

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

FINANCIAL STATEMENTS

AUGUST 31, 2022

(WITH INDEPENDENT AUDITOR'S REPORTS)



FrankelZacharia^{LLC}

Certified Public Accountants

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 Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis 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, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, 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 for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - 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.

Responsibilities of Management 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., and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary 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 Combined Schedule of Cash Receipts, Disbursements, and Fund Balances, the General Fund Components - Combining Schedule of Receipts, Disbursements, and Changes in Fund Balances, and the Fiduciary Fund Supplemental Schedule of Changes in Cash and Investment Balances 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. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis and Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022 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

Omaha, Nebraska
November 4, 2022

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, 2022. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section, and the notes thereto to enhance their understanding of the District's financial performance.

OVERVIEW AND BACKGROUND FOR FINANCIAL STATEMENTS

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

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

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

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

Proprietary funds are used to account for the District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. The District considers the School Nutrition Fund to be a proprietary fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data about the financial statements and the District's commitments, contingencies, and long-term debt obligations that are not reported in the cash basis financial statements. The statements are followed by a section of Supplementary and Other Information that further explains and supports the information in the financial statements.

FINANCIAL HIGHLIGHTS

The District's total net position as of August 31, 2022, was \$1,156,017, down from the 2020-21 net position of \$3,287,865. This decline is due to the improvements made from proceeds from bond lettings in 2019 and 2020.

The fund balance of the General Fund on 8-31-22 was (\$1,630,493), down from (\$600,970) in 20-21.

The Bond Fund had an ending balance of \$279,165. The District made principal and interest payments on its bond issues totaling \$950,291.

Total outstanding principal bond debt (bond fund and QCPUF fund) at the end of the 21-22 fiscal year was \$15,560,000.

The Qualified Capital Purpose Undertaking Fund (QCPUF) ended the year with a fund balance of \$434,871. Principal payments paid during the 21-22 fiscal year total \$322,017.

The School Nutrition Fund balance on August 31, 2022, was \$427,001. Federal reimbursement to the district for food was \$960,362, up \$319,039 from 20-21, due primarily to enhanced Federal assistance due to the pandemic.

The net position of the Fiduciary Funds, though not considered material for purposes of reporting the financial condition of the District's assets, are of interest to management. Fiduciary Funds include the Activities Account, the Student Fee Fund, the Wiley Memorial Scholarship, the Wiles Scholarship and the Duda Scholarship. The activities account, exclusive of the scholarship funds, increased in value by \$56,506, with an ending balance of \$241,192. The Student Fee Fund decreased in value by \$41,161, with an ending balance of \$46,247. The Wiley Memorial Scholarship Fund decreased in value by \$47,321, with an ending balance of \$1,008,879. The Wiles Scholarship increased in value by \$1,920, with an ending balance of \$23,906. The Duda Scholarship increased in value by \$2,772, with an ending balance of \$548,771.

Financial Analysis of the District as a Whole

Total Governmental Funds - The District's revenue was \$19,540,739 for the fiscal year 2021-22. Local sources of revenue accounted for 44.67% of the District's revenue, 42.62% of the revenue was from state sources and 11.43% came from federal sources.

The District disbursed \$20,569,559 in 2021-22. The District expended 63.46% of its total funds on instruction, 5.30% on support services related to instruction. Business and administrative services, buildings and grounds, and pupil transportation contributed to 19.87% of expenditures. These figures include the bond payments construction related expenses of \$2,638,810, or 11.37%.

**Plattsmouth Community School District
Levies 2020-21 and 2021-22**

	<u>2020-21</u>	<u>2021-22</u>
General Fund	1.0469	1.0496
Bond Fund	.1376	.1104
Special Building Fund	.0000	.0000
QCPUF	<u>.0469</u>	<u>.0402</u>
Total	<u>1.2314</u>	<u>1.2002</u>

**Plattsmouth Community School District
General Fund Receipts
Comparison of 2018-19 to 2021-22**

<u>Revenue Source</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Local	\$ 8,561,278	8,525,149	9,470,395	8,728,788
State	8,761,838	9,313,477	8,557,949	8,327,712
Federal	923,670	1,622,364	2,562,220	2,474,579
Other	<u>18,423</u>	<u>6,042</u>	<u>79,504</u>	<u>9,660</u>
	\$ <u>18,265,209</u>	<u>19,467,032</u>	<u>20,670,068</u>	<u>19,540,739</u>

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2018-19 to 2021-22**

Numbers below were adjusted based on the Depreciation Fund and Employee Benefit Fund components and reclassifications.

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Disbursements				
Regular instruction	\$ 9,407,766	9,099,924	8,821,858	8,534,981
Special education	3,609,476	3,780,677	3,801,294	3,735,038
Pupil support	160,693	348,766	316,017	139,169
Gifted program	12,047	13,026	12,284	6,154
Guidance services	306,426	311,030	317,011	291,289
Health services	95,542	97,877	91,433	97,820
Building maintenance and Operations	1,242,603	1,449,692	1,379,600	1,454,078
Vehicle maintenance	67,835	22,144	11,940	12,917
Pupil transportation	695,100	522,317	583,873	512,206
Board of Education	320,447	289,723	289,116	300,114
Executive administration	206,416	210,339	212,654	235,805
Office of the Principal	1,226,131	1,267,010	1,288,748	1,307,576
Business services	716,058	828,588	561,309	755,703
Library services	253,802	266,678	228,712	226,410

**Plattsmouth Community School District
General Fund 2018-19 to 2021-2022**

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Disbursements (Continued)				
Community Service/				
Fitness Center	39,303	27,389	15,640	33,622
Federal programs	727,379	1,759,560	2,598,854	2,923,804
Other programs	<u>133,624</u>	<u>123,773</u>	<u>18,248</u>	<u>3,576</u>
Total disbursements	\$ <u>19,220,648</u>	<u>20,418,513</u>	<u>20,548,591</u>	<u>20,570,262</u>

**Plattsmouth Community School District
General Fund Cash Position
Change from 2020-2021 to 2021-2022**

Cash Carryover 2020-2021	\$ (600,970)
General Fund Receipts	19,540,739
General Fund Expenditures	<u>(20,570,262)</u>
Cash Carryover 2021-2022	\$ <u>(1,630,493)</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 2021-22 year were \$18,911,262, 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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 728,336	427,001	1,155,337
Cash at County Treasurer	1,890,440	--	1,890,440
TOTAL ASSETS	\$ 2,618,776	427,001	3,045,777
LIABILITIES			
Line of credit	\$ 1,833,971	--	1,833,971
NET POSITION			
Restricted for:			
Debt service	714,036	--	714,036
Unrestricted	70,769	427,001	497,770
TOTAL NET POSITION	784,805	427,001	1,211,806
TOTAL LIABILITIES AND NET POSITION	\$ 2,618,776	427,001	3,045,777

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS

YEAR ENDED AUGUST 31, 2022

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government						
Governmental Activities						
Instruction	\$ 11,651,832	113,600	1,406,706	(10,131,526)	--	(10,131,526)
Support services						
Students	863,380	--	--	(863,380)	--	(863,380)
Instruction	365,578	--	--	(365,578)	--	(365,578)
General administration	535,919	--	--	(535,919)	--	(535,919)
Office of the principal	1,307,576	--	--	(1,307,576)	--	(1,307,576)
Central services	755,703	--	--	(755,703)	--	(755,703)
Operations and maintenance of plant	1,466,995	--	--	(1,466,995)	--	(1,466,995)
Student transportation	512,206	--	89,186	(423,020)	--	(423,020)
Operation of non-instructional services	33,623	--	--	(33,623)	--	(33,623)
Private and state categorical programs	88,370	--	--	(88,370)	--	(88,370)
Federal programs	2,923,804	--	2,419,651	(504,153)	--	(504,153)
Transfers (outgoing)	125	--	--	(125)	--	(125)
Non-program expenditures	65,134	--	--	(65,134)	--	(65,134)
Capital outlay	1,364,902	--	--	(1,364,902)	--	(1,364,902)
Subtotal of governmental activities carried forward	\$ 21,935,147	113,600	3,915,543	(17,906,004)	--	(17,906,004)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2022

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities (continued)						
Balances carried forward	\$ 21,935,147	113,600	3,915,543	(17,906,004)	--	(17,906,004)
Debt service						
Principal	895,000	--	--	(895,000)	--	(895,000)
Interest	377,308	--	--	(377,308)	--	(377,308)
Wire fees	1,600	--	--	(1,600)	--	(1,600)
Total governmental activities	23,209,055	113,600	3,915,543	(19,179,912)	--	(19,179,912)
Business-type activities						
Food program services	807,820	45,982	960,362	--	198,524	198,524
Total business-type activities	807,820	45,982	960,362	--	198,524	198,524
Total primary government	\$ 24,016,875	159,582	4,875,905	(19,179,912)	198,524	(18,981,388)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2022

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				\$ 7,447,486	--	7,447,486
Property taxes - debt service				1,170,793	--	1,170,793
Motor vehicle tax				862,595	--	862,595
Carline taxes				9,558	--	9,558
Public Power District sales tax				185,915	--	185,915
In-lieu-of tax - Housing Authority				6,768	--	6,768
Local license fees				9,911	--	9,911
County fines and licenses				114,747	--	114,747
State aid				5,577,327	--	5,577,327
Other state receipts				1,454,533	--	1,454,533
Interest				7,266	--	7,266
Proceeds from the sale of property				48,770	--	48,770
Other receipts				9,660	--	9,660
Total general receipts				16,905,329	--	16,905,329
Change in net position				\$ (2,274,583)	198,524	(2,076,059)
Net position - beginning				\$ 3,059,388	228,477	3,287,865
Change in net position				(2,274,583)	198,524	(2,076,059)
Net position - ending				\$ 784,805	427,001	1,211,806

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2022

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Total Governmental Funds
ASSETS					
Cash in Bank	\$ --	371,764	99,403	257,169	728,336
Cash at County Treasurer	1,647,568	63,107	179,762	3	1,890,440
Due from other funds	--	--	--	388,315	388,315
Total assets	\$ 1,647,568	434,871	279,165	645,487	3,007,091
LIABILITIES					
Due to other funds	\$ 388,315	--	--	--	388,315
Line of credit	1,833,971	--	--	--	1,833,971
Total liabilities	2,222,286	--	--	--	2,222,286
FUND BALANCES					
Restricted for:					
Debt service	--	434,871	279,165	--	714,036
Assigned	1,055,775	--	--	645,487	1,701,262
Unassigned	(1,630,493)	--	--	--	(1,630,493)
Total fund balance	(574,718)	434,871	279,165	645,487	784,805
Total liabilities and fund balance	\$ 1,647,568	434,871	279,165	645,487	3,007,091

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, 2022

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Total Governmental Funds
RECEIPTS					
Taxes					
Property - general purpose	\$ 7,447,463	--	--	23	7,447,486
Property - debt service	--	302,835	867,958	--	1,170,793
Motor vehicle	862,595	--	--	--	862,595
Carline	8,222	345	991	--	9,558
Public Power District sales tax	166,617	--	19,298	--	185,915
In-lieu of tax - Housing Authority	--	6,768	--	--	6,768
Tuition	72,609	--	--	--	72,609
Local license fees	9,911	--	--	--	9,911
Other local receipts/rental of school facilities	40,991	--	--	--	40,991
County receipts	114,747	--	--	--	114,747
State receipts	8,327,712	37,690	107,422	--	8,472,824
Federal receipts	2,474,579	--	--	--	2,474,579
Interest income	5,653	170	82	1,361	7,266
Proceeds from sale of property	--	--	--	48,770	48,770
Other nonrevenue receipts	9,660	--	--	--	9,660
Total receipts	19,540,759	347,808	995,751	50,154	20,934,472
DISBURSEMENTS					
Instruction	11,651,832	--	--	--	11,651,832
Support services:					
Students	863,380	--	--	--	863,380
Instruction	365,578	--	--	--	365,578
General administration	535,919	--	--	--	535,919
Office of the principal	1,307,576	--	--	--	1,307,576
Central services	755,703	--	--	--	755,703
Operations and maintenance of plant	1,466,995	--	--	--	1,466,995
Student transportation	512,206	--	--	--	512,206
Operation of non-instructional services	33,623	--	--	--	33,623
Subtotal of disbursements carried forward	\$ 17,492,812	--	--	--	17,492,812

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, 2022

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Total Governmental Funds
DISBURSEMENTS (continued)					
Balance carried forward	\$ 17,492,812	--	--	--	17,492,812
Private and state categorical programs	88,370	--	--	--	88,370
Federal programs	2,923,804	--	--	--	2,923,804
Transfers (outgoing)	125	--	--	--	125
Non-program expenditures	65,134	--	--	--	65,134
Capital outlay	--	--	--	1,364,902	1,364,902
Debt service:					
Principal	--	280,000	615,000	--	895,000
Interest	--	42,017	335,291	--	377,308
Wire fees	--	800	800	--	1,600
Total disbursements	20,570,245	322,817	951,091	1,364,902	23,209,055
Excess (deficit) of receipts over disbursements	(1,029,486)	24,991	44,660	(1,314,748)	(2,274,583)
NET CHANGE IN FUND BALANCES	\$ (1,029,486)	24,991	44,660	(1,314,748)	(2,274,583)
Fund balances - beginning	\$ 454,768	409,880	234,505	1,960,235	3,059,388
Net change in fund balances	(1,029,486)	24,991	44,660	(1,314,748)	(2,274,583)
Fund balances - ending	\$ (574,718)	434,871	279,165	645,487	784,805

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2022

	<u>School Nutrition Fund</u>
ASSETS	
Cash in Bank	\$ 427,001
TOTAL ASSETS	427,001
NET POSITION	
Unrestricted	427,001
TOTAL NET POSITION	\$ 427,001

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2022

	<u>School Nutrition Fund</u>
Operating receipts	
Charges for sales and services	
Lunchroom sales	\$ 45,982
Operating disbursements	
Cost of sales and services	807,820
Operating loss	(761,838)
Nonoperating receipts	
USDA and State subsidy	960,362
Total nonoperating receipts	960,362
Change in net position	198,524
Net position - beginning	228,477
Net position - ending	\$ 427,001

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2022

	Activities Fund	Student Fee Fund	Private Purpose Trust Funds		
			Wiley Memorial Scholarship Fund	Wiles Scholarship Fund	Duda Scholarship Fund
ASSETS					
Cash and cash equivalents	\$ 188,192	46,247	--	1,716	117,163
Investments	--	--	1,008,879	35,190	471,608
Due from Wiles Scholarship Fund	13,000	--	--	--	--
Due from Duda Scholarship Fund	40,000	--	--	--	--
TOTAL ASSETS	\$ 241,192	46,247	1,008,879	36,906	588,771
LIABILITIES					
Due to student groups and other	\$ 241,192	--	--	13,000	40,000
NET POSITION	--	46,247	1,008,879	23,906	548,771
TOTAL LIABILITIES AND NET POSITION	\$ 241,192	46,247	1,008,879	36,906	588,771

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2022

	Student Fee Fund	Private Purpose Trust Funds		
		Wiley Memorial Scholarship Fund	Wiles Scholarship Fund	Duda Scholarship Fund
ADDITIONS				
Net investment income	\$ --	6,539	1,920	22,772
Other receipts	53,279	--	--	--
Total additions	53,279	6,539	1,920	22,772
DEDUCTIONS				
Scholarships awarded	--	53,860	--	20,000
Student fee expenses	94,440	--	--	--
Total deductions	94,440	53,860	--	20,000
Change in net position	(41,161)	(47,321)	1,920	2,772
Net position - beginning	87,408	1,056,200	21,986	545,999
Net position - ending	\$ 46,247	1,008,879	23,906	548,771

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

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, 2022

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, 2022

1. Summary of Significant Accounting Policies - Continued

C. Fund Types - Continued

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

Proprietary Fund:

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

Fiduciary Funds:

Activities Fund – The Activities Fund is used to account for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities, not part of another fund. The cash is received by the District to be held or disbursed on the instructions of the organization from whom they are received. This is not cash of the District.

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

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

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, 2022

1. Summary of Significant Accounting Policies – Continued

G. Equity Classification - Continued

b. Unrestricted net position

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

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

Fund Statements

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

a. Nonspendable

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

b. Restricted

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

c. Committed

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

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 the year ending August 31, 2021, a loan totaling \$630,000 was made from the Special Building Fund to the General Fund. The balance of the loan is \$203,485 as of August 31, 2022. The District will make payments as tax receipts allow with the intention to have it paid off as soon as possible.

In addition, the District utilizes bank accounts that are allocated between funds. This allows the District to manage its cash flows. As a result of this cash management strategy, at August 31, 2022 the Special Building Fund has advanced cash to the General Fund.

I. Budget Process and Property Taxes - The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. In accordance with the Nebraska Budget Act, total expenditures for each fund may not exceed the total budgeted expenditures. The General Fund is also subject to a total non-special education expenditure limit. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing. State statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations. During 2022, the District's actual expenditures in the Bond Fund exceeded the budgeted expenditures.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

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, 2022, 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, 2022, 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. 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. The District had positions of approximately \$25,000 at year-end held in excess of the collateral.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

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 \$1,008,879 (market value of \$1,058,391) held by the Wiley Memorial Scholarship Fund, \$35,190 (market value of \$42,644) held by the Wiles Scholarship Fund and \$471,608 (market value of \$843,842) held by the Duda Scholarship Fund primarily consist of exchange traded and 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 \$389,309 invested with NLAF as of August 31, 2022.

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

3. Bonds Payable

The District has four bond issues outstanding as of August 31, 2022:

Qualified Capital Purpose Undertaking Fund

Taxable Limited Tax Obligation Qualified School Construction Bonds, Series 2010B, dated August 5, 2010, principal of \$280,000, interest rate 5.00% to 5.45%, payments begin December 15, 2022, matures December 15, 2025. \$ 280,000

Taxable Limited Tax Obligation Bonds, Series 2016, dated April 12, 2016, principal of \$2,810,000, interest rate 1.75% to 2.35%, matures December 15, 2026. 1,210,000

Bond Fund

General Obligation School Building Bonds, Series 2019 dated August 21, 2019, principal of \$9,480,000, interest rate 2.00% to 3.00%, matures December 15, 2039. 8,735,000

General Obligation School Building Bonds, Series 2020 dated August 21, 2019, principal of \$5,575,000, interest rate 0.75% to 2.125%, matures December 15, 2039. 5,335,000

Total bonds payable, August 31, 2022 **\$ 15,560,000**

Interest paid during fiscal 2022 **\$ 377,309**

The following is a summary of long-term debt transactions of the District for the year ended August 31, 2022.

	Original Issue	Balance August 31, 2021	Issued	Retire- ments	Bonds Outstanding August 31, 2022
Qualified School Construction Bonds Bond Series 2010B	\$ 280,000	280,000	--	--	280,000
Limited Tax Obligation Series 2016	2,810,000	1,490,000	--	280,000	1,210,000
General Obligation School Building Bonds Series 2019	9,480,000	9,110,000	--	375,000	8,735,000
General Obligation School Building Bonds Series 2020	5,575,000	5,575,000	--	240,000	5,335,000
Total bonds		<u>\$16,455,000</u>	<u>--</u>	<u>895,000</u>	<u>15,560,000</u>

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

3. Bonds Payable – Continued

The above bonds mature as follows:

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	930,000	355,108	1,285,108
2024	955,000	330,586	1,285,586
2025	975,000	305,004	1,280,004
2026	1,000,000	278,394	1,278,394
2027	1,025,000	255,809	1,280,809
2028 - 2032	3,745,000	1,070,710	4,815,710
2033 - 2037	4,170,000	643,144	4,813,144
2038 - 2040	2,760,000	112,508	2,872,508
	<u>\$ 15,560,000</u>	<u>3,351,263</u>	<u>18,911,263</u>

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

4. Debt Obligations

The District has a promissory note for a \$2,500,000 line of credit with First State Bank Nebraska, which matures January 8, 2023 and bears interest at 4.50%. The note is secured by substantially all assets of the District. As of August 31, 2022, the outstanding balance was \$1,833,971.

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.

6. Federal Award Programs

The District received funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

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, 2022, the District had interfund transfers reported with receipts and disbursements for support of other funds as shown below.

	Transfer In	Transfer Out
Activity Fund	\$ 125	--
General Fund	--	125
<u>Total</u>	<u>\$ 125</u>	<u>125</u>

9. Commitments and Contingencies

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

The District has a contingent loan agreement with First State Bank Nebraska (FSBN) that essentially guarantees a loan issued by FSBN 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 \$525,389 at August 31, 2022.

The District has entered into various construction related contracts for school improvements which have a remaining obligation of approximately \$364,000 at August 31, 2022.

On August 1, 2021, the District extended an agreement with the Cass County Sheriff's Office to have a School Resource Officer assigned to the District through the 2023-2024 school year. The extended agreement is for one School Resource officer for the period with the option to add an additional officer for after hours or weekend events for additional cost. The agreement contains a termination clause that allows either party to terminate the agreement with written 90-day notice prior to August 1st of each year of the agreement. The remaining agreed upon non-cancellable cost at August 31, 2022 is approximately \$62,000.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

9. Commitments – Continued

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. This agreement has an automatic renewal clause that was utilized, resulting in a three-year renewal of the original contract which can be cancelled upon 30 days notice before work is performed. The service agreement's remaining non-cancellable cost at August 31, 2022 is approximately \$42,000.

On July 1, 2020, the District entered into a seven-year agreement with Mid States School Bus, Inc. The district will receive student transportation services during the school year including daily routes, special education routes, and out-of-district transportation. Payments are due in monthly installments based on services provided. Additional charges for out-of-district transportation and Special Education transportation mileage will be incurred. The agreement may be terminated by either party, with or without cause, by written notice and effective at the end of the school year. During 2021, Mid States School Bus, Inc. was purchased by First Student, Inc. resulting in an assignment of the contract upon closing. The remaining agreed upon non-cancellable cost at August 31, 2022 is approximately \$529,000.

On August 31, 2020, the District entered into a three-year agreement with Witte Physical Therapy for athletic training services. The agreement contains a termination clause which allows either party to terminate the contract with a written 30-day notice at any time or immediately with cause. The remaining agreed upon non-cancellable cost at August 31, 2022 is approximately \$27,500.

The District entered into lease agreements for the use of various office equipment, machinery and effective purchase of computer equipment and athletic field lighting. Total payments, including interest, for all lease agreements totaled \$126,926 in the year ended August 31, 2022. Future minimum annual payments under all lease agreements for the years ending after August 31, 2022 are as follows:

Year Ending August 31,	
2023	\$ 87,289
2024	46,488
2025	46,488
2026	34,914
2027	23,340
Thereafter	66,130

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

10. Subsequent Events

Management evaluated transactions and events occurring subsequent to August 31, 2022, and through November 4, 2022, 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, 2021, there were 266 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

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 monthly 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.

Employees' benefits are vested after five years of plan participation or when termination occurs at age 65 or later. Vested members are eligible to receive an unreduced retirement benefit at age 65.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

11. Retirement Plan - Continued

A member's age will determine eligibility to begin receiving a monthly benefit and if those benefits are reduced or unreduced. Benefit calculations vary with early retirement. At ages 55 to 64, members who are in tier one, two, or three may qualify to receive unreduced benefits under the "Rule of 85" if the member's attained age plus creditable service equals 85 or greater. At ages 60 to 64, members may qualify to receive unreduced benefits under the tier four "Rule of 85" if the member's attained age plus creditable Service equals 85 or greater.

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

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

For the District's year ended August 31, 2022, the District's total payroll for all employees was \$11,513,814. Total covered payroll was \$11,214,625. 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, 2020, to June 30, 2021 (and from July 1, 2021 through, August 31, 2022). 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, 2022 was \$1,107,758.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

11. Retirement Plan - Continued

Pension Liabilities

At June 30, 2021 the District had a liability of \$6,373,096 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, 2021, 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 109.90% funded as of June 30, 2021 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, 2021, the District's proportion was 0.542647 percent, which was a decrease of 0.034159 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District's allocated pension expense was \$1,737,116.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.65%
Salary increases, including wage inflation	3.15%-13.15%
Cost-of-Living Adjustment	Members hired before January 1, 2013: 2.15% with a floor benefit equal to 75% purchasing power of original benefit. Members hired on or after January 1, 2013: 1.00% with no floor benefit
Investment Rate Return, net of investment expense, including price inflation	7.30%

The School Plan's pre-retirement mortality rates were based on the Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

The School Plan's post-retirement mortality rates were based on the Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

11. Retirement Plan – Continued

The School Plan's beneficiary mortality rates were based on the Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

The School Plan's disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static table).

The actuarial assumptions used in the July 1, 2021, 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, 2019. The experience study report is dated December 21, 2020.

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, 2021, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
U.S. Equity	27.0%	4.5%
Global Equity	19.0%	5.3%
Non-U.S. Equity	11.5%	5.8%
Fixed Income	30.0%	0.7%
Private Equity	5.0%	7.4%
Real Estate	7.5%	4.2%
Total	100.0%	

*Arithmetic mean, net of investment expenses.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2022

11. Retirement Plan – Continued

Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2021, was 7.3 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2015 through June 30, 2019. 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 2120.

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 7.3 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 (6.3 percent) or 1-percentage-point higher (8.3 percent) than the current rate:

	Discount rate	District's proportionate Share of net pension liability (asset)
1% decrease	6.3%	\$ 2,599,479
Current discount rate	7.3%	(6,373,096)
1% increase	8.3%	(13,742,885)

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>.

SUPPLEMENTAL SCHEDULES

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2022

FEDERAL GRANTOR	Federal	Pass-through		
<i>Pass through Grantor</i>	Assistance	Entity		
Program Title	Listing #	Identifying #		Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start	93.600	N/A	\$ 1,063,673	
COVID-19 - Head Start	93.600	N/A	<u>72,629</u>	\$ 1,136,302
<i>Passed through Nebraska Association of School Boards Medicaid Consortium</i>				
Medical Assistance Program	93.778	13-0001		<u>42,002</u>
Total U.S. Department of Health and Human Services				1,178,304
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through State Department of Education</i>				
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	22-6408-00-03-013-0001 22-6412-00-03-013-0001	434,841	
COVID-19 - Special Education Grants to States	84.027	22-6408-00-03-013-0001 22-6412-00-03-013-0001	11,288	
Special Education Preschool Grants		22-6406-00-03-013-0001	12,484	
COVID-19 - Special Education Preschool Grants	84.173	22-6406-00-03-013-0001	<u>5,331</u>	463,944
Title I Grants to Local Educational Agencies	84.010	22-6200-00-03-013-0001		293,327
Twenty-First Century Community Learning Centers	84.287	22-6968-A0-03-013-0001		44,072
Improving Teacher Quality State Grants	84.367	22-6310-00-03-013-0001		30,915
Student Support & Academic Enrichment	84.424	22-6969-00-03-013-0001		2,492
COVID-19 - Education Stabilization Fund	84.425D	21-6997-00-03-013-0001	25,671	
COVID-19 - Education Stabilization Fund	84.425U	21-6998-00-03-013-0001	<u>727,398</u>	753,069
<i>Passed through ESU #3 Perkins Grant Consortium</i>				
Career and Technical Education -- Basic Grants to States	84.048	22-6471-00-03-013-0001		<u>19,345</u>
Total U.S. Department of Education				1,607,164
FEDERAL COMMUNICATIONS COMMISSION				
Emergency Connectivity Fund Program	32.009	N/A		180,183

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2022

FEDERAL GRANTOR	Federal	Pass-through		
<u>Pass through Grantor</u>	Assistance	Entity		
Program Title	Listing #	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	202121IN202043, 202122IN202043	\$ 54,148	
<u>Passed through State Department of Education</u>				
School Breakfast Program	10.553	202021IN109943, 202122IN109943	220,060	
National School Lunch Program	10.555	202021IN109943, 202122IN109943	633,601	
COVID-19 - National School Lunch Program	10.555	21-4210-00-03-013-0001	1,528	
Summer Food Services Program for Children	10.559	202122IN109943	<u>32,171</u>	\$ 941,508
Child and Adult Care Food Program	10.558	202121IN109943, 202122IN109943	63,200	
COVID-19 - Child and Adult Care Food Program	10.558	202122IN109943	<u>9,801</u>	73,001
Total U.S. Department of Agriculture				<u>1,014,509</u>
Total Federal Awards Expended				<u><u>\$ 3,980,160</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, 2022

	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	\$ 454,768	19,540,759	20,570,245	--	(1,029,486)	(574,718)	--	--	1,647,568	(2,222,286)
Qualified Capital Purpose Undertaking Fund	409,880	347,808	322,817	--	24,991	434,871	371,764	--	63,107	--
Bond Fund	234,505	995,751	951,091	--	44,660	279,165	99,403	--	179,762	--
Special Building Fund	1,960,235	50,154	1,364,902	--	(1,314,748)	645,487	257,169	--	3	388,315
School Nutrition Fund	228,477	1,006,344	807,820	--	198,524	427,001	427,001	--	--	--
Fiduciary Funds	1,711,593	84,510	168,300	--	(83,790)	1,627,803	353,318	1,515,677	--	(241,192)
Total	\$ 4,999,458	22,025,326	24,185,175	--	(2,159,849)	2,839,609	1,508,655	1,515,677	1,890,440	(2,075,163)

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2022

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS					
Local sources					
Taxes					
Property taxes - general purpose	\$ 7,447,463	--	--	--	7,447,463
Carline tax	8,222	--	--	--	8,222
Public Power District sales tax	166,617	--	--	--	166,617
Motor vehicle taxes	862,595	--	--	--	862,595
Interest	5,633	20	--	--	5,653
Local license fees and fines	9,911	--	--	--	9,911
Tuition	72,609	--	--	--	72,609
Other local receipts/rental of school facilities	40,991	--	--	--	40,991
Total local sources	8,614,041	20	--	--	8,614,061
County sources					
ESU receipts	1,320	--	--	--	1,320
County fines and license fees	113,427	--	--	--	113,427
Total county sources	114,747	--	--	--	114,747

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2022

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
State sources					
State aid	\$ 5,577,327	--	--	--	5,577,327
Special education	1,351,778	--	--	--	1,351,778
Special education transportation	89,186	--	--	--	89,186
Homestead exemption	419,422	--	--	--	419,422
Property tax credit	484,676	--	--	--	484,676
High ability learners	11,453	--	--	--	11,453
Preschool flex funding	11,302	--	--	--	11,302
School age flex funding	61,974	--	--	--	61,974
Prorate motor vehicle	22,283	--	--	--	22,283
State appointment	198,456	--	--	--	198,456
State grants	99,855	--	--	--	99,855
Total state sources	8,327,712	--	--	--	8,327,712

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2022

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
Federal sources					
Title I	212,433	--	--	--	212,433
Title II, Part A	10,116	--	--	--	10,116
IDEA Poverty/Base	9,634	--	--	--	9,634
IDEA Part B (619) Preschool	10,156	--	--	--	10,156
IDEA Part B (611) Special education	181,874	--	--	--	181,874
IDEA Nonpublic	20,806	--	--	--	20,806
Medicaid in public schools	3,292	--	--	--	3,292
Medicaid Administrative Activities	42,002	--	--	--	42,002
21st Century Learning Grant	43,238	--	--	--	43,238
ABE/GED	2,056	--	--	--	2,056
Head Start	1,047,630	--	--	--	1,047,630
CRRSA ESSER II	519,616	--	--	--	519,616
ARP ESSER III	168,952	--	--	--	168,952
Other Federal receipts	202,774	--	--	--	202,774
Total Federal sources	2,474,579	--	--	--	2,474,579
Nonrevenue receipts					
Transfers from other funds	--	--	61,700	(61,700)	--
Other	9,660	--	--	--	9,660
Total nonrevenue receipts	9,660	--	61,700	(61,700)	9,660
TOTAL RECEIPTS	\$ 19,540,739	20	61,700	(61,700)	19,540,759

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND COMPONENTS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
 CONTINUED
 AUGUST 31, 2022**

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS					
Instruction	\$ 11,713,532	--	--	(61,700)	11,651,832
Support services					
Students	863,380	--	--	--	863,380
Instruction	365,578	--	--	--	365,578
General administration	535,919	--	--	--	535,919
Office of the principal	1,307,576	--	--	--	1,307,576
Central services	755,703	--	--	--	755,703
Operations and maintenance of plant	1,466,995	--	--	--	1,466,995
Student transportation	512,206	--	--	--	512,206
Operation of non-instructional services	33,623	--	--	--	33,623
Private and state categorical programs	88,370	--	--	--	88,370
Federal programs	2,923,804	--	--	--	2,923,804
Transfers (outgoing)	125	--	--	--	125
Non-program expenditures	3,451	--	61,683	--	65,134
TOTAL DISBURSEMENTS	20,570,262	--	61,683	(61,700)	20,570,245
RECEIPTS UNDER DISBURSEMENTS	(1,029,523)	20	17	--	(1,029,486)
FUND BALANCE, beginning of year	(600,970)	1,025,379	30,359	--	454,768
FUND BALANCE, end of year	\$ (1,630,493)	1,025,399	30,376	--	(574,718)

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 186,167	(600,970)
RECEIPTS		
Local sources		
Property taxes - general purpose	9,274,466	7,447,463
Carline tax	10,000	8,222
Public Power District sales tax	185,000	166,617
Motor-vehicle taxes	950,000	862,595
Interest	1,300	5,633
Local license fees and fines	6,000	9,911
Tuition	50,000	72,609
Other local receipts/rental of school facilities	78,500	40,991
	10,555,266	8,614,041
County sources		
ESU receipts	5,000	1,320
Fines and licenses	90,000	113,427
	95,000	114,747
State sources		
State aid	5,577,327	5,577,327
Special education	1,500,000	1,351,778
Special education transportation	130,000	89,186
Homestead exemption	350,000	419,422
Property tax credit	475,000	484,676
High ability learners	12,750	11,453
Preschool flex funding	8,000	11,302
School age flex funding	--	61,974
Prorate motor vehicle	30,000	22,283
State apportionment	225,000	198,456
State grants	120,000	99,855
	8,428,077	8,327,712

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
RECEIPTS - continued		
Federal sources		
Title I	\$ 300,000	212,433
Title II, Part A	50,000	10,116
IDEA Poverty/Base	--	9,634
IDEA Part B (619) Preschool	18,000	10,156
IDEA Part B (611) Special education	492,000	181,874
IDEA Nonpublic	20,000	20,806
Medicaid in public schools	3,500	3,292
Medicaid activities/outreach	35,000	42,002
Title IV, Part B NCLB - 21st Century Community Learning Centers	44,000	43,238
Adult Education	--	2,056
Head Start	1,231,300	1,047,630
Presidential Disaster Aid/ESSER	1,700,000	--
CRRSA ESSER II	--	519,616
ARP ESSER III	--	168,952
Other Federal receipts	80,000	202,774
	3,973,800	2,474,579
Nonrevenue receipts		
Sale of property	5,000	--
Other non-revenue receipts	1,500	9,660
	6,500	9,660
Total Receipts	23,058,643	19,540,739
Total Available Resources	23,244,810	18,939,769

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS		
Instruction		
Regular instruction	\$ 7,345,471	7,245,073
Regular instructional programs - school age (flex-spending)	183,189	134,227
Regular instructional programs - below age 5 (flex-spending)	24,146	21,202
Limited English proficiency programs	73,000	88,284
Poverty programs	799,892	943,873
Special education instructional programs - school age	3,087,385	2,956,025
Special education instructional programs - ages 3-5	238,807	304,742
Summer school	21,537	20,106
	11,773,427	11,713,532
Support services - students		
Guidance services	292,286	291,289
Health services	92,594	97,820
Psychological services: SPED school age	182,369	182,024
Speech pathology & audiology services: SPED school age	218,135	122,962
Speech pathology & audiology services: SPED ages 3-5	29,982	80,250
Occupational therapy - related services: SPED school age	25,000	23,516
Occupational therapy - related services: SPED ages 3-5	25,000	24,171
Physical therapy - related services: SPED school age	20,000	12,993
Physical therapy - related services: SPED ages 3-5	18,000	14,777
Visually impaired - related services: SPED school age	20,000	13,578
	923,366	863,380
Support services - instruction		
Instruction and curriculum development	109,800	24,279
Instructional staff training	7,500	1,678
Library/media services	234,474	226,410
Instruction-related technology	142,642	113,211
	494,416	365,578

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS - continued		
Support services - general administration		
Board of education	\$ 269,300	292,008
Executive administration	235,265	235,805
District legal services	20,000	8,106
	524,565	535,919
Office of the principal	1,293,331	1,307,576
Central services		
Fiscal services	299,470	389,521
Printing, publishing, and duplicating services	70,000	80,565
Administrative technology services	279,821	285,617
	649,291	755,703
Operations and maintenance of plant		
Operation of buildings	844,577	827,997
Maintenance of buildings	418,592	517,161
Care and upkeep of grounds	19,500	55,330
Vehicle operation, maintenance and purchasing (other than student transportation vehicles)	19,000	12,917
Security	100,000	48,014
Safety	4,000	5,576
	1,405,669	1,466,995
Student transportation		
Vehicle operation and purchasing - regular education	375,300	285,460
Vehicle operation and purchasing - school age SPED	213,500	213,284
Vehicle operation and purchasing - below age 5 SPED	40,000	13,462
	628,800	512,206

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
DISBURSEMENTS - continued		
Operation of non-instructional services		
Community services operations	\$ 31,175	33,623
	31,175	33,623
Private and state categorical programs		
Categorical grants from corporations and other private interests	600	2,915
Other state categorical programs	25,000	--
High ability learners	11,467	6,154
Early childhood endowment grants	97,500	79,301
	134,567	88,370
Federal programs	3,852,203	2,923,804
Transfers (outgoing)	23,000	125
Non-program expenditures	3,000	3,451
Total disbursements	21,736,810	20,570,262
Fund balance, end of year	\$ 1,508,000	(1,630,493)

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 1,110,382	1,025,379
Receipts		
Interest	1,700	20
Total receipts	1,700	20
Total available resources	1,112,082	1,025,399
Disbursements		
Capital outlay	1,112,082	--
Total disbursements	1,112,082	--
FUND BALANCE, End of year	\$ --	1,025,399

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, 2022

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 383,648	409,880
Receipts		
Taxes		
Property taxes - debt purpose	376,319	302,835
Carline	380	345
In-lieu-of tax	--	6,768
Homestead exemption	15,000	17,064
Property tax credit	15,921	19,687
Prorate motor vehicle	950	939
Interest	400	170
Total receipts	408,970	347,808
Total available resources	792,618	757,688
Disbursements		
Operation of Building	370,000	--
Principal	280,000	280,000
Interest payments	42,018	42,017
Miscellaneous expense	600	800
Total disbursements	692,618	322,817
FUND BALANCE, End of year	\$ 100,000	434,871

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 230,581	234,505
Receipts		
Taxes		
Property taxes - debt purpose	1,073,056	867,958
Carline	1,300	991
In-lieu-of tax	--	19,298
Homestead exemption	50,000	48,662
Property tax credit	40,600	56,054
Prorate motor vehicle	2,675	2,706
Interest	80	82
Total receipts	1,167,711	995,751
Total available resources	1,398,292	1,230,256
Disbursements		
Principal payments	615,000	615,000
Interest payments	331,292	335,291
Miscellaneous expense	2,000	800
Total disbursements	948,292	951,091
FUND BALANCE, End of year	\$ 450,000	279,165

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 1,960,820	1,960,235
Receipts		
Taxes		
Property taxes - general purpose	--	23
Interest	950	1,361
Sale of property	--	48,770
Non-revenue receipts	--	--
Total receipts	950	50,154
Total available resources	1,961,770	2,010,389
Disbursements		
Capital outlay	1,961,770	1,336,368
Miscellaneous	--	28,534
Total disbursements	1,961,770	1,364,902
FUND BALANCE, End of year	\$ --	645,487

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 31,094	30,359
Receipts		
Transfers from other funds	43,000	61,700
Total receipts	43,000	61,700
Total available resources	74,094	92,059
Disbursements		
Benefits paid	74,094	61,683
Total disbursements	74,094	61,683
FUND BALANCE, End of year	\$ --	30,376

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 201,605	228,477
Receipts		
Sales of lunches	55,000	45,982
State reimbursement	5,400	--
Federal reimbursement	630,000	960,362
Total receipts	690,400	1,006,344
Total available resources	892,005	1,234,821
Disbursements		
Salaries	22,000	26,504
Payroll taxes and benefits	5,200	5,488
Purchased services	853,805	751,270
Food and supplies	11,000	1,044
Equipment purchases	--	20,292
Other expenses	--	3,222
Total disbursements	892,005	807,820
FUND BALANCE, End of year	\$ --	427,001

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 63,542	87,408
Receipts		
Activity receipts	40,000	53,279
<hr/>		
Total receipts	40,000	53,279
Total available resources	103,542	140,687
Disbursements		
Extracurricular activity fees	103,542	94,440
<hr/>		
Total disbursements	103,542	94,440
FUND BALANCE, End of year	\$ --	46,247

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO BUDGETARY SCHEDULES (UNAUDITED)

AUGUST 31, 2022

Basis of Accounting

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

Budgetary Law

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

Reconciliations

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

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

	<u>Receipts</u>	<u>Expenditures</u>	<u>Excess Receipts over (under) Expenditures</u>
Financial reporting basis			
<u>General Fund</u>	<u>\$ 19,553,277</u>	<u>20,491,605</u>	<u>(938,328)</u>
Budgetary basis			
General Fund	\$ 19,553,257	20,491,622	(938,365)
Depreciation Fund	20	--	20
Employee Benefit Fund	--	(17)	17
<u>Total</u>	<u>\$ 19,553,277</u>	<u>20,491,605</u>	<u>\$ (938,328)</u>

Excess of Expenditures Over Appropriations

The District had actual Bond Fund expenditures that exceeded the budget by \$2,798 due to the District's lack of budget capacity to cover the interest obligations due.

CASS COUNTY SCHOOL DISTRICT NO. 1

FIDUCIARY FUND

SUPPLEMENTAL SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES

YEAR ENDED AUGUST 31, 2022

	Balance			Balance
	9/1/21	Receipts	Disbursements	8/31/22
Activities Fund	\$ 184,868	509,447	506,123	188,192
Student Fee Fund	87,408	53,279	94,440	46,247
Wiley Memorial Scholarship Fund	1,056,200	6,539	53,860	1,008,879
Wiles Scholarship Fund	34,986	1,920	--	36,906
Duda Scholarship Fund	565,999	22,772	--	588,771
Total	\$ 1,929,461	593,957	654,423	1,868,995

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, 2022, 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 4, 2022.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material deficiencies and material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and 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 the response.

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

Omaha, Nebraska
November 4, 2022

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

Opinion on Each Major Federal Program

We have audited Cass County School District No. 1’s (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended August 31, 2022. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal programs. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Omaha, Nebraska
November 4, 2022

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED AUGUST 31, 2022

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?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	No

Identification of major program

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553, 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund

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, 2022

Section II – Financial Statement Findings

2022-001 Financial Statement Preparation (Repeat of 2021-001)

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

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

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

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

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

2022-002 Segregation of Duties (Repeat of 2021-002)

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

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

Cause: The District has a limited number of staff.

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

Response: The District continues to implement new and upgraded procedures such as reviews of bank statements and bank reconciliations by the Superintendent to improve segregation of duties issues. The Board of Education also reviews and approves all expenditures. In June 2022, the District hired a payroll administrator to separate payroll from other accounting functions. 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, 2022

2022-003 General Fund Bank Reconciliation

Criteria: The District should have procedures in place to reconcile each bank account monthly and present timely financial information at the monthly Board of Education meetings.

Condition: The District's General Fund bank accounts have not properly reconciled to the general ledger since June 2022 and the Board of Education has not received timely financial information since that time.

Cause: The new business manager was not properly trained on reconciliation procedures and typical reconciliation differences. Activity between funds and the bank was not properly recorded to allow for reconciliation.

Effect: The Board of Education and patrons have not received a Treasurer's report summary of bank accounts since the June board meeting. Revenue and expenditure reports have been provided, but fund balance information has not been included with the information distributed.

Response: The District will review their reconciliation processes and procedures as well as the information provided to the Board of Education. Additional training will be sought to ensure the reconciliations can be completed timely each month.

Section III – Federal Award Findings and Questioned Costs

No federal award findings and questioned costs.

CASS COUNTY SCHOOL DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED AUGUST 31, 2022

2021-001 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.

Current Year Status – This finding is repeated as finding 2022-001 as management has determined it is not cost beneficial to correct.

2021-002 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. In June 2022, the District hired a payroll administrator to separate payroll from other accounting functions. 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 2022-002 as management has determined it is not cost beneficial to correct.



Plattsmouth Community School District Central Office
1912 Old Highway 34
Plattsmouth, NE 68048
Dr. Richard E. Hasty, Superintendent
Dr. Cherie Larson, Director of Instructional Services
Mrs. Amanda Wright, Special Education Administrator
Phone: (402) 296-3361 Fax: (402) 296-2667
www.pcsd.org

Working together to achieve Academic success, respectful Behavior, and Career readiness in a Safe environment.

November 4, 2022

Corrective Action Plan

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

Gentlemen,

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

1. Financial Statement Preparations: 2022-001

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

2. Segregation of Duties: 2022-002

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

3. General Fund Bank Reconciliation: 2022-003

Response: The District will review their reconciliation processes and procedures as well as the information provided to the Board of Education. Additional training will be sought to ensure the reconciliations can be completed timely each month.

Sincerely,

A handwritten signature in blue ink that reads 'Dr. Richard E. Hasty'. The signature is stylized and cursive.

Dr. Richard E Hasty, Superintendent