

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

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NORFOLK PUBLIC SCHOOLS

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SCHUMACHER, SMEJKAL,
BROCKHAUS AND HERLEY, P.C.

**CERTIFIED
PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS**

Richard E. Schumacher

Scott T. Smejkal

Mark J. Brockhaus

Brock J. Herley

3403 27th Street
P.O. Box 280
Columbus, NE 68602-0280
P: 402 564 1366
F: 402 564 1360

508 West Prospect Avenue
P.O. Box 368
Norfolk, NE 68702-0368
P: 402 379 2722
F: 402 379 2218

www.gotcpas.com

MEMBERS

American Institute of
Certified Public Accountants

Nebraska Society of
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Madison County School District No. 2
Norfolk Public Schools
Madison County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County School District No. 2, Norfolk Public Schools (the District), as of and for the fiscal year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the 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 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.

Auditors' 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 of 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 auditors' 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 District'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 District'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, each major fund, and the aggregate remaining fund information of Madison County School District No. 2, Norfolk Public Schools as of August 31, 2019, and the respective changes in modified cash basis financial position, thereof for the fiscal 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 that matter.

Emphasis of Matter

As described in Note 3 to the financial statements, the District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). The pension plan administered by NPERS has a June 30 fiscal year end and its audited financial statements are generally not made publically available until after November 5th, which is the deadline for Nebraska school districts to submit their audited financial statements to the Nebraska Department of Education and the Nebraska Auditor of Public Accounts. Due to this issue, the District, which is required to comply with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*, is not able to include the most current year end information in Note 3 regarding the pension plan the District contributes to. The District is using information released by NPERS for the pension plan's fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County School District No. 2, Norfolk Public Schools' basic financial statements. The budgetary comparison schedules on pages 30 through 45, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules 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 assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2019, on our consideration of Madison County School District No. 2, Norfolk Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County School District No. 2, Norfolk Public Schools' 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 Madison County School District No. 2, Norfolk Public Schools' internal control over financial reporting and compliance.

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SCHUMACHER, SMEJKAL, BROCKHAUS & HERLEY, P.C.
Certified Public Accountants

Norfolk, Nebraska
October 16, 2019

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

STATEMENT OF NET POSITION
MODIFIED CASH BASIS

AUGUST 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash in Bank	\$ 20,637,485
Cash at County Treasurers	4,872,054
Investments	<u>11,397,241</u>
Total Assets	<u><u>\$ 36,906,780</u></u>
Net Position	
Restricted for	
Capital Projects	\$ 3,506,148
Debt Services	6,347,271
Unrestricted	<u>27,053,361</u>
Total Net Position	<u><u>\$ 36,906,780</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

		Program Receipts		
Expenditures	Charges for Services	Operating Grants and Contributions	Net (Expenditures) Receipts	
Functions/Programs:				
Governmental Activities:				
Regular Instruction	\$ 15,482,476	\$ 74,546		\$ (15,407,930)
Career Academy Program	598,350			(598,350)
Regular Instruction (Flex-Spending)	264,202			(264,202)
Limited English Proficiency Programs	703,808			(703,808)
Poverty Programs	3,432,600			(3,432,600)
Early Childhood Educational Program	513,534			(513,534)
SPED Instructional Programs - School Age	4,593,522	2,745,255		(1,848,267)
SPED Instructional Programs - Ages 3-5	133,228			(133,228)
SPED Instructional Programs - Ages 0-2	65,873			(65,873)
Summer School	327,332			(327,332)
Support Services - Students	6,593,698	918,728	1,471,102	(4,203,868)
Support Services - Instruction				
Improvement of Instruction	289,899			(289,899)
School Improvement	120,850			(120,850)
Instructional Staff Training	51,361			(51,361)
Implementation of Standards	111,426			(111,426)
Library/Media Services	705,065			(705,065)
AudioNisual Services	961			(961)
Support Services - General Administration				
Board of Education	74,453			(74,453)
Executive Administration	388,479			(388,479)
District Legal Services	24,773			(24,773)
Office of the Principal	2,609,732			(2,609,732)
School Administration - Other	5,754			(5,754)
Central Services	1,482,036			(1,482,036)
Operat. & Mainten. of Buildings and Sites	8,019,230			(8,019,230)
Student Transportation				
Regular Pupil Transportation	290,766			(290,766)
Special Education Pupil Transportation	64,036	21,114		(42,922)
Below Age Five SPED Transportation	4,077			(4,077)
Other Support Services	2,830,908			(2,830,908)
State Categorical Programs	255,785	170,960		(84,825)
Federal Programs	2,461,009	2,461,356		347
Debt Service				
Principal	2,635,000			(2,635,000)
Interest	296,516			(296,516)
Fees	400			(400)
Total Governmental Activities	\$ 55,431,139	\$ 918,728	\$ 6,944,333	\$ (47,568,078)

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

General Receipts:		
Taxes:		
Property		\$ 24,484,366
Canine		5,545
Public Power District Sales		865,341
Motor Vehicle		2,544,549
Interest		670,106
Other Local Receipts		87,976
County Receipts		368,051
State Receipts		12,581,711
Federal Receipts		154,166
Other Non-Revenue Receipts		67,935
		<hr/>
Total General Receipts		\$ 41,829,746
		<hr/>
Change in Net Position		\$ (5,738,332)
		<hr/>
Net Position - Beginning of Year		\$ 42,645,112
		<hr/>
Net Position - End of Year		\$ 36,906,780

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

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

August 31, 2019

	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash in Bank	\$ 12,214,269	\$ 3,304,418	\$ 1,825,088	\$ 2,108,583	\$ 1,185,127	\$ 20,637,485
Cash at County Treasurers	4,212,532	304,014	197,711	157,796	1	4,872,054
Investments	9,441,432	438,226	1,483,349	34,234	-	11,397,241
Total Assets	\$ 25,868,233	\$ 4,046,658	\$ 3,506,148	\$ 2,300,613	\$ 1,185,128	\$ 36,906,780
Fund Balances						
Restricted for:						
Capital Projects	\$ -	\$ -	\$ 3,506,148	\$ -	\$ -	\$ 3,506,148
Debt Service	-	4,046,658	-	2,300,613	-	6,347,271
Committed for:						
Capital Projects	7,261,051	-	-	-	-	7,261,051
Employee Benefits	5,826	-	-	-	-	5,826
Cooperative - Special Education	-	-	-	-	553,885	553,885
Food Service	-	-	-	-	631,243	631,243
Unassigned	18,601,356	-	-	-	-	18,601,356
Total Fund Balances	\$ 25,868,233	\$ 4,046,658	\$ 3,506,148	\$ 2,300,613	\$ 1,185,128	\$ 36,906,780

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

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

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Taxes						
Property	\$ 20,827,426	\$ 1,717,609	\$ 1,053,577	\$ 872,164	\$ 13,590	\$24,484,366
Carline	4,772	344	239	190		5,545
Public Power District Sales	865,341					865,341
Motor Vehicle Taxes	2,544,549					2,544,549
Interest	482,898	61,053	76,799	35,110	14,246	670,106
Other Local Receipts	65,251				941,453	1,006,704
County Receipts	368,051					368,051
State Receipts	14,929,852	158,136	98,898	78,976	339,260	15,605,122
Federal Receipts	2,615,522				1,459,566	4,075,088
Other Non-Revenue Receipts	600			-	67,335	67,935
Total Receipts	\$ 42,704,262	\$ 1,937,142	\$ 1,229,513	\$ 986,440	\$ 2,835,450	\$49,692,807
Expenditures						
Regular Instruction	\$ 15,482,476			\$	\$	\$15,482,476
Career Academy Program	598,350					598,350
Regular Instruction (Flex-Spending)	264,202					264,202
Limited English Proficiency Programs	703,808					703,808
Poverty Programs	3,432,600					3,432,600
Early Childhood Educational Program	513,534					513,534
SPED Instructional Programs-School Age	4,216,827				376,695	4,593,522
SPED Instructional Programs-Ages 3-5	133,228					133,228
SPED Instructional Programs-Ages 0-2	65,873					65,873
Summer School	327,332					327,332
Support Services - Students	4,093,940				2,499,758	6,593,698
Support Services - Instruction						
Improvement of Instruction	289,899					289,899
School Improvement	120,850					120,850
Instructional Staff Training	51,361					51,361

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

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

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	Other Governmental Funds	Total Governmental Funds
Expenditures, Continued						
Implementation of Standards	111,426	-	-	-		111,426
Library/Media Services	705,065	-	-	-	-	705,065
AudioNisual Services	961	-	-	-	-	961
Support Services - General						
Board of Education	74,453	-	-	-	-	74,453
Executive Administration	388,479	-	-	-	-	388,479
District Legal Services	24,773	-	-	-	-	24,773
Office of the Principal	2,609,732	-	-	-	-	2,609,732
School Administration - Other	5,754	-	-	-	-	5,754
Central Services	1,471,109				10,927	1,482,036
Operat. & Mainten. of Buildings and Sites	5,803,450		2,146,443	69,337	-	8,019,230
Student Transportation						
Regular Pupil Transportation	290,766					290,766
School Age SPED Transportation	64,036		-			64,036
Below Age Five SPED Transportation	4,077		-			4,077
Other Support Services	2,830,908		-			2,830,908
State Categorical Programs	255,785		-			255,785
Federal Programs	2,461,009		-			2,461,009
Debt Services						
Principal	-	1,775,000	-	860,000		2,635,000
Interest	-	177,199	-	119,317		296,516
Fees	-	400	-			400
Total Expenditures	<u>\$ 47,396,063</u>	<u>\$ 1,952,599</u>	<u>\$ 2,146,443</u>	<u>\$ 1,048,654</u>	<u>\$ 2,887,380</u>	<u>\$55,431,139</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

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

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	Other Governmental Funds	Total Governmental Funds
Excess Receipts/(Expenditures) Before Other Financing Sources/(Uses)	\$ (4,691,801)	\$ (15,457)	(916,930)	\$ (62,214)	\$ (51,930)	\$ (5,738,332)
Other Financing Sources/(Uses) Transfers In/(Out)	(200,000)	-			200,000	
Total Other Financing Sources/(Uses)	\$ (200,000)	\$	\$ -	\$ -	\$ 200,000	
Net Change in Fund Balance	\$ (4,891,801)	\$ (15,457)	\$ (916,930)	\$ (62,214)	\$ 148,070	\$ (5,738,332)
Fund Balance - Beginning of Year	30,760,034	4,062,115	4,423,078	2,362,827	1,037,058	42,645,112
Fund Balance - End of Year	\$ 25,868,233	\$ 4,046,658	\$ 3,506,148	\$ 2,300,613	\$ 1,185,128	\$36,906,780

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

FIDUCIARY FUNDS STATEMENT OF NET POSITION
MODIFIED CASH BASIS

AUGUST 31, 2019

	<u>Activities Fund</u>	<u>Student Fee Fund</u>	<u>Agency Fund</u>	<u>Total Fiduciary Funds</u>
Assets				
Cash in Bank	<u>\$ 1,207,126</u>	<u>\$ 367,739</u>	<u>\$ 137,557</u>	<u>\$ 1,712,422</u>
Liabilities				
Funds Held on Behalf of Employees	<u>\$ -</u>	<u>\$</u>	<u>\$ 137,557</u>	<u>\$ 137,557</u>
Net Position	<u>\$ 1,207,126</u>	<u>\$ 367,739</u>	<u>\$ -</u>	<u>\$ 1,574,865</u>
Total Liabilities and Net Postion	<u>\$ 1,207 126</u>	<u>\$ 367.739</u>	<u>\$ 137,557</u>	<u>\$ 1,712,422</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO.
NORFOLK PUBLIC SCHOOLS

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

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	Activities Fund	Student Fee Fund	Total Fiduciary Funds*
Receipts			
Activities Receipts	\$ 1,903,963	\$	1,903,963
Extracurricular Activity Fees		230,211	230,211
Summer or Night School Fees		8,700	8,700
Interest	4,381	5,896	10,277
Total Receipts	<u>\$ 1,908,344</u>	<u>\$ 244,807</u>	<u>\$ 2,153,151</u>
Expenditures			
Support Services - Pupils	\$	\$ 201,181	\$ 201,181
Supplies and Materials	<u>1,973,807</u>		<u>1,973,807</u>
Total Expenditures	<u>\$ 1,973,807</u>	<u>\$ 201,181</u>	<u>\$ 2,174,988</u>
Other Financing Sources			
Net Change in Net Position	\$ (65,463)	\$ 43,626	\$ (21,837)
Net Position - Beginning of Year	<u>1,272,589</u>	<u>324,113</u>	<u>1,596,702</u>
Net Position - End of Year	<u>\$ 1,207,126</u>	<u>\$ 367,739</u>	<u>\$ 1,574,865</u>

*Agency Fund receipts and expenditures are not included in the Fiduciary Funds Statement of Changes in Net Position - Modified Cash Basis. See Note 1 to the financial statements.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Madison County School District No. 2, Norfolk Public Schools (the District) was founded in 1889 and is a tax-exempt political subdivision and a class III school district of the State of Nebraska.

Overview — The significant accounting principles and practices followed by the District are presented below to assist the reader in evaluating the financial statements and the accompanying notes. The financial statements presented represent all funds maintained by school authorities incident to school building construction and the operation, maintenance, and management of school services, activities, projects, and investments.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

Reporting Entity — The modified cash basis of accounting requires government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financial accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

These financial statements include only the primary government of the District. The District has the following related organizations that are not considered to have a significant operational or financial relationship:

The Norfolk Public Schools Foundation receives donations to be used for student scholarships and various school projects.

The Norfolk Panther Boosters raise money to be used to support the athletic programs of the District.

There are other organizations operating to raise money to support the District in a variety of ways, including the NSHS Drama Boosters and various parent teacher organizations.

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

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements, the fund financial statements, and the fiduciary fund financial statements are reported using the modified cash basis measurement focus. Their reported net position/fund balance is considered a measure of "available cash and investments." The operating statements focus on cash received and disbursed.

The District prepares its financial statements on the modified cash basis of accounting, which is in conformity with the accounting practices prescribed or permitted by the Nebraska Department of Education. Consequently, these statements represent a summary of the cash activity of the various funds of the District and do not include certain transactions that would be included if the District prepared its financial statements in accordance with generally accepted accounting principles, as applicable to governmental units. Under the modified cash basis, receipts are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred. Taxes levied by the District, and other taxes/fees allocable to the District, are paid to the county treasurers of Madison, Wayne, Pierce, and Stanton counties. Per State Statute these monies are treated as receipts of the District upon receipt by the various counties. The funds held at the aforementioned county treasurers are included in the cash balances of the corresponding funds for which the taxes and fees were levied. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental units.

Basis of Presentation, Fund Accounting — The District's basic financial statements consist of Government-Wide Statements and Fund Financial Statements.

Government-Wide Statements — The Statement of Net Position — Modified Cash Basis and the Statement of Activities — Modified Cash Basis display all information about the District as a whole. They include all funds of the District except for fiduciary funds. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts. Alternatively, business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services. The District does not operate any business-type activities.

The Statement of Activities — Modified Cash Basis presents a comparison between direct expenditures and program receipts for each function of the District's governmental activities. Direct expenditures are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program receipts include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Fund Accounting (Continued)

The comparison of direct expenditures with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the District. Because interfund transfers are eliminated within the Statement of Activities — Modified Cash Basis, total receipts and expenditures will not agree to the fund financial statements.

Fund Financial Statements — The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its cash, certificates of deposit, cash held by the county treasurers, investments, fund balance, receipts, and expenditures. Funds of the District are organized into two major categories: governmental and fiduciary. The District currently has no proprietary funds. An emphasis is placed on major funds within the governmental and fiduciary categories. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District's management. All funds not shown as major are consolidated under the column title "Other Governmental Funds."

Governmental Funds

Major Funds:

General Fund — The General Fund finances all facets of services rendered by the District. General Fund receipts are classified according to source while its expenditures are classified according to specific functions. General Fund expenditures are limited by state statutes and the Fund's ability to levy taxes to fund operations is also limited by state statute.

Reported as part of the General Fund is the Depreciation Fund and the Employee Benefit Fund.

Depreciation Fund — A Depreciation Fund may be established by the District to facilitate the eventual purchase of costly capital outlays by reserving such monies from the General Fund. The District may divide this fund into more than one account to allocate a portion of this fund for different valid purposes. The purpose of the Depreciation Fund is to spread replacement costs over a period of years in order to avoid a disproportionate tax effort in a single year to meet such expenditures. This fund is restricted by state statutes as part of the Allowable Reserve limitation.

Employee Benefit Fund — An Employee Benefit Fund may be established in order to specifically reserve General Fund money for the benefit of the District's employees (unemployment compensation, early retirement, health insurance deductibles, etc.).

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Bond Fund – A Bond Fund shall be used to record tax receipts, investment income, and the payment of bond principal, interest, and other related expenditures. If the fund balance is not sufficient to meet interest or bond retirement payments from the Bond Fund, the General Fund shall be used for these payments. Receipts from a levy to retire bonds in the District are retained in a separate fund by the county treasurer, the financing institution serving as the fiscal agent, or the District itself. Funds shall be expended upon appropriate demand. Proceeds from a bond issue shall be deposited into the Special Building Fund to be expended for the actual building project. The tax levy for this fund is restricted for expenditures other than principal and interest on bonds.

Special Building Fund – A Special Building Fund is established to acquire or improve sites and/or to erect, alter, or improve buildings or other real property. The sale of bonds, the sale of property, or tax receipts will be the primary sources of receipts for the Special Building Fund. Regardless of the source of the money to be used for building construction and related costs, all income for the purposes of this fund shall be accountable through this fund. General Fund expenditures for the purpose of this fund are not allowable. Special Building Fund accounting provides a more effective means of identifying those expenditures associated with construction activities and provides a complete and consolidated record of all costs of the building program at the conclusion of a project(s). If more than one Special Building Fund project is active at the same time, separate accounts for each project may be established within the single Special Building Fund. The tax levy for this fund is restricted by state statute.

Qualified Capital Purpose Undertaking Fund – A Qualified Capital Purpose Undertaking Fund (QCPUF) may be established for the removal of environmental hazards, reduction or elimination of accessibility barriers in school district buildings, repayment of a qualified zone academy bond issued for a qualified capital purpose, modifications for life safety code violations, indoor air quality projects, and mold abatement and prevention projects. General Fund expenditures for the purpose of this fund are not allowable. The tax levy and duration of this fund is restricted.

Nonmajor Funds:

Lunch Fund – The Lunch Fund is required to accommodate the financial activities of all Nutrition Programs operated by the District. The Lunch Fund shall reflect a record of all receipts and expenditures incident to the operation of all Nutrition Programs. If a deficit is incurred in the operations, the deficiency shall be covered by funds transferred from the General Fund.

Cooperative Fund – The Cooperative Fund may be used by the District acting as the fiscal agent for any cooperative activity between two or more school districts or political subdivisions.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Activities Fund – The Activities Fund is required to account for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities. The inclusion of such accounts in the General Fund would distort the financial position of the basic school operation and would complicate the computation of the net expenditure incurred in conducting school services. The Activities Fund shall not be used to record general operation receipts and expenditures, nor shall this fund be used as a clearinghouse of the General Fund. The District may divide this fund into more than one account to allocate portions of this fund for different purposes. The financial operations of all school-connected activities are a legal responsibility of the District's board of education. If deficits in such activities are incurred, they shall be covered by funds transferred from the General Fund. Such transfers shall finance only those projects that qualify for approval under policies established by the District board of education for such activities.

Student Fee Fund – The Student Fee Fund is a separate District fund not funded by tax receipts into which all money collected from students pursuant to the Public Elementary and Secondary Fee Authorization Act must be deposited. Included are fees for Extracurricular Activities, Postsecondary Education, and Summer or Night School. Expenditures from this fund must be for the purpose for which the fees were collected.

Agency Fund – The District holds resources for the employees' Internal Revenue Code Section 125 flexible benefits plan in a custodial capacity. As such, receipts and expenditures of funds are not required to be disclosed in the Fiduciary Funds Statement of Changes in Net Position – Modified Cash Basis.

Equity Classification

Government-Wide Statements – Equity is classified as net position and displayed in two components: restricted and unrestricted. Restricted net position has constraints placed on the use either by external groups, such as creditors, grantors, contributors, laws and regulations of other governments, or law through constitutional provisions or enabling legislation. Unrestricted net position does not meet the definition of "restricted".

Governmental Fund Financial Statements – The District has adopted GASB No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – This consists of fund balances that cannot be spent because it is either not in spendable form, or is legally or contractually required to be maintained intact.

Restricted – This consists of fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification (Continued)

Governmental Fund Financial Statements (Continued)

Committed — This consists of fund balances that can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned — This consists of fund balances that are constrained by the District's intent to be used for a specific purpose but is neither restricted nor committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a District official delegated that authority by formal board approval.

Unassigned — This consists of fund balances that have not been restricted, committed or assigned to a specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Investments — Investments are carried at cost, which approximates fair value. Additional cash and investment disclosures are presented in Note 2.

Capital Assets — Expenditures for property and equipment are charged to expenditures when paid. Capital assets are not reported in the government-wide or fund financial statements. No allowance for depreciation is provided or included in the accompanying financial statements.

Encumbrance Accounting - The School District does not utilize encumbrance accounting.

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

Long-Term Debt — Long-term debt arising from cash transactions is not reported as a liability in the government-wide or fund financial statements. The debt proceeds are, instead, reported as other financing sources and the payment of principal and interest is reported as cash expenditures.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events — Subsequent events have been evaluated through October 16, 2019, which is the date the accompanying financial statements are available to be issued.

NOTE 2- DEPOSITS AND INVESTMENTS

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

Deposits — Custodial credit risk is the risk, that in the event of bank failure, the District's deposits may not be returned. The District does not have an investment policy addressing custodial credit risk other than requirements set forth in state statute as specified below. As of August 31, 2019, monies were exposed to custodial credit risk as follows:

Insured	\$ 5,358,418
Collateral held by pledging bank's trust department not in the School District's name	16,177,276
Uninsured and Uncollateralized	<u>-0-</u>
Total deposits	<u><u>\$ 21,535,694</u></u>

State law requires that all bank balances be insured or collateralized by U.S. Government securities held by the District's third-party agent or the pledging financial institution's trust department in the name of the District. No attorney's opinion has been obtained regarding the enforceability of claims which might arise under the custodial arrangements.

Nebraska Statute 77, Article 23 covers the deposit and investment of public funds. The District may invest surplus funds in the following:

- U.S. Government Securities;
- Bonds and debentures issued by the Federal Land Bank, Intermediate Credit banks, Cooperative banks under the supervision of the Farm Credit Administration, and loan participation guaranteed by the Commodity Credit Corp;
- U.S. Treasury notes, bills, or certificates maturing within two years;
- Certificates of deposits; and
- In any securities in which the state investment officer is authorized to invest.

No deposits in excess of the amount insured by the Federal Deposit Insurance Corporation shall be allowed to accumulate in any financial institution unless:

- the financial institution gives a surety bond;
- the financial institution provides the District with securities as collateral on the excess funds; or
- the financial institution issues a joint custody receipt to the benefit of the District where a third party financial institution actually holds the security.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments — For reporting purposes, the District's investments, which are carried at cost, consisted of the following at August 31, 2019:

Nebraska Liquid Asset Fund:	
General Fund	\$ 9,441,432
Bond Fund	438,226
Qualified Capital Purpose Undertaking Fund	34,234
Special Building Fund	<u>1,483,349</u>
Total Investments	<u>\$ 11,397,241</u>

The Nebraska Liquid Asset Fund (NLAf) is similar in nature to an open-end mutual fund which is designed specifically for Nebraska school entities, investing only in those securities allowable for such entities under Nebraska law. As of August 31, 2019, all of the investments in the NLAf were in money market funds and short-term certificates of deposit.

NOTE 3 - PENSION PLAN

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

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for school employees of the State. During the NPERS fiscal year ended June 30, 2018 there were 265 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Community Colleges), are members of the plan.

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

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

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 3 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

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

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

For the District's year ended August 31, 2019, the District's total payroll for all employees was \$32,999,901. Total covered payroll was \$28,880,073. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Fiscal Year Ended			District's NPL as a % of
August 31,	Total Payroll	Covered Payroll	District's Covered Payroll
2019	\$ 32,999,901	\$ 28,880,073	57.04%
2018	32,052,667	28,226,179	68.75%
2017	31,359,605	27,771,728	68.17%
2016	30,941,231	27,562,858	50.68%

Basis of Presentation — Due to the fact that the pension plan for school districts has a June 30 fiscal year end, the audited financial statements for the pension plan are generally not publically available until after November 5th, which is the date Nebraska school districts are required to submit their audited financial statements to the Nebraska Department of Education and the Nebraska Auditor of Public Accounts. Due to this fact, the District is not able to include the most up-to-date information in its financial statements. To comply with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*, the District is using information released by NPERS for the pension plan fiscal year ended June 30, 2018.

Contributions — The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2017, to June 30, 2018, (and from July 1, 2018, through August 31,

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 3- PENSION PLAN (CONTINUED)

Contributions (Continued)

2019). The District (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for its fiscal year ended August 31, 2019 was \$2,852,505.

Fiscal Year Ended August 31,	Employee Contributions	Employer Contributions
2019	\$ 2,824,471	\$ 2,852,505
2018	2,760,522	2,788,125
2017	2,716,070	2,743,227
2016	2,695,595	2,722,607

Pension Liabilities — At June 30, 2018 the District had a liability of \$16,475,508 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying modified cash basis financial statements.) The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of that date.

Fiscal Year Ended June 30,	School District's NPL	Non-Employer Portion of NPL	Total NPL
2018	\$ 16,475,508	\$ 3,399,479	\$ 19,874,987
2017	19,404,270	3,992,025	23,396,295
2016	18,931,251	3,913,129	22,844,380
2015	13,969,297	2,866,936	16,836,233

The NPERS School Plan was 89.50% funded as of June 30, 2018 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 1.211489 percent, which was a decrease of 0.013709 percent from its proportion measured as of June 30, 2017.

Fiscal Year Ended June 30,	NPERS School Plan Funded Status	School District's Proportion of NPERS School Plan NPL	Change in School District's Proportion of NPERS School Plan NPL
2018	89.50c/0	1.211489%	-0.013709%
2017	87.25%	1.225198%	-0.032825%
2016	86.56°/0	1.258023%	-0.024628%
2015	89.86`/0	1.282651%	-0.012572%

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 3 - PENSION PLAN (CONTINUED)

Pension Liabilities (Continued)

For the fiscal year ended June 30, 2018, the District's allocated pension expense/(income) was \$1,205,334.

Fiscal Year Ended June 30,	School District's Allocated Pension Expense/(Income)
2018	1,205,334
2017	1,337,438
2016	786,266
2015	(639,912)

Actuarial Assumptions — The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.75 percent
Salary increases, including wage inflation	3.50 — 8.50 percent
Cost-of-Living Adjustment	Members hired before July 1, 2013: 2.25% with a floor benefit equal to 75.00% purchasing power of original benefit. Members hired on/after July 1, 2013: 1.00% with no floor benefit
Investment Rate of Return, net of investment expense, including inflation	7.50%

The School Plan's pre-retirement mortality rates were based on the RP-2014 White Collar Table for Employees, projected generationally with MP-2015 (sex distinct with 100 percent of male rates for males and 55 percent of female rates for females).

The School Plan's post-retirement rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled, and projected generationally with a Society of Actuaries projection scale tool using a 0.5 percent ultimate rate in 2035 (sex distinct and generationally blended with males under age 80 at 1.008, males over age 80 at 1.449, females under age 85 at 0.924, and females over age 85 at 1.5855).

The School Plan's disability mortality rates were based on the RP-2014 Disabled Lives Table (static table).

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 3 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2018 valuations for the School plan are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large Cap U\$ Equity	26.1%	5.83%
Small Cap US Equity	2.9%	7.56%
Global Equity	15.0%	6.51%
International Developed Equity	10.8%	6.80%
Emerging Markets	2.7%	10.55%
Core Bonds	20.0%	1.63%
High Yield	3.5%	5.22%
Bank Loans	5.0%	2.78%
International Bonds	1.5%	1.41%
Private Equity	5.0%	9.70%
Real Estate	7.5%	5.18%
Total	100.0%	

*Arithmetic mean, net of investment expenses

Discount Rate — The discount rate used to measure the Total Pension Liability at June 30, 2018 and June 30, 2017 was 7.50 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2011, through June 30, 2015. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 3- PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and contributions from employers and non-employers will be made at the greater of the contractually required rates and the actuarially determined rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2117.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate — The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	District's Proportionate Share of Net Pension Liability/(Asset)
1% Decrease	6.5%	\$37,612,740
Current Discount Rate	7.5%	\$16,475,508
1% Increase	8.5%	\$(990,901)

Plan Fiduciary Net Position — Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by:

1. Writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816,
2. via the internet at http://www.auditors.nebraska.gov/APA_Reports

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 4- LONG-TERM DEBT

Governmental activities long-term debt at August 31, 2019 consisted of the following:

Series 2012 limited tax obligation bonds payable in the original amount of \$5,425,000 dated September 19, 2012. Interest rates range from 0.55% to 2.20%. See the following schedule for principal and interest due. Final payment is due December 15, 2022.	\$ 2,260,000
Series 2013 bonds payable in the original amount of \$9,895,000 dated September 30, 2013. Interest rates range from 0.35% to 2.95%. See the following schedule for principal and interest due. Final payment is due December 15, 2022.	6,440,000
Series 2014 limited tax obligation bonds payable in the original amount of \$4,455,000 dated October 8, 2014. Interest rates range from 0.65% to 2.60%. See the following schedule for principal and interest due. Final payment is due December 15, 2024.	<u>3,210,000</u>
Total Long-Term Debt Outstanding	<u>\$ 11,910,000</u>

The following is a summary of long-term debt transactions of the District for the fiscal year ended August 31, 2019.

	Beginning of Year	Issued	Retired	End of Year	Due Within One Year
2012 Series	\$ 2,800,000	\$ -0-	\$ 540,000	\$ 2,260,000	\$ 550,000
2013 Series	8,215,000	-0-	1,775,000	6,440,000	1,805,000
2014 Series	3,530,000	-0-	320,000	3,210,000	320,000
Total	<u>\$ 14,545,000</u>	<u>\$ -0-</u>	<u>\$ 2,635,000</u>	<u>\$ 11,910,000</u>	<u>\$ 2,675,000</u>

The annual requirements to amortize all long-term debt outstanding at August 31, 2019, including interest payments, are as follows:

Year Ending August 31	Principal	Interest	Total
2020	\$ 2,675,000	\$ 251,638	\$ 2,926,638
2021	2,725,000	195,679	2,920,679
2022	2,785,000	130,195	2,915,195
2023	1,825,000	71,562	1,896,562
2024	940,000	36,475	976,475
2025	960,000	12,480	972,480
	<u>\$ 11,910,000</u>	<u>\$ 698,029</u>	<u>\$ 12,608,029</u>

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 4- LONG-TERM DEBT (CONTINUED)

There was a total of \$2,931,916 of debt service payments recorded on the Statement of Activities — Modified Cash Basis that consists of \$296,516 of bond interest, \$2,635,000 of bond principal, and \$400 in other expenditures for the fiscal year ended August 31, 2019. All general obligation debt of the District is liquidated through the Bond Fund and all limited tax obligation debt is liquidated by the Qualified Capital Purpose Undertaking Fund.

NOTE 5- COMMITMENTS

Compensated Absences — As a result of the District's use of the modified cash basis of accounting, accrued liabilities related to compensated absences and any employer-related costs earned and unpaid, are not reflected in the government-wide or fund financial statements. Certified staff members are allowed to accumulate up to 80 days of paid sick leave. No payment is made to staff members for unused sick leave upon resignation, retirement, or termination. The amount expected to be paid from current resources is immaterial for compensated absences.

NOTE 6- JOINT VENTURE

The District is the fiscal agent for a cooperative formed to provide deaf education to one of the four regional programs established in Nebraska. The region served by the cooperative includes the service areas of Educational Service Unit (ESU) #1, ESU #8, and West Point Beemer Public Schools. The activity for the cooperative is included in the District's Cooperative Fund.

NOTE 7- CONTINGENCY

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

NOTE 8- RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the District carried commercial insurance for general liability, public official's liability, property coverage, workers' compensation coverage, commercial excess liability coverage, crime, and blanket bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The District participates in a workers' compensation risk pool. The District pays annual premiums based upon the actual salaries paid to employees, making the policy retrospectively rated. In turn, all workers' compensation claims are paid by the risk pool.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 9 - PROPERTY TAXES

Property taxes levied by the District attach as an enforceable lien on property within the School District as of January 1. Taxes are due as of that date. One-half of the taxes become delinquent on the following May 1, with the second one-half becoming delinquent on September 1.

NOTE 10 - DEFINED CONTRIBUTION PLAN

The District sponsors a Section 403(b) tax-sheltered annuity plan for all of the District's employees. Employees are eligible to participate on their first day of employment with the District. Employee's basic salary deferral limit contribution is \$19,000 for 2019 with an additional \$6,000 if the employee is over age 50 and all contributions are immediately vested. The School District does not match any type of employees' contributions.

NOTE 11 - RELATED PARTY TRANSACTIONS

On August 27, 2015, the Board approved the hiring of the Norfolk Public Schools Foundation Executive Director as the District's Communications Director with salary and benefits to be provided by the District starting in the 2018-2019 fiscal year. The District will be reimbursed by the Foundation for any Foundation related work performed by the Executive Director while in her official capacity as the District's Communications Director. During the fiscal year ending August 31, 2019 the District received \$52,259 in reimbursements from the Foundation.

NOTE 12 - SERVICE CONCESSION AGREEMENT

The District has entered into an agreement with a third party vendor to operate their food service programs. The Contract shall be in effect for one year and may be renewed by mutual agreement for up to four additional one-year periods. Either party may terminate the Contract at any time upon 60 days prior written notice to the other party. The third party vendor began operating the food service programs for the school year beginning August 2016. The contract was approved to operate for the fiscal year 2019/2020.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AUGUST 31, 2019

NOTE 13- ACCOUNTS WITH COUNTY TREASURERS

Balances held by various County Treasurers on behalf of the School District at August 31, 2019 are as follows:

County	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	Cooperative Fund	Total
Madison	\$ 2,745,602	\$ 186,533	\$ 125,864	100,454	\$ 1	\$ 3,158,454
Pierce	100,391	3,611	4,927	3,932		112,861
Stanton	1,182,818	98,472	58,044	46,325		1,385,659
Wayne	183,721	15,398	8,876	7,085		215,080
Total	<u>\$ 4,212,532</u>	<u>\$ 304,014</u>	<u>\$ 197,711</u>	<u>157,796</u>	<u>\$ 1</u>	<u>\$ 4,872,054</u>

SUPPLEMENTARY INFORMATION

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Local Receipts		
Local Property Taxes	\$ 25,059,737	\$ 20,827,426
Canine Taxes	9,000	4,772
Public Power District Sales Tax	815,000	865,341
Motor Vehicle Taxes	2,190,000	2,544,549
Interest	235,000	332,875
Local License Fees	24,100	32,256
Community Service Activities	23,000	25,400
Rental of School Equipment and Facilities	6,500	7,595
Total Local Receipts	<u>\$ 28,362,337</u>	<u>\$ 24,640,214</u>
Country Receipts:		
County Fines and Licenses	230,100	\$ 368,051
State Receipts		
State Aid	9,277,303	\$ 9,277,303
Special Education Programs (School Age)	2,600,000	2,741,764
Special Education Transportation (School Age)	17,500	21,114
Homestead Exemption	1,253,000	726,819
Property Tax Credit		1,077,160
Personal Property Tax Credit		108,534
Payments For High Ability Learners	29,800	28,108
Textbook Loan	3,400	
Wards of the State/Court (Regular Education)	208,000	74,546
Wards of the State/Court (Special Education)		3,491
Pro-Rate Motor Vehicle	52,500	70,162
State Appointment	750,700	657,999
Early Childhood Endowment Grants		142,852
Other State Receipts	159,200	
Total State Receipts	<u>\$ 14,351,403</u>	<u>\$ 14,929,852</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019.

UNAUDITED

	Original/Final Budget	2019 Actual
Federal Receipts		
Title I, Part A, Improving the Academic Achievement	\$ 1,130,000	\$ 854,060
Title II, Teacher Quality Grants		129,988
IDEA Part B (611) Base Allocation	1,080,655	363,868
IDEA Part B (619) Base/IDEA Enrollment/Poverty		172,951
IDEA Enrollment/Poverty		475,686
IDEA Part B Proportionate Share		127,922
IDEA PART C Planning Region Team		9,041
MEDICAID in Public Schools	14,700	49,609
Medicaid Administrative Activities	31,000	104,557
Federal Vocational & Applied Technology Education	51,000	47,350
Indian Education		63,650
Title III, Limited English Proficient Grant		16,415
Title III, Immigrant Education		180
Title IV, Part A ESEA/ESSA SAE Grant		20,376
21st Century Community Learning		179,009
McKinney-Vento Homeless		860
Other Federal Categorical Receipts	244,000	
Total Federal Receipts	\$ 2,551,355	2,615,522
Non-Revenue Receipts		
Sale of Property		600
Transfers From Other Funds		67,720
Other Non-Revenue Receipts	63,000	
Total Non-Revenue Receipts	63,000	\$ 68,320
Total Cash Receipts	\$ 45,558,195	\$ 42,621,959

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Disbursements		
Regular Instruction Programs	\$ 21,459,477	\$ 15,482,476
Career Academy Program		598,350
Regular Instruction (Flex-Spending)		264,202
Limited English Proficiency Programs		703,808
Poverty Programs		3,432,600
Early Childhood Educational Program		513,534
SPED Instructional Programs - School Age	8,509,818	4,216,827
SPED Instructional Programs - Ages 3-5		133,228
SPED Instructional Programs - Ages 0-2		65,873
Summer School	326,737	327,332
Support Services - Students	2,569,478	4,093,940
Support Services - Instruction		
Improvement of Instruction	1,698,171	289,899
School Improvement		120,850
Instructional Staff Training		51,361
Implementation of Standards		111,426
Library/Media Services		705,065
AudioNisual Services		961
Support Services - General Administration		
Board of Education	112,646	74,453
Executive Administration	401,044	388,479
District Legal Services	22,000	24,773
Office of the Principal	2,694,182	2,609,732
School Administration - Other		5,754
Central Services	1,553,749	1,471,109
Operation & Maintenance of Buildings & Sites	5,519,400	5,803,450
Vehicle Acquisition & Maintenance	62,966	
Student Transportation		
Regular Pupil Transportation	264,328	290,766
School Age SPED Transportation	53,842	64,036
Below Age Five SPED Transportation		4,077
State Programs	150,000	255,785
Federal Programs	2,751,977	2,461,009
Adult Education	13,345,691	
Transfers to Other Funds		1,367,720
Total Cash Disbursements	<u>\$ 61,495,506</u>	<u>\$ 45,932,875</u>
Fund Balance, August 31, 2018		\$ 21,912,272
Total Cash Receipts		42,621,959
Total Funds Available		\$ 64,534,231
Total Cash Disbursements		45,932,875
Fund Balance, August 31, 2019		<u>\$ 18,601,356</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - DEPRECIATION FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Receipts		
Interest	72,000	\$ 149,773
Transfers from General Fund	150,000	1,100,000
Total Cash Receipts	<u>\$ 222,000</u>	<u>\$ 1,249,773</u>
Cash Disbursements		
Support Services Business:		
Capital Outlay	<u>\$ 9,563,221</u>	<u>\$ 2,826,607</u>
Fund Balance, August 31, 2018		\$ 8,837,885
Total Cash Receipts		<u>1,249,773</u>
Total Funds Available		\$ 10,087,658
Total Cash Disbursements		<u>2,826,607</u>
Fund Balance, August 31, 2019		<u>\$ 7,261,051</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - EMPLOYEE BENEFIT FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Receipts		
Interest	80	\$ 250
Transfers from General Fund	130,000	
Total Cash Receipts	<u>\$ 130,080</u>	<u>\$ 250</u>
Cash Disbursements		
Support Services Business:		
Employee Benefits	<u>\$ 140,234</u>	<u>\$ 4,301</u>
Fund Balance, August 31, 2018		9,877
Total Cash Receipts		<u>250</u>
Total Funds Available		10,127
Total Cash Disbursements		<u>4,301</u>
Fund Balance, August 31, 2019		<u>5,826</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - ACTIVITIES FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	Balance 0813112018	Receipts	<u>Disbursements</u>	Transfers in (out)	Balance 08/31/2019
Senior High					
Chromebook Fines	(926)	\$ 6,612	\$ 5,686	\$	
BIG Cross Country Club	12,427	12,341	9,720		15,048
Patch Grant-J. Hall	1,000				1,000
FUND BALANCE REUNION-CLASS OF '19		3,733			3,733
FUND BALANCE REUNION-CLASS OF '07	3,237		3,237		
FUND BALANCE REUNION-CLASS OF '06	832		832		
FUND BALANCE REUNION-CLASS OF '08	1,000		1,000		
FUND BALANCE REUNION-CLASS OF '09	1,000				1,000
FUND BALANCE REUNION-CLASS OF '10	1,000				1,000
FUND BALANCE REUNION-CLASS OF '03	500		500		
FUND BALANCE REUNION-CLASS OF '11	902				902
NECC CNA Program	13,206	2,368	3,897		11,677
Authentic Problems Solving	161	1,835	1,263		733
The Other White Meat Grant	8,167		2,420		5,747
FFA	24,430	37,668	39,467		22,631
AP Accounting	6,756	170	2,423		4,503
Girls Golf Club	1,338		96		1,242
Girls Cross Country		2,320	2,320		
Foundation Grants	(692)	4,234	3,138		404
Biology	251	350	731		(130)
FUND BALANCE-REUNION CLASS OF '14	1,364				1,364
Jarosz-Dont You Wish This P	1,277	2,075	1,570		1,782
Bruckner-Smart Moves	273	200	328		145
Vending-Staff	989	1,034	1,299		724
Exchange	4,576	147,990	150,160		2,406
Concessions	168,596	80,641	64,395		184,842
Discretionary Account	7,089	9,535	7,156		9,468
Vending-Student	4,393		1,278		3,115
Parking Tickets	5,624	4,954	3,690		6,888
Accounting	3,373	20	633		2,760
Athletic Program	2,485	1,274	1,077		2,682
Baseball Club	5,519	5,006	4,553		5,972
Boys' Basketball Club	38,985	21,543	20,051		40,477
Boys' Soccer Club	3,626	13,473	12,723		4,276
Boys' Tennis Club	3,043	2,241	1,167		4,117
Boys' Track Club	1,354	3,443	1,966		2,831
Yell Squad	15,369	23,833	27,307		11,895
Choraleers	217	891	851		257
Drama Club	5,159	16,792	20,126		1,825
Debate/Speech		14,933	14,933		
Theatre		19,750	19,750		
Panther Posse	118				118
Play Productions					
Vocal Music	872				872
Football Club	50,733	28,101	30,130		48,704
Future Activities/Donation	76,305	18,916	41,338		53,883
Baseball		8,753	8,753		
Boys' Basketball		20,270	20,270		
Boys' Golf		2,342	2,342		
Boys' Soccer		5,091	5,091		
Boys' Tennis		1,583	1,583		
Boys' Track		12,358	12,358		

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - ACTIVITIES FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	Balance <u>08/31/2018</u>	Receipts	<u>Disbursements</u>	Transfers in (out)	Balance 08/31/2019
Cross Country		2,330	2,330		
Football		17,753	17,753		
Girls' Basketball		19,537	19,537		
Girls' Golf		3,054	3,054		
Girls' Soccer		5,684	5,684		
Girls' Tennis		1,442	1,442		
Girls' Track		12,452	12,452		
Softball		5,063	5,063		
Swimming		14,005	14,005		
Volleyball		14,109	14,109		
Wrestling		24,404	24,404		
Girls' Basketball Club	5,611	15,820	18,518		2,913
Girls' Soccer Club	6,824	5,696	5,576		6,944
Girls' Tennis Club	2,978	2,876	1,977		3,877
Girls' Track Club	1,346	2,822	1,494		2,674
Golf Club	807	4,671	4,997		481
NFL-National Forensics League	9,437	21,218	23,085		7,570
Norfolk Track/Field Classic	18,564	11,452	6,465		23,551
Orchestra Club	225	-			225
Pink Panthers	(3,705)	43,404	47,154		(7,455)
Milestone	1,147	6,139	4,041		3,245
Softball Club	11,732	4,166	5,460		10,438
Stage Band	(1,076)	8,588	7,035		477
Swimming Club	8,445	2,052	2,805		7,692
Volleyball Club	14,703	18,287	18,638		14,352
Wrestling Club	10,705	6,173	11,417		5,461
Alternatives For Success	795	4,046	4,198		643
Autistic Program	3,421				3,421
DECA	2,228	3,033	3,059		2,202
FBLA	554	454	527		481
Mu Alpha Theta	392		90		302
Student Council	7,291	13,762	12,959		8,094
Skills USA	751	611	252		1,110
Junior Statesmen	1,351	1,004	409		1,946
Quiz Bowl	81		60		21
World Language Club	200				200
Stage Fund	76				76
AP English/Research Comp	33,880		14,268		19,612
AP Exams	•278	3,702	3,392		688
Activity Cards	484	300			784
Courtesy Fund	1,463	1,376	1,221		1,618
Fines	13,286	1,827	4,547		10,566
Athletic Fines		65			65
Prom	2,780	12,741	9,038		6,483
AP Chemistry		-			
Personal Hygiene Machine	(39)	84			45
Metals	2,364				2,364
AP Math	47,351	850	8,478		39,723
AP Psychology	37,841	550	972		37,419
Post Prom		47,581	47,581		
Power Mechanics	26	443	462		7
Retirement	231	896	931		196
Scholarships	155	5,700	5,700		155

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - ACTIVITIES FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	Balance 08/31/2018	Receipts	Disbursements	Transfers in (out)	Balance 08/31/2019
Woods	3,344	5,651	8,306	-	689
Book Club	566	-	30		536
District Music Contest	1,000		450		550
Creative Design	62	-			62
General Athletics	18,508	17,288	12,274		23,522
Miscellaneous	11,164	15,092	19,105		7,151
Fine Arts	32	-			32
National Honor Society	379	1,470	1,722		127
GSA Club	95	-			95
Bully No More	294	1,747	1,536		505
Poetry Club	573		-		573
College Access Grant	6,260	3,013	1,886		7,387
Adult Transition	719		87		632
Graduation Fees	506	360			866
FUND BALANCE CLASS OF 2012 REUNION	858	-			858
FUND BALANCE CLASS OF 2013 REUNION	1,706	-			1,706
Circle Of Friends Grant	12	350	55		307
FUND BALANCE REUNION-CLASS OF '15	4,918	-			4,918
Fund Balance AP Industrial Tech	(401)				(401)
Fund Balance AP Science	562	1,300	1,862		
AP Agriculture Fund Balance	4,572		123		4,449
AP Speech & Debate Fund Balance	19,163		-		19,163
FUND BALANCE REUNION CLASS OF '16	2,959				2,959
FUND BALANCE REUNION CLASS OF '17	3,132	-			3,132
Flags Club	62	279	-		341
Weight Room Club	1,756	3,420	2,637		2,539
ACT Incentives	2,048		-		2,048
FUND BALANCE-REUNION CLASS OF '18	1,826				1,826
UNIFIED BOWLING CLUB	-	112	21		91
Subtotal-Senior High	\$ 807,486	\$ 960,977	\$ 1,000,341	\$	\$ 768,122
Junior High					
Best Committee	\$ 1,048	\$ -	\$ -	\$	\$ 1,048
Drama	1,234	(183)	338		713
Foundation Grants	1,744	2,284	2,935		1,093
Band Club	1,276	2,902	3,558		620
Coca Cola Account-Lounge	1,591	261	674		1,178
Speech/Debate	425	907	1,454		(122)
Concessions	3,830	7,990	5,551		6,269
Milk Machine Account	811		373		438
Junior High Account	8,089	709	2,453		6,345
Coca Cola Account-Cafeteria	503		-		503
General Business Account	39,414	31,987	63,887		7,514
Craft Projects	26		52		(26)
7/8 Industrial Tech Project	(3,826)	6,524	10,512		(7,814)
Athletic General Account	13,265	16,255	20,087		9,433
Football	1,699	3,004	3,420		1,283
Volleyball	887	4,099	4,178		808
Boys Basketball	(391)	2,763	2,117		255
Girls Basketball	(655)	2,107	1,699		(247)
Wrestling	74	737	800		11
Track	396	1,790	2,042		144
X-Country	(312)	400	265		(177)

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - ACTIVITIES FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	Balance 08/31/2018	Receipts	Disbursements	Transfers in (out)	Balance 08/31/2019
Library-Lost Book Fine Account	2,677	857	461		3,073
Band	524		118		406
Yearbook	8,685	6,320	2,567		12,438
Student Council	2,777	1,176	488		3,465
Wrestling Club	574	2,223	1,877		920
Girls Basketball Club	417				417
Volleyball Club	1,139	1,374	1,136		1,377
Track Club	1,682	757	573		1,866
Investment Account	76,831				76,831
Fund Balance	12	838	1,543		(693)
SCIP	373				373
Subtotal - Junior High	\$ 166,819	\$ 98,081	\$ 135,158	\$	\$ 129,742
Subsidiary					
MS PTO Acct	\$ 78	\$ -	\$ -		78
Middle School Fund	27,486	39,587	37,272		29,801
MS Student Council	2,117	314			2,431
MS 07 Concession Stand	4,897	241	907		4,231
MS Coca Cola Income/Commission	129	938	983		84
MS Library	7,649	10,545	5,453		12,741
MS Band & Orchestra	4,628	11,770	9,023		7,375
Courtesy Fund	331	116	156		291
Cafeteria Food Service	193	-	-		193
AFS C/C Commission	80	-	-		80
Misc. Funds	74,429	13,607	11,572		76,464
Elementary Book Fines	3,621	794	328		4,087
JH C/C Commission	-	310	261		49
SH C/C Commission	17	821	723		115
Laminating	166	17	-		183
District Coke Cola Fund	54,265	17,250	3,500		68,015
Bel Air Fund	19,516	22,280	22,339		19,457
Special Ed Program	2,194	3,125	85		5,234
District Wellness	4,865	6,600	4,138		7,327
Grant Fund	4,158	8,805	7,900		5,063
Jefferson Fund	11,851	6,899	15,034		3,716
Reiche School		107,037	107,037		
Lincoln Fund	2,775	(1,652)	396		727
Deaf & Hard Of Hearing	3,213	-	-		3,213
Montessori School Fund	3,185	4,598	3,034		4,749
Washington Fund	6,418	2,630	3,084		5,964
Westside Fund	9,063	4,075	5,535		7,603
Woodland Park Fund	2,704	15,394	11,848		6,250
Elementary Gifted Art	30		-		30
Digital Training	124	25			149
Red Ribbon Day	2,770	1,285	1,395		2,660
Challenge Fund	1,845				1,845
Reimbursement/Exchange Acct	(10,116)	524,932	542,184		(27,368)
ECC	-	1,399			1,399
Summer Insurance/Annuities	733	5,732	6,271		194
Returned Checks	(716)	-			(716)
21st Century Grant	17,193	8,163	4,026		21,330
EC Network Respite Grant	2				2
Computer Sales	34,966	8,634	10,846		32,764

MADISON COUNTY SCHOOL DISTRICT NO, 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - ACTIVITIES FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019.

UNAUDITED

	Balance 08/31/2018	Receipts	<u>Disbursements</u>	Transfers in (out)	Balance 08/31/2019
Band Instrument Replacement	15	23,000	22,604		411
Middle School Autism Program	681	-	-		681
ECC Autism	330				330
Replacement Activity Cards	25	15	-		40
E-Book Grant	374		374		-
Subtotal - Subsidiary	<u>\$ 298,284</u>	<u>\$ 849,286</u>	<u>\$ 838,308</u>	<u>\$ -</u>	<u>\$ 309,262</u>
Total Activity Fund	<u>\$ 1,272,589</u>	<u>\$ 1,908,344</u>	<u>\$ 1,973,807</u>	<u>\$ -</u>	<u>\$ 1,207,126</u>
Original/Final Budget		<u>\$ 2,815,000</u>	<u>\$ 4,028,632</u>		

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - LUNCH FUND
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Receipts		
Interest	2,900	5,425
Sale of Lunches/Milk	835,000	918,728
Other Local Receipts	255,784	
State Reimbursement	10,300	11,536
Federal Reimbursement	1,345,700	1,459,566
Other Local Receipts		67,335
Transfers from General Fund	500,000	200,000
Total Cash Receipts	<u>2,949,684</u>	<u>\$ 2,662,590</u>
Cash Disbursements		
Purchased Services	2,400,000	\$ 2,400,429
Supplies and Materials (Excluding Food)	54,650	14,407
Capital Outlay		93,535
Other Expenses	400,000	2,314
Transfers to Other Funds	500,000	-
Total Cash Disbursements	<u>\$ 3,354,650</u>	<u>\$ 2,510,685</u>
Fund Balance, August 31, 2018		\$ 479,338
Total Cash Receipts		<u>2,662,590</u>
Total Funds Available		\$ 3,141,928
Total Cash Disbursements		<u>2,510,685</u>
Fund Balance, August 31, 2019		<u>\$ 631,243</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - BOND FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Receipts		
Local Property Taxes	\$ 1,950,000	\$ 1,717,609
Canine Taxes	500	344
Interest	30,000	61,053
Other Local Receipts	106,000	-
Homestead Exemption		61,157
Property Tax Credit		79,273
Personal Property Tax Credit		12,194
Pro-Rate Motor Vehicle	4,500	5,512
Total Cash Receipts	<u>\$ 2,091,000</u>	<u>\$ 1,937,142</u>
Cash Disbursements		
Debt Services:		
Principal	\$ 1,871,365	\$ 1,775,000
Interest	80,834	177,199
Other Miscellaneous Expense	4,215,860	400
Total Cash Disbursements	<u>\$ 6,168,059</u>	<u>\$ 1,952,599</u>
Fund Balance, August 31, 2018		\$ 4,062,115
Total Cash Receipts		1,937,142
Total Funds Available		\$ 5,999,257
Total Cash Disbursements		1,952,599
Fund Balance, August 31, 2019		\$ 4,046,658

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - SPECIAL BUILDING FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Receipts		
Local Property Taxes	\$ 1,252,987	\$ 1,053,577
Carline Taxes		239
Interest	35,000	76,799
Other Local Receipts	50,560	
Homestead Exemption		36,341
Property Tax Credit		54,670
Personal Property Tax Credit		4,615
Pro-Rate Motor Vehicle		3,272
Total Cash Receipts	<u>\$ 1,338,547</u>	<u>\$ 1,229,513</u>
Cash Disbursements		
Business - Building & Sites:		
Purchased Services	\$ 1,000,000	\$ 2,114,388
Building, Acquisition and Improvements	4,678,319	32,055
Total Cash Disbursements	<u>\$ 5,678,319</u>	<u>\$ 2,146,443</u>
Fund Balance, August 31, 2018		\$ 4,423,078
Total Cash Receipts		<u>1,229,513</u>
Total Funds Available		\$ 5,652,591
Total Cash Disbursements		<u>2,146,443</u>
Fund Balance, August 31, 2019		<u>\$ 3,506,148</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO.2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - QUALIFIED CAPITAL PURPOSE
UNDERTAKING FUND - MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Local Property Taxes	\$ 1,000,000	\$ 872,164
Carline Taxes	400	190
Interest	15,000	35,110
Other Local Receipts	53,413	-
Homestead Exemption		29,004
Property Tax Credit		43,632
Personal Property Tax Credit		3,500
Pro-Rate Motor Vehicle		2,840
Total Cash Receipts	<u>\$ 1,068,813</u>	<u>\$ 986,440</u>
Cash Disbursements		
Business Services - Buildings and Sites:		
Purchased Services	-	\$ 66,848
Building, Acquisition and Improvements	2,459,109	1,441
Other Expenses		1,048
Debt Services:		
Principal	923,103	860,000
Interest	57,751	119,317
Total Cash Disbursements	<u>\$ 3,439,963</u>	<u>\$ 1,048,654</u>
Fund Balance, August 31, 2018		\$ 2,362,827
Total Cash Receipts		986,440
Total Funds Available		\$ 3,349,267
Total Cash Disbursements		1,048,654
Fund Balance, August 31, 2019		<u>\$ 2,300,613</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - COOPERATIVE FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	<u>Original/Final Budget</u>	<u>2019 Actual</u>
Cash Receipts		
Local Property Taxes		\$ 13,590
Tuition from Other Districts (Special Education)	400,000	
Interest	1,500	8,821
Other Local Receipts		22,725
Pro-Rate Motor Vehicle		99
Other State Receipts	185,000	327,625
Other Non-Revenue Receipts	242,410	-
Total Cash Receipts	<u>\$ 828,910</u>	<u>\$ 372,860</u>
Cash Disbursements		
Special Education Instruction	\$ 512,385	\$ 376,695
Adult Education	1,006,697	-
Total Cash Disbursements	<u>\$ 1,519,082</u>	<u>\$ 376,695</u>
Fund Balance, August 31, 2018		\$ 557,720
Total Cash Receipts		<u>372,860</u>
Total Funds Available		930,580
Total Cash Disbursements		<u>376,695</u>
Fund Balance, August 31, 2019		<u><u>553,885</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - STUDENT FEE FUND
MODIFIED CASH BASIS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

UNAUDITED

	Balance 8/31/2018	Receipts	Disbursements	Transfers In (Out)	Balance 8/31/2019
Instrument Rental & Repair Fees	\$ 5,256	\$ 12,973	\$ 7,633	\$ -	\$ 10,596
Instrument Rental Fee	325		-		325
Golf Shirt 9-12	-	528			528
Act Prep Book Fee	1,998	-	-		1,998
Baseball Hats, Belts, & Socks	(669)	980	600		(289)
Boys' Tennis Fee	1,032	1,560	1,648		944
Cheerleading Uniform Fee		2,471	2,471		-
Choir Robe Cleaning Fee	155	1,075	1,817		(587)
Boys Soccer Socks Fee	39	426	298		167
Girls Tennis Fee	-	1,394	1,416		(22)
Pink Panther Silver & Black Fee	(4,698)	1,500			(3,198)
Swimming Fee 9-12		260	207		53
FBLA	24	-	-		24
Pottery Project Fee	519	-	-		519
Activity Cards 9-12	16,975	23,960	20,705		20,230
Graduation Fees	369		-		369
Industrial Arts Lab-Safety Glasses	1,575				1,575
Chemistry Goggles Fee	146	-	-		146
21st Century Grant Fee	71,873	15,968	81,261		6,580
Business Services	4,556	52,721	46,815		10,462
Participation Fee	15,855	18,275	12,650		21,480
Technology Fee 7-12	144,046	52,530	840		195,736
21st Century Living Project Fee	90	845	585		350
7/8 Challenge Fee	16	-	-		16
Art 7 Fee	65				65
Industrial Tech 7 Fee	278				278
Wellness Workbook Fee 7-8	24	-			24
Art 8 Fee	796	182	-		978
Spanish Culture & Language Fee	24	-	24		-
Industrial Tech 8 Fee	1,399	1,700	1,055		2,044
Show Choir Headband	-	2	2		-
Show Choir Shirt Fee	266	-	-		266
Activity Card Fee 7-8	490	21,715	12,025		10,180
Art Class Fee	835	1,095	-		1,930
Band Shoes 9-12	29	680	410		299
Band Uniform Cleaning Fee	3,256	2,626	1,640		4,242
Cheerleading Warm-Ups (Rental) Fee	-	399	399		-
Choraleer Performance Outfit	-	3,973	4,226		(253)
Flags/Color Guard	4	704	2,123		(1,415)
Activity Cards K-6	11,775	15,295	-		27,070
Summer School	45,378	8,700	200		53,878
Girls Soccer Socks Fee	12	270	131		151
Totals	<u>\$ 324,113</u>	<u>\$ 244,807</u>	<u>\$ 201,181</u>	<u>\$ -</u>	<u>\$ 367,739</u>
Original/Final Budget		<u>\$ 130,000</u>	<u>\$ 419,853</u>		

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTE TO BUDGETARY COMPARISON SCHEDULES
ALL FUNDS

AUGUST 31, 2019

UNAUDITED

NOTE 1 - BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt annual budgets for all the funds it uses. The budget is presented on the cash basis of accounting, which is consistent with the requirements of the Nebraska Budget Act.

The Nebraska Budget Act provides the prescribed budget practices and procedures that government entities 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 supplementary information:

1. As of August 1, or shortly thereafter, the administration of the 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the budget filing date, the budget is legally adopted by the Board of Education through the passage of a resolution.
4. Total actual expenditures may not legally exceed the total budget of expenditures. Appropriations for expenditures lapse at year-end and any revisions require a public hearing and Board approval.
5. The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with state statutes. The tax levy attaches as an enforceable lien on property within the District as of January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 become delinquent on the following May 1, with the second one-half becoming delinquent on September 1.



**SCHUMACHER, SMEJKAL,
BROCKHAUS AND HERLEY, P.C.**

**CERTIFIED
PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS**

Richard E. Schumacher

Scott T. Smejkal

Mark J. Brockhaus

Brock .I. Harley

3403 27th Street

P.O. Box 280

Columbus, NE 68602-0280

P: 402 564 1366

F: 402 564 1360

508 West Prospect Avenue

P.O. Box 368

Norfolk, NE 68702-0368

P: 402 379 2722

F: 402 379 2218

www.gotcpas.com

MEMBERS

American Institute of
Certified Public Accountants

Nebraska Society of
Certified Public Accountants

**INDEPENDENT AUDITORS' 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
Madison County School District No. 2
Norfolk Public Schools
Norfolk, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County School District No. 2, Norfolk Public Schools, as of and for the fiscal year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Madison County School District No. 2, Norfolk Public Schools' basic financial statements and have issued our report thereon dated October 16, 2019.

Our report disclosed that, as described in Note 1 to the financial statements, Madison County School District No. 2, Norfolk Public Schools prepares its financial statements 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison County School District No. 2, Norfolk Public Schools' 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 Madison County School District No. 2, Norfolk Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Madison County School District No. 2, Norfolk Public Schools' internal control.

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

Madison County School District No. 2
Norfolk Public Schools

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County School District No. 2, Norfolk Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion, The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AZ4-0.4.4

SCHUMACHER, SMEJKAL, BROCKHAUS & HERLEY, P.C.
Certified Public Accountants

Norfolk, Nebraska
October 16, 2019

4

SCHUMACHER, Smejkal,
Brockhaus and Herley, P.C.

**CERTIFIED
PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS**

Richard E. Schumacher

Scott I. Smejkal

Mark J. Brockhaus

Brocki. Harley

3403 27th Street
P.O. Box 280
Columbus, NE 68602-0280
P: 402 564 1366
F: 402 564 1360

508 West Prospect Avenue
P.O. Box 368
Norfolk, NE 68702-0368
P: 402 379 2722
F: 402 379 2218

[t www.gotcpas.com](http://www.gotcpas.com)

MEMBERS

American Institute of
Certified Public Accountants
Nebraska Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Madison County School District No. 2
Norfolk Public Schools
Norfolk, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Madison County School District No. 2, Norfolk Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Madison County School District No. 2, Norfolk Public Schools' major federal programs for the fiscal year ended August 31, 2019. Madison County School District No. 2, Norfolk Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Madison County School District No. 2, Norfolk Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison County School District No. 2, Norfolk Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Madison County School District No. 2
Norfolk Public Schools

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Madison County School District No. 2, Norfolk Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Madison County School District No. 2, Norfolk Public Schools, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended August 31, 2019.




Report on Internal Control over Compliance

Management of Madison County School District No. 2, Norfolk Public Schools, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison County School District No. 2, Norfolk Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County School District No. 2, Norfolk Public Schools' internal control over compliance.

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

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

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

   At
SCHUMACHER, SMEJKAL, BROCKHAUS & BERLEY, P.C.
Certified Public Accountants

Norfolk, Nebraska
October 16, 2019

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR NUMBER	TOTAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (NSLP)	10.555	59-0002	\$ 1,605,501
Fresh Fruit & Vegetable Program	10.582	59-0002	13,260
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 1,618,761
U.S. DEPARTMENT OF EDUCATION			
Direct Funding			
Indian Education	84.060		49,682
Passed through State Department of Education:			
Special Education Cluster (IDEA)			
Special Education - IDEA, Part B (611)	84.027	59-0002	\$ 1,126,166
Special Education - IDEA Preschool (619)	84.173	59-0002	24,610
Total Special Education Cluster (IDEA)			\$ 1,150,776
Title I, Part A	84.010	59-0002	\$ 846,699
Title IV, Part A	84.424	59-0002	33,236
Career/Technical Education - Basic Grants	84.048	59-0002	47,187
Special Education - IDEA, Part C Projects	84.181	59-0002	13,276
21st Century Community Learning Centers	84.287	59-0002	157,467
Title III - LEP and Immigrants Grants	84.365	59-0002	28,466
Title II, Part A Teacher Quality Grants	84.367	59-0002	134,220
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 2,461,009
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Association of School Boards (NASB):			
Medicaid Administrative Activities	93.778	59-0002	154,166
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,233,936

See accompanying notes to the Schedule of Expenditures of Federal Awards

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Madison County School District No. 2, Norfolk Public Schools, and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE 2 - INDIRECT COSTS

Madison County School District No. 2, Norfolk Public Schools did not elect to use the 10% de minimis indirect cost rate allowed when computing the amounts in the schedule of expenditures of federal awards.

NOTE 3 - COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received as determined by the Nebraska Department of Health and Human Services. The total value of commodities included in the schedule of expenditures of federal awards is \$159,195.

MADISON COUNTY SCHOOL DISTRICT NO. 2
NORFOLK PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2019.

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Madison County School District No. 2, Norfolk Public Schools.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Madison County School District No. 2, Norfolk Public Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of internal control over major federal programs are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance.
5. The Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance for Madison County School District No. 2, Norfolk Public Schools, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA #</u>
Child Nutrition Cluster (CNC)	10.555
Title I	84.010

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Madison County School District No. 2, Norfolk Public Schools, did not qualify as a low-risk auditee.

FINDINGS — FINANCIAL STATEMENT AUDIT

None

FINDINGS — MAJOR FEDERAL AWARD PROGRAMS AUDIT

None