of \$2,595,000, interest rate 2.85% to 3.05%. Two principal payments on December 15, 2018 and December 15, 2019.	\$ 2,595,000
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General Obligation Refunding Bond, Series 2013, dated December 20, 2013, principal of \$4,440,000, interest rate 0.35% to 1.20%, matures December 15, 2017	4,440,000
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Qualified Capital Purpose Undertaking Fund

Taxable Limited Tax Obligation Build America Bonds, Series 2010A, dated August 5, 2010, principal of \$635,000, interest rate 3.25% to 4.75%, matures December 15, 2021.	485,000
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CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

4. Bonds Payable – Continued

Taxable Limited Tax Obligation Qualified School Construction Bonds, Series 2010B, dated August 5, 2010, principal of \$280,000, interest rate 5.00% to 5.45%, payments begin December 15, 2022, matures December 15, 2025.	280,000
Taxable Limited Tax Obligation Build America Bonds, Series 2010C, dated December 16, 2010, principal of \$485,000, interest rate 3.75% to 5.75%, matures December 15, 2025.	435,000
<u>Total bonds payable, August 31, 2014</u>	<u>\$ 8,235,000</u>
<u>Interest paid during fiscal 2014</u>	<u>\$ 263,495</u>

The following is a summary of long-term debt transactions of the District for the year ended August 31, 2014.

	Original Issue	Balance August 31, 2013	Issued	Retire- ments	Bonds Outstanding August 31, 2014
General Obligation Bond Series 2003A	\$11,165,000	5,390,000	--	5,390,000	--
General Obligation Bond Series 2006	780,000	150,000	--	150,000	--
General Obligation Bond Series 2010	2,595,000	2,595,000	--	--	2,595,000
Build America Bonds Bond Series 2010A	635,000	540,000	--	55,000	485,000
Qualified School Construction Bonds Bond Series 2010B	280,000	280,000	--	--	280,000
Build America Bonds Bond Series 2010C	485,000	460,000	--	25,000	435,000
General Obligation Bond Series 2013	4,440,000	--	4,440,000	--	4,440,000
<u>Total bonds</u>		<u>\$ 9,415,000</u>	<u>4,440,000</u>	<u>5,620,000</u>	<u>8,235,000</u>

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

4. Bonds Payable - Continued

The above bonds mature as follows:

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,190,000	159,751	1,349,751
2016	1,200,000	151,483	1,351,483
2017	1,200,000	140,623	1,340,623
2018	1,195,000	126,946	1,321,946
2019	1,380,000	98,988	1,478,988
2020-2024	1,840,000	151,869	1,991,869
2025-2026	230,000	12,719	242,719
	<u>\$ 8,235,000</u>	<u>842,379</u>	<u>9,077,379</u>

All bonds require the District to levy taxes annually on all taxable property in the District for the purpose of paying the scheduled principal and interest payments due. The District levies the applicable taxes with the Bond and Qualified Capital Purpose Undertaking Funds as discussed in Note 1.

5. Wiley Memorial Scholarship Fund

In previous school years, the District received donations from the Robert Wiley Estate. The will of the late Robert T. Wiley stipulates that the donation from his estate must be kept separate and not co-mingled with other funds of the District. The will also stipulates that "the corpus of the trust shall be invested and reinvested by the School Board in prudent man investments, such as designated blue-chip stocks, government bonds or securities, or highly rated industrial or municipal bonds". The will also provides that "the corpus of the trust shall remain intact and be used only for the production of income. The annual net income shall be used for scholarships each year." The will also stipulates that the income be used to provide scholarships of \$2,000 each to students using standards of eligibility as set by the School Board. The investment policy used by the District for the Wiley Memorial Scholarship Fund follows the investment policy stipulated by the donor's will.

6. Federal Award Programs

The District received funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of 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 financial impact.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three fiscal years.

8. Interfund Transfers

During the year ended August 31, 2014, the District had several interfund transfers for support of other funds as shown below:

	Transfer In	Transfer Out
General Fund (as expensed)	\$ --	197,747
Employee Benefit Fund	52,978	--
Depreciation Fund	144,769	--
<u>Total</u>	<u>\$ 197,747</u>	<u>197,747</u>

The General Fund transferred funds to the each individual fund for support.

9. Commitments

Plattsmouth Community Schools Fitness Center Incorporated (PCSFCI), an unrelated party to the District comprised of community leaders, has entered into a construction contract to make improvements to the District's athletic facilities. A portion of the cost of construction are being born by the District however, the majority of the costs are being paid by PCSFCI. The District is not a party to the construction contract.

The District has a contingent loan agreement with Plattsmouth State Bank (PSB) that essentially guarantees a loan issued by PSB to PCSFCI. In the event PCSFCI would default on their loan associated with the improvements to the athletic facilities, the District would incur a loan in an amount not to exceed \$1,225,000.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2014

9. Commitments - Continued

The District entered into lease agreements for the use of office equipment and effective purchase of computer equipment and athletic field lighting. Total payments, including interest, for all lease agreements totaled \$122,118 in the year ended August 31, 2014. Future minimum annual payments under all lease agreements for the years ending after August 31, 2014 are as follows:

Year Ending August 31,	
2015	\$ 374,379
2016	374,379
2017	300,769
2018	58,099
2019	44,696

10. Subsequent Events

The Board of Education approved a resolution for designation of funds from land sales of approximately \$703,000. It was resolved that \$245,000 will be repurposed to pay back funds from the Build America Bonds that were used to purchase the land and the remaining profits of approximately \$458,000 will be used for specific capital improvements and facility upgrades.

11. Budget

The District had actual bond fund expenditures that exceeded the budget by \$4,381,196 as the 2013 refunding bond issuance was not anticipated in the budget. In addition, the actual special building fund expenditures exceeded the budget by \$91,867 as extraordinary maintenance items were incurred that were not anticipated in the budget.

SUPPLEMENTAL SCHEDULES

CASS COUNTY SCHOOL DISTRICT NO. 1

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND NOTES**

YEAR ENDED AUGUST 31, 2014

FEDERAL GRANTOR

Pass through Grantor

Program Title	CFDA #	Expenditures
---------------	--------	--------------

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start	93.600	\$ 1,099,324
Medical Assistance Program (Medicaid; Title XIX)	93.778	<u>128,023</u>
Total U.S. Department of Health and Human Services		1,227,347

U.S. DEPARTMENT OF EDUCATION

Indian Grant - Formula Grants to LEA's	84.060A	4,005
Impact Aid	84.041	6,227

Passed through Nebraska Educational Service Unit 3

English Language Acquisition State Grants	84.365	128
---	--------	-----

Passed through State Department of Education

Special Education Cluster (IDEA)		
Special Education Grants to States	84.027	\$ 423,494
Special Education Preschool Grants	84.173	<u>13,077</u>
Adult Education - Basic Grants to States	84.002	12,219
Title I Grants to Local Educational Agencies	84.010	263,661
Improving Teacher Quality State Grants (Title IIA)	84.367	65,033
Twenty-First Century Community Learning Centers	84.287	<u>139,864</u>

Total U.S. Department of Education		927,708
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CASS COUNTY SCHOOL DISTRICT NO. 1

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND NOTES - CONTINUED**

YEAR ENDED AUGUST 31, 2014

FEDERAL GRANTOR

Pass through Grantor

Program Title	CFDA #	Expenditures		
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through State Department of Education</i>				
National School Lunch Program	10.555	448,368		
Child and Adult Care Food Program	10.558	85,220		
Noncash Awards				
U.S. Department of Defense Food Donation	10.555	21,711		
<i>Passed through Nebraska Department of Health and Human Services</i>				
Food Donation	10.555	<table border="0" style="margin-left: auto;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">38,572</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">60,283</td> </tr> </table>	38,572	60,283
38,572	60,283			
Total U.S. Department of Agriculture		593,871		
Total Federal Awards Expended		\$ <u><u>2,748,926</u></u>		

Note to Schedule of Expenditures of Federal Awards

Basis of Presentation - The above schedule has been prepared on the cash basis of accounting and includes all expenditures of federal awards during the fiscal year regardless of when the related federal funds were received.

Federal Expenditures - Federal reimbursements for the Medical Assistance Program (MAPS) (93.778), Impact Aid (84.041), and National School Lunch Program (10.555) are based on approved rates for services provided and are not reimbursements for specific expenditures. Therefore, this amount represents cash received rather than federal expenditures.

Subrecipients - The District expended no awards to subrecipients during the year.

Food Distribution - Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed.

CASS COUNTY SCHOOL DISTRICT NO. 1

**SUPPLEMENTAL SCHEDULE
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCES**

YEAR ENDED AUGUST 31, 2014

	Fund Balances At Beginning of Year	Receipts	Disbursements	Transfers In (Out)	Excess (Deficiency) of Receipts Over (Under) Disbursements	Fund Balances At End of Year	Fund Balance Composition			
							Cash in Bank	Investments	Cash at County Treasurer	Due from (to) others
General Fund	\$ 4,569,790	17,573,404	18,096,097	--	(522,693)	4,047,097	2,122,276	--	1,924,821	--
Qualified Capital Purpose Undertaking Fund	393,690	569,603	172,674	--	396,929	790,619	747,474	--	43,145	--
Bond Fund	22,414	5,828,274	5,793,632	--	34,642	57,056	(342,521)	--	399,577	--
Special Building Fund	457,042	71,704	341,208	--	(269,504)	187,538	187,580	--	(42)	--
Head Start Fund	17,459	1,184,676	1,206,712	--	(22,036)	(4,577)	(4,577)	--	--	--
School Lunch Fund	167,924	838,572	835,582	--	2,990	170,914	170,914	--	--	--
Fiduciary Funds	1,085,110	67,037	83,131	--	(16,094)	1,069,016	279,158	998,735	--	(208,877)
Total	\$ 6,713,429	26,133,270	26,529,036	--	(395,766)	6,317,663	3,160,304	998,735	2,367,501	(208,877)

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS

AUGUST 31, 2014

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS					
Local sources					
Taxes					
Property taxes - general purpose	\$ 5,801,601	--	--	--	5,801,601
Carline tax	6,729	--	--	--	6,729
Public Power District sales tax	148,896	--	--	--	148,896
In-lieu of tax - Housing Authority	6,707	--	--	--	6,707
Motor vehicle taxes	662,559	--	--	--	662,559
Interest	1,335	200	--	--	1,535
Local license fees and fines	795	--	--	--	795
Rental of school facilities	3,087	--	--	--	3,087
Other local receipts/tuition	95,596	--	--	--	95,596
Total local sources	6,727,305	200	--	--	6,727,505
County sources					
County fines and license fees	188,962	--	--	--	188,962
State sources					
State aid	7,061,171	--	--	--	7,061,171
Special education	1,521,295	--	--	--	1,521,295
Special education transportation	44,799	--	--	--	44,799
Subtotal state sources carried forward	\$ 8,627,265	--	--	--	8,627,265

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS -

CONTINUED

AUGUST 31, 2014

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
State sources - balance carried forward	\$ 8,627,265	--	--	--	8,627,265
Homestead exemption	185,888	--	--	--	185,888
Property tax credit	192,568	--	--	--	192,568
High ability learners	12,773	--	--	--	12,773
Preschool flex funding	11,352	--	--	--	11,352
Prorate motor vehicle	20,851	--	--	--	20,851
State appointment	243,396	--	--	--	243,396
State grants	339,784	--	--	--	339,784
Total state sources	9,633,877	--	--	--	9,633,877
Federal sources					
Title I	277,417	--	--	--	277,417
Title II, Part A	59,221	--	--	--	59,221
IDEA Poverty/Base	82,523	--	--	--	82,523
IDEA Part B Poverty	109,618	--	--	--	109,618
IDEA Part B Supplemental	67,317	--	--	--	67,317
IDEA Part B (619) Preschool	7,831	--	--	--	7,831
Subtotal federal sources carried forward	\$ 603,927	--	--	--	603,927

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS

CONTINUED

AUGUST 31, 2014

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
Federal sources - balance carried forward	\$ 603,927	--	--	--	603,927
IDEA Nonpublic	8,175	--	--	--	8,175
Medicaid in public schools	19,426	--	--	--	19,426
Medicaid Administrative Activities	128,023	--	--	--	128,023
Impact Aid (Title 8)	6,227	--	--	--	6,227
Title III LEP	658	--	--	--	658
21st Century Learning Grant	140,617	--	--	--	140,617
ABE/GED	10,235	--	--	--	10,235
Indian Education Grant	3,680	--	--	--	3,680
Total Federal sources	920,968	--	--	--	920,968
Categorical grants	25,000	--	--	--	25,000
Nonrevenue receipts					
Transfers from other funds	--	144,769	52,978	(197,747)	--
Other	77,072	20	--	--	77,092
Total nonrevenue receipts	77,072	144,789	52,978	(197,747)	77,092
TOTAL RECEIPTS	\$ 17,573,184	144,989	52,978	(197,747)	17,573,404

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS

CONTINUED

AUGUST 31, 2014

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS					
Regular instruction	\$ 7,748,960	--	--	(52,978)	7,695,982
Regular instruction - school age (flex-spending)	100,980	--	--	--	100,980
Regular instruction - below age five (flex-spending)	17,525	--	--	--	17,525
Limited English proficiency	73,600	--	--	--	73,600
Poverty programs	660,870	--	--	--	660,870
Special education instruction	3,330,343	--	--	--	3,330,343
Support services					
Pupils	829,167	--	--	--	829,167
Instructional staff	242,330	--	--	--	242,330
Implementation of standards	48,603	--	--	--	48,603
Maintenance and operation of building	1,712,934	--	--	(144,769)	1,568,165
Regular pupil transportation	370,410	--	--	--	370,410
School-aged SPED transportation	256,674	--	--	--	256,674
General and administration					
Board of Education	254,968	--	--	--	254,968
Executive administration	148,004	--	--	--	148,004
Office of the Principal	860,409	--	--	--	860,409
Business services	172,363	--	--	--	172,363
Nonfederal support to head start	60,488	--	--	--	60,488
State programs	358,107	--	--	--	358,107
Subtotal of disbursements carried forward	\$ 17,246,735	--	--	(197,747)	17,048,988

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND COMPONENTS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS**

AUGUST 31, 2014

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS (continued)					
Balance carried forward	\$ 17,246,735	--	--	(197,747)	17,048,988
Federal programs	921,662	--	--	--	921,662
Categorical grants	28,271	--	--	--	28,271
Other	--	44,557	--	--	44,557
Employee benefits	--	--	52,619	--	52,619
TOTAL DISBURSEMENTS	18,196,668	44,557	52,619	(197,747)	18,096,097
RECEIPTS OVER DISBURSEMENTS	(623,484)	100,432	359	--	(522,693)
FUND BALANCE, beginning of year	3,234,563	1,335,227	--	--	4,569,790
FUND BALANCE, end of year	\$ 2,611,079	1,435,659	359	--	4,047,097

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL
(Unaudited)**

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 3,163,554	3,234,563
RECEIPTS		
Local sources		
Property taxes - general purpose	6,380,836	5,801,601
Carline tax	9,100	6,729
Public Power District sales tax	144,500	148,896
In-lieu of tax - other	--	6,707
Motor-vehicle taxes	650,000	662,559
Interest	1,500	1,335
Local license fees and fines	2,500	795
Rental of school facilities	--	3,087
Other local receipts/tuition	80,800	95,596
	7,269,236	6,727,305
County sources		
Fines and licenses	135,000	188,962
	135,000	188,962
State sources		
State aid	7,061,171	7,061,171
Special education	1,400,000	1,521,295
Special education transportation	40,000	44,799
Homestead exemption	--	185,888
Property tax credit	--	192,568
High ability learners	13,000	12,773
Preschool flex funding	--	11,352
Prorate motor vehicle	8,100	20,851
State apportionment	240,000	243,396
State grants	40,000	339,784
Other state receipts	20,000	--
	\$ 8,822,271	9,633,877

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
(Unaudited)**

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
RECEIPTS - continued		
Federal sources		
Title I	\$ 200,000	277,417
Title II, Part A	50,000	59,221
IDEA Poverty/Base	150,000	82,523
IDEA Part B Poverty	270,000	109,618
IDEA Part B Supplemental	--	67,317
IDEA Part B (619) Preschool	12,000	7,831
IDEA Nonpublic	18,000	8,175
Medicaid in public schools	29,000	19,426
Medicaid activities/outreach	100,000	128,023
Impact Aid (Title 8)	10,000	6,227
Title III LEP	--	658
Title IV, Part B NCLB - 21st Century Community Learning Centers	115,000	140,617
Adult Education	10,000	10,235
Indian Education Grant	--	3,680
	964,000	920,968
Categorical grants from corporations and other private interests	--	25,000
Nonrevenue receipts		
Insurance adjustments	5,000	--
Sale of property	--	2,180
ROTC reimbursements	66,000	68,470
Other non-revenue receipts	22,500	6,422
	93,500	77,072
Total Receipts	17,284,007	17,573,184
Total Available Resources	\$ 20,447,561	20,807,747

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
(Unaudited)**

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
Disbursements		
Operational disbursements		
Regular instruction	\$ 7,993,793	7,748,960
Regular instruction - school age (flex-spending)	129,841	100,980
Regular instruction - below age five (flex-spending)	22,262	17,525
Limited English proficiency	74,212	73,600
Poverty programs	620,000	660,870
Special education instruction	3,462,173	3,330,343
Support services		
Pupils	760,034	829,167
Instructional staff	231,855	242,330
Implementation of standards	59,344	48,603
Maintenance and operation of buildings	1,405,332	1,712,934
Regular pupil transportation	407,600	370,410
Special education pupil transportation	167,075	256,674
General administration		
Board of Education	203,600	254,968
Executive administration	147,490	148,004
Office of Principal	858,045	860,409
Business services	179,222	172,363
Nonfederal support to Head Start	68,000	60,488
State programs	189,012	358,107
Federal programs	1,188,671	921,662
Categorical grants from corporations and other private interests	30,000	28,271
Total disbursements	18,197,561	18,196,668
Fund balance, end of year	\$ 2,250,000	2,611,079

CASS COUNTY SCHOOL DISTRICT NO. 1

DEPRECIATION FUND

**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL**

(Unaudited)

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 1,335,239	1,335,227
Receipts		
Transfer from other Funds	100,000	144,769
Interest	1,000	200
Non-revenue receipts	--	20
Total receipts	101,000	144,989
Total available resources	1,436,239	1,480,216
Disbursements		
Supplies	1,000	36,765
Capital outlay	1,435,239	7,792
Total disbursements	1,436,239	44,557
FUND BALANCE, End of year	\$ --	1,435,659

CASS COUNTY SCHOOL DISTRICT NO. 1

**QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL
(Unaudited)**

YEAR ENDED AUGUST 31, 2014

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 57,834	393,690
Receipts		
Taxes		
Property taxes - debt purpose	150,129	131,906
Carline	100	143
In-lieu-of tax	--	3,469
Homestead exemption	--	4,331
Property tax credit	--	4,381
Prorate motor vehicle	100	364
Bond proceeds	--	12,886
QSCB proceeds	27,624	13,989
Interest	125	123
Proceeds from sale of land	--	398,011
Total receipts	178,078	569,603
Total available resources	235,912	963,293
Disbursements		
Contracted services	--	1,200
Principal	80,000	80,000
Interest payments	70,257	55,911
Building, acquisition and improvement	85,655	35,563
Total disbursements	235,912	172,674
FUND BALANCE, End of year	\$ --	790,619

CASS COUNTY SCHOOL DISTRICT NO. 1

BOND FUND

**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL**

(Unaudited)

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 33,132	22,414
Receipts		
Taxes		
Property taxes - debt purpose	1,407,904	1,259,752
Carline	1,600	1,221
In-lieu-of tax	--	37,540
Homestead exemption	--	42,713
Property tax credit	--	42,078
Prorate motor vehicle	2,000	4,474
Interest	800	496
Sale of refunding bonds	--	4,440,000
Total receipts	1,412,304	5,828,274
Total available resources	1,445,436	5,850,688
Disbursements		
Principal payments	1,035,000	5,540,000
Interest payments	375,436	207,584
Bond issuance costs	--	45,650
Miscellaneous expense	2,000	398
Total disbursements	1,412,436	5,793,632
FUND BALANCE, End of year	\$ 33,000	57,056

CASS COUNTY SCHOOL DISTRICT NO. 1

**SPECIAL BUILDING FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL
(Unaudited)**

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 217,131	457,042
Receipts		
Taxes		
Property taxes - general purpose	--	(15)
Interest	360	58
Other local receipts	31,850	35,250
Non-revenue receipts	--	36,411
Total receipts	32,210	71,704
Total available resources	249,341	528,746
Disbursements		
Capital outlay	249,341	341,187
Miscellaneous	--	21
Total disbursements	249,341	341,208
FUND BALANCE, End of year	\$ --	187,538

CASS COUNTY SCHOOL DISTRICT NO. 1

**EMPLOYEE BENEFIT FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL
(Unaudited)**

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ --	--
Receipts		
Transfers from other funds	52,978	52,978
Total receipts	52,978	52,978
Total available resources	52,978	52,978
Disbursements		
Benefits paid	52,978	52,619
Total disbursements	52,978	52,619
FUND BALANCE, End of year	\$ --	359

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHOOL LUNCH FUND

**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL**

(Unaudited)

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 140,046	167,924
Receipts		
Sales of lunches	395,000	381,842
State reimbursement	5,000	6,146
Federal reimbursement	475,000	448,368
Other receipts	--	2,215
Total receipts	875,000	838,571
Total available resources	1,015,046	1,006,495
Disbursements		
Salaries	331,650	345,409
Payroll taxes and benefits	75,000	66,196
Purchased services	35,000	16,523
Food and supplies	553,396	395,646
Equipment purchases	20,000	9,312
Other expenses	--	2,495
Total disbursements	1,015,046	835,581
FUND BALANCE, End of year	\$ --	170,914

CASS COUNTY SCHOOL DISTRICT NO. 1

STUDENT FEE FUND

**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL**

(Unaudited)

YEAR ENDED AUGUST 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 50,319	52,984
Receipts		
Activity receipts	29,000	44,796
<hr/>		
Total receipts	29,000	44,796
Total available resources	79,319	97,780
Disbursements		
Extracurricular activity fees	79,319	26,608
<hr/>		
Total disbursements	79,319	26,608
FUND BALANCE, End of year	\$ --	71,172

CASS COUNTY SCHOOL DISTRICT NO. 1

HEAD START FUND

**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE - BUDGET AND ACTUAL**

(Unaudited)

YEAR ENDED AUGUST 31, 2014

	Original and Final Budget	Actual		
		Headstart	Headstart Nutrition	Total
FUND BALANCE, Beginning of year	\$ 17,459	4	17,455	17,459
Receipts:				
Federal reimbursement	1,032,980	1,099,428	85,220	1,184,648
Interest income	--	28	--	28
Total receipts	1,032,980	1,099,456	85,220	1,184,676
Total available resources	1,050,439	1,099,460	102,675	1,202,135
Disbursements:				
Regular salaries	328,812	338,990	--	338,990
Noncertified salaries	303,690	316,677	23,343	340,020
Social security	47,980	51,490	1,985	53,475
Retirement	45,981	47,334	1,716	49,050
Additional retirement	15,999	16,254	589	16,843
Health insurance	89,538	62,473	2,600	65,073
Life insurance	697	630	--	630
Disability insurance	3,740	2,883	--	2,883
Unemployment	7,000	2,047	--	2,047
Advertising and printing	100	--	--	--
Professional services	300	856	--	856
Supplies	77,419	172,446	9,990	182,436
Utilities	23,600	23,697	--	23,697
Contracted transportation	9,600	35,401	--	35,401
In-service training	17,313	23,195	--	23,195
Travel	500	464	--	464
Administrative percentage	1,500	1,148	--	1,148
Purchased services	--	1,838	--	1,838
Other expenses	--	1,500	--	1,500
Food	54,670	--	46,177	46,177
Nutrition and meals	22,000	--	20,989	20,989
Total disbursements	1,050,439	1,099,323	107,389	1,206,712
FUND BALANCE, End of year	\$ --	137	(4,714)	(4,577)

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO BUDGETARY SCHEDULES (UNAUDITED)

AUGUST 31, 2014

Basis of Accounting

The accompanying schedules of receipts, disbursements and changes in fund balance – cash basis – budget and actual are presented on the cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the basic financial statements. All unexpended appropriations lapse at the end of the budget year.

Budgetary Law

The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. The General Fund is also subject to a total non-special education expenditure limit. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

Reconciliations

The Nebraska Department of Education requires separate budgets for those funds considered as General Fund components for budget purposes.

A reconciliation of the General Fund financial reporting basis to the budgetary basis is as follows:

	<u>Receipts</u>	<u>Expenditures</u>	<u>Receipts over Expenditures</u>
Financial reporting basis			
General Fund	\$ 17,573,404	18,096,097	(522,693)
Budgetary basis			
General Fund	\$ 17,573,184	18,196,668	(623,484)
Depreciation Fund	144,989	44,557	100,432
Employee Benefit Fund	52,978	52,619	359
Total			\$ (522,693)

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS**

YEAR ENDED AUGUST 31, 2014

REGULAR INSTRUCTION	
Regular salaries	\$ 4,983,276
Substitute salaries	140,884
Clerical and paraprofessional staff salaries	43,165
Payroll taxes	411,348
Retirement	371,436
Increased retirement contribution rate	127,553
Health insurance	1,170,839
Early retirements or terminations/voluntary terminations	52,978
Other employee benefits	46,048
Purchased services	38,784
Supplies and materials	258,281
Capital outlay	104,368
	<hr/>
	7,748,960
REGULAR INSTRUCTIONAL PROGRAMS SCHOOL AGE (FLEX-SPENDING)	
Regular salaries	29,178
Clerical and paraprofessional staff salaries	12,701
Payroll taxes	3,224
Retirement	3,066
Increased retirement contribution rate	1,053
Health insurance	5,899
Other employee benefits	314
Supplies and materials	45,545
	<hr/>
	100,980
REGULAR INSTRUCTIONAL PROGRAMS BELOW AGE FIVE (FLEX-SPENDING)	
Clerical and paraprofessional staff salaries	14,738
Payroll taxes	1,127
Retirement	1,084
Increased retirement contribution rate	372
Other employee benefits	35
Supplies and materials	169
	<hr/>
	17,525
LIMITED ENGLISH PROFICIENCY	
Regular salaries	39,261
Clerical and paraprofessional staff salaries	8,503
Payroll taxes	3,506
Retirement	3,512
Increased retirement contribution rate	1,206
Health insurance	16,825
Other employee benefits	426
Other expenses	361
	<hr/>
	\$ 73,600

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

E/P POVERTY PROGRAMS

Regular salaries	\$	391,948
Clerical and paraprofessional staff salaries		25,682
Payroll taxes		33,041
Retirement		30,643
Increased retirement contribution rate		10,523
Health insurance		82,577
Other employee benefits		3,689
Purchased services		18,000
Supplies and materials		64,767

660,870

SPECIAL EDUCATION PROGRAMS

Regular salaries		1,247,557
Substitute salaries		6,463
Stipends/Curriculum work		17,518
Clerical and paraprofessional staff salaries		671,507
Payroll taxes		157,123
Retirement		143,037
Increased retirement contribution rate		49,120
Health insurance		231,851
Other employee benefits		11,889
Purchased services		296,031
Supplies and materials		75,590
Other expenses		29,496

2,937,182

EARLY CHILDHOOD SPECIAL EDUCATION PROGRAMS

Regular salaries		185,919
Substitute salaries		3,615
Stipends/Curriculum work		2,890
Clerical and paraprofessional staff salaries		84,616
Payroll taxes		22,179
Retirement		19,786
Increased retirement contribution rate		6,795
Health insurance		36,323
Other employee benefits		1,809
Purchased services		9,209
Supplies and materials		19,780
Other expenses		240

393,161

TOTAL INSTRUCTIONAL PROGRAMS **\$ 11,932,278**

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

SUPPORT SERVICES - PUPILS	
Regular salaries	\$ 558,102
Extra Stipends/Curriculum work	725
Clerical and paraprofessional staff salaries	43,026
Payroll taxes	47,334
Retirement	43,046
Increased retirement contribution rate	14,783
Health insurance	54,663
Other employee benefits	2,840
Supplies and materials	64,648
	829,167
SUPPORT SERVICES - INSTRUCTIONAL STAFF	
Regular salaries	149,313
Payroll taxes	11,730
Retirement	10,979
Increased retirement contribution rate	3,770
Health insurance	43,691
Other employee benefits	1,433
Supplies and materials	21,414
	242,330
SUPPORT SERVICES - IMPLEMENTATION OF STANDARDS	
Inservice/Curriculum work	(1,064)
Extra Stipends/Curriculum work	6,735
Payroll taxes	434
Retirement	484
Increased retirement contribution rate	166
Supplies and materials	38,879
Other expenses	2,969
	48,603
SUPPORT SERVICES - BOARD OF EDUCATION	
Payroll taxes	261
Other employee benefits	8,198
Purchased services	167,908
Accounting and auditing services	15,987
Legal services	15,821
Supplies and materials	37,411
Other expenses	9,382
	\$ 254,968

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

SUPPORT SERVICES - EXECUTIVE ADMINISTRATION	
Regular salaries	\$ 115,473
Payroll taxes	7,599
Retirement	8,578
Increased retirement contribution rate	2,946
Health insurance	7,272
Other employee benefits	1,581
Supplies and materials	3,632
Other expenses	923
	148,004
SUPPORT SERVICES - OFFICE OF THE PRINCIPAL	
Regular salaries	484,053
Clerical and paraprofessional staff salaries	183,613
Payroll taxes	51,927
Retirement	48,897
Increased retirement contribution rate	16,792
Health insurance	62,502
Other employee benefits	5,272
Supplies and materials	3,014
Other expenses	4,339
	860,409
SUPPORT SERVICES - BUSINESS	
Clerical and paraprofessional staff salaries	94,230
Payroll taxes	7,853
Retirement	7,189
Increased retirement contribution rate	2,469
Health insurance	19,164
Other employee benefits	3,856
Purchased services	13,193
Supplies and materials	24,409
	172,363
VEHICLE ACQUISITION AND MAINTENANCE OTHER THAN PUPIL TRANSPORTATION	
Purchased services	22,965
Supplies and materials	1,979
Capital outlay	42,432
	\$ 67,376

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

SUPPORT SERVICES - MAINTENANCE AND OPERATION
OF BUILDING AND PLANT

Clerical and paraprofessional staff salaries	\$	505,626
Payroll taxes		38,709
Retirement		35,692
Increased retirement contribution rate		12,257
Health insurance		45,452
Other employee benefits		541
Purchased services		513,428
Supplies and materials		243,593
Capital outlay		250,260

1,645,558

SUPPORT SERVICES - REGULAR PUPIL TRANSPORTATION

Purchased services		370,410
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SUPPORT SERVICES - SCHOOL AGED SPED TRANSPORTATION

Salaries of drivers		63,918
Payroll taxes		4,890
Retirement		4,688
Increased retirement contribution rate		1,610
Purchased services		61,357
Supplies and materials		4,469
Capital outlay		115,742

256,674

NONFEDERAL SUPPORT TO SPED

Purchased services		60,488
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STATE PROGRAMS

Community services		27,227
State categorical programs		330,880

\$ 358,107

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS**

YEAR ENDED AUGUST 31, 2014

FEDERAL PROGRAMS	
Title I	\$ 263,661
Title II, Part A	65,033
IDEA Part B (611) Base Allocation	182,324
IDEA Preschool (619) Base Allocation	13,077
IDEA Enrollment/Poverty (611)	221,705
IDEA Part B Proportionate Share	19,465
Title IV, Part B NCLB - 21st Century Community Learning Centers	139,864
Indian Education Grant	4,006
Adult Education	12,219
Title III NCLB Limited English Proficient Grant	128
Medicaid in public schools	180
	<hr/>
	921,662
CATEGORICAL GRANTS FROM CORPORATIONS AND OTHER	
PRIVATE INTERESTS	
Stipends/Curriculum work	277
Payroll taxes	60
Retirement	58
Increased retirement contribution rate	20
Supplies and materials	2,892
Purchased services	5,075
Capital outlay	19,889
	<hr/>
	28,271
TOTAL DISBURSEMENTS	\$ 18,196,668

CASS COUNTY SCHOOL DISTRICT NO. 1

FIDUCIARY FUND

SUPPLEMENTAL SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES

YEAR ENDED AUGUST 31, 2014

	Balance			Balance
	9/1/13	Receipts	Disbursements	8/31/14
Activities Fund	\$ 197,205	559,726	554,054	202,877
Student Fee Fund	52,984	44,796	26,608	71,172
Wiley Memorial Scholarship Fund	1,010,014	21,707	53,523	978,198
Wiles Scholarship Fund	25,112	534	--	25,646
Total	\$ 1,285,315	626,763	634,185	1,277,893

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
Cass County School District No. 1
Plattsmouth, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cass County School District No. 1 (the District) as of and for the year ended August 31, 2014, 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 3, 2014.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The significant deficiencies are findings 2014-001 and 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements (including procedures for determining the District's Average Daily Attendance and Average Daily Membership as reported on the Annual Statistical Summary), 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*.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.

Frankel Zacharia LLC

November 3, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Board of Education
Cass County School District No. 1
Plattsmouth, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Cass County School District No. 1's (the District's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal program for the year ended August 31, 2014. The District's major federal program is 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 laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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 OMB Circular A-133, *Audits 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance with those requirements.

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 its major federal program for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we consider the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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.

This 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 requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Frankel Zacharia LLC

November 3, 2014

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED AUGUST 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered
to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered
to be material weaknesses? None identified

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 Circular A-133, Section 510(a)? No

Identification of major program

CFDA Number

93.600

Name of Federal Program or Cluster

Head Start

Dollar threshold used to distinguish between Type A
and Type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

Section II – Financial Statement Findings

2014-001 Financial Statement Preparation

Criteria: Internal controls should be in operation that provide reasonable assurance of the District's ability to report financial data reliably in accordance with the cash basis of accounting.

Condition: The District's accounting personnel and those charged with governance do not have the skills required to prepare the financial statements and related footnotes in accordance with the cash basis of accounting.

Cause: The District has chosen to use its external audit firm to assist with preparation of their annual financial statements rather than devoting internal resources.

Effect: The District on its own cannot comply with the regulatory requirements to prepare annual financial statements in accordance with the cash basis of accounting.

Response: Management has determined it is not cost-beneficial to create a system of internal control that would allow the District to prepare its own financial statements. Accordingly, management intends to continue to engage their audit firm to assist in the preparation of the statements and the related supplementary schedules.

2014-002 Segregation of Duties

Criteria: A key component of internal control over financial reporting is segregation of duties.

Condition: Due to the size of the District there is limited segregation of duties over bookkeeping, billing and accounting functions. The same individual routinely reconciles the bank statements, makes journal entries, and manages the general ledger functions.

Cause: The District has a limited number of staff.

Effect: Due to the lack of segregation of duties in this area, cash may be subject to misappropriation.

Response: The District continues to implement new and upgraded procedures such as reviews of bank statements and bank reconciliations by the Superintendent to improve segregation of duties issues. The Board of Education also reviews and approves all expenditures. The District will, within the constraints of existing time and cost considerations, continue to review the situation and make improvements.

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

Section III – Federal Award Findings and Questioned Costs

No federal award findings and questioned costs.

Section IV – Summary Schedule of Prior Audit Findings

2013-001 Financial Statement Preparation

Criteria: Internal controls should be in operation that provide reasonable assurance of the District's ability to report financial data reliably in accordance with the cash basis of accounting.

Condition: The District's accounting personnel and those charged with governance do not have the skills required to prepare the financial statements and related footnotes in accordance with the cash basis of accounting.

Cause: The District has chosen to use its external audit firm to assist with preparation of their annual financial statements rather than devoting internal resources.

Effect: The District on its own cannot comply with the regulatory requirements to prepare annual financial statements in accordance with the cash basis of accounting.

Response: Management has determined it is not cost-beneficial to create a system of internal control that would allow the District to prepare its own financial statements. Accordingly, management intends to continue to engage their audit firm to assist in the preparation of the statements and the related supplementary schedules.

Current Year Status – This finding is repeated as finding 2014-001 as management has determined it is not cost beneficial to correct.

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2014

Section IV – Summary Schedule of Prior Audit Findings - Continued

2013-002 Segregation of Duties

Criteria: A key component of internal control over financial reporting is segregation of duties.

Condition: Due to the size of the District there is limited segregation of duties over bookkeeping, billing and accounting functions. The same individual routinely reconciles the bank statements, makes journal entries, and manages the general ledger functions.

Cause: The District has a limited number of staff.

Effect: Due to the lack of segregation of duties in this area, cash may be subject to misappropriation.

Response: The District continues to implement new and upgraded procedures such as reviews of bank statements and bank reconciliations by the Superintendent to improve segregation of duties issues. The Board of Education also reviews and approves all expenditures. The District will, within the constraints of existing time and cost considerations, continue to review the situation and make improvements.

Current Year Status – This finding is repeated as finding 2014-002 as management has determined it is not cost beneficial to correct.