

**Hall County School District 2,  
Grand Island Public Schools**

**Basic Financial Statements**

**August 31, 2025**

**Hall County School District 2  
Grand Island Public Schools  
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## Independent Auditor's Report

To the 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 basic financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hall County School District 2, Grand Island Public Schools (the District), as of and for the year ended August 31, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying basic financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of August 31, 2025, and the respective changes in financial position-modified cash basis, thereof, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 of the basic financial statements, which describes the basis of accounting. The basic 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 of the District is responsible for the preparation and fair presentation of the basic financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the basic 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 the basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibilities of Management for the Financial Statements (Continued)**

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 the 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 GAAS 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 GAAS 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 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 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 supplementary information identified in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information presented on pages 29-41 is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2025, 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, 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 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.

BerganKDV, LLC

Omaha, Nebraska  
November 4, 2025

## **BASIC FINANCIAL STATEMENTS**

**Hall County School District 2 - Grand Island Public Schools**  
**Statement of Net Position - Modified Cash Basis**  
**August 31, 2025**

	Governmental Activities	Component Unit
<b>Assets</b>		
Current Assets		
Cash	\$ 14,083,350	\$ 226,461
Cash held at County Treasurer	11,458,396	-
Investments	68,112,722	-
Total current assets	93,654,468	226,461
Noncurrent assets		
Capital assets		
Land	3,577,049	688,483
Construction in progress	1,184,743	-
Buildings	260,071,055	6,196,343
Furniture and equipment	28,058,327	23,215
Less: Accumulated depreciation	(146,805,327)	(834,304)
Net capital assets	146,085,847	6,073,737
Total assets	239,740,315	6,300,198
<b>Liabilities</b>		
Current liabilities		
Note payable	375,000	-
Limited tax obligation bonds payable	830,000	-
General obligation bonds payable	4,160,000	-
Lease revenue bond	-	320,540
Total current liabilities	5,365,000	320,540
Long-term liabilities, net of current portion		
Note payable	750,000	-
Limited tax obligation bonds payable	10,150,000	-
General obligation bonds payable	67,395,000	-
Lease revenue bond	-	5,677,645
Total long-term liabilities	78,295,000	5,677,645
Total liabilities	83,660,000	5,998,185
<b>Net Position</b>		
Net investment in capital assets	62,425,847	-
Restricted		
Capital projects	10,605,772	-
Debt service	8,123,199	-
School nutrition	1,880,125	-
Unrestricted		
Board Designated	17,745,197	-
Undesignated	55,300,175	302,013
Total net position	\$ 156,080,315	\$ 302,013

**Hall County School District 2 - Grand Island Public Schools**  
**Statement of Activities - Modified Cash Basis**  
**Year Ended August 31, 2025**

Functions/Programs	Cash Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions		
<b>Primary government</b>					
Governmental activities					
Instructional services	\$ 89,745,545	\$ 665,046	\$ 26,914,502	\$ (62,165,997)	\$ -
Support services and facilities	23,764,577	-	728,078	(23,036,499)	-
Food services	7,297,618	316,743	6,369,725	(611,150)	-
Building and site acquisition and improvement	3,768,111	-	-	(3,768,111)	-
Operation and maintenance of building	14,276,115	-	-	(14,276,115)	-
Principal and interest on indebtedness	1,006,210	-	-	(1,006,210)	-
School activities	3,010,879	2,653,067	-	(357,812)	-
Depreciation - unallocated	8,794,115	-	-	(8,794,115)	-
Total governmental activities	<u>\$ 151,663,170</u>	<u>\$ 3,634,856</u>	<u>\$ 34,012,305</u>	<u>(114,016,009)</u>	<u>-</u>
<b>Component Unit</b>					
Central Nebraska Education Agency	<u>446,920</u>	<u>\$ 546,814</u>	<u>\$ -</u>	<u>-</u>	<u>99,894</u>
General receipts					
Property taxes collected				56,460,143	-
County receipts				893,334	-
State aid-formula grants				75,955,747	-
Other general revenues				990,015	-
Interest income				1,754,823	338
Bond premium				2,536,551	-
Total general receipts				<u>138,590,613</u>	<u>338</u>
Change in net position				24,574,604	100,232
Net position - beginning of year				65,495,960	226,123
Accounting change (see Note 10)				66,009,751	(24,342)
Net position - beginning of year, as restated				<u>131,505,711</u>	<u>201,781</u>
Net position - end of year				<u>\$ 156,080,315</u>	<u>\$ 302,013</u>

**Hall County School District 0002 - Grand Island Public Schools**  
**Statement of Assets and Fund Balances - Cash Basis - Governmental Funds**  
**August 31, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 6,356,450	\$ 2,667	\$ 7,724,233	\$ 14,083,350
Cash held at County Treasurer	9,254,150	1,638,991	565,255	11,458,396
Investments	52,864,606	6,481,541	8,766,575	68,112,722
	<u>52,864,606</u>	<u>6,481,541</u>	<u>8,766,575</u>	<u>68,112,722</u>
Total assets	<u>\$ 68,475,206</u>	<u>\$ 8,123,199</u>	<u>\$ 17,056,063</u>	<u>\$ 93,654,468</u>
<b>Fund Balances</b>				
Restricted for				
Capital projects	\$ -	\$ -	\$ 10,605,772	\$ 10,605,772
Debt service	-	8,123,199	-	8,123,199
School nutrition	-	-	1,880,125	1,880,125
Committed to				
Capital assets	8,524,872	-	-	8,524,872
Activities	-	-	3,830,569	3,830,569
Assigned to				
Employee benefits	3,509,536	-	-	3,509,536
Contingencies	1,140,623	-	-	1,140,623
Early learning center	-	-	739,597	739,597
Unassigned	55,300,175	-	-	55,300,175
	<u>55,300,175</u>	<u>-</u>	<u>-</u>	<u>55,300,175</u>
Total fund balances	<u>\$ 68,475,206</u>	<u>\$ 8,123,199</u>	<u>\$ 17,056,063</u>	<u>\$ 93,654,468</u>

**Hall County School District 2 - Grand Island Public Schools**  
**Reconciliation of the Statement of Assets, Liabilities and Fund Balances - Cash Basis to**  
**the Statement of Net Position - Modified Cash Basis**  
**August 31, 2025**

Total fund balances - governmental funds	\$ 93,654,468
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:	
Cost of capital assets	292,891,174
Less accumulated depreciation	(146,805,327)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Note payable	(1,125,000)
Limited tax obligation bonds payable	(10,980,000)
General obligation bonds payable	(71,555,000)
Total net position - governmental activities	<u>\$ 156,080,315</u>

**Hall County School District 2 - Grand Island Public Schools**  
**Statement of Receipts, Disbursements, and**  
**Changes in Fund Balances - Cash Basis - Governmental Funds**  
**Year Ended August 31, 2025**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Local receipts	\$ 35,889,039	\$ 5,669,292	\$ 5,258,813	\$ 46,817,144
County receipts	893,334	-	505,530	1,398,864
State receipts	102,403,516	661,671	543,978	103,609,165
Federal receipts	14,502,724	-	6,333,155	20,835,879
Sales of lunch	-	-	315,300	315,300
Interest	-	-	-	-
Other	-	-	724,871	724,871
Total receipts	<u>153,688,613</u>	<u>6,330,963</u>	<u>13,681,647</u>	<u>173,701,223</u>
<b>Disbursements</b>				
Instruction				
Regular	65,655,218	-	-	65,655,218
Special education	15,683,275	-	-	15,683,275
Support Services				
Pupils	8,666,089	-	546,814	9,212,903
Instructional staff	2,622,957	-	-	2,622,957
General administration	823,550	-	-	823,550
Office of principal	6,541,051	-	-	6,541,051
Central services	4,320,747	-	-	4,320,747
Maintenance and operation	16,088,611	-	-	16,088,611
Student transportation	1,041,830	-	-	1,041,830
Private and state categorical	661,591	-	-	661,591
Federal programs	7,765,612	-	-	7,765,612
Lunch program	-	-	7,418,980	7,418,980
Special building	-	-	1,580,348	1,580,348
Activities disbursements	-	-	3,078,381	3,078,381
Capital outlay	-	-	3,418,002	3,418,002
Debt service	-	21,010,928	1,275,282	22,286,210
Total disbursements	<u>129,870,531</u>	<u>21,010,928</u>	<u>17,317,807</u>	<u>168,199,266</u>
Excess (deficiency) of receipts over (under) disbursements	<u>23,818,082</u>	<u>(14,679,965)</u>	<u>(3,636,160)</u>	<u>5,501,957</u>
<b>Other Financing Sources</b>				
Bond issuance	-	12,970,000	7,150,000	20,120,000
Bond premium	-	1,897,609	638,942	2,536,551
Transfers in	4,000,000	-	1,497,365	5,497,365
Transfers out	(5,497,365)	-	-	(5,497,365)
Total other financing sources	<u>(1,497,365)</u>	<u>14,867,609</u>	<u>9,286,307</u>	<u>22,656,551</u>
Excess (deficiency) of receipts and other	22,320,717	187,644	5,650,147	28,158,508
Fund balance - beginning of year	<u>46,154,489</u>	<u>7,935,555</u>	<u>11,405,916</u>	<u>65,495,960</u>
Fund balance - end of year	<u>\$ 68,475,206</u>	<u>\$ 8,123,199</u>	<u>\$ 17,056,063</u>	<u>\$ 93,654,468</u>

See notes to basic financial statements.

**Hall County School District 2 - Grand Island Public Schools**  
**Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis to**  
**the Statement of Activities - Modified Cash Basis**  
**Year Ended August 31, 2025**

Net change in fund balances - total governmental funds \$ 28,158,508

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital outlays	3,677,588
Depreciation expense	(8,794,115)
Loss on disposal of capital assets	(2,377)

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in net position in the Statement of Activities which is amortized over time.

Principal Payments	21,655,000
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Proceeds from the sale of bonds are recognized as other financing sources in funds increasing fund balance but have no effect on net position in the Statement of Activities.

Bond Issuance	(20,120,000)
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Change in net position - governmental activities \$ 24,574,604

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Hall County School District 2, Grand Island Public Schools (the "District") is a tax-exempt political subdivision and a Class 3 school district of the State of Nebraska.

**B. Reporting Entity**

The District's basic financial statements are presented as the primary government and include all separately administered organizations for which the District is financially accountable, including its component unit, an entity for which the District is considered financially accountable. The discretely presented component unit, although a legally separate entity, is in substance part of the District's operations. The Central Nebraska Education Agency (CNEA) is considered a discretely presented component unit and included in the basic financial statements.

The CNEA was created by an interlocal agreement between Grand Island Public Schools and Educational Service Unit No. 10 (ESU 10) for the joint ownerships 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 property and began to lease it to the District for its preschool program. CNEA is presented as a discretely presented component unit in the accompanying financial statements.

The District is affiliated with the Grand Island Education Foundation, Inc., a legally separate, tax-exempt organization established to support and enhance educational opportunities within the District. The Foundation's primary purpose is to raise and distribute funds for scholarships, educational programs, and other initiatives that benefit students and staff of the district.

Although the Foundation's mission aligns closely with that of the district, it is governed by an independent board of directors and is not financially accountable to the district. Accordingly, the Foundation is not included as a component unit in the district's financial statements.

**C. Basis of Presentation**

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. They include all funds of the reporting entity. The effect of interfund activity has been eliminated from these statements. The statements present the District's basic financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Alternatively, business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District does not operate any business-type activities.

**Fund Financial Statements** - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its cash, certificates of deposit, investments, fund balance, receipts, and disbursements. All funds are presented as governmental funds. The District currently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by Governmental Auditing Standards Board, (GASB) or is identified as a major fund by the District's management.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (Continued)**

The funds of the financial reporting entity are described below:

**Governmental Fund Activities:**

General Fund - This fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The depreciation fund, contingency, and employee benefit fund have been combined with the general fund in the basic financial statements, in accordance with GASB Financial Reporting Standards, since their revenues are mainly transfers from the general fund. The contingency fund accounts for the reserve of money for unexpected events, the depreciation fund accounts for resources designated and maintained for the eventual purchase of capital assets and the employee benefit fund accounts for the reserve of money for the benefit of District employees for fringe benefits.

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

- Special Building Fund - This fund is used to account for taxes levied and other revenues specifically maintained to acquire or improve sites and buildings, including the construction, alterations, or improvements of buildings.
- School Nutrition Fund - This fund is used to account for the operations of the District's child nutrition programs.
- Activity Fund - This fund is used to account for assets held by the District in a custodial capacity for various school organizations and activities. This fund also serves as a student fees fund and is used to account for money collected from students that shall be expended for the purpose for which it was collected from the students.
- Cooperative Fund - This fund is used by the District acting as the fiscal agent for any cooperative activity between one or more public agencies.

Debt Service Fund - This fund is used to account for and report financial resources, such as taxes levied and other revenues that are restricted, committed, or assigned to expenditure for principal and interest.

Qualified Capital Purpose Undertaking Fund - This fund is used to account for removal of environmental hazards, the reduction or elimination of accessibility barriers, modification for life safety code violations, indoor air quality projects and mold abatement and prevention projects.

**D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Measurement Focus - In the government-wide financial statements, the governmental activities are presented using the economic resources measurement focus and the modified cash basis of accounting. Proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized, and depreciation is recognized over the estimated lives of the related assets. Right of use assets and related lease liabilities, as defined by GASB 87, and Subscription-Based Information Technology Arrangement (SBITA) assets and related SBITA liabilities, as defined by GASB 96 are not reflected in the accompanying modified cash basis financial statements.

In the fund financial statements, the governmental activities are presented using a cash basis measurement focus. Their reported fund balance is considered a measure of "available cash and investments." The operating statements focus on cash received and cash disbursed.

Basis of Accounting - The financial statements of the District and the CNEA component unit have been prepared on the modified cash basis of accounting in that capital assets are capitalized and depreciated under the government-wide measurement focus and long-term liability proceeds and payments do not affect the statement of activities (but are instead carried on the statement of net position) under the government-wide measurement focus. This basis recognizes assets, liabilities, net position, revenues and expenses when they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Accordingly, the financial statements and supplemental schedules are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

**E. Equity Classification**

**Government-Wide Statements**

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

- 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 and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - All other net position that do not meet the definition of "restricted." However, if the funds have been designated by the Board of Education, these funds have been shown separately to distinguish their designation.

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

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Equity Classification (Continued)**

**Fund Financial Statements**

Governmental fund equity is reported as fund balance within each respective fund. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** - This fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. As of August 31, 2025, the District did not have any nonspendable funds.
- **Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board of Education to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- **Committed** - This fund balance classification includes amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- **Assigned** - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board of Education or a District Administrator delegated that authority by the Board of Education.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Equity Classification (Continued)**

**Fund Financial Statements (Continued)**

- Unassigned - This fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Internal and Interfund Balances and Activities**

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

Interfund transfers, and the flow of assets from one fund to another where repayment is not expected, are reported as cash receipts and disbursements. Transfers between funds during the year were as follows:

Purpose	Receipting Fund	Disbursing Fund	Amount
Provide funds for capital additions	Depreciation	General	\$ 4,000,000
Provide funds to fund school activities	Activity	General	897,365
Provide funds to fund school nutrition programs	School Nutrition	General	600,000
Provide funds for lease with CNEA	Cooperative	General	546,814

**G. Capital Assets**

General capital assets are a assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statement of assets and fund balances - governmental funds.

The District has a \$5,000 capitalization threshold. Capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are record at their estimated fair value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets (Continued)**

The District does not possess any material amount of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be a part of the cost of the buildings or other improvable property.

Capital assets not being depreciated include land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The District has established estimated useful lives as follows:

Description	Years
Buildings	30
Furniture and Equipment (including vehicles and computer equipment)	5 - 10

**NOTE 2 - BUDGET PROCESS AND PROPERTY TAXES**

The District is required by state law to adopt annual budgets for the General Fund, Debt Service Fund, Special Building Fund, Depreciation Fund, Activity Fund, Employee Benefit Fund, Contingency Fund, Cooperative Fund, School Nutrition Fund, and Qualified Capital Purpose Undertaking Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations.

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

- Prior to August 1, 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.
- A hearing is conducted at a public meeting to obtain public comments.
- The budget is legally adopted by the Board of Education through passage of a resolution and is filed with the appropriate agencies on or before September 30.
- Total fund expenditures may not legally exceed total appropriations at the fund level or for "regular education" in the general fund without holding a public budget hearing and obtaining approval from the Board of Education. Appropriations lapse at fiscal year-end and any revisions require Board approval.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 2 - BUDGET PROCESS AND PROPERTY TAXES (CONTINUED)**

The District had no budget amendments for the 2024-2025 fiscal year.

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 December 31. The tax becomes due at that date with the first half becoming delinquent on April 1 and the second half becoming delinquent on August 1 following the levy date.

The 2024 property tax valuation was \$4,854,130,883. The combined tax rate of the District for the year ended August 31, 2025, was 1.117698 per \$100 of assessed valuation.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

*Nebraska Statutes* §§ 79-408, 79-1042 and 79-1043 provide that the District may, by and with the consent of the Board of Education of the District, invest the funds of the District in securities, including repurchase agreements, the nature of which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another.

**A. Deposits**

As of August 31, 2024, the carrying amount of the District's deposits were \$14,099,382 and the bank balance was \$14,257,895.

**B. Investments**

Investments of \$68,112,722 consist of the Nebraska School District Liquid Asset Fund Plus and U.S. Treasury bills and notes, which are recorded at cost. The Nebraska School District Liquid Asset Fund Plus 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. These funds are held in all of the District's funds.

**C. Risks**

The District attempts to mitigate the following types of deposit and investment risks through compliance with the State Statutes referred to above. The three types of deposit and investment risks are as follows:

- **Custodial Credit Risk:** For deposits and investments, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the District will not be able to recover the value of its deposits or investments or collateral securities in the possession of a third-party.
- **Credit Risk:** For deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- **Interest Rate Risk:** For 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.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Risks (Continued)**

The bank balances of the District's deposits, which include the savings and money market accounts held at banks are insured through Federal Depository Insurance Corporation (FDIC) coverage or collateral held by the District's agent in the District's name. As of August 31, 2025, the entire bank balance was covered or collateralized.

The District's investment policy does not restrict investment maturities. The District minimizes its interest rate risk by structuring its investment portfolio so that securities mature to meet the District's cash needs, which is accomplished in part by investing primarily in short-term investments or in investment vehicles that allow for monthly cash draws.

**NOTE 4 - FUNDS HELD BY COUNTY TREASURER**

The following balances were held by Hall and Merrick County Treasurers for the District as of August 31, 2025. These funds were transferred to the District subsequent to August 31, 2025, and are not included as receipts or cash balances in the financial statements.

	Hall County	Merrick County	Total
General Fund	\$ 9,252,845	\$ 1,305	\$ 9,254,150
Debt Service Fund	1,638,743	248	1,638,991
Building Fund	282,473	42	282,515
QCPUF Fund	282,698	42	282,740
Total	\$ 11,456,759	\$ 1,637	\$ 11,458,396

**NOTE 5 - NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM**

**A. Plan Description**

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

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, 2024, 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, Nebraska Community Colleges), are members of the plan.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 5 - NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**A. Plan Description (Continued)**

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

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

A member's age will determine eligibility to begin receiving monthly benefits and if those benefits are reduced or unreduced. Benefit calculations vary with early retirement. At ages 55 to 64, members who are in tiers 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 aged 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 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 2.5%. 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% of the purchasing power of the initial benefit.

For 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 1%. There is no purchasing power floor for employees who fall under this tier.

For the District's year ended August 31, 2025, the District's total payroll for all employees was \$110,691,704. Total covered payroll was \$84,284,818. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

**B. 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% from July 1, 2023, to June 30, 2024, (and from July 1, 2024, through June 30, 2025). As of July 1, 2025 the employee contribution was adjusted to 8%. The school district (employer) contribution is 101% of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2025, was \$8,096,898.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 5 - NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**C. Pension Asset**

As of June 30, 2024, the District had an asset of \$16,019,181 its proportionate share of the net pension asset. (This asset is not recorded in the accompanying cash basis financial statements.) The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined using an actuarial valuation as of that date. The NPERS School Plan was 103.34% funded as of June 30, 2024, based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension asset 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. As of June 30, 2024, the District's proportion was 2.910231%, which was a decrease of 0.088483% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District's allocated pension income was \$3,054,770.

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed
Single equivalent amortization period	1 Year
Asset valuation method	5 Year Smoothed Market
Inflation	2.35%
Investment rate of return, net of investment expense and including inflation	7.00%
Salary increases, including wage inflation	2.85%-12.85%
Cost of Living Adjustment (COLA)	2.00% with a floor benefit equal to 75% purchasing power of original benefit*

\* 1% and no floor benefit for members joining on or after July 1, 2013

The School Plan's pre-retirement mortality rates for retirees 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.

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.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 5 - NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**D. Actuarial Assumptions (Continued)**

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, 2024, 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 were 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 arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024, (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	27.00 %	4.50 %
Global Equity	19.00	5.30
Non-U.S. Equity	11.50	5.80
Fixed Income	30.00	0.70
Private Equity	5.00	7.40
Real Estate	7.50	4.20
Total	<u>100.00 %</u>	

\* *Arithmetic mean, net of investment expenses.*

**E. Discount Rate**

The discount rate used to measure the Total Pension Liability as of June 30, 2024, was 7.0%. 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.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 5 - NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**E. Discount Rate (Continued)**

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 2123.

**F. 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/(asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

District's Proportionate Share of Net Pension Liability (Asset)		
1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
\$ 50,621,385	\$ (16,019,181)	\$ (70,658,433)

**G. 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 by writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at <http://www.auditors.nebraska.gov>.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT**

Long-term debt balances and activity for the year ended August 31, 2025, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities					
General obligation bonds	\$ 79,025,000	12,970,000	\$ (20,440,000)	\$ 71,555,000	\$ 4,160,000
Limited tax obligation bonds	4,670,000	7,150,000	(840,000)	10,980,000	830,000
Notes payable	1,500,000	-	(375,000)	1,125,000	375,000
Total governmental activities	<u>85,195,000</u>	<u>20,120,000</u>	<u>(21,655,000)</u>	<u>83,660,000</u>	<u>5,365,000</u>
CNEA Component Unit					
Lease revenue bonds	<u>\$ 6,306,945</u>	<u>\$ -</u>	<u>\$ (308,760)</u>	<u>\$ 5,998,185</u>	<u>\$ 320,540</u>

Payments on the note payable are made by the Special Building Fund. The limited tax obligation bonds are paid by the Qualified Capital Purpose Fund. The general obligation bonds are paid by the Bond Fund. The certificates of participation are paid by the School Nutrition Fund.

The School District has general obligation and limited tax obligation bonds outstanding as of August 31, 2025, as follows:

Issue Date	Maturity Date	Interest Rate	Amount
General obligation bonds			
April 7, 2017	December 15, 2030	3.500% to 5.000%	\$ 17,130,000
September 4, 2019	December 15, 2039	2.150% to 3.051%	31,870,000
August 18, 2020	December 15, 2035	1.073% to 2.015%	9,585,000
December 16, 2024	December 15, 2039	5.00%	<u>12,970,000</u>
Total			<u>\$ 71,555,000</u>
Limited tax obligation bonds			
August 18, 2020	December 15, 2027	0.953% to 1.313%	\$ 2,520,000
December 22, 2020	December 15, 2031	2.00%	1,310,000
September 25, 2024	December 15, 2034	5.00%	<u>7,150,000</u>
Total			<u>\$ 10,980,000</u>

On January 7, 2021, the School District entered into a 7-year installment, non-interest bearing, note purchase agreement on the principal building. The principal balance due on this lease as of August 31, 2025 was \$1,500,000. Annual principal payments of \$375,000 are due January 7 of each year through January 7, 2028.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

On September 25, 2024, the District issued limited tax building improvement bonds, Series 2024 in the amount of \$7,150,000 and premium of \$638,942. The bonds have an average interest rate of 5.00% and annual maturity dates of December 15, 2026, through December 15, 2034.

On December 16, 2024, the District issued \$12,970,000 of General Obligation Refunding Bonds, Series 2024 at a premium of \$1,897,609 and a true interest cost of 3.253%. The proceeds were used for a partial tender and refunding of taxable Series 2019 and 2020 General Obligation Refunding Bonds in the amount of \$16,745,000 and to pay for issuance costs and accrued interest of \$395,559. As a result of this refunding, the District decreased its total debt service payments over the next 10 years by approximately \$1,370,800 and obtained a net present value savings of approximately \$929,700.

Principal and interest payments applicable to the District's long-term debt are as follows:

Year Ending August 31,	Principal	Interest	Total
2026	\$ 5,365,000	\$ 2,878,919	\$ 8,243,919
2027	5,530,000	2,710,267	8,240,267
2028	5,395,000	2,504,785	7,899,785
2029	5,220,000	2,306,059	7,526,059
2030	5,735,000	2,085,683	7,820,683
2031-2035	28,770,000	7,241,469	36,011,469
2036-2040	27,645,000	2,300,784	29,945,784
Total	<u>\$ 83,660,000</u>	<u>\$ 22,027,966</u>	<u>\$ 105,687,966</u>

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 percent. 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 payable. As of August 31, 2025, the outstanding principal balance was \$5,998,185.

Principal and interest payments applicable to the component unit's long-term debt are as follows:

Year Ending August 31,	Principal	Interest	Total
2026	\$ 320,540	\$ 219,460	\$ 540,000
2027	332,769	207,231	540,000
2028	345,465	194,535	540,000
2029	358,645	181,355	540,000
2030	372,327	167,673	540,000
2031-2035	2,085,862	614,138	2,700,000
2036-2040	2,182,577	187,993	2,370,570
Total	<u>\$ 5,998,185</u>	<u>\$ 1,772,385</u>	<u>\$ 7,770,570</u>

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

**A. Grant Program Involvement**

The District participates in a number of state and federally assisted programs. These programs are subject to financial and compliance audits of various agencies and departments, many of which have not yet been performed. The District's management believes that the amount of expenditures, if any, which may be disallowed by the granting agencies, would not be significant.

**B. Compensated Absences**

Because of the District's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (sick, bereavement, personal, discretionary, jury duty leaves, etc.) and any employer-related costs earned and unpaid, are not reflected in the government-wide or fund financial statements; therefore, leave days are recorded when paid. Sick leave cannot accumulate over (90) ninety days and vacation days cannot accumulate over (40) forty days. The District's approximate liability for earned vacation and sick leave payable to employees as of August 31, 2025 is as follows:

Type of Benefit	Amount
Vacation	\$ 1,380,448
Sick leave	947,218
	\$ 2,327,666
Total	\$ 2,327,666

**C. Separation Benefit Program**

The District has established a separation of employment benefits program that is available to certified staff members as outlined below; "Except as specifically provided in this paragraph, teachers who depart the employment of the district will not be compensated for any accrued unused sick leave. If a teacher (a) is retiring from the school district, and (b) has been employed as certificated staff members by the district for at least twenty-five (25) years, then such teacher will be compensated for any unused accrued sick leave at the rate of 50% of the daily substitute rate for each accrued unused sick day, if any, up to a total maximum payout in the amount \$2,500." By rule of law the District is obligated to pay unused vacation days to staff who leave employment, for whatever reason, at their per diem value with the next regularly scheduled payroll processing cycle. Generally speaking, only full time classified and all administrative staff members accumulate vacation leave.

**D. Arbitrage**

Investment earnings from bond proceeds during the current fiscal year could be subject to arbitrage rebate and other tax matters. At this time, the District's management has not determined refund amounts, if any would be required.

**E. 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 comprehensive general liability, errors and omissions, property and automobile coverage, worker's compensation coverage, uninsured/underinsured motorists, and employer's liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**F. Litigation**

The District is involved in various legal actions whereby certain parties are making claims for damages. Management believes the outcome of these proceedings will not have any material financial impact on the District.

**G. Construction Contracts**

During the year, the District entered into contracts for the construction and renovation of district facilities. The amount of the contracts outstanding at August 31, 2025, was approximately \$900,000.

**NOTE 8 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended August 31, 2025, were as follows:

	Balance August 31, 2024	Additions	Disposals	Balance August 31, 2025
Capital assets not being depreciated				
Land	\$ 3,447,096	\$ 129,953	\$ -	\$ 3,577,049
Construction in progress	-	1,184,743	-	1,184,743
Capital assets being depreciated				
Buildings	259,201,846	869,209	-	260,071,055
Furniture and equipment:				
Vehicles	3,413,811	281,492	(117,107)	3,578,196
Computer Equipment	8,671,589	25,000	-	8,696,589
Equipment	14,637,792	1,187,191	(41,441)	15,783,542
Total capital assets	<u>289,372,134</u>	<u>3,677,588</u>	<u>(158,548)</u>	<u>292,891,174</u>
Less accumulated depreciation				
Buildings	(114,372,802)	(7,575,795)	-	(121,948,597)
Furniture and equipment:				
Vehicles	(3,063,378)	(169,364)	117,107	(3,115,635)
Computer Equipment	(8,072,907)	(218,852)	-	(8,291,759)
Equipment	(12,658,295)	(830,104)	39,064	(13,449,335)
Total accumulated depreciation	<u>(138,167,382)</u>	<u>(8,794,115)</u>	<u>156,171</u>	<u>(146,805,326)</u>
Net capital assets	<u>\$ 151,204,752</u>	<u>\$ (5,116,527)</u>	<u>\$ (2,377)</u>	<u>\$ 146,085,848</u>

Construction in progress at August 31, 2025, consists of roughly costs of \$570,000 incurred on a flooring project, \$35,000 of costs related a district wide camera upgrade, \$30,000 of costs incurred on the Gates gym project, and \$65,000 of costs incurred on the Dodge boiler project. See note 7G for additional details of contractual commitments on these projects.

**Hall County School District 2  
Grand Island Public Schools  
Notes to Basic Financial Statements**

**NOTE 9 - SUBSEQUENT EVENT**

Management has evaluated subsequent events through November 4, 2025, the date which these financial statements were available to be issued.

**NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE**

Effective for the fiscal year ended August 31, 2025, the District implemented a change in its accounting principles related to its financial reporting framework. Historically, the District prepared its financial statements using the cash basis of accounting that excluded capital assets and long-term debt. Under that framework, expenditures for capital outlays were recognized when paid and not capitalized, and proceeds from long-term debt were recognized when received without reporting the related liabilities.

Beginning in the current fiscal year, the District revised its basis of accounting to a modified cash basis of accounting to include the recognition of capital assets and related long-term debt. Under the revised framework, capital assets acquired with cash are now capitalized and reported at historical cost. Depreciation is recorded in accordance with capitalization policies as described in Note 1. Additionally, long-term debt proceeds and are still recognized when received, but the outstanding balances of long-term obligations are now reported as liabilities.

The change in accounting principle has been applied retrospectively. As a result, beginning balances of capital assets and long-term debt have been reported as of August 31, 2024. Comparative financial information, when presented, has not been restated except for the effect on the beginning net position as detailed in this chart:

	Governmental Activities	Component Unit
Add Land	\$ 3,447,096	\$ 688,483
Add Buildings	259,201,846	6,196,343
Add Vehicles	3,413,811	-
Add Computer Equipment	8,671,589	-
Add Equipment	14,637,792	23,215
Less Accumulated Depreciation	(138,167,383)	(625,438)
Less Note Payable	(1,500,000)	-
Less Limited Tax Obligation Bonds Payable	(4,670,000)	-
Less General Obligation Bonds Payable	(79,025,000)	-
Less Revenue Bonds Payable	-	(6,306,945)
	<u>                    </u>	<u>                    </u>
Accounting Change	<u>\$ 66,009,751</u>	<u>\$ (24,342)</u>

**SUPPLEMENTARY INFORMATION**

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - General Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Budget
<b>Receipts</b>			
Local receipts			
1100 Local district taxes	\$ 44,719,960	\$ 29,678,102	\$ (15,041,858)
1115 Carline tax	20,000	16,248	(3,752)
1125 Motor vehicle taxes	5,000,000	4,741,238	(258,762)
1323 Tuition received from other districts (SPED)	3,000	76,834	73,834
1911 Local license fees	150,000	197,563	47,563
1921 Police Court Fines	-	13,488	13,488
1925 Categorical grants from corporations and other private interests	400,000	348,666	(51,334)
1990 Other local receipts	10,000	-	(10,000)
Total local receipts	<u>50,302,960</u>	<u>35,072,139</u>	<u>(15,220,821)</u>
County receipts			
2110 County fines and license fees	1,000,000	893,334	(106,666)
2130 Other County Sources	17,094,409	-	(17,094,409)
Total county receipts	<u>18,094,409</u>	<u>893,334</u>	<u>(106,666)</u>
State receipts			
3110 State aid	69,430,179	69,430,179	-
3120 Special education programs (school age)	20,569,821	12,474,359	(8,095,462)
3125 Special education transportation (school age)	500,000	728,078	228,078
3130 Homestead exemption	-	2,041,513	2,041,513
3131 Property tax credit	-	13,521,703	13,521,703
3133 Namplate Capacity Tax	5,000	2,495	(2,505)
3180 Pro-rata motor vehicles	100,000	132,309	32,309
3400 State apportionment	2,000,000	3,784,021	1,784,021
3535 Payments for high ability learners	60,000	40,507	(19,493)
3540 State Early Childhood	750,000	-	(750,000)
3541 Early Childhood Endowment Grants	-	129,839	129,839
3551 Career education	-	6,619	6,619
3559 State categorical programs - other	40,000	111,894	71,894
Total state receipts	<u>93,455,000</u>	<u>102,403,516</u>	<u>8,948,516</u>
Federal receipts			
4105 Universal Services Fund (E-Rate)	-	380,675	380,675
4212 ESSA Title I, Part A: Support for Improvement	50,000	322,930	272,930
4416 IDEA Part C, Planning Region Team Grant (PRT)	25,772	17,405	(8,367)
4418 I.D.E.A. Part B, PEaK projects	74,228	84,416	10,188
4422 I.D.E.A. preschool (619) ARP base allocation	250,000	-	(250,000)
4424 Stronger Connections Bipartisan Safer Community Grant	48,200	15,609	(32,591)
4505 ESSA Title I, Part A	2,150,000	3,806,162	1,656,162
4509 ESSA Title II, Part A	300,000	363,424	63,424
4510 Title IV, Part A	300,000	-	(300,000)
4516 IDEA Preschool (619) base allocation	42,466	42,348	(118)
4518 I.D.E.A. Part B (611) base allocation	2,601,494	4,186,512	1,585,018
4520 IDEA Part B: Early Intervening Services	274,000	159,863	(114,137)
4521 IDEA Part B: proportionate share	82,040	197,213	115,173
4525 Carl Perkins	150,000	136,383	(13,617)
4526 ESSA Title I, Part C: Education of Migratory Children	200,000	143,322	(56,678)
4527 ESSA Title III, Part A	446,586	244,175	(202,411)
4528 ESSA Title III: Immigrant Education	103,414	109,026	5,612
4530 Other federal sources	1,000,000	507,204	(492,796)
4708 Medicaid in public schools	250,000	588,212	338,212
4709 Medicaid administrative activities	125,000	-	(125,000)
4969 Title IV-A	-	141,385	141,385
4988 American Rescue Plan - Expanded Learning Collaborative Afterschool (ARP ESSER III)	16,093	200,884	184,791
4989 American Rescue Plan - Expanded Learning Collaborative Summer (ARP ESSER III)	-	233,108	233,108
4991 MicKinney -Vento Homeless	135,707	43,083	(92,624)
4993 American Rescue Plan - Homeless Children and Youth I (ARP HCY I)	-	43,766	43,766
4994 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	-	86,302	86,302
4998 Elementary & Secondary School Emergency Relief (ESSER III)	1,187,000	2,449,317	1,262,317
Total federal receipts	<u>9,812,000</u>	<u>14,502,724</u>	<u>4,690,724</u>
Non-revenue receipts			
1510 Interest	150,000	360,538	210,538
Total non-revenue receipts	<u>150,000</u>	<u>360,538</u>	<u>210,538</u>
Total receipts	<u>171,814,369</u>	<u>153,232,251</u>	<u>(1,477,709)</u>

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - General Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Budget
<b>Disbursements</b>			
1100 Regular instructional programs	\$ 67,466,669	\$ 38,000,239	\$ (29,466,430)
1150 Limited english proficiency programs	5,800,248	7,574,922	1,774,674
1160 Poverty programs	19,127,452	20,065,825	938,373
1200 Special education instruction programs	17,749,402	14,949,477	(2,799,925)
1291 Special education instruction programs - ages 3-5	246,736	435,366	188,630
1292 Special education instruction programs - ages 0-2	473,862	298,432	(175,430)
2110 Support Services - Student - Attendance and Social Work Services	1,250	64	(1,186)
2120 Support Services - Student - Guidance Services	913,294	908,260	(5,034)
2130 Support Services - Student - Health Services	630,225	649,330	19,105
2131 Support Services - Student - Health Services - School Age	-	63,953	63,953
2141 Support Services - Student - Psychological Services SPED - School Age	1,709,119	1,813,184	104,065
2142 Support Services - Student - Psychological Services SPED - Ages 3-5	39,091	46,306	7,215
2143 Support Services - Student - Psychological Services SPED - Ages 0-2	39,941	45,081	5,140
2151 Support Services - Speech Pathology and Audiology - SPED - School Age	2,094,727	1,804,586	(290,141)
2152 Support Services - Speech Pathology and Audiology - SPED - Ages 3-5	244,682	288,177	43,495
2153 Support Services - Speech Pathology and Audiology - SPED - Ages 0-2	363,098	347,642	(15,456)
2161 Support Services - Occupational Therapy - Related Services - SPED - School Age	387,500	300,872	(86,628)
2162 Support Services - Occupational Therapy - Related Services - SPED - Ages 3-5	49,660	111,133	61,473
2163 Support Services - Occupational Therapy - Related Services - SPED - Ages 0-2	44,235	129,109	84,874
2171 Support Services - Physical Therapy - Related Services - SPED - School Age	205,831	116,260	(89,571)
2172 Support Services - Physical Therapy - Related Services - SPED - Ages 3-5	-	35,154	35,154
2173 Support Services - Physical Therapy - Related Services - SPED - Ages 0-2	600	95,241	94,641
2181 Support Services - Student - Visually Impaired/Vision Services - SPED School Age	69,535	84,270	14,735
2182 Support Services - Student - Visually Impaired/Vision Services - SPED Ages 3-5	17,520	17,573	53
2183 Support Services - Student - Visually Impaired/Vision Services - SPED - Ages 0-2	34,461	34,706	245
2190 Support Services - Student - Other	1,755,231	1,775,188	19,957
2210 Support Services - Instruction - Improvement of Instruction	134,167	19,122	(115,045)
2211 Support Services - Instruction - School Improvement	86,000	142,641	56,641
2212 Support Services - Instruction - Instruction and Curriculum Development	583,692	387,627	(196,065)
2213 Support Services - Instruction - Instructional Staff Training	226,500	48,257	(178,243)
2219 Support Services - Instruction - Other Improvement of Instruction Services	226,767	224,893	(1,874)
2220 Support Services - Instruction - Library/Media Services	1,191,697	1,177,260	(14,437)
2223 Support Services - Instruction - Audio - Visual Services	17,808	21,034	3,226
2230 Support Services - Instruction - Instruction-Related Technology	702,069	508,196	(193,873)
2240 Support Services - Instruction - Academic Student Assessment	131,300	93,927	(37,373)
2310 Board of education	150,000	102,477	(47,523)
2320 Executive administration services	650,000	616,656	(33,344)
2330 District legal services	250,000	104,417	(145,583)
2410 Office of the principal	6,600,000	6,541,051	(58,949)
2510 General administration - business services	1,221,332	1,208,032	(13,300)
2520 Central Services - Purchasing & Warehousing Services	123,286	126,872	3,586
2530 Central Services - Printing, Publishing, & Duplicating Services	50,241	(209,118)	(259,359)
2560 Central Services - Public Information Services	478,494	451,486	(27,008)
2570 Personnel Services	951,349	874,727	(76,622)
2580 Administrative Technology Services	1,118,967	1,348,163	229,196
2590 Central Services - Other	56,331	86,657	30,326
2610 Support Services - Operations of buildings	11,514,202	12,294,903	780,701
2620 Maintenance of buildings	2,414,531	2,641,771	227,240

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - General Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Budget
<b>Disbursements (Continued)</b>			
2630 Care and upkeep of grounds	\$ 1,064,888	\$ 884,052	\$ (180,836)
2640 Care and upkeep of equipment	22,379	22,267	(112)
2650 Vehicle operation and maintenance	650,000	196,406	(453,594)
2660 Operation and maintenance of plant - security	34,900	36,646	1,746
2670 Operation and maintenance of plant - safety	49,100	12,566	(36,534)
2710 Student transportation - regular education	100,000	114,196	14,196
2712 Student transportation - special education - school age	1,075,000	908,166	(166,834)
2713 Student transportation - special education - below age 5	25,000	19,468	(5,532)
3400 Categorical grants from corporations and other private interests	400,000	369,596	(30,404)
3541 Early Childhood Endowment Grants	378,495	177,870	(200,625)
3551 Career Education	61,619	61,618	(1)
3559 Other State Categorical Programs	59,886	52,507	(7,379)
6200 Title I, Part A ESSA Improving Basic Programs Operated by LEA's	2,905,168	2,586,913	(318,255)
6212 Title I, Part A: Support for Improvement	344,496	239,841	(104,655)
6310 Title II, part A	536,339	216,209	(320,130)
6406 IDEA Preschool	42,466	33,423	(9,043)
6408 IDEA Part B base & enrollment poverty allocation - birth through age twenty-one	2,561,809	2,381,304	(180,505)
6411 IDEA Part B early intervening services	274,000	233,741	(40,259)
6412 IDEA Part B proportionate shares	82,040	82,038	(2)
6416 IDEA Part C Planning Region Team (PRT)	25,900	17,613	(8,287)
6418 IDEA Part B peak projects	74,228	64,895	(9,333)
6424 Stronger Connections Bipartisan Safer Community Grant	48,200	38,002	(10,198)
6700 Carl Perkins	133,299	107,753	(25,546)
6925 Title III	446,586	252,921	(193,665)
6926 Title III ESSA - Immigrant Education	72,605	51,951	(20,654)
6969 Title IV-A: Student Support and Academic Enrichment Grant	335,631	210,854	(124,777)
6990 Other federal	6,981,526	1,130,981	(5,850,545)
6991 McKinney-Vento Homeless	135,707	82,034	(53,673)
6994 American Rescue Plan - Homeless Children and Youth II	-	35,139	35,139
<b>Total disbursements</b>	<b>167,264,369</b>	<b>129,422,371</b>	<b>(37,841,998)</b>
8000 Operational transfers from the general fund	800,000	5,497,365	4,697,365
<b>Total cash disbursements by all programs</b>	<b>168,064,369</b>	<b>134,919,736</b>	<b>(33,144,633)</b>
Excess (deficiency) of receipts over disbursements and transfers	<u>\$ 3,750,000</u>	18,312,515	<u>\$ 31,666,924</u>
Fund balance, August 31, 2024		36,987,660	
Fund balance, August 31, 2025		<u>\$ 55,300,175</u>	
<b>Analysis of fund balance</b>			
Checking accounts		\$ (1,928,952)	
Investments		47,974,977	
Cash at County Treasurer		<u>9,254,150</u>	
<b>Total fund balance</b>		<u>\$ 55,300,175</u>	

**Hall County School District 2 - Grand Island Public Schools  
 Budgetary Comparison Schedule - Cash Basis - Depreciation Fund  
 Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Receipts</b>			
Transfer from General Fund	\$ -	\$ 4,000,000	\$ 4,000,000
Interest	62,500	254,168	191,668
Total receipts	62,500	4,254,168	4,191,668
<b>Disbursements</b>			
Other support services	2,562,500	433,928	(2,128,572)
Excess (deficiency) of receipts over (under) disbursements	\$ (2,500,000)	3,820,240	\$ 6,320,240
Fund balance, August 31, 2024		4,704,632	
Fund balance, August 31, 2025		\$ 8,524,872	
<b>Analysis of Fund Balance</b>			
Checking accounts		\$ 8,524,872	
Total fund balance		\$ 8,524,872	

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - Employee Benefit Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Receipts</b>			
Transfer from General Fund	\$ 1,500,000	\$ -	\$ (1,500,000)
Interest	200,000	151,102	(48,898)
Total receipts	1,700,000	151,102	(1,548,898)
<b>Disbursements</b>			
Other support services	3,500,000	14,232	(3,485,768)
Excess (deficiency) of receipts over (under) disbursements	\$ (1,800,000)	136,870	\$ 1,936,870
Fund balance, August 31, 2024		3,372,666	
Fund balance, August 31, 2025		\$ 3,509,536	
<b>Analysis of Fund Balance</b>			
Investments		\$ 3,509,536	
Total fund balance		\$ 3,509,536	

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - Contingency Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Receipts</b>			
Interest	\$ 100,000	\$ 51,092	\$ (48,908)
Total receipts	100,000	51,092	(48,908)
<b>Disbursements</b>			
Other support services	1,200,000	-	(1,200,000)
Excess (deficiency) of receipts over (under) disbursements	\$ (1,100,000)	51,092	\$ 1,151,092
Fund balance, August 31, 2024		1,089,531	
Fund balance, August 31, 2025		\$ 1,140,623	
<b>Analysis of Fund Balance</b>			
Investments		\$ 1,140,623	
Total fund balance		\$ 1,140,623	

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - School Nutrition Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Receipts</b>			
Sale of lunches/milk	\$ 1,000,000	\$ 316,743	\$ (683,257)
Interest	10,000	66,229	56,229
State reimbursement	9,000	36,570	27,570
Federal reimbursement	6,750,000	6,333,155	(416,845)
Transfer from General Fund	25,000	600,000	575,000
Other	6,000	17,442	11,442
Total receipts	7,800,000	7,370,139	(429,861)
<b>Disbursements</b>			
Food service operations	9,800,000	7,418,980	(2,381,020)
Total disbursements	9,800,000	7,418,980	(2,381,020)
Excess (deficiency) of receipts over (under) disbursements	\$ (2,000,000)	(48,841)	\$ 1,951,159
Fund balance, August 31, 2024		1,928,966	
Fund balance, August 31, 2025		\$ 1,880,125	
<b>Analysis of Fund Balance</b>			
Checking accounts		\$ 1,880,125	
Total fund balance		\$ 1,880,125	

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - Special Building Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Receipts</b>			
Local sources			
Local property taxes	\$ 1,441,677	\$ 955,589	\$ (486,088)
Carline tax	3,000	524	(2,476)
Other	-	211,715	211,715
Total local sources	1,444,677	1,167,828	(276,849)
State sources			
Homestead exemption	-	65,740	65,740
Property tax credit	-	435,911	435,911
Pro-rata motor vehicle	3,000	4,234	1,234
Other	-	80	80
Total state sources	3,000	505,965	502,965
Interest	78,323	259,610	181,287
Total receipts	1,526,000	1,933,403	407,403
<b>Disbursements</b>			
Building, acquisition and improvement	5,000,000	1,580,348	(3,419,652)
Total disbursements	5,000,000	1,580,348	(3,419,652)
Excess (deficiency) of receipts over (under) disbursements	\$ (3,474,000)	353,055	\$ 3,827,055
Fund balance, August 31, 2024		3,819,799	
Fund balance, August 31, 2025		\$ 4,172,854	
<b>Analysis of fund balance</b>			
Cash in bank			
Checking accounts		\$ 3,890,339	
Cash at County Treasurer		282,515	
Total fund balance		\$ 4,172,854	

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - Qualified Capital Purpose Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Receipts</b>			
Local sources			
Local property taxes	\$ 1,441,677	\$ 928,188	\$ (513,489)
Carline tax	500	524	24
Total local sources	1,442,177	928,712	(513,465)
State sources			
Homestead exemption	-	65,803	65,803
Property tax credit	-	435,911	435,911
Pro-rata motor vehicle	3,000	3,742	742
Other	-	74	74
Total state sources	3,000	505,530	502,530
Interest	14,500	316,320	301,820
Total receipts	1,459,677	1,750,562	290,885
<b>Disbursements</b>			
Debt services	902,000	1,275,282	373,282
Building, acquisition and improvement	9,098,000	3,418,002	(5,679,998)
Total disbursements	10,000,000	4,693,284	(5,306,716)
Excess (deficiency) of receipts over (under) disbursements	(8,540,323)	(2,942,722)	5,597,601
<b>Other financing sources (uses):</b>			
Bond proceeds	-	7,150,000	7,150,000
Bond premium	-	638,942	638,942
Total other financing sources (uses)	-	7,788,942	7,788,942
Net change in fund balances	\$ (8,540,323)	4,846,220	\$ 13,386,543
Fund balance, August 31, 2024		1,586,698	
Fund balance, August 31, 2025		\$ 6,432,918	
<b>Analysis of Fund Balance</b>			
Checking accounts		\$ 1,234,300	
Cash at County Treasurer		282,740	
Investments		4,915,878	
Total fund balance		\$ 6,432,918	

**Hall County School District 2 - Grand Island Public Schools**  
**Budgetary Comparison Schedule - Cash Basis - Debt Service Fund**  
**Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Receipts</b>			
Local sources			
Local property taxes	\$ 6,080,337	\$ 5,398,970	\$ (681,367)
Carline tax	3,000	2,220	(780)
Total local sources	6,083,337	5,401,190	(682,147)
State sources			
Homestead exemption	-	278,554	278,554
Property tax credit	-	364,531	364,531
Pro-rata motor vehicle	25,000	18,242	(6,758)
Other	-	344	344
Total state sources	25,000	661,671	636,671
Interest	250,000	268,102	18,102
Total receipts	6,358,337	6,330,963	(27,374)
<b>Disbursements</b>			
Debt services	69,000,000	21,010,928	(47,989,072)
Total disbursements	69,000,000	21,010,928	(47,989,072)
Excess (deficiency) of receipts over (under) disbursements	(62,641,663)	(14,679,965)	47,961,698
<b>Other financing sources (uses)</b>			
Bond issuance	61,389,663	12,970,000	(48,419,663)
Bond premium	-	1,897,609	1,897,609
Total other financing sources (uses)	61,389,663	14,867,609	(46,522,054)
Net change in fund balances	\$ (1,252,000)	187,644	\$ 1,439,644
Fund balance, August 31, 2024		7,935,555	
Fund balance, August 31, 2025		\$ 8,123,199	
<b>Analysis of Fund Balance</b>			
Cash in bank			
Checking accounts		\$ 2,667	
Cash at County Treasurer		1,638,991	
Investments		6,481,541	
Total fund balance		\$ 8,123,199	

**Hall County School District 2 - Grand Island Public Schools  
 Budgetary Comparison Schedule - Cash Basis - Activity Fund  
 Year Ended August 31, 2025**

	Original Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Receipts</b>			
Activities Receipts	\$ 1,750,000	2,498,729	748,729
Admissions	150,000	154,338	4,338
Transfer from General Fund	-	897,365	897,365
Interest	100,000	-	(100,000)
Other	-	-	-
Total receipts	2,000,000	3,550,432	1,550,432
<b>Disbursements</b>			
Activities disbursements	4,000,000	3,078,381	(921,619)
Total disbursements	4,000,000	3,078,381	(921,619)
Excess (deficiency) of receipts over (under) disbursements	\$ (2,000,000)	472,051	\$ 2,472,051
Fund balance, August 31, 2024		3,358,518	
Fund balance, August 31, 2025		\$ 3,830,569	
<b>Analysis of Fund Balance</b>			
Cash in bank			
Checking accounts		3,830,569	
Total fund balance		\$ 3,830,569	

**Hall County School District 2 - Grand Island Public Schools  
 Budgetary Comparison Schedule - Cash Basis - Cooperative Fund  
 Year Ended August 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Receipts</b>			
Transfer from General Fund	1,000,000	-	(1,000,000)
Interest	-	27,662	27,662
Total receipts	1,000,000	27,662	(972,338)
<b>Disbursements</b>			
Support services - Pupils	1,460,000	546,814	(913,186)
Excess (deficiency) of receipts over (under) disbursements	\$ (460,000)	(519,152)	\$ (59,152)
Fund balance, August 31, 2024		711,935	
Fund balance, August 31, 2025		\$ 192,783	
<b>Analysis of Fund Balance</b>			
Checking account		\$ 739,597	
Total fund balance		\$ 739,597	

**Hall County School District 2  
Grand Island Public Schools  
Notes to Supplementary Information -  
Budgetary Comparison Schedules  
Year Ended August 31, 2025**

**NOTE 1 - BUDGETARY ACCOUNTING**

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

**NOTE 2 - PRESENTATION**

*Government Auditing 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, the Depreciation Fund, Employee Benefit Fund, and Contingency Fund have been included in the General Fund since the revenues are mainly derived from transfers from the General Fund. However, since the Depreciation Fund, Employee Benefit Fund, and Contingency Fund are required by state law to adopt their own budget, each funds respective budgetary schedule has been included in this section and the General Fund budgetary schedule includes only the activities of the General Fund. The presentation follows the same major function codes as those that are used by the District to prepare their annual financial report, which the District submits to the Nebraska Department of Education.



**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***

**Independent Auditor's Report**

To the Board of Education  
Hall County School District 2, Grand Island Public Schools  
Grand Island, Nebraska

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of Hall County School District 2, Grand Island Public Schools (the "District"), as of and for the year ending August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 4, 2025.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as 2025-001 that we consider to be a material weakness.

**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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

BerganKDV, LLC

Omaha, Nebraska  
November 4, 2025

**Hall County School District 2  
Grand Island Public Schools  
Schedule of Findings and Responses  
Year Ended August 31, 2025**

**SECTION I - FINANCIAL STATEMENT FINDING**

**2025-001 Material Weakness**

**Capital Assets and Depreciation**

*Criteria:*

Management is responsible for achieving appropriate financial reporting objectives, including maintaining complete accounting records and preparing financial statements in accordance with the modified cash basis of accounting.

*Condition:*

The organization did not maintain effective internal controls over the recording and reconciliation of capital asset transactions. Specifically:

- Additions and disposals of capital assets were not consistently recorded in an accurate or timely manner.
- Reconciliations between the capital asset subsidiary ledger and the general ledger were not performed regularly, resulting in discrepancies that remained unidentified and uncorrected.
- Depreciation expense calculations were not applied correctly, leading to certain assets not being depreciated at all.

*Context:*

This finding impacts the internal control over capital asset accounting functions.

*Effect or Potential Effect:*

The deficiency resulted in a material misstatement of the capital asset balances and related depreciation expense reported in the financial statements, requiring a material audit adjustment to correct asset balances and depreciation expense.

*Cause:*

The District lacks formalized procedures and oversight of capital asset management process.

*Recommendations:*

We recommend management implement the following corrective actions:

- Establish and enforce formal procedures for the timely and accurate recording of capital asset additions and disposals.
- Perform regular reconciliations between the subsidiary ledger and the general ledger, with documented review and approval.
- Review and update depreciation schedules to ensure all assets are depreciated appropriately in accordance with policy.
- Provide training to accounting personnel on capital asset accounting and internal control requirements.