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given in advance by publication and/or posting in accordance with the Board approved method
for giving notice of meetings. Notice of this meeting was given in advance to all members of the
Board of Education. The Secretary of the Board maintains a list of the news media requesting
notification of meetings and advance notification to the listed media of the time and place of the
meeting and the subjects to be discussed at this meeting was provided. Availability of the agenda
was communicated in the publicized notice and a current copy of the Agenda was maintained as
stated in the publicized notice. All proceedings of the Board of Education, except as may be
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Becky Anderson: Present
Bret Brodersen: Present
Gordon Bryant: Present
Trent Leichleiter: Present
Rod Schmidt: Present
Bill Skinner: Present

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1. Call the meeting to order

2. Open Meetings Law

3. Roll Call

4. Consent Agenda

4.1. Approval of Minutes

4.2. Approval of General Fund Bills

4.3. Approval of Board Member Absence

5. Treasurer's report

6. Recognition of Students and Staff

7. ACTION ITEMS

7.1. Recognize the Tekamah-Herman Education Association as the exclusive bargaining agent for the districts non-supervisory certificated staff for the 2018-2019 contract year.

7.2. Discuss, consider and take all necessary action on a Request for qualifications for Phase 2 of the facility upgrade.

7.3. Discuss, consider and take all necessary action on sanitation bid.

8. DISCUSSION ITEMS

8.1. 2015-2016 Financial Audit

8.2. Discuss snow removal

9. Principal Reports

9.1. Elementary Principal

9.2. Secondary Principal

10. Board Reports

11. Superintendent Report
12. Recognition of Visitors/Public Comment
13. Next meeting date and time
- 13.1. December 12, 2016 7:30 PM
14. Executive Session
15. Adjournment

Board of Education Regular Meeting

A meeting of the Board of Education of Tekamah-Herman Public Schools was convened in open session on October 10, 2016, at 7:30 PM in the Board Room, 112 N 13th Street, Tekamah, Nebraska.

Notice of the meeting was given in advance by publication and/or posting in accordance with the Board approved method for giving notice of meetings. Notice of this meeting was given in advance to all members of the Board of Education. The Secretary of the Board maintains a list of the news media requesting notification of meetings and advance notification to the listed media of the time and place of the meeting and the subjects to be discussed at this meeting was provided. Availability of the agenda was communicated in the publicized notice and a current copy of the Agenda was maintained as stated in the publicized notice. All proceedings of the Board of Education, except as may be hereinafter noted, were taken while the convened meeting was open to the attendance of the public.

Attendance Taken at 7:30 PM:

Present Board Members:

Becky Anderson
Bret Brodersen
Gordon Bryant
Trent Leichleiter
Rod Schmidt
Bill Skinner

1. Call the meeting to order
2. Open Meetings Law
3. Roll Call
4. Consent Agenda

Motion Passed: Motion to approve the Consent Agenda including the September 12th minutes and October invoices as presented passed with a motion by Trent Leichleiter and a second by Bill Skinner.

Becky Anderson	Yes
Bret Brodersen	Yes
Gordon Bryant	Yes
Trent Leichleiter	Yes
Rod Schmidt	Yes
Bill Skinner	Yes

- 4.a. Approval of Minutes
- 4.b. Approval of General Fund Bills
- 4.c. Approval of Board Member Absence

5. Treasurer's report

Discussion:

Mr. Gross presented the August 2016 Treasurer's Report to the Board.

6. Recognition of Students and Staff

Discussion:

Mr. Kreifels commented that Johnnie Bottger, the School's maintenance manager, is doing an outstanding job for us. Also doing well is Renee Petersen, who serves as the new elementary secretary. Both are great additions to our team. Mr. Kreifels also congratulated the students who were chosen special recognition for the month of September. Mr. Borders recognized Kelli Boulware and Leann Hawkins as the September students of the month.

7. ACTION ITEMS

7.a. Discuss and take action on any snow removal bids for the 2016-2017 school year.

Discussion:

There were no bids submitted for the purpose of snow removal. Mr. Gross and the Board discussed looking into leasing a skid loader. Gross will report back at the next meeting.

8. DISCUSSION ITEMS

8.a. Discuss Herman School

Discussion:

Mr. Gross discussed using the Herman gym for basketball practice. He is going to look into getting an inventory of the equipment left in building and begin the process of planning a sale. The facility has been re-keyed to eliminate liability issues.

9. Principal Reports

9.a. Elementary Principal

Discussion:

No report.

9.b. Secondary Principal

Discussion:

Mr Borders reported there is no school on October 14th due to a teacher's in-service day. Conference volleyball will begin on October 13th in North Bend. Finally, Mr. Borders congratulated the Tiger softball players and coaches on a fabulous season.

10. Board Reports

Discussion:

Rod Schmidt asked Mr. Gross if there was a possibility to schedule a bond public meeting on a weekend. Mr. Gross has scheduled a Special Board Meeting for October 30th at 1:00 p.m.

11. Superintendent Report

Discussion:

Mr. Gross reported on the building progress. Window installation on the High School began today. Gross and Bottger have been training on the new HVAC system. The District's audit is scheduled to begin next week, and Oct 24th at 7:00 is a Special Board Meeting with the sole purpose of the meeting is discuss the Bond.

12. Recognition of Visitors/Public Comment

Discussion:

None

13. Next meeting date and time

Discussion:

13.a. October 24, 2016 7:00 PM Special Board Meeting Tekamah-Herman Auditorium.

14. Adjournment

Motion Passed: The motion to adjourn meeting at 7:52 p.m. passed with a motion by Bret Brodersen and a second by Becky Anderson.

Becky Anderson	Yes
Bret Brodersen	Yes
Gordon Bryant	Yes
Trent Leichleiter	Yes
Rod Schmidt	Yes
Bill Skinner	Yes

Heidi Lindberg
Secretary

Tekamah-Herman Public Schools
11/14/2016 3:14 PM

ABM JANITORIAL	Custodial Service	17,098.56
Allison Electric	Supplies	285.29
American Broadband Clec	Telephone	589.95
ANDERSON, TOM OR BEVERLY	MILEAGE	129.60
Arctic Glacier U.S.A, Inc.	Ice	136.09
Awards Unlimited, Inc.	Supplies	207.75
BITTER, JILL	MILEAGE	97.20
Bomgaars Supply, Inc.	Supplies	113.38
BORDERS, TOM	MILEAGE	347.11
Braniff Service	Service	1,038.63
BRODERSEN, CARI	MILEAGE	151.20
BROMM, ANDREA	Mileage	324.00
BRUMMOND, JAIME	MILEAGE	108.00
Buddies	Fuel	170.85
Burt Co Service & Glenn's Alig	Service	464.94
Burt Co Treasurer,	School Bus Licenses	7.50
BURT, WES OR LISA	Mileage	129.60
CAMERON, SABINA	MILEAGE	108.00
CAMERON, SHARON	MILEAGE	216.00
Cannon	Lease Payment	838.13
Carlson, Margaret	Reimbursement	108.98
Cass Plumbing	Repairs	336.18
CENTERPOINT ENERGY SERVICES	Fuel	294.80
City Of Tekamah	Water/Sewer/Compactor	438.36
Connecting Point	Equipment	300.00
Cubby's, Inc.	Fuel	195.04
DATA MANAGEMENT, INC.	Supplies	249.00
ECO STYLE	WEBSITE	125.00
EDUCATIONAL CONSULTING SERVICES	Consulting	150.00
EISENHAUER, JILL	Mileage	172.80
ELLIOTT, LAURIE	Mileage	79.92
ESU #2	Service	62,570.25
ESU #3	Service	8,286.62
EVASIC, ROBERT & BREANNE	MILEAGE	114.48
Fleischman, Julie	MILEAGE	108.00
General Reimbursement Fund	Reimbursement	518.04
GLUP, JENNIFER	Mileage	88.56
Hansen, Jodi	Reimbursement	115.14
HANSEN, KYLIE	MILEAGE	151.20
HEIM, JEFF	MILEAGE	108.00
Holmquist Lumber Inc	Supplies	374.43
J.W. Pepper & Son, Inc.	Music Supplies	399.84
JARZYNSKA, CONNIE	MILEAGE	108.00
JENSEN, JULIET	Supplies	63.05
John Deere Financial	Parts	1,151.25
JOURNEY ED.COM. INC.	Software	859.14
KOCH, CRYSTAL	MILEAGE	108.00
KOEHLER, SHERRI	MILEAGE	129.60
Kreifels, Ben	Travel Reimbursement	76.68
KSB SCHOOL LAW, PC LLO	Legal Fees	100.00
LANDSPERGER, TIMOTHY OR GINA	MILEAGE	60.48
Learn 2 Move	Services	1,068.93
LEICHLITER, KATIE	MILEAGE	259.20
LEONARD, SUSANNA	MILEAGE	291.06
Lindberg, Heidi	Reimbursement	163.63
LINGLE, WALLY OR TRACI	MILEAGE	280.80
Loftis, Holly	MILEAGE	183.80
MAGILL, BLAIR	MILEAGE	129.60

Matheson Tri-Gas, Inc	Supplies	981.38
MAYO SANITATION, LLC	TRASH	330.00
MCELMURAY, LAURA	Mileage	79.92
McKay, Douglas J.	MILEAGE	151.20
Memorial Community Hospital	Bus Physicals	160.00
Midtown Body & Alignment	Lumber	159.00
Miller, Molly	Mileage Reimbursement	44.00
MOSER, SARA	MILEAGE	155.52
Nebraska Public Power	Electricity	1,063.74
NIEWOHNER, MICHELLE	Reimbursement	101.78
NORTHEAST COMMUNITY COLLEGE	Textbooks	611.45
Office Systems Co.	Maintenance	3,256.00
OLSON, SUSAN	Mileage	36.72
PAGELS, RYANN	MILEAGE REIMBURSEMENT	324.00
Payflex Systems USA, Inc.	Fees	108.90
PETERSEN, CHRIS	MILEAGE	47.52
PETERSEN, CURT OR RENEE	MILEAGE	129.60
PGH&G ATTORNEYS AT LAW	Legal Fees	4,457.93
Plaindealer Publishing	Printing	537.31
Plains Boiler Service	Service	5,233.68
POMMER, MICHAEL	AUDIT	6,000.00
Popplers Music Inc	Music Supplies	42.75
POTADLE, KURT	Mileage	27.54
PROCHASKA & ASSOCIATES, INC.	PRE==BOND SERVICES	1,250.00
Pump Shop	Materials	95.00
QUICK, MICHELE	MILEAGE	108.00
RASMUSSEN, RICK OR KIM	MILEAGE	216.00
RAUE, REBECCA	MILEAGE	362.88
Savemore Market	Supplies	150.20
Schroeder, Terry	Water Testing	185.12
Security Equipment Inc.	Service Call	1,209.25
Shamburg Auto Supply, Inc.	Parts	533.70
Signs and Shapes Inernational Inc	Service	50.00
SMITH, JUSTIN OR DONNETTE	MILEAGE	210.60
SPARQDATA SOLUTIONS	Emeeting Subscription	375.00
STARK, MICHELLE	Mileage	98.28
State Of Ne HHS Laboratory	Service	15.00
Tekamah Ford-Lincoln Mercury, Inc	Bus Repairs	364.51
TOBIN TURF CARE	Lawn Care	1,300.00
TOBIN, MICHELLE	MILEAGE	198.80
TOLZMAN, JENNIFER	Milk Refund	280.80
Tonjes, Pam	Reimbursement	60.00
U.S. Post Office	POSTAGE	68.00
VALANDRA, TONYA	MILEAGE REIMBURSEMENT	164.16
Verizon Wireless	Telephone	58.97
Wallace, Don	Reimbursement	288.74
Waterlink, Inc.	Supplies	1,197.55
Wells Fargo Card Serivces	Fees/Travel Expenses	448.07
West Harrison School	Tuition	18,389.92
WILLIAMS SCOTSMAN, INC	Lease Payment	1,622.63
Worley, Kiley	MILEAGE	259.20
WRIETH, MITCH	MILEAGE	280.80
	Total	\$ 156,760.76

SEPTEMBER 2016 TREASURER'S REPORT		
CASH ON HAND	\$	1,916,185.04
GENERAL REIMBURSEMENT FUND	\$	3,891.19
CASH BALANCE		\$1,920,076.23
BURT COUNTY TAXES	\$	258,600.18
WASH COUNTY TAXES	\$	35,466.75
INTEREST	\$	46.89
STATE AID	\$	4,417.83
HIGH ABILITY LEARNER	\$	2,000.00
NON-REVENUE RECEIPTS	\$	839.95
SEPTEMBER REVENUE		\$ 301,371.60
	T. REVENUE	\$2,221,447.83
DISTRIBUTION:		
PAYROLL	\$	451,587.61
EXPENDITURES	\$	93,194.03
	T. EXPENDITURES	\$544,781.64
BALANCE ON HAND 9/30/2016		\$1,676,666.19
PERCENTAGE OF BUDGET SPENT AS OF 09/30/2015		7%
PERCENTAGE OF BUDGET SPENT AS OF 09/30/2016		8%

October 26, 2016

Tekamah-Herman Community Schools
Board of Education
Tekamah, NE 68061

Dear Negotiations Committee:

The Tekamah-Herman Education Association requests that the school board of the Tekamah-Herman Community Schools take action to recognize the Tekamah-Herman Education Association as the exclusive bargaining agent for the district's non-supervisory certificated staff for the 2018-2019 contract year.

The association respectfully asks that you take this action at your next board meeting.

Sincerely,



President, Tekamah-Herman Education Association

Devening Disposal
Jim & Beverly Devening
715 County Road 43
Tekamah, NE 68061

Nov 14, 2016

Contract for Tekamah-Herman School,
which includes:

Tekamah-Herman School Bldg.
Hot Lunch Program 5 or 6 days
a week.

TNI Bldg 3 yd Container
Bus Shop 3 yd. Container

Service includes 5 days a week and when
necessary on Saturdays. Regular Service would
be Dec thru May and Sept thru Nov. Pick
up during Jun, July and Aug. as necessary.

This contract starts Dec 1st 2016 thru
Nov 30th 2017, or this can be a two year contract.

Monthly charge will be \$575⁰⁰.

Devening Disposal
James Devening
Beverly Devening

Trucks are licensed & insured.
Drivers are randomly tested for drugs & alcohol.
Commercial Liability Insurance also.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS
August 31, 2016**

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA
TABLE OF CONTENTS**

August 31, 2016

	<u>Page #</u>
INDEPENDENT AUDITOR’S REPORT	1-2
 FINANCIAL STATEMENTS:	
Statement of Assets and Net Position/Fund Balances Arising from Cash Basis Transactions – Governmental Funds and Government-Wide Presentation.....	3
Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Governmental Funds and Government-Wide Presentation	4
Statement of Fiduciary Net Position - Cash Basis	5
Notes to Financial Statements	6-12
 SUPPLEMENTAL INFORMATION:	
General Fund – Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual	13-14
Depreciation Fund – Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual	15
Employee Benefit Fund – Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual	16
Activities Fund – Statement of Cash Receipts, Disbursements, Transfers, and Changes in Fund Balance	17
School Nutrition Fund – Statement of Cash Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual	18
Special Building Fund – Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual	19
Schedule of Operational Cash Disbursements – General Fund	20-22
 ADDITIONAL INFORMATION:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24

**Michael J. Pommer, CPA
P.O. Box 479
Wakefield, NE 68784
(402) 287-2060**

INDEPENDENT AUDITOR'S REPORT

October 18, 2016

Superintendent and Board of Education
Tekamah-Herman Public School, District No. 1

I have audited the accompanying financial statements of the governmental activities and each major fund of Tekamah-Herman Public School District No. 1, Burt County, Nebraska, as of and for the year ended August 31, 2016, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tekamah-Herman Public School District No. 1, Burt County, Nebraska as of August 31, 2016, and the respective changes in cash basis financial position for the year then ended on the basis of accounting described in Note 1.


In accordance with *Government Auditing Standards*, I have also issued my report dated October 18, 2016 on my consideration of Tekamah-Herman Public School's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Report on Supplemental Information

My audit was conducted for the purpose of forming opinions on the cash basis financial statements taken as a whole that collectively comprise the School's basic financial statements. The schedules that follow the basic financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Basis of Accounting

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



Michael J. Pommer, CPA
Wakefield, Nebraska
October 18, 2016

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

**STATEMENT OF ASSETS AND NET POSITION/FUND BALANCES
ARISING FROM CASH BASIS TRANSACTIONS - GOVERNMENTAL
FUNDS AND GOVERNMENT-WIDE PRESENTATION**

For the Fiscal Year Ended August 31, 2016

	Governmental Fund Types			Government- Wide Total
	General	School Nutrition	Special Building	
ASSETS				
Cash at Bank	1,655,883	82,413	0	1,738,296
Cash at Bank - Restricted	0	0	1,553,546	1,553,546
Cash at County Treasurer	1,465,531	0	0	1,465,531
Cash at County - Restricted	0	0	267,137	267,137
TOTAL ASSETS	<u>3,121,414</u>	<u>82,413</u>	<u>1,820,683</u>	<u>5,024,510</u>
NET POSITION/FUND BALANCES				
Unassigned	2,644,982	0	0	2,644,982
Assigned, for Lunch Use	0	82,413	0	82,413
Committed, for Depr. Use	426,956	0	0	426,956
Committed, for Benefits Use	49,476	0	0	49,476
Restricted, for Building Use	0	0	1,820,683	1,820,683
TOTAL NET POSITION/FUND BALANCES	<u>3,121,414</u>	<u>82,413</u>	<u>1,820,683</u>	<u>5,024,510</u>

The notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE PRESENTATION**

For the Fiscal Year Ended August 31, 2016

	Governmental Fund Types			Total
	General	School Nutrition	Special Building	
CASH RECEIPTS				
Local Property Taxes	6,066,686	0	1,076,931	7,143,617
Motor Vehicle Taxes	304,508	0	0	304,508
Interest	1,149	56	3,491	4,696
Other Local Sources	27,696	0	0	27,696
County fines and licenses/ESU	125,454	0	0	125,454
State Aid	1,018,994	1,141	97,202	1,117,337
Federal Aid	190,633	92,521	0	283,154
Charges for Services	0	123,007	0	123,007
Other	1,436	0	166	1,602
TOTAL CASH RECEIPTS	7,736,556	216,725	1,177,790	9,131,071
CASH DISBURSEMENTS				
Instruction:				
Regular	3,992,637	0	0	3,992,637
Special Education	732,039	0	0	732,039
Support Services				
Pupils	249,004	0	0	249,004
Instructional Staff	82,069	0	0	82,069
Board of Education	101,813	0	0	101,813
Executive Administration	222,670	0	0	222,670
Office of Principal	345,693	0	0	345,693
Business	43,268	0	0	43,268
Maintenance and Operations	545,906	0	0	545,906
Pupil Transportation	206,364	0	0	206,364
State Categorical Programs	7,030	0	0	7,030
Federal Programs	322,698	0	0	322,698
Lunch Program	0	206,200	0	206,200
Capital Expenditures	103,331	0	2,011,363	2,114,694
Other	60,000	0	0	60,000
TOTAL CASH DISBURSEMENTS	7,014,522	206,200	2,011,363	9,232,085
GOVERNMENT-WIDE PRESENTATION OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	722,034	10,525	(833,573)	(101,014)
Transfers In (Out)	0	0	0	0
FUND PRESENTATION OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	722,034	10,525	(833,573)	(101,014)
FUND BALANCES, beginning of year	2,399,380	71,888	2,654,256	5,125,524
FUND BALANCES, end of year	3,121,414	82,413	1,820,683	5,024,510

The notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS**

August 31, 2016

	<u>Activity Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS		
Cash in Bank	120,018	120,018
TOTAL ASSETS	<u>120,018</u>	<u>120,018</u>
LIABILITIES		
Amounts Due to Other Organizations	120,018	120,018
TOTAL LIABILITIES	<u>120,018</u>	<u>120,018</u>
 NET POSITION	 <u>0</u>	 <u>0</u>

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

The significant accounting principles and practices followed by Tekamah-Herman Public School District No. 1 are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (a) **REPORTING ENTITY** – The District, for financial purposes, includes all of the funds relevant to the operations of Tekamah-Herman Public School District No. 1. There are no separate organizations which need to be evaluated for possible inclusion in the District’s financial statements.
- (b) **BASIS OF ACCOUNTING** – The District prepares its financial statements on the cash basis, which is in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Education; consequently, these statements represent a summary of the cash activity of the various funds of the District and do not include certain transactions that would be included if the District prepared its financial statements in accordance with generally accepted accounting principles, as applicable to governmental units. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles, as applicable to governmental units.
- (c) **BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** – The government-wide financial statements display information about the activities of the District, and are in the format as required by GASB Statement No. 34. These statements include all financial activities of the District, except for fiduciary activities. Internal activities in these statements have not been eliminated, which is required by generally accepted accounting principles. The District reports governmental activities only, which are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund balance, revenues collected and expenses paid. Resources of the District are allocated to and accounted for in individual funds according to the purposes for which such resources are to be spent, and as a means of controlling spending activities. The following fund types are used by the District:

GOVERNMENTAL FUND TYPES:

General Fund – This fund is the operating fund of the District. It is used to account for all financing resources except those required to be accounted for in other funds.

School Nutrition Fund – This fund accounts for the operations of the District’s lunch program.

(Continued on next page)

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(c) BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED):

GOVERNMENTAL FUND TYPES (CONTINUED):

Special Building Fund – This fund accounts for taxes levied and other revenue specifically maintained for acquiring or improving sites and buildings, including the construction, alteration, or improvements of buildings.

Depreciation Fund – This fund accounts for General Fund money specifically maintained for capital outlay items. The District accounts for the allocation of funds from the General Fund to this fund as an expense in the General Fund and as a “transfer from General Fund – as expensed” in the Depreciation Fund. The Depreciation Fund is considered a component of the General Fund.

Employee Benefit Fund – This fund is used to pay unemployment claims and other employee benefits of current or former District employees, as well as benefit plan administrative costs. It is a component of the General Fund, as transfers from the General Fund are the primary source of support.

FIDUCIARY FUND TYPE:

Activities Fund – This agency fund is used to account for assets held by this District in a trustee capacity for various school organizations and activities.

(d) PROPERTY AND EQUIPMENT – Expenditures for property and equipment are charged to expense when paid.

(e) INTERFUND TRANSFERS – Permanent reallocation of resources between funds of the District are classified as operating transfers in or out.

EQUITY CLASSIFICATION - In the governmental fund statements, fund balances are displayed in five components - nonspendable, restricted, committed, assigned, and unassigned. Nonspendable funds are composed of items not in spendable form (such as inventories or receivables) or required (legally or contractually) to be maintained intact. Restricted funds are those with constraints placed on their use either by external groups, such as grantors, contributors, or laws and regulations of other governments; or through constitutional provision or enabling legislation. Committed funds are those constrained by the District’s highest levels of decision-making authority (resolution). Assigned funds are those intended to be used for a specific purpose. It is the District’s policy to use funds in following order when all types are available to use for a specific disbursement: restricted first, followed by committed, assigned, and unassigned. For government-wide purposes, these fund balances are referred to as “net position”, which is defined as restricted (as shown above) and unrestricted (which equals committed, assigned, and unassigned above).

(Continued on next page)

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- (f) **REVENUE RECOGNITION - PROPERTY TAXES** – Property taxes are levied by October 15 based on valuations as of April 1. Real estate taxes become due and attach as an enforceable lien on property as of January 1. Real estate and personal property taxes are payable in two installments and become delinquent on May 1 and September 1, following the levy date. The District recognizes collections received by the County Treasurer’s office on their behalf as revenue. All other revenues are recognized when they are received, under the District’s cash basis of accounting.

NOTE 2: BUDGET PROCESS AND PROPERTY TAXES – The District follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared on the cash basis, the statutory basis for Nebraska School Districts. Public hearings are conducted at a public meeting to obtain taxpayer comments.
2. Prior to September 20, the budget is legally adopted by the Board of Education through passage of a resolution. Total Expenditures may not legally exceed total appropriations. Appropriations lapse at year end, and any revisions require Board approval. The budget was not amended in the past fiscal year.
3. The property tax requirement resulting from the budget process is utilized by the County Assessor to establish the tax levy by October 15, which attaches as an enforceable lien on property within the District as of January 1 and is due as of that date. All unpaid taxes are delinquent as of September 1. The County collects property taxes and remits to the District monthly. District property tax revenue is recognized when received by the County Treasurer.

NOTE 3: RETIREMENT PLAN – Plan Description - The Tekamah-Herman Public School District contributes to the Nebraska School Employees Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by the Nebraska Public Employee 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, 2014, there were 270 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, and Community Colleges), are members of the plan.

Normal retirement is at age 65. 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.

(Continued on next page)

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2016

NOTE 3: **RETIREMENT PLAN – Plan Description** (continued) – 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.

For the District’s year ended August 31, 2016, the District’s total payroll for all employees was \$4,038,844. Total covered payroll was \$3,922,714. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Contributions – The State’s contribution is based on a annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2014, to June 30, 2015 (and from July 1, 2015, through August 31, 2016). The school district (employer) contribution is 101 percent of the employee contribution. The District’s contribution to the Plan for its year ended August 31, 2016 was \$387,477.

Pension Liabilities – At June 30, 2015, the District had a liability of \$2,057,705 for its proportionate share of the net pension liability (this liability is not recorded in the accompanying cash basis financial statements). The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of that date. The NPERS School Plan was 89.86% funded as of June 30, 2015, based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the District’s proportion was 0.188937%, which was an increase from its proportion of 0.187030 measured as of June 30, 2014. For the year ended June 30, 2015, the District’s allocated pension income was \$43,130.

(Continued on next page)

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

August 31, 2016

NOTE 3: RETIREMENT PLAN – Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation: 3.25 percent

Wage Inflation: 4.00 percent

Salary increases, including wage inflation: 4.00 – 9.00 percent

Cost-of-living Adjustment: 2.5% for members hired before July 1, 2013, with a floor benefit equal to 75% purchasing power of original benefit; 1% for members hired on/after July 1, 2013 and no floor benefit

Long-term Rate of Return, net of investment expense, including price inflation: 8.00 percent

Municipal Bond Index Rate: 4.35 percent

Year FNP is Projected to be Depleted: N/A

Single Equivalent Int. Rate, net of investment expense, including price inflation: 8.00 percent

The School Plan's pre-retirement mortality rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females). The School Plan's post-retirement rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set back one year (sex distinct). The School Plan's disability mortality rates were based on the 1983 Railroad Retirement Board Disabled Annuitants Mortality (unisex). The actuarial assumptions used in the July 1, 2014 valuations for the School Plan is based on the results of the most recent actuarial experience study, which covered the five year period ending June 30, 2011. The experience study report is dated August 20, 2012.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as first quarter 2015, (see the discussion of the pension plan's investment policy) are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Stocks	29.0%	4.4%
Non-U.S. Stocks	13.5%	5.2%
Global Stocks	15.0%	4.8%
Fixed Income	30.0%	2.1%
Real Estate	7.5%	4.4%
Private Equity	5.0%	6.7%
TOTAL	100.0%	

*Geometric mean, net of investment expenses.

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**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2016

NOTE 3: RETIREMENT PLAN – Discount Rate – The discount rate used to measure the Total Pension Liability at both June 30, 2014, and June 30, 2015, was 8 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and nonemployers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2113.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	Discount Rate	District’s proportionate share of net pension liability
1 percent decrease	7.0%	\$ 4,672,144
Current discount rate	8.0%	\$ 2,057,705
1 percent increase	9.0%	\$ (116,393)

Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing to NPERS, P.O. Box 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712, or via the internet at:

http://www.auditors.nebraska.gov/APA_Reports/2015/SA185-03112015-July_1_2013_through_June_30_2014_Audit_Report.pdf

NOTE 4: CASH AND INVESTMENTS – For the following disclosure required by GASB Statement No. 40, deposits include checking accounts, savings accounts, money market accounts, and certificates of deposit. At August 31, 2016 the carrying amount of the School District’s deposits, including \$499,657 in certificates of deposit, was \$3,411,860. The bank balances were \$3,612,475; of this amount, \$500,000 was covered by federal depository insurance and the remaining amount was collateralized by securities held by an agent of the depository and assigned by the depository to the District in the form of joint safekeeping receipts. No attorney’s opinion has been obtained regarding the enforceability of claims which might arise under the custodial arrangements. The District had no investments at August 31, 2016.

“Cash – Restricted” and “Cash at County – Restricted”, shown on the Statement of Assets and Net Position/Fund Balances Arising from Cash Basis Transactions – Governmental Funds and Government-Wide Presentation, are cash balances restricted within the Special Building Fund for building-related capital expenditures.

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**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2016

NOTE 5: COMMITMENTS AND CONTINGENCIES -

State and Federal Programs

The District participates in numerous State and Federal Grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the ability to collect any related receipt after August 31, 2016 may be impaired. In the opinion of the District, there are no significant contingencies relating to the rules and regulations governing the respective grants.

Early Retirement Agreements – The District is currently entered into early retirement agreements with former employees. The District paid out \$87,139 for the year ended August 31, 2016.

NOTE 6: RISK MANAGEMENT – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the District carried commercial insurance for general liability, public official's liability, property coverage, and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7: ENVIRONMENTAL RISK – The District is subject to laws and regulations relating to the protection of the environment. The District's policy is to expense environmental and cleanup related costs of a non-capital nature when incurred. Although it is not possible to quantify with any degree of certainty the potential financial impact of the District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition of the School.

NOTE 8: INTERFUND TRANSFERS - The General Fund transferred \$60,000 to the Activity Fund for various uses during fiscal year 2015-2016, and transferred \$100,000 to the Depreciation Fund for future capital purchases.

NOTE 9: SUBSEQUENT EVENTS – A review of events was made from the year end of August 31, 2016 to the date of this report that may have required an adjustment to, or inclusion in, the financial statements. The District had no subsequent events for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA
GENERAL FUND**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended August 31, 2016

	<u>Actual</u>	<u>Orig. & Final Budget</u>
RECEIPTS:		
Local Sources:		
Local Property Taxes	\$ 6,066,686	6,660,146
Motor Vehicle Taxes	304,508	265,000
Public Power District Tax	26,872	40,000
Interest	690	300
License and Fees	0	300
Other Local Revenue	824	75
TOTAL LOCAL SOURCES	<u>6,399,580</u>	<u>6,965,821</u>
County/ESU Sources:		
ESU receipts	116,260	45,000
County fines and licenses	9,194	5,000
TOTAL COUNTY/ESU SOURCES	<u>125,454</u>	<u>50,000</u>
State Sources:		
State Aid	44,178	44,178
Pro-Rate Motor Vehicle	9,722	8,500
Homestead Exemption	55,486	0
Property Tax Relief	449,877	0
Special Education	344,492	285,000
Special Education - Transportation	29,469	0
High Ability Learners	6,036	5,800
State Apportionment	77,734	75,000
Distance Education	2,000	800
TOTAL STATE SOURCES	<u>1,018,994</u>	<u>419,278</u>
Federal Sources:		
Title II A	30,249	30,000
IDEA - Base	59,537	118,257
IDEA - Enrollment/Poverty	77,429	0
MAAPS	8,035	11,000
Career/Tech Ed	5,000	5,000
REAP	7,548	29,577
IDEA - Base Preschool	2,835	0
TOTAL FEDERAL SOURCES	<u>190,633</u>	<u>193,834</u>

(Continued on next page)

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

GENERAL FUND

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**

For the Fiscal Year Ended August 31, 2016

	<u>Actual</u>	<u>Orig. & Final Budget</u>
CASH RECEIPTS (continued):		
Non-Revenue Receipts:		
Insurance Adj./Misc.	1,436	1,500
TOTAL NON-REVENUE RECEIPTS	1,436	1,500
TOTAL CASH RECEIPTS	\$ 7,736,097	\$ 7,630,433
 DISBURSEMENTS:		
Program:		
Regular Instructional	\$ 3,992,637	\$ 4,671,715
Special Education Instructional	732,039	963,681
Support Services - Pupils	249,004	279,290
Support Services - Instructional Staff	82,069	89,320
Support Services - Board of Education	101,813	110,092
Support Services - Executive Administration	222,670	233,152
Support Services - Office of Principal	345,693	360,073
Support Services - Business	43,268	50,662
Support Services - Maintenance and Operations	645,906	587,742
Support Services - Pupil Transportation	206,364	436,187
State Categorical Programs	7,030	8,192
Federal Programs	322,698	370,789
Transfers	60,000	160,000
TOTAL CASH DISBURSEMENTS	\$ 7,011,191	\$ 8,320,895
 CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	 724,906	
 Beginning Bank Balances	 557,476	
Beginning Balances at Co. Treasurer	1,362,600	
FUND BALANCE, BEGINNING OF YEAR	1,920,076	
 Ending Bank Balances	 1,179,451	
Ending Balances at Co. Treasurer	1,465,531	
FUND BALANCE, END OF YEAR	2,644,982	

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

DEPRECIATION FUND

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended August 31, 2016

	<u>Actual</u>	Orig. & Final <u>Budget</u>
CASH RECEIPTS:		
Interest	312	300
Transfer from General	<u>100,000</u>	<u>100,000</u>
TOTAL CASH RECEIPTS	<u>100,312</u>	<u>100,300</u>
 CASH DISBURSEMENTS:		
Capital Outlay	<u>103,331</u>	<u>648,008</u>
TOTAL CASH DISBURSEMENTS	<u>103,331</u>	<u>648,008</u>
 CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	 (3,019)	
 FUND BALANCE, BEGINNING OF YEAR	 429,975	
 FUND BALANCE, END OF YEAR	 \$ <u>426,956</u>	

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

EMPLOYEE BENEFIT FUND

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended August 31, 2016

	<u>Actual</u>	Orig. & Final <u>Budget</u>
CASH RECEIPTS:		
Transfer from General	\$ 0	0
Interest	<u>147</u>	<u>50</u>
TOTAL CASH RECEIPTS	<u>147</u>	<u>50</u>
 CASH DISBURSEMENTS:		
Misc. Employee Benefits	<u>0</u>	<u>49,379</u>
TOTAL CASH DISBURSEMENTS	<u>0</u>	<u>49,379</u>
 RECEIPTS OVER (UNDER) DISBURSEMENTS	 \$ 147	
 FUND BALANCE, BEGINNING OF YEAR	 <u>49,329</u>	
 FUND BALANCE, END OF YEAR	 <u>\$ 49,476</u>	

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

ACTIVITIES FUND

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE**

For the Fiscal Year Ended August 31, 2016

	Balance 8/31/15	Receipts	Disbursements	Transfers	Balance 8/31/16
General	199,961	\$ 31,826	\$ 15,160	60,000	\$ 276,627
Band	(6,451)	1,607	3,725	0	(8,569)
Vocal	(13,300)	2,160	2,681	0	(13,821)
Graduating Classes	5,895	7,476	7,534	(150)	5,687
Clubs	11,366	26,137	25,953	(506)	11,044
Organizations	(30,497)	13,557	20,391	656	(36,675)
Vocational	19,566	19,527	20,327	0	18,766
Athletics	(139,063)	61,713	89,375	604	(166,121)
Investments	16,331	92	29	0	16,394
Elementary	8,417	6,733	10,108	0	5,042
Concessions	12,104	21,436	21,292	(604)	11,644
TOTALS	84,329	192,264	216,575	60,000	120,018

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

SCHOOL NUTRITION FUND

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended August 31, 2016

	<u>Actual</u>	Orig. & Final <u>Budget</u>
CASH RECEIPTS:		
Transfer from General Fund	0	30,000
Sale of Lunches	123,007	125,000
State Reimbursements	1,141	1,000
Federal Reimbursements	92,521	121,500
Interest	56	70
TOTAL CASH RECEIPTS	<u>216,725</u>	<u>277,570</u>
CASH DISBURSEMENTS:		
Salaries	59,360	75,000
Employee Benefits	15,364	20,000
Additional 1% Retirement	501	0
Food	127,182	205,000
Supplies	961	5,000
Other	2,832	27,002
TOTAL CASH DISBURSEMENTS	<u>206,200</u>	<u>332,002</u>
CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	10,525	
FUND BALANCE, BEGINNING OF YEAR	71,888	
FUND BALANCE, END OF YEAR	\$ <u>82,413</u>	

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

SPECIAL BUILDING FUND

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE -BUDGET AND ACTUAL**

For the Fiscal Year Ended August 31, 2016

	<u>Actual</u>	<u>Orig. & Final Budget</u>
CASH RECEIPTS:		
Local Property Taxes	1,076,931	1,235,555
Interest	3,491	0
Homestead Exemption	12,452	0
Motor Vehicle Pro Rate	5,359	0
Property Tax Relief	79,391	0
Other Non-Revenue Receipts	166	0
TOTAL CASH RECEIPTS	1,177,790	1,235,555
CASH DISBURSEMENTS:		
Capital Outlay	2,011,363	3,811,157
TOTAL CASH DISBURSEMENTS	2,011,363	3,811,157
CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(833,573)	
Beginning Bank Balances	2,512,237	
Beginning Balances at Co. Treasurer	142,019	
FUND BALANCE, BEGINNING OF YEAR	2,654,256	
Ending Bank Balances	1,553,546	
Ending Balances at Co. Treasurer	267,137	
FUND BALANCE, END OF YEAR	1,820,683	

The accompanying notes are an integral part of these financial statements.

**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA**

SCHEDULE OF OPERATIONAL CASH DISBURSEMENTS - GENERAL FUND

For the Fiscal Year Ended August 31, 2016

REGULAR INSTRUCTIONAL SERVICES:

Regular Salaries	\$ 2,206,778
Substitute Teachers	54,470
Retirement - District's Share (Additional 1%)	22,392
Other Employee Benefits	951,774
Early Retirement Incentive	87,139
Contracted Services	18,693
Tuition Paid to Others	17,632
Distance Education	8,106
Teaching Supplies	61,837
Textbooks	3,478
Capital Outlay	126,905
Poverty Allocation Expenses	289,393
Early Childhood	103,657
Summer School	3,526
Other Expenses	<u>36,857</u>
TOTAL REGULAR INSTRUCTIONAL SERVICES	<u>3,992,637</u>

SPECIAL EDUCATION:

Regular Salaries	317,884
Substitute Teachers	4,042
Clerical and Assistants	101,998
Retirement - District's Share (Additional 1%)	4,169
Other Employee Benefits	157,655
Purchased Pupil Services	141,169
Teaching Supplies	1,737
SPED Flex Funding	2,319
Other Expenses	<u>1,066</u>
TOTAL SPECIAL EDUCATION	<u>732,039</u>

SUPPORT SERVICES - PUPILS:

Regular Salaries	170,622
Clerical and Assistants	19,883
Retirement - District's Share (Additional 1%)	1,839
Other Employee Benefits	40,676
Supplies	12,454
Other Expenses	<u>3,530</u>
TOTAL SUPPORT SERVICES - PUPILS	<u>249,004</u>

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**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA
SCHEDULE OF OPERATIONAL CASH DISBURSEMENTS - GENERAL FUND
(CONTINUED)**

For the Fiscal Year Ended August 31, 2016

SUPPORT SERVICES - INSTRUCTIONAL STAFF:

Regular Salaries	\$	32,007
Clerical and Assistants		25,004
Retirement - District's Share (Additional 1%)		576
Other Employee Benefits		16,788
Supplies		7,694
TOTAL SUPPORT SERVICES - INSTRUCTIONAL STAFF		82,069

SUPPORT SERVICES - BOARD OF EDUCATION

Clerical and Assistants		22,587
Other Employee Benefits		12,561
Retirement - District's Share (Additional 1%)		228
Audit and Accounting Services		5,800
Legal Services		25,703
Contracted Services		4,784
Supplies		363
Liability Insurance		2,294
Fidelity Bond Premiums		748
Other Expenses		26,745
TOTAL SUPPORT SERVICES - BOARD OF EDUCATION		101,813

SUPPORT SERVICES - EXECUTIVE ADMINISTRATION

Regular Salaries		125,000
Clerical and Assistants		22,587
Retirement - District's Share (Additional 1%)		1,491
Other Employee Benefits		51,700
Early Retirement Incentive		15,956
Supplies		706
Other Expenses		5,230
TOTAL SUPPORT SERVICES - EXECUTIVE ADMINISTRATION		222,670

SUPPORT SERVICES - OFFICE OF PRINCIPAL:

Regular Salaries		177,172
Clerical and Assistants		66,012
Retirement - District's Share (Additional 1%)		2,456
Other Employee Benefits		93,822
Supplies		932
Other Expenses		5,299
TOTAL SUPPORT SERVICES - OFFICE OF PRINCIPAL		345,693

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**TEKAMAH-HERMAN PUBLIC SCHOOL
DISTRICT NO. 1, BURT COUNTY, NEBRASKA
SCHEDULE OF OPERATIONAL CASH DISBURSEMENTS - GENERAL FUND
(CONTINUED)**

For the Fiscal Year Ended August 31, 2016

SUPPORT SERVICES - BUSINESS:

Clerical and Assistants	\$ 25,165
Retirement - District's Share (Additional 1%)	254
Other Employee Benefits	4,889
Contracted Services	11,265
Other Expenses	1,695
TOTAL SUPPORT SERVICES - BUSINESS	43,268

SUPPORT SERVICES - MAINTENANCE AND OPERATIONS:

Regular Salaries	89,535
Retirement - District's Share (Additional 1%)	872
Other Employee Benefits	42,646
Supplies	32,337
Vehicle Maintenance	66,340
Contracted Services	259,314
Property Insurance	48,597
Other Expenses (includes \$100,000 transfer to Depr. Fund)	106,265
TOTAL SUPPORT SERVICES - MAINTENANCE AND OPERATIONS	645,906

SUPPORT SERVICES - PUPIL TRANSPORTATION:

Regular Salaries	42,254
Retirement - District's Share (Additional 1%)	356
Other Employee Benefits	18,189
Contracted Services	33,966
SPED Transportation	60,625
Other Expenses	50,974
TOTAL SUPPORT SERVICES - PUPIL TRANSPORTATION	206,364

STATE CATEGORICAL PROGRAMS:

High Ability Learners	7,030
TOTAL STATE CATEGORICAL PROGRAMS	7,030

FEDERAL PROGRAMS:

Title II A	72,089
Title I	110,808
IDEA - Base	59,537
IDEA - Base Preschool	2,835
IDEA - Enrollment/Poverty	77,429
TOTAL FEDERAL PROGRAMS	322,698

TRANSFERS: To Activity Fund	60,000
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TOTAL CASH DISBURSEMENTS	\$ 7,011,191
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ADDITIONAL INFORMATION

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**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***

Board of Education
Tekamah-Herman Public School, District No. 1
Burt County, Nebraska

I have audited the financial statements of Tekamah-Herman Public School District No. 1, Burt County, Nebraska, as of and for the year ended August 31, 2016, and issued my report thereon dated October 18, 2016. I conducted my 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. My report differed from the standard auditors' report because the financial statements were prepared on the cash basis of accounting (which is a comprehensive basis of accounting other than generally accepted accounting principles).

Internal Control Over Financial Reporting

In planning and performing my audit, I considered School District No. 1's internal control over the financial reporting as a basis for designing my auditing procedures for the purposes of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District No. 1's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of School District No. 1's internal control over financial reporting.

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 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.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. I did not identify certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies in internal control over financial reporting. *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.

Compliance

As part of obtaining reasonable assurance about whether School District No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Education, management, auditor of public accounts, state and federal awarding agencies, and the Nebraska Department of Education and is not intended to be and should not be used by anyone other than these specified parties.



Michael J. Pommer, CPA
October 18, 2016