

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

FINANCIAL STATEMENTS

AUGUST 31, 2017

(WITH INDEPENDENT AUDITOR'S REPORTS)

CASS COUNTY SCHOOL DISTRICT NO. 1

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Cass County School District No. 1
Plattsmouth, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cass County School District No. 1 (the District), as of and for the year ended August 31, 2017 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1.D.; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2017, and the related receipts, disbursements, and activities arising from cash transactions, for the year then ended in conformity with the cash basis of accounting described in Note 1.D.

Effect of Pension Plan Reporting Requirements

As described in Note 11, the District previously implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which requires reporting of the District’s proportionate share of the collective net pension liability to be no earlier than the end of its prior fiscal year. This requirement was not met in the current year and the information presented was as of the most recent measurement date. However, this does not have a material effect on the financial statements due to the basis of accounting used. Our opinions are not modified with respect to this matter.

Basis of Accounting

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying Management’s Discussion and Analysis, the Combined Schedule of Cash Receipts, Disbursements, and Fund Balances, the General Fund Components - Combining Schedule of Receipts, Disbursements, and Changes in Fund Balances, the General Fund Supplemental Schedule of Operational Disbursements, the Fiduciary Fund Schedule of Changes in Cash and Investment Balances, Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual, Schedule of the District’s Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years, and Schedule of District Contributions - Last 10 Fiscal Years are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combined Schedule of Cash Receipts, Disbursements, and Fund Balances, the General Fund Components - Combining Schedule of Receipts, Disbursements, and Fund Balances, the General Fund Supplemental Schedule of Operational Disbursements, the Fiduciary Fund Schedule of Changes in Cash and Investment Balances and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Frankel Zacharia LLC

November 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
CASS COUNTY SCHOOL DISTRICT NO. 1
(Unaudited)

The Management's Discussion and Analysis (MD&A) of the Cass County School District No. 1 provides an overview and analysis of the District's financial activities for the fiscal year ended August 31, 2017. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section, and the notes thereto to enhance their understanding of the District's financial performance.

OVERVIEW AND BACKGROUND FOR FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

The District's total net position as of August 31, 2017, was \$5,181,036, down \$1,259,092 from the 2015-16 net position of \$6,440,128.

The fund balance of the General Fund decreased by \$121,030.

The Bond Fund had an ending balance of \$439,153. The District made principal and interest payments on its bond issues totaling \$1,181,533.

Total outstanding bond debt at the end of the 16-17 fiscal year was \$6,994,417, including interest, with \$1,130,000 of net bond principal debt retired during the year.

The fund balance of the Head Start Fund was stable, with an ending balance of \$0 in program funds, and \$159 in the CACFP nutrition fund.

The Qualified Capital Purpose Undertaking Fund (QCPUF) ended the year with a fund balance of \$711,207. Principal payments paid during the 16-17 fiscal year total \$255,000.

The School Nutrition Fund balance on August 31, 2017, was \$138,334. Federal reimbursement to the district for food was \$397,288, down \$8,194 from 15-16.

The net position of the Fiduciary Funds, though not considered material for purposes of reporting the financial condition of the District's assets, are of interest to management. Fiduciary Funds include the Activities Account, the Student Fee Fund, the Wiley Memorial Scholarship and the Wiles Scholarship. The activities account, exclusive of the scholarship funds, increased in value by \$10,721, with an ending balance of \$196,711. The Student Fee Fund decreased in value by \$7,498, with an ending balance of \$64,422. The Wiley Memorial Scholarship Fund decreased in value by \$470, with an ending balance of \$1,039,247. The Wiles Scholarship increased in value by \$1,155 with an ending balance of \$28,977.

Financial Analysis of the District as a Whole

Total Governmental Funds - The District's Revenue was \$21,110,832 for the fiscal year 2016-17. Local sources of revenue accounted for 46.77% of the District's revenue, 44.20% of the revenue was from state sources and 9.03% came from federal sources.

The District disbursed \$22,506,884 in 2016-17. The District expended 65.97% of its total funds on instruction, and 18.15% on support services related to instruction. Business and administrative services, buildings and grounds, and pupil transportation contributed to the remaining 15.88% of expenditures. These figures include the bond payments and refinance under the support services category.

**Plattsmouth Community School District
Levies 2015-16 and 2016-17**

	<u>2015-16</u>	<u>2016-17</u>
General Fund	1.0467	1.0467
Bond Fund	.1981	.1792
Special Building Fund	.0015	.0030
QCPUF	<u>.0108</u>	<u>.0258</u>
Total	<u>1.2571</u>	<u>1.2547</u>

**Plattsmouth Community School District
General Fund Receipts
Comparison of 2013-14 to 2016-17**

<u>Revenue Source</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Local	\$ 6,916,467	7,277,426	7,804,749	8,327,168
State	9,633,877	9,722,684	9,784,847	9,226,295
Federal	920,968	1,051,340	982,393	909,451
Other	<u>102,092</u>	<u>119,333</u>	<u>310,282</u>	<u>114,913</u>
	\$ <u>17,573,404</u>	<u>18,170,783</u>	<u>18,882,271</u>	<u>18,577,827</u>

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2013-14 to 2016-17**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Disbursements				
Regular instruction	\$ 8,622,548	8,919,523	8,811,965	9,242,849
Special education	3,330,343	3,461,463	3,504,267	3,553,601
Pupil support	829,167	531,018	977,475	933,936
Gifted program	12,899	13,200	13,428	12,559
Guidance services	298,665	304,765	316,346	291,938
Health services	85,756	86,640	89,438	91,084
Building maintenance and operations	1,545,345	1,580,284	1,599,701	1,380,317
Vehicle maintenance	67,375	70,888	27,571	44,538
Pupil transportation	627,084	533,249	461,543	413,314
BOE	254,968	245,383	249,851	285,645
Executive administration	148,004	154,306	164,097	205,797
Office of the Principal	860,409	875,530	895,385	1,017,017
Business services	172,363	207,620	173,396	227,833
Library services	242,330	250,003	256,971	246,668

**Plattsmouth Community School District
General Fund Disbursements
Comparison 2013-14 to 2016-17**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Disbursements (Continued)				
Community Service/ Fitness Center	16,691	56,411	84,702	80,047
Federal programs	921,662	981,451	861,038	811,602
Other programs	<u>60,488</u>	<u>183,056</u>	<u>5,116</u>	<u>27,115</u>
Total disbursements	<u>\$ 18,096,097</u>	<u>18,454,790</u>	<u>18,492,290</u>	<u>18,865,860</u>

**Plattsmouth Community School District
General Fund Cash Position
Change from 2015-16 to 2016-17**

Cash Carryover 2015-16	\$ 2,690,618
General Fund Receipts	18,574,604
General Fund Expenditures	<u>18,695,634</u>
Cash Carryover 2016-17	<u>\$ 2,569,588</u>

DEBT ADMINISTRATION

Despite the financial pressure on school districts in Nebraska, Plattsmouth Community School District continues to maintain exceptional bond ratings. Currently, Standard and Poor's rates the Districts "AAA." Total outstanding bonds at the end of the 2016-17 year were \$6,994,417, including interest obligations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide patrons, students, and bond buyers a general overview of the District's finances and to demonstrate accountability for the money entrusted to the District for the education of the community's youth. If you have questions or need additional financial information contact the Office of the Superintendent, Plattsmouth Community School District, 1912 Old Highway 34, Plattsmouth, Nebraska 68048. The telephone number is (402) 296-3361.

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION - CASH BASIS

AUGUST 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 2,084,805	138,334	2,223,139
Cash at County Treasurer	2,957,897	--	2,957,897
TOTAL ASSETS	\$ 5,042,702	138,334	5,181,036

NET POSITION

Restricted for:			
Debt service	\$ 599,358	--	599,358
Unrestricted	4,443,344	138,334	4,581,678
TOTAL NET POSITION	\$ 5,042,702	138,334	5,181,036

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS

YEAR ENDED AUGUST 31, 2017

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government						
Governmental Activities						
Regular instruction	\$ 9,150,385	100,993	1,067,425	(7,981,967)	--	(7,981,967)
Limited English proficiency	75,190	--	--	(75,190)	--	(75,190)
Poverty programs	958,772	--	401,936	(556,836)	--	(556,836)
Special education instruction	3,553,601	--	1,476,430	(2,077,171)	--	(2,077,171)
Support services						
Pupils	933,936	--	--	(933,936)	--	(933,936)
Instructional staff	246,669	--	--	(246,669)	--	(246,669)
Implementation of standards	131,418	--	--	(131,418)	--	(131,418)
Maintenance and operation of buildings	1,424,855	--	--	(1,424,855)	--	(1,424,855)
Regular pupil transportation	277,549	--	--	(277,549)	--	(277,549)
Special education pupil transportation	135,765	--	83,365	(52,400)	--	(52,400)
General and administrative						
Board of Education	285,645	--	--	(285,645)	--	(285,645)
Business services	227,833	--	--	(227,833)	--	(227,833)
Executive administration	205,797	--	--	(205,797)	--	(205,797)
Office of the Principal	1,017,017	--	--	(1,017,017)	--	(1,017,017)
Nonfederal support to Head Start	52,800	--	--	(52,800)	--	(52,800)
Subtotal of governmental activities carried forward	\$ 18,677,232	100,993	3,029,156	(15,547,083)	--	(15,547,083)

See accompanying notes to financial statements

Continued

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2017

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Governmental Activities (continued)						
Balances carried forward	\$ 18,677,232	100,993	3,029,156	(15,547,083)	--	(15,547,083)
State programs	101,054	--	25,919	(75,135)	--	(75,135)
Federal programs	811,602	--	430,328	(381,274)	--	(381,274)
Categorical grants	27,115	--	--	(27,115)	--	(27,115)
Other	170,226	--	--	(170,226)	--	(170,226)
Nutrition and meals	74,390	--	--	(74,390)	--	(74,390)
Capital outlay	1,142,871	--	--	(1,142,871)	--	(1,142,871)
Debt service						
Principal	1,385,000	--	--	(1,385,000)	--	(1,385,000)
Interest	116,594	--	6,102	(110,492)	--	(110,492)
Wire fees	800	--	--	(800)	--	(800)
Total governmental activities	22,506,884	100,993	3,491,505	(18,914,386)	--	(18,914,386)
Business-type activities						
Food program services	746,713	331,273	401,672	--	(13,768)	(13,768)
Total business-type activities	746,713	331,273	401,672	--	(13,768)	(13,768)
Total primary government	\$ 23,253,597	432,266	3,893,177	(18,914,386)	(13,768)	(18,928,154)

CASS COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES - CASH BASIS - CONTINUED

YEAR ENDED AUGUST 31, 2017

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipt and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
General receipts						
Taxes						
Property taxes - general purpose				\$ 7,121,525	--	7,121,525
Property taxes - debt service				1,283,316	--	1,283,316
Motor vehicle tax				809,099	--	809,099
Carline taxes				8,459	--	8,459
Public Power District sales tax				190,281	--	190,281
In-lieu-of tax - Housing Authority				12,338	--	12,338
Local license fees				1,050	--	1,050
County fines and licenses				134,305	--	134,305
State aid				6,692,115	--	6,692,115
Other state receipts				1,054,054	--	1,054,054
Interest				12,707	--	12,707
Other receipts				199,085	1,428	200,513
Proceeds from long-term loans				149,300	--	149,300
Total general receipts				17,667,634	1,428	17,669,062
Change in net position				(1,246,752)	(12,340)	(1,259,092)
Net position - beginning				6,289,454	150,674	6,440,128
Net position - ending				\$ 5,042,702	138,334	5,181,036

See accompanying notes to financial statements

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2017

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
ASSETS						
Cash in Bank	\$ 933,048	651,199	428,706	71,693	159	2,084,805
Cash at County Treasurer	2,512,890	60,008	377,398	7,601	--	2,957,897
Due from other funds	491,951	--	--	--	--	491,951
Total assets	\$ 3,937,889	711,207	806,104	79,294	159	5,534,653
LIABILITIES						
Due to other funds	--	--	366,951	125,000	--	491,951
FUND BALANCES						
Restricted for:						
Debt service	\$ --	160,205	439,153	--	--	599,358
Committed	--	551,002	--	--	--	551,002
Assigned	1,368,301	--	--	--	159	1,368,460
Unassigned	2,569,588	--	--	(45,706)	--	2,523,882
Total fund balance	3,937,889	711,207	439,153	(45,706)	159	5,042,702
Total liabilities and fund balance	\$ 3,937,889	711,207	806,104	79,294	159	5,534,653

See accompanying notes to financial statement

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
RECEIPTS						
Taxes						
Property - general purpose	\$ 7,100,579	--	--	20,946	--	7,121,525
Property - debt service	--	163,210	1,120,106	--	--	1,283,316
Motor vehicle	809,099	--	--	--	--	809,099
Carline	7,183	174	1,045	57	--	8,459
Public Power District sales tax	160,702	--	29,078	501	--	190,281
In-lieu of tax - Housing Authority	8,268	3,985	--	85	--	12,338
Rental of school facilities	3,138	--	--	--	--	3,138
Local license fees	1,050	--	--	--	--	1,050
Other local receipts/tuition	97,855	400	--	35,623	2,289	136,167
County receipts	134,305	--	--	--	--	134,305
State receipts	9,226,295	13,899	89,934	1,755	--	9,331,883
Federal receipts	909,451	6,102	--	--	990,238	1,905,791
Interest income	4,989	6,692	666	336	24	12,707
Other nonrevenue receipts	114,913	--	--	45,860	--	160,773
Total receipts	18,577,827	194,462	1,240,829	105,163	992,551	21,110,832
DISBURSEMENTS						
Regular instruction	8,085,777	--	--	--	921,369	9,007,146
Regular instruction-school age (flex spending)	129,755	--	--	--	--	129,755
Regular instruction-below age five (flex spending)	13,484	--	--	--	--	13,484
Limited English proficiency	75,190	--	--	--	--	75,190
Poverty programs	958,772	--	--	--	--	958,772
Special education	3,553,601	--	--	--	--	3,553,601
Support services:						
Pupils	933,936	--	--	--	--	933,936
Instructional staff	246,669	--	--	--	--	246,669
Implementation of standards	131,418	--	--	--	--	131,418
Maintenance and operation of business	1,424,855	--	--	--	--	1,424,855
Regular pupil transportation	277,549	--	--	--	--	277,549
Special education pupil transportation	135,765	--	--	--	--	135,765
Subtotal of disbursements carried forward	\$ 15,966,771	--	--	--	921,369	16,888,140

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	General Fund	Qualified Capital Purpose Undertaking Fund	Bond Fund	Special Building Fund	Head Start Fund	Total Governmental Funds
DISBURSEMENTS (continued)						
Balance carried forward	\$ 15,966,771	--	--	--	921,369	16,888,140
General administration:						
Board of education	285,645	--	--	--	--	285,645
Executive administration	205,797	--	--	--	--	205,797
Office of principal	1,017,017	--	--	--	--	1,017,017
Business services	227,833	--	--	--	--	227,833
Nonfederal support to head start	52,800	--	--	--	--	52,800
State programs	101,054	--	--	--	--	101,054
Federal programs	811,602	--	--	--	--	811,602
Categorical grants	27,115	--	--	--	--	27,115
Other	170,226	--	--	--	--	170,226
Employee benefits	--	--	--	--	--	--
Nutrition and meals	--	--	--	--	74,390	74,390
Capital outlay	--	754,925	--	387,946	--	1,142,871
Debt service:						
Principal	--	255,000	1,130,000	--	--	1,385,000
Interest	--	65,061	51,533	--	--	116,594
Wire fees	--	--	800	--	--	800
Bond issuance costs	--	--	--	--	--	--
Total disbursements	18,865,860	1,074,986	1,182,333	387,946	995,759	22,506,884
Excess (deficit) of receipts over disbursements	(288,033)	(880,524)	58,496	(282,783)	(3,208)	(1,396,052)
Other sources of financial resources						
Proceeds from long-term loans	--	--	--	149,300	--	149,300
NET CHANGE IN FUND BALANCES	(288,033)	(880,524)	58,496	(133,483)	(3,208)	(1,246,752)
Fund balances - beginning	4,225,922	1,591,731	380,657	87,777	3,367	6,289,454
Fund balances - ending	\$ 3,937,889	711,207	439,153	(45,706)	159	5,042,702

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2017

	<u>School Nutrition Fund</u>
ASSETS	
Cash in Bank	\$ 138,334
TOTAL ASSETS	138,334

NET POSITION

Unrestricted	138,334
TOTAL NET POSITION	\$ 138,334

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	<u>School Nutrition Fund</u>
Operating receipts	
Charges for sales and services	
Lunchroom sales	\$ 331,273
Operating disbursements	
Cost of sales and services	746,713
Operating loss	(415,440)
Nonoperating receipts	
USDA and State subsidy	401,672
Other	1,428
Total nonoperating receipts	403,100
Change in net position	(12,340)
Net position - beginning	150,674
Net position - ending	\$ 138,334

CASS COUNTY SCHOOL DISTRICT NO. 1

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

AUGUST 31, 2017

			<u>Private Purpose Trust Funds</u>	
			Wiley Memorial Scholarship Fund	Wiles Scholarship Fund
	<u>Activities Fund</u>	<u>Student Fee Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS				
Cash and cash equivalents	\$ 196,711	64,422	--	1,671
Investments	--	--	1,039,247	27,306
Due from Wiles Scholarship Fund	10,000	--	--	--
TOTAL ASSETS	\$ 206,711	64,422	1,039,247	28,977
LIABILITIES				
Due to student groups and other	\$ 206,711	--	--	10,000
NET POSITION	--	64,422	1,039,247	18,977
TOTAL LIABILITIES AND NET POSITION	\$ 206,711	64,422	1,039,247	28,977

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	Student Fee Fund	Private Purpose Trust Funds	
		Wiley Memorial Scholarship Fund	Wiles Scholarship Fund
ADDITIONS			
Interest and dividend income	\$ --	29,604	1,155
Other receipts	58,112	--	--
Total additions	58,112	29,604	1,155
DEDUCTIONS			
Disbursements	--	30,074	1,000
Student fee expenses	65,610	--	--
Total deductions	65,610	30,074	1,000
Change in net position	(7,498)	(470)	155
Net position - beginning	71,920	1,039,717	18,822
Net position - ending	\$ 64,422	1,039,247	18,977

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

1. Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of Cass County School District No. 1 (the District) which is commonly known as Plattsmouth Community School District.

- A. Reporting Entity - The Plattsmouth Community School District, Plattsmouth, Nebraska's Board of Education is the basic level of government, which has financial accountability and control over all activities related to the public school education in the District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the District's board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 61, which are included in the District's reporting entity.

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

- B. Basic Financial Statements - Government-Wide Statements - The statement of net assets and statement of activities report information on the District as a whole. They include all funds of the District except for fiduciary funds. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

1. Summary of Significant Accounting Policies - Continued

- C. Fund Types - The accounts of the District are organized on the basis of funds which are grouped into governmental, proprietary and fiduciary fund types as follows:

Governmental Funds:

General Fund – The General Fund is the general operating fund of the District and accounts for all receipts and disbursements of the District not encompassed within other funds. All property tax receipts and other receipts that are not allocated by law, budgetary requirement, or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the new and replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

Depreciation Fund – A Depreciation Fund may be established by a District in order to facilitate the eventual purchase of a costly capital outlay by reserving such monies from the General Fund. To allocate monies from the General Fund, a District will show the movement of monies as an expense from the General Fund and the Depreciation Fund will show the revenue as a transfer from the General Fund. The District may divide this fund into more than one account to allocate a portion of this fund for different valid purposes. The purpose of a Depreciation Fund is to spread replacement costs of capital outlays over a period of years in order to avoid a disproportionate tax effect in a single year to meet such an expense. This fund is restricted as part of the Allowable Reserve by the Tax Equity and Educational Opportunities Support Act. The Depreciation Fund shall be considered only a component of the General Fund.

Qualified Capital Purpose Undertaking Fund – The Qualified Capital Purpose Undertaking Fund may be established for the removal of environmental hazards, the reduction or elimination of accessibility barriers in District buildings, and the repayment of a qualified zone academy bond issued for a qualified special purpose. General Fund expenditures for the purpose of this fund are not allowed. The tax levy for this fund is limited to 0.052 cents per hundred dollars of valuation for the District and shall not exceed ten years for each environmental hazard abatement project or accessibility barrier elimination project and shall not exceed fifteen years for each qualified special purpose for which the qualified zone academy bond was issued according to Section 79-10, 100 R.R.S.

Bond Fund – The Bond Fund is used to record receipts and expenditures for bond principal and interest payments. Proceeds from bond issuance are deposited and recorded as a receipt in the Special Building Fund. The General Fund is used to make interest and bond retirement payments if the Bond Fund balance is not sufficient to meet these requirements.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

1. Summary of Significant Accounting Policies - Continued

C. Fund Types - Continued

Special Building Fund – The Special Building Fund is established for acquiring or improving sites and buildings, including the construction, alteration, or improvements of buildings. The Board of Education may approve a budget with a levy limitation of 14 cents per one hundred dollars of valuation; or a tax levy not to exceed 17.5 cents per one hundred dollars of valuation may be established for this fund by a vote of the people within the District.

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

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

Proprietary Fund:

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

Fiduciary Funds:

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

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

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

1. Summary of Significant Accounting Policies - Continued

D. Basis of Accounting - The District prepares its financial statements on the cash basis, which is in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Education; consequently, these statements represent a summary of the cash activity of the various funds of the District and do not include certain transactions that would be included if the District prepared its financial statements in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units. Under the cash basis, revenues are recognized when collected rather than when earned or available, and expenses are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental units.

Taxes and other revenues collected by the County Treasurer are included in revenues of the District in the year collected by the county and the District funds held by the County Treasurer at year end are included as assets of the District. This is in accordance with the requirements of the State of Nebraska Department of Education.

E. Capital Assets - Capital assets are not recorded as assets on the government-wide or fund financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

F. Long-term Obligations - Long-term debt is not reported as a liability in the government-wide or fund financial statements. Proceeds from long-term debt are reported as receipts and payments of principal are reported as disbursements in both the government-wide and fund financial statements.

G. Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in the following components:

a. Restricted net position

Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

1. Summary of Significant Accounting Policies – Continued

G. Equity Classification - Continued

b. Unrestricted net position

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

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

Fund Statements

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

a. Nonspendable

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

b. Restricted

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

c. Committed

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

1. Summary of Significant Accounting Policies – Continued

G. Equity Classification - Continued

d. Assigned

This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board delegating this responsibility to the District manager through the budgetary process.

e. Unassigned

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

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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

In December 2011, a loan of \$1,271,586 was made from the general fund to the bond fund. The balance of the loan is \$366,951 as of August 31, 2017. The District will make payments as tax receipts allow with the intention to have it paid in full as soon as possible.

In August 2017, a loan of \$125,000 was made from the depreciation fund to the Special Building Fund. The balance of the loan is \$125,000 as of August 31, 2017. The District will make payments as tax receipts allow with the intention to have it paid in full as soon as possible.

I. Budget Process and Property Taxes - The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. The General Fund is also subject to a total non-special education expenditure limit. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing. State statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations. During 2017 the District's actual expenditures in the general fund, bond fund, and special building fund exceeded the total budgeted expenditures for those respective funds.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

1. Summary of Significant Accounting Policies – Continued

I. Budget Process and Property Taxes - Continued

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1.

J. Compensated Absences - Vacation and sick leave are recorded when paid. Certified employees who separate from the District upon retirement, disability, or death will receive pay for unused accumulated sick leave days at the substitute teacher's daily pay rate up to a maximum of 45 days. All other employees can accrue up to a maximum of 30 days for sick leave; however, there is no payment for unused sick leave. Management believes the amounts attributable to accumulated annual leave will not have a material financial impact on the accompanying financial statements. There was no liability for accrued vacation at August 31, 2017, as all vacation earned during the year must be used by August 31 with no carryover.

K. Use of Estimates - The preparation of financial statements in conformity with the special purpose framework used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

L. Tax Receipts - Taxes collected by the County Treasurer are recorded as receipts by the District when received by the County Treasurer.

M. Retirement System - The District participates in the Nebraska School Retirement System retirement plan (See Note 11).

2. Cash and Investments

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2017, the majority of the District's deposits with financial institutions were fully insured or collateralized with pooled securities held by the financial institution but not registered in the District's name. The District had no uncollateralized position at year-end. State law requires all funds in depositories to be fully insured or collateralized; and the District's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

2. Cash and Investments - Continued

Investments

Nebraska statutes allow the District to make any investment allowed by the State Investment Officer. This includes bank certificates of deposit.

Investments are carried at cost. Investments of \$1,039,247 held by the Wiley Memorial Scholarship Fund and \$27,306 held by the Wiles Scholarship Fund consist of mutual funds.

The Nebraska Liquid Asset Fund (NLAF) was established in March 1998 through the Interlocal Cooperation Act. NLAF was established to assist Nebraska school districts, educational service units and technical community colleges with the investment of their available cash reserves. Participation in the investment trust is voluntary for its members. The objective of NLAF is to provide its owner members with a conservative and effective investment alternative tailored to the needs of its members. NLAF portfolio management generally follows established investment criteria developed by the Securities and Exchange Commission for money market funds designed to offer acceptable yield while maintaining liquidity. NLAF is not registered with the Securities and Exchange Commission (SEC) as an investment company. The District has \$237,440 invested with NLAF as of August 31, 2017.

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

3. Bonds Payable

The District has four bond issues outstanding as of August 31, 2017:

Bond Fund

General Obligation Refunding Bond, Series 2013, dated December 20, 2013, principal of \$4,440,000, interest rate of 1.05%, matures December 15, 2017	\$ 1,105,000
General Obligation Refunding Bond, Series 2015, dated August 23, 2015, principal of \$2,645,000, interest rate 0.95% to 1.45%, matures December 15, 2019.	2,630,000

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

3. Bonds Payable – Continued

Qualified Capital Purpose Undertaking Fund

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

Taxable Limited Tax Obligation Bonds, Series 2016, dated April 12, 2016, principal of \$2,810,000, interest rate 0.90% to 2.35%, matures December 15, 2026. \$ 2,555,000

Total bonds payable, August 31, 2017 **\$ 6,570,000**

Interest paid during fiscal 2017 **\$ 116,593**

The following is a summary of long-term debt transactions of the District for the year ended August 31, 2017.

	Original Issue	Balance August 31, 2016	Issued	Retire-ments	Bonds Outstanding August 31, 2017
Qualified School Construction Bonds					
Bond Series 2010B	\$ 280,000	280,000	--	--	280,000
General Obligation Bond Series 2013	4,440,000	2,220,000	--	1,115,000	1,105,000
General Obligation Bond Series 2015	2,645,000	2,645,000	--	15,000	2,630,000
Limited Tax Obligation Series 2016	2,810,000	2,810,000	--	255,000	2,555,000
Total bonds	\$ 7,955,000	7,955,000	--	1,385,000	6,570,000

The above bonds mature as follows:

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	1,385,000	96,559	1,481,559
2019	1,570,000	79,879	1,649,879
2020	1,575,000	59,116	1,634,116
2021	270,000	46,078	316,078
2022	280,000	42,018	322,018
2023-2027	1,490,000	100,767	1,590,767
	\$ 6,570,000	424,417	6,994,417

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

3. Bonds Payable – Continued

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

4. Debt Obligations

In December 2016, the District entered into a long-term note with Cass County Bank for \$149,375 to finance technology equipment. The note is secured by such technology equipment and bears an interest rate of 3.94%. The note calls for bi-annual payments of \$26,684 in June and December through 2019, with payments commencing in June 2017. As of August 31, the outstanding balance was \$125,748, which matures as follows:

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 48,824	4,544	53,368
2019	50,793	2,575	53,368
2020	26,131	553	26,684
	<u>\$ 125,748</u>	<u>7,672</u>	<u>133,420</u>

In February 2017, the District entered into a one-year unsecured promissory note for a \$1,000,000 line of credit with Plattsmouth State Bank, which matures February 15, 2018. Any outstanding balance on the note bears interest at 5.00%. As of August 31, 2017, there was no outstanding balance.

5. Wiley Memorial Scholarship Fund

In previous school years, the District received donations from the Robert Wiley Estate. The will of the late Robert T. Wiley stipulates that the donation from his estate must be kept separate and not commingled with other funds of the District. The will also stipulates that "the corpus of the trust shall be invested and reinvested by the School Board in prudent man investments, such as designated blue-chip stocks, government bonds or securities, or highly rated industrial or municipal bonds". The will also provides that "the corpus of the trust shall remain intact and be used only for the production of income. The annual net income shall be used for scholarships each year." The will also stipulates that the income be used to provide scholarships of \$2,000 each to students using standards of eligibility as set by the School Board. The investment policy used by the District for the Wiley Memorial Scholarship Fund follows the investment policy stipulated by the donor's will.

6. Federal Award Programs

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three fiscal years.

8. Interfund Transfers

During the year ended August 31, 2017, the District had no interfund transfers.

9. Commitments

The District has a contingent loan agreement with Plattsmouth State Bank (PSB) that essentially guarantees a loan issued by PSB to Plattsmouth Community Schools Fitness Center Incorporated (PCSFCI), an unrelated party to the District comprised of community leaders. In the event PCSFCI would default on their loan associated with the improvements to the District's athletic facilities, the District would incur a loan in an amount not to exceed \$1,225,000. The balance on the guaranteed loan was approximately \$670,000 at August 31, 2017.

On December 8, 2014, the District entered into a four year agreement with the Cass County Sheriff's Office to have a School Resource Officer assigned to the District. The agreement contains a termination clause that allows either party to terminate the agreement with written 90-day notice prior to July 1st of the final three years of the agreement. The remaining agreed upon non-cancellable cost at August 31, 2017 is approximately \$101,000.

On March 9, 2015, the District entered into a three year service agreement with Trane Building Services. The district will receive services related to cooling and heating system maintenance and related labor and materials, systems review and inspections, and design of a system asset plan to assist the district with planning for future necessary capital outlays.

On July 1, 2016, the District entered into a three year agreement with Mid States School Bus, Inc. The district will receive student transportation services during the school year including daily routes, special education routes, and out-of-district transportation. Payments are due in monthly installments based on services provided. Additional charges for out-of-district transportation and Special Education transportation mileage will be incurred. An addendum to the agreement was approved by the Board in September 2017 which updated the route charges. The agreement may be terminated by either party, with or without cause, by written notice and effective at the end of the school year. The remaining agreed upon non-cancellable cost at August 31, 2017 is approximately \$479,000.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

9. Commitments – Continued

The District entered into lease agreements for the use of office equipment and effective purchase of computer equipment and athletic field lighting. Total payments, including interest, for all lease agreements totaled \$292,717 in the year ended August 31, 2017. Future minimum annual payments under all lease agreements for the years ending after August 31, 2017 are as follows:

Year Ending August 31,	
2018	164,704
2019	151,301
2020	129,162
2021	13,089
2022	11,739

10. Subsequent Events

Management evaluated transactions and events occurring subsequent to August 31, 2017, and through November 1, 2017 (the date the financial statements were available to be issued), to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in subsequent period requiring disclosure or recognition in the financial statements.

11. Retirement Plan

The District has implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which requires additional disclosures and reporting of the District’s proportionate share of the collective net pension liability and other information as detailed below. This standard states the measurement of the net pension liability to be no earlier than the end of its prior fiscal year. This requirement was not met in the fiscal year ended August 31, 2017 as the most recent measurement date was June 30, 2016.

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, 2016, there were 266 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

11. Retirement Plan - 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 two percent, and an actuarial factor based on age.

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

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

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.

For the District's year ended August 31, 2017, the District's total payroll for all employees was \$11,919,920. Total covered payroll was \$11,660,022. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Contributions

The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2015, to June 30, 2016 (and from July 1, 2016 through August 31, 2017). The school district (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for the year ended August 31, 2017 was \$1,151,755.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

11. Retirement Plan - Continued

Pension Liabilities

At June 30, 2016 the District had a liability of \$8,176,495 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERs School Plan was 86.54% funded as of June 30, 2016 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the District's proportion was 0.655657 percent, which was a decrease of 0.004643 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District's allocated pension expense (income) was \$(104,301).

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	3.25%
Salary increases, including wage inflation	4.00 – 9.00%
Cost-of-Living Adjustment	Members hired before July 1, 2013: 2.50% 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
Long-term Rate of Return, net of investment expense, including price inflation	8.00%

The School Plan's pre-retirement mortality rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females).

The School Plan's post-retirement rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set-back one year (sex distinct).

The School Plan's disability mortality rates were based on the 1983 Railroad Retirement Board Disabled Annuitants Mortality (unisex).

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

11. Retirement Plan - Continued

Actuarial Assumptions - Continued

The actuarial assumptions used in the July 1, 2016, valuations for the School plan is based on the results of the most recent actuarial experience study, which covered the five year period ending June 30, 2011. The experience study report is dated August 20, 2012. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016, (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 *
US Equity	29.00%	4.3%
Non-US Equity	13.50%	5.4%
Global Equity	15.00%	5.1%
Fixed Income	30.00%	1.4%
Private Equity	5.00%	6.4%
Real Estate	7.50%	3.6%
Total	100.00%	

*Geometric mean, net of investment expenses.

Discount Rate

The discount rate used to measure the Total Pension Liability at both June 30, 2015, and June 30, 2016, was 8 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

AUGUST 31, 2017

11. Retirement Plan – Continued

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 nonemployers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2115.

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 8.0 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 (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	Discount rate	District's proportionate Share of net pension liability
1% decrease	7.0%	\$ 15,978,337
Current discount rate	8.0%	\$ 8,176,495
1% increase	9.0%	\$ 1,690,138

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 supplemental information for NPERS. That report may be obtained via the internet at http://www.auditors.nebraska.gov/APA_Reports.

SUPPLEMENTAL SCHEDULES

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

FEDERAL GRANTOR		Pass-through		
<i>Pass through Grantor</i>		Entity		
Program Title	CFDA #	Identifying #		Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start	93.600	N/A		\$ 921,369
<i>Passed through Nebraska Association of School Boards Medicaid Consortium</i>				
Medical Assistance Program	93.778	13-0001		<u>64,630</u>
Total U.S. Department of Health and Human Services				985,999
U.S. DEPARTMENT OF EDUCATION				
Indian Education Grants to Local Education Agencies	84.060	N/A		3,200
<i>Passed through State Department of Education</i>				
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	17-03-013-0001-00	\$ 396,117	
Special Education Preschool Grants	84.173	17-03-013-0001-00	<u>12,097</u>	408,214
Adult Education - Basic Grants to States	84.002	16-AEF-18-00-130001		13,152
Title I Grants to Local Educational Agencies	84.010	17-03-013-0001-00		274,767
Improving Teacher Quality State Grants	84.367	17-03-013-0001-00		50,203
Twenty-First Century Community Learning Centers	84.287	130001-161001-13		<u>61,996</u>
Total U.S. Department of Education				811,532

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

FEDERAL GRANTOR		Pass-through		
<u>Pass through Grantor</u>		Entity		
Program Title	CFDA #	Identifying #		Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed through State Department of Education</u>				
Child Nutrition Cluster				
National School Lunch Program	10.555	None	\$ 385,776	
Summer Food Services Program for Children	10.559	2017IN109943	<u>11,511</u>	\$ 397,287
Child and Adult Care Food Program	10.558	2016IN109943, 2017IN109943		69,147
Noncash Awards				
<u>Passed through Nebraska Department of Health and Human Services</u>				
Food Donation	10.555	2016IN109943, 2017IN109943		<u>53,082</u>
Total U.S. Department of Agriculture				519,516
Total Federal Awards Expended				\$ <u>2,317,047</u>

Note to Schedule of Expenditures of Federal Awards

Basis of Presentation - The above schedule has been prepared on the cash basis of accounting and includes all expenditures of federal awards during the fiscal year regardless of when the related federal funds were received.

Federal Expenditures - Federal reimbursements for the Medical Assistance Program (MAPS) (93.778), Impact Aid (84.041), and National School Lunch Program (10.555) are based on approved rates for services provided and are not reimbursements for specific expenditures. Therefore, this amount represents cash received rather than federal expenditures.

Subrecipients - The District expended no awards to subrecipients during the year.

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

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

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	Fund Balances At Beginning of Year	Receipts	Disbursements	Transfers In (Out)	Excess (Deficiency) of Receipts Over (Under) Disbursements	Fund Balances At End of Year	Fund Balance Composition			
							Cash in Bank	Investments	Cash at County Treasurer	Due from (to) others
General Fund	\$ 4,225,922	18,577,827	18,865,860	--	(288,033)	3,937,889	933,048	--	2,512,890	491,951
Qualified Capital Purpose Undertaking Fund	1,591,731	194,462	1,074,986	--	(880,524)	711,207	651,199	--	60,008	--
Bond Fund	380,657	1,240,829	1,182,333	--	58,496	439,153	428,706	--	377,398	(366,951)
Special Building Fund	87,777	105,163	387,946	--	(282,783)	(195,006)	71,693	--	7,601	(125,000)
Head Start Fund	3,367	992,551	995,759	--	(3,208)	159	159	--	--	--
School Nutrition Fund	150,674	734,373	746,713	--	(12,340)	138,334	138,334	--	--	--
Fiduciary Funds	1,130,459	88,871	96,684	--	(7,813)	1,122,646	262,804	1,066,553	--	(206,711)
Total	\$ 7,570,587	21,934,076	23,350,281	--	(1,416,205)	6,154,382	2,485,943	1,066,553	2,957,897	(206,711)

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2017

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS					
Local sources					
Taxes					
Property taxes - general purpose	\$ 7,100,579	--	--	--	7,100,579
Carline tax	7,183	--	--	--	7,183
Public Power District sales tax	160,702	--	--	--	160,702
In-lieu of tax - Housing Authority	8,268	--	--	--	8,268
Motor vehicle taxes	809,099	--	--	--	809,099
Interest	1,766	3,223	--	--	4,989
Local license fees and fines	1,050	--	--	--	1,050
Rental of school facilities	3,138	--	--	--	3,138
Other local receipts/tuition	97,855	--	--	--	97,855
Total local sources	8,189,640	3,223	--	--	8,192,863
County sources					
ESU receipts	9,820	--	--	--	9,820
County fines and license fees	124,485	--	--	--	124,485
Total county sources	134,305	--	--	--	134,305
State sources					
State aid	6,692,115	--	--	--	6,692,115
Special education	1,476,430	--	--	--	1,476,430
Special education transportation	83,365	--	--	--	83,365
Subtotal state sources carried forward	\$ 8,251,910	--	--	--	8,251,910

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2017

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
State sources - balance carried forward	\$ 8,251,910	--	--	--	8,251,910
Homestead exemption	248,662	--	--	--	248,662
Property tax credit	306,763	--	--	--	306,763
High ability learners	12,566	--	--	--	12,566
Preschool flex funding	13,353	--	--	--	13,353
Prorate motor vehicle	17,979	--	--	--	17,979
State appointment	254,398	--	--	--	254,398
State grants	120,664	--	--	--	120,664
Total state sources	9,226,295	--	--	--	9,226,295
Federal sources					
Title I	303,617	--	--	--	303,617
Title II, Part A	66,693	--	--	--	66,693
IDEA Poverty/Base	168,979	--	--	--	168,979
IDEA Part B Poverty	232,957	--	--	--	232,957
IDEA Part B Supplemental	3,603	--	--	--	3,603
IDEA Part B (619) Preschool	12,065	--	--	--	12,065
Subtotal federal sources carried forward	\$ 787,914	--	--	--	787,914

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2017

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS (continued)					
Federal sources - balance carried forward	\$ 787,914	--	--	--	787,914
IDEA Nonpublic	12,195	--	--	--	12,195
Medicaid in public schools	12,557	--	--	--	12,557
Medicaid Administrative Activities	64,630	--	--	--	64,630
21st Century Learning Grant	20,412	--	--	--	20,412
ABE/GED	8,543	--	--	--	8,543
Indian Education Grant	3,200	--	--	--	3,200
Total Federal sources	909,451	--	--	--	909,451
Nonrevenue receipts					
Transfers from other funds	--	--	--	--	--
Other	114,913	--	--	--	114,913
Total nonrevenue receipts	114,913	--	--	--	114,913
TOTAL RECEIPTS	\$ 18,574,604	3,223	--	--	18,577,827

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

CONTINUED

AUGUST 31, 2017

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS					
Regular instruction	\$ 8,085,777	--	--	--	8,085,777
Regular instruction - school age (flex-spending)	129,755	--	--	--	129,755
Regular instruction - below age five (flex-spending)	13,484	--	--	--	13,484
Limited English proficiency	75,190	--	--	--	75,190
Poverty programs	958,772	--	--	--	958,772
Special education instruction	3,553,601	--	--	--	3,553,601
Support services					
Pupils	933,936	--	--	--	933,936
Instructional staff	246,669	--	--	--	246,669
Implementation of standards	131,418	--	--	--	131,418
Maintenance and operation of building	1,424,855	--	--	--	1,424,855
Regular pupil transportation	277,549	--	--	--	277,549
School-aged SPED transportation	135,765	--	--	--	135,765
General and administration					
Board of Education	285,645	--	--	--	285,645
Executive administration	205,797	--	--	--	205,797
Office of the Principal	1,017,017	--	--	--	1,017,017
Business services	227,833	--	--	--	227,833
Nonfederal support to head start	52,800	--	--	--	52,800
State programs	101,054	--	--	--	101,054
Subtotal of disbursements carried forward	\$ 17,856,917	--	--	--	17,856,917

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND COMPONENTS

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

AUGUST 31, 2017

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS (continued)					
Balance carried forward	\$ 17,856,917	--	--	--	17,856,917
Federal programs	811,602	--	--	--	811,602
Categorical grants	27,115	--	--	--	27,115
Other	--	170,226	--	--	170,226
TOTAL DISBURSEMENTS	18,695,634	170,226	--	--	18,865,860
RECEIPTS OVER DISBURSEMENTS	(121,030)	(167,003)	--	--	(288,033)
FUND BALANCE, beginning of year	2,690,618	1,534,945	359	--	4,225,922
FUND BALANCE, end of year	\$ 2,569,588	1,367,942	359	--	3,937,889

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 2,309,774	2,690,618
RECEIPTS		
Local sources		
Property taxes - general purpose	7,300,953	7,100,579
Carline tax	8,000	7,183
Public Power District sales tax	160,000	160,702
In-lieu of tax - other	--	8,268
Motor-vehicle taxes	700,000	809,099
Interest	1,000	1,766
Local license fees and fines	5,000	1,050
Rental of school facilities	--	3,138
Other local receipts/tuition	88,500	97,855
	8,263,453	8,189,640
County sources		
ESU receipts	2,700	9,820
Fines and licenses	140,000	124,485
	142,700	134,305
State sources		
State aid	6,692,114	6,692,115
Special education	1,600,000	1,476,430
Special education transportation	80,000	83,365
Homestead exemption	--	248,662
Property tax credit	--	306,763
High ability learners	13,500	12,566
Preschool flex funding	--	13,353
Prorate motor vehicle	55,000	17,979
State apportionment	265,000	254,398
State grants	100,000	120,664
Other state receipts	315,000	--
	9,120,614	9,226,295

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>
RECEIPTS - continued		
Federal sources		
Title I	\$ 280,000	303,617
Title II, Part A	55,000	66,693
IDEA Poverty/Base	215,000	168,979
IDEA Part B Poverty	230,000	232,957
IDEA Part B Supplemental	--	3,603
IDEA Part B (619) Preschool	12,000	12,065
IDEA Nonpublic	13,000	12,195
Medicaid in public schools	15,000	12,557
Medicaid activities/outreach	50,000	64,630
Impact Aid (Title 8)	500	--
Title IV, Part B NCLB - 21st Century Community Learning Centers	60,000	20,412
Carl Perkins	45,000	--
Adult Education	35,000	8,543
Indian Education Grant	--	3,200
	1,010,500	909,451
Categorical grants from corporations and other private interests	60,000	--
Nonrevenue receipts		
Sale of property	3,000	4,650
ROTC reimbursements	--	66,613
Other non-revenue receipts	10,000	43,650
	13,000	114,913
Total Receipts	18,610,267	18,574,604
Total Available Resources	20,920,041	21,265,222

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2017

	Original and Final Budget	Actual
Disbursements		
Operational disbursements		
Regular instruction	\$ 8,484,930	8,085,777
Regular instruction - school age (flex-spending)	134,332	129,755
Regular instruction - below age five (flex-spending)	22,262	13,484
Limited English proficiency	74,212	75,190
Poverty programs	620,000	958,772
Special education instruction	3,598,197	3,553,601
Support services		
Pupils	914,904	933,936
Instructional staff	247,530	246,669
Implementation of standards	90,276	131,418
Maintenance and operation of buildings	1,347,299	1,424,855
Regular pupil transportation	375,000	277,549
Special education pupil transportation	185,000	135,765
General administration		
Board of Education	244,500	285,645
Executive administration	166,661	205,797
Office of Principal	906,653	1,017,017
Business services	173,455	227,833
Nonfederal support to Head Start	68,000	52,800
State programs	122,956	101,054
Federal programs	847,299	811,602
Categorical grants from corporations and other private interests	46,575	27,115
Total disbursements	18,670,041	18,695,634
Fund balance, end of year	\$ 2,250,000	2,569,588

CASS COUNTY SCHOOL DISTRICT NO. 1

DEPRECIATION FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2017

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 1,534,949	1,534,945
Receipts		
Transfer from other Funds	100,000	--
Interest	2,500	3,223
Total receipts	102,500	3,223
Total available resources	1,637,449	1,538,168
Disbursements		
Supplies	--	130,186
Capital outlay	1,637,449	13,356
Capital outlay - debt repayment	--	26,684
Total disbursements	1,637,449	170,226
FUND BALANCE, End of year	\$ --	1,367,942

CASS COUNTY SCHOOL DISTRICT NO. 1

**QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND
 SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 FUND BALANCE - BUDGET AND ACTUAL
 (Unaudited)**

YEAR ENDED AUGUST 31, 2017

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 1,666,901	1,591,731
Receipts		
Taxes		
Property taxes - debt purpose	182,247	163,210
Carline	150	174
In-lieu-of tax	--	3,985
Homestead exemption	--	6,146
Property tax credit	--	7,370
Prorate motor vehicle	700	383
Bond proceeds	13,500	--
QSCB proceeds	--	6,102
Interest	1,000	6,692
Other local receipts	--	400
Federal receipts	3,300	--
Total receipts	200,897	194,462
Total available resources	1,867,798	1,786,193
Disbursements		
Contracted services	--	51,357
Principal	260,000	255,000
Interest payments	56,598	65,061
Building, acquisition and improvement	1,500,000	703,568
Transfer to General Fund	1,200	--
Total disbursements	1,817,798	1,074,986
FUND BALANCE, End of year	\$ 50,000	711,207

CASS COUNTY SCHOOL DISTRICT NO. 1

BOND FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 362,318	380,657
Receipts		
Taxes		
Property taxes - debt purpose	1,136,710	1,120,106
Carline	1,500	1,045
In-lieu-of tax	--	29,078
Homestead exemption	--	39,644
Property tax credit	--	47,454
Prorate motor vehicle	15,000	2,836
Interest	500	666
Transfer from other Funds	60,000	--
Total receipts	1,213,710	1,240,829
Total available resources	1,576,028	1,621,486
Disbursements		
Principal payments	1,125,000	1,130,000
Interest payments	47,028	51,533
Miscellaneous expense	4,000	800
Total disbursements	1,176,028	1,182,333
FUND BALANCE, End of year	\$ 400,000	439,153

CASS COUNTY SCHOOL DISTRICT NO. 1

SPECIAL BUILDING FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2017

	Original and Final Budget	Actual
FUND BALANCE, Beginning of year	\$ 133,418	87,777
Receipts		
Taxes		
Property taxes - general purpose	23,000	20,946
Carline taxes	100	57
Public Power District Sales Tax	--	501
Homestead Exemption	35,000	776
Property tax credit	--	930
Prorate motor vehicle	--	49
Interest	350	336
Other local receipts	--	35,623
Non-revenue receipts	--	45,860
Proceeds from long term loans	--	149,300
In lieu of tax - Housing Authority	--	85
Federal receipts	725	--
Total receipts	59,175	254,463
Total available resources	192,593	342,240
Disbursements		
Capital outlay	192,593	387,946
Total disbursements	192,593	387,946
FUND BALANCE, End of year	\$ --	(45,706)

CASS COUNTY SCHOOL DISTRICT NO. 1

EMPLOYEE BENEFIT FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2017

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

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 146,132	150,674
Receipts		
Sales of lunches	360,000	331,273
State reimbursement	5,000	4,384
Federal reimbursement	415,000	397,288
Other receipts	--	1,428
Total receipts	780,000	734,373
Total available resources	926,132	885,047
Disbursements		
Salaries	16,658	18,836
Payroll taxes and benefits	5,354	6,629
Purchased services	904,120	690,153
Food and supplies	--	19,253
Equipment purchases	--	11,900
Other expenses	--	(58)
Total disbursements	926,132	746,713
FUND BALANCE, End of year	\$ --	138,334

CASS COUNTY SCHOOL DISTRICT NO. 1

STUDENT FEE FUND

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

(Unaudited)

YEAR ENDED AUGUST 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>
FUND BALANCE, Beginning of year	\$ 63,778	71,920
Receipts		
Activity receipts	50,000	58,112
Total receipts	50,000	58,112
Total available resources	113,778	130,032
Disbursements		
Extracurricular activity fees	113,778	65,610
Total disbursements	113,778	65,610
FUND BALANCE, End of year	\$ --	64,422

CASS COUNTY SCHOOL DISTRICT NO. 1

HEAD START FUND
 SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 FUND BALANCE - BUDGET AND ACTUAL
 (Unaudited)

YEAR ENDED AUGUST 31, 2017

	Original and Final Budget	Actual		
		Headstart	Headstart Nutrition	Total
FUND BALANCE, Beginning of year	\$ --	254	3,113	3,367
Receipts:				
Federal reimbursement	1,059,200	921,091	69,147	990,238
Interest income	--	24	--	24
Other local receipts	1,000	--	2,289	2,289
Total receipts	1,060,200	921,115	71,436	992,551
Total available resources	1,060,200	921,369	74,549	995,918
Disbursements:				
Regular salaries	311,131	276,784	--	276,784
Noncertified salaries	371,905	320,572	--	320,572
Substitute salaries	--	130	--	130
Social security	52,991	46,837	--	46,837
Retirement	49,152	42,878	--	42,878
Additional retirement	16,810	14,725	--	14,725
Health insurance	94,358	88,358	--	88,358
Life insurance	582	587	--	587
Disability insurance	2,979	2,676	--	2,676
Unemployment	1,000	3,957	--	3,957
Advertising and printing	100	--	--	--
Professional services	--	1,515	--	1,515
Supplies	88,479	76,646	49,979	126,625
Utilities	21,000	18,925	--	18,925
Contracted transportation	9,500	4,072	--	4,072
In-service training	20,313	21,119	--	21,119
Travel	400	757	--	757
Administrative percentage	1,500	831	--	831
Nutrition and meals	18,000	--	24,411	24,411
Total disbursements	1,060,200	921,369	74,390	995,759
FUND BALANCE, End of year	\$ --	--	159	159

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO BUDGETARY SCHEDULES (UNAUDITED)

AUGUST 31, 2017

Basis of Accounting

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

Budgetary Law

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

Reconciliations

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

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

	<u>Receipts</u>	<u>Expenditures</u>	<u>Excess Receipts over (under) Expenditures</u>
Financial reporting basis			
<u>General Fund</u>	<u>\$ 18,577,827</u>	<u>18,865,860</u>	<u>(288,033)</u>
Budgetary basis			
General Fund	\$ 18,574,604	18,695,634	(121,030)
Depreciation Fund	3,223	170,226	(167,003)
<u>Employee Benefit Fund</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Total</u>			<u>\$ (288,033)</u>

Excess of Expenditures Over Appropriations

The District had actual bond fund expenditures that exceeded the budget by \$6,305 as the budgeted amounts for principal and interest differed from scheduled amounts. The District had actual special building fund expenditures that exceeded the budget by \$195,353 as extraordinary repairs related to storm damage were not anticipated in the budget. In addition, the actual general fund expenditures exceeded the budget by \$25,593 as some extraordinary maintenance items were incurred that were not anticipated in the budget.

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS**

YEAR ENDED AUGUST 31, 2017

REGULAR INSTRUCTION	
Regular salaries	\$ 5,147,019
Substitute salaries	171,613
Clerical and paraprofessional staff salaries	62,233
Payroll taxes	434,732
Retirement	384,084
Increased retirement contribution rate	131,896
Health insurance	1,225,157
Other employee benefits	48,791
Purchased services	36,273
Supplies and materials	380,927
Capital outlay	63,052
	<hr/>
	8,085,777
REGULAR INSTRUCTIONAL PROGRAMS SCHOOL AGE (FLEX-SPENDING)	
Regular salaries	76,239
Payroll taxes	6,271
Retirement	5,593
Increased retirement contribution rate	1,921
Health insurance	12,032
Other employee benefits	701
Supplies and materials	26,998
	<hr/>
	129,755
REGULAR INSTRUCTIONAL PROGRAMS BELOW AGE FIVE (FLEX-SPENDING)	
Clerical and paraprofessional staff salaries	8,070
Payroll taxes	617
Retirement	593
Increased retirement contribution rate	204
Supplies and materials	4,000
	<hr/>
	13,484
LIMITED ENGLISH PROFICIENCY	
Regular salaries	49,572
Payroll taxes	3,585
Retirement	3,645
Increased retirement contribution rate	1,252
Health insurance	15,241
Other employee benefits	495
Other expenses	1,400
	<hr/>
	75,190

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED

YEAR ENDED AUGUST 31, 2017

E/P POVERTY PROGRAMS

Regular salaries	\$	516,762
Clerical and paraprofessional staff salaries		58,245
Payroll taxes		45,006
Retirement		41,554
Increased retirement contribution rate		14,241
Health insurance		116,843
Other employee benefits		4,905
Purchased services		134,488
Supplies and materials		26,728
		958,772

SPECIAL EDUCATION PROGRAMS

Regular salaries		1,304,139
Substitute salaries		19,315
Stipends/Curriculum work		17,771
Clerical and paraprofessional staff salaries		720,550
Payroll taxes		167,572
Retirement		151,679
Increased retirement contribution rate		51,922
Health insurance		256,122
Other employee benefits		13,007
Purchased services		444,730
Supplies and materials		13,342
Other expenses		28,570
		3,188,719

EARLY CHILDHOOD SPECIAL EDUCATION PROGRAMS

Regular salaries		114,214
Substitute salaries		2,745
Stipends/Curriculum work		463
Clerical and paraprofessional staff salaries		110,879
Payroll taxes		18,443
Retirement		16,539
Increased retirement contribution rate		5,679
Health insurance		41,724
Other employee benefits		2,226
Purchased services		34,993
Supplies and materials		15,675
Other expenses		1,302
		364,882

TOTAL INSTRUCTIONAL PROGRAMS

12,816,579

CASS COUNTY SCHOOL DISTRICT NO. 1

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED

YEAR ENDED AUGUST 31, 2017

SUPPORT SERVICES - PUPILS	
Regular salaries	\$ 598,747
Extra Stipends/Curriculum work	598
Clerical and paraprofessional staff salaries	46,894
Payroll taxes	51,053
Retirement	45,687
Increased retirement contribution rate	15,690
Health insurance	54,871
Other employee benefits	3,053
Purchased services	71,522
Supplies and materials	45,821
	<hr/>
	933,936
SUPPORT SERVICES - INSTRUCTIONAL STAFF	
Regular salaries	168,146
Payroll taxes	12,278
Retirement	12,363
Increased retirement contribution rate	4,246
Health insurance	43,515
Other employee benefits	1,598
Supplies and materials	4,523
	<hr/>
	246,669
SUPPORT SERVICES - IMPLEMENTATION OF STANDARDS	
Inservice/Curriculum work	356
Extra Stipends/Curriculum work	3,260
Payroll taxes	277
Retirement	203
Increased retirement contribution rate	70
Supplies and materials	101,061
Other expenses	26,191
	<hr/>
	131,418
SUPPORT SERVICES - BOARD OF EDUCATION	
Payroll taxes	27
Other employee benefits	4,126
Purchased services	188,091
Accounting and auditing services	23,829
Legal services	25,456
Supplies and materials	24,330
Interest payments	6,147
Other expenses	13,639
	<hr/>
	285,645

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED**

YEAR ENDED AUGUST 31, 2017

SUPPORT SERVICES - EXECUTIVE ADMINISTRATION		
Regular salaries	\$	154,091
Payroll taxes		9,566
Retirement		11,387
Increased retirement contribution rate		3,910
Health insurance		9,121
Other employee benefits		1,881
Supplies and materials		10,857
Other expenses		4,984
		<hr/> 205,797
SUPPORT SERVICES - OFFICE OF THE PRINCIPAL		
Regular salaries		605,149
Clerical and paraprofessional staff salaries		181,626
Payroll taxes		61,481
Retirement		57,413
Increased retirement contribution rate		19,716
Health insurance		83,729
Other employee benefits		5,628
Other expenses		2,275
		<hr/> 1,017,017
SUPPORT SERVICES - BUSINESS		
Clerical and paraprofessional staff salaries		102,839
Payroll taxes		8,050
Retirement		7,581
Increased retirement contribution rate		2,603
Health insurance		14,964
Other employee benefits		5,588
Purchased services		13,819
Supplies and materials		72,389
		<hr/> 227,833
VEHICLE ACQUISITION AND MAINTENANCE OTHER THAN PUPIL TRANSPORTATION		
Purchased services		18,554
Supplies and materials		1,905
Capital outlay		21,487
Lease payments		2,592
		<hr/> 44,538

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS - CONTINUED**

YEAR ENDED AUGUST 31, 2017

SUPPORT SERVICES - MAINTENANCE AND OPERATION
OF BUILDING AND PLANT

Clerical and paraprofessional staff salaries	\$	457,314
Payroll taxes		35,969
Retirement		32,893
Increased retirement contribution rate		11,258
Health insurance		39,317
Other employee benefits		407
Purchased services		616,212
Supplies and materials		186,947

1,380,317

SUPPORT SERVICES - REGULAR PUPIL TRANSPORTATION

Purchased services		277,549
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SUPPORT SERVICES - SCHOOL AGED SPED TRANSPORTATION

Salaries of drivers		382
Payroll taxes		29
Retirement		28
Increased retirement contribution rate		10
Purchased services		133,946
Supplies and materials		1,370

135,765

NONFEDERAL SUPPORT TO SPED

Purchased services		52,800
--------------------	--	--------

STATE PROGRAMS

Community services		27,247
State categorical programs		73,807

101,054

CASS COUNTY SCHOOL DISTRICT NO. 1

**GENERAL FUND
SUPPLEMENTAL SCHEDULE OF OPERATIONAL DISBURSEMENTS**

YEAR ENDED AUGUST 31, 2017

FEDERAL PROGRAMS	
Title I	\$ 264,837
Title I, NCLB - Improving Basic Programs Accountability	9,930
Title II, Part A	50,203
IDEA Part B (611) Base Allocation	156,250
IDEA Preschool (619) Base Allocation	12,097
IDEA Enrollment/Poverty (611)	220,676
IDEA Part B Proportionate Share	19,191
Title IV, Part B NCLB - 21st Century Community Learning Centers	61,996
Indian Education Grant	3,200
Adult Education	13,152
Medicaid in public schools	70
	<hr/>
	811,602
CATEGORICAL GRANTS FROM CORPORATIONS AND OTHER	
PRIVATE INTERESTS	
Stipends/Curriculum work	3,733
Payroll taxes	233
Retirement	301
Supplies and materials	20,627
Other expenses	2,221
	<hr/>
	27,115
TOTAL DISBURSEMENTS	<hr/> <hr/> \$ 18,695,634

CASS COUNTY SCHOOL DISTRICT NO. 1

FIDUCIARY FUND

SUPPLEMENTAL SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES

YEAR ENDED AUGUST 31, 2017

	Balance			Balance
	9/1/16	Receipts	Disbursements	8/31/17
Activities Fund	\$ 185,990	519,649	508,928	196,711
Student Fee Fund	71,920	58,112	65,610	64,422
Wiley Memorial Scholarship Fund	1,039,717	29,604	30,074	1,039,247
Wiles Scholarship Fund	27,822	1,155	--	28,977
Total	\$ 1,325,449	608,520	604,612	1,329,357

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.655657%	0.660300%	0.679936%	0.686624%
District's proportionate share of the net pension liability (asset)	\$ 8,176,495	5,966,742	5,477,940	10,728,851
State's proportionate share of the net pension liability (asset) associated with the District	1,690,103	1,224,557	1,132,751	2,235,988
Total	\$ <u>9,866,598</u>	<u>7,191,299</u>	<u>6,610,691</u>	<u>12,964,839</u>
District's covered-employee payroll	\$ 11,660,022	11,873,647	11,585,611	11,412,318
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	70.12%	50.25%	47.28%	94.01%
Plan fiduciary net position as a percentage of the total pension liability	86.56%	89.88%	90.66%	81.06%

Note - This schedule only presents information for those years for which information is available. In addition, the share of pension liability (asset) is calculated upon the plan's fiscal year end of June 30, while the District's covered-employee payroll information is based on the District's fiscal year end of August 31. The calculation for the plan fiscal year ending June 30, 2017 was not completed by the time of report issuance.

CASS COUNTY SCHOOL DISTRICT NO. 1

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

YEAR ENDED AUGUST 31, 2017

	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,151,755	1,172,856	1,142,313	1,144,405	1,127,286
Contributions in relation to the contractually required contribution	1,151,755	1,172,856	1,142,313	1,144,405	1,127,286
Contribution deficiency (excess)	\$ --	--	--	--	--
District's covered-employee payroll	\$ 11,660,022	11,873,647	11,564,450	11,585,611	11,412,318
Contributions as a percentage of covered-employee payroll	9.8778%	9.8778%	9.8778%	9.8778%	9.8778%

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

CASS COUNTY SCHOOL DISTRICT NO. 1

NOTES TO SUPPLEMENTARY PENSION SCHEDULES (UNAUDITED)

AUGUST 31, 2017

Changes of benefit term

The benefit and funding terms are made by the Nebraska Legislature. There were no changes in reflected in the valuation performed as of July 1, 2016. In addition, there were no changes made to the actuarial assumptions.

Changes of assumptions

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Education
Cass County School District No. 1
Plattsmouth, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cass County School District No. 1 (the District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questions cost as finding 2017-003.

The District's Responses to Findings

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

Purpose of this Report

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

Frankel Zacharia LLC

November 1, 2017

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

Board of Education
Cass County School District No. 1
Plattsmouth, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Cass County School District No. 1’s (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended August 31, 2017. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the District’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Frankel Zacharia LLC

November 1, 2017

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED AUGUST 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major program

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

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2017

Section II – Financial Statement Findings

2017-001 Financial Statement Preparation

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

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

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

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

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

2017-002 Segregation of Duties

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

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

Cause: The District has a limited number of staff.

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

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

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2017

Section II – Financial Statement Findings – Continued

2017-003 Expenditures in Excess of Budget

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

Condition: Expenditures for the General Fund, the Bond Fund and the Special Building Fund exceeded budgeted amounts for the year ending August 31, 2017, by \$25,593, \$6,305 and \$195,353, respectively, and the adopted budget was not amended.

Cause: Expenditures in the General Fund exceeded the budget due to extraordinary maintenance items not anticipated in the budget. Expenditures in the Bond Fund exceeded the budget due to budgeted principal and interest amounts differing from the scheduled amounts. Expenditures in the Special Building Fund exceeded budget due to extraordinary repairs resulting from storm damage. Subsequent to August 31, 2017, the District received insurance proceeds which covered a portion of the repair expenditures.

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

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

Section III – Federal Award Findings and Questioned Costs

No federal award findings and questioned costs.

Section IV – Summary Schedule of Prior Audit Findings

2016-001 Financial Statement Preparation

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

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2017

Section IV – Summary Schedule of Prior Audit Findings - Continued

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

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

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

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

Current Year Status – This finding is repeated as finding 2017-001 as management has determined it is not cost beneficial to correct.

2016-002 Segregation of Duties

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

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

Cause: The District has a limited number of staff.

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

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

Current Year Status – This finding is repeated as finding 2017-002 as management has determined it is not cost beneficial to correct.

CASS COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED AUGUST 31, 2017

Section IV – Summary Schedule of Prior Audit Findings - Continued

2016-003 Expenditures in Excess of Budget

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

Condition: Expenditures for the General Fund and the Qualified Capital Purpose Undertaking Fund exceeded budgeted amounts for the year ending August 31, 2016, by \$67,458 and \$1,227,653, respectively, and the adopted budget was not amended.

Cause: Expenditures in the General Fund exceeded the budget due to extraordinary maintenance items not anticipated in the budget. Expenditures in the Qualified Capital Purpose Undertaking Fund exceeded the budget due to a bond issuance which, in part, was used to retire principal on previous bond issues and finance capital outlays which were not anticipated in the budget.

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

Response: The District will take the necessary actions to amend the budget in future years when actual expenditures exceed the original adopted budget. The General Fund expenditures exceeded the approved budget, but did not exceed the allowable budget authority or the total available resources in the fund. In addition, the Board decided to refinance bonds and issue additional bonds after the budget was approved.

Current Year Status – This finding is repeated as finding 2017-003 as there were instances of expenditures exceeding budgeted amounts for the year ending August 31, 2017.