

EDUCATIONAL SERVICE UNIT NO. 9

HASTINGS, NEBRASKA

FINANCIAL STATEMENTS

AUGUST 31, 2025



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
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**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities of Educational Service Unit No. 9, Hastings, Nebraska, as of and for the year ended August 31, 2025, 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 of Educational Service Unit No. 9, Hastings, Nebraska, as of August 31, 2025, 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 budgetary comparison information on pages 28 - 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 35 - 37 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.

Supplementary 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

We have previously audited Educational Service Unit No. 9, Hastings, Nebraska's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, on pages 28 - 32 is consistent, in all material respects, with the audited financial statements from which it has been derived. This information is not a required part of the basic financial statements.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis on pages 4 - 8 and the Analysis of Accounts with County Treasurer Funds on pages 33 - 34 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 10, 2026, 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 F Cole + Company, LLP*

Grand Island, Nebraska  
January 10, 2026

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

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, 2025. 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. 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, 2025

**FINANCIAL HIGHLIGHTS**

The Service Unit's fund balance, as compared with the prior fiscal year, increased by \$398,125.

The Service Unit received \$9,006,990 in receipts for 2024 - 2025. This was an increase of \$773,550 from 2023 - 2024.

The Service Unit expended \$8,608,865 in disbursements for 2024 - 2025. This was an increase of \$712,557 from 2023 - 2024.

The 2024 - 2025 certified taxable value of \$14,128,882,667 was an increase of 11.73% from the 2023 - 2024 certified taxable value of \$12,645,394,200.

The Service Unit's total net position was \$5,034,560 at August 31, 2025, and \$4,636,435 at August 31, 2024.

	2025	2024
Total cash and investments	<u>5,034,560</u>	<u>4,636,435</u>
Liabilities	<u>                    </u>	<u>                    </u>
Net position		
Unrestricted	<u>5,034,560</u>	<u>4,636,435</u>
Total net position and liabilities	<u><u>5,034,560</u></u>	<u><u>4,636,435</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, 2025

**FINANCIAL HIGHLIGHTS** (Continued)

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

	Governmental Activities	
	2025	2024
<b>RECEIPTS</b>		
Local	5,542,566	5,244,685
State	979,849	1,059,043
Federal	2,483,620	1,901,086
Nonrevenue	955	28,626
Total receipts	<u>9,006,990</u>	<u>8,233,440</u>
<b>DISBURSEMENTS</b>		
Instruction	947,935	585,999
Support services - students	2,521,053	2,576,367
Support services - instruction	774,223	782,008
Support services - general administration	286,533	292,549
Central services	1,061,511	951,920
Maintenance and operation of building	135,364	170,110
Student transportation	1,720	1,430
Private and state categorical programs	771,671	670,996
Facilities construction	15,137	12,759
Federally funded programs	2,093,718	1,824,187
Other		27,983
Total disbursements	<u>8,608,865</u>	<u>7,896,308</u>
<b>CHANGE IN NET POSITION - MODIFIED CASH BASIS</b>	398,125	337,132
<b>NET POSITION - MODIFIED CASH BASIS, beginning of year</b>	<u>4,636,435</u>	<u>4,299,303</u>
<b>NET POSITION - MODIFIED CASH BASIS, end of year</b>	<u>5,034,560</u>	<u>4,636,435</u>

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

**FINANCIAL ANALYSIS OF THE SERVICE UNIT AS A WHOLE**

Governmental Activities

Educational Service Unit No. 9, Hastings, Nebraska, serves 15 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 2023 - 2024 and 2024 - 2025. Levies are expressed in dollars and cents per \$100 of valuation. The Service Unit's total property tax on \$100,000 would be \$14.03 in 2024 - 2025.

Fiscal Year	Tax Levy	Actual Tax Received
2023 - 2024	1.500000	1,840,937
2024 - 2025	1.402900	1,958,092

General Fund Budgetary Highlights

Over the course of the 2024 - 2025 fiscal year, the fund balance of the Service Unit's General Fund increased \$389,062 to \$4,815,387. The following table provides a detailed picture of the change in cash position.

	2024 - 2025 Budget	Year End Actual	Difference
September 1, 2024, beginning balance		4,426,325	
Receipts			
Tax (local, net of commissions)	1,962,540	1,719,216	(243,324)
Other local	4,285,447	3,814,287	(471,159)
State	720,357	979,849	259,492
Federal	3,141,819	2,483,620	(658,199)
Nonrevenue	202,000	955	(201,045)
Total receipts	<u>10,312,163</u>	<u>8,997,927</u>	<u>(1,314,235)</u>
Disbursements, including debt services	<u>10,258,758</u>	<u>8,608,865</u>	<u>1,649,893</u>
Net increase (decrease)	<u>53,405</u>	<u>389,062</u>	
August 31, 2025, ending balance		<u>4,815,387</u>	

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In preparing for 2025 - 2026, the core service funding will decrease \$24,301 for total funding of \$0.00. The certified valuation will increase 7.92% bringing the total for 2025 - 2026 to \$15,247,775,396.

**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](http://www.esu9.org).

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
AUGUST 31, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	4,626,310
Cash at county treasurers	<u>408,250</u>
 TOTAL ASSETS	 <u>5,034,560</u>
 LIABILITIES	 <u>                    </u>
 NET POSITION	
Unrestricted	<u><u>5,034,560</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, 2025

		Program Receipts		Net
		Charges	Operating	(Disbursements)
	Cash	for	Grants and	Receipts and
	Disbursements	Services	Contributions	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
Governmental activities				
Instruction	947,935	342,825		(605,110)
Support services - students	2,521,053	2,687,729	130,034	296,710
Support services - instruction	774,223	247,491	24,301	(502,431)
Support services - general administration	286,533	825		(285,708)
Central services	1,061,511	167,608		(893,903)
Maintenance and operation of building	135,364			(135,364)
Student transportation	1,720			(1,720)
Private and state categorical programs	771,671		738,672	(32,999)
Facilities construction	15,137			(15,137)
Federally funded programs	<u>2,093,718</u>		<u>2,484,620</u>	<u>390,902</u>
Total governmental activities	<u>8,608,865</u>	<u>3,446,478</u>	<u>3,377,627</u>	<u>(1,784,760)</u>
GENERAL RECEIPTS				
Tax (local and state, net of commissions)				1,984,403
Interest				197,158
Other				<u>1,324</u>
Total general receipts				<u>2,182,885</u>
CHANGE IN NET POSITION				398,125
NET POSITION, beginning of year				<u>4,636,435</u>
NET POSITION, end of year				<u>5,034,560</u>

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, 2025

	General Fund	Depreciation Fund	Total Governmental Funds
ASSETS			
ASSETS			
Cash and cash equivalents	4,407,137	219,173	4,626,310
Cash at county treasurers	<u>408,250</u>	<u>          </u>	<u>408,250</u>
TOTAL ASSETS	<u>4,815,387</u>	<u>219,173</u>	<u>5,034,560</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	<u>          </u>	<u>          </u>	<u>          </u>
FUND BALANCES			
Assigned			
Capital outlay		219,173	219,173
Unassigned	<u>4,815,387</u>	<u>          </u>	<u>4,815,387</u>
Total fund balances	<u>4,815,387</u>	<u>219,173</u>	<u>5,034,560</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>4,815,387</u>	<u>219,173</u>	<u>5,034,560</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, 2025

	General Fund	Depreciation Fund	Total Governmental Funds
RECEIPTS			
Local	5,533,503	9,063	5,542,566
State	979,849		979,849
Federal	2,483,620		2,483,620
Nonrevenue	955		955
Total receipts	<u>8,997,927</u>	<u>9,063</u>	<u>9,006,990</u>
DISBURSEMENTS			
Instruction	947,935		947,935
Support services - students	2,521,053		2,521,053
Support services - instruction	774,223		774,223
Support services - general administration	286,533		286,533
Central services	1,061,511		1,061,511
Maintenance and operation of buildings	135,364		135,364
Student transportation	1,720		1,720
Private and state categorical programs	771,671		771,671
Facilities construction	15,137		15,137
Federally funded programs	<u>2,093,718</u>		<u>2,093,718</u>
Total disbursements	<u>8,608,865</u>		<u>8,608,865</u>
NET CHANGE IN FUND BALANCES	389,062	9,063	398,125
FUND BALANCE, beginning of year	<u>4,426,325</u>	<u>210,110</u>	<u>4,636,435</u>
FUND BALANCE, end of year	<u>4,815,387</u>	<u>219,173</u>	<u>5,034,560</u>

See accompanying notes to financial statements.

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
AUGUST 31, 2025

	Cafeteria Plan Fund
ASSETS	
ASSETS	
Cash and cash equivalents	<u>19,893</u>
LIABILITIES AND NET POSITION	
LIABILITIES	<u>          </u>
NET POSITION	
Restricted	10,893
Unrestricted	<u>9,000</u>
TOTAL NET POSITION	<u><u>19,893</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, 2025

	2025 Actual
ADDITONS	
Participant withholdings	<u>61,350</u>
DEDUCTIONS	
Payments to participants/vendors	<u>61,504</u>
CHANGE IN NET POSITION	(154)
NET POSITION, beginning of year	<u>20,047</u>
NET POSITION, end of year	<u><u>19,893</u></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.

In determining the financial reporting entity, the Service Unit complies with the provisions of GASB 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations are Component Units*. The Service Unit has no component units or related organizations.

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.

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements - Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are major individual proprietary funds are reported as separate columns in the fund financial statements as applicable.

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.

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.

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 generally accepted accounting principles (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 GAAP.

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 (Continued)

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 GAAP, 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 of capital assets are recorded as disbursements by function in the financial statements.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget Process and Property Taxes (Continued)

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.

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.

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)

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.

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 currently has an assigned balance for the Depreciation Fund.

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Leases

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. 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.

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.

Subscription-based Information Technology Arrangements

GASB Statement 96, *Subscription-based Information Technology Arrangements*, 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.

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

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.

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, 2025, the Service Unit held bank deposits and also held funds in certificates of deposits with the Nebraska Liquid Asset Fund (NLAF).

The 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. The 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. The NLAF Board of Trustees is elected from representatives of various participants in the fund. The NLAF Board of Trustees engaged PFM Asset Management, LLC, (PFMAM) as administrator and investment advisor through September 30, 2024. Effective October 1, 2024, PFMAM consolidated its investment management and administration accounts under its parent company, U.S. Bancorp Asset Management Inc. (USBAM). As a result of the consolidation, effective October 1, 2024, USBAM is the investment manager and administrator of the Fund and PFM Asset Management will continue to serve the fund as a division of USBAM. 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, 2025, 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 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, 2025, all of NLAF's deposits were insured and collateralized by securities held by the pledging financial institution in other than the NLAF's name.

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

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments

The NLAF is a pooled cash account that invests primarily in U.S. government and 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. The NLAF is not insured or guaranteed by the Federal Depository Insurance Corporation or any other governmental agency.

At August 31, 2025, the Service Unit had \$4,626,310 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, 2025, the date of the latest NLAF audit report, was 42 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, 2025, the NLAF limits the investments to certain fixed income instruments which school entities are permitted to invest in under Nebraska law. As of May 31, 2025, 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, 2025.

<u>S&amp;P Rating</u>	<u>Percent of Portfolio</u>
AA+	79.88%
A-1+	01.02%
Exempt*	19.10%

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

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

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 the NLAF investments in repurchase agreements at May 31, 2025, the latest audit report date for the NLAF, were collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the NLAF has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation.

Concentration of Credit Risk

The NLAF investment policy establishes certain restrictions on investments and limitations on portfolio composition. The investment portfolio at May 31, 2025, 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 *	12.51%
BofA Securities, Inc. *	14.33%
Freddie Mac	6.43%
Federal Farm Credit Bank	15.07%
Federal Home Loan Bank	18.53%
Goldman Sachs & Company *	5.18%
Toronto Dominion Bank *	12.00%
U.S. Treasury	10.49%

*\*These issuers are also counterparties to repurchase agreements 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.

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

NOTE 3. RETIREMENT PLAN (Continued)

Plan Description (Continued)

In 1945, the Nebraska Legislature enacted the law establishing a retirement plan for the school employees of the State. During the NPERS fiscal year ended June 30, 2024, there were 263 participating school districts. These were the districts that had contributions during the fiscal year. All regular public-school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, 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 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.

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 2.00% of the compensation of all members from July 1, 2023 through June 30, 2025, and 0.70% from July 1, 2025 through August 31, 2025. This contribution is considered

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

NOTE 3. RETIREMENT PLAN (Continued)

Contributions (Continued)

a nonemployer contribution since school employees are not employees of the State. The employee contribution was 9.78% of compensation from July 1, 2023 through June 30, 2025. The employee contribution was 8.00% of compensation from July 1, 2025 through August 31, 2025. The school district (employer) contribution is 101% of the employee contribution. The Service Unit's contribution to the Plan for the year ended August 31, 2025, was \$428,799.

For the Service Unit's year ended August 31, 2025, the Service Unit's total payroll for all employees was \$4,752,866. Total covered payroll was \$4,481,722. Covered payroll refers to all compensation paid by the Service Unit to active employees covered by the Plan.

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems (NPERS) 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
2026	7,563
2027	7,563
	<u>15,126</u>

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

NOTE 6. SUBSCRIPTION BASED IT SOFTWARE ARRANGEMENTS

The following contracts were entered into by the Service Unit for multiple year terms.

Vendor	Purpose	Contract Period	Paid Year Ended August 31, 2025	Total Remaining Due	Amount Due Within one year
Journey ED	MS Office and MS Server Data Ctr	September 22 - August 25	2,959		
SCHOOLinSITES	Website Hosting	July 23 - December 26	810	1,620	810
CrashPlan	Annual Hosting	February 25 - January 28	5,815	11,630	5,815
Surety Technology	VEEAM License	May 25 - April 28	5,778	11,556	5,778
ESU 6	Paessler PRTG	August 25 - July 30	<u>662</u>	<u>2,649</u>	<u>662</u>
TOTAL			<u>16,024</u>	<u>27,455</u>	<u>13,065</u>

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, 2025, \$10,893 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. 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 9. 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 10. 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, 2025, is as follows:

Total TIF valuation 2024	98,085,531
Service Unit's total levy	.014
Service Unit's share of tax abatement	13,761

NOTE 11. SUBSEQUENT EVENT

In preparing the financial statements, the Service Unit has evaluated events and transactions for potential recognition or disclosure through January 10, 2026, 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, 2025  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2024)

	Original and Final Budget	2025 Actual	2024 Actual
FUND BALANCE, beginning of year		<u>4,426,325</u>	<u>4,099,515</u>
RECEIPTS			
Local			
1100 Property tax	1,962,540	1,713,955	1,647,534
1115 Carline tax		1,651	1,667
1140 Penalties and interest		3,610	2,910
1380 Contracted Education Service receipts - special education - below age 5	772,240	739,881	585,790
1385 Contracted Education Service receipts - special education - school age	2,316,722	1,874,832	1,849,580
1390 Contracted Education Service receipts - regular education - below age 5		14,260	(1,254)
1395 Contracted Education Service receipts - regular education - school age	673,995	450,621	607,306
1510 Interest	125,000	188,095	206,699
1910 Rental of equipment and building		369	65
1925 Categorical grants from corporations and private sources	5,500	5,585	5,540
1951 Other local revenue from other ESU's and schools	218,000	290,599	199,540
1960 Miscellaneous receipts from other local governments	158,990	244,410	113,000
1990 Other local receipts	<u>15,000</u>	<u>5,635</u>	<u>15,986</u>
Total local receipts	<u>6,247,987</u>	<u>5,533,503</u>	<u>5,234,363</u>
State			
3130 Homestead exemption		31,205	30,034
3131 Property tax credit		212,932	163,369
3133 Nameplate capacity tax	21,815	18,267	16,089
3180 Pro rate motor vehicle	5,339	2,783	5,591
3550 Core service	24,301	24,301	55,020
3599 Other state categorical programs	<u>668,902</u>	<u>690,361</u>	<u>788,940</u>
Total state receipts	<u>720,357</u>	<u>979,849</u>	<u>1,059,043</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, 2025  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2024)

	Original and Final Budget	2025 Actual	2024 Actual
RECEIPTS (Continued)			
Federal			
4105 Erate	5,000		1,851
4509 Title II, Part A ESSA	155,723	65,588	69,536
4523 IDEA	68,352	48,601	43,750
4524 Other Federal non-categorical	300,000	16,089	
4525 Federal Vocational and Applied Technology - Carl Perkins	54,473	52,480	56,778
4526 Title I, Part C ESSA education of migratory children	2,182,491	2,062,019	1,443,583
4530 Other categorical receipts	250,780	95,987	151,250
4708 Medicaid In Public Schools (MIPS)	125,000	118,040	110,428
4709 Medicaid In Public Schools (MAAPS)		24,816	23,910
Total federal receipts	<u>3,141,819</u>	<u>2,483,620</u>	<u>1,901,086</u>
Nonrevenue			
5300 Sale of property			108
5301 Insurance proceeds		350	
5690 Other	202,000	605	534
9000 Non-program receipts			27,984
Total nonrevenue receipts	<u>202,000</u>	<u>955</u>	<u>28,626</u>
Total receipts	<u>10,312,163</u>	<u>8,997,927</u>	<u>8,223,118</u>
TOTAL FUNDS AVAILABLE		<u>13,424,252</u>	<u>12,322,633</u>
DISBURSEMENTS			
1000 Instruction	1,018,784	947,935	585,999
2100 Support services - students	2,774,751	2,521,053	2,576,367
2200 Support services - instruction	833,008	774,223	782,008
2300 Support services - general administration	312,143	286,533	292,549
2500 Central services	1,222,697	1,061,511	951,920
2600 Maintenance and operation of building	170,164	135,364	170,110
2700 Student transportation	4,000	1,720	1,430
3400 Categorical grants from corporations/private interests	5,500	6,673	4,434

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, 2025  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2024)

	Original and Final Budget	2025 Actual	2024 Actual
DISBURSEMENTS (Continued)			
3500 State categorical programs	644,902	764,998	666,562
4000 Facilities construction	200,000	15,137	12,759
6000 Federally funded programs	3,070,809	2,093,718	1,824,187
9000 Other	2,000		27,983
Total disbursements	<u>10,258,758</u>	<u>8,608,865</u>	<u>7,896,308</u>
NET CHANGE IN FUND BALANCE		<u>389,062</u>	<u>326,810</u>
FUND BALANCE, end of year		<u>4,815,387</u>	<u>4,426,325</u>
ANALYSIS OF FUND BALANCE			
Cash in bank			
Checking and savings accounts		4,407,137	4,017,381
Cash at county treasurers		<u>408,250</u>	<u>408,944</u>
TOTAL FUND BALANCE		<u>4,815,387</u>	<u>4,426,325</u>

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
MODIFIED CASH BASIS - BUDGET AND ACTUAL  
DEPRECIATION FUND  
FOR THE YEAR ENDED AUGUST 31, 2025  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2024)

	Original and Final Budget	2025 Actual	2024 Actual
FUND BALANCE, beginning of year		210,110	199,788
RECEIPTS			
Interest	<u>7,000</u>	<u>9,063</u>	<u>10,322</u>
TOTAL FUNDS AVAILABLE		<u>219,173</u>	<u>210,110</u>
FUND BALANCE, end of year		<u>219,173</u>	<u>210,110</u>
ANAYSIS OF FUND BALANCE			
Cash in bank		<u>219,173</u>	<u>210,110</u>

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

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

Basis of Accounting

The accompanying schedules of receipts, disbursements, and changes in fund balance - modified cash basis - budget and actual areas 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  
ANALYSIS OF ACCOUNTS WITH COUNTY TREASURER FUNDS - MODIFIED CASH BASIS  
GENERAL FUND  
(UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2025

	Adams County	Clay County	Filmore County	Franklin County	Hall County	Hamilton County
FUND BALANCE, beginning of year	<u>166,792</u>	<u>66,163</u>	<u>5,809</u>	<u>2,486</u>	<u>17,698</u>	<u>96,996</u>
RECEIPTS						
Local property taxes	639,766	295,645	27,631	16,070	68,378	388,685
Carline tax	619	504	22			355
Penalties and interest on taxes	1,346	591	66	62	124	539
Homestead exemption	19,166	3,196	69	163	1,076	4,905
Property tax credit	63,217	39,882	4,497	2,673	7,421	57,733
Nameplate tax	52			2,172		
Pro-rate motor vehicle	341	594	46	37	234	841
Total receipts	<u>724,507</u>	<u>340,412</u>	<u>32,331</u>	<u>21,176</u>	<u>77,233</u>	<u>453,057</u>
TOTAL AVAILABLE RESOURCES	<u>891,299</u>	<u>406,576</u>	<u>38,140</u>	<u>23,662</u>	<u>94,931</u>	<u>550,054</u>
DISBURSEMENTS						
School district treasurer	712,084	344,576	32,745	21,632	78,681	446,637
County treasurer commission	6,599	2,994	278	185	696	3,942
Total disbursements	<u>718,683</u>	<u>347,570</u>	<u>33,022</u>	<u>21,816</u>	<u>79,377</u>	<u>450,578</u>
FUND BALANCE, end of year	<u>172,616</u>	<u>59,005</u>	<u>5,117</u>	<u>1,845</u>	<u>15,554</u>	<u>99,475</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, 2025

	Kearney County	Nuckolls County	Thayer County	Webster County	York County	Total County
FUND BALANCE, beginning of year	<u>2,526</u>	<u>20,376</u>	<u>47</u>	<u>29,246</u>	<u>804</u>	<u>408,944</u>
RECEIPTS						
Local property taxes	12,106	119,384	53	160,351	3,233	1,731,301
Carline tax	6	51		88	6	1,651
Penalties and interest on taxes	31	277		575	1	3,610
Homestead exemption	71	1,408		1,468		31,521
Property tax credit	2,112	13,642	12	21,208	534	212,932
Nameplate tax		136		16,092		18,451
Pro-rate motor vehicle	29	312		342	8	2,783
Total receipts	<u>14,355</u>	<u>135,210</u>	<u>65</u>	<u>200,124</u>	<u>3,781</u>	<u>2,002,250</u>
TOTAL AVAILABLE RESOURCES	<u>16,881</u>	<u>155,585</u>	<u>112</u>	<u>229,370</u>	<u>4,585</u>	<u>2,411,194</u>
DISBURSEMENTS						
School district treasurer	14,058	131,102	111	199,685	3,788	1,985,099
County treasurer commission	122	1,212	1	1,785	32	17,845
Total disbursements	<u>14,180</u>	<u>132,314</u>	<u>112</u>	<u>201,470</u>	<u>3,820</u>	<u>2,002,944</u>
FUND BALANCE, end of year	<u>2,701</u>	<u>23,271</u>	<u></u>	<u>27,900</u>	<u>765</u>	<u>408,250</u>

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Grantor and Number	Federal Expenditures (\$)
Special Education Cluster (IDEA) - Cluster			
<u>U. S. Department of Education</u>			
Passed through Nebraska Department of Education			
Special Education Grants to States			
Special Education Grants to States	84.027	NE Dept of Ed, 25-6418-23-09-00-0009-P	<u>48,352</u>
Total Special Education Cluster (IDEA) - Cluster			<u>48,352</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, 24-6915-00-09-000-0009	381,789
Title 1, Part C - Education of Migratory Children	84.011	NE Dept of Ed, 25-6915-00-09-000-0009	<u>1,604,189</u>
Total Migrant Education State Grant Program			<u>1,985,978</u>
Career and Technical Education - Basic Grants to States			
Perkins Secondary	84.048	NE Dept of Ed, 25-6700-00-09-000-0009	53,675
Perkins Secondary	84.048	NE Dept of Ed, 26-6700-00-09-000-0009	<u>1,941</u>
Total Career and Technical Education - Basic Grants to States			<u>55,616</u>

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Grantor and Number	Federal Expenditures (\$)
Other Programs (Continued)			
<u>U. S. Department of Education</u> (Continued)			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	NE Dept of Ed, 24-6310-00-09-000-0009	1,570
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	NE Dept of Ed, 25-6310-00-09-000-0009	<u>81,070</u>
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			<u>82,640</u>
Coronavirus State and Local Fiscal Recovery Funds			
Educational Interpreter Training and Mentoring	21.027	NE Dept of Ed, 24-6415-83-09-00-0009-F	46,944
Educational Interpreter Training and Mentoring	21.027	NE Dept of Ed, 24-6415-84-09-00-0009-F	27,662
NE Transition Services for Students who are Deaf or Hard of Hearing and Deaf-Blind	21.027	NE Dept of Ed, 24-6690-111-09-00-0009-F	<u>12,332</u>
Total Coronavirus State and Local Fiscal Recovery Funds			<u>86,938</u>
Total Other Programs			<u>2,211,172</u>
Total U.S. Department of Education			<u>2,259,524</u>
Total Expenditures of Federal Awards			<u>2,259,524</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, 2025

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, 2025. 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.

NOTE 4. SUBRECIPIENTS

There are no subrecipients to the federal awards of Education Service Unit No. 9, Hastings, Nebraska.



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, 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 10, 2026.

**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) as a basis for designing 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002, 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 F Cole + Company, LLP

Grand Island, Nebraska  
January 10, 2026



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025. 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, 2025.

***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 or significant deficiencies, 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 F Cole + Company, LLP

Grand Island, Nebraska  
January 10, 2026

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2025

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 __X__No
Significant deficiencies identified that are not considered to be material weaknesses:	__X__Yes ___No
Noncompliance matter to the financial statements disclosed:	___Yes __X__No

Federal Awards

Internal control over major programs:	
Material weakness identified:	___Yes __X__No
Significant deficiencies identified that are not considered to be material weakness:	___Yes __X__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 __X__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 __X__No

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2025

SECTION II. FINANCIAL STATEMENT FINDINGS

2025-001 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. The Service Unit has a limited number of personnel involved in the accounting functions, thus limiting its internal control procedures. The Service Unit has implemented some mitigating controls, and the present system seems to be operating as understood by all parties involved.

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 continue to evaluate its internal controls and establish procedures to expand upon existing segregation of duties as determined to be feasible within its operation.

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, 2025

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2025-002 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.

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.

EDUCATIONAL SERVICE UNIT NO. 9  
HASTINGS, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2025

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, 2025

2024-001 SEGREGATION OF DUTIES

There were no changes in segregation of duties. See the current year finding 2025-001.

2024-002 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 2025-002.