

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

FINANCIAL REPORT

FOR THE YEAR ENDED
AUGUST 31, 2014
AND
ACCOUNTANT'S OPINION THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Garden County Schools
Oshkosh, NE 69154

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Garden County Schools (the School District), Oshkosh, Nebraska, as of and for the year ended August 31, 2014, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and each major fund of the School District as of August 31, 2014, and the respective changes in modified cash-basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 modified cash basis of accounting, which is a basis

of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3–7 and 22–30 and the supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Management's discussion and analysis on pages 3-7, the budgetary comparison information presented on pages 22-30, and the supplemental schedules listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We have previously audited the School District's financial statements as of and for the year ended August 31, 2013 and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated November 5, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rauner + Assoc. P.C." with a stylized flourish at the end.

Rauner and Associates, P.C.
Sidney, Nebraska

November 5, 2014

GARDEN COUNTY SCHOOLS

— P.O. Box 230, Oshkosh, NE 69154-0230 —



Garden County Elementary
800 West 2nd
Oshkosh, NE 69154
(308) 772-3336
Fax (308) 772-4059

Garden County Jr. /Sr. High School
200 West 4th
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(308) 772-3242
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GARDEN COUNTY SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the School District's annual audit report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on August 31, 2014. Please read it in conjunction with the School District's financial statements, which follows this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements 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, fund financial statements, and the classification of net position into three components: (a) net investment in capital assets; (b) restricted; and (c) unrestricted.

This annual report consists of three parts: (1) *Management's Discussion and Analysis* (this section); (2) the *Basic Financial Statements Modified Cash Basis*; and (3) *Supplemental Schedules*.

The accompanying basic financial statements have been prepared on the modified cash basis of accounting. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, net position/fund equity, receipts and disbursements only when they result from cash transactions, except that long-term investments acquired with cash assets are reported at cost as assets and Interfund receivables and payables resulting from cash transactions are reported as assets and liabilities in the fund financial statements. Accordingly, the financial statements and supplemental schedules are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The use of the cash basis of accounting is permissible under Title 92, Nebraska Administrative Code, Chapter 2 for school districts such as Garden County School District No. 1.

The government-wide financial statements report information on all of the non-fiduciary 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 School District reports all of its activities as governmental activities.

GARDEN COUNTY SCHOOLS

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Each individual governmental fund is reported as separate columns in the fund financial statements.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the School District's own programs. The Activities Fund is a fiduciary fund.

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

FINANCIAL HIGHLIGHTS (Detailed Information Follows later in this Discussion & Analysis)

- On the government-wide financial statements:
 - The School District's total net position, as compared to the prior fiscal year, increased by \$986,199. Most of the increase is attributable to the increased land valuation, decreased costs of operation, declining enrollment, and increased cash reserves.
 - During the year, the School District's disbursements were \$986,199 less than the \$5,204,998 in current receipts.
- On the fund financial statements:
 - Ending fund balance increased from \$6,690,565 in fiscal year 2013 to \$7,676,764 in fiscal year 2014, an increase of \$986,199 due to an increase in cash reserves and depreciation fund transfers.
 - In the General Fund, unreserved funds were \$5,753,204 in fiscal year 2014, an increase of \$464,590 from 2013.
 - Total General Fund actual revenues were under budgeted resources by \$60,825 and actual expenditures were less than budgeted expenditures by \$2,415,761.
 - The School District's General Fund disbursements were \$3,967,798 during the fiscal year 2014, a decrease of \$80,833 from 2013.
 - The certified taxable value for the District increased 7.16% from the 2012-2013 certified value.

GARDEN COUNTY SCHOOLS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table illustrates the net position and changes in the net position for the School District. The School District's combined net position were \$7,676,764 on August 31, 2014.

Statement of School District's Net Position

	2014	2013	% Change
Assets			
Current Assets	\$ 7,676,764	\$ 6,690,565	14.74%
Total Assets	<u>\$ 7,676,764</u>	<u>\$ 6,690,565</u>	14.74%
Net Position			
Restricted	\$ 1,253,005	\$ 1,248,250	0.38%
Unrestricted	6,423,759	5,442,315	18.03%
Total Net Position	<u>\$ 7,676,764</u>	<u>\$ 6,690,565</u>	14.74%

Changes in the School District's Net Position

	2014	2013	% Change
Receipts			
Program Receipts	\$ 665,686	\$ 740,843	-10.14%
General Receipts:			
Property Taxes	3,904,664	3,394,686	15.02%
State Aid	27,100	18,215	48.78%
Other Local, County, & State Receipts	607,548	527,736	15.12%
Total Receipts	<u>5,204,998</u>	<u>4,681,480</u>	11.18%
Disbursements			
Instructional, & Support Services	2,484,433	2,374,826	4.62%
Administrative & Business Services	356,165	458,112	-22.25%
Operation & Maintenance	756,930	903,550	-16.23%
Pupil Transportation	111,050	101,240	9.69%
Federal Programs	266,532	282,905	-5.79%
Other	31,560	27,231	15.90%
School Lunch	212,129	200,859	5.61%
Total Disbursements	<u>4,218,799</u>	<u>4,348,723</u>	-2.99%
Increase in Net Position	986,199	332,757	196.37%
Beginning Net Position	6,690,565	6,357,808	5.23%
Ending Net Position	<u>\$ 7,676,764</u>	<u>\$ 6,690,565</u>	14.74%

Governmental Activities

The net position (as reflected by the fund balances) for the major governmental funds increased by \$986,199 overall. The increase in the overall net position as indicated in the table below is as follows. The General Fund balance increased by \$464,590 due to increased General Fund transfers to Depreciation and Employee Benefit Funds.

Fund	Beginning Balance 8/31/2013	Transfers	Receipts	Disbursements	Ending Balance 8/31/2014	Change in Fund Balance
General	\$ 5,288,614	\$ (330,000)	\$ 4,432,388	\$ 3,637,798	\$ 5,753,204	\$ 464,590
Depreciation	335,712	200,000	1,127	192,927	343,912	8,200
Employee Benefit	121,593	25,000	3,138	-	149,731	28,138
School Lunch	153,701	80,000	155,340	212,129	176,912	23,211
Special Building	779,837	-	615,774	153,746	1,241,865	462,028
Student Fee	11,108	-	32	-	11,140	32
Total	<u>\$ 6,690,565</u>	<u>\$ (25,000)</u>	<u>\$ 5,207,799</u>	<u>\$ 4,196,600</u>	<u>\$ 7,676,764</u>	<u>\$ 986,199</u>

GARDEN COUNTY SCHOOLS

The largest single source of receipts for the District is property tax. In 2012-2013, the District's assessed valuation was \$491,596,650. In 2013-2014, it increased by \$35,174,098 or 7.16% to \$526,770,748.

The following table shows the property tax rates, by fund, for fiscal years 2013-2014. Note: levies are expressed in dollars and cents per \$100 of valuation. For example, the School District's total property tax on a \$100,000 property in 2013-2014 would be \$802.

Fund	2013-2014 Levy	2012-2013 Levy	Levy Change	% Change
General	0.695415	0.599951	0.095464	13.73%
Special Building	0.106423	0.140013	(0.033590)	-31.56%
Total Levy	0.801838	0.739964	0.061874	7.72%

The following table illustrates the receipts and disbursements within the District's General Fund. The School District's state aid recorded in the General Fund for 2012-2013 was \$18,215 and \$27,100 for the 2013-2014 fiscal year, an increase of \$8,885 (48.78%).

	Year Ended 8/31/2013	% of Total	Year Ended 8/31/2014	% of Total
Receipts				
Property Tax	\$ 2,737,859	70.79%	\$ 3,330,472	75.14%
State Aid	18,215	0.47%	27,100	0.61%
Federal Receipts	264,309	6.83%	180,029	4.06%
Other Local, County, State, Receipts	847,100	21.90%	894,787	20.19%
Total Receipts	\$ 3,867,483	100.00%	\$ 4,432,388	100.00%
Disbursements				
Instruction & Instructional Support	\$ 2,351,926	58.09%	\$ 2,487,234	62.69%
Administration & Business Services	458,112	11.32%	356,165	8.98%
Operation & Maintenance	407,217	10.06%	410,257	10.34%
Transportation	101,240	2.50%	111,050	2.80%
Federal Programs	282,905	6.99%	266,532	6.72%
Other	7,231	0.18%	6,560	0.16%
Transfers	440,000	10.87%	330,000	8.31%
Total Disbursements	\$ 4,048,631	100.00%	\$ 3,967,798	100.00%

GENERAL FUND BUDGETARY HIGHLIGHTS

- Over the course of the 2013-2014 fiscal year, the School District's General Fund Cash Position increased by \$464,590. The following table provides a detailed picture of the change in cash position:

GARDEN COUNTY SCHOOLS

	2013-2014 Budget	Year-End Actual	Difference
09/1/2013 Actual Beginning Balance	\$ 4,315,185	\$ 5,288,614	\$ 973,429
Receipts			
Property Taxes	3,626,613	3,330,472	(296,141)
State Aid	27,100	27,100	-
Other Local	209,000	282,847	73,847
County	25,000	28,625	3,625
Special Education	300,000	300,853	853
Other State	111,500	260,293	148,793
Federal Programs	192,000	180,029	(11,971)
Nonrevenue	2,000	22,169	20,169
Total Receipts	4,493,213	4,432,388	(60,825)
Expenditures	6,383,559	3,967,798	(2,415,761)
08/31/14 Ending Balance	<u>\$ 2,424,839</u>	<u>\$ 5,753,204</u>	<u>\$ 3,328,365</u>

As detailed in the table, total receipts were \$60,825 less than budget, and the budget of expenditures was under spent by \$2,415,761. The largest factor was due to an increase in property tax receipts and the School District's goal to increase cash reserves.

In preparing the School District for the 2015-2016 school year, the district goal to continue to improve facilities is a top priority. The recent closing of the 6-8 facility in Lewellen, resulted in a property sale and predicts less utility costs. However, the elementary site is over 50 years old and in great need of basic building updates (windows, doors, and flooring). A very large portion of the valuation of this district is agricultural land, which is predicted to eventually drop in valuation in future years. Cash reserves are stable.

OTHER INFORMATION

The School District has stabilized its financial condition, while attempting to reduce the overall levy for all landowners in the School District. However, it is likely that the School District will continue receive little to no state aid in future years. The effect of this is the School District's financial status will continue to be largely dependent upon valuation increases and less reliant on unstable state aid revenues. Continuing enrollment decreases will undoubtedly lead to reduced state aid contributions, thus increasing the need to rely on local revenue to drive the budget. The School District's budget is controlled by the NE Department of Education guidelines, specifically the lack of ability to increase budget authority based on having access to more resources than needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and bond-buyers a general overview of the School District's finances and to demonstrate the School District's accountability for the money with which it is entrusted. If you have questions about this report or need additional financial information, contact the Superintendent's Office, Garden County School District No. 1, PO Box 230, Oshkosh, NE 69154. Our telephone number is (308) 772-3242, our fax number is (308) 772-3039, and our email address is psissel@gceagles.org.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT A

STATEMENTS OF NET POSITION - MODIFIED CASH BASIS
August 31, 2014

	Governmental Activities	
	For	
	Comparative	
	Purposes Only	
	2014	2013
ASSETS		
Cash and Cash Equivalents	\$ 1,289,967	\$ 1,224,410
Equity in Pooled Cash	2,880,295	2,173,422
Cash with Fiscal Agent	1,196,387	996,612
Investments	2,310,115	2,296,121
Total Assets	<u>7,676,764</u>	<u>6,690,565</u>
NET POSITION		
Restricted:		
Employee Benefits	-	121,593
Building Improvements	1,241,865	779,837
Capital Outlay	-	335,712
Student Fees	11,140	11,108
Unrestricted	6,423,759	5,442,315
Total Net Position	<u>\$ 7,676,764</u>	<u>\$ 6,690,565</u>

The Notes to the Financial Statements are an integral part of these statements.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT B

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2014

Functions/Programs	Disbursements	Program Receipts		2014	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities For Comparative Purposes Only 2013
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ (1,817,486)	\$ -	\$ 39,198	\$ (1,778,288)	\$ (1,687,399)
Special Education	(609,879)	-	300,853	(309,026)	(287,123)
Support Services - Pupils	(41,190)	-	-	(41,190)	(39,299)
Support Services - Staff	(15,878)	-	-	(15,878)	(15,703)
Board of Education	(27,840)	-	-	(27,840)	(38,175)
Executive Administrative Services	(74,965)	-	-	(74,965)	(73,552)
Office of Principal	(173,848)	-	-	(173,848)	(168,092)
General Administration, Business Services	(79,512)	-	-	(79,512)	(178,293)
Maintenance and Operation of					
Buildings and Sites	(756,930)	-	-	(756,930)	(903,550)
Regular Pupil Transportation	(93,839)	-	-	(93,839)	(85,735)
Special Education Transportation	(17,211)	-	10,741	(6,470)	(6,069)
State Programs	(6,560)	-	3,827	(2,733)	(583)
Federal Programs	(266,532)	-	156,071	(110,461)	(47,068)
School Lunch	(212,129)	52,789	102,207	(57,133)	(57,239)
Total Governmental Activities	\$ (4,193,799)	\$ 52,789	\$ 612,897	(3,528,113)	(3,587,880)
General Receipts:					
Taxes:					
Property				3,904,664	3,394,686
Public Power District Sales Tax				64,953	45,768
Motor Vehicle				164,745	165,212
State and County Shared Receipts, unrestricted				290,256	271,390
State Aid				27,100	18,215
Interest Income				24,990	28,191
Sale of Assets				50,194	-
Other				12,410	17,175
Total General Receipts				4,539,312	3,940,637
Transfers - District Support to Activity (Fiduciary) Fund				(25,000)	(20,000)
Change in Net Position				986,199	332,757
Net Position - Beginning				6,690,565	6,357,808
Net Position - Ending				\$ 7,676,764	\$ 6,690,565

The Notes to the Financial Statements are an integral part of these statements.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT C

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

August 31, 2014

	General Funds		Special Revenue Funds		Capital Project Funds		Total Major Governmental Funds	
	General Fund	Employee Benefit Fund	School Lunch Fund	Student Fee Fund	Depreciation Fund	Special Building Fund	For Comparative Purposes Only	
							2014	2013
ASSETS								
Cash and Cash Equivalents	\$ 1,101,721	\$ 11,334	\$ 176,912	\$ -	\$ -	\$ -	\$ 1,289,967	\$ 1,224,410
Equity in Pooled Cash	1,557,067	138,397	-	11,140	236,588	937,103	2,880,295	2,173,422
Cash with Fiscal Agent	1,039,536	-	-	-	-	156,851	1,196,387	996,612
Investments	2,054,880	-	-	-	107,324	147,911	2,310,115	2,296,121
Total Assets	\$ 5,753,204	\$ 149,731	\$ 176,912	\$ 11,140	\$ 343,912	\$ 1,241,865	\$ 7,676,764	\$ 6,690,565
FUND BALANCES								
Restricted for:								
Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,593
Building Improvements	-	-	-	-	-	1,241,865	1,241,865	779,837
Capital Outlay	-	-	-	-	-	-	-	335,712
Student Fees	-	-	-	11,140	-	-	11,140	11,108
Committed to:								
Lunch Activity	-	-	176,912	-	-	-	176,912	153,701
Employee Benefits	-	149,731	-	-	-	-	149,731	-
Capital Outlay	-	-	-	-	343,912	-	343,912	-
Unassigned:	5,753,204	-	-	-	-	-	5,753,204	5,288,614
Total Fund Balances	5,753,204	149,731	176,912	11,140	343,912	1,241,865	7,676,764	6,690,565
Total Liabilities and Fund Balances	\$ 5,753,204	\$ 149,731	\$ 176,912	\$ 11,140	\$ 343,912	\$ 1,241,865	\$ 7,676,764	\$ 6,690,565

The Notes to the Financial Statements are an integral part of these statements.

GARDEN COUNTY SCHOOL DISTRICT NO.1
OSHKOSH, NEBRASKA

EXHIBIT D

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

FOR THE YEAR ENDED AUGUST 31, 2014

	General Funds		Special Revenue Funds		Capital Project Funds		Total Major Governmental Funds	
	General Fund	Employee Benefit Fund	School Lunch Fund	Student Fee Fund	Depreciation Fund	Special Building Fund	2014	For Comparative Purposes Only 2013
RECEIPTS								
Local Sources	\$ 3,613,319	\$ 337	\$ 53,133	\$ 32	\$ 1,127	\$ 546,628	\$ 4,214,576	\$ 3,700,635
County Sources	28,625	-	-	-	-	-	28,625	30,016
State Sources	588,246	-	1,280	-	-	31,146	620,672	593,365
Federal Sources	180,029	-	100,927	-	-	-	280,956	353,184
Other	9,975	-	-	-	-	-	9,975	3,213
Total Receipts	4,420,194	337	155,340	32	1,127	577,774	5,154,804	4,680,413
DISBURSEMENTS								
Instruction	1,820,287	(2,801)	-	-	-	-	1,817,486	1,729,871
Special Education	609,879	-	-	-	-	-	609,879	589,953
Support Services - Pupils	41,190	-	-	-	-	-	41,190	39,299
Support Services - Staff	15,878	-	-	-	-	-	15,878	15,703
Board of Education	27,840	-	-	-	-	-	27,840	38,175
Executive Administrative Services	74,965	-	-	-	-	-	74,965	73,552
Office of Principal	173,848	-	-	-	-	-	173,848	168,092
General Administration, Business	79,512	-	-	-	-	-	79,512	178,293
Maintenance and Operation of								
Buildings and Sites	410,257	-	-	-	192,927	153,746	756,930	903,550
Regular Pupil Transportation	93,839	-	-	-	-	-	93,839	85,735
Special Education Transportation	17,211	-	-	-	-	-	17,211	15,505
State Programs	6,560	-	-	-	-	-	6,560	7,231
Federal Programs	266,532	-	-	-	-	-	266,532	282,905
School Lunch	-	-	212,129	-	-	-	212,129	200,859
Total Disbursements	3,637,798	(2,801)	212,129	-	192,927	153,746	4,193,799	4,328,723
Excess (Deficiency) of Receipts								
Over (under) Disbursements	782,396	3,138	(56,789)	32	(191,800)	424,028	961,005	351,690
OTHER FINANCING SOURCES (USES)								
Sale of Property	12,194	-	-	-	-	38,000	50,194	1,067
District Support - Student Activities	(25,000)	-	-	-	-	-	(25,000)	(20,000)
Transfers In	-	25,000	80,000	-	200,000	-	305,000	420,000
Transfers Out	(305,000)	-	-	-	-	-	(305,000)	(420,000)
	(317,806)	25,000	80,000	-	200,000	38,000	25,194	(18,933)
Excess (Deficiency) of Receipts and Other Sources over Disbursements and Other Uses	464,590	28,138	23,211	32	8,200	462,028	986,199	332,757
Fund Balances - Beginning	5,288,614	121,593	153,701	11,108	335,712	779,837	6,690,565	6,357,808
Fund Balances - Ending	\$ 5,753,204	\$ 149,731	\$ 176,912	\$ 11,140	\$ 343,912	\$ 1,241,865	\$ 7,676,764	\$ 6,690,565

The Notes to the Financial Statements are an integral part of these statements.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT E

STATEMENTS OF AGENCY ASSETS AND LIABILITIES - MODIFIED CASH BASIS
FIDUCIARY FUND

August 31, 2014

	Activities Fund	
	For Comparative Purposes Only	
	2014	2013
ASSETS		
Cash	\$ 135,495	\$ 107,915
Total Assets	<u>\$ 135,495</u>	<u>\$ 107,915</u>
LIABILITIES		
Due to Student Organizations	\$ 135,495	\$ 107,915
Total Liabilities	<u>\$ 135,495</u>	<u>\$ 107,915</u>

SCHEDULE OF RECEIPTS, EXPENDITURES AND FUND BALANCE - MODIFIED CASH BASIS
FIDUCIARY FUND

August 31, 2014

	For Comparative Purposes Only	
	2014	2013
FUND BALANCE, Beginning of Year	\$ 107,915	\$ 94,587
Receipts:		
Interest	124	-
Activities Receipts	132,451	102,209
Total Receipts	<u>132,575</u>	<u>102,209</u>
Total Available Resources	240,490	196,796
Disbursements:		
Activities Disbursements	<u>129,995</u>	<u>108,881</u>
Other Financing Sources:		
Transfers In - General Fund Support	<u>25,000</u>	<u>20,000</u>
FUND BALANCE, End of Year	<u>\$ 135,495</u>	<u>\$ 107,915</u>

The Notes to the Financial Statements are an integral part of these statements.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT F

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, the accounting policies of Garden County School District No. 1 (the School District) substantially comply with the Accounting User's Manual for Nebraska School Districts issued by the Nebraska Department of Education.

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

A. Reporting Entity

Garden County School District No. 1's Board of Education (the Board) is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB, since Board members are elected by the public and have the decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Measurement Focus – In both the government-wide financial statement and the fund financial statements, the governmental activities are presented using a cash basis measurement focus. Their reported net position/fund balance is considered a measure of "available cash and investments". The operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financial uses) in net current position.

2. Basis of Accounting - The government-wide and the governmental fund financial statements are reported on a modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- Investments
- Cash with Fiscal Agent

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenditures are not recorded in these financial statements. Accordingly, the School District's financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

If the School District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

3. Financial Statement Presentation

a. Government-Wide Financial Statements:

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. Fiduciary activities, whose resources are not available to finance the School District's programs, are excluded from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities (if applicable), which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. 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, even if restricted for a specific purpose.

The effect of interfund activity between the governmental funds has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

b. Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund balances, receipts collected and expenditures disbursed. Funds are organized into two major categories: governmental and proprietary. The School District presently has no proprietary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District, is designated as a major fund by the School District's management, or meets the following criteria:

- 1) Total assets, liabilities, receipts/revenues or expenditures/disbursements of that individual governmental fund or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type, and
- 2) Total assets, liabilities, receipts/revenues or expenditures/disbursements of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.

The School District has elected to treat all funds as major funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

The School District reports the following major 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 requirements, or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the new and replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

Employee Benefit Fund – The Employee Benefit Fund is established in order to specifically reserve General Fund money for the benefit of school district employees. This fund may consist of more than one account for valid allocation purposes.

Special Revenue Fund – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. The reporting entity includes the following special revenue funds:

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

Student Fee Fund – The Student Fee Fund is used to account for funds collected from students for the following uses: (1) participation in extra curricular activities, (2) postsecondary education costs, and (3) summer school or night school. Disbursements from this fund must be used for the purposes for which the fees were collected.

Capital Project Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The School District reports the Depreciation Fund and the Special Building Fund as Capital Project Funds.

Depreciation Fund - The Depreciation Fund is established for the accumulation of funds for future capital purchases. This fund is considered a component of the General Fund.

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 may approve a

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

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.

Fiduciary Funds – These funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the School District's own program. The following is an agency fund:

Activities Fund - The Activities Fund is used to account for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities, not part of another fund.

C. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of the School District's checking and money market accounts. Equity in Pooled Cash represents a combined money market account used by more than one fund for receipts and disbursements. Cash with Fiscal Agent represents taxes collected by the County Treasurer but not remitted to the School District as of August 31, 2014.

2. Investments

Investments consist of certificates of deposit with maturity dates greater than three months from the purchase date. The certificates of deposit are stated at cost, which approximates fair value.

3. Receivables and Payables

Outstanding long-term interfund loans resulting from cash transactions between funds are reported as "Advances From/To Other Funds". Alternatively, outstanding short-term Interfund loans resulting from cash transactions between funds are reported as "Due To/From Other Funds".

4. Capital Assets

Capital assets are recorded as disbursements when paid for by the School District and are not recorded on the government-wide or fund financial statements.

5. Equity Classification

Government-Wide Statements:

Net Position is classified and displayed in three components:

- a. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

- b. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provision or enabling legislation.
- c. *Unrestricted.* Net amount of assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the School District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Governmental Fund Financial Statements:

Beginning with fiscal year 2011, the School District implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a School District intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board established (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This could typically be done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose.

In the General Fund, the School District strives to maintain an unassigned fund balance to be used for unanticipated emergencies that should arise from state funding shortfalls.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

D. Receipts and Disbursements

1. Program Receipts:

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. Program receipts in instructional activity includes tuition received, charges to other districts for special education instructors, and operating grants from state and federal agencies for special education and other grant programs. Program receipts in the school lunch activity include lunchroom meal charges and operating grants from federal and state child nutrition programs.

2. Property Tax Calendar:

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The property tax requirement resulting from the budget process is utilized to establish the tax levy, which attaches as an enforceable lien on property within the District as of January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1.

E. Internal and Interfund Balances and Activities

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

F. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as budget estimates); accordingly, actual results could differ from these estimates.

G. Prior Period Comparison

The financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended August 31, 2013, from which such summarized information was derived.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the School District is subject to various federal, state and local laws and contractual regulations. The results of audit tests disclosed an instance of noncompliance that is considered material to the financial statements or that is required to be reported under *Government Auditing Standards*:

- A. The School District's was under collateralized with uninsured investments for the year ended August 31, 2014, in the amount of \$174,889.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

Note 3: DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS

A. CASH AND INVESTMENTS

Nebraska State Statutes authorize the School District, with the consent of its Board, to invest the funds of the School District in securities of the nature of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of another. The School District may also invest in certificates of deposit of banks that are members of the FDIC in Nebraska to the extent that deposits are insured by the FDIC.

Cash, Cash Equivalents, and Investments for the School District at August 31, 2014, consisted of the following:

Demand Deposits	\$ 4,170,262
Certificates of Deposit	2,310,115
Total Governmental Funds	<u>6,480,377</u>
Cash on Hand - Activity Fund	3,475
Demand Deposits - Activity Fund	132,020
Total Fiduciary Fund	<u>135,495</u>
Total	<u><u>\$ 6,615,872</u></u>

RISKS

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

- Custodial Credit Risk – for deposits and investments, custodial credit risk is the risk that in the failure of a bank or counterparty, the District will not be able to recover the value of its deposits or collateral securities in the possession of a third party.
- Credit Risk - for deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk – for deposits and investments, interest rate risk is the risk that the value of deposits will decrease as a result of a rise in interest rates.

The School District does not have a deposit policy for custodial credit risk. As of August 31, 2014, \$174,889 of the School District's bank balance of \$6,792,021 (this does not reflect outstanding checks or deposits in transit) was exposed to custodial credit risk as follows:

Uninsured & uncollateralized	<u>\$ 174,889</u>
Total	<u><u>\$ 174,889</u></u>

B. INTERFUND TRANSFERS AND BALANCES

1. Operating Transfers

Operating transfers are authorized cash transfers between funds where repayment is not expected. These Interfund transfers are eliminated in the government-wide Statement of Activities.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

The following is a schedule of operating transfers for the year ended August 31, 2014.

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 330,000
Governmental Fund - Lunch	80,000	-
Governmental Fund - Depreciation Fund	200,000	-
Governmental Fund - Employee Benefit	25,000	-
Fiduciary Fund - Activity Fund	25,000	-
Total Operating Transfers	<u>\$ 330,000</u>	<u>\$ 330,000</u>

Transfers from the General Fund are used to support the School District's School Lunch Program (\$80,000), to support student activities (\$25,000), to fund future employee benefits (\$25,000), and to purchase buses (\$200,000).

Note 4: OTHER NOTES

A. Employee Pension and Other Benefits Plans

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

beneficiaries. The School Employees Retirement Act establishes benefit provisions. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, 1221 N Street, Suite 325, PO Box 94816, Lincoln, NE 68509-4816 or by calling 1-800-245-5712.

Funding Policy. Plan members were required to contribute 8.88% of their annual covered salary from September 1, 2011 – August 31, 2012. Plan members were required to contribute 9.78% of their annual covered salary from September 1, 2012 – August 31, 2013. Plan members were required to contribute 9.78% of their annual covered salary from September 1, 2013 – August 31, 2014. The School District is required to contribute 101% of the employee contribution. The contribution requirements of plan members and the School District are established by the Nebraska Statutes. The School District's contributions to NPERS for the years ending August 31, 2012, 2013, and 2014, were \$210,441, \$229,204 and \$239,706, respectively, equal to the required contributions for each year.

Compensated Absences. Vacation and sick leave are recorded when paid. The liability for accumulated unpaid vacation and sick leave benefits has not been accrued for in the financial statements in accordance with the basis of accounting disclosed above.

B. Federal Food Commodities

The School District received \$9,744 worth of Federal Food Commodities for the year ended August 31, 2014.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT F
(Continued)

C. Commitments and Contingencies

1. Unemployment Compensation:

The School District is self-insuring its unemployment. No funds have been designated for this purpose.

2. Property Tax Receipts:

A movement towards property tax reduction is present in the political and legal environment in the State of Nebraska. The School District will be subject to a tax levy limit of \$1.05 per hundred dollars of assessed valuation for the 2014-2015 year. In addition, the full impact of current legislation and proposed initiatives regarding spending and revenue limitations cannot be assessed.

D. 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 omission; injuries to employees; and natural disasters. The School District has insurance coverage through participation in the Nebraska Association of School Boards All Lines Interlocal Cooperative Aggregate Pool. The agreement for formation of the NASB ALICAP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for individual losses above their designated retention levels. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments. The Nebraska Association of School Boards All Lines Interlocal Cooperative Aggregate Pool has published its own financial report for the year ended August 31, 2014, which can be obtained from NASB ALICAP, 1311 Stockwell, Lincoln, NE 68502.

E. Annual Financial Report Reconciliation

On the Annual Financial Report that is filed with the State of Nebraska, the transfer to the Depreciation Fund is expensed in the General Fund as Transportation Capital Outlay (\$200,000) in the year of transfer and the transfer to the Employee Benefit Fund is expensed in the General Fund as Instructional Employee Benefits (\$25,000).

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT G

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, Beginning of Year	\$ 4,315,185	\$ 5,288,614
Receipts:		
Local Sources:		
Property Taxes	3,626,613	3,330,472
Carline Taxes	38,000	39,240
Motor Vehicle Taxes	150,000	164,745
Public Power District Sales Tax	-	56,387
Interest	20,000	20,040
Licenses	1,000	1,700
Other	-	735
	3,835,613	3,613,319
County Sources:		
Fines and Licenses	25,000	27,565
Educational Service Unit Receipts	-	1,060
	25,000	28,625
State Sources:		
State Aid	27,100	27,100
Special Education	300,000	300,853
Special Education Transportation	9,000	10,741
Homestead Exemption	-	30,462
Property Tax Credit	-	158,731
Payments for High Ability Learners	3,500	3,605
Prorate Motor Vehicle	4,000	8,623
State Apportionment	35,000	33,729
Distance Education	10,000	14,180
Other	50,000	222
	438,600	588,246
Federal Sources:		
Title I, Part A	65,000	10,969
21st Century	50,000	36,761
IDEA	45,000	63,165
Medicaid	20,000	23,958
REAP	-	34,709
Other Federal Receipts	12,000	10,467
	192,000	180,029
Other Non-Revenue Receipts:		
Sale of Property	-	12,194
Other	2,000	9,975
	2,000	22,169
Total Receipts	4,493,213	4,432,388
Total Available Resources	8,808,398	9,721,002

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT G
(Cont.)

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
Disbursements:		
Operational Disbursements:		
Instruction	\$ 2,878,789	\$ 1,820,287
Special Education	775,000	609,879
Support Services - Pupils	90,000	41,190
Support Services - Staff	56,000	15,878
Board of Education	60,000	27,840
Executive Administrative Services	170,000	74,965
Office of Principal	275,000	173,848
General Administration, Business Services	105,000	79,512
Vehicle Acquisition & Maintenance	250,000	-
Maintenance and Operation of Building and Site	500,000	410,257
Regular Pupil Transportation	105,000	93,839
Special Education Transportation	50,000	17,211
State Categorical Programs	16,000	6,560
Federal Programs	280,000	266,532
Total Disbursements	5,610,789	3,637,798
Other Financing Sources (Uses):		
Transfers	(330,000)	(330,000)
Other	(442,770)	-
Total Other Financing Sources (Uses):	(772,770)	(330,000)
Total Disbursements and Other Financing Sources	6,383,559	3,967,798
FUND BALANCE, End of Year	<u>\$ 2,424,839</u>	<u>\$ 5,753,204</u>

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT H

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, Beginning of Year	\$ 86,304	\$ 121,593
Receipts:		
Interest	-	337
Total Available Resources	86,304	121,930
Disbursements:		
Employee Benefits	86,304	(2,801)
Other	25,000	-
Total Disbursements	111,304	(2,801)
Other Financing Sources (Uses):		
Transfers In - General Fund Support	25,000	25,000
FUND BALANCE, End of Year	\$ -	\$ 149,731

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT I

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, Beginning of Year	\$ 114,283	\$ 153,701
Receipts:		
Lunchroom Sales	48,000	52,789
Interest	200	344
State Reimbursement	800	1,280
Federal Reimbursement	75,000	100,927
Total Receipts	<u>124,000</u>	<u>155,340</u>
Total Available Resources	<u>238,283</u>	<u>309,041</u>
Disbursements:		
Salaries	118,500	63,340
Employee Benefits	22,000	10,545
Supplies & Materials	4,000	4,439
Food	168,892	132,240
Capital Outlay	3,000	166
Other	1,891	1,399
Total Disbursements	<u>318,283</u>	<u>212,129</u>
Other Financing Sources:		
Transfers In - General Fund Support	<u>80,000</u>	<u>80,000</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ 176,912</u>

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT J

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, Beginning of Year	\$ 11,075	\$ 11,108
Receipts:		
Interest	-	32
Total Available Resources	11,075	11,140
Disbursements:		
Extracurricular Activity Fees	11,075	-
FUND BALANCE, End of Year	\$ -	\$ 11,140

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT K

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, Beginning of Year	\$ 247,013	\$ 335,712
Receipts:		
Interest	750	1,127
Total Available Resources	247,763	336,839
Disbursements:		
Supplies	-	42,025
Capital Outlay	447,763	150,902
Total Disbursements	447,763	192,927
Other Financing Sources:		
Transfers In - General Fund Support	200,000	200,000
FUND BALANCE, End of Year	\$ -	\$ 343,912

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT L

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

YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, Beginning of Year	\$ 525,388	\$ 779,837
Receipts:		
Local Sources:		
Property Taxes	555,000	528,947
Carline Taxes	-	6,005
Interest	-	3,110
Other Local Receipts	-	8,566
	<u>555,000</u>	<u>546,628</u>
State Sources:		
Homestead	-	4,668
Property Tax Credit	-	24,936
Pro-rate Motor Vehicle	-	1,542
	<u>-</u>	<u>31,146</u>
Total Receipts	<u>555,000</u>	<u>577,774</u>
Total Available Resources	<u>1,080,388</u>	<u>1,357,611</u>
Disbursements:		
Purchased Services	-	1,888
Building Acquisition and Improvement	1,080,388	134,718
Other	-	17,140
Total Disbursements	<u>1,080,388</u>	<u>153,746</u>
Other Financing Sources (Uses):		
Sale of Property	<u>-</u>	<u>38,000</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ 1,241,865</u>

See Notes to the Supplementary Information (SI) -
Supplemental Schedules of Cash Receipts, Disbursements and Fund Balance - Budget and Actual

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT M

NOTES TO THE SUPPLEMENTARY INFORMATION (SI) –
SUPPLEMENTARY SCHEDULES OF CASH RECEIPTS,
DISBURSEMENTS AND FUND BALANCE -
BUDGET AND ACTUAL

AUGUST 31, 2014

A. Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Receipts and disbursements are reported when they result from cash transactions.

B. Budget and Budgetary Accounting

The School District is required by state law to adopt annual budgets for the General Fund, Depreciation Fund, Employee Benefit Fund, School Lunch Fund, Special Building Fund, Student Fee Fund, and Activity Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

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

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

As of August 1, or shortly thereafter, Administration of the School District prepares a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

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

Total actual expenditures may not legally exceed the Total Budget of Expenditures. Appropriations for expenditures lapse at year-end. Revisions require a public hearing and Board approval.

The property tax request for the prior year shall be the property tax request for the current year for purposes of the levy set by the County Board of Equalization unless the governing body of the school district passes, by a majority vote, a resolution or ordinance setting the tax request at a different amount prior to October 13.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT M

NOTES TO THE SUPPLEMENTARY INFORMATION (SI) –
(Continued)

The resolutions shall only be passed after a special hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the school district at least five days prior to the hearing.

Any resolution setting a tax request at a different amount than the prior year tax request shall be certified and forwarded to the County Clerk prior to October 13.

C. Activity Fund Budget

The School District must complete a budget for the Activity Fund (a fiduciary fund). The total budget of expenditures for the fund was \$249,543. The actual expenditures were \$129,995.

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT N

GENERAL FUND
SUPPLEMENTAL SCHEDULES OF OPERATIONAL CASH DISBURSEMENTS
MODIFIED CASH BASIS

FOR THE YEAR ENDED AUGUST 31, 2014

	2014	For Comparative Purposes Only 2013
Instruction - Non-Special Education:		
Salaries:		
Teachers	\$ 1,183,166	\$ 1,132,749
Substitutes	24,220	25,558
Clerical and Paraprofessional Staff	46,122	69,611
Employee Benefits	218,370	208,882
Supplies and Materials	17,964	18,346
Other	-	958
	<u>1,489,842</u>	<u>1,456,104</u>
Instruction - LEP:		
Salaries:		
Teachers	6,929	-
Employee Benefits	1,190	-
Other	15	-
	<u>8,134</u>	<u>-</u>
Instruction - Poverty:		
Salaries:		
Teachers	139,323	99,840
Substitutes	8,527	5,128
Clerical and Paraprofessional Staff	70,718	57,262
Employee Benefits	36,167	25,550
Purchased Services	22,758	23,655
Supplies and Materials	36,547	33,391
Capital Outlay	1,709	-
Other	6,562	6,041
	<u>322,311</u>	<u>250,867</u>
Total Instruction	<u>1,820,287</u>	<u>1,706,971</u>
Special Education:		
Salaries:		
Teachers	237,004	229,186
Substitutes	4,250	3,734
Clerical and Paraprofessional Staff	142,216	151,235
Employee Benefits	64,523	64,764
Purchased Services	135,995	115,059
Supplies and Materials	25,751	19,455
Capital Outlay	-	5,395
Other	140	1,125
	<u>609,879</u>	<u>589,953</u>
Support Services - Pupils:		
Salaries:		
Professional	34,645	33,075
Employee Benefits	6,053	5,778
Purchased Services	323	-
Other	169	446
	<u>41,190</u>	<u>39,299</u>

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT N
(Cont.)

GENERAL FUND
SUPPLEMENTAL SCHEDULES OF OPERATIONAL CASH DISBURSEMENTS
MODIFIED CASH BASIS

FOR THE YEAR ENDED AUGUST 31, 2014

	2014	For Comparative Purposes Only 2013
Support Services - Staff:		
Purchased Services	\$ 10,796	\$ 10,361
Supplies and Materials	1,685	4,442
Capital Outlay	899	-
Other	2,498	900
	<u>15,878</u>	<u>15,703</u>
General Administration - Board of Education:		
Purchased Services	6,270	5,859
Accounting and Auditing Services	7,238	6,906
Legal Services	4,082	16,898
Other	10,250	8,512
	<u>27,840</u>	<u>38,175</u>
General Administration - Executive Administration Services:		
Salaries:		
Administrative Staff	59,197	57,381
Employee Benefits	13,567	13,836
Supplies and Materials	64	45
Other	2,137	2,290
	<u>74,965</u>	<u>73,552</u>
Office of Principal:		
Salaries:		
Professional Staff	104,222	96,053
Clerical Staff	41,646	45,778
Employee Benefits	24,919	24,162
Supplies and Materials	1,274	1,446
Other	1,787	653
	<u>173,848</u>	<u>168,092</u>
Support Services - General Administration, Business Services:		
Salaries:		
Clerical Staff	25,041	21,504
Employee Benefits	4,338	3,718
Purchased Services	50,133	48,328
Capital Outlay	-	103,595
Other	-	1,148
	<u>79,512</u>	<u>178,293</u>

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

EXHIBIT N
(Cont.)

GENERAL FUND
SUPPLEMENTAL SCHEDULES OF OPERATIONAL CASH DISBURSEMENTS
MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2014

	For Comparative Purposes Only	
	2014	2013
Support Services - Maintenance and Operation of Building and Site:		
Salaries	\$ 164,609	\$ 156,192
Employee Benefits	38,235	35,932
Purchased Services	177,850	160,428
Supplies and Materials	18,188	36,426
Capital Outlay	2,188	3,946
Other	9,187	14,293
	<u>410,257</u>	<u>407,217</u>
Support Services - Regular Pupil Transportation:		
Salaries	27,154	23,070
Employee Benefits	3,991	3,592
Purchased Services	62,141	57,973
Other	553	1,100
	<u>93,839</u>	<u>85,735</u>
Support Services - Special Education Pupil Transportation:		
Salaries	283	71
Employee Benefits	49	12
Purchased Services	15,905	13,681
Other	974	1,741
	<u>17,211</u>	<u>15,505</u>
State Categorical Programs:		
Salaries	2,150	1,400
Employee Benefits	312	87
Purchased Services	750	-
Supplies and Materials	426	3,643
Other	2,922	2,101
	<u>6,560</u>	<u>7,231</u>
Federal Programs:		
Title I	75,840	86,721
Title II, Part A	14,294	19,322
IDEA	103,352	109,212
21st Century	37,531	42,532
REAP	34,709	18,398
Other Federal Categorical Programs	806	6,720
	<u>266,532</u>	<u>282,905</u>
Transfers:		
Activities Fund	25,000	20,000
Depreciation Fund	200,000	250,000
Employee Benefit Fund	25,000	90,000
School Lunch Fund	80,000	80,000
	<u>330,000</u>	<u>440,000</u>
Total Operational Cash Disbursements	<u>\$ 3,967,798</u>	<u>\$ 4,048,631</u>



**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**

To the Board of Education
Garden County Schools
Oshkosh, NE 69154

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Garden County Schools (the School District), Oshkosh, Nebraska, as of and for the year ended August 31, 2014, 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 November 5, 2014. Our report disclosed that, as discussed in Note 1 to the financial statements, the School District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (2014.1).

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding and responses (2014.2).

Garden County Schools' Response to Findings

The School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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.

A handwritten signature in black ink that reads "Rauner & Associates P.C." with a stylized flourish at the end.

Rauner & Associates, P.C.
Sidney, Nebraska

November 5, 2014

GARDEN COUNTY SCHOOL DISTRICT NO. 1
OSHKOSH, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2014

2014.1: SIGNIFICANT DEFICIENCY, Segregation of Duties

Condition: Due to the size of the organization and limited personnel, the ability for the entity to segregate duties is limited.

Criteria: Proper internal accounting controls require segregation of duties so that no one individual has access to the accounting records or handles a transaction from inception to completion.

Effect: Intentional or unintentional errors could be made and not be detected within a timely period by the School District's management in the normal course of performing their assigned functions.

Recommendation: A remedy for this situation would be for the School District to hire additional accounting staff to allow for proper internal accounting control and segregation of duties.

Response: At this time, the School District's management believes that the benefit of eliminating this significant deficiency does not outweigh the costs of hiring additional accounting staff to allow for proper segregation of duties.

2014.2: INSTANCE OF NONCOMPLIANCE, Cash and Investment Collateral

Condition: The School District is holding cash account balances that are not properly insured or collateralized (See Note 2-A).

Criteria: The School District's management should take extra care and interest in making sure that the School District's investments are properly insured or collateralized.

Effect: Some of the School District's investment balances are exposed to custodial credit risk, which provides the potential for a risk of loss in part or in total.

Recommendation: A remedy for this situation would be for the School District to purchase pledged collateral or to reinvest the investments subject to custodial credit risk with agencies that offer FDIC insurance or with an institution that the School District has pledged collateral.

Response: The School District's management took action and immediately increase pledged collateral to cover said balances as soon as they discovered the deficiency. Going forward School District's management will more closely monitor balances at each financial institution to insure all balances are properly incurred or collateralized.