

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

FINANCIAL STATEMENTS

AUGUST 31, 2019

(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, 2019 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.

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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, 2019, 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 5, 2019 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 5, 2019

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, 2019. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section, and the notes thereto to enhance their understanding of the District's financial performance.

OVERVIEW AND BACKGROUND FOR FINANCIAL STATEMENTS

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

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

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

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

Proprietary funds are used to account for the District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. The District considers the School 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, 2019 was \$11,544,555, up from the 2017-18 net position of \$3,790,184. This is due to the bond letting in August 2019.

The fund balance of the General Fund decreased by \$999,371.

The Bond Fund had an ending balance of \$309,646. The District made principal and interest payments on its bond issues totaling \$1,332,079.

Total outstanding bond debt (bond fund, special building fund and QCPUF fund) at the end of the 18-19 fiscal year was \$16,428,700, including interest, with \$1,570,000 of net bond principal debt retired during the year.

The fund balance of the Head Start fund had an ending balance of \$17,810 in program funds, and (\$8,395) in the CACFP nutrition fund. Due to ESSA coding changes, the current CACFP account is located in Fund 06 – Nutrition.

The Qualified Capital Purpose Undertaking Fund (QCPUF) ended the year with a fund balance of \$284,930. Principal payments paid during the 18-19 fiscal year total \$265,000.

The School Nutrition Fund balance on August 31, 2019, was \$147,390. Federal reimbursement to the district for food was \$463,646, up \$65,682 from 2017-18, due primarily to the change in coding for the CACFP program.

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 Flexible Benefit Fund, the Student Fee Fund, the Wiley Memorial Scholarship and the Wiles Scholarship. The activities account, exclusive of the scholarship funds, increased in value by \$35,246, with an ending balance of \$140,780. The Flexible Benefit Fund was recorded as a result of the ESSA coding changes, and has an ending balance of \$32,665. The Student Fee Fund increased in value by \$21,692, with an ending balance of \$79,265. The Wiley Memorial Scholarship Fund decreased in value by \$33,871, with an ending balance of \$1,018,313. The Wiles Scholarship increased in value by \$1,628, with an ending balance of \$32,219.

Financial Analysis of the District as a Whole

Total Governmental Funds - The District's Revenue was \$21,375,572 for the fiscal year 2018-19. Local sources of revenue accounted for 48.21% of the District's revenue, 41.56% of the revenue was from state sources and 10.23% came from federal sources.

The District disbursed \$23,063,720 in 2018-19. The District expended 62.42% of its total funds on instruction, and 17.81% on support services related to instruction. Business and administrative services, buildings and grounds, and pupil transportation contributed to the remaining 19.77% of expenditures. These figures include the bond payments under the support services category.

**Plattsmouth Community School District
Levies 2017-18 and 2018-19**

	<u>2017-18</u>	<u>2018-19</u>
General Fund	1.0485	1.0489
Bond Fund	.1815	.1741
Special Building Fund	.0000	.0000
QCPUF	<u>.0389</u>	<u>.0477</u>
Total	<u>1.2689</u>	<u>1.2707</u>

**Plattsmouth Community School District
General Fund Receipts
Comparison of 2015-16 to 2018-19**

<u>Revenue Source</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Local	\$ 7,804,749	8,327,168	8,188,812	8,561,278
State	9,784,847	9,226,295	8,806,754	8,761,838
Federal	982,393	909,451	636,926	923,670
Other	<u>310,282</u>	<u>114,913</u>	<u>155,352</u>	<u>18,423</u>
	\$ <u>18,882,271</u>	<u>18,577,827</u>	<u>17,787,844</u>	<u>18,265,209</u>

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2015-16 to 2018-19**

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

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Disbursements				
Regular instruction	\$ 8,811,965	9,242,849	9,278,535	9,407,766
Special education	3,504,267	3,553,601	3,675,674	3,609,476
Pupil support	977,475	933,936	958,113	160,693
Gifted program	13,428	12,559	13,963	12,047
Guidance services	316,346	291,938	300,255	306,426
Health services	89,438	91,084	92,871	95,542
Building maintenance and Operations	1,599,701	1,380,317	1,167,544	1,242,603
Vehicle maintenance	27,571	44,538	19,599	67,835
Pupil transportation	461,543	413,314	656,209	695,100
BOE	249,851	285,645	319,696	320,447
Executive administration	164,097	205,797	198,626	206,416
Office of the Principal	895,385	1,017,017	1,070,551	1,226,131
Business services	173,396	227,833	375,285	716,058
Library services	256,971	246,668	249,209	253,802

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

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Disbursements (Continued)				
Community Service/ Fitness Center	84,702	80,047	31,525	39,303
Federal programs	861,038	811,602	769,662	727,379
Other programs	5,116	27,115	10,007	133,624
Total disbursements	\$ <u>18,492,290</u>	<u>18,865,860</u>	<u>19,187,324</u>	<u>19,220,648</u>

**Plattsmouth Community School District
General Fund Cash Position
Change from 2017-2018 to 2018-2019**

Cash Carryover 2017-2018	\$ 1,170,108
General Fund Receipts	18,261,764
General Fund Expenditures	<u>19,220,648</u>
Cash Carryover 2018-2019	\$ <u>211,224</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 2018-2019 year were \$16,428,700, 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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 8,416,736	147,390	8,564,126
Cash at County Treasurer	2,980,429	--	2,980,429
TOTAL ASSETS	\$ 11,397,165	147,390	11,544,555

NET POSITION

Restricted for:			
Debt service	\$ 431,588	--	431,588
Unrestricted	10,965,577	147,390	11,112,967
TOTAL NET POSITION	\$ 11,397,165	147,390	11,544,555

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS

YEAR ENDED AUGUST 31, 2019

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	
Primary government						
Governmental Activities						
Instruction	\$ 12,223,155	126,890	3,226,310	(8,869,955)	--	(8,869,955)
Support services						
Students	1,148,369	--	--	(1,148,369)	--	(1,148,369)
Instruction	474,228	--	--	(474,228)	--	(474,228)
General administration	526,863	--	--	(526,863)	--	(526,863)
Office of the principal	1,226,131	--	--	(1,226,131)	--	(1,226,131)
Central services	716,058	--	--	(716,058)	--	(716,058)
Operations and maintenance of plant	1,354,370	--	--	(1,354,370)	--	(1,354,370)
Student transportation	695,100	--	156,708	(538,392)	--	(538,392)
Operation of non-instructional services	39,303	--	--	(39,303)	--	(39,303)
Private and state categorical programs	129,986	--	--	(129,986)	--	(129,986)
Federal programs	2,042,975	--	355,974	(1,687,001)	--	(1,687,001)
Non-program expenditures	3,638	--	--	(3,638)	--	(3,638)
Capital outlay	720,154	--	--	(720,154)	--	(720,154)
Subtotal of governmental activities carried forward	\$ 21,300,330	126,890	3,738,992	(17,434,448)	--	(17,434,448)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2019

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	
Governmental Activities (continued)						
Balances carried forward	\$ 21,300,330	126,890	3,738,992	(17,434,448)	--	(17,434,448)
Debt service						
Principal	1,570,000	--	--	(1,570,000)	--	(1,570,000)
Interest	79,879	--	--	(79,879)	--	(79,879)
Wire fees	1,201	--	--	(1,201)	--	(1,201)
Miscellaneous expense	112,310	--	--	(112,310)	--	(112,310)
Total governmental activities	23,063,720	126,890	3,738,992	(19,197,838)	--	(19,197,838)
Business-type activities						
Food program services	824,368	319,286	467,601	--	(37,481)	(37,481)
Total business-type activities	824,368	319,286	467,601	--	(37,481)	(37,481)
Total primary government	\$ 23,888,088	446,176	4,206,593	(19,197,838)	(37,481)	(19,235,319)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2019

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
General receipts						
Taxes						
Property taxes - general purpose				\$ 7,252,158	--	7,252,158
Property taxes - debt service				1,355,941	--	1,355,941
Motor vehicle tax				897,603	--	897,603
Carline taxes				11,071	--	11,071
Public Power District sales tax				195,773	--	195,773
In-lieu-of tax - Housing Authority				17,384	--	17,384
Local license fees				376	--	376
County fines and licenses				91,802	--	91,802
State aid				6,451,775	--	6,451,775
Other state receipts				880,064	--	880,064
Interest				13,988	--	13,988
Proceeds from the sale of property				10,000	--	10,000
Proceeds from bond issuance				9,480,000	--	9,480,000
Other receipts				331,755	--	331,755
Total general receipts				26,989,690	--	26,989,690
Change in net position				7,791,852	(37,481)	7,754,371
Net position - beginning				3,605,313	184,871	3,790,184
Net position - ending				\$ 11,397,165	147,390	11,544,555

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS

AUGUST 31, 2019

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
ASSETS						
Cash in Bank	\$ --	178,045	--	8,220,881	17,810	8,416,736
Cash at County Treasurer	2,528,704	106,885	344,840	--	--	2,980,429
Due from other funds	25,000	--	--	1,062,736	--	1,087,736
Total assets	\$ 2,553,704	284,930	344,840	9,283,617	17,810	12,484,901
LIABILITIES						
Due to other funds	\$ 1,052,542	--	35,194	--	--	1,087,736
FUND BALANCES						
Restricted for:						
Debt service	--	121,942	309,646	--	--	431,588
Committed	--	162,988	--	--	--	162,988
Assigned	1,289,938	--	--	9,283,617	17,810	10,591,365
Unassigned	211,224	--	--	--	--	211,224
Total fund balance	1,501,162	284,930	309,646	9,283,617	17,810	11,397,165
Total liabilities and fund balance	\$ 2,553,704	284,930	344,840	9,283,617	17,810	12,484,901

See accompanying notes to financial statements

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2019

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
RECEIPTS						
Taxes						
Property - general purpose	\$ 7,252,119	--	--	39	--	7,252,158
Property - debt service	--	314,034	1,041,907	--	--	1,355,941
Motor vehicle	897,603	--	--	--	--	897,603
Carline	9,435	410	1,226	--	--	11,071
Public Power District sales tax	166,603	--	29,170	--	--	195,773
In-lieu of tax - Housing Authority	9,442	7,942	--	--	--	17,384
Tuition	73,739	--	--	--	--	73,739
Local license fees	376	--	--	--	--	376
Other local receipts/rental of school facilities	53,151	--	--	--	--	53,151
County receipts	91,802	--	--	--	--	91,802
State receipts	8,761,838	28,195	94,293	--	--	8,884,326
Federal receipts	853,411	--	--	--	1,333,094	2,186,505
Interest income	7,008	455	323	6,171	31	13,988
Proceeds from sale of property	--	--	--	10,000	--	10,000
Other nonrevenue receipts	88,682	--	--	234,678	8,395	331,755
Total receipts	18,265,209	351,036	1,166,919	250,888	1,341,520	21,375,572
DISBURSEMENTS						
Instruction	12,223,155	--	--	--	--	12,223,155
Support services:						
Students	1,148,369	--	--	--	--	1,148,369
Instruction	474,228	--	--	--	--	474,228
General administration	526,863	--	--	--	--	526,863
Office of the principal	1,226,131	--	--	--	--	1,226,131
Central services	716,058	--	--	--	--	716,058
Operations and maintenance of plant	1,354,370	--	--	--	--	1,354,370
Student transportation	695,100	--	--	--	--	695,100
Operation of non-instructional services	39,303	--	--	--	--	39,303
Subtotal of disbursements carried forward	\$ 18,403,577	--	--	--	--	18,403,577

See accompanying notes to financial statements

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2019

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
DISBURSEMENTS (continued)						
Balance carried forward	\$ 18,403,577	--	--	--	--	18,403,577
Private and state categorical programs	129,986	--	--	--	--	129,986
Federal programs	727,379	--	--	--	1,315,596	2,042,975
Non-program expenditures	3,638	--	--	--	--	3,638
Capital outlay	--	272,397	--	447,757	--	720,154
Debt service:						
Principal	--	265,000	1,305,000	--	--	1,570,000
Interest	--	52,800	27,079	--	--	79,879
Wire fees	--	800	401	--	--	1,201
Bond issuance costs	--	--	17,510	94,800	--	112,310
Total disbursements	19,264,580	590,997	1,349,990	542,557	1,315,596	23,063,720
Excess (deficit) of receipts over disbursements	(999,371)	(239,961)	(183,071)	(291,669)	25,924	(1,688,148)
Other sources of financial resources						
Proceeds from bond issuance	--	--	--	9,480,000	--	9,480,000
NET CHANGE IN FUND BALANCES	(999,371)	(239,961)	(183,071)	9,188,331	25,924	7,791,852
Fund balances - beginning	2,500,533	524,891	492,717	95,286	(8,114)	3,605,313
Fund balances - ending	\$ 1,501,162	284,930	309,646	9,283,617	17,810	11,397,165

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2019

	<u>School Nutrition Fund</u>
ASSETS	
Cash in Bank	\$ 147,390
TOTAL ASSETS	147,390
NET POSITION	
Unrestricted	147,390
TOTAL NET POSITION	\$ 147,390

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2019

	School Nutrition Fund
Operating receipts	
Charges for sales and services	
Lunchroom sales	\$ 319,286
Operating disbursements	
Cost of sales and services	824,368
Operating loss	(505,082)
Nonoperating receipts	
USDA and State subsidy	467,601
Total nonoperating receipts	467,601
Change in net position	(37,481)
Net position - beginning	184,871
Net position - ending	\$ 147,390

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2019

				Private Purpose Trust Funds	
				Wiley	Wiles
	Activities	Flexible	Student	Memorial	Wiles
	Fund	Benefit	Fee	Scholarship	Scholarship
	Fund	Fund	Fund	Fund	Fund
ASSETS					
Cash and cash equivalents	\$ 140,780	32,665	79,265	--	1,702
Investments	--	--	--	1,018,313	30,517
Due from Wiles Scholarship Fund	12,000	--	--	--	--
TOTAL ASSETS	\$ 152,780	32,665	79,265	1,018,313	32,219
LIABILITIES					
Due to student groups and other	\$ 152,780	32,665	--	--	12,000
NET POSITION	--	--	79,265	1,018,313	20,219
TOTAL LIABILITIES AND NET POSITION					
	\$ 152,780	32,665	79,265	1,018,313	32,219

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2019

		<u>Private Purpose Trust Funds</u>	
		Wiley	
	<u>Student Fee</u>	Memorial	Wiles
	Fund	Scholarship	Scholarship
		<u>Fund</u>	<u>Fund</u>
ADDITIONS			
Interest and dividend income	\$ --	31,617	1,628
Other receipts	48,401	--	--
Total additions	48,401	31,617	1,628
DEDUCTIONS			
Disbursements	--	65,488	1,000
Student fee expenses	26,709	--	--
Total deductions	26,709	65,488	1,000
Change in net position	21,692	(33,871)	628
Net position - beginning	57,573	1,052,184	19,591
Net position - ending	\$ 79,265	1,018,313	20,219

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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, 2019

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, 2019

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. The Employee Benefit Fund is considered a component of the General Fund.

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

Proprietary Fund:

School 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.

Flexible Benefit Fund – The Flexible Benefit Fund is used to account for the funds employees defer from their payroll to use for medical or other allowable expenses. The cash is held on behalf of the employees until a disbursement is requested. 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, 2019

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, 2019

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, 2019

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 2018, a loan of \$100,000 was made from the Depreciation Fund to the Bond Fund. The balance of the loan is \$25,000 as of August 31, 2019. The District will make payments as tax receipts allow with the intention to have it paid off as soon as possible.

In August 2019, a loan of \$100,000 was made from the Special Building Fund to the General Fund. The balance of the loan is \$100,000 as of August 31, 2019. The District will make payments as tax receipts allow with the intention to have it paid off as soon as possible.

I. Budget Process and Property Taxes - The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. 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 2019 the District's actual expenditures in the General Fund and Bond Fund exceeded the total budgeted expenditures for those respective funds.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

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, 2019, 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, 2019, 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, 2019

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 \$1,018,313 held by the Wiley Memorial Scholarship Fund and \$30,517 held by the Wiles Scholarship Fund consist of mutual funds.

The Nebraska Liquid Asset Fund (NLAF) was established in March 1998 through the Interlocal Cooperation Act. NLAF was established to assist Nebraska school districts, educational service units and technical community colleges with the investment of their available cash reserves. Participation in the investment trust is voluntary for its members. The objective of NLAF is to provide its owner members with a conservative and effective investment alternative tailored to the needs of its members. NLAF portfolio management generally follows established investment criteria developed by the Securities and Exchange Commission for money market funds designed to offer acceptable yield while maintaining liquidity. NLAF is not registered with the Securities and Exchange Commission (SEC) as an investment company. The District has \$9,249,856 invested with NLAF as of August 31, 2019.

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

3. Bonds Payable

The District has four bond issues outstanding as of August 31, 2019:

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 0.90% to 2.35%, matures December 15, 2026.	2,030,000

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

3. Bonds Payable – Continued

Bond Fund

General Obligation Refunding Bond, Series 2015, dated August 23, 2015, principal of \$2,645,000, interest rate 0.95% to 1.45%, matures December 15, 2019. \$ 1,305,000

General Obligation School Building Bonds, Series 2019 dated August 21, 2019, principal of \$9,480,000, interest rate 1.35% to 3.00%, matures December 15, 2039. 9,480,000

Total bonds payable, August 31, 2019 **\$ 13,095,000**

Interest paid during fiscal 2019 **\$ 79,879**

The following is a summary of long-term debt transactions of the District for the year ended August 31, 2019.

	Original Issue	Balance August 31, 2018	Issued	Retire- ments	Bonds Outstanding August 31, 2019
Qualified School Construction Bonds					
Bond Series 2010B	\$ 280,000	280,000	--	--	280,000
General Obligation Bond Series 2015	2,645,000	2,610,000	--	1,305,000	1,305,000
Limited Tax Obligation Series 2016	2,810,000	2,295,000	--	265,000	2,030,000
General Obligation School Building Bonds					
Series 2019	9,840,000	--	9,480,000	--	9,480,000
<u>Total bonds</u>		<u>\$ 5,185,000</u>	<u>9,480,000</u>	<u>1,570,000</u>	<u>13,095,000</u>

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

3. Bonds Payable – Continued

The above bonds mature as follows:

Year ended August 31,	Principal	Interest	Total
2020	\$ 1,575,000	267,734	1,842,734
2021	640,000	299,031	939,031
2022	655,000	286,848	941,848
2023	670,000	269,646	939,646
2024	690,000	250,375	940,375
2025-2029	3,065,000	974,923	4,039,923
2030-2034	2,415,000	672,020	3,087,020
2035-2039	2,780,000	304,050	3,084,050
2040	605,000	9,073	614,073
	\$ 13,095,000	3,333,700	16,428,700

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. As of August 31, 2019 the outstanding balance was \$26,242, which matures in full during 2020.

In March 2019, the District renewed a one-year unsecured promissory note for a \$1,925,000 line of credit with Plattsmouth State Bank, which matures March 19, 2020. Any outstanding balance on the note bears interest at 6.00%. As of August 31, 2019, the outstanding balance was \$1,042,074.

In March 2019, the District entered into 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 6.00%. The note calls for one principal payment plus interest accrued upon maturity at March 19, 2020.

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, 2019

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, 2019, the District had several interfund transfers for support of other funds as shown below.

	Transfer In	Transfer Out
School Nutrition Fund	\$ 8,396	--
Head Start Nutrition Fund	--	8,396
<u>Total</u>	<u>\$ 8,396</u>	<u>8,396</u>

9. Commitments

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 \$578,000 at August 31, 2019.

The District has entered into various construction related contracts for school improvements which have a remaining obligation of approximately \$841,000 at August 31, 2019.

On June 27, 2019, the District entered into a one-year agreement with Edgenuity for licensing related to virtual classroom and related web administrator software used for online education. The payment on the agreement of \$30,600 will be due in November 2019.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

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, 2019 is approximately \$183,000.

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, 2019 is approximately \$40,000.

On July 1, 2016, the District entered into a three-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. An addendum to the agreement was approved by the Board in July 2019 which updated the route charges. 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, 2019 is approximately \$508,000.

On June 28, 2019, the District entered into a three-year agreement with ATI Physical Therapy for certain athletic training and medical assistance services. The agreement contains a termination clause which allows either party to terminate the contract with a written 30-day notice at any time. The remaining agreed upon non-cancellable cost at August 31, 2019 is approximately \$10,000.

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 \$300,176 in the year ended August 31, 2019. Future minimum annual payments under all lease agreements for the years ending after August 31, 2019 are as follows:

Year Ending August 31,	
2020	\$ 270,910
2021	152,670
2022	89,501
2023	40,343
2024	23,340
Thereafter	136,150

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

10. Subsequent Events

Management evaluated transactions and events occurring subsequent to August 31, 2019, and through November 5, 2019 (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.

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, 2018, 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.

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.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

11. Retirement Plan - Continued

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, 2019, the District's total payroll for all employees was \$12,362,952. Total covered payroll was \$11,984,792. 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, 2017, to June 30, 2018 (and from July 1, 2018 through August 31, 2019). 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, 2019 was \$1,183,834.

Pension Liabilities

At June 30, 2018 the District had a liability of \$6,875,565 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, 2018, 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 89.50% funded as of June 30, 2018 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, 2018, the District's proportion was 0.609898 percent, which was a decrease of 0.012616 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District's allocated pension expense was \$538,607.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2019

11. Retirement Plan - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2018 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.

Actuarial Assumptions - Continued

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, 2018, 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, 2018, (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, 2019

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, 2018, 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 2117.

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, 2019

11. Retirement Plan – Continued

	Discount rate	District's proportionate Share of net pension liability (asset)
1% decrease	6.5%	\$ 15,696,561
Current discount rate	7.5%	6,875,565
1% increase	8.5%	(413,523)

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, 2019

FEDERAL GRANTOR		Pass-through		
<u>Pass through Grantor</u>		Entity		
Program Title	CFDA #	Identifying #		Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start	93.600	N/A		\$ 1,315,596
<u>Passed through Nebraska Association of School Boards Medicaid Consortium</u>				
Medical Assistance Program	93.778	13-0001		<u>20,206</u>
Total U.S. Department of Health and Human Services				1,335,802
U.S. DEPARTMENT OF EDUCATION				
<u>Passed through State Department of Education</u>				
Special Education Cluster (IDEA)				
		18-4412-00-03-013-0001		
		18-4410-00-03-013-0001		
Special Education Grants to States	84.027	18-4404-00-03-013-0001	\$	414,705
Special Education Preschool Grants	84.173	18-4406-00-03-013-0001	<u>11,317</u>	426,022
Adult Education - Basic Grants to States	84.002	16-AEF-18-00-130001		13,513
		18-4210-00-03-013-0001		
Title I Grants to Local Educational Agencies	84.010	18-4200-00-03-013-0001		211,691
Improving Teacher Quality State Grants	84.367	18-03-013-0001-00		39,085
Twenty-First Century Community Learning Centers	84.287	130001-161001-13		<u>36,744</u>
Total U.S. Department of Education				727,055

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2019

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	2018IN109943, 2019IN109943	\$ 68,198	
<u>Passed through State Department of Education</u>				
National School Lunch Program	10.555	None	371,041	
Summer Food Services Program for Children	10.559	2019IN109943	<u>16,357</u>	\$ 455,596
Child and Adult Care Food Program	10.558	2018IN109943, 2019IN109943		<u>76,248</u>
Total U.S. Department of Agriculture				<u>531,844</u>
Total Federal Awards Expended				\$ <u><u>2,594,701</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, 2019

	Fund Balances At Beginning of Year	Receipts	Disbursements	Transfers In (Out)	Excess (Deficiency) of Receipts Over (Under) Disbursements	Fund Balances At End of Year	Fund Balance Composition			
							Cash in Bank	Investments	Cash at County Treasurer	Due from (to) others
General Fund	\$ 2,500,533	18,265,209	19,264,580	--	(999,371)	1,501,162	--	--	2,528,704	(1,027,542)
Qualified Capital Purpose Undertaking Fund	524,891	351,036	590,997	--	(239,961)	284,930	178,045	--	106,885	--
Bond Fund	492,717	1,166,919	1,349,990	--	(183,071)	309,646	--	--	344,840	(35,194)
Special Building Fund	95,286	9,730,888	542,557	--	9,188,331	9,283,617	8,220,881	--	--	1,062,736
Head Start Fund	(8,114)	1,341,520	1,315,596	--	25,924	17,810	17,810	--	--	--
School Nutrition Fund	184,871	786,887	824,368	--	(37,481)	147,390	147,390	--	--	--
Fiduciary Funds	1,129,348	81,646	93,197	--	(11,551)	1,117,797	221,747	1,048,830	--	(152,780)
Total	\$ 4,919,532	31,724,105	23,981,285	--	7,742,820	12,662,352	8,785,873	1,048,830	2,980,429	(152,780)

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2019

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS					
Local sources					
Taxes					
Property taxes - general purpose	\$ 7,252,119	--	--	--	7,252,119
Carline tax	9,435	--	--	--	9,435
Public Power District sales tax	166,603	--	--	--	166,603
In-lieu of tax - Housing Authority	9,442	--	--	--	9,442
Motor vehicle taxes	897,603	--	--	--	897,603
Interest	3,563	3,445	--	--	7,008
Local license fees and fines	376	--	--	--	376
Tuition	73,739	--	--	--	73,739
Other local receipts/rental of school facilities	53,151	--	--	--	53,151
Total local sources	8,466,031	3,445	--	--	8,469,476
County sources					
ESU receipts	8,243	--	--	--	8,243
County fines and license fees	83,559	--	--	--	83,559
Total county sources	91,802	--	--	--	91,802
State sources					
State aid	6,451,775	--	--	--	6,451,775
Special education	1,395,779	--	--	--	1,395,779
Special education transportation	156,708	--	--	--	156,708
Subtotal state sources carried forward	\$ 8,004,262	--	--	--	8,004,262

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2019

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
State sources - balance carried forward	\$ 8,004,262	--	--	--	8,004,262
Homestead exemption	278,502	--	--	--	278,502
Property tax credit	172,245	--	--	--	172,245
High ability learners	11,723	--	--	--	11,723
Preschool flex funding	6,954	--	--	--	6,954
Prorate motor vehicle	13,117	--	--	--	13,117
State appointment	223,013	--	--	--	223,013
State grants	52,022	--	--	--	52,022
Total state sources	8,761,838	--	--	--	8,761,838
Federal sources					
Title I	231,457	--	--	--	231,457
Title II, Part A	11,316	--	--	--	11,316
IDEA Poverty/Base	186,692	--	--	--	186,692
IDEA Part B Poverty	282,875	--	--	--	282,875
IDEA Part B (619) Preschool	14,078	--	--	--	14,078
Subtotal federal sources carried forward	\$ 726,418	--	--	--	726,418

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2019

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
Federal sources - balance carried forward	\$ 726,418	--	--	--	726,418
IDEA Nonpublic	22,592	--	--	--	22,592
Medicaid in public schools	7,664	--	--	--	7,664
Medicaid Administrative Activities	20,206	--	--	--	20,206
21st Century Learning Grant	33,382	--	--	--	33,382
ABE/GED	13,805	--	--	--	13,805
Universal Services Fund (E-Rate)	29,344	--	--	--	29,344
Total Federal sources	853,411	--	--	--	853,411
Nonrevenue receipts					
Other	88,682	--	--	--	88,682
Total nonrevenue receipts	88,682	--	--	--	88,682
TOTAL RECEIPTS	\$ 18,261,764	3,445	--	--	18,265,209

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2019

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS					
Instruction	\$ 12,223,155	--	--	--	12,223,155
Support services					
Students	1,148,369	--	--	--	1,148,369
Instruction	474,228	--	--	--	474,228
General administration	526,863	--	--	--	526,863
Office of the principal	1,226,131	--	--	--	1,226,131
Central services	716,058	--	--	--	716,058
Operations and maintenance of plant	1,310,438	43,932	--	--	1,354,370
Student transportation	695,100	--	--	--	695,100
Operation of non-instructional services	39,303	--	--	--	39,303
Private and state categorical programs	129,986	--	--	--	129,986
Federal programs	727,379	--	--	--	727,379
Non-program expenditures	3,638	--	--	--	3,638
TOTAL DISBURSEMENTS	19,220,648	43,932	--	--	19,264,580
RECEIPTS OVER DISBURSEMENTS	(958,884)	(40,487)	--	--	(999,371)
FUND BALANCE, beginning of year	1,170,108	1,330,066	359	--	2,500,533
FUND BALANCE, end of year	\$ 211,224	1,289,579	359	--	1,501,162

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 1,739,903	1,170,108
RECEIPTS		
Local sources		
Property taxes - general purpose	7,834,138	7,252,119
Carline tax	15,000	9,435
Public Power District sales tax	170,000	166,603
In-lieu of tax - other	--	9,442
Motor-vehicle taxes	875,000	897,603
Interest	1,800	3,563
Local license fees and fines	6,500	376
Tuition	80,000	73,739
Other local receipts/rental of school facilities	59,500	53,151
	9,041,938	8,466,031
County sources		
ESU receipts	5,000	8,243
Fines and licenses	130,000	83,559
	135,000	91,802
State sources		
State aid	6,451,775	6,451,775
Special education	1,500,000	1,395,779
Special education transportation	100,000	156,708
Homestead exemption	250,000	278,502
Property tax credit	340,000	172,245
High ability learners	12,600	11,723
Preschool flex funding	10,000	6,954
Prorate motor vehicle	6,500	13,117
State apportionment	260,000	223,013
State grants	112,500	52,022
	9,043,375	8,761,838

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
RECEIPTS - continued		
Federal sources		
Title I	\$ 220,000	231,457
Title II, Part A	30,000	11,316
IDEA Poverty/Base	153,947	186,692
IDEA Part B Poverty	156,053	282,875
IDEA Part B (619) Preschool	12,000	14,078
IDEA Nonpublic	18,000	22,592
Medicaid in public schools	1,000	7,664
Medicaid activities/outreach	20,000	20,206
Title IV, Part B NCLB - 21st Century Community Learning Centers	30,000	33,382
Adult Education	10,000	13,805
Universal Services Fund (E-Rate)	10,000	29,344
	661,000	853,411
Nonrevenue receipts		
Sale of property	1,000	1,530
ROTC reimbursements	50,000	70,259
Other non-revenue receipts	115,000	16,893
	166,000	88,682
Total Receipts	19,047,313	18,261,764
Total Available Resources	20,787,216	19,431,872

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS		
Instruction		
Regular instruction	\$ 8,076,024	8,128,479
Regular instructional programs - school age (flex-spending)	174,505	145,225
Regular instructional programs - below age 5 (flex-spending)	22,262	26,878
Limited English proficiency programs	70,000	76,614
Poverty programs	838,500	794,158
Special education instructional programs - school age	2,775,745	2,753,035
Special education instructional programs - ages 3-5	273,944	270,733
Summer school	26,558	28,033
	12,257,538	12,223,155
Support services - students		
Attendance and social work services	159,596	160,693
Guidance services	309,980	306,426
Health services	96,336	95,542
Psychological services: SPED school age	176,786	172,241
Speech pathology & audiology services: SPED school age	222,918	236,744
Speech pathology & audiology services: SPED ages 3-5	100,000	96,007
Occupational therapy - related services: SPED school age	25,000	22,912
Occupational therapy - related services: SPED ages 3-5	25,000	14,864
Physical therapy - related services: SPED school age	20,000	13,888
Physical therapy - related services: SPED ages 3-5	18,000	12,576
Visually impaired - related services: SPED school age	20,000	16,476
	1,173,616	1,148,369
Support services - instruction		
Instruction and curriculum development	61,943	24,650
Instructional staff training	18,000	4,459
Library/media services	262,790	253,802
Instruction-related technology	161,473	191,317
	504,206	474,228

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS - continued		
Support services - general administration		
Board of education	\$ 275,350	320,447
Executive administration	221,333	206,416
	496,683	526,863
Office of the principal	1,216,370	1,226,131
Central services		
Fiscal services	195,880	284,064
Printing, publishing, and duplicating services	83,525	83,541
Administrative technology services	300,249	348,453
	579,654	716,058
Operations and maintenance of plant		
Operation of buildings	784,657	790,888
Maintenance of buildings	373,914	339,756
Care and upkeep of grounds	21,850	23,455
Vehicle operation, maintenance and purchasing (other than student transportation vehicles)	30,000	67,835
Security	160,000	88,504
	1,370,421	1,310,438
Student transportation		
Vehicle operation and purchasing - regular education	375,000	423,741
Vehicle operation and purchasing - school age SPED	186,000	210,251
Vehicle operation and purchasing - below age 5 SPED	62,000	61,108
	623,000	695,100

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS - continued		
Operation of non-instructional services		
Enterprise operations	\$ --	15,635
Community services operations	31,297	23,668
	31,297	39,303
Private and state categorical programs		
Categorical grants from corporations and other private interests	11,750	5,929
Other state categorical programs	12,070	1,896
High ability learners	11,723	12,047
Early childhood endowment grants	75,000	71,949
Nebraska innovation grant program	10,000	38,165
	120,543	129,986
Federal programs	788,888	727,379
Non-program expenditures	--	3,638
Total disbursements	19,162,216	19,220,648
Fund balance, end of year	\$ 1,625,000	211,224

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 1,369,542	1,330,066
Receipts		
Interest	--	3,445
Total receipts	--	3,445
Total available resources	1,369,542	1,333,511
Disbursements		
Capital outlay	1,369,542	43,932
Total disbursements	1,369,542	43,932
FUND BALANCE, End of year	\$ --	1,289,579

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 498,805	524,891
Receipts		
Taxes		
Property taxes - debt purpose	356,745	314,034
Carline	200	410
In-lieu-of tax	--	7,942
Homestead exemption	6,000	12,697
Property tax credit	10,000	15,085
Prorate motor vehicle	200	413
Interest	400	455
Total receipts	373,545	351,036
Total available resources	872,350	875,927
Disbursements		
Contracted services	450,000	272,397
Principal	270,000	265,000
Interest payments	51,350	52,800
Miscellaneous expense	1,000	800
Total disbursements	772,350	590,997
FUND BALANCE, End of year	\$ 100,000	284,930

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, 2019

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 476,562	492,717
Receipts		
Taxes		
Property taxes - debt purpose	1,154,361	1,041,907
Carline	1,600	1,226
In-lieu-of tax	--	29,170
Homestead exemption	40,000	42,694
Property tax credit	50,000	49,615
Prorate motor vehicle	1,200	1,984
Interest	600	323
Total receipts	1,247,761	1,166,919
Total available resources	1,724,323	1,659,636
Disbursements		
Principal payments	1,305,000	1,305,000
Interest payments	18,923	27,079
Bond issuance costs	--	17,510
Miscellaneous expense	400	401
Total disbursements	1,324,323	1,349,990
FUND BALANCE, End of year	\$ 400,000	309,646

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, 2019

	Budgeted Amounts		Actual
	Original	Final	
FUND BALANCE, Beginning of year	\$ 102,816	102,816	95,286
Receipts			
Taxes			
Property taxes - general purpose	--	--	39
Carline taxes	500	500	--
Interest	--	--	6,171
Sale of property	--	--	10,000
Non-revenue receipts	75,000	75,000	234,678
Bond proceeds	--	9,548,221	9,480,000
Total receipts	75,500	9,623,721	9,730,888
Total available resources	178,316	9,726,537	9,826,174
Disbursements			
Capital outlay	178,316	9,726,537	361,767
Bond issuance costs	--	--	94,800
Miscellaneous	--	--	85,990
Total disbursements	178,316	9,726,537	542,557
FUND BALANCE, End of year	\$ --	--	9,283,617

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, 2019

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

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, 2019

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 131,420	184,871
Receipts		
Sales of lunches	360,000	319,286
State reimbursement	4,350	3,955
Federal reimbursement	395,000	463,646
Total receipts	759,350	786,887
Total available resources	890,770	971,758
Disbursements		
Salaries	26,000	21,038
Payroll taxes and benefits	8,500	4,902
Purchased services	826,170	776,200
Food and supplies	100	1,778
Equipment purchases	30,000	11,678
Other expenses	--	376
Transfer	--	8,396
Total disbursements	890,770	824,368
FUND BALANCE, End of year	\$ --	147,390

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 34,058	57,573
Receipts		
Activity receipts	70,000	48,401
<hr/>		
Total receipts	70,000	48,401
Total available resources	104,058	105,974
Disbursements		
Extracurricular activity fees	104,058	26,709
<hr/>		
Total disbursements	104,058	26,709
FUND BALANCE, End of year	\$ --	79,265

CASS COUNTY SCHOOL DISTRICT NO. 1

HEAD START FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2019

	Original and Final Budget	Actual		
		Headstart	Headstart Nutrition	Total
FUND BALANCE, Beginning of year	\$ --	281	(8,395)	(8,114)
Receipts:				
Federal reimbursement	1,097,120	1,333,094	--	1,333,094
Interest income	--	31	--	31
Transfer	--	--	8,395	8,395
Total receipts	1,097,120	1,333,125	8,395	1,341,520
Total available resources	1,097,120	1,333,406	--	1,333,406
Disbursements:				
Regular salaries	446,600	360,737	--	360,737
Noncertified salaries	143,000	378,732	--	378,732
Substitute salaries	15,000	15,270	--	15,270
Payroll taxes	49,885	59,515	--	59,515
Retirement	52,075	69,936	--	69,936
Health insurance	105,487	111,765	--	111,765
Other employee benefits	6,295	3,746	--	3,746
Advertising and printing	2,000	360	--	360
Supplies	176,528	204,688	--	204,688
Utilities	14,450	17,392	--	17,392
Contracted transportation	50,000	61,187	--	61,187
Travel	3,300	1,577	--	1,577
Distance learning and telecommunciation	1,500	2,210	--	2,210
Purchased services	6,000	4,471	--	4,471
Other expenses	20,000	22,471	--	22,471
Vehicle Acquisition	3,000	1,539	--	1,539
Total disbursements	1,097,120	1,315,596	--	1,315,596
FUND BALANCE, End of year	\$ --	17,810	--	17,810

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO BUDGETARY SCHEDULES (UNAUDITED)

AUGUST 31, 2019

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>\$ 18,353,498</u>	<u>19,264,581</u>	<u>(911,083)</u>
Budgetary basis			
General Fund	\$ 18,350,053	19,220,649	(870,596)
Depreciation Fund	3,445	43,932	(40,487)
Employee Benefit Fund	--	--	--
<u>Total</u>	<u>\$ 18,353,498</u>	<u>19,264,581</u>	<u>\$ (911,083)</u>

Excess of Expenditures Over Appropriations

The District had actual Bond Fund expenditures that exceeded the budget by \$25,666 due to the District's decision to secure a S&P Global bond rating in the summer of 2019 prior to the bond sale. In addition, the actual general fund expenditures exceeded the budget by \$58,433 as a result of interest paid on the line of credit.

CASS COUNTY SCHOOL DISTRICT NO. 1

FIDUCIARY FUND

SUPPLEMENTAL SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES

YEAR ENDED AUGUST 31, 2019

	Balance			Balance
	9/1/18	Receipts	Disbursements	8/31/19
Activities Fund	\$ 105,534	531,541	496,295	140,780
Flexible Benefit Fund	40,729	63,625	71,689	32,665
Student Fee Fund	57,573	48,401	26,709	79,265
Wiley Memorial Scholarship Fund	1,052,184	31,617	65,488	1,018,313
Wiles Scholarship Fund	30,591	1,628	--	32,219
Total	\$ 1,286,611	676,812	660,181	1,303,242

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, 2019

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.609898%	0.622514%	0.655657%	0.660300%	0.679936%	0.686624%
District's proportionate share of the net pension liability (asset)	\$ 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	1,418,674	1,682,228	1,690,103	1,224,557	1,132,751	2,235,988
Total	\$ 8,294,239	9,859,165	9,866,598	7,191,299	6,610,691	12,964,839
District's covered-employee payroll	\$ 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	57.37%	69.18%	70.12%	50.25%	47.28%	94.01%
Plan fiduciary net position as a percentage of the total pension liability	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, 2019 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, 2019

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 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	1,183,834	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	\$ 11,984,792	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%	9.8793%	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, 2019

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, 2018. 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, 2019, 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 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 2019-001 and 2019-002 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2019-003.

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 5, 2019

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, 2019. 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, 2019.

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 5, 2019

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED AUGUST 31, 2019

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

CFDA Number

93.600

Name of Federal Program or Cluster

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, 2019

Section II – Financial Statement 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.

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.

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.

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2019

Section II – Financial Statement 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.

Section III – Federal Award Findings and Questioned Costs

No federal award findings and questioned costs.

Section IV – Summary Schedule of Prior Audit Findings

2018-001 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, 2019

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 2019-001 as management has determined it is not cost beneficial to correct.

2018-002 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 2019-002 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, 2019

Section IV – Summary Schedule of Prior Audit Findings - Continued

2018-003 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 Special Building Fund exceeded budgeted amounts for the year ending August 31, 2018, by \$1,998 and \$19,582, respectively, and the adopted budget was not amended.

Cause: Expenditures in the General Fund exceeded the budget as a result of miscalculations in the amount of funds to be reclassified from the general fund to the depreciation fund. Expenditures in the Special Building Fund exceeded budget due to extraordinary repairs resulting from storm damage. Subsequent to August 31, 2018, the District received insurance proceeds which covered a portion of the repair expenditures.

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 were instances of expenditures exceeding budgeted amounts for the year ending August 31, 2019.



**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 Dobrovolny, 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.

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

Corrective Action Plan

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: 2019-001

Response: Management has determined that it is not cost effective to hire staff that would allow the district to prepare it's 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: 2019-002

Response: The District continues to implement new and upgraded procedures such as review of bank statements and bank reconciliations by the superintendent to improve upon the segregation of duties issue. The Board of Education also reviews and approves all expenditures. The District will, within the constraints of cost and time, continue to review the situation at least annually and make improvements as warranted.

3. Expenditures in Excess of Budget: 2019-003

Response: The district exceeded its General Fund budget of expenditures by \$58,433, and the Bond fund by \$25,666. Expenditures in the General Fund exceeded the budget due to an auditing requirement to make a posting adjustment to reflect the interest paid on the school district's line of credit at the end of the fiscal year. Expenditures in the Bond Fund exceeded budget due to the district's decision to secure a S& P Global bond rating in the summer of 2019 prior to the bond sale. This expense created an overage in the bond fund budget.

The District will take necessary action to amend the budget in future years when actual expenditures are anticipated to exceed the budget. The General Fund expenditures

exceeded the budget, but did not exceed the allowable budget authority or the total available resources in the fund.

Sincerely,

A handwritten signature in blue ink that reads "Dr. Richard E. Hasty". The signature is written in a cursive style with a long, sweeping flourish at the end.

Dr. Richard E. Hasty
Superintendent