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October 31, 2025

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

In planning and performing our audit of the basic financial statements of Saline County School District No. 2 (“School District”) as of and for the year ended August 31, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, we considered the School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity’s internal control to be significant deficiencies.

1. The size of the School District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the School Board must remain involved in the financial affairs of the School District to provide oversight and independent review functions.
2. The School District's Foundation financial reports are prepared by one board member. We recommend a second Foundation board member review the financial reports to strengthen internal controls over financial reporting.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

KSO CPA'S PC



Kearney, Nebraska
October 31, 2025



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October 31, 2025

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

Dear Board of Education

We have audited the cash basis financial statements of Saline County School District No. 2 as of and for the year ended August 31, 2025, and have issued our report thereon dated October 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 1, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Saline County School District No. 2 solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 31, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We identified a self-review threat to our independence as auditors due to our preparation of the financial statements of Saline County School District No. 2. Rotation of audit engagement staff and the use of a member of our firm that is not part of the engagement team to perform a quality control review serve as safeguards that reduce this threat to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- **Management Override:** the risk that management will manipulate accounting records by circumventing internal controls, even where those controls otherwise appear to be operating effectively.
- **Transactions Recorded in Error:** the risk that transactions are not properly executed and recorded due to some individuals having the ability to control transactions from beginning to conclusion.
- **Custodial Risk:** the risk that bank balances are not covered by FDIC insurance or related pledged securities.
- **Improper Revenue Recognition:** the risk that management will improperly recognize revenues, including coding to the incorrect period or account.
- **Improper Disbursements:** the risk that disbursements are fake, for an incorrect amount, or are coded to the incorrect period or account.
- **Improper/Omitted Disclosure:** the risk that management will fail to include all disclosures required by the cash basis of accounting, a comprehensive basis of accounting other than account principles generally accepted in the United States of America.

These matters require special audit consideration due to the small nature of the entity and the concentration of the School District's financial recording duties with one individual.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Saline County School District No. 2 is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the entity changed how it discloses certain risks related to concentration and constraints by adopting Governmental Accounting Standards Board (GASB) Statement No 102, *Certain Risk Disclosures*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of

significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. Saline County School District No. 2 has no such significant estimates or related disclosures.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. Saline County School District No. 2 has no such significant disclosures.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We did not identify any significant unusual transactions as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified, nor obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See the attached schedule for all misstatements corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Saline County School District No. 2's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances exist.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated October 31, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Saline County School District No. 2, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Saline County School District No. 2's auditors.

This report is intended solely for the information and use of the Board and management of Saline County School District No. 2 and is not intended to be and should not be used by anyone other than these specified parties.

KSO CPA'S PC



Kearney, Nebraska
October 31, 2025

Crete Public Schools District No. 2
August 31, 2025

GENERAL FUND

HOMESTEAD EXEMPTION	01.1.3130	2.13	
PROPERTY TAX CREDIT	01.1.3131	6,951.71	
CARLINE	01.1.7115	232.93	
MOTOR VEHICLE	01.1.7125	21,014.20	
PRO-RATA MOTOR VEHICLE	01.1.3180		6,951.71
OTHER STATE RECEIPTS	01.1.3990		16,420.89
LOCAL DISTRICT TAXES	01.1.7100		3,567.91
COUNTY FINE & LICENSE FEES	01.1.7110		1,260.46
To reclassify county treasurer receipts			
NAMEPLATE CAPACITY TAX	01.1.3133	180.30	
LOCAL DISTRICT TAXES	01.1.7100	205,086.36	
COUNTY FINE & LICENSE FEES	01.1.7110		4,678.17
CARLINE	01.1.7115		339.45
MOTOR VEHICLE	01.1.7125		15,450.40
COUNTY TREASURER CASH	01.3.0000.009		184,798.64
To adjust county treasurer for August activity			
SMALL VEHICLE REPLACEMENT	01.2.2710.732.850.000	39,599.00	
OTHER EQUIPMENT	01.2.1160.739.850.000		39,599.00
To reclassify small vehicle replacement			

SCHOOL NUTRITION FUND

CHILD/ADULT CARE FOOD PROGRAM	06.1.4211.000.550.000	636.00	
SCHOOL LUNCH -FEDERAL	06.1.4210.000.550.000		636.00
To adjust revenues to match NDE confirmation			
SUMMER FOOD PROGRAM RECEIPTS	06.1.1650.000.550.000	45,989.60	
SCHOOL LUNCH -FEDERAL	06.1.4210.000.550.000		45,989.60
To reclassify federal summer food program			

BOND FUND

BOND - LOCAL DISTRICT TAXES	07.1.7100	3,070.39	
BOND - CARLINE	07.1.7115	30.96	
BOND - HOMESTEAD EXEMPTION	07.1.3130		1,027.18
REVENUE	07.1.3133		66.10
OTHER STATE RECEIPTS	07.1.3990		2,008.07
To reclassify county treasurer receipts			
REVENUE	07.1.3133	23.96	
COUNTY TREASURER CASH	07.3.0000.009	6,774.54	
BOND - LOCAL DISTRICT TAXES	07.1.7100		6,758.91
BOND - CARLINE	07.1.7115		39.59
To adjust county treasurer for August activity			

BUILDING FUND

BLDG PROPERTY TAX CREDIT	08.1.3131	17,707.22	
CARLINE	08.1.7115	36.76	
HOMESTEAD EXEMPTION	08.1.3130		0.26
REVENUE	08.1.3133		28.46
OTHER STATE RECEIPTS	08.1.3990		1,426.16
LOCAL DISTRICT TAXES	08.1.7100		16,289.10
To reclassify county treasurer receipts			
REVENUE	08.1.3133	28.46	
LOCAL DISTRICT TAXES	08.1.7100	142,575.66	
CARLINE	08.1.7115		9.25
COUNTY TREASURER CASH	08.3.0000.009		142,594.87
To adjust county treasurer for August activity			

ACTIVITY FUND

STAFF ACTIVITY FUND - REVENUE	05.1.1790.000.000.295	825.00	
POP - OTHER ACTIVITY INCOME	05.1.1790.000.000.356		825.00
STAFF ACTIVITY FUND - REVENUE	05.1.1790.000.000.295	1,823.22	
POP - OTHER ACTIVITY INCOME	05.1.1790.000.100.356		1,823.22
ADMIN-ATHLETICS/ACTIVITIES - OTHER ACTIVITY INCOME	05.1.1790.000.400.200	110.87	
ADMIN-ATHLETICS/ACTIVITIES - OTHER ACTIVITY INCOME	05.1.5200.000.400.200		110.87
ADMIN-ATHLETICS/ACTIVITIES - OTHER ACTIVITY INCOME	05.1.1790.000.400.200	321.00	
INFO PROCESSING - OTHER ACTIVITY INCOME	05.1.1790.000.900.343		321.00
ADMIN-ATHLETICS/ACTIVITIES - OTHER ACTIVITY INCOME	05.1.1790.000.400.200	2,456.78	
INVESTMENTS - OTHER ACTIVITY INCOME	05.1.1790.000.900.345		2,456.78
STAFF ACTIVITY FUND OTHER ACTIVITY INCOME	05.1.1790.000.400.295	19.31	
POP - OTHER ACTIVITY INCOME	05.1.1790.000.400.356		19.31
STAFF ACTIVITY FUND OTHER ACTIVITY INCOME	05.1.1790.000.400.295	1,821.21	
PRINCIPAL ACCOUNT - OTHER ACTIVITY INCOME	05.1.1790.000.400.358		1,821.21
LOST BOOKS - OTHER ACTIVITY INCOME	05.1.1790.000.400.349	17.65	
ASSIGN BOOKS - OTHER ACTIVITY INCOME	05.1.1790.000.400.308		17.65
LOST BOOKS - OTHER ACTIVITY INCOME	05.1.1790.000.400.349	784.64	
BOOKSTORE - OTHER ACTIVITY INCOME	05.1.1790.000.400.164		784.64
YEARBOOK - OTHER ACTIVITY INCOME	05.1.1790.000.400.372	452.82	
YEARBOOK - OTHER ACTIVITY INCOME	05.1.1790.000.900.372		452.82
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.1790.000.450.295	973.62	
POP - OTHER ACTIVITY INCOME	05.1.1790.000.450.356		973.62
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.1790.000.500.295	104.66	
PRINCIPAL ACCOUNT - OTHER ACTIVITY INCOME	05.1.1790.000.500.358		104.66
FCCLA - OTHER ACTIVITY INCOME	05.1.1790.000.900.335	3,646.03	
HOME EC - OTHER ACTIVITY INCOME	05.1.1790.000.900.341		3,646.03
POP - OTHER ACTIVITY INCOME	05.1.5200.000.000.356	825.00	
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.5200.000.000.295		825.00
POP - OTHER ACTIVITY INCOME	05.1.5200.000.100.356	1,823.22	
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.5200.000.000.295		1,823.22
BOOKSTORE - OTHER ACTIVITY INCOME	05.1.5200.000.400.164	784.64	
LOST BOOKS - OTHER ACTIVITY INCOME	05.1.5200.000.400.349		784.64
ASSIGN BOOKS - OTHER ACTIVITY INCOME	05.1.5200.000.400.308	17.65	
LOST BOOKS - OTHER ACTIVITY INCOME	05.1.5200.000.400.349		17.65
POP - OTHER ACTIVITY INCOME	05.1.5200.000.400.356	19.31	
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.5200.000.400.295		19.31
PRINCIPAL ACCOUNT - OTHER ACTIVITY INCOME	05.1.5200.000.400.358	1,821.21	
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.5200.000.400.295		1,821.21
POP - OTHER ACTIVITY INCOME	05.1.5200.000.450.356	973.62	
STAFF ACTIVITY FUND - OTHER ACTIVITY INCOME	05.1.5200.000.450.295		973.62
PRINCIPAL ACCOUNT - OTHER ACTIVITY INCOME	05.1.5200.000.500.358	104.66	
STAFF ACTIVITY FUND	05.1.5200.000.500.295		104.66
CRETE ALLIANCE - OTHER ACTIVITY INCOME	05.1.5200.000.900.326	110.87	
CRETE ALLIANCE - OTHER ACTIVITY INCOME	05.1.1790.000.900.326		110.87
HOME EC - OTHER ACTIVITY INCOME	05.1.5200.000.900.341	3,646.03	
FCCLA - OTHER ACTIVITY INCOME	05.1.5200.000.900.335		3,646.03
INFO PROCESSING - OTHER ACTIVITY INCOME	05.1.5200.000.900.343	321.00	
ADMIN-ATHLETICS/ACTIVITIES - OTHER ACTIVITY INCOME	05.1.5200.000.400.200		321.00
INVESTMENTS - OTHER ACTIVITY INCOME	05.1.5200.000.900.345	2,456.78	
ADMIN-ATHLETICS/ACTIVITIES - OTHER ACTIVITY INCOME	05.1.5200.000.400.200		2,456.78
YEARBOOK - OTHER ACTIVITY INCOME	05.1.5200.000.900.372	452.82	
YEARBOOK - OTHER ACTIVITY INCOME	05.1.5200.000.400.372		452.82

To reclassify activity transfers and negative fund balances