

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

FINANCIAL REPORT
(Audited)

AUGUST 31, 2025

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INDEPENDENT AUDITOR’S REPORT

Board of Education
Saline County School District No. 2
Crete, Nebraska

Report on Financial Statements

Opinion

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Saline County School District No. 2, Crete, Nebraska, (the “School District”), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 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 opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The School District's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Information

The other information comprises the Combined Schedule of Cash Receipts, Disbursements and Cash Balances on page 31 and the supplemental Individual Fund Schedules of Receipts, Disbursements and Ending Cash Balances listed on pages 33 through 39 and 41 through 43, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

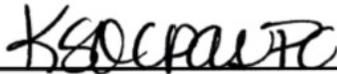
These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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, this other information identified is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The budgetary comparison information on pages 32, 40, and 44 through 51 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of the School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District’s internal control over financial reporting and compliance.

KSO CPA’s, P.C.



Kearney, Nebraska
October 31, 2025

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**STATEMENT OF NET POSITION - CASH BASIS
August 31, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 8,109,670	\$ 193,262	\$ 8,302,932	\$ 5,068,303
Total assets	\$ 8,109,670	\$ 193,262	\$ 8,302,932	\$ 5,068,303
NET POSITION				
Restricted for:				
Debt service	\$ 1,671,059	\$ -	\$ 1,671,059	\$ -
Capital projects	1,721,860	-	1,721,860	-
Unrestricted	4,716,751	193,262	4,910,013	5,068,303
Total net position	\$ 8,109,670	\$ 193,262	\$ 8,302,932	\$ 5,068,303

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended August 31, 2025**

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Position			Component Unit
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:							
Governmental activities:							
Regular instruction	\$ 16,526,996	\$ -	\$ 3,901,276	\$ (12,625,720)	\$ -	\$ (12,625,720)	\$ -
Special education	3,035,793	-	2,795,940	(239,853)	-	(239,853)	-
Summer school	291,893	-	-	(291,893)	-	(291,893)	-
Adult education	7,724	390	305,966	298,632	-	298,632	-
Support services:							
Pupils	2,504,082	461,894	-	(2,042,188)	-	(2,042,188)	-
Staff	1,319,072	-	-	(1,319,072)	-	(1,319,072)	-
Executive administration	425,320	-	-	(425,320)	-	(425,320)	-
Office of principal	1,489,444	-	-	(1,489,444)	-	(1,489,444)	-
Business services	1,133,454	-	-	(1,133,454)	-	(1,133,454)	-
Maintenance and operations	2,945,073	-	-	(2,945,073)	-	(2,945,073)	-
Pupil transportation	112,408	43,811	34,722	(33,875)	-	(33,875)	-
Other support services	922,250	-	-	(922,250)	-	(922,250)	-
Categorical private grants	211,118	-	-	(211,118)	-	(211,118)	-
State categorical programs	472,974	-	-	(472,974)	-	(472,974)	-
Debt service	2,111,806	-	-	(2,111,806)	-	(2,111,806)	-
Federal programs	2,856,836	-	-	(2,856,836)	-	(2,856,836)	-
Capital outlay	2,710,580	-	-	(2,710,580)	-	(2,710,580)	-
Non program	1,578	-	-	(1,578)	-	(1,578)	-
Total governmental activities	\$ 39,078,401	\$ 506,095	\$ 7,037,904	\$ (31,534,402)	\$ -	\$ (31,534,402)	\$ -
Business-type activities:							
School nutrition	\$ 1,909,413	\$ 409,999	\$ 1,231,522	\$ -	\$ (267,892)	\$ (267,892)	\$ -
Total business-type activities	\$ 1,909,413	\$ 409,999	\$ 1,231,522	\$ -	\$ (267,892)	\$ (267,892)	\$ -
Total primary government	\$ 40,987,814	\$ 916,094	\$ 8,269,426	\$ (31,534,402)	\$ (267,892)	\$ (31,802,294)	\$ -
Component unit:							
Crete Public Schools Foundation	\$ 333,263	\$ -	\$ 285,776	\$ -	\$ -	\$ -	\$ (47,487)
Total component unit	\$ 333,263	\$ -	\$ 285,776	\$ -	\$ -	\$ -	\$ (47,487)
General receipts:							
Taxes:							
Property				\$ 10,931,187	\$ -	\$ 10,931,187	\$ -
Carline				6,380	-	6,380	-
Motor vehicle				950,557	-	950,557	-
Interest income				241,260	-	241,260	-
Investment income				-	-	-	665,940
Other local sources				47,052	-	47,052	-
County sources				179,171	-	179,171	-
State sources				18,687,280	-	18,687,280	-
Non-revenue receipts				29,767	-	29,767	-
Total general receipts				<u>\$ 31,072,654</u>	<u>\$ -</u>	<u>\$ 31,072,654</u>	<u>\$ 665,940</u>
Change in net position				\$ (461,748)	\$ (267,892)	\$ (729,640)	\$ 618,453
Net position - beginning				8,571,418	461,154	9,032,572	4,449,850
Net position - ending				<u>\$ 8,109,670</u>	<u>\$ 193,262</u>	<u>\$ 8,302,932</u>	<u>\$ 5,068,303</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
August 31, 2025**

	<u>General</u>	<u>Depreciation</u>	<u>Bond</u>	<u>Special Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$ 4,224,378	\$ 264,339	\$ 1,671,059	\$ 1,457,519	\$ 492,375	\$ 8,109,670
Total assets	<u>\$ 4,224,378</u>	<u>\$ 264,339</u>	<u>\$ 1,671,059</u>	<u>\$ 1,457,519</u>	<u>\$ 492,375</u>	<u>\$ 8,109,670</u>
FUND BALANCES						
Fund balances:						
Assigned to:						
Depreciation fund	\$ -	\$ 264,339	\$ -	\$ -	\$ -	\$ 264,339
Employee benefit fund	-	-	-	-	94,911	94,911
Activity fund	-	-	-	-	395,511	395,511
Bond fund	-	-	1,671,059	-	-	1,671,059
Special building fund	-	-	-	1,457,519	-	1,457,519
QCPU fund	-	-	-	-	2	2
Student fee fund	-	-	-	-	1,951	1,951
Unassigned:	<u>4,224,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,224,378</u>
Total fund balances	<u>\$ 4,224,378</u>	<u>\$ 264,339</u>	<u>\$ 1,671,059</u>	<u>\$ 1,457,519</u>	<u>\$ 492,375</u>	<u>\$ 8,109,670</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2025**

	General	Depreciation	Bond	Special Building	Other Governmental Funds	Reclassifications	Total Governmental Funds
RECEIPTS							
Taxes:							
Property	\$ 8,637,317	\$ -	\$ 1,456,791	\$ 837,079	\$ -	\$ -	\$ 10,931,187
Carline	5,262	-	654	464	-	-	6,380
Motor vehicle	950,557	-	-	-	-	-	950,557
Tuition and fees - adult education	390	-	-	-	-	-	390
Transportation fees - individuals	43,811	-	-	-	-	-	43,811
Interest income	225,157	-	16,103	-	-	-	241,260
District activity fees	-	-	-	-	461,894	-	461,894
Community service activities	4,194	-	-	-	-	-	4,194
Rental of school facilities	1,809	-	-	-	-	-	1,809
Local licenses	1,210	-	-	-	-	-	1,210
Grants from private interests	185,575	-	-	-	-	-	185,575
Postsecondary receipts	231	-	-	-	-	-	231
Other local sources	39,608	-	-	-	-	-	39,608
County sources	179,171	-	-	-	-	-	179,171
State sources	21,203,154	-	183,690	403,786	-	-	21,790,630
Federal sources	3,748,979	-	-	-	-	-	3,748,979
Non-revenue receipts	29,767	-	-	-	-	-	29,767
Total receipts	\$ 35,256,192	\$ -	\$ 1,657,238	\$ 1,241,329	\$ 461,894	\$ -	\$ 38,616,653
DISBURSEMENTS							
Regular instruction	\$ 16,505,503	\$ -	\$ -	\$ -	\$ 21,493	\$ -	\$ 16,526,996
Special education	3,035,793	-	-	-	-	-	3,035,793
Summer school	291,893	-	-	-	-	-	291,893
Adult education	7,724	-	-	-	-	-	7,724
Support services:							
Pupils	1,789,012	-	-	-	715,070	-	2,504,082
Staff	1,319,072	-	-	-	-	-	1,319,072
Executive administration	425,320	-	-	-	-	-	425,320
Office of principal	1,489,444	-	-	-	-	-	1,489,444
Business services	1,133,454	-	-	-	-	-	1,133,454
Maintenance and operations	2,945,073	-	-	-	-	-	2,945,073
Regular pupil transportation	77,801	-	-	-	-	-	77,801
Special education transportation	34,607	-	-	-	-	-	34,607
Other support services	920,504	-	-	-	1,746	-	922,250
Categorical private grants	211,118	-	-	-	-	-	211,118
State categorical programs	472,974	-	-	-	-	-	472,974
Debt service	128,646	-	1,983,160	-	-	-	2,111,806
Federal programs	2,856,836	-	-	-	-	-	2,856,836
Capital outlay	-	73,292	-	2,637,288	-	-	2,710,580
Non program expenditures	1,578	-	-	-	-	-	1,578
Total disbursements	\$ 33,646,352	\$ 73,292	\$ 1,983,160	\$ 2,637,288	\$ 738,309	\$ -	\$ 39,078,401
Excess (deficiency) of receipts over (under) disbursements	\$ 1,609,840	\$ (73,292)	\$ (325,922)	\$ (1,395,959)	\$ (276,415)	\$ -	\$ (461,748)
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 255,617	\$ (255,617)	\$ -
Transfers out	(255,617)	-	-	-	-	255,617	-
Total other financing sources (uses)	\$ (255,617)	\$ -	\$ -	\$ -	\$ 255,617	\$ -	\$ -
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 1,354,223	\$ (73,292)	\$ (325,922)	\$ (1,395,959)	\$ (20,798)	\$ -	\$ (461,748)
Fund balances - beginning	\$ 2,870,155	\$ 337,631	\$ 1,996,981	\$ 2,853,478	\$ 513,173	\$ -	\$ 8,571,418
Fund balances - ending	\$ 4,224,378	\$ 264,339	\$ 1,671,059	\$ 1,457,519	\$ 492,375	\$ -	\$ 8,109,670

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
August 31, 2025**

	<u>School Nutrition Fund</u>
ASSETS	
Cash	\$ 193,262
Total assets	<u>\$ 193,262</u>
NET POSITION	
Unrestricted	\$ 193,262
Total net position	<u>\$ 193,262</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

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

For the Year Ended August 31, 2025

	<u>School Nutrition Fund</u>
Operating receipts:	
Charges for sales and services:	
Sale of lunches and milk	\$ 409,999
Total operating receipts	<u>\$ 409,999</u>
 Operating disbursements:	
Salaries	\$ 655,436
Employee benefits	208,819
Purchased services	24,624
Supplies	980,959
Capital outlay	35,563
Other expenses	4,012
Total operating disbursements	<u>\$ 1,909,413</u>
Operating income (loss)	<u>\$ (1,499,414)</u>
 Non-operating receipts:	
Federal and State subsidies	\$ 1,231,522
Total non-operating receipts	<u>\$ 1,231,522</u>
Change in net position	\$ (267,892)
Total net position - beginning	<u>461,154</u>
Total net position - ending	<u><u>\$ 193,262</u></u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 1. **Summary of Significant Accounting Policies**

Organization

Saline County School District No. 2 (the “School District”) is a tax-exempt political subdivision and a Class III school district of the State of Nebraska.

Basis of Accounting

The School District prepares its financial statements on the cash basis, which is in conformity with the accounting practices 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 School District and do not include certain transactions that would be included if the School 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, 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.

Basis of Presentation

The School District utilizes the provisions of Statement No. 34 (“Statement 34”) of the Governmental Accounting Standards Board “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” Statement 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements and fund financial statements.

Reporting Entity

The School District’s Board of Education (“Board”) is the basic level of government which has financial accountability and control over all activities related to the public school education in the School District. The School District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the School District is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since 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. The District has considered whether any other organizations should be included in the reporting entity based upon the significance of the operational or financial relationship with the District and has concluded that the Crete Public Schools Foundation is a component unit.

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 1. **Summary of Significant Accounting Policies (continued)**

The Crete Public Schools Foundation is a non-profit organization, which is engaged primarily in raising funds for student scholarships and teacher grants in the District. Support is received primarily through contributions and fundraising programs. As a non-profit organization, the Crete Public Schools Foundation is exempt from income taxes in accordance with the Internal Revenue Code Section 501(c)(3).

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has 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.

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. The District does not have any fiduciary funds.

Proprietary funds are used to account for the School 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 School Nutrition Fund is considered a proprietary fund.

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 1. **Summary of Significant Accounting Policies (continued)**

Fund Types

The accounts of the School District are organized on the basis of funds which are grouped into the following fund types:

Governmental Funds

General Fund

The General Fund is the general operating fund of the School District and accounts for all receipts and disbursements of the School District not encompassed within other funds. All property tax receipts and other receipts that are not allocated by law, budgetary requirement, or contractual agreement to some other funds are accounted for in this fund. General operating 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 is established by the School 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, the School District will show the movement of monies as an expense in the General Fund and the Depreciation Fund will show the revenue as a transfer from the General Fund. The School 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. The Depreciation Fund is considered a component of the General Fund.

Employee Benefit Fund

The Employee Benefit Fund is established in order to specifically reserve General Fund money for the benefit of the School District employees. The School District accounts for the allocation of funds from the General Fund to this fund as an expense in the General Fund, and the Employee Benefit Fund will show the revenue as a transfer from the General 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.

Activity Fund

The Activity Fund is used to account for the financial operations of student organizations, interschool athletics, and other school activities, not included as part of another fund.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 1. **Summary of Significant Accounting Policies (continued)**

Bond Fund

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

Special Building Fund

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

Qualified Capital Purpose Undertaking Fund

The Qualified Capital Purpose Undertaking Fund (QCPU) is established for the removal of hazardous material from the school building, the reduction or elimination of accessibility barriers, and modifications for life safety code violations, indoor air quality projects, and mold abatements and prevention projects. General Fund expenditures for the purpose of this fund are not allowable. The Board of Education may approve a budget with a tax levy not to exceed 3 cents per one hundred dollars of valuation.

Student Fee Fund

The Student Fee Fund is 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.

Proprietary Fund Types

School Nutrition Fund

The School Nutrition Fund is used to accommodate all aspects of the school nutrition 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 School District and General Fund support of the nutrition 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.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 1. **Summary of Significant Accounting Policies (continued)**

Major Funds

The School District reports general, depreciation, bond, special building, and school nutrition funds as major funds.

General Statement

The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The School District has applied all applicable GASB pronouncements.

Inventory

Inventories of expendable supplies held for consumption have been recorded as an expenditure at the time the items were purchased.

Accounts Receivable

As a result of the use of the cash basis of accounting, accounts receivable and other revenue-related receivables are not reported in the financial statements.

Capital Assets

In accordance with the cash basis of accounting, capital assets are not recorded as assets on the government-wide or fund statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

Compensated Absences

The School District has entered into negotiated agreements with certified and noncertified personnel. In those agreements they have agreed to benefits for vacation and sick leave. In accordance with the cash basis of accounting these benefits are recorded as an expense when paid.

Long-Term Debt

In accordance with the cash basis of accounting, 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.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 1. **Summary of Significant Accounting Policies (continued)**

Equity

In the government-wide statements, equity is classified as unrestricted and restricted net position. In the governmental fund statements, equity is classified as non-spendable, restricted, committed, assigned and unassigned fund balances as explained below.

Fund Balance

The School District has adopted Governmental Accounting Standards Board Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” In accordance with Statement No. 54, the School District classifies governmental fund balances as follows:

Non-spendable:

Fund balance amounts are considered non-spendable if they cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted:

Fund balance amounts are considered restricted if they are constrained for specific purposes which are externally imposed by providers, such as creditors, or constrained due to constitutional provisions or enabling legislation.

Committed:

Fund balance amounts are considered committed if they are constrained for specific purposes that are internally imposed by the government through formal action of the Board of Education and the constraints do not lapse at year-end.

Assigned:

Fund balance amounts are considered assigned if they are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balances may be assigned by management.

Unassigned:

Fund balance amounts are considered unassigned if they are positive fund balances within the General Fund that are not classified as one of the above or negative fund balances in other governmental funds.

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 1. **Summary of Significant Accounting Policies (continued)**

The School District's policy is to spend restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal restrictions that prohibit doing so. Additionally, the School District is to first spend committed, then assigned, and lastly unassigned amounts of unrestricted fund balances when expenditures are made.

The School District does not have a formal minimum fund balance policy.

New Accounting Pronouncements

GASB Statement 102, *Certain Risk Disclosures*, was implemented during the year ended August 31, 2025. The standard requires government financial statements to disclose information regarding certain risks of concentration and constraints that limit a government's ability to acquire resources or control spending, which could significantly impact its financial position.

Note 2. **Budget Process and Property Taxes**

The School District is required by state law to adopt annual budgets for all funds. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act and the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

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 expenditure and/or tax levy limitations.

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

As of August 1, or shortly thereafter, the Board of Education prepares a proposed operating budget on the cash basis for the fiscal year commencing on September 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at a public meeting to obtain taxpayer comments.

Prior to the budget filing date of September 30, the budget is legally adopted by the Board of Education through the passage of a resolution.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 2. **Budget Process and Property Taxes (continued)**

Total actual expenditures may not legally exceed the total budget of expenditures. Appropriations for expenditures lapse at year-end and any revisions require a public hearing and Board approval.

The property tax requirements resulting from the budget process are utilized by the School District to establish the tax levy in accordance with State Statutes. The tax levy attaches as an enforceable lien on property within the School 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 May 1, with the second one-half becoming delinquent after September 1.

Note 3. **Cash and Investments**

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

At year-end, the School District's carrying amount of bank deposits was \$6,066,329 and the bank balance was \$6,298,518. All balances were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

For reporting purposes, the collateral on the School District's bank deposits is classified in these categories:

- 1) Insured or collateralized with securities held by the School District or by its agent in the School District's name.
- 2) Collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.
- 3) Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the School District's name.

Deposits and investments of the School District at August 31, 2025, consisted of the following:

	Level 1	Level 2	Level 3
Cash - demand deposits	\$ 500,000	\$ 5,798,518	\$ -

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 3. **Cash and Investments (continued)**

The School District attempts to mitigate the following types of deposit and investment risks through compliance with the State Statutes. The types of deposit and investment risks are the following:

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates.

Credit risk – The School District’s investment policies regarding credit risk are governed by State Statutes as described above.

Concentration of credit risk – The School District’s investment policy places no limits on the amounts that may be invested in any one issuer.

Custodial credit risk – deposits – Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. The School District’s policy regarding custodial credit risk is determined by State Statute as described above.

Custodial credit risk – investments – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The School District’s policy regarding custodial credit risk is determined by State Statute as described above.

None of the School District’s deposits in excess of the amount insured by the Federal Deposit Insurance Corporation shall be allowed to accumulate in any financial institution unless (a) the financial institution gives a surety bond, (b) the financial institution provides the School District with securities as collateral on the excess funds or (c) the financial institution issues a joint custody receipt to the benefit of the School District where a third party financial institution actually holds the security.

Note 4. **Lease and Lease Purchase Agreements**

The School District entered into a copier lease in May 2020. Monthly payments of \$4,204 were paid for 60 months beginning July 2020 and ending June 2025.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 4. **Lease and Lease Purchase Agreements (continued)**

The School District entered into a copier lease in July 2025. Monthly payments of \$3,601 will be paid for 60 months beginning August 2025. Total copier lease payments for the remainder of the lease are as follows.

August 31, 2026	\$ 43,209
August 31, 2027	43,209
August 31, 2028	43,209
August 31, 2029	43,209
August 31, 2030	39,611
Total	<u>\$ 212,447</u>

On October 15, 2020, the School District entered into a \$2,600,000 lease-purchase agreement with Pinnacle Bank for the lease-purchase of the School District’s new Welcome Center and Administration Building. The terms of the lease require principal and interest to be paid in semiannual installments each March and September, beginning on March 15, 2021. The lease-purchase agreement bears an interest rate of 1.25%. During the year ended August 31, 2025, the School District paid \$380,000 of principal and \$15,625 of interest.

The following principal and interest payments are due for the remaining term of the lease for the fiscal years ended August 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 380,000	\$ 10,875	\$ 390,875
2027	390,000	6,094	396,094
2028	195,000	1,219	196,219
Total	<u>\$ 965,000</u>	<u>\$ 18,188</u>	<u>\$ 983,188</u>

On November 28, 2022, the School District entered into a 10-year lease with Doane University for nonexclusive use of athletic facilities owned by Doane University; this lease automatically renews at the end of the initial 10-year term unless otherwise terminated by 30 days written notice by either party. In consideration of the term of this agreement and the use of the Doane University facilities, the School District is obligated to contribute \$600,000 payable in \$200,000 annual installments commencing on July 1, 2022, and continuing for two years toward the renovation of the football stadium and field and the use of the baseball and softball complex.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 4. **Lease and Lease Purchase Agreements (continued)**

On July 16, 2024, the School District entered into a \$1,180,522 lease-purchase agreement with Wells Fargo Bank for the lease-purchase of eight school buses. The terms of the lease require principal and interest to be paid in annual installments beginning July 2024. The lease-purchase agreement bears an interest rate of 5.80%. During the year ended August 31, 2025, the School District paid \$120,251 of principal and \$48,395 of interest.

The following principal and interest payments are due for the remaining term of the lease for the fiscal years ended August 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 127,225	\$ 41,421	\$ 168,646
2027	134,605	34,041	168,646
2028	142,340	26,306	168,646
2029	150,667	17,979	168,646
2030	<u>159,310</u>	<u>9,336</u>	<u>168,646</u>
Total	<u>\$ 714,147</u>	<u>\$ 129,083</u>	<u>\$ 843,230</u>

The School District entered into a vehicle lease in August 2024. Monthly payments of \$862 will be paid for 36 months beginning August 2024. Total vehicle lease payments for the remainder of the lease are as follows:

August 31, 2026	\$ 10,344
2027	<u>9,482</u>
Total	<u>\$ 19,826</u>

Note 5. **Bonded Indebtedness**

Bond activity and bonds outstanding as of August 31, 2025, include the following:

General Obligation Refunding Bonds Series 2019A
Original Issue, \$9,320,000 dated November 1, 2019
Interest rate, 2.125% - 3.000%

General Obligation Refunding Bonds Series 2019B
Original Issue, \$20,050,000 dated November 1, 2019
Interest rate, 1.838% - 3.100%

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 5. **Bonded Indebtedness (continued)**

The General Obligation Bonds Series 2013 was refunded in full by the General Obligation Refunding Bonds Series 2019B. The General Obligation Bonds Series 2023 were issued for the purpose of constructing a new high school, renovating and repurposing middle and elementary schools and constructing additional athletic and recreational facilities.

Total interest paid during the year ended August 31, 2025, on bonds outstanding was \$642,345.

Bond balances at August 31, 2025 are as follows:

	<u>Balance August 31, 2024</u>	<u>Proceeds</u>	<u>Principal Payments</u>	<u>Balance August 31, 2025</u>	<u>Due Within One Year</u>
Series 2019A	\$ 7,645,000	\$ -	\$ 510,000	\$ 7,135,000	\$ 525,000
Series 2019B	<u>16,765,000</u>	<u>-</u>	<u>830,000</u>	<u>15,935,000</u>	<u>850,000</u>
	<u>\$ 24,410,000</u>	<u>\$ -</u>	<u>\$ 1,340,000</u>	<u>\$ 23,070,000</u>	<u>\$ 1,375,000</u>

Maturities of bonded indebtedness are as follows:

Fiscal Year	Series 2019A		Series 2019B		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Ending						
August 31,						
2026	\$ 525,000	\$ 181,051	\$ 850,000	\$ 427,849	\$ 1,375,000	\$ 608,900
2027	540,000	165,076	870,000	408,572	1,410,000	573,648
2028	550,000	148,726	890,000	388,001	1,440,000	536,727
2029	575,000	131,851	915,000	366,175	1,490,000	498,026
2030	590,000	114,376	935,000	343,110	1,525,000	457,486
2031-2035	2,305,000	376,413	5,995,000	1,262,332	8,300,000	1,638,745
2036-2039	<u>2,050,000</u>	<u>98,955</u>	<u>5,480,000</u>	<u>345,074</u>	<u>7,530,000</u>	<u>444,029</u>
	<u>\$ 7,135,000</u>	<u>\$ 1,216,448</u>	<u>\$ 15,935,000</u>	<u>\$ 3,541,113</u>	<u>\$ 23,070,000</u>	<u>\$ 4,757,561</u>

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 6. **Commitments and Contingencies**

The School District participates in numerous federal and state assisted grant programs which are governed by various rules and regulations of the grantor agencies. These programs are subject to financial and compliance audits by the granting agencies. To the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

The School District has elected to be a reimbursable employer with regard to unemployment claims filed by former employees. Therefore, the School District is required to reimburse the State of Nebraska for any claims paid on behalf of the School District. The School District maintains a separate Employee Benefit Fund to pay any claims. The Fund had a balance of \$94,911, at August 31, 2025. The maximum payment to reimburse the state unemployment agency under current statute would not exceed \$14,664 (26 weeks at \$564/week) per claimant.

The School District has one construction related commitment at August 31, 2025.

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sports Facility Complex	\$ 1,656,536	\$ 647,877

Note 7. **Retirement Plan**

Plan Description

Saline County School District No. 2 contributes to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes benefit provisions. In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 2024, there were 263 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Nebraska Community Colleges), are members of the plan.

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 7. **Retirement Plan (continued)**

Normal retirement age is 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.

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

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

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

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 7. **Retirement Plan (continued)**

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

For the District’s year ended August 31, 2025, the District’s total payroll for all employees was \$19,725,504. Total covered payroll was \$18,686,444. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Contributions

On May 6, 2025, LB645 was signed into law. LB645 changes contribution rates for the School Employees Retirement System (“the plan”). The contribution rate for members, employers, and the State of Nebraska will now be dependent on the funded status of the plan as determined by the independent, third-party actuarial valuation report.

LB645 states that contribution rates shall be calculated as of July 1 each year and will be based on the actuarial value of assets in the Plan as of the most recent actuarial valuation report presented to the Public Employees Retirement Board. The funded status in the report will determine the contribution rate to be implemented July 1 of the following year.

Funded Status	Employee	Employer	State
100% or above	7.25%	7.32%	0.0%
Between 98% and less than 100%	8.00%	8.08%	0.7%
Between 96% and less than 98%	8.75%	8.84%	0.7%
Less than 96%	9.75%	9.85%	2.0%

The employee contribution was equal to 9.78 percent from July 1, 2023, to June 30, 2024. The employee contribution was 8.00 percent from July 1, 2025, to August 31, 2025. The School District (employer) contribution is 101 percent of the employee contribution. The District’s contributions to the Plan for its years ended August 31, 2025 was \$1,795,359.

The state contribution, an amount equal to two percent of the compensation of all members through June 30, 2025 and 0.7 percent from July 1, 2025 to August 31, 2025. This contribution is considered a nonemployer contribution since school employees are not employees of the state.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 7. **Retirement Plan (continued)**

Pension Liabilities / (Assets)

At June 30, 2024, the District had a liability (asset) of (\$3,352,383) for its proportionate share of the net pension liability (asset). (This asset is not recorded in the accompanying cash basis financial statements.) The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability (asset) used to calculate the net pension liability was determined using an actuarial valuation as of that date. The NPERS School Plan was 99.9% funded as of November 18, 2024, based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, the District's proportion was 0.609 percent, which was a decrease of 0.008 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District's allocated pension expense (income) was (\$591,159).

Actuarial Assumptions

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

Inflation	2.35%
Salary increases, including wage inflation	2.85 – 12.85%
Cost-of-living adjustment	Members hired before July 1, 2013: 2.00% with a floor benefit equal to 75% purchasing power of original benefit. Members hired on/after July 1, 2013: 1.00% with no floor benefit.
Investment rate of return, net of investment expense, including inflation	7.0%

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

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 7. **Retirement Plan (continued)**

The School Plan's post-retirement mortality rates for retirees were based on the Pub-210 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

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

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

The actuarial assumptions used in the July 1, 2024, valuations for the school plan are based on the results of the most recent actuarial experience study, which covered the four year period ending June 30, 2019. The experience study report is dated December 21, 2020.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets.

The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table:

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 7. **Retirement Plan (continued)**

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

The long-term expected real rate of return is an arithmetic mean, net of investment expenses.

Discount Rate

The discount rate used to measure the Total Pension Liability at June 30, 2024, was 7.0 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2015, through June 30, 2019. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and non-employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2123.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 7. **Retirement Plan (continued)**

	Discount Rate	District's Proportionate Share of Net Pension Liability (Asset)
1% decrease	6.0%	\$10,593,693
Current discount rate	7.0%	(\$3,352,383)
1% increase	8.0%	(\$14,786,908)

Plan Fiduciary Net Position

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

Note 8. **Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the School District carried commercial insurance for general liability, property coverage, worker's compensation coverage, commercial excess liability coverage, crime coverage and blanket bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. **Interfund Transfers**

During the fiscal year ended August 31, 2025, one transfer was made. A transfer of \$255,617 was made from the General Fund to the Activity Fund. The transfer was to restore negative activity balances and pay for current year activity expenditures.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025

Note 10. **Concentrations and Constraints**

The School District is highly dependent upon property taxes and state aid for operations. Property taxes and state aid accounted for 87.2% of all revenues for the fiscal year ended August 31, 2025. This concentration exposes the School District to a potential risk in future periods if multiple taxpayers were to experience financial distress, close operations, appeal valuations, or relocate outside the taxing jurisdiction. Such changes could result in a significant decrease in the District's tax base and may require adjustments to the budgetary tax asking in subsequent fiscal years.

The District monitors economic and demographic trends within the community to assess the ongoing sustainability of its property tax revenue base. At the time of reporting, no known events have occurred that would materially impact this concentration; however, this remains an area of focus for long-term financial planning.

The School District's primary source of local revenue is property taxes, which are subject to statutory levy limits established by the State of Nebraska. The School District cannot increase this levy or pass a bond without a public vote.

This creates a concentration of risk in the District's ability to respond to increasing budgetary needs, as future increases in property tax revenue may be restricted by state-imposed levy caps rather than local valuation growth or voter-approved overrides. In years where assessed valuation declines or budgetary needs increase (e.g., due to inflation, enrollment growth, or special education costs), the District may face limitations in its ability to increase its tax asking without seeking voter approval through an override.

The District actively monitors legislative changes and maintains a long-term financial plan to address revenue constraints related to levy limits. As of the reporting date, no override has been proposed or approved, but the Board of Education continues to assess the need for such action based on future funding requirements.

Note 11. **Major Revenue Sources and Dependency of Operations**

The School District's ability to operate is dependent on the funding sources continuing to provide funds to the School District. Changes by the funding sources due to economic, regulatory or other factors could have an adverse effect on the School District's ability to continue to operate at its current level. During the year ending August 31, 2025, the composition of the School District's governmental fund receipts is as follows:

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING AUGUST 31, 2025**

Note 11. **Major Revenue Sources and Dependency of Operations (continued)**

	Receipts	% of Total
Local property taxes	\$ 11,888,124	30.8 %
County sources	179,171	0.5
State sources	21,790,630	56.4
Federal sources	3,748,979	9.7
Other sources	1,009,749	2.6
Total governmental funds	\$ 38,616,653	100.0 %

Note 12. **Tax Abatements**

The School District is subject to tax abatements grants by the Community Development Agency, a component unit of the City of Crete, who has entered into tax increment financing (TIF) agreements with various redevelopers. This TIF program has stated the purpose of increasing business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to 15 years.

Information relevant to the abatements impacting the School District for the year ended August 31, 2025, is as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated During the Year</u>
Tax Increment Financing	\$143,873

Note 13. **Related Parties**

The School District had one related party transaction for the year ended August 31, 2025. The School District made payments of \$4,000 during the year for services provided by a consulting business owned by the Superintendent.

Note 14. **Subsequent Events**

Upon evaluation, management notes that there are no material subsequent events between the date of the financial statements and October 31, 2025, the date that the financial statements were issued or available to be issued.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

OTHER INFORMATION

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES
For the Year Ended August 31, 2025**

	<u>Cash Balances at Beginning of Year</u>	<u>Receipts and Transfers</u>	<u>Disbursements and Transfers</u>	<u>Excess (Deficiency) of Receipts Over (Under) Disbursements</u>	<u>Cash Balances at End of Year</u>
GENERAL FUND	\$ 2,870,155	\$ 35,256,192	\$ 33,901,969	\$ 1,354,223	\$ 4,224,378
ACTIVITY FUND	393,070	717,511	715,070	2,441	395,511
SCHOOL NUTRITION FUND	461,154	1,641,521	1,909,413	(267,892)	193,262
BOND FUND	1,996,981	1,657,238	1,983,160	(325,922)	1,671,059
SPECIAL BUILDING FUND	2,853,478	1,241,329	2,637,288	(1,395,959)	1,457,519
DEPRECIATION FUND	337,631	-	73,292	(73,292)	264,339
EMPLOYEE BENEFIT FUND	116,404	-	21,493	(21,493)	94,911
QCPU FUND	2	-	-	-	2
STUDENT FEE FUND	3,697	-	1,746	(1,746)	1,951
GRAND TOTAL - ALL FUNDS	<u>\$ 9,032,572</u>	<u>\$ 40,513,791</u>	<u>\$ 41,243,431</u>	<u>\$ (729,640)</u>	<u>\$ 8,302,932</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
COMPARED TO BUDGET - GENERAL FUND
For the Year Ended August 31, 2025**

		<u>Budget Original and Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
RECEIPTS				
1000	Local sources	\$ 14,213,171	\$ 10,095,121	\$ (4,118,050)
2000	County sources	124,000	179,171	55,171
3000	State sources	15,922,835	21,203,154	5,280,319
4000	Federal sources	2,400,000	3,748,979	1,348,979
5000	Non-revenue receipts	-	29,767	29,767
	Total receipts	<u>\$ 32,660,006</u>	<u>\$ 35,256,192</u>	<u>\$ 2,596,186</u>
DISBURSEMENTS				
1100	Regular instruction	\$ 17,464,151	\$ 16,505,503	\$ 958,648
1200	Special education	3,200,000	3,035,793	164,207
1300	Summer school	-	291,893	(291,893)
1400	Adult education	-	7,724	(7,724)
	Support services:			
2100	Pupils	1,350,000	1,789,012	(439,012)
2200	Staff	1,200,000	1,319,072	(119,072)
2300	Executive administration	525,000	425,320	99,680
2400	Office of principal	1,600,000	1,489,444	110,556
2500	Business services	1,200,000	1,133,454	66,546
2600	Maintenance and operations	2,720,000	2,945,073	(225,073)
2710, 2730, 2790	Regular pupil transportation	1,200,000	77,801	1,122,199
2712, 2713, 2732	Special education transportation	45,000	34,607	10,393
2900	Other support services	905,229	920,504	(15,275)
3400	Categorical private grants	150,000	211,118	(61,118)
3500	State categorical programs	350,000	472,974	(122,974)
5000	Debt service	-	128,646	(128,646)
6000	Federal programs	2,200,000	2,856,836	(656,836)
8000	Transfers	500,000	255,617	244,383
9000	Non program	-	1,578	(1,578)
	Total disbursements	<u>\$ 34,609,380</u>	<u>\$ 33,901,969</u>	<u>\$ 707,411</u>
	Excess (deficit) of receipts over disbursements	<u>\$ (1,949,374)</u>	<u>\$ 1,354,223</u>	<u>\$ 3,303,597</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
ENDING CASH BALANCES
GENERAL FUND**

For the Year Ended August 31, 2025

Beginning cash balance, September 1	\$ 2,870,155
Add total receipts	<u>35,256,192</u>
Total cash available	\$ 38,126,347
Less total disbursements	<u>33,901,969</u>
 Ending cash balance, August 31	 <u>\$ 4,224,378</u>
 PROOF OF ENDING CASH BALANCE	
Cash in bank	\$ 2,580,927
Cash held at County Treasurer	<u>1,643,451</u>
 Ending cash balance, August 31	 <u>\$ 4,224,378</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF RECEIPTS
GENERAL FUND
For the Year Ended August 31, 2025**

LOCAL SOURCES

Local property taxes	\$ 8,637,317
Carline taxes	5,262
Motor vehicle taxes	950,557
Tuition and fees - adult education	390
Transportation fees - individuals	43,811
Interest income	225,157
Community service activities	4,194
Rental of school facilities	1,809
Local licenses	1,210
Grants from private interests	185,575
Postsecondary receipts	231
Other local	39,608
Total local sources	<u>\$ 10,095,121</u>

COUNTY SOURCES

County fines	\$ 172,921
ESU receipts	6,250
Total county sources	<u>\$ 179,171</u>

STATE SOURCES

State aid	\$ 12,525,835
Special education - programs	2,795,940
Special education - transportation	34,722
Homestead exemption	410,006
Property tax credit	4,315,558
Nameplate capacity tax	1,425
Adult basic education	61,518
Pro-rate motor vehicle	27,497
State apportionment	803,062
High ability learners	17,595
State early childhood	193,575
Other state	16,421
Total state sources	<u>\$ 21,203,154</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF RECEIPTS (continued)
GENERAL FUND
For the Year Ended August 31, 2025**

FEDERAL SOURCES

Head Start	\$ 43,000
Title I, Part A: ESSA Improving Basic Programs	868,385
Title II, Part A: ESSA Supporting Effective Instruction	40,596
IDEA Preschool (619) Base/IDEA Enrollment Poverty	18,427
IDEA Part B (611) Base & Enrollment Poverty	161,345
IDEA Part B Proportionate Share	10,864
Title I, Part C: ESSA Education of Migratory Children	95,726
Title III, Part A: ESSA English Language Acquisition	67,125
Title III: ESSA Immigrant	359
Adult Basic Education	244,448
Title IV, Part B: ESSA 21st Century Community Learning Centers	484,233
Federal Vocational & Applied Technology Education	50,293
MIPS	37,536
MAAPS	18,712
Title IV-A: Student Support & Academic Enrichment	89,753
McKinney Vento	14,346
ESSER - COVID 19	<u>1,503,831</u>
Total federal sources	<u>\$ 3,748,979</u>

NON-REVENUE RECEIPTS

Insurance adjustments	\$ 29,767
Total non-revenue receipts	<u>\$ 29,767</u>
 Total receipts	 <u>\$ 35,256,192</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF DISBURSEMENTS
GENERAL FUND
For the Year Ended August 31, 2025**

REGULAR INSTRUCTION	
Salaries	\$ 9,960,452
Employee benefits	4,252,408
Purchased services	238,025
Supplies	1,943,845
Capital outlays	83,998
Miscellaneous	<u>26,775</u>
Total regular instruction	\$ 16,505,503
SPECIAL EDUCATION	
Salaries	\$ 2,056,169
Employee benefits	797,229
Purchased services	108,411
Supplies	66,994
Miscellaneous	<u>6,990</u>
Total special education	\$ 3,035,793
SUMMER SCHOOL	
Salaries	\$ 233,658
Employee benefits	51,394
Purchased services	2,200
Supplies	4,560
Miscellaneous	<u>81</u>
Total summer school	\$ 291,893
ADULT EDUCATION	
Salaries	\$ 3,829
Employee benefits	1,291
Purchased services	2,124
Supplies	<u>480</u>
Total adult education	\$ 7,724
SUPPORT SERVICES - PUPILS	
Salaries	\$ 983,534
Employee benefits	460,120
Purchased services	324,749
Supplies	15,418
Miscellaneous	<u>5,191</u>
Total support services - pupils	\$ 1,789,012

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF DISBURSEMENTS (continued)
GENERAL FUND
For the Year Ended August 31, 2025**

SUPPORT SERVICES - STAFF	
Salaries	\$ 637,067
Employee benefits	242,438
Purchased services	171,483
Supplies	148,210
Capital outlays	90,678
Miscellaneous	29,196
Total support services - staff	<u>\$ 1,319,072</u>
 EXECUTIVE ADMINISTRATION	
Salaries	\$ 255,281
Employee benefits	59,347
Purchased services	82,007
Supplies	7,254
Miscellaneous	21,431
Total executive administration	<u>\$ 425,320</u>
 OFFICE OF PRINCIPAL	
Salaries	\$ 1,007,071
Employee benefits	355,980
Purchased services	50,179
Supplies	50,357
Miscellaneous	25,857
Total office of principal	<u>\$ 1,489,444</u>
 BUSINESS SERVICES	
Salaries	\$ 466,541
Employee benefits	308,491
Purchased services	232,787
Supplies	100,017
Miscellaneous	25,618
Total business services	<u>\$ 1,133,454</u>
 MAINTENANCE AND OPERATIONS	
Salaries	\$ 1,014,596
Employee benefits	484,010
Purchased services	724,325
Supplies	720,580
Capital outlays	1,522
Miscellaneous	40
Total maintenance and operations	<u>\$ 2,945,073</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF DISBURSEMENTS (continued)
GENERAL FUND
For the Year Ended August 31, 2025**

REGULAR PUPIL TRANSPORTATION	
Salaries	\$ 44,529
Employee benefits	10,349
Purchased services	6,412
Supplies	14,791
Miscellaneous	1,720
Total regular pupil transportation	<u>\$ 77,801</u>
SPECIAL EDUCATION TRANSPORTATION	
Salaries	\$ 1,648
Employee benefits	656
Purchased services	15,204
Supplies	17,099
Total special education transportation	<u>\$ 34,607</u>
OTHER SUPPORT SERVICES	
Salaries	\$ 694,295
Employee benefits	221,603
Purchased services	4,606
Total other support services	<u>\$ 920,504</u>
CATEGORICAL PRIVATE GRANTS	
Salaries	\$ 56,027
Employee benefits	12,937
Purchased services	16,077
Supplies	97,891
Miscellaneous	28,186
Total categorical private grants	<u>\$ 211,118</u>
STATE CATEGORICAL PROGRAMS	
Salaries	\$ 246,823
Employee benefits	118,809
Purchased services	21,939
Supplies	82,903
Capital outlays	2,500
Total state categorical programs	<u>\$ 472,974</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF DISBURSEMENTS (continued)
GENERAL FUND
For the Year Ended August 31, 2025**

DEBT SERVICE	
Principal	\$ 128,646
Total debt service	<u>\$ 128,646</u>
 FEDERAL PROGRAMS	
Title I, Part A: ESSA Improving Basic Programs	\$ 668,563
Title II, Part A: ESSA Supporting Effective Instruction	97,546
IDEA Part B (611) Base & Enrollment Poverty	598,306
IDEA Part B Proportionate Share	22,419
IDEA Part B Peak Projects	4,851
Stronger Connections Bipartisan Safer Community Grant	201,334
Federal Vocational & Applied Technology	20,763
Perkins ReVision Action	63,142
Title I, Part C: ESSA Education of Migratory Children	143,291
Title III, Part A: ESSA English Language Acquisition	71,064
Title III ESEA/ESSA Immigrant Education	1,312
Title IV, Part B: ESSA 21st Century Community Learning Centers	295,004
Adult Basic Education	153,536
McKinney Vento	29,932
ESSER - COVID 19	485,773
Total federal programs	<u>\$ 2,856,836</u>
 TRANSFERS OUT	
Transfer to activity fund	\$ 255,617
Total transfers out	<u>\$ 255,617</u>
 NON PROGRAM	
Non program expenditure	\$ 1,578
Total non program	<u>\$ 1,578</u>
Total disbursements	<u><u>\$ 33,901,969</u></u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS AND DISBURSEMENTS
COMPARED TO BUDGET - ACTIVITY FUND
For the Year Ended August 31, 2025**

	Budget Original and Final	Actual	Favorable (Unfavorable)
Beginning cash balance, September 1	\$ 319,699	\$ 393,070	
Add total receipts	<u>717,900</u>	<u>717,511</u>	\$ (389)
Total cash available	\$ 1,037,599	\$ 1,110,581	
Less total disbursements	<u>\$ 1,037,599</u>	<u>\$ 715,070</u>	<u>\$ 322,529</u>
Ending cash balance, August 31	<u>\$ -</u>	<u>\$ 395,511</u>	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS AND
ENDING CASH BALANCES
ACTIVITY FUND**

For the Year Ended August 31, 2025

ACTIVITY ACCOUNT	Beginning Cash Balance (Deficit) 8/31/2024	1700 Receipts	2100 Disbursements	5200 Transfers	Ending Cash Balance (Deficit) 8/31/2025
CCLC fundraising	\$ 107	\$ -	\$ 107	\$ -	\$ -
Computer account	40,438	13,415	13,577	-	40,276
Preschool	63,562	11,890	46,187	-	29,265
Replacement badges	2,458	825	-	-	3,283
Sixpence donations/classes	2,680	-	-	-	2,680
Arboretum	500	-	500	-	-
Bookstore	785	-	-	(785)	-
Booster Club	-	27,793	27,760	-	33
Admin athletics	21,240	47,027	163,472	99,069	3,864
Baseball	1,887	4,190	16,357	13,062	2,782
Boys basketball	6,699	21,618	22,692	6,579	12,204
Girls basketball	1,561	8,636	8,750	497	1,944
Cheerleaders	-	35,001	28,647	2,498	8,852
Conditioning	741	-	5,098	4,357	-
Cross country	1,125	1,852	5,668	4,185	1,494
Football	1,896	25,026	57,232	32,803	2,493
Boys golf	1,450	2,578	5,702	3,119	1,445
Girls golf	-	933	1,740	840	33
Boys soccer	2,073	8,390	7,523	1,618	4,558
Girls soccer	3,267	2,472	3,125	1,255	3,869
Softball	3,793	8,845	11,508	563	1,693
Boys tennis	241	1,137	3,932	3,146	592
Girls tennis	-	150	2,681	2,531	-
High school track	515	8,412	13,143	5,239	1,023
Middle school track	147	-	-	-	147
Unified sports	3,463	728	2,882	2,390	3,699
Volleyball	3,052	26,810	23,555	2,291	8,598
Boys wrestling	1,975	18,435	17,814	-	2,596
Girls wrestling	1,731	14,561	12,306	2,274	6,260
Staff activity	(150)	2,739	4,385	5,975	4,179
4th grade walk	73	-	73	-	-
6th grade	54	-	-	-	54
8th grade	4	-	-	-	4
8th grade field trip	236	-	236	-	-
8th grade science	423	-	-	-	423
Academic comp	34	900	3,394	2,598	138
Art	8,806	-	-	-	8,806
Assign books	18	-	-	(18)	-
Band	3,648	33	6,697	5,845	2,829
Band contest	-	861	1,705	1,630	786
Band/music fundraisers	20,011	6,259	-	-	26,270
SALC	2,345	-	-	-	2,345
Subtotal	\$ 202,888	\$ 301,516	\$ 518,448	\$ 203,561	\$ 189,517

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS AND
ENDING CASH BALANCES (continued)
ACTIVITY FUND
For the Year Ended August 31, 2025**

ACTIVITY ACCOUNT	Beginning Cash Balance (Deficit) 8/31/2024	1700 Receipts	2100 Disbursements	5200 Transfers	Ending Cash Balance (Deficit) 8/31/2025
Choir	\$ (472)	\$ 2,193	\$ 3,357	\$ 1,657	\$ 21
Class of 2024	1,813	-	1,813	-	-
Class of 2026	787	6,987	6,172	-	1,602
Class of 2027	737	738	-	-	1,475
Class of 2028	-	739	-	-	739
Close up	4,947	-	377	-	4,570
Concessions	12,454	50,284	41,743	-	20,995
CPR class	301	-	-	-	301
Crete alliance	111	-	-	(111)	-
Donations	600	3,000	3,600	-	-
Drafting	68	-	-	-	68
Dual credit	23,296	4,941	5,850	-	22,387
Early entrance	250	250	500	-	-
FBLA	3,276	5,656	6,563	2,893	5,262
FCCLA	2,698	4,960	2,695	5,162	10,125
FFA	3,081	13,498	13,974	6,626	9,231
First flight	7,204	1,131	3,302	-	5,033
Speech	538	-	1,537	1,537	538
FSA	5,174	3,135	2,284	95	6,120
GLDP	7,316	1,163	-	-	8,479
Home ec	3,646	-	-	(3,646)	-
Honor society	806	4,693	4,178	1,131	2,452
Info processing	321	-	-	(321)	-
HOSA	-	-	2,924	2,924	-
Investments	3,236	-	-	(3,236)	-
John Baylor test prep	1,355	-	-	-	1,355
Lost books	5,649	420	-	803	6,872
Lock	3,991	115	-	-	4,106
Multicultural union	6,285	5,334	4,385	-	7,234
Musical	89	5,657	11,135	5,478	89
One-act	2,695	2,585	10,092	6,743	1,931
Parking tag	272	75	-	-	347
Admin pop	2,649	-	-	(2,649)	-
High school pop	19	-	-	(19)	-
Principals	1,938	-	-	(1,938)	-
Skills USA	786	7,263	12,241	6,092	1,900
Small engines	601	-	-	-	601
Spanish club	-	245	245	-	-
Spanish dictionaries	1,299	-	435	-	864
Striv tv	-	200	2,400	2,200	-
Student assistant	137	-	137	-	-
Student awards	2,166	-	976	-	1,190
Subtotal	<u>\$ 112,119</u>	<u>\$ 125,262</u>	<u>\$ 142,915</u>	<u>\$ 31,421</u>	<u>\$ 125,887</u>

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS AND
ENDING CASH BALANCES (continued)
ACTIVITY FUND
For the Year Ended August 31, 2025**

ACTIVITY ACCOUNT	Beginning Cash Balance (Deficit) 8/31/2024	1700 Receipts	2100 Disbursements	5200 Transfers	Ending Cash Balance (Deficit) 8/31/2025
Student council	\$ 7,364	\$ 1,975	\$ 2,398	\$ -	\$ 6,941
Vocational ag	2,492	-	2,492	-	-
Wellness fund	-	1,185	7,875	6,690	-
Woods	3,929	-	-	-	3,929
World language club	12,750	9,052	4,051	-	17,751
Yearbook	453	1,029	10,150	8,668	-
Elementary enrichment	657	-	-	-	657
Elementary math fund	2,778	-	-	-	2,778
Elementary art	1,250	-	-	-	1,250
Elementary book fair	1,531	2,440	2,439	-	1,532
Elementary curriculum fund	667	-	-	-	667
Elementary lost books	1,477	344	633	-	1,188
Elementary music fund	75	-	-	-	75
Elementary pop fund	1,799	80	-	-	1,879
Elementary popcorn	8,557	402	505	-	8,454
Elementary student assistant fund	321	-	-	-	321
Elementary student council	9,691	-	532	-	9,159
Elementary yearbook	3,733	120	4,130	277	-
Elementary box tops	710	-	-	-	710
Intermediate book fair	23	1,450	1,448	-	25
Intermediate lost books	148	292	278	-	162
Intermediate pop/snacks	973	-	-	(973)	-
Intermediate student council	4,159	5,440	4,232	-	5,367
Intermediate box tops	7	10	-	-	17
Middle school art	130	-	-	-	130
Middle school assign books	248	41	-	-	289
Middle school bookfair	130	922	921	-	131
Middle school coffee club	524	51	102	-	473
Middle school dance	109	-	109	-	-
Middle school lost books	324	142	-	-	466
Middle school principal account	105	-	-	(105)	-
Middle school student council	10,595	5,984	4,074	-	12,505
Middle school yearbook	-	360	4,286	3,926	-
Middle school box tops	354	15	-	-	369
Popcorn pre-k	-	320	-	-	320
Popcorn kg	-	606	317	-	289
Popcorn 1st	-	870	73	-	797
Popcorn 2nd	-	703	773	70	-
Popcorn celebration	-	703	1,528	825	-
Popcorn PEC	-	-	361	361	-
Interest	-	580	-	896	1,476
Subtotal	\$ 78,063	\$ 35,116	\$ 53,707	\$ 20,635	\$ 80,107
Total, activity account	\$ 393,070	\$ 461,894	\$ 715,070	\$ 255,617	\$ 395,511

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
SCHOOL NUTRITION FUND**

For the Year Ended August 31, 2025

		Budget Original and Final	Actual	Favorable (Unfavorable)
	Beginning cash, September 1	<u>\$ 371,811</u>	<u>\$ 461,154</u>	
	RECEIPTS			
1611/1990	Sale of lunches and milk	\$ 380,000	\$ 409,999	\$ 29,999
3150	State reimbursements	18,000	8,061	(9,939)
4210	Federal reimbursements	1,400,000	1,223,461	(176,539)
5200	Transfer from general fund	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
	Total receipts	<u>\$ 1,998,000</u>	<u>\$ 1,641,521</u>	<u>\$ (356,479)</u>
	Total cash available	<u>\$ 2,369,811</u>	<u>\$ 2,102,675</u>	
	DISBURSEMENTS			
3100	Salaries	\$ 750,000	\$ 655,436	\$ 94,564
3100	Employee benefits	275,000	208,819	66,181
3100	Purchased services	50,000	24,624	25,376
3100	Food and supplies	1,020,000	980,959	39,041
3100	Capital outlays	125,000	35,563	89,437
3100	Other expenses	<u>4,500</u>	<u>4,012</u>	<u>488</u>
	Total disbursements	<u>\$ 2,224,500</u>	<u>\$ 1,909,413</u>	<u>\$ 315,087</u>
	Ending cash balance, August 31	<u>\$ 145,311</u>	<u>\$ 193,262</u>	
	PROOF OF ENDING CASH BALANCE			
	Cash		<u>\$ 193,262</u>	
	Ending cash balance, August 31		<u>\$ 193,262</u>	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
BOND FUND**

For the Year Ended August 31, 2025

	Budget Original and Final	Actual	Favorable (Unfavorable)
Beginning cash, September 1	<u>\$ 2,144,797</u>	<u>\$ 1,996,981</u>	
RECEIPTS			
1100 Local district taxes	\$ 1,600,000	\$ 1,456,791	\$ (143,209)
1115 Carline taxes	895	654	(241)
1510 Investment interest income	-	16,103	16,103
3130 Homestead exemption	-	50,937	50,937
3131 Property tax credit	-	126,615	126,615
3133 Nameplate capacity tax	-	180	180
3180 Pro-rate motor vehicle	4,000	3,950	(50)
3990 Other state receipts	650	2,008	1,358
Total receipts	<u>\$ 1,605,545</u>	<u>\$ 1,657,238</u>	<u>\$ 51,693</u>
Total cash available	<u>\$ 3,750,342</u>	<u>\$ 3,654,219</u>	
DISBURSEMENTS			
5000 Principal	\$ 2,000,000	\$ 1,340,000	\$ 660,000
5000 Interest	1,749,342	642,345	1,106,997
5000 Bond issuance costs	1,000	815	185
Total disbursements	<u>\$ 3,750,342</u>	<u>\$ 1,983,160</u>	<u>\$ 1,767,182</u>
Ending cash balance, August 31	<u>\$ -</u>	<u>\$ 1,671,059</u>	
PROOF OF ENDING CASH BALANCE			
Cash in bank		\$ 1,214,696	
Cash held at County Treasurer		<u>456,363</u>	
Ending cash balance, August 31		<u>\$ 1,671,059</u>	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
SPECIAL BUILDING FUND**

For the Year Ended August 31, 2025

	Budget Original and Final	Actual	Favorable (Unfavorable)
Beginning cash, September 1	\$ 2,470,103	\$ 2,853,478	
RECEIPTS			
1100 Local district taxes	\$ 1,136,350	\$ 837,079	\$ (299,271)
1115 Carline taxes	850	464	(386)
3130 Homestead exemption	-	36,176	36,176
3131 Property tax credit	-	363,094	363,094
3133 Nameplate capacity tax	-	151	151
3180 Pro-rate motor vehicle	4,500	2,939	(1,561)
3990 Other state receipts	-	1,426	1,426
Total receipts	\$ 1,141,700	\$ 1,241,329	\$ 99,629
Total cash available	\$ 3,611,803	\$ 4,094,807	
DISBURSEMENTS			
4000 Capital outlays	\$ 3,166,178	\$ 2,041,663	\$ 1,124,515
4900 Supplies	50,000	200,000	(150,000)
5000 Loan repayment	395,625	395,625	-
Total disbursements	\$ 3,611,803	\$ 2,637,288	\$ 974,515
Ending cash balance, August 31	\$ -	\$ 1,457,519	
PROOF OF ENDING CASH BALANCE			
Cash in bank		\$ 1,320,730	
Cash held at County Treasurer		136,789	
Ending cash balance, August 31		\$ 1,457,519	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
DEPRECIATION FUND**

For the Year Ended August 31, 2025

	Budget Original and Final	Actual	Favorable (Unfavorable)
Beginning cash, September 1	\$ 312,057	\$ 337,631	
RECEIPTS			
Total receipts	\$ -	\$ -	\$ -
Total cash available	\$ 312,057	\$ 337,631	
DISBURSEMENTS			
2900 Capital outlays	\$ 312,057	\$ 73,292	\$ 238,765
Total disbursements	\$ 312,057	\$ 73,292	\$ 238,765
Ending cash balance, August 31	\$ -	\$ 264,339	
PROOF OF ENDING CASH BALANCE			
Cash		\$ 264,339	
Ending cash balance, August 31		\$ 264,339	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
EMPLOYEE BENEFIT FUND
For the Year Ended August 31, 2025**

	Budget Original and Final	Actual	Favorable (Unfavorable)
Beginning cash, September 1	\$ 111,976	\$ 116,404	
RECEIPTS			
Total receipts	\$ -	\$ -	\$ -
Total cash available	\$ 111,976	\$ 116,404	
DISBURSEMENTS			
2900 Benefits paid	\$ 111,976	\$ 21,493	\$ 90,483
Total disbursements	\$ 111,976	\$ 21,493	\$ 90,483
Ending cash balance, August 31	\$ -	\$ 94,911	
PROOF OF ENDING CASH BALANCE			
Cash		\$ 94,911	
Ending cash balance, August 31		\$ 94,911	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND
For the Year Ended August 31, 2025**

	Budget Original and Final	Actual	Favorable (Unfavorable)
Beginning cash balance, September 1	\$ <u>2</u>	\$ <u>2</u>	
RECEIPTS			
Total receipts	\$ -	\$ -	\$ -
Total cash available	\$ <u>2</u>	\$ <u>2</u>	
DISBURSEMENTS			
4500 Capital outlays	\$ <u>2</u>	\$ -	\$ <u>2</u>
Total disbursements	\$ <u>2</u>	\$ -	\$ <u>2</u>
Ending cash balance, August 31	\$ <u>-</u>	\$ <u>2</u>	
PROOF OF ENDING CASH BALANCE			
Cash		\$ <u>2</u>	
Ending cash balance, August 31		\$ <u>2</u>	

See notes to financial statements.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULES OF RECEIPTS, DISBURSEMENTS,
ADOPTED BUDGET AND ENDING CASH BALANCES
STUDENT FEE FUND**

For the Year Ended August 31, 2025

STUDENT FEE FUND	Beginning Cash Balance (Deficit) 8/31/2024	1100 Receipts and Transfers	2900 Disbursements and Transfers	Ending Cash Balance (Deficit) 8/31/2025
Art	\$ 190	\$ -	\$ -	\$ 190
FSA	1,339	-	1,339	-
Multicultural union	1,324	-	407	917
Lifeskills	80	-	-	80
Alternative education	688	-	-	688
Summer school	76	-	-	76
Subtotal	<u>\$ 3,697</u>	<u>\$ -</u>	<u>\$ 1,746</u>	<u>\$ 1,951</u>
		Actual		Budget Original and Final
Beginning cash balance, September 1, 2024		<u>\$ 3,697</u>		<u>\$ 8,228</u>
Add total receipts		-		-
Less total disbursements		<u>(1,746)</u>		<u>(8,228)</u>
Ending cash balance, August 31, 2025		<u><u>\$ 1,951</u></u>		<u><u>\$ -</u></u>

SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA
NOTES TO OTHER INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025

Note 1. **Budgetary Accounting**

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



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**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***

The Board of Education
Saline County School District No. 2
Crete, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we considered to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

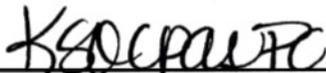
Saline County School District No. 2’s Response to Findings

The School District’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School 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 results 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.

KSO CPA’s, P.C.



Kearney, Nebraska
October 31, 2025

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended August 31, 2025**

I. FINANCIAL STATEMENT FINDINGS

Finding 2025-001: Lack of Segregation of Duties in One or More Areas

Criteria: Proper internal controls require that an entity has adequate segregation of duties within a significant account process.

Condition: The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of a transaction.

Context: We observed inadequate segregation of duties by performing a walkthrough of handling of receipts and disbursements and through interviews of personnel and management.

Questioned Costs: None.

Effect or Potential Effect: An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to ensure that the transaction or journal entry was properly executed, approved, and recorded.

Cause: The entity has a limited number of personnel.

Recommendation: We would recommend that the Board of Education take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue to strengthen compensating controls.

Views of Responsible Officials and Planned Corrective Actions: The Saline County School District No. 2 Board of Education continually evaluates the distribution of duties to employees and closely monitors finances. The Chief Financial Officer will continue to evaluate the processes from beginning to end, and separate duties appropriately.

Finding 2025-002: Foundation Monthly Report Balances do not Agree

Criteria: Proper internal controls require that an entity has accurate and complete financial reports that reconcile to supporting documentation.

Condition: Monthly financial reports from the Foundation do not agree to supporting documentation.

Context: We observed balances on the monthly Foundation reports do not agree to the supporting documentation.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended August 31, 2025**

I. FINANCIAL STATEMENT FINDINGS (continued)

Questioned Costs: None.

Effect or Potential Effect: Board members may be relying on inaccurate information regarding balances within the Foundation accounts.

Cause: Limited number of individuals involved in the preparation of Foundation monthly financial reports.

Recommendation: We would recommend that the Foundation Board of Directors take an active part in internal controls and closely monitor all accounting functions, and a secondary board member review monthly financial reports.

Views of Responsible Officials and Planned Corrective Actions: The Crete Public Schools Foundation board will select a board member to review the Foundation's financial reports and supporting documentation before the financial reports are presented to the board.

II. FINDINGS FOR THE YEAR ENDED AUGUST 31, 2024

Finding 2024-001: Lack of Segregation of Duties in One or More Areas

Views of Responsible Officials and Planned Corrective Actions: The Saline County School District No. 2 Board of Education continually evaluates the distribution of duties to employees and closely monitors finances. The Chief Financial Officer will continue to evaluate the processes from beginning to end, and separate duties appropriately.

Finding 2024-002: Lack of Segregation of Duties in One or More Areas

Views of Responsible Officials and Planned Corrective Actions: The Saline County School District No. 2 Board of Education continually evaluates the distribution of duties to employees and closely monitors finances. The Chief Financial Officer will work to separate duties to the best of the ability with the staff on hand. The addition of a Director of Federal Programs who will be responsible for compliance and monitoring will allow further segregation of duties. The Director of Federal Programs will regularly run reports to ensure the accuracy of transactions and that the expenses comply with grant funding.

**SALINE COUNTY SCHOOL DISTRICT NO. 2
CRETE, NEBRASKA**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended August 31, 2025**

II. FINDINGS FOR THE YEAR ENDED AUGUST 31, 2024 (continued)

Finding 2024-003: Lack of Secondary Review in One or More Areas

Views of Responsible Official: The Chief Financial Officer and Director of Nutrition services will work closely together to change the process for reimbursement requests and income verification. They will decide who will be the second person to review the information and verify accuracy.

Finding 2024-004: Lack of timely Time and Effort Logs for Special Education Cluster (IDEA) staff

Views of Responsible Officials: The Chief Financial Officer will work closely with the Director of Student Services and the Director of Federal Programs to ensure that time and effort logs are completed in a timely manner. The time and effort logs will be prepared at the end of each semester to be dated within one month of the completion of that semester.