

**Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
For the Year Ended August 31, 2023**

Hall County School District #2 (Grand Island Public Schools)
Grand Island, Nebraska
TABLE OF CONTENTS
For the Year Ended August 31, 2023

INDEPENDENT AUDITOR’S REPORT	2 - 5
FINANCIAL STATEMENTS	
Government – Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	6
Statement of Activities and Net Position – Modified Cash Basis	7
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds	8 - 9
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	10 - 11
Notes to Financial Statements	12 - 34
SUPPLEMENTAL INFORMATION	
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Modified Cash Basis – Actual and Budget	
General Fund	36 - 37
Depreciation Fund	38
Employee Benefit	39
Contingency Fund	40
Activities Fund	41
School Nutrition Fund	42
Bond Fund	43
Special Building Fund	44
Qualified Capital Purpose Undertaking Fund	45
Cooperative Fund	46
Notes to Budgetary Schedules	47
Schedule of Expenditures of Federal Awards	48 -49
Notes to the Schedule of Expenditures of Federal Awards	450
ADDITIONAL INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	51 – 52
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance	
	53 - 55
Schedule of Findings and Questioned Costs	56



INDEPENDENT AUDITOR'S REPORT

Board of Education
Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hall County School District #2 (Grand Island Public Schools District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's 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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

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 A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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 the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that modified 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 budgetary comparison schedule and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2023 on our consideration of the District's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the effectiveness of the District's 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.

Porter + Company, P.C.

Porter and Company, P.C.

Sioux City, Iowa

October 27, 2023

Grand Island Public Schools
 District No. 2, Hall County, Nebraska
 STATEMENT OF NET POSITION - CASH BASIS
 For the Year Ended August 31, 2023

	Governmental Activities
ASSETS	
Cash at bank	\$ 39,923,780
Cash at County Treasurer	13,864,835
Total Assets	\$ 53,788,615
 NET POSITION	
Restricted	
Building projects	\$ 2,483,551
Debt service	7,512,631
Qualified Capital Purposes	1,516,242
Unrestricted	42,276,191
Total net position	\$ 53,788,615

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended August 31, 2023

Functions/Programs	Disbursements	Receipts for Services and Fines	Operating Grants and Contributions	Net (Disbursements) Receipts Primary
Governmental Activities				
Instruction:				
Regular	\$ 59,662,547	\$ 3,000	\$ -	\$ (59,659,547)
Special education	13,800,421	-	6,106,771	(7,693,650)
Support Services				
Pupils	7,326,179	-	-	(7,326,179)
Instructional staff	3,322,112	-	-	(3,322,112)
General administration	1,860,255	-	-	(1,860,255)
Office of principal	5,815,789	-	-	(5,815,789)
Central services	3,028,298	-	-	(3,028,298)
Maintenance and operation	14,312,870	-	-	(14,312,870)
Student transportation	1,028,547	-	370,398	(658,149)
Food Services Operations	-	-	-	-
Private & state categorical	928,405	-	-	(928,405)
Federal programs	19,007,122	-	21,588,064	2,580,942
Lunch program	6,932,147	1,011,459	-	(5,920,688)
Special building	581,935	-	-	(581,935)
Depreciation	-	-	-	-
Activities	3,138,856	151,708	-	(2,987,148)
Capital outlay	-	-	-	-
Debt service	6,946,041	-	-	(6,946,041)
Other	-	-	-	-
Total governmental activities	147,691,524	1,166,167	28,065,233	(118,460,124)
General receipts and transfers:				
Property taxes				45,894,277
Carline tax				19,218
Motor vehicle tax				4,287,858
County fines & licenses				727,206
Interest				513,428
Other receipts				672,269
State aid				60,267,130
Homestead exemption				1,896,520
Property tax credit				2,275,916
Nameplate Capacity Tax				4,110
Pro rate motor vehicle				121,780
State apportionment				1,814,112
Other state receipts				763,852
Other non-revenue receipts				698,568
Transfers in (out)				1,290,000
Total general receipts and transfers				121,246,243
Change in net assets				2,786,119
Net position - beginning				51,002,498
Net position - ending				\$ 53,788,617

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
STATEMENT OF ASSETS AND FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

	<u>General</u>	<u>Depreciation</u>	<u>Employee Benefit</u>	<u>Contingency</u>	<u>Activity</u>
ASSETS					
Cash at bank	\$ 16,074,020	\$ 2,817,190	\$ 3,227,666	\$ 1,031,344	\$ 3,485,966
Cash at County Treasurer	11,743,264	-	-		-
Total Assets	<u>\$ 27,817,284</u>	<u>\$ 2,817,190</u>	<u>\$ 3,227,666</u>	<u>\$ 1,031,344</u>	<u>\$ 3,485,966</u>
NET POSITION/FUND BALANCES					
Unassigned	\$ 27,817,284	\$ -	\$ -	\$ -	\$ -
Assigned					
School Nutrition	-	-	-	-	-
Employee Benefits	-	-	3,227,666	-	-
Contingencies	-	-	-	1,031,344	-
Early Learning Center	-	-	-	-	-
Committed for					
Depreciaiton Use	-	2,817,190	-	-	-
School Activities	-	-	-	-	3,485,966
Restricted					
Debt Service	-	-	-	-	-
Building project	-	-	-	-	-
Qualified Capital Purposes	-	-	-	-	-
Total Net Position/ Fund Balances	<u>\$ 27,817,284</u>	<u>\$ 2,817,190</u>	<u>\$ 3,227,666</u>	<u>\$ 1,031,344</u>	<u>\$ 3,485,966</u>

The notes are an integral part of these financial statements.

Grand Island Public Schools
 District No. 2, Hall County, Nebraska
 STATEMENT OF ASSETS AND FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2023

School Nutrition	Bond	Special Building	Qualified Capital Purpose Undertaking	Cooperative	Government- Wide Total
\$ 3,184,805	\$ 5,824,896	\$ 2,375,092	\$ 1,190,865	\$ 711,935	\$ 39,923,780
	1,687,735	108,459	325,377	-	13,864,835
<u>\$ 3,184,805</u>	<u>\$ 7,512,631</u>	<u>\$ 2,483,551</u>	<u>\$ 1,516,242</u>	<u>\$ 711,935</u>	<u>\$ 53,788,615</u>
\$ -	\$ -	\$ -	\$ -	\$ -	27,817,284
3,184,805	-	-	-	-	3,184,805
-	-	-	-	-	3,227,666
-	-	-	-	-	1,031,344
-	-	-	-	711,935	711,935
-	-	-	-	-	2,817,190
-	-	-	-	-	3,485,966
-	7,512,631	-	-	-	7,512,631
-	-	2,483,551	-	-	2,483,551
-	-	-	1,516,242	-	1,516,242
<u>\$ 3,184,805</u>	<u>\$ 7,512,631</u>	<u>\$ 2,483,551</u>	<u>\$ 1,516,242</u>	<u>\$ 711,935</u>	<u>\$ 53,788,615</u>

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

	General	Depreciation	Employee Benefit	Contingency	Activity
CASH RECEIPTS					
Local sources	\$ 40,945,082	\$ 479	\$ 131,772	\$ 10,708	\$ -
Intermediate sources	702,333	-	-	-	-
State sources	72,866,245	-	-	-	-
Federal sources	15,509,202	-	-	-	-
Activity receipts	-	-	-	-	3,618,471
Non-revenue receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Total cash receipts	<u>130,022,862</u>	<u>479</u>	<u>131,772</u>	<u>10,708</u>	<u>3,618,471</u>
CASH DISBURSEMENTS					
Instruction:					
Regular	59,104,776	-	17,771	-	-
Special education	13,800,421	-	-	-	-
Support Services					
Pupils	7,326,179	-	-	-	-
Instructional staff	3,322,112	-	-	-	-
General administration	1,860,255	-	-	-	-
Office of principal	5,815,789	-	-	-	-
Central services	3,028,298	-	-	-	-
Maintenance and operation	14,312,870	-	-	-	-
Student transportation	1,028,547	-	-	-	-
Food Services Operations	-	-	-	-	-
Private and state categorical	928,405	-	-	-	-
Federal programs	19,007,122	-	-	-	-
Lunch program	-	-	-	-	-
Special building	-	-	-	-	-
CASH DISBURSEMENTS - CONTINUED					
Depreciation	-	-	-	-	-
Activities disbursements	-	-	-	-	3,138,856
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Other	-	-	-	-	-
Total cash disbursements	<u>129,534,774</u>	<u>-</u>	<u>17,771</u>	<u>-</u>	<u>3,138,856</u>
Government - Wide Presentation					
of Cash Receipts over (under)					
Cash Disbursements	488,088	479	114,001	10,708	479,615
Transfers In (out)	(334,906)	750,000	-	-	334,906
Fund Balances, beginning of year	27,664,102	2,066,711	3,113,665	1,020,636	2,671,445
Fund Balances, end of year	<u>\$ 27,817,284</u>	<u>\$ 2,817,190</u>	<u>\$ 3,227,666</u>	<u>\$ 1,031,344</u>	<u>\$ 3,485,966</u>

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2023

School Nutrition	Bond	Special Building	Qualified Capital Purpose Undertaking	Cooperative	Government- Wide Total
\$ 763	\$ 5,692,169	\$ 351,832	\$ 1,067,144	\$ -	\$ 48,199,949
-	-	-	-	-	702,333
69,338	546,176	35,043	105,129	-	73,621,931
5,789,168	-	-	-	-	21,298,370
-	-	-	-	-	3,618,471
262,228	-	436,340	-	-	698,568
1,048,019	-	-	-	-	1,048,019
<u>7,169,516</u>	<u>6,238,345</u>	<u>823,215</u>	<u>1,172,273</u>	<u>-</u>	<u>149,187,641</u>
-	-	-	-	540,000	59,662,547
-	-	-	-	-	13,800,421
-	-	-	-	-	7,326,179
-	-	-	-	-	3,322,112
-	-	-	-	-	1,860,255
-	-	-	-	-	5,815,789
-	-	-	-	-	3,028,298
-	-	-	-	-	14,312,870
-	-	-	-	-	1,028,547
-	-	-	-	-	-
-	-	-	-	-	928,405
-	-	-	-	-	19,007,122
6,932,147	-	-	-	-	6,932,147
-	-	581,935	-	-	581,935
-	-	-	-	-	-
-	-	-	-	-	3,138,856
-	-	-	-	-	-
-	6,041,712	-	904,329	-	6,946,041
-	-	-	-	-	-
<u>6,932,147</u>	<u>6,041,712</u>	<u>581,935</u>	<u>904,329</u>	<u>540,000</u>	<u>147,691,524</u>
237,369	196,633	241,280	267,944	(540,000)	1,496,117
-	-	-	-	540,000	1,290,000
2,947,436	7,315,998	2,242,271	1,248,298	711,935	51,002,498
<u>\$ 3,184,805</u>	<u>\$ 7,512,631</u>	<u>\$ 2,483,551</u>	<u>\$ 1,516,242</u>	<u>\$ 711,935</u>	<u>\$ 53,788,615</u>

The notes are an integral part of these financial statements.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Reporting Entity

The District's Board of Education is the basic level of government which has financial accountability and control over all activities related to 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.

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

The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The District holds the corporate powers of the organization.
- The District appoints a voting majority of the organization's board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.

After the aforementioned information, both the Central Nebraska Education Agency (CNEA) and the Grand Island Education Foundation, Inc. are component units.

The Central Nebraska Education Agency (CNEA), was created by an interlocal agreement between Grand Island Public Schools and Educational Service Unit No. 10 (ESU 10) for the joint ownership of certain educational facilities for use by the District and ESU 10. During the year ended August 31, 2021, CNEA purchased the Early Learning Center

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

property and leases it to the District for its preschool program. CNEA is presented as a discretely presented component unit in the accompanying financial statements.

The Grand Island Education Foundation, Inc. is a non-profit organization, which is engaged primarily in raising funds for extracurricular and academic purposes in the Grand Island area. Support is received primarily through contributions and fundraising programs. As a non-profit organization, the Grand Island Education Foundation, Inc. is exempt from income taxes in accordance with the Internal Revenue Code Section 501(c)(3). The Foundation exists exclusively for the benefit of the District. The component unit information has been excluded from these financial statements and may be obtained from separately audited financial statements, which are available by contacting the Grand Island Education Foundation, Inc.

Basis of Accounting

The District prepares its financial statements on the modified 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 generally accepted accounting principles, as applicable to governmental units. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles, as applicable to governmental units.

Basis of Presentation - Government-Wide Financial Statements

The District utilizes the provisions of Statement No. 34 of the Government Accounting Standards Board, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements, and the classification of net position into the following components: restricted and unrestricted.

The statement of net position 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 for 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 District does not report any business-type activities.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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 receipts are reported instead as general receipts.

Fund Financial Statements

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

The financial transactions of the District are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and disbursements.

Fund Types – The accounts of the District are organized on the basis of funds, which are grouped into the following fund types:

The District reports the following governmental funds:

General Fund – This 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 funds are accounted for in this fund. General operating disbursements and the new replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The General Fund for financial reporting purposes also includes the following components, which are considered funds for budgetary purposes but do not meet the definition as special revenue funds as clarified in GASB 54, or whose activities are insignificant and reporting as part of the General Fund is allowable.

Depreciation Fund – This fund is established by the district in order to facilitate the eventual purchase of costly capital outlay by reserving the amount from the General Fund. The transfer of funds is considered a disbursement in in the General Fund and a Transfer from General Fund in the Depreciation Fund. The purpose of the fund is to spread replacement costs of capital outlay over a period of years.

Employee Benefit – This fund is established in order to specifically reserve General Fund amounts for the benefit of the District’s employees (unemployment compensation, early retirement, health insurance deductibles, etc.).

Contingency Fund – This fund is set up to fund uninsured losses and legal fees incurred by the District for defense against possible litigation.

Activities Fund – This fund is used to account for assets held by the District and the related receipts and expenditures used in various school organizations and activities.

School Nutrition Fund – The fund is used to accommodate all aspects of the School Lunch Program and accounts for all receipts and disbursements of all Child Nutrition Programs.

Bond Fund – This fund is used to record tax receipts and disbursements for the payment of bond principal and interest, and other related costs (i.e., investment interest, trustee fees, etc.)

Special Building Fund – This fund is established for acquiring or improving sites and buildings, including construction, alteration, or improvement of buildings. It accounts for taxes levied and other revenue specifically maintained for acquiring or improving sites and buildings, including the construction, alteration, or improvements of buildings. The Board of Education may approve a budget with levy limitation of 14 cents per one hundred dollars of valuation may be established for this fund by a vote of the people within the District.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Qualified Capital Purpose Undertaking Fund – This fund is established for the removal of environmental hazards, the reduction or elimination of accessibility barriers in School District’s buildings, the repayment of qualified zone academy bonds issued for a qualified capital purpose, modifications for life safety code violations, indoor air quality projects, and mold abatement and prevention products.

Cooperative Fund – This fund is used by the school district acting as the fiscal agent for any cooperative activity between one or more public agencies. All school districts, including the school district acting as the fiscal agent, shall show the payment for services to the cooperative in their General Fund.

Cash and Cash Equivalents – The District considers checking accounts, savings accounts, money market accounts and certificates of deposit as cash or cash equivalents.

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.

Equity Classification

Government-Wide Financial Statements

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

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, contributors, or laws and regulations of other governments, or through constitutional provisions or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

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

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements

Governmental fund equity is classified as fund balance.

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:

Non-spendable

This classification includes amounts that cannot be spent because they either (a) are 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.

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 and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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 purposes 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 to use in satisfying those contractual requirements.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 administrator through the budgetary process.

Unassigned

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

Interfund Balances and Activities

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

Revenue Recognition – Property Taxes

Property taxes are levied by October 25 based on valuations as of April 1. Real estate taxes become due and attach as an enforceable lien on property as of January 1. Real estate and personal property taxes are payable in two installments and become delinquent on May 1 and September 1, following the levy date. The District recognizes collections received by the County Treasurer's office on their behalf as revenue. All other revenues are recognized when they are received, under the District's modified cash basis of accounting.

NOTE B. BUDGET PROCESS AND PROPERTY TAXES

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

The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared on the cash basis, the statutory basis for Nebraska School Districts. Public hearings are conducted at a public meeting to obtain taxpayer comments. Prior to September 30, the budget is legally adopted by the Board of Education through passage of a resolution. Total Expenditures may not legally exceed total appropriations. Appropriations lapse at year end, and any revisions require Board approval. The budget was not amended in the past year.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE B. BUDGET PROCESS AND PROPERTY TAXES

The property tax requirement resulting from the budget process is utilized by the County Assessor to establish the tax levy by October 25, which attaches as an enforceable lien on property within the District as of January 1, and is due as of that date. All unpaid taxes are delinquent as of September 1. The County collects property taxes and remits to the District monthly. District property tax revenue is recognized when received by the County Treasurer.

NOTE C. RETIREMENT PLAN

Plan Description

The District contributes to the Nebraska School Employees Retirement System, a cost-sharing, multi-employer defined benefit pension plan administered by the Nebraska Public Employee 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, 2022, there were 263 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, and 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.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE C. RETIREMENT PLAN – CONTINUED

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.

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" of 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, 2023, the District's total payroll for all employees was \$80,592,127. Total covered payroll was \$77,158,317. Covered payroll refers to all compensation paid by the District to active employees 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 non-employer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2021, to June 30, 2022 (and from July 1, 2022 through August 31, 2023). The school district (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2023 was \$7,621,147.

Hall County School District #2
 (Grand Island Public Schools)
 Grand Island, Nebraska
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2023

NOTE C. RETIREMENT PLAN – CONTINUED

Pension Liabilities

At June 30, 2022, the District had a liability/(asset) of \$23,587,473 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, 2022, and the total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of that date. The NPERS School Plan was 94.55% funded as of June 30, 2022, based on actuarial calculations comparing 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, 2022, the District’s proportion was 3.512753%, which was a decrease from 3.562502% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District’s allocated pension expense/(Income) was (\$513,038).

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.55 percent
Salary increases, including wage inflation	3.05 – 13.05 percent
Cost-of-Living Adjustment	Members hired before July 1, 2023: 2.10% with a floor benefit equal to 75% purchasing power of original benefit. Members hired on/after July 1, 2013: 1.00% with no floor benefit.
Investment Rate of Return, net of investment expense, including inflation	7.2 percent

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 for retirees 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.

Hall County School District #2
 (Grand Island Public Schools)
 Grand Island, Nebraska
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2023

NOTE C. RETIREMENT PLAN - CONTINUED

The School Plan's post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members (Above Median) Contingent Survivor 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 Mortality Table (state table).

The actuarial assumptions used in the July 1, 2022, valuations for the School Plan are 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 plan's target asset allocation as June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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

Hall County School District #2
 (Grand Island Public Schools)
 Grand Island, Nebraska
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2023

NOTE C. RETIREMENT PLAN - CONTINUED

Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2022, was 7.2%. 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 non-employers 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 2121.

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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate.

	<u>Discount Rate</u>	<u>District's proportionate share of net pension liability</u>
1% Decrease	6.2%	\$84,328,209
Current discount rate	7.2%	\$23,587,473
1% Increase	8.2%	(\$26,273,260)

Plan Fiduciary Net Position

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

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE D. CASH AND INVESTMENTS

Cash

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

The carrying value (fair value) of the cash and investments consisted of the following:

Checking and savings accounts	\$ 27,776,133
Cash at County Treasurer	<u>13,864,835</u>
Total cash	<u>\$ 41,640,968</u>

Investments

For reporting purposes, the School District's investments, which are carried at market value, consisted of the following at August 31, 2023:

Nebraska Liquid Asset Fund:	
General	\$ 1,572,947
Bond	5,822,675
Contingency	1,126,281
Employee Benefit	3,330,886
Qualified Capital Purpose Undertaking	<u>325,757</u>
Total Investments	<u>\$ 12,178,546</u>

The Nebraska Liquid Asset Fund is similar in nature to an open-end mutual fund designed specifically for Nebraska school entities, investing only in those securities allowable for such entities under Nebraska Law; and, as such, is not considered a security for purposes of categorization of credit risk as provided in GASB Statement No. 3.

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, 2023, the District's deposits with financial institutions were fully insured or collateralized by securities held in the District's name in the form of joint safekeeping receipts. 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.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE D. CASH AND INVESTMENTS – CONTINUED

Credit Risk - Deposits and Investments

Credit risk is the risk that a bank or other counterparty defaults on its principal or interest payments owed to the district.

Interest Rate Risk - Deposits and Investments

Interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

Cash - Restricted and Cash at County

Restricted, shown on the Statement of Assets and Net Position/Fund Balances Arising from Cash Basis Transactions – Governmental Funds and Government – Wide Presentation, are cash balances restricted within the Qualified Capital purpose Undertaking Fund and Bond Fund for debt repayments, and the Special Building Fund for capital expenditures.

NOTE E. SUBSEQUENT EVENTS

A review of events was made from the year end August 31, 2023 to the date of this report that may have required an adjustment to, or inclusion in, the financial statements. The District had no subsequent events for inclusion in these financial statements.

NOTE F. 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. During the year, the District carried commercial insurance for general liability, public official's liability, property coverage, and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE G. ENVIRONMENTAL RISK

The District is subject to laws and regulations relating to the protection of the environment. The District's policy is to expense environmental and cleanup related costs of a non-capital nature when incurred. Although it is not possible to quantify with any degree of certainty the potential financial impact of the District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition of the District.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE H. CONTINGENCIES

In the opinion of the District, there are no significant contingencies.

NOTE I. COMMITMENTS

As of August 31, 2023, the District had the following commitments on construction projects:

Description	Contractual			Remaining Commitment	Completion Date
	Commitments	Additions	Payments		
Howard Elem Entrance/Security Vestibule	\$ 47,000	\$ 49,717	\$ 96,717	\$ -	December 2023
Dodge Elementary School	40,000	-		40,000.0	December 2023
Gates Elementary School	170,000	-		170,000.0	December 2023
Kneale Admin Building Parking Lot Lights	40,000	-		40,000.0	December 2023
Engleman Elem Roof	50,000	-		50,000.0	December 2023
Wyandotte Learning Center Remodel	25,000	-		25,000.0	December 2023
Bar Middle School Phone System	350,000	-		350,000.0	December 2023
Wasmer Elem Entrance/Security Vestibule	50,000	-	48,517	1,483.0	December 2023
West Lawn Elem Entrance/Security Vestibule	50,000	6,669	56,669	-	December 2023
GISH Additions	4,695,000	-	2,617,830	2,077,170.0	December 2023
Knickrehm HVAC	1,900,000	-	740,502	1,159,498.0	December 2023
Lincoln Elem Entrance/Security Vestibule	37,538	11,114	48,652	-	December 2023
Newell Elem Entrance/Security Vestibule	80,000	-	82,555	(2,555.0)	December 2023
Walnut Middle School Entrance/Security Vesibule	985,000	134,666	1,119,666	-	December 2023
Stadium Project - Professional Services	15,827,682	-	15,802,682	25,000.0	December 2023
Total	<u>\$ 24,347,220</u>	<u>\$ 202,166</u>	<u>\$ 20,613,790</u>	<u>\$ 3,935,596</u>	December 2023

NOTE I. TRANSFERS

The District transferred the following amounts:

Fund	Description	Transfer Amount
General	Various Purposes	\$ (1,939,763)
Depreciation	To finance future capital purposes	750,000
Activity	To support student activities	635,333
SNP	To supplement school lunch program	14,430
Cooperative	To support the Cooperative activities	540,000
Total		<u>\$ -</u>

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE J. LONG-TERM DEBT

Long-term debt balances and activity for the year ended August 31, 2023, were as follows:

	Balance <u>August 31, 2022</u>	Proceeds	Payments	Balance <u>August 31, 2023</u>	Due Within <u>One Year</u>
Governmental Activities					
Notes Payable	\$ 2,250,000	\$ -	\$ 375,000	\$ 1,875,000	\$ 375,000
Limited Tax Obligation Bonds	2,725,000	-	460,000	2,265,000	470,000
General Obligation Bonds	86,270,000	-	3,605,000	82,665,000	3,640,000
Certificate of participation	355,000	-	107,000	248,000	109,000
	<u>\$ 91,600,000</u>	<u>\$ -</u>	<u>\$ 4,547,000</u>	<u>\$ 87,053,000</u>	<u>\$ 4,594,000</u>
CNEA Component Unit					
Lease revenue bonds	<u>\$ 6,890,843</u>	<u>\$ -</u>	<u>\$ 286,484</u>	<u>\$ 6,604,359</u>	<u>\$ 297,414</u>

Payments on note payable are made by the Special Building Fund. The general obligation bonds are paid by the Bond Fund. The limited tax obligation bonds are paid by the QCPUF fund.

Detail of the Nutrition Fund Certificates of Participation follows:

Certificate of Participation – Series 2018

Issuer: Hall County School District 002

Purpose: Central kitchen equipment

Amount: \$409,000

Dated: May 14, 2018

Interest Rate: 1.75-2.6%

Principal and Interest Due: December 15 and June 15, commencing December 15, 2018 through June 15, 2025

Certificates of Participation – Series 2018B

Issuer: Hall County School District 002

Purpose: Central kitchen equipment

Amount: \$327,000

Dated: November 28, 2018

Interest Rate: 2.35-2.85%

Principal and Interest Due: December 15 and June 15, commencing June 15, 2019 through December 15, 2025

Hall County School District #2
 (Grand Island Public Schools)
 Grand Island, Nebraska
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2023

NOTE J. LONG-TERM DEBT - CONTINUED

Detail of the Nutrition Fund Certificates of Participation follows – Continued:

Certificate of Participation - 2018

August 31,	Coupon Rate	Principal	Interest	Total
2024	2.600%	\$ 61,000	\$ 2,834	\$ 63,834
2025	2.600%	63,000	1,235	64,235
		<u>\$ 124,000</u>	<u>\$ 4,069</u>	<u>\$ 128,069</u>

Certificate of Participation - 2018B

August 31,	Coupon Rate	Principal	Interest	Total
2024	2.850%	\$ 48,000	\$ 3,192	\$ 51,192
2025	2.850%	50,000	1,810	51,810
2026	2.850%	26,000	370	26,370
		<u>\$ 124,000</u>	<u>\$ 5,372</u>	<u>\$ 129,372</u>

Total Certificates of Participation \$ 248,000 \$ 9,441 \$ 257,441

Detail of the General Obligation Bonds:

General Obligation Bonds - 2019

Issuer: Hall County School District 002

Purpose: Refinance Series 2012 and Series 2014 GO Bonds

Amount: \$50,575,000

Dated: September 4, 2019

Interest Rate: 1.951 – 3.051

Principal Due: December 15 commencing 2019 to 2039

Interest Due: December 15 and June 15, commencing June 15 commencing 2019 to 2039

Callable: December 15, 2026

General Obligation Bonds - 2017

Issuer: Hall County School District 002

Purpose: Partial refinancing of Series 2012 GO Refunding Bonds

Amount: \$21,105,000

Dated: August 18, 2020

Interest Rate: 0.349 – 2.015%

Principal Due: December 15 commencing 2020 to 2035

Interest Due: December 15 and June 15, commencing June 15 commencing 2019 to 2039

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE J. LONG-TERM DEBT - CONTINUED

Detail of the General Obligation Bonds - Continued:

GO Bonds - 2019

August 31,	Coupon Rate	Principal	Interest	Total
2024	2.021%	\$ 2,460,000	\$ 1,282,347	\$ 3,742,347
2025	2.071%	3,340,000	1,222,903	4,562,903
2026	2.150%	2,415,000	1,162,356	3,577,356
2027	2.300%	550,000	1,130,069	1,680,069
2028	2.300%	565,000	1,117,134	1,682,134
2029	2.340%	580,000	1,103,593	1,683,593
2030	2.390%	595,000	1,089,403	1,684,403
2031	2.440%	3,310,000	1,040,934	4,350,934
2032	2.490%	555,000	992,676	1,547,676
2033	2.540%	4,795,000	922,334	5,717,334
2034	2.640%	4,925,000	791,567	5,716,567
2035	2.740%	390,000	718,556	1,108,556
2036	2.840%	400,000	706,916	1,106,916
2037	3.051%	5,480,000	617,217	6,097,217
2038	3.051%	5,655,000	447,353	6,102,353
2039	3.051%	5,825,000	272,226	6,097,226
2040	3.051%	6,010,000	91,683	6,101,683
		<u>\$ 47,850,000</u>	<u>\$ 14,709,267</u>	<u>\$ 62,559,267</u>

GO Bonds - 2017

August 31,	Coupon Rate	Principal	Interest	Total
2024	3.000%	\$ 105,000	\$ 805,230	\$ 910,230
2025	2.200%	105,000	802,500	907,500
2026	3.000%	1,490,000	763,675	2,253,675
2027	5.000%	3,375,000	642,050	2,253,675
2028	5.000%	3,550,000	468,925	4,017,050
2029	3.500%	3,705,000	315,337	4,018,925
2030	5.000%	3,865,000	153,875	4,020,337
2031	5.000%	1,145,000	28,625	4,018,875
		<u>\$ 17,340,000</u>	<u>\$ 3,951,592</u>	<u>\$ 21,291,592</u>

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE J. LONG-TERM DEBT - CONTINUED

Detail of the General Obligation Bonds - Continued:

GO Bonds - 2020

August 31,	Coupon Rate	Principal	Interest	Total
2024	0.530%	\$ 1,075,000	\$ 303,321	\$ 1,378,321
2025	1.073%	250,000	299,131	549,131
2026	1.073%	255,000	296,422	551,422
2027	1.073%	255,000	293,686	548,686
2028	1.565%	260,000	290,283	550,283
2029	1.565%	265,000	286,175	551,175
2030	1.565%	270,000	281,989	551,989
2031	1.565%	275,000	277,724	552,724
2032	1.685%	4,345,000	238,965	4,583,965
2033	1.945%	185,000	200,559	385,559
2034	1.945%	190,000	196,913	386,913
2035	1.945%	4,875,000	147,656	5,022,656
2036	2.015%	4,975,000	50,123	5,025,123
		<u>\$ 17,475,000</u>	<u>\$ 3,162,947</u>	<u>\$ 20,637,947</u>
Total General Obligation Bonds		<u>\$ 82,665,000</u>	<u>\$ 21,823,806</u>	<u>\$104,488,806</u>

Detail of the Limited Tax Obligation Bonds follows:

Limited Tax Obligation Bonds - 2015

Issuer: Hall County School District 002

Purpose: Refinancing the 2009 Build America Bonds

Amount: \$4,445,000

Dated: February 9, 2015

Interest Rate: 0.35 – 2.40%

Principal Due: December 15 commencing 2015 to 2024

Interest Due: December 15 and June 15 and June 15 commencing 2015 to 2024

Limited Tax Obligation Bonds - 2020

Issuer: Hall County School District 002

Purpose: Costs of qualified capital purpose undertaking ionization projects

Amount: \$1,310,000

Dated: December 22, 2020

Interest Rate: 2.00%

Principal Due: December 15 commencing 2028 to 2031

Interest Due: December 15 and June 15 and June 15 commencing 2021 to 2031

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE J. LONG-TERM DEBT - CONTINUED

Detail of the Limited Tax Obligation Bonds follows – Continued

LTOB - 2015

August 31,	Coupon Rate	Principal	Interest	Total
2024	2.250%	\$ 470,000	\$ 16,928	\$ 486,928
2025	2.400%	485,000	5,820	490,820
		<u>\$ 955,000</u>	<u>\$ 22,748</u>	<u>\$ 977,748</u>

LTOB - 2020

August 31,	Coupon Rate	Principal	Interest	Total
2024	0.000%	\$ -	\$ 26,200	\$ 26,200
2025	0.000%	-	26,200	26,200
2026	0.000%	-	26,200	26,200
2027	0.000%	-	26,200	26,200
2028	0.000%	-	26,200	26,200
2029	2.000%	320,000	23,000	343,000
2030	2.000%	325,000	16,550	341,550
2031	2.000%	330,000	10,000	340,000
2032	2.000%	335,000	3,350	338,350
		<u>\$ 1,310,000</u>	<u>\$ 183,900</u>	<u>\$ 1,493,900</u>
		<u>\$ 2,265,000</u>	<u>\$ 206,648</u>	<u>\$ 2,471,648</u>

Note Payable

On January 7, 2021, the School District entered into a 7-year installment note purchase agreement on the Principal building. The principal balance due on this lease was \$2,250,000 at August 31, 2022, and it is non-interest bearing. Annual principal payments of \$375,000 are due commencing January 7, 2021 through January 7, 2028.

August 31,	Principal
2024	\$ 375,000
2025	375,000
2026	375,000
2027	375,000
2028	375,000
	<u>\$ 1,875,000</u>

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE J. LONG-TERM DEBT - CONTINUED

Detail of the CNEA component unit bonds payable follows:

On August 16, 2021, CNEA issued \$7,177,980 of Series 2021 Lease Revenue Bonds to finance the purchase of property to be leased to the District for its Early Learning Center. The bonds bear interest of 3.75%. Monthly principal and interest payments of \$45,000 are due on the bonds commencing September 1, 2021 through January 1, 2040. CNEA will receive \$45,000 per month lease payments from the District to service these bonds. At August 31, 2022, the outstanding principal was \$6,604,359.

Componet Unit Debt

August 31,	Principal	Interest	Total
2024	\$ 297,414	\$ 242,586	\$ 540,000
2025	308,760	231,240	540,000
2026	320,540	219,460	540,000
2027	332,769	207,231	540,000
2028-2032	1,864,248	835,752	2,700,000
2033-2037	2,248,054	451,946	2,700,000
2038-2040	1,232,574	57,996	1,290,570
	<u>\$ 6,604,359</u>	<u>\$ 2,246,211</u>	<u>\$ 8,850,570</u>

NOTE J. LEASE COMMITMENTS

During the year ended August 31, 2021, the District entered into lease agreements with Capital Business Systems, Inc. for copiers and printers and eGoldfax Cloud Fax eSolution. Monthly payments of \$6,849 are due for 60 months commencing July 28, 2021.

On August 16, 2021, the District entered into a lease agreement with CNEA for the Early Learning Center. Monthly payments of \$45,000 are due for 60 months commencing September 1, 2021. This lease is expected to renew every five years through the final payment of the CNEA bonds on January 1, 2040.

NOTE K. SUPPORT FROM GRAND ISLAND EDUCATION FOUNDATION, INC.

During the year ended August 31, 2023, the Grand Island Education Foundation, Inc. (Foundation) transferred donations totalling \$250,000 to the Special Building Fund for the Memorial Stadium project.

Hall County School District #2
(Grand Island Public Schools)
Grand Island, Nebraska
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023

NOTE L. LINE OF CREDIT

On February 25, 2022, the District entered into a \$2,500,000 line of credit agreement with Home Federal Savings and Loan Association to provide short-term financing for the construction and acquisitions of the improvements and equipment necessary for the District's Academy of Medical Sciences learning lab at CHI St. Francis Medical Center. Nothing had been drawn on this line of credit as of August 31, 2023. The loan bears interest at the prime rate plus 0.50% and matures February 1, 2023. This line of credit was not renewed as of August 31, 2023.

SUPPLEMENTAL INFORMATION

Grand Island Public Schools
District No. 2, Hall County, Nebraska
GENERAL FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Local Sources		
1100 Taxes levied	\$ 40,838,444	\$ 43,920,000
1300 Tuition	3,000	-
1510 Interest	108,463	-
1900 Other local receipts	(4,825)	315,000
Total local sources	40,945,082	44,235,000
Intermediate Sources		
2110 County fines and licenses	702,333	650,000
Total intermediate sources	702,333	650,000
State Sources		
3110 State aid	60,267,130	60,267,130
3120 Special education	6,106,771	6,250,000
3125 Special education transportation	370,398	250,000
3130 Homestead exemption	1,595,683	-
3131 Property tax credit	1,915,769	-
3133 Nameplate capacity tax	3,458	-
3180 Pro-rate motor vehicle	97,067	85,000
3400 State apportionment	1,814,112	1,250,000
3512 Distance education incentive payments	-	450,000
3535 High ability learners	59,203	50,000
3540 State early childhood	443,180	-
3541 Early childhood endowment grant	149,459	-
3990 Other state receipts	44,015	-
Total State Sources	72,866,245	68,602,130
Federal Sources		
4000 Federal receipts	15,509,202	30,400,000
Non-Revenue Receipts		
5690 Other non-revenue receipts	-	-
9000 Non-Program receipts	-	200,000
Total non-revenue receipts	-	200,000
Total Receipts	130,022,862	144,087,130

The notes are an integral part of these financial statements.

Grand Island Public Schools
 District No. 2, Hall County, Nebraska
 GENERAL FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 BALANCE - BUDGET AND ACTUAL
 For the Year Ended August 31, 2023

	Actual	Original Budget
DISBURSEMENTS		
Program		
1100 Regular instructional	59,104,776	72,275,033
1200 Special education instructional	13,800,421	17,472,150
2100 Support Services - pupils	7,326,179	7,651,625
2200 Support Services - Instructional staff	3,322,112	3,947,310
2300 Support Services - General Administration	1,860,255	1,485,506
2400 Support Services - Office of Principal	5,815,789	5,993,090
2500 Support Services - Central Services	3,028,298	3,457,040
2600 Support Services - Maintenance and Operations	14,312,870	13,414,291
2700 Student Transportation	1,028,547	903,955
3400 Categorical Grants from Corporations	321,623	
3500 Private & State Categorical Programs	606,782	1,250,000
6000 Federal programs	19,007,122	30,400,000
8000 Transfers	334,906	750,000
9000 Non-Program Expenditures	-	-
Total disbursements	129,869,680	159,000,000
Cash Receipts Over (Under) Disbursements	153,182	\$ (14,912,870)
Beginning Bank Balances	16,175,304	
Beginning Balances at County Treasurer	11,488,798	
Fund Balance, Beginning of Year	27,664,102	
Ending Bank Balances	16,074,020	-
Ending Balances at County Treasurer	11,743,264	
Fund Balance, End of Year	\$ 27,817,284	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
DEPRECIATION FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Interest	479	\$ 150
Transfers	750,000	\$ 3,118,253
Total cash receipts	750,479	3,118,403
CASH DISBURSEMENTS		
Capital Outlay	-	5,000,000
Total cash disbursements	-	5,000,000
Cash Receipts Over (Under) Disbursements	750,479	\$ (1,881,597)
Fund Balance, Beginning of Year	2,066,711	
Fund Balance, End of Year	\$ 2,817,190	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
EMPLOYEE BENEFIT FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Interest	131,772	\$ 4,500
Transfers	-	\$ 1,895,792
Total cash receipts	131,772	1,900,292
CASH DISBURSEMENTS		
Unemployment Benefits	17,771	5,000,000
Total cash disbursements	17,771	5,000,000
Cash Receipts Over (Under) Disbursements	114,001	\$ (3,099,708)
Fund Balance, Beginning of Year	3,113,665	
Fund Balance, End of Year	\$ 3,227,666	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
CONTINGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Interest	10,708	2,000
Transfers	-	-
Total cash receipts	10,708	2,000
CASH DISBURSEMENTS		
Special Items	-	1,072,035
Transfers	-	-
Total cash disbursements	-	1,072,035
Cash Receipts Over (Under) Disbursements	10,708	\$ (1,070,035)
Fund Balance, Beginning of Year	1,020,636	
Fund Balance, End of Year	\$ 1,031,344	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
ACTIVITIES FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Admissions	\$ 151,708	\$ 2,309,044
Other Activity Income	3,466,763	
Transfer from General Fund	334,906	1,500,000
Total cash receipts	3,953,377	3,809,044
 CASH DISBURSEMENTS		
Activities disbursements	3,138,856	1,618,088
Cash Receipts Over (Under) Disbursements	814,521	2,190,956
Fund Balance, Beginning of Year	2,671,445	
Fund Balance, End of Year	\$ 3,485,966	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
SCHOOL NUTRITION FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Interest	\$ 763	-
School Lunch Program	1,011,459	275,000
Special Functions	36,356	-
Summer Food Programs	1,342	-
Other Miscellaneous Local Revenue	204	-
State reimbursements	67,996	40,000
Federal reimbursements	5,789,168	8,406,759
Other non-revenue receipts	262,228	-
Total cash receipts	7,169,516	8,721,759
CASH DISBURSEMENTS		
Food Service Operations	6,932,147	10,000,000
Total cash disbursements	6,932,147	10,000,000
Cash Receipts Over (Under) Disbursements	237,369	\$ (1,278,241)
Fund Balance, Beginning of Year	2,947,436	
Fund Balance, End of Year	\$ 3,184,805	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
BOND FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Taxes levied	5,489,615	\$ 6,103,500
Interest	202,554	6,000
State receipts	546,176	20,000
Non-Revenue Receipts	-	-
Total cash receipts	6,238,345	6,129,500
 CASH DISBURSEMENTS		
Debt service	6,041,712	13,000,000
Total cash disbursements	6,041,712	13,000,000
Cash Receipts Over (Under) Disbursements	196,633	\$ (6,870,500)
Beginning bank balance	5,538,880	
Beginning balances at County Treasurer	1,777,118	
Fund Balance, Beginning of Year	7,315,998	
Ending bank balance	5,824,896	
Ending balances at County Treasurer	1,687,735	
Fund Balance, End of Year	\$ 7,512,631	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
SPECIAL BUILDING FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Taxes levied	351,319	375,250
Interest	513	1,000
State receipts	35,043	1,500
Non-revenue receipts	436,340	7,694,741
Total cash receipts	823,215	8,072,491
 CASH DISBURSEMENTS		
Building Acquisition & Construction	581,935	10,000,000
Total cash disbursements	581,935	10,000,000
 Cash Receipts Over (Under) Disbursements	 241,280	 \$ (1,927,509)
 Beginning bank balance	 2,135,866.00	
Beginning balances at County Treasurer	106,405	
Fund Balance, Beginning of Year	2,242,271	
 Ending bank balance	 2,375,092	
Ending balances at County Treasurer	108,459	
Fund Balance, End of Year	\$ 2,483,551	

The notes are an integral part of these financial statements.

Grand Island Public Schools
District No. 2, Hall County, Nebraska
QCPUF FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Taxes levied	1,053,964	707,852
Interest	13,180	30,000
State receipts	105,129	3,000
Federal receipts	-	1,057,804
Non-revenue receipts	-	-
Total cash receipts	1,172,273	1,798,656
CASH DISBURSEMENTS		
Debt Service	904,329	3,000,000
Total cash disbursements	904,329	3,000,000
Cash Receipts Over (Under) Disbursements	267,944	\$ (1,201,344)
Beginning bank balance	929,084	
Beginning balances at County Treasurer	319,214	
Fund Balance, Beginning of Year	1,248,298	
Ending bank balance	1,190,865	
Ending balances at County Treasurer	325,377	
Fund Balance, End of Year	\$ 1,516,242	

The notes are an integral part of these financial statements.

Grand Island Public Schools
 District No. 2, Hall County, Nebraska
 COOPERATIVE FUND
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 BALANCE - BUDGET AND ACTUAL
 For the Year Ended August 31, 2023

	Actual	Original Budget
CASH RECEIPTS		
Transfers	540,000	1,288,065
Total cash receipts	540,000	1,288,065
CASH DISBURSEMENTS		
Instructional services	540,000	2,000,000
Total cash disbursements	540,000	2,000,000
Cash Receipts Over (Under) Disbursements	-	\$ (711,935)
Fund Balance, Beginning of Year	711,935	
Fund Balance, End of Year	711,935	

The notes are an integral part of these financial statements.

Hall County School District #2(Grand Island Public Schools District)
Grand Island, Nebraska

NOTES TO OTHER SUPPLEMENTARY SCHEDULES –
BUDGETARY COMPARISON SCHEDULES

NOTE A. BUDGETARY ACCOUNTING

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

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

NOTE B. BUDGET LAW

The District is required by state law to hold public hearings and adopt annual budgets for all funds on the modified 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 expenditures limit. Appropriations for expenditures lapse at year-end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

NOTE C. PRESENTATION

Governmental Accounting Standards requires that for reporting purposes, the General Fund include all activity of funds that do not generate a significant amount of revenues from outside sources. Therefore, in the fund financial statements, Employee Benefit Fund and Depreciation Fund has been included in the General Fund since their revenues are mainly derived from transfers from the General Fund. However, since the Employee Benefit Fund and Depreciation Fund are required by State Law to adopt their own Budget and therefore, the respective budgetary schedules have been included here.

Grand Island Public Schools
Grand Island, Nebraska
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	Federal AL <u>Number</u>	Federal <u>Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Pass-through Nebraska Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 1,112,331
National School Lunch Program	10.555	4,068,715
National School Lunch Program - Summer Food Service Program	10.559	47,520
Fresh Fruit and Vegetable Program	10.582	41,001
Total U.S. Department of Agriculture		<u>5,269,567</u>
Pass-through Nebraska Department of Health and Human Services		
Food Commodity Program	10.555	510,532
<u>U.S. Federal Communication Commission</u>		
Universal Service Fund (E-Rate)	32.004	224,633
<u>U.S. Department of Education</u>		
Pass-through Nebraska Department of Education		
Special Education Cluster:		
IDEA Base & Enrollment Poverty	84.027	2,467,961
IDEA ARP Base & Enrollment Poverty	84.027X	283,404
IDEA Preschool	84.173	41,738
IDEA ARP Preschool	84.173X	26,032
Total Special Education Cluster		<u>2,819,135</u>
Title I, Part A Improving Basic Programs	84.010	2,900,455
Migrant Education - State Grant Program	84.011	297,587
Career and Technical Education - Basic Grants to States	84.048	125,280
Special Education - Grants for Infants and Families	84.181	22,568
Education fro Homeless Children and youth	84.196	30,028
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	690,257
English Languate Acquisition State Grants	84.365	334,082
Title II, Part A Supporting Effective Instruction	84.367	352,258
Title IV, Part A Student Support and Academic Enrichment	84.424	213,798
ESSER - Covid Relief Funds	84.425D	3,483,839
ESSER - Covid Relief Funds	84.425U	6,797,559
	84.425W	25,061
Total U.S. Department of Education		<u>18,091,907</u>

The notes are integral part of the schedule of expenditures of federal awards.

Grand Island Public Schools
Grand Island, Nebraska
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Year Ended August 31, 2023

U.S. Department of Health and Human Resources

Pass-through Nebraska Department of Health and Human Services		
Human Resources		
Medicaid Cluster: Medicaid Administrative Activities Program	93.778	112,081
Total U.S. Department of Health and Human Services		112,081
Total Expenditures of Federal Awards		\$ 24,208,720

The notes are integral part of the schedule of expenditures of federal awards.

Hall County School District #1(Grand Island Public Schools District)
Grand Island, Nebraska
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hall County School District #2 (Grand Island Public Schools) under programs of the federal government for the year ended August 31, 2023. The information on this Schedule is prepared in accordance with Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C. SUBRECIPIENTS

There are no subrecipients to the federal awards of the District.

NOTE D. FOOD DISTRIBUTION

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



**INDEPENDENT AUDITORS' 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
Hall County School District #2 (Grand Island Public Schools)
Grand Island, 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, each major fund, and the aggregate remaining fund information of Hall County School District #2 (Grand Island Public Schools), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated October 27, 2023. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the school district prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of Nebraska, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Reporting 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

Porter & Company, P.C.

Porter & Company, PC
Sioux City, Iowa
October 27, 2023

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

Board of Education
Hall County School District’s (Grand Island Public Schools)
Grand Island, Nebraska

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited Hall County School District #2 (Grand Island Public School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District’s major federal programs for the year ended August 31, 2023. 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, 2023.

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).^j 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 program. Our audit does not provide a legal determination of District’s compliance with the compliance requirements referred to above.

Responsibilities of Management

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 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 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 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.

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

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 weaknesses 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.

Porter & Company, P.C.

Porter & Company, PC
Sioux City, Iowa
October 27, 2023

Hall County School District #2 (Grand Island Public Schools District)
Grand Island, Nebraska
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting

Material weakness(es) identified? **No**

Significant deficiencies identified? **No**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs?

Material weakness(es) identified? **No**

Significant deficiencies identified? **No**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any findings disclosed that are required to be reported in accordance

2 CFR section 200.516(a)? **No**

Major Programs: FASLN 84.425D ESSER II, 84.425U ESSER III

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **No**

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None