

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

FINANCIAL STATEMENTS

AUGUST 31, 2020
(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, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1.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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, 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

We draw attention to Note 1.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 Changes in Fund Balances, the Fiduciary Fund Supplemental Schedule of Changes in Cash and Investment Balances, Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual, Schedule of the District's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years, and Schedule of the District Contributions - Last 10 Fiscal Years are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combined Schedule of Cash Receipts, Disbursements, and Fund Balances, the General Fund Components - Combining Schedule of Receipts, Disbursements, and Fund Balances, the Fiduciary Fund Supplemental Schedule of Changes in Cash and Investment Balances and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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.

Management's Discussion and Analysis, Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual, Schedule of the District's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years, and Schedule of the District Contributions - Last 10 Fiscal Years have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, 2020

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, 2020. 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 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 Nutrition 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, 2020 was \$5,325,746, down from the 2018-19 net position of \$11,544,555. This decline is due to the bond letting in 2019, which inflated the net position in 18-19.

The fund balance of the General Fund decreased by \$996,756.

The Bond Fund had an ending balance of \$(216,105). The District made principal and interest payments on its bond issues totaling \$1,524,829 and paid off the 2015 reissue.

Total outstanding bond debt (bond fund and QCPUF fund) at the end of the 19-20 fiscal year was \$14,631,433, including interest, with \$1,575,000 of net bond principal debt retired during the year.

The Head Start fund was combined into the General Fund in 2019-20, per direction from the Nebraska Department of Education.

The Qualified Capital Purpose Undertaking Fund (QCPUF) ended the year with a fund balance of \$329,971. Principal payments paid during the 19-20 fiscal year total \$270,000.

The School Nutrition Fund balance on August 31, 2020, was \$195,974. Federal reimbursement to the district for food was \$560,857, up \$97,211 from 18-19, due primarily to the grab and go meals provided to students during the school shutdown due to the pandemic.

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, the Wiles Scholarship and the Duda Scholarship. The activities account, exclusive of the scholarship funds, increased in value by \$4,663, with an ending balance of \$145,443. The Student Fee Fund increased in value by \$14,632, with an ending balance of \$93,897. The Wiley Memorial Scholarship Fund increased in value by \$1,122, with an ending balance of \$1,019,435. The Wiles Scholarship increased in value by \$1,504, with an ending balance of \$33,723. We added an investment account for the Duda Scholarship in 19-20, with an ending balance on August 31, 2020 of \$556,116.

Financial Analysis of the District as a Whole

Total Governmental Funds - The District's Revenue was \$20,916,777 for the fiscal year 2019-20. Local sources of revenue accounted for 47.49% of the District's revenue, 45.11% of the revenue was from state sources and 7.40 % came from federal sources.

The District disbursed \$27,216,835 in 2019-20. The District expended 51.12% of its total funds on instruction, and 6.93% on support services related to instruction. Business and administrative services, buildings and grounds, and pupil transportation contributed to 17.15% of expenditures. These figures include the bond payments and construction related expenses of \$6,749,727, or 24.80%.

**Plattsmouth Community School District
Levies 2018-19 and 2019-20**

	<u>2018-19</u>	<u>2019-20</u>
General Fund	1.0489	1.0475
Bond Fund	.1741	.1231
Special Building Fund	.0000	.0000
QCPUF	<u>.0477</u>	<u>.0461</u>
Total	<u>1.2707</u>	<u>1.2167</u>

**Plattsmouth Community School District
General Fund Receipts
Comparison of 2016-17 to 2019-20**

<u>Revenue Source</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Local	\$ 8,327,168	8,188,812	8,561,278	8,525,149
State	9,226,295	8,806,754	8,761,838	9,313,477
Federal	909,451	636,926	923,670	1,622,364
Other	<u>114,913</u>	<u>155,352</u>	<u>18,423</u>	<u>6,042</u>
	\$ <u>18,577,827</u>	<u>17,787,844</u>	<u>18,265,209</u>	<u>19,467,032</u>

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2016-17 to 2019-20**

Numbers below were adjusted based on the Depreciation fund, the employee benefit fund and reclassifications

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Disbursements				
Regular instruction	\$ 9,242,849	9,278,535	9,407,766	9,099,924
Special education	3,553,601	3,675,674	3,609,476	3,780,677
Pupil support	933,936	958,113	160,693	348,766
Gifted program	12,559	13,963	12,047	13,026
Guidance services	291,938	300,255	306,426	311,030
Health services	91,084	92,871	95,542	97,877
Building maintenance and Operations	1,380,317	1,167,544	1,242,603	1,449,692
Vehicle maintenance	44,538	19,599	67,835	22,144
Pupil transportation	413,314	656,209	695,100	522,317
Board of Education	285,645	319,696	320,447	289,723
Executive administration	205,797	198,626	206,416	210,339
Office of the Principal	1,017,017	1,070,551	1,226,131	1,267,010
Business services	227,833	375,285	716,058	828,588
Library services	246,668	249,209	253,802	266,678

**Plattsmouth Community School District
General Fund 2015-16 to 2018-2019**

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Disbursements (Continued)				
Community Service/ Fitness Center	80,047	31,525	39,303	27,389
Federal programs	811,602	769,662	727,379	1,759,560
Other programs	<u>27,115</u>	<u>10,007</u>	<u>133,624</u>	<u>123,773</u>
Total disbursements	\$ <u>18,865,860</u>	<u>19,187,324</u>	<u>19,220,648</u>	<u>20,418,513</u>

**Plattsmouth Community School District
General Fund Cash Position
Change from 2018-2019 to 2019-2020**

Cash Carryover 2018-2019	\$ 229,034
General Fund Receipts	19,467,032
General Fund Expenditures	<u>20,418,513</u>
Cash Carryover 2019-2020	\$ <u>(722,447)</u>

DEBT ADMINISTRATION

Despite the financial pressure on school districts in Nebraska, Plattsmouth Community School District continues to maintain excellent bond ratings. Currently, Standard and Poor's rates the District "A." Total outstanding bonds at the end of the 2019-2020 year were \$14,631,433, 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 Old 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 2,464,083	195,974	2,660,057
Cash at County Treasurer	2,665,689	--	2,665,689
TOTAL ASSETS	\$ 5,129,772	195,974	5,325,746

NET POSITION

Restricted for:			
Debt service	\$ 329,971	--	329,971
Unrestricted	4,799,801	195,974	4,995,775
TOTAL NET POSITION	\$ 5,129,772	195,974	5,325,746

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS

YEAR ENDED AUGUST 31, 2020

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						
Instruction	\$ 12,035,366	95,064	1,730,801	(10,209,501)	--	(10,209,501)
Support services						
Students	1,200,062	--	--	(1,200,062)	--	(1,200,062)
Instruction	615,444	--	--	(615,444)	--	(615,444)
General administration	500,062	--	--	(500,062)	--	(500,062)
Office of the principal	1,267,010	--	--	(1,267,010)	--	(1,267,010)
Central services	828,588	--	--	(828,588)	--	(828,588)
Operations and maintenance of plant	1,522,420	--	--	(1,522,420)	--	(1,522,420)
Student transportation	522,317	--	106,177	(416,140)	--	(416,140)
Operation of non-instructional services	27,389	--	--	(27,389)	--	(27,389)
Private and state categorical programs	119,240	--	--	(119,240)	--	(119,240)
Federal programs	1,759,560	--	1,256,659	(502,901)	--	(502,901)
Transfers (outgoing)	15,000	--	--	(15,000)	--	(15,000)
Non-program expenditures	54,650	--	--	(54,650)	--	(54,650)
Capital outlay	4,904,843	--	--	(4,904,843)	--	(4,904,843)
Subtotal of governmental activities carried forward	\$ 25,371,951	95,064	3,093,637	(22,183,250)	--	(22,183,250)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2020

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	\$ 25,371,951	95,064	3,093,637	(22,183,250)	--	(22,183,250)
Debt service						
Principal	1,575,000	--	--	(1,575,000)	--	(1,575,000)
Interest	267,934	--	--	(267,934)	--	(267,934)
Wire fees	1,950	--	--	(1,950)	--	(1,950)
Total governmental activities	27,216,835	95,064	3,093,637	(24,028,134)	--	(24,028,134)
Business-type activities						
Food program services	760,469	244,356	564,697	--	48,584	48,584
Total business-type activities	760,469	244,356	564,697	--	48,584	48,584
Total primary government	\$ 27,977,304	339,420	3,658,334	(24,028,134)	48,584	(23,979,550)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2020

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government	Business-type	
				Governmental Activities	Activities	
General receipts						
Taxes						
Property taxes - general purpose				\$ 7,258,390	--	7,258,390
Property taxes - debt service				1,240,366	--	1,240,366
Motor vehicle tax				919,203	--	919,203
Carline taxes				7,721	--	7,721
Public Power District sales tax				164,024	--	164,024
Railroad taxes				9,392	--	9,392
County fines and licenses				70,094	--	70,094
State aid				6,614,462	--	6,614,462
Other state receipts				1,275,573	--	1,275,573
Interest				78,458	--	78,458
Proceeds from the sale of property				10,000	--	10,000
Other receipts				80,393	--	80,393
Total general receipts				17,728,076	--	17,728,076
Change in net position				\$ (6,300,058)	48,584	(6,251,474)
Net position - beginning as previously reported				\$ 11,397,165	147,390	11,544,555
Combination of employee flexible benefit account				32,665	--	32,665
Net position - beginning as restated				11,429,830	147,390	11,577,220
Change in net position				(6,300,058)	48,584	(6,251,474)
Net position - ending				\$ 5,129,772	195,974	5,325,746

See accompanying notes to financial statements

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2020

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Total Governmental Funds
ASSETS					
Cash in Bank	\$ --	232,737	74,036	2,157,310	2,464,083
Cash at County Treasurer	2,309,187	97,234	259,184	84	2,665,689
Due from other funds	549,325	--	--	2,303,631	2,852,956
Total assets	\$ 2,858,512	329,971	333,220	4,461,025	7,982,728
LIABILITIES					
Due to other funds	\$ 2,303,631	--	549,325	--	2,852,956
FUND BALANCES					
Restricted for:					
Debt service	--	329,971	--	--	329,971
Assigned	1,277,328	--	--	4,461,025	5,738,353
Unassigned	(722,447)	--	(216,105)	--	(938,552)
Total fund balance	554,881	329,971	(216,105)	4,461,025	5,129,772
Total liabilities and fund balance	\$ 2,858,512	329,971	333,220	4,461,025	7,982,728

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
RECEIPTS						
Taxes						
Property - general purpose	\$ 7,258,141	--	--	249	--	7,258,390
Property - debt service	--	331,290	909,076	--	--	1,240,366
Motor vehicle	919,203	--	--	--	--	919,203
Carline	6,635	294	792	--	--	7,721
Public Power District sales tax	164,024	--	--	--	--	164,024
Railroad	9,392	--	--	--	--	9,392
Tuition	48,391	--	--	--	--	48,391
Other local receipts/rental of school facilities	46,673	--	--	--	--	46,673
County receipts	70,094	--	--	--	--	70,094
State receipts	9,313,477	33,185	88,997	--	--	9,435,659
Federal receipts	1,548,013	--	--	--	--	1,548,013
Interest income	5,916	327	213	72,002	--	78,458
Proceeds from sale of property	--	--	--	10,000	--	10,000
Other nonrevenue receipts	80,393	--	--	--	--	80,393
Total receipts	19,470,352	365,096	999,078	82,251	--	20,916,777
DISBURSEMENTS						
Instruction	12,035,366	--	--	--	--	12,035,366
Support services:						
Students	1,200,062	--	--	--	--	1,200,062
Instruction	615,444	--	--	--	--	615,444
General administration	500,062	--	--	--	--	500,062
Office of the principal	1,267,010	--	--	--	--	1,267,010
Central services	828,588	--	--	--	--	828,588
Operations and maintenance of plant	1,522,420	--	--	--	--	1,522,420
Student transportation	522,317	--	--	--	--	522,317
Operation of non-instructional services	27,389	--	--	--	--	27,389
Subtotal of disbursements carried forward	\$ 18,518,658	--	--	--	--	18,518,658

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
DISBURSEMENTS (continued)						
Balance carried forward	\$ 18,518,658	--	--	--	--	18,518,658
Private and state categorical programs	119,240	--	--	--	--	119,240
Federal programs	1,759,560	--	--	--	--	1,759,560
Transfers (outgoing)	15,000	--	--	--	--	15,000
Non-program expenditures	54,650	--	--	--	--	54,650
Capital outlay	--	--	--	4,904,843	--	4,904,843
Debt service:						
Principal	--	270,000	1,305,000	--	--	1,575,000
Interest	--	49,655	218,279	--	--	267,934
Wire fees	--	400	1,550	--	--	1,950
Total disbursements	20,467,108	320,055	1,524,829	4,904,843	--	27,216,835
Excess (deficit) of receipts over disbursements	(996,756)	45,041	(525,751)	(4,822,592)	--	(6,300,058)
NET CHANGE IN FUND BALANCES	\$ (996,756)	45,041	(525,751)	(4,822,592)	--	(6,300,058)
Fund balances - beginning as previously reported	\$ 1,501,162	284,930	309,646	9,283,617	17,810	11,397,165
Reclassify Head Start fund balance	17,810	--	--	--	(17,810)	--
Combination of employee flexible benefit account	32,665	--	--	--	--	32,665
Fund balances - beginning as restated	1,551,637	284,930	309,646	9,283,617	--	11,429,830
Net change in fund balances	(996,756)	45,041	(525,751)	(4,822,592)	--	(6,300,058)
Fund balances - ending	\$ 554,881	329,971	(216,105)	4,461,025	--	5,129,772

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2020

	<u>School Nutrition Fund</u>
ASSETS	
Cash in Bank	\$ 195,974
TOTAL ASSETS	195,974
NET POSITION	
Unrestricted	195,974
TOTAL NET POSITION	\$ 195,974

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

	School Nutrition Fund
Operating receipts	
Charges for sales and services	
Lunchroom sales	\$ 244,356
Operating disbursements	
Cost of sales and services	760,469
Operating loss	(516,113)
Nonoperating receipts	
USDA and State subsidy	564,697
Total nonoperating receipts	564,697
Change in net position	48,584
Net position - beginning	147,390
Net position - ending	\$ 195,974

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2020

	Activities Fund	Student Fee Fund	Private Purpose Trust Funds		
			Wiley Memorial Scholarship Fund	Wiles Scholarship Fund	Duda Scholarship Fund
ASSETS					
Cash and cash equivalents	\$ 145,443	93,897	--	1,713	116,579
Investments	--	--	1,019,435	32,010	439,537
Due from Wiles Scholarship Fund	13,000	--	--	--	--
TOTAL ASSETS	\$ 158,443	93,897	1,019,435	33,723	556,116
LIABILITIES					
Due to student groups and other	\$ 158,443	--	--	13,000	--
NET POSITION	--	93,897	1,019,435	20,723	556,116
TOTAL LIABILITIES AND NET POSITION					
	\$ 158,443	93,897	1,019,435	33,723	556,116

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

	Student Fee Fund	Private Purpose Trust Funds		
		Wiley Memorial Scholarship Fund	Wiles Scholarship Fund	Duda Scholarship Fund
ADDITIONS				
Net investment income	\$ --	61,235	1,504	7,043
Contributions				549,073
Other receipts	42,504	--	--	--
Total additions	42,504	61,235	1,504	556,116
DEDUCTIONS				
Disbursements	--	60,113	1,000	--
Student fee expenses	27,872	--	--	--
Total deductions	27,872	60,113	1,000	--
Change in net position	14,632	1,122	504	556,116
Net position - beginning	79,265	1,018,313	20,219	--
Net position - ending	\$ 93,897	1,019,435	20,723	556,116

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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. 90, 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, 2020

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, 110 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.

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.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

1. Summary of Significant Accounting Policies - Continued

C. Fund Types - Continued

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. This fund is used for the administration of the District's flexible spending account. The Employee Benefit Fund is considered a component of the General Fund.

Proprietary Fund:

School Nutrition Fund – The School Nutrition 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 Nutrition 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, 2020

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 or available, 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, 2020

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, of (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, 2020

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 2019, a loan of \$888,000 was made from the General Fund to the Bond Fund. The balance of the loan is \$549,325 as of August 31, 2020. The District will make payments as tax receipts allow with the intention to have it paid off as soon as possible.

In 2020, a loan totaling \$630,000 was made from the Special Building Fund to the General Fund. The balance of the loan is \$630,000 as of August 31, 2020. The District will make payments as tax receipts allow with the intention to have it paid off as soon as possible.

In addition, the District utilizes bank accounts that are allocated between funds. This allows the District to manage its cash flows. As a result of this cash management strategy, at August 31, 2020 the Special Building Fund had advanced cash to the General Fund.

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. In accordance with the Nebraska Budget Act, 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. During 2020 the District's actual expenditures in the Bond Fund exceeded the budgeted expenditures.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

1. Summary of Significant Accounting Policies – Continued

I. Budget Process and Property Taxes - Continued

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.

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, 2020, 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 11).

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, 2020, 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 had no uncollateralized position 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.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

2. Cash and Investments - Continued

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 \$1,019,435 (market value of \$1,205,156) held by the Wiley Memorial Scholarship Fund, \$32,010 (market value of \$38,107) held by the Wiles Scholarship Fund and \$439,537 (market value of \$416,973) held by the Duda Scholarship Fund primarily consist of exchange traded and mutual funds.

The Nebraska Liquid Asset Fund (NLAFF) was established in March 1998 through the Interlocal Cooperation Act. NLAFF 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 NLAFF is to provide its owner members with a conservative and effective investment alternative tailored to the needs of its members. NLAFF 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. NLAFF is not registered with the Securities and Exchange Commission (SEC) as an investment company. The District has \$3,910,538 invested with NLAFF as of August 31, 2020.

NLAFF'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 NLAFF.

3. Bonds Payable

The District has four bond issues outstanding as of August 31, 2020:

Qualified Capital Purpose Undertaking Fund

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 Bonds, Series 2016, dated April 12, 2016, principal of \$2,810,000, interest rate 1.40% to 2.35%, matures December 15, 2026.	1,760,000

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

3. Bonds Payable – Continued

Bond Fund

General Obligation School Building Bonds, Series 2019 dated August 21, 2019, principal of \$9,480,000, interest rate 2.00% to 3.00%, matures December 15, 2039. 9,480,000

Total bonds payable, August 31, 2020 **\$ 11,520,000**

Interest paid during fiscal 2020 **\$ 267,734**

The following is a summary of long-term debt transactions of the District for the year ended August 31, 2020.

	Original Issue	Balance August 31, 2019	Issued	Retire- ments	Bonds Outstanding August 31, 2020
Qualified School Construction Bonds					
Bond Series 2010B	\$ 280,000	280,000	--	--	280,000
General Obligation Bond Series 2015	2,645,000	1,305,000	--	1,305,000	--
Limited Tax Obligation Series 2016	2,810,000	2,030,000	--	270,000	1,760,000
General Obligation School Building Bonds					
Series 2019	9,840,000	9,480,000	--	--	9,480,000
Total bonds		\$13,095,000	--	1,575,000	11,520,000

The District issued General Obligation School Building Bonds, Series 2020, on October 15, 2020, in the amount of \$5,575,000. The bonds will mature December 15, 2039 with the first principal payment of \$240,000 is due December 15, 2021. Interest rates range from 1.05% to 2.125% and is payable semi-annually. The proceeds from this bond issue will be used for building additions and facility upgrades.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

3. Bonds Payable – Continued

The above bonds along with the Series 2020 issuance mature as follows:

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 640,000	360,938	1,000,938
2022	895,000	377,309	1,272,309
2023	930,000	355,108	1,285,108
2024	955,000	330,586	1,285,586
2025	975,000	305,004	1,280,004
2026-2030	4,230,000	1,218,805	5,448,805
2031-2035	3,980,000	835,033	4,815,033
2036-2040	4,490,000	306,727	4,796,727
	\$ 17,095,000	4,089,510	21,184,510

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.

4. Debt Obligations

In December 2016, the District entered into a long-term note with Cass County Bank for \$149,375 to finance technology equipment. The note is secured by such technology equipment and bears an interest rate of 3.94%. The note calls for bi-annual payments of \$26,684 in June and December through 2019, with payments commencing in June 2017. The note was paid in full as of August 31, 2020.

In August 2020, the District renewed a one-year unsecured promissory note for a \$2,228,000 line of credit with Plattsmouth State Bank, which matures August 4, 2021. Any outstanding balance on the note bears interest at 5.25%. As of August 31, 2020, the outstanding balance was \$1,409,362.

In August 2020, the District renewed a short-term note with Plattsmouth State Bank for \$212,000 to supplement the line of credit above. The note is secured by a certificate of deposit owned by the District which is held at Plattsmouth State Bank and bears an interest rate of 5.25%. The note calls for one principal payment plus interest accrued upon maturity on August 4, 2021.

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 commingled 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 graduating 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.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

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.

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, 2020, the District had interfund transfers reported with receipts and disbursements for support of other funds as shown below.

	Transfer In	Transfer Out
Activities Fund	\$ 15,000	--
General Fund	--	15,000
<u>Total</u>	<u>\$ 15,000</u>	<u>15,000</u>

9. Commitments and Contingencies

In the normal course of operations, the District may be involved in routine litigation. The District maintains insurance to assist in covering the risks associated with these contingencies (Note 7). There are no significant pending legal proceedings which the District believes would have a material adverse effect on their financial position.

The District has a contingent loan agreement with Plattsmouth State Bank (PSB) that essentially guarantees a loan issued by PSB to Plattsmouth Community Schools Fitness Center Incorporated (PCSFCI), an unrelated party to the District comprised of community leaders. In the event PCSFCI would default on their loan associated with the improvements to the District's athletic facilities, the District would incur a loan in an amount not to exceed \$1,225,000. The balance on the guaranteed loan was approximately \$544,000 at August 31, 2020.

The District has entered into various construction related contracts for school improvements which have a remaining obligation of approximately \$3,900,000 at August 31, 2020.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

9. Commitments – Continued

On December 8, 2014, the District extended an agreement with the Cass County Sheriff’s Office to have a School Resource Officer assigned to the District. On September 10, 2018, the agreement was extended through the 2022-2023 school year. The extended agreement includes the addition of a second School Resource officer for the first two school years of the extended period. The agreement contains a termination clause that allows either party to terminate the agreement with written 90-day notice prior to July 1st of the final three years of the agreement. The remaining agreed upon non-cancellable cost at August 31, 2020 is approximately \$163,000.

On September 10, 2018, the District entered into a three-year service agreement with Professional Heating and Air Conditioning. The district will receive services related to cooling and heating system maintenance and related labor and materials, and systems review and inspections. The service agreement’s remaining non-cancellable cost at August 31, 2020 is approximately \$44,000.

On July 1, 2020, the District entered into a seven-year agreement with Mid States School Bus, Inc. The district will receive student transportation services during the school year including daily routes, special education routes, and out-of-district transportation. Payments are due in monthly installments based on services provided. Additional charges for out-of-district transportation and Special Education transportation mileage will be incurred. The agreement may be terminated by either party, with or without cause, by written notice and effective at the end of the school year. The remaining agreed upon non-cancellable cost at August 31, 2020 is approximately \$531,000.

On August 31, 2020, the District entered into a three-year agreement with Witte Physical Therapy for athletic training services. The agreement contains a termination clause which allows either party to terminate the contract with a written 30-day notice at any time or immediately with cause. The remaining agreed upon non-cancellable cost at August 31, 2020 is approximately \$25,500.

The District entered into lease agreements for the use of various office equipment, machinery and effective purchase of computer equipment and athletic field lighting. Total payments, including interest, for all lease agreements totaled \$277,754 in the year ended August 31, 2020. Future minimum annual payments under all lease agreements for the years ending after August 31, 2020 are as follows:

Year Ending August 31,	
2021	\$ 175,746
2022	107,927
2023	58,769
2024	23,340
2025	23,340
Thereafter	112,810

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

10. Subsequent Events

Management evaluated transactions and events occurring subsequent to August 31, 2020, and through November 3, 2020 (the date the financial statements were available to be issued), to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in subsequent period requiring disclosure or recognition in the financial statements, except as disclosed in Note 3 and the following.

Subsequent to the fiscal year end, the District sold surplus property with the proceeds of approximately \$155,000 being deposited into the Special Building Fund upon receipt at closing. Deposits of \$40,000 were previously recognized as proceeds when received upon the execution of the purchase option.

11. Retirement Plan

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

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 2019, there were 265 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

Normal retirement is at age 65. For an employee who became a member before July 1, 2013, the monthly benefit is equal to the greater of the following: 1) the sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to \$3.50 per year of service; or 2) the average of the three 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor of two percent, and an actuarial factor based on age.

For an employee who became a member on or after July 1, 2013, the monthly benefit is equal to the greater of the following: 1) the sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to \$3.50 per year of service; or 2) the average of the five 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor of two percent, and an actuarial factor based on age.

Benefit calculations vary with early retirement. Employees' benefits are vested after five years of plan participation or when termination occurs at age 65 or later.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

11. Retirement Plan - Continued

For school employees who became members prior to July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost of living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or two and one-half percent. The current benefit paid to a retired member or beneficiary is adjusted so that the purchasing power of the benefit being paid is not less than 75 percent of the purchasing power of the initial benefit.

For school employees who became members on or after July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent. There is no purchasing power floor for employees who fall under this tier.

For the District's year ended August 31, 2020, the District's total payroll for all employees was \$12,143,803. Total covered payroll was \$11,799,595. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Contributions

The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2018, to June 30, 2019 (and from July 1, 2019 through August 31, 2020). The school district (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for the year ended August 31, 2020 was \$1,165,540.

Pension Liabilities

At June 30, 2019 the District had a liability of \$6,068,980 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying cash basis financial statements.) The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERS School Plan was 90.91% funded as of June 30, 2019 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the District's proportion was 0.601915 percent, which was an increase of 0.007983 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District's allocated pension expense was \$1,248,334.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

11. Retirement Plan - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, including wage inflation	3.50 – 8.50%
Cost-of-Living Adjustment	Members hired before July 1, 2013: 2.25% with a floor benefit equal to 75% purchasing power of original benefit. Members hired on or after July 1, 2013: 1.00% with no floor benefit
Investment Rate Return, net of investment expense, including price inflation	7.50%

The School Plan's pre-retirement mortality rates were based on the RP-2014 White Collar Table for Employees (100% of male rates for males, 55% of female rate for females), projected generationally with MP-2015.

The School Plan's post-retirement mortality rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled (males: under 80, 1.008; over 80, 1.449; females: under 85, 0.924; over 85, 1.5855; geometrically blended), projected generationally with a Society of Actuaries projection scale tool using 0.5% ultimate rate in 2035.

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

The actuarial assumptions used in the July 1, 2019, valuations for the School plan is based on the results of the most recent actuarial experience study, which covered the four year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019, (see the discussion of the pension plan's investment policy) are summarized in the following table:

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

11. Retirement Plan – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Large Cap US Equity	26.10%	5.83%
Small Cap US Equity	2.90%	7.56%
Global Equity	15.00%	6.51%
International Developed Equity	10.80%	6.80%
Emerging Markets	2.70%	10.55%
Core Bonds	20.00%	1.63%
High Yield	3.50%	5.22%
Bank Loans	5.00%	2.78%
International Bonds	1.50%	1.41%
Private Equity	5.00%	9.70%
Real Estate	7.50%	5.18%
Total	100.00%	

*Arithmetic mean, net of investment expenses.

Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2019, was 7.5 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2011, through June 30, 2015. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and nonemployers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2118.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2020

11. Retirement Plan – Continued

	Discount rate	District's proportionate Share of net pension liability (asset)
1% decrease	6.5%	\$ 15,308,252
Current discount rate	7.5%	6,068,980
1% increase	8.5%	(1,558,058)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained via the internet at:
http://www.auditors.nebraska.gov/APA_Reports.

SUPPLEMENTAL SCHEDULES

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

FEDERAL GRANTOR

<u>Pass through Grantor</u>		Pass-through Entity Identifying #	Expenditures
Program Title	CFDA #		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Head Start	93.600	N/A	\$ 1,087,348
<u>Passed through Nebraska Association of School Boards Medicaid Consortium</u>			
Medical Assistance Program	93.778	13-0001	<u>31,254</u>
Total U.S. Department of Health and Human Services			1,118,602
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through State Department of Education</u>			
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	20-6408-00-03-013-0001 20-6412-00-03-013-0001	\$ 384,089
Special Education Preschool Grants	84.173	20-6406-00-03-013-0001	<u>13,897</u> 397,986
Adult Education - Basic Grants to States	84.002	20-2AEF-07-00-130001	11,939
Title I Grants to Local Educational Agencies	84.010	20-6200-00-03-013-0001	165,341
Twenty-First Century Community Learning Centers	84.287	20-6968 A0-03-013-0001	43,584
Improving Teacher Quality State Grants	84.367	20-3610-00-03-013-0001	34,325
Student Support & Academic Enrichment	84.424	20-6969-00-03-013-0001	<u>18,976</u>
Total U.S. Department of Education			672,151

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

FEDERAL GRANTOR		Pass-through		
<u>Pass through Grantor</u>		Entity		
Program Title	CFDA #	Identifying #		Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
<u>Passed through Nebraska Department of Health and Human Services</u>				
Food Donation - non-cash award	10.555	2019IN202043, 2020IN202043	\$ 88,819	
<u>Passed through State Department of Education</u>				
National School Lunch Program	10.555	None	282,925	
Summer Food Services Program for Children	10.559	2020IN109943	<u>220,579</u>	\$ 592,323
Child and Adult Care Food Program	10.558	2019IN202043, 2020IN202043		<u>57,353</u>
Total U.S. Department of Agriculture				<u>649,676</u>
Total Federal Awards Expended				<u><u>\$ 2,440,429</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) 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.

Indirect Cost Rate - The District did not elect to use the 10% de minimis cost rate.

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

	Fund Balances At Beginning of Year as Restated	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	\$ 1,551,637	19,470,352	20,467,108	--	(996,756)	554,881	--	--	2,309,187	(1,754,306)
Qualified Capital Purpose Undertaking Fund	284,930	365,096	320,055	--	45,041	329,971	232,737	--	97,234	--
Bond Fund	309,646	999,078	1,524,829	--	(525,751)	(216,105)	74,036	--	259,184	(549,325)
Special Building Fund	9,283,617	82,251	4,904,843	--	(4,822,592)	4,461,025	2,157,310	--	84	2,303,631
School Nutrition Fund	147,390	809,053	760,469	--	48,584	195,974	195,974	--	--	--
Fiduciary Funds	1,117,797	661,359	88,985	--	572,374	1,690,171	357,632	1,490,982	--	(158,443)
Total	\$ 12,695,017	22,387,189	28,066,289	--	(5,679,100)	7,015,917	3,017,689	1,490,982	2,665,689	(158,443)

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2020

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS					
Local sources					
Taxes					
Property taxes - general purpose	\$ 7,258,141	--	--	--	7,258,141
Carline tax	6,635	--	--	--	6,635
Public Power District sales tax	164,024	--	--	--	164,024
Motor vehicle taxes	919,203	--	--	--	919,203
Railroad taxes	9,392	--	--	--	9,392
Interest	2,596	3,320	--	--	5,916
Tuition	48,391	--	--	--	48,391
Other local receipts/rental of school facilities	46,673	--	--	--	46,673
Total local sources	8,455,055	3,320	--	--	8,458,375
County sources					
ESU receipts	4,185	--	--	--	4,185
County fines and license fees	65,909	--	--	--	65,909
Total county sources	70,094	--	--	--	70,094
State sources					
State aid	6,614,462	--	--	--	6,614,462
Special education	1,439,447	--	--	--	1,439,447
Special education transportation	106,177	--	--	--	106,177
Subtotal state sources carried forward	\$ 8,160,086	--	--	--	8,160,086

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2020

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
State sources - balance carried forward	\$ 8,160,086	--	--	--	8,160,086
Homestead exemption	308,471	--	--	--	308,471
Property tax credit	419,782	--	--	--	419,782
High ability learners	12,227	--	--	--	12,227
Preschool flex funding	13,412	--	--	--	13,412
Prorate motor vehicle	19,562	--	--	--	19,562
State appointment	245,548	--	--	--	245,548
State grants	134,389	--	--	--	134,389
Total state sources	9,313,477	--	--	--	9,313,477
Federal sources					
Title I	198,459	--	--	--	198,459
Title II, Part A	39,936	--	--	--	39,936
IDEA Poverty/Base	169,036	--	--	--	169,036
IDEA Part B Poverty	88,654	--	--	--	88,654
IDEA Part B (619) Preschool	9,465	--	--	--	9,465
Subtotal federal sources carried forward	\$ 505,550	--	--	--	505,550

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2020

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
Federal sources - balance carried forward	\$ 505,550	--	--	--	505,550
IDEA Nonpublic	12,655	--	--	--	12,655
Medicaid in public schools	2,410	--	--	--	2,410
Medicaid Administrative Activities	31,254	--	--	--	31,254
21st Century Learning Grant	73,786	--	--	--	73,786
ABE/GED	8,207	--	--	--	8,207
Head Start	914,151	--	--	--	914,151
Total Federal sources	1,548,013	--	--	--	1,548,013
Nonrevenue receipts					
Transfers from other funds	--	--	54,080	(54,080)	--
Other	80,393	--	--	--	80,393
Total nonrevenue receipts	80,393	--	54,080	(54,080)	80,393
TOTAL RECEIPTS	\$ 19,467,032	3,320	54,080	(54,080)	19,470,352

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2020

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS					
Instruction	\$ 12,089,446	--	--	(54,080)	12,035,366
Support services					
Students	1,200,062	--	--	--	1,200,062
Instruction	615,444	--	--	--	615,444
General administration	500,062	--	--	--	500,062
Office of the principal	1,267,010	--	--	--	1,267,010
Central services	828,588	--	--	--	828,588
Operations and maintenance of plant	1,471,836	50,584	--	--	1,522,420
Student transportation	522,317	--	--	--	522,317
Operation of non-instructional services	27,389	--	--	--	27,389
Private and state categorical programs	119,240	--	--	--	119,240
Federal programs	1,759,560	--	--	--	1,759,560
Transfers (outgoing)	15,000	--	--	--	15,000
Non-program expenditures	2,559	--	52,091	--	54,650
TOTAL DISBURSEMENTS	20,418,513	50,584	52,091	(54,080)	20,467,108
RECEIPTS OVER (UNDER) DISBURSEMENTS	(951,481)	(47,264)	1,989	--	(996,756)
FUND BALANCE, beginning of year as restated	229,034	1,289,579	33,024	--	1,551,637
FUND BALANCE, end of year	\$ (722,447)	1,242,315	35,013	--	554,881

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 1,500,281	229,034
RECEIPTS		
Local sources		
Property taxes - general purpose	8,238,326	7,258,141
Carline tax	16,000	6,635
Public Power District sales tax	180,000	164,024
Motor-vehicle taxes	950,000	919,203
Railroad taxes	--	9,392
Interest	3,800	2,596
Local license fees and fines	5,300	--
Tuition	83,000	48,391
Other local receipts/rental of school facilities	47,500	46,673
	9,523,926	8,455,055
County sources		
ESU receipts	5,300	4,185
Fines and licenses	90,000	65,909
	95,300	70,094
State sources		
State aid	6,614,462	6,614,462
Special education	1,450,000	1,439,447
Special education transportation	110,000	106,177
Homestead exemption	240,000	308,471
Property tax credit	250,000	419,782
High ability learners	12,500	12,227
Preschool flex funding	10,000	13,412
Prorate motor vehicle	15,000	19,562
State apportionment	230,000	245,548
State grants	120,000	134,389
	9,051,962	9,313,477

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
RECEIPTS - continued		
Federal sources		
Title I	\$ 275,000	198,459
Title II, Part A	40,000	39,936
IDEA Poverty/Base	319,000	169,036
IDEA Part B Poverty	--	88,654
IDEA Part B (619) Preschool	12,000	9,465
IDEA Nonpublic	19,000	12,655
Medicaid in public schools	12,000	2,410
Medicaid activities/outreach	13,000	31,254
Title IV, Part B NCLB - 21st Century Community Learning Centers	85,000	73,786
Adult Education	8,000	8,207
Head Start	1,097,120	914,151
	1,880,120	1,548,013
Nonrevenue receipts		
Sale of property	16,500	4,422
ROTC reimbursements	75,000	74,351
Other non-revenue receipts	15,000	1,620
	106,500	80,393
Total Receipts	20,657,808	19,467,032
Total Available Resources	22,158,089	19,696,066

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS		
Instruction		
Regular instruction	\$ 7,921,306	7,911,762
Regular instructional programs - school age (flex-spending)	174,505	180,055
Regular instructional programs - below age 5 (flex-spending)	22,262	11,250
Early childhood programs	--	111,942
Limited English proficiency programs	70,000	90,889
Poverty programs	838,500	790,703
Special education instructional programs - school age	2,814,745	2,789,679
Special education instructional programs - ages 3-5	204,584	199,843
Summer school	26,558	3,323
	12,072,460	12,089,446
Support services - students		
Attendance and social work services	207,218	207,303
Guidance services	309,980	311,030
Health services	96,336	97,877
Psychological services: SPED school age	176,786	174,717
Speech pathology & audiology services: SPED school age	222,918	233,164
Speech pathology & audiology services: SPED ages 3-5	100,000	97,939
Occupational therapy - related services: SPED school age	25,000	21,052
Occupational therapy - related services: SPED ages 3-5	25,000	17,070
Physical therapy - related services: SPED school age	20,000	14,798
Physical therapy - related services: SPED ages 3-5	18,000	7,664
Visually impaired - related services: SPED school age	20,000	17,448
	1,221,238	1,200,062
Support services - instruction		
Instruction and curriculum development	82,600	185,183
Instructional staff training	18,000	26,611
Library/media services	262,790	266,678
Instruction-related technology	161,473	136,972
	524,863	615,444

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS - continued		
Support services - general administration		
Board of education	\$ 315,200	289,723
Executive administration	231,773	210,339
	546,973	500,062
Office of the principal	1,268,010	1,267,010
Central services		
Fiscal services	279,914	323,377
Printing, publishing, and duplicating services	83,525	98,544
Administrative technology services	300,249	406,667
	663,688	828,588
Operations and maintenance of plant		
Operation of buildings	830,518	792,979
Maintenance of buildings	373,914	423,069
Care and upkeep of grounds	21,850	22,999
Vehicle operation, maintenance and purchasing (other than student transportation vehicles)	74,500	22,144
Security	160,000	208,511
Safety	--	2,134
	1,460,782	1,471,836
Student transportation		
Vehicle operation and purchasing - regular education	450,000	285,777
Vehicle operation and purchasing - school age SPED	193,700	201,136
Vehicle operation and purchasing - below age 5 SPED	62,000	35,404
	705,700	522,317

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS - continued		
Operation of non-instructional services		
Community services operations	\$ 39,850	27,389
	39,850	27,389
Private and state categorical programs		
Categorical grants from corporations and other private interests	11,750	4,206
Other state categorical programs	10,611	11,042
High ability learners	12,227	13,026
Early childhood endowment grants	75,000	80,124
Nebraska innovation grant program	10,000	10,842
	119,588	119,240
Federal programs	1,834,937	1,759,560
Transfers (outgoing)	--	15,000
Non-program expenditures	--	2,559
Total disbursements	20,458,089	20,418,513
Fund balance, end of year	\$ 1,700,000	(722,447)

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 1,333,516	1,289,579
Receipts		
Interest	3,500	3,320
Total receipts	3,500	3,320
Total available resources	1,337,016	1,292,899
Disbursements		
Supplies	--	50,574
Capital outlay	1,337,016	10
Total disbursements	1,337,016	50,584
FUND BALANCE, End of year	\$ --	1,242,315

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, 2020

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 280,781	284,930
Receipts		
Taxes		
Property taxes - debt purpose	362,559	331,290
Carline	420	294
Homestead exemption	10,000	13,586
Property tax credit	16,000	18,471
Prorate motor vehicle	420	818
Railroad tax	--	310
Interest	475	327
Total receipts	389,874	365,096
Total available resources	670,655	650,026
Disbursements		
Contracted services	250,000	--
Principal	270,000	270,000
Interest payments	49,655	49,655
Miscellaneous expense	1,000	400
Total disbursements	570,655	320,055
FUND BALANCE, End of year	\$ 100,000	329,971

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 197,276	309,646
Receipts		
Taxes		
Property taxes - debt purpose	967,834	909,076
Carline	1,500	792
Homestead exemption	--	36,158
Property tax credit	--	49,308
Prorate motor vehicle	2,000	2,428
Railroad tax	--	1,103
Interest	350	213
Total receipts	971,684	999,078
Total available resources	1,168,960	1,308,724
Disbursements		
Principal payments	465,000	1,305,000
Interest payments	353,160	218,279
Miscellaneous expense	800	1,550
Total disbursements	818,960	1,524,829
FUND BALANCE, End of year	\$ 350,000	(216,105)

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 9,236,268	9,283,617
Receipts		
Taxes		
Property taxes - general purpose	--	249
Interest	1,200	72,002
Sale of property	--	10,000
Total receipts	1,200	82,251
Total available resources	9,237,468	9,365,868
Disbursements		
Capital outlay	9,237,468	4,868,139
Miscellaneous	--	36,704
Total disbursements	9,237,468	4,904,843
FUND BALANCE, End of year	\$ --	4,461,025

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 30,359	33,024
Receipts		
Transfers from other funds	85,000	54,080
Total receipts	85,000	54,080
Total available resources	115,359	87,104
Disbursements		
Benefits paid	115,359	52,091
Total disbursements	115,359	52,091
FUND BALANCE, End of year	\$ --	35,013

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 167,220	147,390
Receipts		
Sales of lunches	370,000	244,356
State reimbursement	4,000	3,840
Federal reimbursement	459,000	560,857
Total receipts	833,000	809,053
Total available resources	1,000,220	956,443
Disbursements		
Salaries	23,000	21,166
Payroll taxes and benefits	4,300	4,931
Purchased services	970,720	716,077
Food and supplies	2,200	85
Equipment purchases	--	17,016
Other expenses	--	1,194
Total disbursements	1,000,220	760,469
FUND BALANCE, End of year	\$ --	195,974

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, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 72,573	79,265
Receipts		
Activity receipts	50,000	42,504
<hr/>		
Total receipts	50,000	42,504
Total available resources	122,573	121,769
Disbursements		
Extracurricular activity fees	122,573	27,872
<hr/>		
Total disbursements	122,573	27,872
FUND BALANCE, End of year	\$ --	93,897

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO BUDGETARY SCHEDULES (UNAUDITED)

AUGUST 31, 2020

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>Excess Receipts over (under) Expenditures</u>
Financial reporting basis			
<u>General Fund</u>	<u>\$ 19,470,352</u>	<u>20,467,108</u>	<u>(996,756)</u>
Budgetary basis			
General Fund	\$ 19,467,032	20,418,513	(951,481)
Depreciation Fund	3,320	50,584	(47,264)
Employee Benefit Fund	--	(1,989)	1,989
<u>Total</u>	<u>\$ 19,470,352</u>	<u>20,467,108</u>	<u>\$ (996,756)</u>

Excess of Expenditures Over Appropriations

The District had actual Bond Fund expenditures that exceeded the budget by \$705,869 due to the District's only budgeting for certain required principal payments for loans and bonds rather than all obligations due.

CASS COUNTY SCHOOL DISTRICT NO. 1

FIDUCIARY FUND

SUPPLEMENTAL SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES

YEAR ENDED AUGUST 31, 2020

	Balance			Balance
	9/1/19	Receipts	Disbursements	8/31/20
Activities Fund	\$ 140,780	317,659	312,996	145,443
Student Fee Fund	79,265	42,504	27,872	93,897
Wiley Memorial Scholarship Fund	1,018,313	61,235	60,113	1,019,435
Wiles Scholarship Fund	32,219	1,504	--	33,723
Duda Scholarship Fund	--	556,116	--	556,116
Total	\$ 1,270,577	979,018	400,981	1,848,614

CASS COUNTY SCHOOL DISTRICT NO. 1

**SUPPLEMENTAL SCHEDULE
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - LAST 10 FISCAL YEARS (Unaudited)**

YEAR ENDED AUGUST 31, 2020

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.601915%	0.609898%	0.622514%	0.655657%	0.660300%	0.679936%	0.686624%
District's proportionate share of the net pension liability (asset)	\$ 6,068,980	6,875,565	8,176,937	8,176,495	5,966,742	5,477,940	10,728,851
State's proportionate share of the net pension liability (asset) associated with the District	1,250,376	1,418,674	1,682,228	1,690,103	1,224,557	1,132,751	2,235,988
Total	\$ 7,319,356	8,294,239	9,859,165	9,866,598	7,191,299	6,610,691	12,964,839
District's covered-employee payroll	\$ 11,799,595	11,984,792	11,819,263	11,660,022	11,873,647	11,585,611	11,412,318
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	51.43%	57.37%	69.18%	70.12%	50.25%	47.28%	94.01%
Plan fiduciary net position as a percentage of the total pension liability	90.94%	89.53%	87.28%	86.56%	89.88%	90.66%	81.06%

Note - This schedule only presents information for those years for which information is available. In addition, the share of pension liability (asset) is calculated upon the plan's fiscal year end of June 30, while the District's covered-employee payroll information is based on the District's fiscal year end of August 31. The calculation for the plan fiscal year ending June 30, 2020 was not completed by the time of report issuance.

CASS COUNTY SCHOOL DISTRICT NO. 1

**SUPPLEMENTAL SCHEDULE
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - LAST 10 FISCAL YEARS
(Unaudited)**

YEAR ENDED AUGUST 31, 2020

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,165,540	1,183,834	1,167,662	1,151,755	1,172,856	1,142,313	1,144,405	1,127,286
Contributions in relation to the contractually required contribution	1,165,540	1,183,834	1,167,662	1,151,755	1,172,856	1,142,313	1,144,405	1,127,286
Contribution deficiency (excess)	\$ --	--	--	--	--	--	--	--
District's covered-employee payroll	\$ 11,799,595	11,984,792	11,819,263	11,660,022	11,873,647	11,564,450	11,585,611	11,412,318
Contributions as a percentage of covered-employee payroll	9.8778%	9.8778%	9.8793%	9.8778%	9.8778%	9.8778%	9.8778%	9.8778%

Note - This schedule only presents information for those years for which information is available.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO SUPPLEMENTARY PENSION SCHEDULES (UNAUDITED)

AUGUST 31, 2020

Changes of benefit term

The benefit and funding terms are made by the Nebraska Legislature. There were no changes reflected in the valuation performed as of July 1, 2019. In addition, there were no changes made to the actuarial assumptions.

Changes of assumptions

Based on the available information, the Nebraska Public Employees Retirement System believes that there are no significant trends in the amounts reported in the supplementary schedules.

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 3, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questions cost as finding 2020-003.

The District's Responses to Findings

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FRANKEL ZACHARIA LLC

November 3, 2020

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended August 31, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FRANKEL ZACHARIA LLC

November 3, 2020

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED AUGUST 31, 2020

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?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	No

Identification of major program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
93.600	Head Start	
Dollar threshold used to distinguish between Type A and Type B programs		\$ 750,000
Auditee qualified as low-risk auditee?		No

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2020

Section II – Financial Statement Findings

2020-001 Financial Statement Preparation (Repeat of 2019-001)

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 expertise 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.

2020-002 Segregation of Duties (Repeat of 2019-002)

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, 2020

Section II – Financial Statement Findings – Continued

2020-003 Expenditures in Excess of Budget (Repeat of 2019-003)

Criteria: The Nebraska Budget Act requires an annual budget by fund for all anticipated revenues and expenditures be adopted by the governing body and submitted to the State of Nebraska. Unless otherwise provided by law, any occurrence of expenditures exceeding budgeted amounts is considered a deviation from the Act if the governing board does not revise the previously adopted budget in accordance with Nebraska Statute 13-511.

Condition: Expenditures for the Bond Fund exceeded budgeted amounts for the year ending August 31, 2020 by \$705,869 and the adopted budget was not amended.

Cause: Expenditures in the Bond Fund exceeded budget due to additional required principal payments on loans and bonds that were not included in the budget.

Effect: Due to expenditures exceeding budgeted amounts for these funds, the District has deviated from the Nebraska Budget Act.

Response: The District will take the necessary actions to amend the budget in future years when actual expenditures exceed the original adopted budget. The Bond Fund expenditures exceeded the approved budget, but did not exceed the allowable budget authority.

Section III – Federal Award Findings and Questioned Costs

No federal award findings and questioned costs.

Section IV – Summary Schedule of Prior Audit Findings

2019-001 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 expertise required to prepare the financial statements and related footnotes in accordance with the cash basis of accounting.

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2020

Section IV – Summary Schedule of Prior Audit Findings - Continued

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 2020-001 as management has determined it is not cost beneficial to correct.

2019-002 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 2020-002 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, 2020

Section IV – Summary Schedule of Prior Audit Findings - Continued

2019-003 Expenditures in Excess of Budget

Criteria: The Nebraska Budget Act requires an annual budget by fund for all anticipated revenues and expenditures be adopted by the governing body and submitted to the State of Nebraska. Unless otherwise provided by law, any occurrence of expenditures exceeding budgeted amounts is considered a deviation from the Act if the governing board does not revise the previously adopted budget in accordance with Nebraska Statute 13-511.

Condition: Expenditures for the General Fund and the Bond Fund exceeded budgeted amounts for the year ending August 31, 2019, by \$58,433 and \$25,666, respectively, and the adopted budget was not amended.

Cause: Expenditures in the General Fund exceeded the budget as a result of interest paid on the line of credit. Expenditures in the Special Building Fund exceeded budget due to securing a bond rating prior to the bond issuance.

Effect: Due to expenditures exceeding budgeted amounts for these funds, the District has deviated from the Nebraska Budget Act.

Response: The District will take the necessary actions to amend the budget in future years when actual expenditures exceed the original adopted budget. The General Fund expenditures exceeded the approved budget but did not exceed the allowable budget authority or the total available resources in the fund.

Current Year Status – This finding is repeated as finding 2018-003 as there was an instance of expenditures exceeding the budgeted amount for the year ending August 31, 2020.



Plattsmouth Community School District Central Office
1912 Old Highway 34
Plattsmouth, NE 68048
Dr. Richard E. Hasty, Superintendent/Special Ed. Director
Dr. Cherie Larson, Director of Instructional Services
Pamela Dobrovlny, Assistant Special Education Director
and Early Childhood/Head Start Director
Phone: (402) 296-3361 Fax: (402) 296-2667

Working in partnership to ensure Academic achievement, responsible Behavior and Civic engagement.

Corrective Action Plan

Auditor of Public Accounts
PO Box 98917
Lincoln NE 68509-8917

Gentlemen:

This letter is intended as a Response to Compliance or Control Issues contained in the Plattsmouth Community School's letter to the board of education, per rule 1, Regulations Governing Audit Procedures.

1. Financial Statement Preparations: 2020-001

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.

2. Segregation of Duties: 2020-002

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.

3. Expenditures in Excess of Budget: 2020-003

Response: The District will take the necessary actions to amend the budget in future years when actual expenditures exceed the original adopted budget. The Bond Fund expenditures exceeded the approved budget but did not exceed the allowable budget authority.

Sincerely,

Dr. Richard E. Hasty, Superintendent