

EDUCATIONAL SERVICE UNIT NO. 9

HASTINGS, NEBRASKA

FINANCIAL STATEMENTS

AUGUST 31, 2023



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Educational Service Unit No. 9
Hastings, Nebraska

Report on the Audited Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Educational Service Unit No. 9, Hastings, Nebraska, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Educational Service Unit No. 9, Hastings, Nebraska's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Educational Service Unit No. 9, Hastings, Nebraska, as of August 31, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Educational Service Unit No. 9, Hastings, Nebraska, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Educational Service Unit No. 9, Hastings, Nebraska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Educational Service Unit No. 9, Hastings, Nebraska's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Educational Service Unit No. 9, Hastings, Nebraska's basic financial statements. The management's discussion and analysis on pages 4 - 8 and the budgetary comparison information on pages 29 - 32 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 on pages 36 - 38 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.

Such information 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. The 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 budgetary comparison information on pages 29 - 32 and the schedule of expenditures of federal awards on pages 36 - 38 are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Educational Service Unit No. 9, Hastings, Nebraska's basic financial statements for the year ended August 31, 2022, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Educational Service Unit No. 9, Hastings, Nebraska's basic financial statements as a whole. The supplementary information on pages 29 - 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 supplementary information on pages 29 - 33 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Analysis of Accounts with County Treasurer Funds on pages 34 - 35, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2024, on our consideration of the Educational Service Unit No. 9, Hastings, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Educational Service Unit No. 9, Hastings, Nebraska's 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 Educational Service Unit No. 9, Hastings, Nebraska's internal control over financial reporting and compliance.


Dana J. Cole + Company, LLP

Grand Island, Nebraska
January 5, 2024

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

This section of Educational Service Unit No. 9, Hastings, Nebraska's (the Service Unit) annual audit report presents our discussion and analysis of the Service Unit's financial performance during the fiscal year that ended on August 31, 2023. Please read it in conjunction with the Service Unit's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Service Unit utilizes the provisions of Statement 34 of the Governmental Accounting Standards Board, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement 34 established standards for external financial reporting for all state and local government entities, which include government-wide financial statements, fund financial statements, and the classification of net assets into the following components: restricted and unrestricted.

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

The accompanying basic financial statements have been prepared on the modified cash basis of accounting. Accordingly, the financial statements and supplementary information are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in United States of America. The use of the modified cash basis of accounting is permissible under Title 92, Nebraska Administrative Code, Chapter 2, for service units such as Educational Service Unit No. 9, Hastings, Nebraska.

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

FINANCIAL HIGHLIGHTS

The Service Unit's fund balance, as compared with the prior fiscal year, increased by \$880,359.

The Service Unit received \$7,884,772 in receipts for 2022 - 2023. This was an increase of \$1,833,905 from 2021 - 2022.

The Service Unit expended \$7,004,413 in disbursements for 2022 - 2023. This was an increase of \$936,042 from 2021 - 2022.

The 2022 - 2023 certified taxable value of \$11,707,848,060 was an increase of 5.56% from the 2021 - 2022 certified taxable value of \$11,090,823,881.

The Service Unit's total net position was \$4,299,303 at August 31, 2023, and \$3,418,944 at August 31, 2022.

	2023	2022
Total cash and investments	<u>4,299,303</u>	<u>3,418,944</u>
Liabilities	<u>- 0 -</u>	<u>- 0 -</u>
Net position		
Unrestricted	<u>4,299,303</u>	<u>3,418,944</u>
Total net position and liabilities	<u><u>4,299,303</u></u>	<u><u>3,418,944</u></u>

The results of this year's operation as a whole are reported in the statements of net position and activities and on pages 9 - 10. All disbursements are reported in the first column. Specific charges, grants, receipts, and subsidies that directly relate to specific disbursement categories are represented to determine the final amount of the Service Unit's activities that are supported by general receipts.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

FINANCIAL HIGHLIGHTS (Continued)

Below is information from that statement, rearranged slightly, so you can see the total receipts for the year.

	Governmental Activities	
	2023	2022
RECEIPTS		
Local	4,441,288	4,045,124
State	940,753	712,790
Federal	2,475,613	1,099,918
Nonrevenue	27,118	193,035
Total receipts	<u>7,884,772</u>	<u>6,050,867</u>
 DISBURSEMENTS		
Instruction	544,672	629,010
Support services - students	2,042,452	1,647,035
Support services - instruction	741,145	664,938
Support services - general administration	287,694	264,148
Central services	954,030	790,653
Maintenance and operation of building	117,242	115,837
Student transportation	2,101	621
Private and state categorical programs	674,819	667,200
Facilities construction	16,480	
Federally funded programs	1,622,498	1,287,933
Other	1,280	996
Total disbursements	<u>7,004,413</u>	<u>6,068,371</u>
 CHANGE IN NET POSITION - MODIFIED CASH BASIS	880,359	(17,504)
 NET POSITION - MODIFIED CASH BASIS, beginning of year	<u>3,418,944</u>	<u>3,436,448</u>
 NET POSITION - MODIFIED CASH BASIS, end of year	<u>4,299,303</u>	<u>3,418,944</u>

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

FINANCIAL ANALYSIS OF THE SERVICE UNIT AS A WHOLE

Governmental Activities

Educational Service Unit No. 9, Hastings, Nebraska, serves 14 school districts located within 6 counties.

The Service Unit receives funding from several sources. Those sources include property tax, grants (federal and state funding), and reimbursements from our member school districts. Educational service units are limited to a 1.5 cent levy on the General Fund based on certified valuation. The following table shows the property tax rates, for fiscal years 2021 - 2022 and 2022 - 2023. Levies are expressed in dollars and cents per \$100 of valuation. The Service Unit's total property tax on \$100,000 would be \$15 in 2022 - 2023.

Fiscal Year	Tax Levy	Actual Tax Received
2021 - 2022	1.500000	1,656,515
2022 - 2023	1.500000	1,736,714

General Fund Budgetary Highlights

Over the course of the 2022 - 2023 fiscal year, the fund balance of the Service Unit's General Fund increased \$872,456 to \$4,099,515. The following table provides a detailed picture of the change in cash position.

	2022 - 2023 Budget	Year End Actual	Difference
September 1, 2022, beginning balance		3,227,059	
Receipts			
Tax (local and state, net of commissions)	1,738,789	1,762,407	23,618
Other local	2,846,596	2,853,101	6,505
State	913,049	758,630	(154,419)
Federal	3,150,739	2,475,613	(675,126)
Nonrevenue	2,000	27,118	25,118
Total receipts	<u>8,651,173</u>	<u>7,876,869</u>	<u>(774,304)</u>
Disbursements, including debt services	<u>8,800,072</u>	<u>7,004,413</u>	<u>1,795,659</u>
Net increase (decrease)	<u>(148,899)</u>	<u>872,456</u>	
August 31, 2023, ending balance		<u>4,099,515</u>	

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing for 2023 – 2024, the core service funding will decrease \$39,127 for total funding of \$55,020. The certified valuation will increase 8.01% bringing the total for 2023 – 2024 to \$12,645,394,200.

CONTACTING THE SERVICE UNIT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and bond buyers a general overview of the Service Unit's finances and to demonstrate the Service Unit's accountability for the money with which it is entrusted. If you have questions about this report or need additional financial information, contact the Business Office Manager of Educational Service Unit No. 9, 5807 Osborne Drive West, Hastings, Nebraska, 68901. Our telephone number is 402.463.5611, our fax number is 402.463.9555, and our website address is www.esu9.org.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AUGUST 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	3,907,549
Cash at county treasurers	<u>391,754</u>
 TOTAL ASSETS	 <u>4,299,303</u>
 LIABILITIES	 <u>- 0 -</u>
 NET POSITION	
Unrestricted	<u><u>4,299,303</u></u>

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2023

	Cash Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Governmental activities				
Instruction	544,672	42,182		(502,490)
Support services - students	2,042,452	2,289,224	61,900	308,672
Support services - instruction	741,145	179,348	94,147	(467,650)
Support services - general administration	287,694	66,809		(220,885)
Central services	954,030	26,366		(927,664)
Maintenance and operation of building	117,242			(117,242)
Student transportation	2,101			(2,101)
Private and state categorical programs	674,819	37,740	656,164	19,085
Facilities construction	16,480			(16,480)
Federally funded programs	1,622,498	869	2,475,613	853,984
Other	1,280			(1,280)
Total governmental activities	7,004,413	2,642,538	3,287,824	(1,074,051)
GENERAL RECEIPTS				
Tax (local and state, net of commissions)				1,762,407
Interest				164,321
Property and equipment sales				4,000
Insurance proceeds				22,632
Other				1,050
Total general receipts				1,954,410
CHANGE IN NET POSITION				880,359
NET POSITION, beginning of year				3,418,944
NET POSITION, end of year				4,299,303

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	General Fund	Depreciation Fund	Total Governmental Funds
ASSETS			
ASSETS			
Cash and cash equivalents	3,707,761	199,788	3,907,549
Cash at county treasurers	<u>391,754</u>	<u> </u>	<u>391,754</u>
TOTAL ASSETS	<u>4,099,515</u>	<u>199,788</u>	<u>4,299,303</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
FUND BALANCES			
Assigned			
Capital outlay		199,788	199,788
Subsequent year's budget	603,079		603,079
Unassigned	<u>3,496,436</u>	<u> </u>	<u>3,496,436</u>
Total fund balances	<u>4,099,515</u>	<u>199,788</u>	<u>4,299,303</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>4,099,515</u>	<u>199,788</u>	<u>4,299,303</u>

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	General Fund	Depreciation Fund	Total Governmental Funds
RECEIPTS			
Local	4,433,385	7,903	4,441,288
State	940,753		940,753
Federal	2,475,613		2,475,613
Nonrevenue	<u>27,118</u>		<u>27,118</u>
Total receipts	<u>7,876,869</u>	<u>7,903</u>	<u>7,884,772</u>
DISBURSEMENTS			
Instruction	544,672		544,672
Support services - students	2,042,452		2,042,452
Support services - instruction	741,145		741,145
Support services - general administration	287,694		287,694
Central services	954,030		954,030
Maintenance and operation of buildings	117,242		117,242
Student transportation	2,101		2,101
Private and state categorical programs	674,819		674,819
Facilities construction	16,480		16,480
Federally funded programs	<u>1,622,498</u>		<u>1,622,498</u>
Total disbursements	<u>7,003,133</u>		<u>7,003,133</u>
OTHER FINANCING (SOURCES) USES			
Interfund transfers	<u>1,280</u>		<u>1,280</u>
NET CHANGE IN FUND BALANCES	872,456	7,903	880,359
FUND BALANCE, beginning of year	<u>3,227,059</u>	<u>191,885</u>	<u>3,418,944</u>
FUND BALANCE, end of year	<u>4,099,515</u>	<u>199,788</u>	<u>4,299,303</u>

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
AUGUST 31, 2023

	Cafeteria Plan Fund
ASSETS	
ASSETS	
Cash and cash equivalents	<u>18,728</u>
LIABILITIES AND NET POSITION	
LIABILITIES	<u>- 0 -</u>
NET POSITION	
Restricted	9,728
Unrestricted	<u>9,000</u>
TOTAL NET POSITION	<u><u>18,728</u></u>

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2023

	2023 Actual
ADDITONS	
Participant withholdings	44,825
Transfers from General Fund	<u>1,280</u>
Total additions	<u>46,105</u>
DEDUCTIONS	
Payments to participants/vendors	38,640
Administrative costs	<u>1,280</u>
Total deductions	<u>39,920</u>
CHANGE IN NET POSITION	6,185
NET POSITION, beginning of year	<u>12,543</u>
NET POSITION, end of year	<u>18,728</u>

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of Educational Service Unit No. 9, Hastings, Nebraska (the Service Unit).

Organization

The Service Unit is a governmental entity established under and governed by the laws of the state of Nebraska and administrative regulations of the Nebraska Department of Education. The Service Unit serves as an educational service provider to its member school districts located in the following counties: Adams, Clay, Webster, Nuckolls, Hamilton, and a portion of Hall County lying south of the Platte River.

Reporting Entity

The Service Unit has given consideration to potential component units for which it is financially accountable. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of the organization's governing body and the ability of the Service Unit to impose its will on that organization to provide specific financial benefits to or impose specific financial burdens on the Service Unit. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Service Unit (the primary government and its component units). The component units are included in the Service Unit's reporting entity because of the significance of their operational or financial relationships with the Service Unit. The associated entities over which the Service Unit is considered to be financially accountable are included in the Service Unit's financial statements and are described below.

The component units are legally separate entities from the Service Unit, but they are so intertwined with the Service Unit that they are, in substance, the same as the Service Unit. The Educational Service Unit No. 9 Building Improvement Corporation (the Corporation) was incorporated in July 1994 as a nonprofit corporation that exists for the purpose to purchase educational facilities and property, both real and personal. In September 2010, the Service Unit purchased the leased property and the Educational Service Unit No. 9 Building Improvement Corporation was dissolved. It was reinstated in June 2012 and on July 18, 2023, the Educational Service Unit No. 9 Building Corporation was dissolved due to lack of activity.

Basic Financial Statements - Government-Wide Statements

The statement of activities and statement of net position reports information on the Service Unit as a whole. They include all funds of the Service Unit except for fiduciary funds. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Service Unit does not report any business-type activities.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements - Government-Wide Statements (Continued)

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

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Service Unit are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and disbursements.

Fund Types

The accounts of the Service Unit are organized on the basis of funds, which are grouped into the following fund types:

Governmental Fund Types

General Fund - Used to account for current financial resources, not accounted for in other funds, related to general operations.

Depreciation Fund - Used to account for revenues specifically maintained for future building and equipment purchases.

Major Funds

The Service Unit reports all governmental funds as major funds. The General Fund and its components are considered one fund for reporting purposes.

Fiduciary Fund Types

Cafeteria Plan Fund - Used to account for qualifying payroll deductions and reimbursements related to the Service Unit's Cafeteria Plan. This fund is a flow-through account.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The Service Unit prepares its financial statements on the modified cash basis, which is in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Education.

The modified cash basis of accounting is a basis of accounting other than GAAP as established by GASB. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or equivalents) during the period are recognized, except for the following modifications:

Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit) that arise from transactions and events involving cash or cash equivalents are recognized; and,

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

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets, such as property, equipment, and infrastructure, are not reported and long-term liabilities, such as debt and compensated absences, are not reported.

If the Service Unit utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Capital Assets

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

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt Obligations

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

Budget Process and Property Taxes

The Service Unit is required by state law to hold public hearings and adopt annual budgets for all funds on the modified cash basis of accounting. Total disbursements for each fund may not exceed the total budgeted disbursements. The General Fund is also subject to a total nonspecial education disbursement limit. Appropriations for disbursements lapse at year end. Any revisions to the adopted budget of total disbursements to any fund require a public hearing. State statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various disbursements and/or tax levy limitations.

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

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

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

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance.

Fund Balance Classification

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

Nonspendable

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

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The Service Unit currently has no amounts classified in this category.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education (the Board). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Service Unit currently has no amounts classified in this category.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Assigned

This classification includes amounts that are constrained by the Service Unit's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board delegating this responsibility to the Service Unit manager through the budgetary process. The Service Unit has assigned balances for the Depreciation Fund, and subsequent year's budget deficit.

Unassigned

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

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

Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to compensated absences are not recorded in the government-wide or fund financial statements. The Service Unit's policy is to recognize the costs of compensated absences when paid to employees.

Internal and Interfund Balances and Activities

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. The net amount of transfers between governmental and business-type activities are not eliminated in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Service Unit requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Since the Service Unit reports on the modified cash basis of accounting, right-to-use assets are not recorded as assets on the government-wide or fund financial statements, and amortization is not recognized. Likewise, the related liabilities for these leases are not recognized in the financial statements. Payment on all leases are recorded as disbursements by function in the financial statements.

Under GASB Statement 87, *Leases*, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. There was no effect on the financial statements other than note disclosures as a result of implementing this standard. Leases that transfer ownership (formerly disclosed as capital leases) are now disclosed in the footnote for long-term debt and other leases are disclosed in a separate footnote. Disclosure of terms and lease obligations are disclosed to maturity for leases with the exception of those leases meeting the criteria of short-term leases. Short-term leases are those with maximum possible terms at inception of 12 months or less. No disclosures are required for these leases. The standard does not apply to intangible assets including subscription-based technology arrangements.

New Accounting Pronouncements

GASB Statement 96, *Subscription-based Information Technology Arrangements*, was implemented in the current year. The standard provides guidance related to accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The standard generally requires the recording of a right-to-use subscription asset (intangible asset) and a corresponding liability. There is an exception for short-term SBITAs defined as those with maximum possible terms of 12 months or less including options to extend, regardless of their probability of being exercised. Since the Service Unit is on the modified cash basis of accounting, there was no effect on the financial statements other than expanded disclosures regarding these agreements. For those meeting the statement's criteria, the arrangements including commitments to maturity are disclosed. The Service Unit currently has no material commitments under these types of arrangements.

NOTE 2. CASH AND INVESTMENTS

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

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Service Unit's deposits may not be returned to it. As of August 31, 2023, the Service Unit held bank deposits and also held funds in certificates of deposits with the Nebraska Liquid Asset Fund (NLAF).

NLAF was formed in 1988 under the Interlocal Cooperation Act to provide a cash management program for school districts, educational service units and community colleges, public agencies, and other governmental subdivisions. NLAF was established to assist public bodies throughout the state of Nebraska with the investment of their available cash reserves. Participation in the investment fund is voluntary for its members. The objective of the fund is to provide a means for investors to achieve a high rate of return while preserving principal and maintaining liquidity, while investing only in instruments permitted by applicable Nebraska statutes. NLAF seeks to achieve its investment objective through professionally managed investment funds governed by the investment policies and restrictions specified. NLAF Board of Trustees is elected from representatives of various participants in the fund. NLAF Board of Trustees has engaged PFM Asset Management, LLC, as administrator and investment advisor. For a copy of the most recent audit report for the NLAF, contact NLAF at 1.877.667.3523 or via the NLAF website at <https://www.nlafpool.org/>.

Bank Deposits

As of August 31, 2023, all of the Service Unit's deposits with financial institutions were fully insured or collateralized by securities held in the Service Unit's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the Service Unit's policy is to require depositories to provide pledged securities to cover deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits.

NLAF Deposits

State law required collateralization of deposits with Federal depository insurance or with U.S. Treasury and U.S. Agency securities having an aggregate value at least equal to the balance of deposits. As of August 31, 2023, all of NLAF's deposits were insured and collateralized by securities held by the pledging financial institution in other than the NLAF's name.

Investments

NLAF is a pooled cash account that invests primarily in U.S. government & agency obligations and repurchase agreements. The NLAF seeks to maintain a stable net asset value of \$1 per share, but it is possible to lose money investing in the NLAF. NLAF is not insured or guaranteed by the FDIC or any other governmental agency.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

At August 31, 2023, the Service Unit had \$3,907,549 in NLAf investments. These investments consisted of government agency securities and repurchase agreements that were collateralized by U.S. government securities.

The Service Unit is exposed to risks noted below in relation to its investments in the NLAf. The Service Unit does not have a policy for these risks. The following NLAf risk policies below were taken from footnotes in the NLAf audit report.

Interest Rate Risk

The NLAf investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the portfolio maintain a dollar-weighted average maturity of not greater than 60 days. The weighted average maturity of the entire portfolio at May 31, 2023, the date of the latest NLAf audit report, was 27 days.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. According to the latest audit report on the NLAf, as of May 31, 2023, NLAf limits the investments to certain fixed income instruments which school entities are permitted to invest in under Nebraska law. As of May 31, 2023, the investment portfolio was comprised of investments that were, in aggregate, rated by Standard & Poor's (S&P) as shown in the table below. The rates include the ratings of collateral underlying repurchase agreements in effect at May 31, 2023.

<u>S&P Rating</u>	<u>Percent of Portfolio</u>
AA+	51.49%
A-1+	5.28%
Exempt*	43.23%

* Represents investments in U.S. Treasury securities, which are not considered to be subject to overall credit risk per GASB.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the NLAf will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. The NLAf has no specific policy as to custodial credit risk. All of the underlying securities for NLAf investments in repurchase agreements at May 31, 2023, the latest audit report date for NLAf, were collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, NLAf has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The NLAF investment policy establishes certain restrictions on investments and limitations on portfolio composition. The investment portfolio at May 31, 2023, included the issuers shown in the table below, which individually represented greater than 5% of the total investment portfolio.

Issuer	Percent of Fund
BNP Paribas (NY)	06.57%
BofA Securities, Inc.	14.81%
Credit Agricole Corporate & Investment Bank (NY)	13.54%
Federal Farm Credit Banks	21.96%
Federal Home Loan Bank	25.35%
Goldman Sachs & Co.	10.95%

** These issuers are also counterparties to a repurchase agreement entered into by the Fund. These repurchase agreements are collateralized by U.S. government and agency obligations.*

NOTE 3. RETIREMENT PLAN

Plan Description

Educational Service Unit No. 9, Hastings, Nebraska, 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, 2022, there were 263 participating school districts. These were the districts that had contributions during the fiscal year. All regular public-school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, and 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

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT PLAN (Continued)

Plan Description (Continued)

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 2%, 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 2%, and an actuarial factor based on age.

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

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

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

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 unit employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2021 to June 30, 2022 (and from July 1, 2022 through August 31, 2023). The employer contribution is 101 percent of the employee contribution. The Service Unit's contribution to the Plan for its year ended August 31, 2023, was \$350,001.

For the Service Unit's year ended August 31, 2023, the Service Unit's total payroll for all employees was \$3,862,574. Total covered payroll was \$3,543,313. Covered payroll refers to all compensation paid by the Service Unit to active employees covered by the Plan.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT PLAN (Continued)

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 via the internet at <https://www.auditors.nebraska.gov>.

NOTE 4. FILM CONTRACTS ON YEARLY BASIS

Educational Service Unit No. 9, Hastings, Nebraska, formerly entered into a number of agreements for the duplication and streaming rights of films each year. During the fiscal year, the Service Unit did not stream any films and did not expend any funds for streaming, however; they still own duplication rights.

NOTE 5. OPERATING LEASE OBLIGATIONS

The Service Unit entered into a lease agreement on September 13, 2022, with Eakes Office Plus. The Service Unit rents copier machines and related items for use by the Service Unit, as agreed to on an annual basis. The lease is effective through August 13, 2027.

The Service Unit has lease obligations as follows:

Year Ending August 31,	Eakes Office Plus
2024	7,563
2025	7,563
2026	7,563
2027	<u>7,563</u>
	<u><u>30,252</u></u>

NOTE 6. ESU NO. 9 BUILDING IMPROVEMENT CORPORATION ENTITY/LEASE AGREEMENT

On July 6, 1994, the Educational Service Unit No. 9 Building Improvement Corporation (the Corporation) was created as a nonprofit organization as defined and described in Internal Revenue Code Section 501(c)(3).

Its purpose included the purchase of educational facilities and property, both real and personal.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 6. ESU NO. 9 BUILDING IMPROVEMENT CORPORATION ENTITY/LEASE AGREEMENT
(Continued)

On September 16, 2010, the Service Unit purchased the lease property and the Corporation was dissolved.

On June 5, 2012, the Corporation was reinstated. No activity has occurred from date of reinstatement through July 17, 2023.

On July 18, 2023, the Service Unit dissolved the Corporation.

NOTE 7. CAFETERIA PLAN

The Service Unit provides for a qualifying Cafeteria Plan within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended, and that the benefit which an employee elects to receive under the plan be includable or excludable from the employee's income under section 125(a) and other applicable sections of the Internal Revenue Code of 1986, as amended. At August 31, 2023, \$9,728 was due to employees which represents employee contributions to the Cafeteria Plan. The funds are held by the Service Unit until the proper claim is filed by the employee.

NOTE 8. TRANSFERS

The Service Unit transferred the following amounts from the General Fund to the Cafeteria Plan Fund during the year.

Administration fees	<u>1,280</u>
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NOTE 9. RISK MANAGEMENT

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

NOTE 10. CONTINGENCIES

The Service Unit participates in a variety of federally funded programs. Federal disbursements are subject to audit by the U.S. government and pass-through agencies. In the opinion of management, disallowed costs, if any, will not have a material effect on the financial position of the Service Unit, or its federal grant programs.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 11. TAX ABATEMENTS

The Service Unit is subject to property tax abatements granted by various cities in the area through Tax Incremental Financing (TIF) agreements with various developers. The incremental increase in valuation from the development is not included in the Service Unit's available valuation base until the TIF agreement has expired which is generally 15 years. The incremental taxes, including the Service Unit's share is returned to the developer, effectively rebating the taxes on the increased valuation.

Information relevant to the tax abatements impacting the Service Unit for the year ending August 31, 2023, is as follows:

Total TIF valuation 2022	62,496,449
Service Unit's total levy	.015
Service Unit's share of tax abatement	9,374

NOTE 12. SUBSEQUENT EVENT

In preparing the financial statements, the Service Unit has evaluated events and transactions for potential recognition or disclosure through January 5, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023
WITH COMPARATIVE TOTALS FOR AUGUST 31, 2022

	Original and Final Budget	2023 Actual	2022 Actual (Restated)
FUND BALANCE, beginning of year		<u>3,227,059</u>	<u>3,245,225</u>
RECEIPTS			
Local			
1100 Property tax	1,738,789	1,575,341	1,502,009
1115 Carline tax		1,554	1,627
1140 Penalties and interest		3,389	3,079
1380 Contracted Education Service Receipts - special education - below age 5	596,695	546,017	501,696
1385 Contracted Education Service Receipts - special education - school age	1,568,299	1,372,448	1,326,501
1395 Contracted Education Service Receipts - regular	456,102	487,720	410,232
1510 Interest	5,000	156,418	11,728
1910 Rental of equipment and building		264	591
1920 Contributions and donations from private sources		300	1,020
1925 Categorical grants from corporations and private sources		5,465	5,480
1951 Other local revenue from other ESU's and schools	106,864	189,631	152,954
1960 Miscellaneous receipts from other local governments	60,500	61,900	98,052
1990 Other local receipts	53,136	32,938	29,493
Total local receipts	<u>4,585,385</u>	<u>4,433,385</u>	<u>4,044,462</u>
State			
3130 Homestead exemption		25,628	22,767
3131 Property tax credit		135,746	131,739
3133 Nameplate capacity tax	3,539	16,707	3,532
3180 Pro rate motor vehicle	4,061	4,042	4,060
3512 Distance education		13,784	
3550 Core service	94,147	94,147	46,127
3599 Other state categorical programs	811,302	650,699	504,565
Total state receipts	<u>913,049</u>	<u>940,753</u>	<u>712,790</u>

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023
WITH COMPARATIVE TOTALS FOR AUGUST 31, 2022

	Original and Final Budget	2023 Actual	2022 Actual (Restated)
RECEIPTS (Continued)			
Federal			
4105 Erate	5,000	9,795	5,619
4505 Title I, Part A ESSA			499,653
4509 Title II, Part A ESSA	150,282	64,542	90,143
4523 IDEA	20,000	80,579	29,855
4526 Title I, Part C ESSA education of migratory children	2,447,587	2,091,418	260,097
4525 Federal vocational and applied technology - Carl Perkins	54,518	53,148	52,356
4708 Medicaid In Public Schools (MIPS)	100,000	103,040	99,431
4709 Medicaid In Public Schools (MAAPS)		33,148	36,164
4530 Other categorical receipts	373,352	39,943	26,600
Total federal receipts	<u>3,150,739</u>	<u>2,475,613</u>	<u>1,099,918</u>
Nonrevenue			
5301 Insurance proceeds		22,632	1,446
5300 Sale of property		4,000	189,459
5690 Other	2,000	486	2,130
Total nonrevenue receipts	<u>2,000</u>	<u>27,118</u>	<u>193,035</u>
Total receipts	<u>8,651,173</u>	<u>7,876,869</u>	<u>6,050,205</u>
TOTAL FUNDS AVAILABLE		<u>11,103,928</u>	<u>9,295,430</u>
DISBURSEMENTS			
1000 Instruction	665,463	544,672	629,010
2100 Support services - students	2,007,769	2,042,452	1,647,035
2200 Support services - instruction	896,170	741,145	664,938
2300 Support services - general administration	269,009	287,694	264,148
2500 Central services	1,038,963	954,030	790,653
2600 Maintenance and operation of building	149,556	117,242	115,837
2700 Student transportation		2,101	621
3400 Categorical grants from corporations/private interests	5,500	6,123	667,200

EDUCATIONAL SERVICE UNIT NO. 9
 HASTINGS, NEBRASKA
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 MODIFIED CASH BASIS - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2023
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2022

	Original and Final Budget	2023 Actual	2022 Actual (Restated)
DISBURSEMENTS (Continued)			
3500 State categorical programs	644,902	668,696	
4000 Facilities construction		16,480	
6000 Federally funded programs	3,120,740	1,622,498	1,287,933
8000 Transfers to other funds		1,280	996
9000 Other	2,000		
Total disbursements	<u>8,800,072</u>	<u>7,004,413</u>	<u>6,068,371</u>
 NET CHANGE IN FUND BALANCE		<u>872,456</u>	<u>(18,166)</u>
 FUND BALANCE, end of year		<u>4,099,515</u>	<u>3,227,059</u>
 ANALYSIS OF FUND BALANCE			
Cash in bank			
Checking and savings accounts		3,707,761	2,845,505
 Cash at county treasurers		<u>391,754</u>	<u>381,554</u>
 TOTAL FUND BALANCE		<u>4,099,515</u>	<u>3,227,059</u>

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO BUDGETARY SCHEDULE

NOTE 1. SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL

Basis of Accounting

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

Budget Law

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

Comparative Financial Information

Comparative data for the prior year has been presented in the budgetary schedules in order to provide an understanding of the changes in the Service Unit's financial position and operation (modified cash basis).

EDUCATIONAL SERVICE UNIT NO. 9
 HASTINGS, NEBRASKA
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 MODIFIED CASH BASIS
 DEPRECIATION FUND
 FOR THE YEAR ENDED AUGUST 31, 2023
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2022

	2023 Actual	2022 Actual
FUND BALANCE, beginning of year	191,885	191,223
RECEIPTS		
Interest	<u>7,903</u>	<u>662</u>
TOTAL FUNDS AVAILABLE	<u>199,788</u>	<u>191,885</u>
FUND BALANCE, end of year	<u>199,788</u>	<u>191,885</u>
ANAYSIS OF FUND BALANCE		
Cash in bank	<u>199,788</u>	<u>191,885</u>

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
ANALYSIS OF ACCOUNTS WITH COUNTY TREASURER FUNDS - MODIFIED CASH BASIS
GENERAL FUND
(UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2023

	Adams County	Clay County	Filmore County	Franklin County	Hall County	Hamilton County
FUND BALANCE, beginning of year	<u>142,553</u>	<u>60,870</u>	<u>6,075</u>	<u>3,487</u>	<u>15,296</u>	<u>93,615</u>
RECEIPTS						
Local property taxes	573,384	285,447	25,587	16,470	65,938	350,926
Carline tax	580	453	22			346
Penalties and interest on taxes	1,792	531	55	30	98	291
Homestead exemption	15,315	2,294	62	106	844	4,524
Property tax credit	39,577	27,395	3,076	1,765	5,240	33,549
Nameplate tax	46			1,882		
Pro-rate motor vehicle	<u>1,700</u>	<u>576</u>	<u>51</u>	<u>37</u>	<u>231</u>	<u>768</u>
Total receipts	<u>632,394</u>	<u>316,696</u>	<u>28,853</u>	<u>20,290</u>	<u>72,351</u>	<u>390,404</u>
TOTAL AVAILABLE RESOURCES	<u>774,947</u>	<u>377,566</u>	<u>34,928</u>	<u>23,777</u>	<u>87,647</u>	<u>484,019</u>
DISBURSEMENTS						
School district treasurer	612,578	312,951	29,351	20,230	71,809	391,860
County treasurer commission	<u>5,752</u>	<u>2,860</u>	<u>256</u>	<u>165</u>	<u>660</u>	<u>3,512</u>
Total disbursements	<u>618,330</u>	<u>315,811</u>	<u>29,607</u>	<u>20,395</u>	<u>72,469</u>	<u>395,372</u>
FUND BALANCE, end of year	<u>156,617</u>	<u>61,755</u>	<u>5,321</u>	<u>3,382</u>	<u>15,178</u>	<u>88,647</u>

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
ANALYSIS OF ACCOUNTS WITH COUNTY TREASURER FUNDS - MODIFIED CASH BASIS
GENERAL FUND
(UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2023

	Kearney County	Nuckolls County	Thayer County	Webster County	York County	Total County
FUND BALANCE, beginning of year	<u>2,649</u>	<u>28,257</u>	<u> </u>	<u>27,982</u>	<u>770</u>	<u>381,554</u>
RECEIPTS						
Local property taxes	10,541	111,967	129	147,858	3,041	1,591,288
Carline tax	6	57		84	6	1,554
Penalties and interest on taxes	12	244		336		3,389
Homestead exemption	66	1,222		1,195		25,628
Property tax credit	1,255	10,276	8	13,245	360	135,746
Nameplate tax				14,779		16,707
Pro-rate motor vehicle	<u>27</u>	<u>320</u>	<u> </u>	<u>324</u>	<u>8</u>	<u>4,042</u>
Total receipts	<u>11,907</u>	<u>124,086</u>	<u>137</u>	<u>177,821</u>	<u>3,415</u>	<u>1,778,354</u>
TOTAL AVAILABLE RESOURCES	<u>14,556</u>	<u>152,343</u>	<u>137</u>	<u>205,803</u>	<u>4,185</u>	<u>2,159,908</u>
DISBURSEMENTS						
School district treasurer	11,922	123,020	93	174,930	3,466	1,752,210
County treasurer commission	<u>106</u>	<u>1,122</u>	<u>1</u>	<u>1,481</u>	<u>29</u>	<u>15,944</u>
Total disbursements	<u>12,028</u>	<u>124,142</u>	<u>94</u>	<u>176,411</u>	<u>3,495</u>	<u>1,768,154</u>
FUND BALANCE, end of year	<u>2,528</u>	<u>28,201</u>	<u>43</u>	<u>29,392</u>	<u>690</u>	<u>391,754</u>

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EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures (\$)</i>
Special Education Cluster (IDEA) - Cluster			
<u>U. S. Department of Education</u>			
Passed through Nebraska Department of Education			
Special Education Grants to States	84.027	NE Dept of Ed, 23-6418-118-00-0009-P	<u>48,353</u>
Other Programs			
<u>U. S. Department of Education</u>			
Migrant Education State Grant Program			
Title 1, Part C - Education of Migratory Children	84.011	NE Dept of Ed, 22-6915-00-09-000-0009	212,177
Title 1, Part C - Education of Migratory Children	84.011	NE Dept of Ed, 23-6915-00-09-000-0009	<u>1,359,370</u>
Total Migrant Education State Grant Program			<u>1,571,547</u>
Career and Technical Education - Basic Grants to States			
Perkins Secondary	84.048	NE Dept of Ed, 23-6700-00-09-000-0009	56,779
Perkins Secondary	84.048	NE Dept of Ed, 24-6700-00-09-000-0009	<u>6,662</u>
Total Career and Technical Education - Basic Grants to States			<u>63,441</u>
Rehabilitation Services Vocational Rehabilitation Grants to			
States Rehabilitation Services Vocational Rehabilitation			
Grants to States	84.126	NE Dept of Ed	<u>1,250</u>

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures (\$)</i>
<i>Other Programs (Continued)</i>			
<i>U. S. Department of Education (Continued)</i>			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	NE Dept of Ed, 22-6310-00-09-000-0009	3,511
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	NE Dept of Ed, 23-6310-00-09-000-0009	<u>62,243</u>
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			<u>65,754</u>
<i>Total Other Programs</i>			<u>1,701,992</u>
<i>Total U.S. Department of Education</i>			<u>1,750,345</u>
<i>Total Expenditures of Federal Awards</i>			<u>1,750,345</u>

The accompanying notes are an integral part of this schedule.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Educational Service Unit No. 9, Hastings, Nebraska, under programs of the federal government for the year ended August 31, 2023. 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). Because the Schedule presents only a selected portion of the operations of Educational Service Unit No. 9, Hastings, Nebraska, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Educational Service Unit No. 9, Hastings, Nebraska.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

Educational Service Unit No. 9, Hastings, Nebraska, has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Directors
Educational Service Unit No. 9
Hastings, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Educational Service Unit No. 9, Hastings, Nebraska, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Educational Service Unit No. 9, Hastings, Nebraska's basic financial statements, and have issued our report thereon dated January 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Educational Service Unit No. 9, Hastings, Nebraska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Educational Service Unit No. 9, Hastings, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Educational Service Unit No. 9, Hastings, Nebraska's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Educational Service Unit No. 9, Hastings, Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. There are no other matters that are required to be reported under *Government Auditing Standards*.

Educational Service Unit No. 9, Hastings, Nebraska's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Educational Service Unit No. 9, Hastings, Nebraska's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Educational Service Unit No. 9, Hastings, Nebraska's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Educational Service Unit No. 9, Hastings, Nebraska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Educational Service Unit No. 9, Hastings, Nebraska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana J Cole + Company, LLP

Grand Island, Nebraska
January 5, 2024



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

To the Board of Directors
Educational Service Unit No. 9
Hastings, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Educational Service Unit No. 9, Hastings, Nebraska's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Educational Service Unit No. 9, Hastings, Nebraska's major federal programs for the year ended August 31, 2023. Educational Service Unit No. 9, Hastings, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Educational Service Unit No. 9, Hastings, Nebraska, 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 year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Educational Service Unit No. 9, Hastings, Nebraska, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Educational Service Unit No. 9, Hastings, Nebraska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Educational Service Unit No. 9, Hastings, Nebraska's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Educational Service Unit No. 9, Hastings, Nebraska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Educational Service Unit No. 9, Hastings, Nebraska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Educational Service Unit No. 9, Hastings, Nebraska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Educational Service Unit No. 9, Hastings, Nebraska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Educational Service Unit No. 9, Hastings, Nebraska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Dana J Cole + Company, LLP

Grand Island, Nebraska
January 5, 2024

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified:	___Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses:	<u>X</u> Yes ___No
Noncompliance matter to the financial statements disclosed:	___Yes <u>X</u> No

Federal Awards

Internal control over major programs:	
Material weakness identified:	___Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weakness:	___Yes <u>X</u> No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a):	___Yes <u>X</u> No
Identification of major programs:	
Migrant Education State Grant Program	84.011
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee:	___Yes <u>X</u> No

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION II. FINANCIAL STATEMENT FINDINGS

2023-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to ensure proper segregation of duties.

Condition

Cash handling duties are often handled by one individual that has access to make journal entries. Journal entries can be created and posted by the same person without another approval. Bank and account reconciliations were not consistently reviewed by management.

Cause

The Service Unit has a limited number of personnel involved in the accounting functions.

Potential Effect

Inadequate segregation of duties could lead to the misappropriation of assets or unauthorized transactions could be posted leading to improper reporting.

Recommendations

We recommend that the Service Unit evaluate its internal controls and establish procedures to expand upon existing segregation of duties. Management's review of journal entries and reconciliations should be completed on a monthly basis.

View of Responsible Officials and Planned Corrective Action

It is management's understanding that this finding is routine for entities of similar size where the risk of exposure must be weighed against the cost of employing additional personnel. The Service Unit reviews current practices to identify areas in which further segregation of accounting functions is feasible. Recent practices implemented include bank reconciliations being reviewed monthly. Also, journal entries now require the signature of the Business Office Manager or the Administrator in the case where the Business Office Manager initiates the entry.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2023-002 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION
AND REVIEW

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with the modified cash basis of accounting.

Condition

Management is responsible for establishing and maintaining internal control and for the fair presentation of the financial statements, supplementary information, and disclosures in the financial statements, in conformity with the modified cash basis of accounting. The Service Unit does not have a system of internal control that would provide management with reasonable assurance that the Service Unit's financial statements and related disclosures are complete and presented in accordance with the modified cash basis of accounting. As such, management requested us to compile the trial balance from the general ledger and prepare a draft of the financial statements, including the related note disclosures.

Cause

Management does not prepare the financial statements in accordance with the modified cash basis of accounting.

Potential Effect

Errors in the financial statements or disclosures could occur and not be detected by management.

Recommendations

Management should carefully review financial statements including disclosures and understand the relationship to the underlying data. All proposed adjustments should be understood and approved.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2023-002 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION
AND REVIEW (Continued)

View of Responsible Officials and Planned Corrective Action

The Service Unit requested the auditor to prepare the financial statements including the related disclosures and supplemental schedules as part of the audit process; however, we have designated a member of management to review and approve the drafted financial statements, accompanying notes, and schedules.

SECTION III. FEDERAL AWARD FINDINGS

None reported.

EDUCATIONAL SERVICE UNIT NO. 9
HASTINGS, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

2022-001 SEGREGATION OF DUTIES

There were no changes in segregation of duties. See the current year finding 2023-001.

2022-002 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION AND
REVIEW

There were no changes in establishing internal control over financial statement preparation and review. See the current year finding 2023-002.