

Board of Education Regular Meeting
Wednesday, December 11, 2019 6:30 PM
East Butler School
212 South Madison Street
Brainard, NE 68626-0036

1. Call Meeting To Order
2. Roll Call
3. Flag Salute
4. Approve Agenda
5. Patron's Comments
Comments will be limited to 3 minutes per patron and a total allocation of 45 minutes for all comments.
6. Informational Items
 1. Negotiations Update
 2. Achievement Data
 3. Preschool/Daycare Update
 4. Midpoint Financial Report and Audit

Thus far in our 2019-2020 budget we have spent \$1,642,800 of our \$6,707,665 general fund budget which constitutes 24%. Given that we are 1/3 of the way through the year that puts us well under our spending pace. That being said, later expenditures such as vehicle purchases and summer maintenance projects will close what is now a 9% under expected expenditure gap.
7. Consent Agenda
 1. Approval of Minutes
 2. Treasurer's Report
8. Regular Agenda
 1. Construction Update

2. Superintendent Evaluation & Contract Review
9. Administrative Comments
10. Items for next Meeting
11. Adjournment

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

August 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
East Butler School District #502
Butler County, Nebraska

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of East Butler School District #502 as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the School District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
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that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Butler School District #502, as of August 31, 2019, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Butler School District #502's financial statements. The management's discussion and analysis and supplementary and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The management's discussion and analysis, budgetary comparison schedules, combining nonmajor fund financial statements, and fiduciary fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 our opinion, the supplementary information described in the first sentence of this paragraph are fairly stated, in all material respects, in relation to the financial statements as a whole.

The county treasurer statements of receipts and disbursements have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of East Butler School District #502'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 East Butler School District #502'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 East Butler School District #502's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
October 24, 2019

**EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended August 31, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of East Butler School District #502's annual financial report presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended August 31, 2019. Please read the MD&A in conjunction with the entire financial report, which immediately follows this section.

FINANCIAL HIGHLIGHTS

- The District's General Fund fund balance decreased by \$198,916 (5.2 percent) compared to a decrease of \$310,331 the prior fiscal year.
- General Fund revenues were \$6,090,532, \$198,916 less than expenses.
- General Fund operational costs were \$6,289,448, a 0.2 percent decrease from the prior year.
- East Butler School District #502's student average daily membership decreased by 6 students (2.2 percent) to an Average Daily Membership (ADM) of 265 for the year ended August 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This audited annual financial report consists of three sections: management's discussion and analysis (MD&A) [this section], the financial statements, and supplementary and other information. The financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* show how basic services, such as regular and special education, were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates *like a business*, such as Nutrition Services.

**EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019**

- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary and other information that further explains and supports the financial statements with a comparison of the District's budget for the year and various other supporting schedules and statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was lower on August 31, 2019, than it was the year before, decreasing 15.1 percent to \$4,481,711. Most of the decrease in the District's financial position came from its governmental activities, the net position of which decreased from \$5,259,911 to \$4,517,186 in 2019, the net position of the District's business-type activities decreased from \$16,677 to \$(35,475) in 2019.

Summary Statements of Net Position

	August 31, <u>2019</u>	August 31, <u>2018</u>	Increase (Decrease) <u> </u>
Assets	\$ 4,481,711	\$ 5,276,588	\$ (794,877)
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Restricted	811,127	1,372,099	(560,972)
Unrestricted	<u>3,670,584</u>	<u>3,904,489</u>	<u>(233,905)</u>
Total Net Position	<u><u>\$ 4,481,711</u></u>	<u><u>\$ 5,276,588</u></u>	<u><u>\$ (794,877)</u></u>

EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019

Governmental Activities

A summary of the governmental receipts and expenses follows:

	Year Ended August 31, <u>2019</u>	Year Ended August 31, <u>2018</u>	Increase (Decrease)
Receipts:			
Charges for services	\$ 67,733	\$ 20,810	\$ 46,923
Operating grants	415,243	450,150	(34,907)
Taxes (property, motor vehicle, and other)	5,746,128	5,617,492	128,636
State aid	42,012	43,057	(1,045)
Other revenue	<u>107,282</u>	<u>109,764</u>	<u>(2,482)</u>
Total receipts	<u>6,378,398</u>	<u>6,241,273</u>	<u>137,125</u>
Expenses:			
Instruction	4,107,498	4,221,856	(114,358)
Support services:			
Pupils	75,108	67,612	7,496
Staff	99,645	86,690	12,955
General administration	307,517	224,370	83,147
School administration	253,772	247,559	6,213
Business	351,206	358,224	(7,018)
Building and grounds	463,758	452,771	10,987
Pupil transportation	394,758	335,815	58,943
Federal programs	115,553	102,361	13,192
Transfer to other funds	29,348	17,500	11,848
Debt service	189,244	186,916	2,328
Capital outlay	<u>733,716</u>	<u>674,801</u>	<u>58,915</u>
Total expenses	<u>7,121,123</u>	<u>6,976,475</u>	<u>144,648</u>
Decrease in net position - governmental funds	<u>\$ (742,725)</u>	<u>\$ (735,202)</u>	<u>\$ (7,523)</u>

Total receipts increased \$137,125, due primarily to an increase in taxes of \$128,636.

Total expenses increased \$144,648 (2.1 percent), due primarily to an increase in general administration of \$83,147 (37.1 percent), increase in pupil transportation of \$58,943 (17.6 percent), increase in capital outlay of \$58,915 (8.7 percent), and a decrease in instruction of \$114,358 (2.7 percent).

EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019

Business-type Activities

A summary of the business-type activities' receipts and expenses follows:

	Year Ended August 31, <u>2019</u>	Year Ended August 31, <u>2018</u>	Increase <u>(Decrease)</u>
Receipts:			
Charges for services	\$ 80,917	\$ 92,603	\$ (11,686)
Operating grants	60,035	59,222	813
Other income	16	5	11
Transfer from other funds	-	40,000	(40,000)
Total receipts	<u>140,968</u>	<u>191,830</u>	<u>(50,862)</u>
Expenses:			
Nutrition Services	<u>193,120</u>	<u>187,940</u>	<u>5,180</u>
Increase (decrease) in net position	<u>\$ (52,152)</u>	<u>\$ 3,890</u>	<u>\$ (56,042)</u>

Revenues of the District's business-type activities (nutrition program) decreased \$50,862 to \$140,968. Expenses increased \$5,809 to \$193,120.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$4,517,186, which were \$742,725 lower than last year's ending combined balances of \$5,259,911. The decrease in fund balance is due primarily to a decrease in the Building Fund of \$562,624 and a decrease in the General Fund of \$198,916.

EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019

The following is a summary of receipts and disbursements for the governmental funds for the year ended August 31, 2019:

	<u>Receipts</u>	<u>Disbursements</u>	Receipts Over (Under) <u>Disbursements</u>
General	\$ 6,090,532	\$ 6,289,448	\$ (198,916)
Building	95,962	658,587	(562,625)
Qualified Capital Purpose			
Undertaking	190,897	189,244	1,653
Other Governmental Funds	105,008	87,845	17,163
Eliminations	(104,000)	(104,000)	-
Totals	<u>\$ 6,378,399</u>	<u>\$ 7,121,124</u>	<u>\$ (742,725)</u>

The following is a summary of receipts and disbursements for the governmental funds for the year ended August 31, 2018:

	<u>Receipts</u>	<u>Disbursements</u>	Receipts Over (Under) <u>Disbursements</u>
General	\$ 5,994,427	\$ 6,304,758	\$ (310,331)
Building	96,416	586,998	(490,582)
Qualified Capital Purpose			
Undertaking	190,474	186,916	3,558
Other Governmental Funds	151,414	89,261	62,153
Eliminations	(151,458)	(151,458)	-
Totals	<u>\$ 6,281,273</u>	<u>\$ 7,016,475</u>	<u>\$ (735,202)</u>

In addition to the district-wide financial statements, nutrition services are reported in greater detail in the proprietary fund statements.

**EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019**

BUDGET ANALYSIS

General Fund disbursements were \$196,888 less than budgeted appropriations. Actual General Fund receipts were \$307,518 more than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Significant capital asset additions (more than \$10,000 each) were:

- 2020 bus - \$85,814
- Locker room addition - \$26,729
- Classroom addition - \$40,012
- Code updates - \$35,446
- Kitchen/commons roof - \$54,610
- Playground equipment - \$61,527
- 8 Apple computers and 1 Apple TV - \$11,191
- i-Pads - \$50,606

Long-term Debt

A summary of the District's debt follows:

	<u>2019</u>	<u>2018</u>	Increase (Decrease)
Limited tax obligation bonds	<u>\$ 1,754,000</u>	<u>\$ 1,898,000</u>	<u>\$ (144,000)</u>

Long-term debt decreased \$144,000 (7.6 percent) due to scheduled principal payments.

(More detailed information about the District's long-term liabilities is presented in note E to the financial statements.)

**EAST BUTLER SCHOOL DISTRICT #502
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended August 31, 2019**

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The General Fund property tax asking increased \$64,713 (1.3 percent) for the year ending August 31, 2019, while budgeted General Fund expenditures decreased by \$15,310 (0.2 percent).
- Certified state aid for next year will be \$46,091. This represents a \$4,079 (9.7 percent) increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This audited financial report is designed to provide the District's stakeholders (i.e., citizens, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, please feel free to contact the following school official:

Sam Stecher
Superintendent

East Butler School District #502
212 S Madison St
Brainard, NE 68626
(402) 545-2081
(402) 545-2023 – fax

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

August 31, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash (note C)	\$ 2,668,964	\$ (35,475)	\$ 2,633,489
Cash restricted for building projects (note C)	302,463	-	302,463
Cash restricted for qualified capital purpose undertakings (note C)	453,000	-	453,000
Cash with County Treasurers (note D)	1,092,759	-	1,092,759
Total assets	<u>4,517,186</u>	<u>(35,475)</u>	<u>4,481,711</u>
LIABILITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted	811,127	-	811,127
Unrestricted	3,706,059	(35,475)	3,670,584
Total net position	<u>\$ 4,517,186</u>	<u>\$ (35,475)</u>	<u>\$ 4,481,711</u>

See notes to financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the year ended August 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Receipts</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Instruction	\$ 4,107,498	\$ 67,733	\$ 377,223
Support services:			
Pupils	75,108	-	-
Staff	99,645	-	-
General administration	307,517	-	-
School administration	253,772	-	-
Business	351,206	-	-
Building and grounds	463,758	-	-
Pupil transportation	394,758	-	-
State categorical programs	-	-	14,038
Federal programs	115,553	-	23,982
Activities support	29,348	-	-
Principal on long-term debt	144,000	-	-
Interest and fees on long-term debt	45,244	-	-
Capital outlay	733,716	-	-
	7,121,123	67,733	415,243
Total governmental activities			
Business-type activities:			
Nutrition services	193,119	80,916	60,035
	7,314,242	148,649	475,278
Total primary government	\$ 7,314,242	\$ 148,649	\$ 475,278

See notes to financial statements.

<u>Program Receipts</u> Capital Grants and Contributions	<u>Net (Expenses) Receipts and Changes in Net Position</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
\$ -	\$ (3,662,542)		\$ (3,662,542)
-	(75,108)		(75,108)
-	(99,645)		(99,645)
-	(307,517)		(307,517)
-	(253,772)		(253,772)
-	(351,206)		(351,206)
-	(463,758)		(463,758)
-	(394,758)		(394,758)
-	14,038		14,038
-	(91,571)		(91,571)
-	(29,348)		(29,348)
-	(144,000)		(144,000)
-	(45,244)		(45,244)
-	(733,716)		(733,716)
-	(6,638,147)	\$ -	(6,638,147)
-	-	(52,168)	(52,168)
<u>\$ -</u>	<u>(6,638,147)</u>	<u>(52,168)</u>	<u>(6,690,315)</u>
General receipts:			
Taxes:			
Property	4,908,064	-	4,908,064
Motor vehicle	241,982	-	241,982
Other taxes	596,082	-	596,082
Fines and licenses	8,402	-	8,402
State aid	42,012	-	42,012
State apportionment	48,345	-	48,345
Interest income	11,252	16	11,268
Gain on disposal of property	9,738	-	9,738
Other	29,545	-	29,545
Total general receipts	<u>5,895,422</u>	<u>16</u>	<u>5,895,438</u>
Change in net position	(742,725)	(52,152)	(794,877)
Net position - August 31, 2018	<u>5,259,911</u>	<u>16,677</u>	<u>5,276,588</u>
Net position - August 31, 2019	<u>\$ 4,517,186</u>	<u>\$ (35,475)</u>	<u>\$ 4,481,711</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**BALANCE SHEET - GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS**

August 31, 2019

	General <u>Fund</u>	Building <u>Fund</u>	Qualified Capital Purpose Undertaking <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Eliminations</u>	Total Governmental <u>Funds</u>
ASSETS						
Cash	\$ 2,562,248	\$ 302,463	\$ 453,000	\$ 106,716	\$ -	\$ 3,424,427
Cash with County Treasurers	1,037,095	17,669	37,995	-	-	1,092,759
Due from other funds	-	-	2,210	-	(2,210)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 3,599,343</u></u>	<u><u>\$ 320,132</u></u>	<u><u>\$ 493,205</u></u>	<u><u>\$ 106,716</u></u>	<u><u>\$ (2,210)</u></u>	<u><u>\$ 4,517,186</u></u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ 2,210	\$ -	\$ -	\$ (2,210)	\$ -
Fund balances:						
Restricted for:						
Building additions	-	317,922	-	-	-	317,922
Qualified capital purpose	-	-	493,205	-	-	493,205
Assigned for:						
Capital outlay	-	-	-	102,751	-	102,751
Employee benefits	-	-	-	3,965	-	3,965
Budgetary stabilization	703,322	-	-	-	-	703,322
Unassigned	2,896,021	-	-	-	-	2,896,021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u><u>3,599,343</u></u>	<u><u>317,922</u></u>	<u><u>493,205</u></u>	<u><u>106,716</u></u>	<u><u>-</u></u>	<u><u>4,517,186</u></u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u><u>\$ 3,599,343</u></u>	<u><u>\$ 320,132</u></u>	<u><u>\$ 493,205</u></u>	<u><u>\$ 106,716</u></u>	<u><u>\$ (2,210)</u></u>	<u><u>\$ 4,517,186</u></u>

See notes to financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

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

For the year ended August 31, 2019

	General Fund	Building Fund	Qualified Capital Purpose Undertaking Fund	Other Governmental Funds	Eliminations	Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$4,657,072	\$ 81,066	\$ 169,926	\$ -	\$ -	\$ 4,908,064
Motor vehicle	241,982	-	-	-	-	241,982
Homestead exemption	45,434	815	1,682	-	-	47,931
Property tax credit	466,045	8,178	17,103	-	-	491,326
Personal property tax credit	21,921	428	793	-	-	23,142
Pro-rate motor vehicle	9,862	191	367	-	-	10,420
Carline	3,073	60	114	-	-	3,247
Public power district tax	5,770	101	211	-	-	6,082
Penalties and interest on taxes	13,160	278	496	-	-	13,934
Fines and licenses	8,402	-	-	-	-	8,402
Preschool tuition	12,980	-	-	-	-	12,980
ESU receipts	54,753	-	-	-	-	54,753
State aid and grants	478,568	-	-	-	-	478,568
Federal grants	23,982	-	-	-	-	23,982
Interest income	5,667	4,845	205	536	-	11,253
Donations	3,050	-	-	-	-	3,050
Transfer from other funds	-	-	-	104,000	(104,000)	-
Sale of property/insurance proceeds	9,738	-	-	-	-	9,738
Other	29,073	-	-	472	-	29,545
Total receipts	6,090,532	95,962	190,897	105,008	(104,000)	6,378,399
DISBURSEMENTS						
Instruction	3,181,186	-	-	-	-	3,181,186
Special education programs	926,313	-	-	-	-	926,313
Support services:						
Pupils	75,108	-	-	-	-	75,108
Staff	99,645	-	-	-	-	99,645
General administration	307,517	-	-	-	-	307,517
School administration	253,772	-	-	-	-	253,772
Business	351,206	-	-	-	-	351,206
Building and grounds	555,042	12,716	-	-	(104,000)	463,758
Pupil transportation	394,758	-	-	-	-	394,758
Federal programs	115,553	-	-	-	-	115,553
Activities support	29,348	-	-	-	-	29,348
Capital outlay	-	645,871	-	87,845	-	733,716
Debt service:						
Principal	-	-	144,000	-	-	144,000
Interest	-	-	44,844	-	-	44,844
Bond fees	-	-	400	-	-	400
Total disbursements	6,289,448	658,587	189,244	87,845	(104,000)	7,121,124
Excess (deficiency) of receipts over disbursements	(198,916)	(562,625)	1,653	17,163	<u>\$ -</u>	(742,725)
Fund balances - August 31, 2018	3,798,259	880,547	491,552	89,553		5,259,911
Fund balances - August 31, 2019	\$3,599,343	\$ 317,922	\$ 493,205	\$ 106,716		\$ 4,517,186

See notes to financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENT OF NET POSITION - PROPRIETARY FUND -
MODIFIED CASH BASIS**

August 31, 2019

	<u>Nutrition Fund</u>
ASSETS	
Cash	\$ (35,475)
LIABILITIES	<u>-</u>
NET POSITION	
Unrestricted	<u><u>\$ (35,475)</u></u>

See notes to financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND -
MODIFIED CASH BASIS**

For the year ended August 31, 2019

	<u>Nutrition Fund</u>
Operating receipts:	
Nutrition sales	\$ 80,413
State sources	584
Federal sources	43,022
USDA commodities	16,431
Other revenue	502
Total operating receipts	140,952
 Operating disbursements:	
Salaries and employee benefits	91,273
Food and food service supplies	101,599
Other	248
Total operating disbursements	193,120
Operating disbursements in excess of receipts	(52,168)
 Nonoperating receipts:	
Interest income	16
Disbursements in excess of receipts	(52,152)
Net position - August 31, 2018	16,677
Net position - August 31, 2019	\$ (35,475)

See notes to financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS -
MODIFIED CASH BASIS**

August 31, 2019

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 90,632
 LIABILITIES	
For the obligations of the Student Fee Fund	16,444
For the obligations of the Activity Fund	<u>74,188</u>
Total liabilities	<u>90,632</u>
 NET POSITION	 <u><u>\$ -</u></u>

See notes to financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the District’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

East Butler School District #502 is a tax-exempt political subdivision and a Class III school district of the State of Nebraska. The District has considered whether any other organizations should be included in the reporting entity based upon the significance of the operational or financial relationship with the District and has concluded that no other organization should be included. Therefore, the financial statements present the District as the primary government.

2. Basis of Presentation

The School District has adopted the provisions of Statement No. 34 (“Statement 34”) of the Governmental Accounting Standards Board, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” Effective September 1, 2010, the District adopted GASB Statement No. 54 regarding classification of governmental fund balances. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by School Board resolution.

Assigned—Amounts that are designated by the Superintendent for a specific purpose but are not spendable until a budget ordinance is passed by the School Board.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 14). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the School Board or the Assignment has been changed by the Superintendent. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

The District's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. The effect of interfund activity has been eliminated from these statements. These statements report those activities of the District that are governmental (i.e., generally supported by taxes and intergovernmental revenues) and business-type (i.e., generally supported by fees for service). Fiduciary funds are not included in the government-wide financial statements.

The statement of net position presents the financial position of the District's governmental and business-type activities at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from the general revenues.

Fund Financial Statements – The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level.

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

Proprietary funds are used to account for the School District's business-type activities. Proprietary funds distinguish operating receipts and disbursements from nonoperating items.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements, continued

Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. The Nutrition Fund is considered a proprietary fund.

Fiduciary funds report assets held in a trustee or custodian capacity for others and therefore cannot be used to support the School District's own programs. The Activity and Student Fees Funds are fiduciary funds.

3. Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared on the modified cash basis of accounting in that county treasurer cash and certificates of deposit are recorded. This basis recognizes assets, liabilities, net position, revenues and expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and capital assets) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, accrued expenses and liabilities and long-term debt) *are not recorded* in these financial statements. Accordingly, the financial statements and supplementary schedules are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. There are no differences between the government-wide financial statements and the fund financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Basis of Accounting/Measurement Focus, continued

The governmental fund financial statements are prepared using a flow of current financial resources measurement focus and the modified cash basis of accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

4. Fund Types

Governmental Funds – Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are to be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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.

Building Fund: Accounts for taxes levied and other revenue specifically maintained for acquiring and improving sites and buildings.

Qualified Capital Purpose Undertaking Fund: Accounts for taxes levied to facilitate the removal of the environmental hazards and the reduction or elimination of accessibility barriers in school district buildings.

The other governmental funds are:

Depreciation Fund: The Depreciation Fund was set up for the replacement of capital assets.

Employee Benefit Fund: The Employee Benefit Fund is a reserve for unemployment claims.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Fund Types, continued

Proprietary Funds – Proprietary funds include enterprise funds. Enterprise funds account for ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon the determination of change in net position. The District’s only proprietary fund is the following fund:

Nutrition Fund: Accounts for the operations of the District’s nutrition program.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The District’s fiduciary funds consist of the following:

Activity Fund: This fund is used to account for assets held by the District in a trustee/custodian capacity for various school organizations and activities.

Student Fees Fund: This fund is used to account for student fees collected from students by the District in a trustee capacity for extracurricular activities, post-secondary education, and summer or night school.

5. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

6. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE B – BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt annual budgets for all funds. The supplementary information presents budgets for the General Fund, Building Fund and Qualified Capital Purpose Undertaking Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

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

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

1. As of August 1, or shortly thereafter, Administration of the District prepares a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the budget filing date, the budget is legally adopted by the Board of Education through passage of a resolution.
4. Total actual expenditures may not legally exceed the Total Budget of Expenditures. Appropriations for expenditures lapse at year end and any revisions require a public hearing and Board approval.
5. The county clerk certifies a preliminary property tax rate for each fund of the School District, which levied property taxes in the county the previous year. For school systems with multiple school districts, the county clerk certifies to each school district the combined valuation of the school system and the proportion of valuation of each district. The county clerk also certifies the preliminary levies based on the combined valuation and the amount requested for the school system for the prior year. The preliminary levy shall be the final levy unless the School Board passes, by a majority vote, a resolution setting a levy at a different amount. For school systems with multiple school districts, the School Board of the Class III school district, or kindergarten through grade twelve district, shall have the authority to set the tax rate for the school system.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE B – BUDGET PROCESS AND PROPERTY TAXES, continued

6. The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with the procedures discussed above, which attaches as an enforceable lien on property within the District as of January 1. Taxes are due as of that date. The first half of the real estate taxes due January 1 become delinquent after the following May 1, with the second half becoming delinquent after September 1.

The assessed value at August 31, 2018, upon which the 2019 levy was based was \$918,782,090.

The tax levy per \$100 of assessed valuation of taxable property for the year ended August 31, 2019 was as follows:

General Fund	\$ 0.568415
Building Fund	0.009895
Qualified Capital Purpose Undertaking Fund	<u>0.020722</u>
	\$ <u>0.599032</u>

For the year ended August 31, 2019, actual expenditures exceeded budgeted appropriations by \$196,888 in the General Fund.

NOTE C – CASH

Cash

At August 31, 2019, the carrying value of the District's deposits was \$3,479,584 and the bank balance was \$3,607,395. For reporting purposes, the amounts of total School District bank deposits are classified in these categories as secured/insured:

1. Insured or collateralized with securities held by the School District or by its agent in the School District's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.
3. Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the School District's name.

The bank balances of the School District's deposits as of August 31, 2019 were insured or collateralized by pledged securities. All securities are held by the pledging financial institution but not in the School District's name.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE C – CASH, continued

Cash, continued

Cash for the School District at August 31, 2019 consisted of the following:

Certificates of deposit	\$ 1,253,938
Demand deposits	<u>2,225,646</u>
Total cash	<u>\$ 3,479,584</u>

Summary of Carrying Values

The carrying values of cash shown above are included in the fund financial statements at August 31, 2019, as follows:

Carrying value:	
Cash	\$ <u>3,479,584</u>

Included in the following fund financial statements captions:

Statement of Net Position – Governmental Funds:	
Cash	\$ 2,668,964
Cash restricted for building project	302,463
Cash restricted for qualified capital purpose undertakings	453,000
Statement of Net Position – Proprietary Fund:	
Cash	(35,475)
Statement of Net Position – Fiduciary Funds:	
Student Fee Cash	16,444
Activity Fund – Cash and certificates of deposit	<u>74,188</u>
	<u>\$ 3,479,584</u>

NOTE D – FUNDS HELD BY COUNTY TREASURERS

The following receipts were held by the County Treasurers for the School District at August 31, 2019. The receipts were transferred subsequent to the fiscal year ended August 31, 2019.

General Fund	\$ 1,037,095
Building Fund	17,669
Qualified Capital Purpose Undertaking Fund	<u>37,995</u>
Total cash with County Treasurers at August 31, 2019	<u>\$ 1,092,759</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE E – LONG-TERM LIABILITIES

Long-term liabilities and activity in the governmental funds for the year ended August 31, 2019 were as follows:

	Balance August 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance August 31, <u>2019</u>	Due Within <u>One Year</u>
Limited tax obligation bonds	<u>\$ 1,898,000</u>	<u>\$ -</u>	<u>\$ (144,000)</u>	<u>\$ 1,754,000</u>	<u>\$ 147,000</u>

The limited tax obligation bonds are being paid by the Qualified Capital Purpose Undertaking Fund.

Limited tax obligation bonds, Series 2015, totaling \$2,180,000 were issued June 30, 2015 to refinance the Series 2010 limited tax obligation bonds. The bonds bear interest from 0.60 – 3.20 percent and mature December 15, 2029.

Long-term debt service requirements at August 31, 2019 are:

<u>Year Ending August 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2020	\$ 147,000	\$ 42,696	\$ 189,696
2021	146,000	40,242	186,242
2022	149,000	37,437	186,437
2023	153,000	34,227	187,227
2024	157,000	30,699	187,699
2025-2029	841,000	88,980	929,980
2030-2034	<u>161,000</u>	<u>2,576</u>	<u>163,576</u>
Totals	<u>\$ 1,754,000</u>	<u>\$ 276,857</u>	<u>\$ 2,030,857</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE F – 125 CAFETERIA PLAN

The School District has set up a 125 Cafeteria Plan for the benefit of its employees. The checking account had a balance of \$13,328 at August 31, 2019. Funds are held at First Nebraska Bank in checking account #1505564.

NOTE G – PENSION PLAN

Plan Description

The East Butler School District #502 contributes to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes benefit provisions.

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

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

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

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.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Plan Description, continued

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

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

For the District's year ended August 31, 2019, the District's total payroll for all employees was \$3,619,143. Total covered payroll was \$3,515,201. 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 an annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a nonemployer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent from July 1, 2017, to June 30, 2018 (and from July 1, 2018 through August 31, 2019). 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, 2019, was \$349,514.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Pension Liabilities

At June 30, 2018 the District had a liability of \$1,977,541 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying modified cash basis financial statements.) The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERS School Plan was 89.5% funded as of June 30, 2018 based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District’s proportion was 0.212541 percent, which was an increase of 0.069873 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District’s allocated pension expense was \$234,464.

Actuarial Assumptions

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

Wage Inflation	2.75 percent
Salary increases, including wage inflation	3.50-8.50 percent
Cost-of-Living Adjustment	Members hired before July 1, 2013: 2.25% with a floor benefit equal to 75% purchasing power of original benefit Members hired on/after July 1, 2013: 1.00% with no floor benefit
Investment Rate of Return, net of investment expense, including inflation	7.5 percent

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Actuarial Assumptions, continued

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

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

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

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

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017, (see the discussion of the pension plan's investment policy) are summarized in the following table:

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Actuarial Assumptions, continued

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

*Arithmetic mean, net of investment expenses.

Discount Rate

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

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 2117.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE G – PENSION PLAN, continued

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>Discount rate</u>	<u>District's proportionate Share of net pension liability</u>
1% decrease	6.5%	\$ 4,514,625
Current discount rate	7.5%	\$ 1,977,541
1% increase	8.5%	\$ (118,937)

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 the NPERS, P.O. Box 94826, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at http://www.auditors.nebraska.gov/APA_Reports.

NOTE H – RISK MANAGEMENT

The School District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk of exposure to the School District.

Settled claims in the past three years have not exceeded the coverages.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE H – RISK MANAGEMENT, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the School District’s investments at August 31, 2019 are held in the name of the School District. The underlying securities consist of certificates of deposit.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The investment maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
September 2019	\$ 1,655
November 2019	166,689
April 2020	512
June 2020	227,833
July 2020	464,794
October 2020	<u>392,455</u>
	<u>\$ 1,253,938</u>

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The School District’s investments consist of only certificates of deposit, minimizing credit risk associated with the School District’s investment portfolio.

Concentration of Credit Risk. The School District’s investment policy places no limit on the amount that may be invested in any one issuer. At August 31, 2019, the School District’s deposits consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First Nebraska Bank	\$ 3,087,129
Bank of Prague	<u>392,455</u>
	<u>\$ 3,479,584</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE H – RISK MANAGEMENT, continued

Deposits and Investments, continued

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The School District’s investments had no exposure to foreign currency risk and held no investments denominated in foreign currency at August 31, 2019.

NOTE I – INTERFUND BALANCES AND TRANSFERS

During the year ended August 31, 2019, the General Fund transferred \$29,348 to the Activity Fund to support various organizations.

The General Fund also transferred \$104,000 to the Depreciation Fund during the year ended August 31, 2019, for building improvements. This transfer was eliminated on page 14.

During the year ended August 31, 2019, the Qualified Capital Purpose Undertaking Fund loaned \$2,210 to the Building Fund, which will be repaid during the year ending August 31, 2020. This interfund due to/due from was eliminated on page 14.

NOTE J - COMMITMENTS

At August 31, 2019, the District had the following contractual commitments:

	<u>Contract</u>	<u>Paid as of 8/31/2019</u>	<u>Remaining Obligation</u>	<u>Expected Completion Date</u>
Classroom addition	\$ 566,100	\$ 561,294	\$ 4,806	Completed
Building code improvement	34,000	9,238	24,763	Completed
Totals	<u>\$ 600,100</u>	<u>\$ 570,532</u>	<u>\$ 29,569</u>	

NOTE K– RELATED PARTY TRANSACTIONS

During the year ended August 31, 2019, the School District purchased \$51,453 of roofing contract services from Tillotson Enterprises, a business employing a board member.

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, Continued

August 31, 2019

NOTE L– DEFICIT FUND BALANCE

At August 31, 2019, the Nutrition Fund had a deficit fund balance of \$35,475. The District plans to bring the fund balance to a positive balance during the year ending August 31, 2020, through transfers from the General Fund.

NOTE M– SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 24, 2019, the date on which the financial statements were available for issue.

SUPPLEMENTARY AND OTHER INFORMATION

EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended August 31, 2019

Function Code	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget	
RECEIPTS				
Local receipts:				
1100	Local property taxes	\$ 5,170,271	\$ 4,657,072	\$ (513,199)
1115	Carline tax	2,700	3,073	373
1120	Public power district tax	-	5,770	5,770
1125	Motor vehicle tax	142,896	241,982	99,086
1140	Penalties and interest on taxes	-	13,160	13,160
1370	Preschool tuition	9,135	12,980	3,845
1510	Interest	9,000	5,667	(3,333)
1610	Local license fees/court fines	2,000	3,050	1,050
1990	Miscellaneous local revenue	-	6,533	6,533
	Total local receipts	5,336,002	4,949,287	(386,715)
County receipts:				
2110	Fines and licenses	10,000	8,402	(1,598)
2210	ESU receipts	3,000	54,753	51,753
	Total county receipts	13,000	63,155	50,155
State receipts:				
3110	State aid	42,012	133,217	91,205
3120	Special education programs	250,000	284,797	34,797
3130	Homestead exemption	-	45,434	45,434
3131	Property tax credit	-	466,045	466,045
3132	Personal property tax credit	-	21,921	21,921
3135	Payments for high ability learners	2,000	3,399	1,399
3180	Pro-rate motor vehicle	11,000	9,862	(1,138)
3400	State apportionment	57,000	56,441	(559)
3500	State categorical programs	2,000	714	(1,286)
	Total state receipts	364,012	1,021,830	657,818
4000	Federal grants	70,000	23,982	(46,018)
Non-revenue receipts				
5300	Sale of property/insurance proceeds	-	9,738	9,738
5690	Other non-revenue receipts	-	22,540	22,540
	Total receipts	5,783,014	6,090,532	307,518
DISBURSEMENTS				
1110	Instructional services	3,625,838	3,181,186	(444,652)
1200	Special education	1,032,340	926,313	(106,027)
Support services:				
2100	Pupil	74,113	75,108	995
2200	Instructional staff	-	99,645	99,645
2300	General administration	220,964	307,517	86,553
2400	School administration	255,349	253,772	(1,577)
2500	Business and technology	246,508	351,206	104,698
2600	Building and grounds	520,000	555,042	35,042
2700	Pupil transportation	370,273	394,758	24,485
6000	Federal programs	-	115,553	115,553
8000	Activities support	-	29,348	29,348
8000	Transfer to other funds	140,951	-	(140,951)
	Total disbursements	6,486,336	6,289,448	(196,888)
RECEIPTS OVER (UNDER)				
DISBURSEMENTS				
	\$ (703,322)	(198,916)	\$ 504,406	
Fund balances - August 31, 2018		3,798,259		
Fund balances - August 31, 2019		\$ 3,599,343		

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -
BUILDING FUND**

Year ended August 31, 2019

Function Code	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RECEIPTS			
Local receipts:			
1100	\$ 90,000	\$ 81,167	\$ (8,833)
1115	-	60	60
1140	-	278	278
1510	-	4,845	4,845
	<u>90,000</u>	<u>86,350</u>	<u>(3,650)</u>
State receipts:			
3130	-	815	815
3131	-	8,178	8,178
3132	-	428	428
3180	-	191	191
	<u>-</u>	<u>9,612</u>	<u>9,612</u>
	90,000	95,962	5,962
DISBURSEMENTS			
2515	1,197,319	645,871	(551,448)
2600	-	12,716	12,716
	<u>1,197,319</u>	<u>658,587</u>	<u>(538,732)</u>
	<u>\$ (1,107,319)</u>	<u>(562,625)</u>	<u>\$ 544,694</u>
		<u>880,547</u>	
		<u>\$ 317,922</u>	

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -
QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND**

Year ended August 31, 2019

Function Code	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget	
RECEIPTS				
Local receipts:				
1100	Local property taxes	\$ 188,483	\$ 170,137	\$ (18,346)
1115	Carline	-	114	114
1140	Penalties and interest on taxes	-	496	496
1510	Interest income	-	205	205
	Total local receipts	188,483	170,952	(17,531)
State receipts:				
3130	Homestead exemption	-	1,682	1,682
3131	Property tax credit	-	17,103	17,103
3132	Personal property tax credit	-	793	793
3180	Pro-rate motor vehicle	-	367	367
	Total state receipts	-	19,945	19,945
	Total receipts	188,483	190,897	2,414
DISBURSEMENTS				
5000	Principal	144,000	144,000	-
5000	Interest	44,483	44,844	361
5000	Bond fees	-	400	400
2515	Building and site improvement	479,480	-	(479,480)
	Total disbursements	667,963	189,244	(478,719)
	RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (479,480)	1,653	\$ 481,133
	Fund balances - August 31, 2018		491,552	
	Fund balances - August 31, 2019		\$ 493,205	

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL
FUNDS - MODIFIED CASH BASIS**

August 31, 2019

	<u>Depreciation Fund</u>	<u>Employee Benefit Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash	<u>\$ 102,751</u>	<u>\$ 3,965</u>	<u>\$ 106,716</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Assigned for:			
Capital outlay	102,751	-	102,751
Employee benefits	<u>-</u>	<u>3,965</u>	<u>3,965</u>
Total fund balances	<u>102,751</u>	<u>3,965</u>	<u>106,716</u>
Total liabilities and fund balances	<u>\$ 102,751</u>	<u>\$ 3,965</u>	<u>\$ 106,716</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

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

Year ended August 31, 2019

	Depreciation <u>Fund</u>	Employee Benefit <u>Fund</u>	Total Other Governmental <u>Funds</u>
RECEIPTS			
Taxes:			
Interest income	\$ 534	\$ 2	\$ 536
Transfer from other funds	104,000	-	104,000
Other	-	472	472
Total receipts	104,534	474	105,008
DISBURSEMENTS			
Capital outlay	87,845	-	87,845
Excess of receipts over disbursements	16,689	474	17,163
Fund balances - August 31, 2018	86,062	3,491	89,553
Fund balances - August 31, 2019	\$ 102,751	\$ 3,965	\$ 106,716

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND NET POSITION -
FIDUCIARY FUND - ACTIVITY FUND**

Year ended August 31, 2019

	Balance August 31, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance August 31, <u>2019</u>
Ag Projects	\$ 1,206	\$ -	\$ -	\$ 1,206
Academic decathlon	1,015	-	229	786
Annual	5,356	8,995	9,092	5,259
Athletics	5,099	70,326	69,854	5,571
Box tops for education	3,954	1,302	995	4,261
Cheerleaders	2,665	5,777	6,042	2,400
Class of 2016	10	-	-	10
Class of 2018	249	-	-	249
Class of 2019	1,038	669	1,431	276
Class of 2020	1,599	1,190	900	1,889
Class of 2021	-	2,678	1,401	1,277
Close up	1,977	36,843	37,807	1,013
College access grant	200	2,500	2,500	200
Concessions	2,335	9,696	10,761	1,270
Dance team	280	-	-	280
Drama	624	888	1,229	283
Drug free program	395	-	-	395
Edivate	303	3,327	3,157	473
FBLA	778	623	564	837
FCCLA	1,117	2,562	3,323	356
FFA	9,214	21,131	20,167	10,178
FFA greenhouse	6,331	-	1,470	4,861
Letter club	1,554	96	50	1,600
Music	255	343	549	49
National Honor Society	260	881	833	308
Speech	18	-	-	18
Student Council	904	455	60	1,299
Tiger stripes	(281)	-	-	(281)
WR spirit leaders	251	674	270	655
Laptop initiative	22,628	4,961	379	27,210
	<u>\$ 71,334</u>	<u>\$ 175,917</u>	<u>\$ 173,063</u>	<u>\$ 74,188</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
NET POSITION - FIDUCIARY FUND - STUDENT FEE FUND**

Year ended August 31, 2019

	Student Fee <u>Fund</u>
RECEIPTS	
Student fees	\$ 2,939
DISBURSEMENTS	
Other expenses - test registration	<u>6,711</u>
RECEIPTS UNDER DISBURSEMENTS	(3,772)
Net position - August 31, 2018	<u>20,216</u>
Net position - August 31, 2019	<u><u>\$ 16,444</u></u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
GENERAL FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Butler</u> <u>County</u>	<u>Seward</u> <u>County</u>	<u>Saunders</u> <u>County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ 576,767	\$ 68,421	\$ 409,088	\$ 1,054,276
Receipts:				
Local property taxes	2,657,540	430,777	1,617,216	4,705,533
Motor vehicle taxes	145,884	11,637	84,461	241,982
Pro-rate motor vehicle	6,076	1,185	2,601	9,862
Carline	1,414	-	1,659	3,073
Payments in lieu of taxes	87	-	62	149
5% gross	4,765	1,005	-	5,770
Homestead exemption	14,938	4,335	26,161	45,434
Fines and licenses	14,038	1,452	5,164	20,654
Interest and penalties	7,620	787	4,754	13,161
Personal property tax credit	13,275	1,323	7,323	21,921
Property tax credit	272,886	43,623	149,536	466,045
Total receipts	<u>3,138,523</u>	<u>496,124</u>	<u>1,898,937</u>	<u>5,533,584</u>
Total funds available	3,715,290	564,545	2,308,025	6,587,860
Disbursements:				
To School District	3,143,400	484,773	1,873,983	5,502,156
Interfund transfer	-	(195)	(19)	(214)
Treasurers' fees	29,630	-	19,193	48,823
Total disbursements	<u>3,173,030</u>	<u>484,578</u>	<u>1,893,157</u>	<u>5,550,765</u>
Fund Balance - August 31, 2019	<u>\$ 542,260</u>	<u>\$ 79,967</u>	<u>\$ 414,868</u>	<u>\$ 1,037,095</u>

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
BUILDING FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Butler</u> <u>County</u>	<u>Seward</u> <u>County</u>	<u>Saunders</u> <u>County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ 10,030	\$ 1,191	\$ 7,142	\$ 18,363
Receipts:				
Local property taxes	46,397	7,514	28,041	81,952
Pro-rate motor vehicle	107	21	63	191
Carline	25	-	35	60
Payments in lieu of taxes	83	18	-	101
Interest and penalties	143	14	122	279
Personal property tax credit	231	23	173	427
Homestead exemption	260	76	479	815
Property tax credit	4,750	759	2,668	8,177
Total receipts	51,996	8,425	31,581	92,002
Total funds available	62,026	9,616	38,723	110,365
Disbursements:				
To School District	52,311	8,244	31,255	91,810
Treasurers' fees	518	-	368	886
Total disbursements	52,829	8,244	31,623	92,696
Fund Balance - August 31, 2019	\$ 9,197	\$ 1,372	\$ 7,100	\$ 17,669

**EAST BUTLER SCHOOL DISTRICT #502
BUTLER COUNTY, NEBRASKA**

**STATEMENTS OF ACCOUNTS WITH COUNTY TREASURERS -
QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND**

**Year ended August 31, 2019
(Unaudited)**

	<u>Butler</u> <u>County</u>	<u>Seward</u> <u>County</u>	<u>Saunders</u> <u>County</u>	<u>Total</u>
Fund Balance - August 31, 2018	\$ 21,564	\$ 2,483	\$ 14,896	\$ 38,943
Receipts:				
Local property taxes	97,102	15,731	59,024	171,857
Pro-rate motor vehicle	223	44	100	367
Carline	52	-	63	115
Payments in lieu of taxes	175	37	-	212
Homestead exemption	545	158	979	1,682
Transfer from other counties	65,353	-	-	65,353
Interest and penalties	283	29	184	496
Personal property tax credit	484	48	260	792
Property tax credit	9,947	1,590	5,566	17,103
Total receipts	<u>174,164</u>	<u>17,637</u>	<u>66,176</u>	<u>257,977</u>
Total funds available	195,728	20,120	81,072	296,920
Disbursements:				
To School District	174,392	17,248	65,353	256,993
Treasurers' fees	1,082	-	850	1,932
Total disbursements	<u>175,474</u>	<u>17,248</u>	<u>66,203</u>	<u>258,925</u>
Fund Balance - August 31, 2019	<u>\$ 20,254</u>	<u>\$ 2,872</u>	<u>\$ 14,869</u>	<u>\$ 37,995</u>



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

To the Board of Education
East Butler School District #502
Butler County, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Butler School District #502 as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the School District’s financial statements, and have issued our report thereon dated October 24, 2019. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the School District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of Nebraska, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Butler School District #502’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Butler School District #502’s internal control. Accordingly, we do not express an opinion on the effectiveness of East Butler School District #502’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

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CORPORATION**

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 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 that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

- Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Butler School District #502's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

- For the year ended August 31, 2019, actual disbursements exceeded budgeted appropriations by \$189,339 in the General Fund and \$658,587 in the Building Fund.

East Butler School District #502's Response to Findings

East Butler School District #502's response to the findings identified above is that it is impractical to further segregate duties due to the limited number of personnel. Also, the District will monitor budget versus actual expenditures in the future and amend the budget if necessary. East Butler School District #502's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AMGL, P.C.

Grand Island, Nebraska
October 24, 2019



To the Board of Education
East Butler School District #502
Brainard, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the fiduciary fund of East Butler School District #502 for the year ended August 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 8, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by East Butler School District #502 are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended August 31, 2019. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was depreciation of capital assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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EMAIL cpa@gicpas.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Nine audit adjustments decreased the fund balance of the School District's General Fund by \$11,073. One audit adjustment increased the fund balance of the Depreciation Fund by \$16,689. Three audit adjustments decreased the fund balance of the Building Fund by \$562,625. Two audit adjustments increased the fund balance of the Qualified Capital Purpose Undertaking Fund by \$1,652. The following material misstatements detected as a result of audit procedures were corrected by management.

- 1) The food and USDA commodities accounts were increased by \$16,431 in the Nutrition Fund to reflect commodities received through August 31, 2019.
- 2) Special education programs was increased and Sped IDEA was decreased \$49,763 in the General Fund to match the confirmation from Nebraska.
- 3) State reimbursement was decreased \$43,022, federal reimbursement was increased \$37,773, and various lunch sale accounts were increased and decreased in the Lunch Fund to match the confirmation from Nebraska.
- 4) The property taxes were increased by \$21,716, various income accounts were increased by \$20,767, and county treasurer cash was decreased by \$949 on the Qualified Capital Purpose Undertaking Fund to reflect August 31, 2019 balances held by the Counties.
- 5) The property taxes were increased by \$542,198, various income accounts were increased by \$525,017 and county treasurer cash was decreased by \$17,181 on the General Fund to reflect August 31, 2019 balances held by the Counties.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with our audit of the financial statements of East Butler School District #502 as of August 31, 2019, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

1. During our audit of cash, we noted five outstanding checks in the General checking account totaling \$212.91 that have been outstanding for more than one year. We recommend reviewing these checks to determine if they should be voided and reissued.
2. During our audit of cash, we noted four outstanding checks in the Activity Fund checking account totaling \$202.00 that have been outstanding for more than one year. We recommend reviewing these checks to determine if they should be voided and reissued.
3. During our audit of cash, we noted five outstanding checks in the School Lunch checking account totaling \$36.70 that have been outstanding for more than one year. We recommend reviewing these checks to determine if they should be voided and reissued.
4. At August 31, 2019 the Building Fund owed the Qualified Capital Purpose Fund \$2,209.58 due to bills being paid out of the wrong fund. We recommend the Building Fund reimburse this amount during the current year.
5. During our audit, we noted that the Bank of Prague confirmed two accounts under the School that are not included as School assets. These accounts are not material to the School, however we recommend recording all assets of the school or working with the appropriate group to remove the bank accounts from the schools ID number.
6. During our audit of the credit cards, we noticed that there were a total of 3 receipts missing. One of them was from the visa credit card under Stecher and two of the receipts were from the visa credit card under Eldridge. There was also one non-itemized receipt to Chances-R. We recommend accumulating all itemized receipts in a timely manner to prevent inaccurate documentation.
7. While auditing the activities fund, we noted that one activity had a negative balance at year end totaling \$281.15. We recommend working with the people in charge of this activity to formulate a plan going forward to eliminate negative balances.
8. While testing for compliance with the State of Nebraska budget act, we noted the District exceeded their budget authority in the Employee Benefit Fund.
9. At year end, the fund balance of the Nutrition Fund was \$(35,475). We recommend transferring revenue from the General Fund to bring the balance back to a positive.

Other Matters

We were engaged to report on the management's discussion and analysis, budgetary comparison schedules, fiduciary fund statements, and general fund departmental disbursements compared to budget, which accompany the financial statements but are not required supplementary information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the county treasurer statements of receipts and disbursements, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Education and administration of East Butler School District #502 and is not intended to be and should not be used by anyone other than these specified parties.

AMGL, P.C.

Grand Island, Nebraska
October 24, 2019



To the Board of Education
East Butler School District #502
Brainard, Nebraska

In planning and performing our audit of the financial statements of East Butler School District #502 as of and for the year ended August 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the School District's internal control to be a significant deficiency:

The size of the School District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This lack of segregation of duties creates an opportunity for employees to commit fraud that may go undetected. This situation suggests that the Board of Education remain involved in the financial affairs of the School District to provide oversight and independent review functions.

SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

This communication is intended solely for the information and use of management, the Board of Education, and others within the School District, and is not intended to be and should not be used by anyone other than these specified parties.

AMBL, P.C.

Grand Island, Nebraska
October 24, 2019

Board of Education Regular Meeting
East Butler Public School - Brainard
Wednesday, November 13, 2019

1. Call Meeting To Order at 6:30 P.M.

2. Roll Call - Present: Megan Kozisek, Kim TePoel, Dan Zysset, Ryan Pekarek, Dylan Spatz, and Sarah Strizek.

3. Flag Salute

4. Approve Agenda

Motion to approve the agenda as presented passed with a motion by Ryan Pekarek and a second by Dylan Spatz.

Megan Kozisek: Yea, Ryan Pekarek: Yea, Dylan Spatz: Yea, Sarah Strizek: Yea, Kim TePoel: Yea, Dan Zysset: Yea

5. Patron's Comments

6. Informational Items included: Preschool Committee Update; Negotiations Committee Update; Construction Update; and Future Facility Enhancement Consideration

7. Consent Agenda

7.1. Approval of Minutes

7.2. Treasurer's Report

7.3. Recognize East Butler Education Association as the exclusive bargaining agent in our negotiations proceedings.

7.4. Approve hire of Karen Sousek for part time clerical help position.

Motion to approve the consent agenda as presented passed with a motion by Dan Zysset and a second by Dylan Spatz.

Megan Kozisek: Yea, Ryan Pekarek: Yea, Dylan Spatz: Yea, Sarah Strizek: Yea, Kim TePoel: Yea, Dan Zysset: Yea

8. Regular Agenda

8.1. Approve 2020-2021 Calendar

Approve 2020-2021 Calendar B (red) with the shorter Christmas break and an earlier last day in May passed with a motion by Ryan Pekarek and a second by Dylan Spatz.

Megan Kozisek: Yea, Ryan Pekarek: Yea, Dylan Spatz: Yea, Sarah Strizek: Yea, Kim TePoel: Yea, Dan Zysset: Yea

9. Administrative Comments

10. Items for next Meeting

11. Adjournment

Motion to adjourn at 7:46 P.M. passed with a motion by Dylan Spatz and a second by Kim TePoel.

Megan Kozisek: Yea, Ryan Pekarek: Yea, Dylan Spatz: Yea, Sarah Strizek: Yea, Kim TePoel: Yea, Dan Zysset: Yea

Sam Stecher
Recording Secretary

Regular, Beginning Month 12/2019; Processing Month 12/2019; Accounts to Include Accounts with Activity; Fund Number 05

Fund: 05 ACTIVITY FUND

Chart of Account Number	Chart of Account Description	Expenses	Revenues	Balance Change	Balance
05 704	FUND BALANCE	*Previous Balance *Ending Balance: 0.00	0.00	0.00	146.40 146.40
05 704 2001	ACADEMIC DECATHALON	*Previous Balance *Ending Balance: 0.00	0.00	0.00	785.80 785.80
05 704 2002	AG PROJECTS	*Previous Balance *Ending Balance: 0.00	0.00	0.00	1,206.35 1,206.35
05 704 2003	ANNUAL	*Previous Balance *Ending Balance: 0.00	0.00	0.00	9,530.80 9,530.80
05 704 2004	ATHLETIC	*Previous Balance *Ending Balance: 0.00	0.00	0.00	12,171.70 12,171.70
05 704 2004	ATHLETIC	0.00	0.00	0.00	
05 2900 610 000 2004	ATHLETIC	3,661.50	0.00	0.00	(3,661.50)
05 704 2004	ATHLETIC	*Current Activity *Ending Balance: 3,661.50	0.00	0.00	8,510.20 8,510.20
05 704 2005	BOX TOPS FOR EDUCATION	*Previous Balance *Ending Balance: 0.00	0.00	0.00	3,989.36 3,989.36
05 704 2006	CHEERLEADERS	*Previous Balance	0.00	0.00	2,386.82
05 704 2006	CHEERLEADERS	0.00	0.00	0.00	
05 2900 610 000 2006	CHEERLEADERS	221.39	0.00	0.00	(221.39)
05 704 2006	CHEERLEADERS	*Current Activity *Ending Balance: 221.39	0.00	0.00	2,165.43 2,165.43
05 704 2007	CLOSE UP	*Previous Balance *Ending Balance: 0.00	0.00	0.00	10,854.75 10,854.75
05 704 2008	COLLEGE ACCESS GRANT	*Previous Balance *Ending Balance: 0.00	0.00	0.00	1,281.05 1,281.05
05 704 2009	CONCESSIONS	*Previous Balance	0.00	0.00	2,089.90
05 704 2009	CONCESSIONS	0.00	0.00	0.00	
05 2900 610 000 2009	CONCESSIONS	306.83	0.00	0.00	(306.83)
05 704 2009	CONCESSIONS	*Current Activity *Ending Balance: 306.83	0.00	0.00	1,783.07 1,783.07
05 704 2010	DANCE TEAM	*Previous Balance *Ending Balance: 0.00	0.00	0.00	279.51 279.51
05 704 2011	DRAMA	*Previous Balance *Ending Balance: 0.00	0.00	0.00	159.82 159.82
05 704 2012	DRUG FREE PROGRAM	*Previous Balance	0.00	0.00	395.49

Regular: Beginning Month 12/2019; Processing Month 12/2019; Accounts to Include Accounts with Activity: Fund Number 05

Fund: 05 ACTIVITY FUND

Chart of Account Number	Chart of Account Description	Expenses	Revenues	Balance Change	Balance
05 704 2013	EDIVATE	*Ending Balance: 0.00	0.00	0.00	395.49
		*Previous Balance	0.00	0.00	431.17
		*Ending Balance:			431.17
05 704 2014	FBLA	*Previous Balance	0.00	0.00	973.44
		*Ending Balance:			973.44
05 704 2015	FCCLA	*Previous Balance	0.00	0.00	3,129.18
		*Ending Balance:			3,129.18
05 704 2016	FFA	*Previous Balance	0.00	0.00	26,595.07
		*Ending Balance:			26,595.07
05 704 2017	FFA GREENHOUSE	*Previous Balance	0.00	0.00	3,758.18
05 704 2017	FFA GREENHOUSE	0.00	0.00	0.00	
05 2900 610 000 2017	FFA GREENHOUSE	82.14	0.00	0.00	(82.14)
05 704 2017	FFA GREENHOUSE	*Current Activity			3,676.04
		*Ending Balance:			249.28
05 704 2018	CLASS OF 2018	*Previous Balance	0.00	0.00	275.55
		*Ending Balance:			275.55
05 704 2019	CLASS OF 2019	*Previous Balance	0.00	0.00	1,389.26
		*Ending Balance:			1,389.26
05 704 2020	CLASS OF 2020	*Previous Balance	0.00	0.00	1,277.37
		*Ending Balance:			27,549.34
05 704 2021	FUND BALANCE	*Previous Balance	0.00	0.00	27,549.34
		*Ending Balance:			1,715.65
05 704 3001	LAPTOP INITIATIVE	*Previous Balance	0.00	0.00	93.37
		*Ending Balance:			93.37
05 704 3002	LETTERCLUB	*Previous Balance	0.00	0.00	308.52
		*Ending Balance:			308.52
05 704 3004	MUSIC	*Previous Balance	0.00	0.00	17.76
		*Ending Balance:			17.76
05 704 3005	NATIONAL HONOR SOCIETY	*Previous Balance	0.00	0.00	17.76
		*Ending Balance:			17.76
05 704 3006	SPEECH	*Previous Balance	0.00	0.00	17.76
		*Ending Balance:			17.76

Regular: Beginning Month 12/2019; Processing Month 12/2019; Accounts to Include Accounts with Activity; Fund Number 05

Fund: 05 ACTIVITY FUND

<u>Chart of Account Number</u>	<u>Chart of Account Description</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Balance Change</u>	<u>Balance</u>
05 704 3007	STUDENT COUNCIL	*Previous Balance *Ending Balance: 0.00	0.00	0.00	1,247.88 1,247.88
05 704 3008	TIGER STRIPES	*Previous Balance *Ending Balance: 0.00	0.00	0.00	(281.15) (281.15)
05 704 3009	WR SPIRIT LEADERS	*Previous Balance *Ending Balance: 0.00	0.00	0.00	1,092.60 1,092.60
Fund Total: 05		4,271.86	0.00	0.00	110,828.36

Regular; Processing Month 12/2019; Fund Number 01

Fund: 01 GENERAL FUND

<u>Account Number</u>	<u>Description</u>	<u>Revised Budget</u>	<u>During Month</u>	<u>To Date</u>	<u>% of Budget</u>	<u>Budget Balance</u>
01 1100	PROPERTY TAXES	0.00	0.00	1,379,467.06	0.00	(1,379,467.06)
01 1115	CARLINE	0.00	0.00	0.00	0.00	0.00
01 1120	PUBLIC POWER DISTRICT-SALES TAX	0.00	0.00	0.00	0.00	0.00
01 1125	MOTOR VEHICLE TAXES	0.00	0.00	56,256.60	0.00	(56,256.60)
01 1140	PENALTIES & INTEREST ON	0.00	0.00	1,462.74	0.00	(1,462.74)
01 1370	PRE-SCHOOL TUITION	0.00	0.00	3,575.00	0.00	(3,575.00)
01 1510	INTEREST	0.00	0.00	240.59	0.00	(240.59)
01 1911	LOCAL LICENSE FEES	0.00	0.00	1,560.00	0.00	(1,560.00)
01 1920	CONTRIBUTIONS & DONATIONS	0.00	0.00	0.00	0.00	0.00
01 1990	MISC LOCAL REV	0.00	0.00	0.00	0.00	0.00
Subtotal: LOCAL RECIEPTS		0.00	0.00	1,442,561.99	0.00	(1,442,561.99)
01 2110	COUNTY FINES/LICENSES	0.00	0.00	5,032.30	0.00	(5,032.30)
01 2210	ESU RECEIPTS	0.00	0.00	2,972.56	0.00	(2,972.56)
Subtotal: 2000		0.00	0.00	8,004.86	0.00	(8,004.86)
01 3110	STATE AID	0.00	0.00	14,051.00	0.00	(14,051.00)
01 3120	SPED PROGRAMS/SCHOOL AGE	0.00	0.00	0.00	0.00	0.00
01 3125	SPED TRANSPORTATION/SCHOOL AGE	0.00	0.00	0.00	0.00	0.00
01 3130	HOMESTEAD EXEMPTION	0.00	0.00	0.00	0.00	0.00
01 3131	PROPERTY TAX CREDIT	0.00	0.00	0.00	0.00	0.00
01 3132	PERSONAL PROPERTY TAX CREIDT	0.00	0.00	0.00	0.00	0.00
01 3180	PRO RATE MOTOR VEHICLE	0.00	0.00	0.00	0.00	0.00
01 3400	STATE APPORTIONMENT	0.00	0.00	0.00	0.00	0.00
01 3400 0000	STATE APPORTIONMENT	0.00	0.00	0.00	0.00	0.00
01 3512	DIST ED INCENTIVE	0.00	0.00	0.00	0.00	0.00
01 3535	ST OF NE - HI ABILITY LEARNER	0.00	0.00	0.00	0.00	0.00
01 3990	OTHER STATE RECEIPTS	0.00	0.00	0.00	0.00	0.00
Subtotal: 3000		0.00	0.00	14,051.00	0.00	(14,051.00)
01 4505	TITLE I	0.00	0.00	0.00	0.00	0.00
01 4506	TITLE I ACCOUNTABILITY	0.00	0.00	0.00	0.00	0.00
01 4509	TITLE II PART A	0.00	0.00	0.00	0.00	0.00
01 4511	TITLE VI (REAP)	0.00	0.00	0.00	0.00	0.00
01 4512	SPED IDEA	0.00	0.00	0.00	0.00	0.00
01 4516	IDEA	0.00	0.00	0.00	0.00	0.00
01 4519	SPED IDEA	0.00	0.00	0.00	0.00	0.00
01 4521	IDEA NONPUBLIC	0.00	0.00	0.00	0.00	0.00
01 4530	OTHER FED CAT REC	0.00	0.00	0.00	0.00	0.00
01 4708	MEDICAID IN PUBLIC SCHOOLS	0.00	0.00	0.00	0.00	0.00
01 4709	ADMINISTRATIVE OUTREACH	0.00	0.00	1,536.63	0.00	(1,536.63)
Subtotal: 4000		0.00	0.00	1,536.63	0.00	(1,536.63)
01 5200	TRANSFERS FROM FUNDS (INCOMING)	0.00	0.00	0.00	0.00	0.00
01 5300	SALE OF PROPERTY	0.00	0.00	0.00	0.00	0.00
01 5690	OTHER NON-REVENUE RECEIPTS	0.00	0.00	116,742.02	0.00	(116,742.02)
Subtotal: 5000		0.00	0.00	116,742.02	0.00	(116,742.02)
01 9000	NON-PROGRAM RECEIPTS	0.00	0.00	0.00	0.00	0.00
Subtotal: NON-PROGRAM RECEIPTS		0.00	0.00	0.00	0.00	0.00
Fund Total:		0.00	0.00	1,582,896.50	0.00	(1,582,896.50)

12/06/2019 11:24 AM

Unposted; Batch Description G F invoices-0001

User ID: BSJ

Vendor Name	Vendor Description	Amount
Checking Account ID 1	Fund Number 01	GENERAL FUND
ALMQUIST/MALTZAHN/GALLOWAY & LUTH		7,900.00
AMAZON/SYNCB		378.26
B.J. HARDWARE		94.48
BANNER PRESS		52.47
BOHATY, LISA		37.12
BONGERS, SANDRA		307.40
BOYS TOWN		9,995.85
BUTLER COUNTY ARTS COUNCIL		450.00
CANON FINANCIAL SERVICES		1,892.00
CENTRAL NEBRASKA REHABILITATION SERVICES		7,917.25
CTF SERVICE INC		3,957.46
CULLIGAN OF COLUMBUS		179.33
DALE'S FOOD PRIDE		192.50
DAVID CITY PUBLIC SCHOOLS		13,671.60
DIDIER'S GROCERY		41.23
EAKES OFFICE SUPPLY		330.00
ELECTRONIC CONTRACTING COMPANY		910.00
ELECTRONIC ENGINEERING COMPANY		517.50
ELECTRONIC SOUND INC		312.80
ESU #7		45,256.19
EXPRESS LAWN CARE		1,850.00
FAMILY SERVICE		1,750.00
FRONTIER COOPERATIVE CO		19,260.62
HERMELBRACHT, BRIAN		97.44
HINES, VICKIE		11.25
HOLIDAY INN-KEARNEY		109.95
JCI INDUSTRIES INC		634.98
JOURNEYED.COM, INC.		97.33
JW PEPPER AND SON INC		54.24
KADLEC, BARBARA		729.24
KSB SCHOOL LAW		5,449.90
LINCOLN JOURNAL STAR		382.99
MADISON NATIONAL LIFE INS CO		698.62
MAHONEY FIRE SPRINKLER, INC		1,950.00
MATHESON TRI-GAS, INC		115.95
MIDWEST ALARM SERVICES		297.00
NCECBVI		4,444.44
NE LABOR LAW POSTER SERVICE		172.00
NEBRASKA ASSOCIATION OF CURRICULUM		15.00
NEBRASKA COUNCIL OF SCHOOL ADMINISTRATORS		360.00
NEBRASKA.GOV		100.00
NOVA FITNESS EQUIPMENT		899.00
OLIVA AUDIO-VISUAL REPAIR		779.83
OMAHA WORLD HERALD, THE		1,730.05
PLAINS EQUIPMENT GROUP		1,491.83
ROHDA, JENNIFER		37.12
SCHMITT DIRECTOR CENTER		3.16
SCHOLASTIC BOOK CLUB		18.89
Schwarz Paper Company		154.46
SEWARD COUNTY INDEPENDENT		102.80
SHRED MONSTER, INC		50.00
SUNBELT RENTALS, INC		216.15
THAT FISH PLACE		273.27
TIME MANAGEMENT SYSTEMS		133.30

Board Report - Newspaper

Unposted; Batch Description G F invoices-0001

Vendor Name	Vendor Description	Amount
US GAMES		83.06
VANDERHEIDEN, DAVID		80.12
VERIZON WIRELESS		22.75
VILLAGE OF BRAINARD		8,873.81
WASTE CONNECTIONS OF NEBRASKA		836.90
WIDICK, KARMEN		69.60
WINDSTREAM NEBRASKA, INC.		10.65
Fund Number 01		<u>148,841.14</u>
Checking Account ID 1		<u>148,841.14</u>

	<u>PIK/Gross</u>	<u>Amount</u>	<u>Expense/ Employer</u>	<u>Adjustment Amount</u>	<u>Check Total</u>	<u>Payee ID</u>	<u>Payee Name</u>	
Check Date:	12/20/2019	Batch Description: December PR-0001						
Processing Month:	12/2019	Status: Calculated Successfully						
Checking Account ID:	1							
ADD								
ACTIVITYTR Activity trips			507.16					
BEREAVE Bereavement Leave			317.04					
HOLIDAY Holiday Pay			885.20					
HOURLY Hourly Pay			60,585.83					
OT Overtime Pay			2,920.61					
PARASUB ParaEducator Substitute			150.00					
PERSONAL Personal Time			188.32					
SICK Sick Time Used			2,183.24					
SUB Substitute			6,307.50					
SUBDRIVER Substitute Bus Driver			372.60					
VACATION Vacation Time			140.32					
			<u>74,557.82</u>					
CONTRACT								
C01 Contract 1			220,942.38					
C02 Contract 2			12,219.65					
C04 Title 1			3,789.78					
COACHCONT COACHING CONTRACT			4,914.66					
			<u>241,866.47</u>					
DEDUCTION								
ACCIDENT ACCIDENT		47.19			47.19	AFLACREMI	AFLAC REMITTANCE SERVICES	
ACCIDENTCO ACCIDENT-COLONIAL		86.77			86.77	COLONIAL	COLONIAL LIFE & ACCIDENT INS. CO	
CANCER CANCER		144.62			144.62	AFLACREMI	AFLAC REMITTANCE SERVICES	
CANCERCOLO CANCER-COLONIAL		44.20			44.20	COLONIAL	COLONIAL LIFE & ACCIDENT INS. CO	
DENTALPOST FAMILY DENTAL		760.46	1,700.98		2,461.44	BLUECROSS	BLUE CROSS BLUE SHIELD OF NE	
DENTALPRE DENTAL		338.08	260.64		598.72	BLUECROSS	BLUE CROSS BLUE SHIELD OF NE	
DEPCARE DEPENDENT CARE		574.99			574.99	EASTBTLR2R	EAST BUTLER SCHOOL DIST 2R	
GARNHINES Garnishment		242.37			242.37	CREDITMANA	CREDIT MANAGEMENT SERVICES	
GARNISH Garnishment		29.98			29.98	ARLCREDIT	ARL CREDIT SERVICES	
HEALTH HEALTH INSURANC		2,215.96	61,647.89		63,863.85	BLUECROSS	BLUE CROSS BLUE SHIELD OF NE	
HORACEMANN HORACE MANN ANN		100.00			100.00	HORACEMAN	HORACE MANN LIFE INS CO	
STDISAB SHORT TERM DISA		27.30			27.30	AFLACREMI	AFLAC REMITTANCE SERVICES	
URM URM		1,678.34			1,678.34	EASTBTLR2R	EAST BUTLER SCHOOL DIST 2R	
VISION VISION		513.78			513.78	VISION	VISION SERVICE PLAN	
WADREED WADDELL & REED		1,483.57			1,483.57	WADDELLAN	IVY INVESTMENTS	
		<u>8,287.61</u>	<u>63,609.51</u>	<u>0.00</u>	<u>71,897.12</u>			
INDIVIDUAL BANK ACCOUNT DEDUCTION								
HSA HSA		986.00	2,394.45		3,380.45			D
		<u>986.00</u>	<u>2,394.45</u>	<u>0.00</u>	<u>3,380.45</u>			
RET DEDUCTION								
NPERS RETIREMENT	306,378.37	29,963.83	30,263.51		60,227.34	RET	NEBRASKA SCHOOL RETIREMENT A SYS	
		<u>29,963.83</u>	<u>30,263.51</u>	<u>0.00</u>	<u>60,227.34</u>			
TAX								
FIT FIT	278,760.74	24,401.88			24,401.88	EFTPS	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	A
FUTA FUTA	316,424.29							
MEDICARE MEDICARE	310,308.14	4,499.50	4,499.50		8,999.00	EFTPS	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	A
SITNE SIT NE	278,760.74	10,609.99			10,609.99	SITNE	NEBRASKA DEPARTMENT OF REVENUE	
SOCSEC SOC SEC	306,701.29	19,015.52	19,015.52		38,031.04	EFTPS	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	A
SUTANE SUTA NE	316,424.29							
WCNE WORK COMP NE	316,424.29							
		<u>58,526.89</u>	<u>23,515.02</u>	<u>0.00</u>	<u>82,041.91</u>			

Payroll Register - Totals
Unposted; Payroll Type Extra, Pay Off Contracts, Regular, Void

<u>PIK/Gross</u>	<u>Amount</u>	<u>Expense/ Employer</u>	<u>Adjustment Amount</u>	<u>Check Total</u>	<u>Payee ID</u>	<u>Payee Name</u>
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Checking Account ID: 1

Net Pay:	218,659.96
Cash Total:	436,206.78

Non - FIT Taxable Deductions	37,663.55
Non - SIT Taxable Deductions	37,663.55
Non - SOC SEC Taxable Deductions	6,116.15
Non - MEDICARE Taxable Deductions	6,116.15
Direct Deposits	222,040.41
Automatic Payments	131,659.26

EAST BUTLER PUBLIC SCHOOLS INVESTMENTS
As of Dec 1 2019 For B Mtg Dec 11 2019

GENERAL FUND

<u>NUMBER</u>	<u>TERM</u>	<u>MATURITY</u>	<u>AMOUNT</u>	<u>RATE</u>	
1026029	12 month	4/5/20	\$523.00	1.90%	McAuliffePrize (At Prague)
3212	24 month	10/1/20	\$395,603.55	1.60%	
1024535	9 month	11/15/19	\$166,589.21	0.20%	
1024295	12 monthFLEX	7/13/19	\$474,754.84	1.90%	
			\$1,037,470.60		
41-513	Checking		<u>\$1,478,105.18</u>	0.05%	
TOTAL			\$2,515,575.78		

DEPRECIATION RESERVE/VEHICLE REPLACEMENT FUND

602837 \$83,984.11 0.58%

QUALIFIED CAPITAL IMPROVEMENT PURPOSE UNDERTAKING FUND (QC-PUF)

1507069 \$334,162.56 0.05%

BUILDING FUND

1041-718 Checking \$55,787.87 0.05%

1024870 12 mo FLEX 6/10/18 \$226,191.79 1.90%

EMPLOYEE BENEFIT FUND

1505565 Checking \$9,685.53 0.05%

STUDENT FEE FUND

1502837 Checking \$15,843.34

PLEGGED SECURITIES

FIRST NEBRASKA BANK	1/31/21	\$400,000.00	Cusip 912828B58
FIRST NEBRASKA BANK	3/8/19	\$150,000.00	Cusip 313378QK0
FIRST NEBRASKA BANK	5/30/19	\$500,000.00	Cusip 3137EADG1
FIRST NEBRASKA BANK	11/30/2019	\$200,000.00	Cusip 912828UB4
FIRST NEBRASKA BANK	12/31/2020	\$150,000.00	Cusip 912828A83
FIRST NEBRASKA BANK	6/30/2020	\$200,000.00	Cusip 912828VJ6
FIRST NEBRASKA BANK	3/8/19	\$500,000.00	Cusip 3133782M2
FIRST NEBRASKA BANK	9/14/18	\$500,000.00	Cusip 313375K48
FIRST NEBRASKA BANK	9/14/18	\$250,000.00	Cusip 313375K48
FIRST NEBRASKA BANK	9/14/18	\$500,000.00	Cusip 313375K48
FIRST NEBRASKA BANK	4/30/20	\$200,000.00	Cusip 912828VA5
FIRST NEBRASKA BANK	9/30/21	\$500,000.00	Cusip 912828F21
FIRST NEBRASKA BANK	9/30/20	\$500,000.00	Cusip 912828VZ0
FIRST NEBRASKA BANK	2/19/19	\$100,000.00	Cusip 3135G0ZA4

SUB-TOTAL \$4,650,000.00

BANK OF PRAGUE 12/15/2023 \$57,000.00 Cusip 12354RAZ0

BANK OF PRAGUE 1/15/2023 \$85,000.00 Cusip 123529EQ8

SUB -TOTAL \$142,000.00

TOTAL PLEDGED \$4,792,000.00

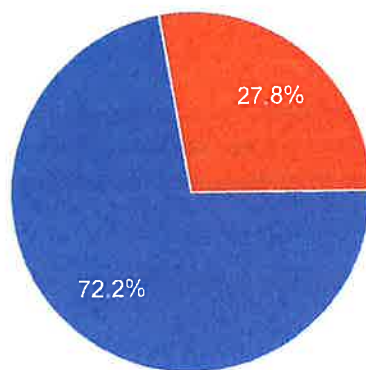
December 11, 2019						
SPECIAL BUILDING FUND BILLS						
The Clark Enersen Partners	Chk# 1133	Commons Area - Professional				
	\$3,506.30	services 9-28 to 11-1-19				
TOTAL	\$3,506.30					
DEPRECIATION FUND BILLS						
Select Plumbing	Check# 1085					
	\$9,797.22					
TOTAL	\$9,797.22					
QUALIFIED CAPITAL IMPROVEMENT PURPOSE UNDERTAKING FUND (QCPUF)						
BOKF,NA	Check # 1009	Lmtd Tax Obligations Series 2015				
	\$169,135.75					
TOTAL	\$169,135.75					

Preschool Survey

18 responses

If given the following choices, which option would best fit the needs of your child?

18 responses



- Half-Day Preschool - Marking
Half-Day Preschool would indicate you prefer the current program.
- Full Day Preschool - Marking
Full Day Preschool would indicate you would prefer a program from 8:00-3:26. The number of days per week and cost may be adjusted from the current program.

Comments:

9 responses

If I was a working parent, knowing daycare options are limited in the area, I may have to choose to send my child elsewhere for preschool. A full day is long for them, but, when I was a kid, we had nap blankets in head start/preschool.

I enjoy the half day schedule, 4 days per week as I believe it helps the kids adjust to the school atmosphere a little easier. Transportation is the largest issue to me. It doesn't feel right putting a 4 year old on a bus with older kids. It's tough enough sending a Kindergarten student on the bus their first year. The East Butler Preschool program is very well respected around the area that it's a shame some kids could miss out purely due to transportation logistics.

I just think it's so hard to find daycare for preschool kids in the area. I know quite a few people that don't send their kids to our preschool because they work and can't find transportation for the kids. I think it will be a long day for 3 year olds if you do a full day but it's just too hard for working parents to get their child to and from preschool.

I think the school definitely needs to look into adding a daycare for preschool and before and after school care. I think that would take care of a lot of the problems.

I love the half day set up because my children do better going 4 days in a row for consistency. Last year, Layla went 2 days a week (full days) and it is long for children. We were lucky she was older for her grade. She asked all the time if it was a school day or not. 4 days in a row is very consistent for children. I would like to continue to go half day and explore options of a day care program at school. If we are looking at full days what is the plan for lunch, busing, days of week, and shortened schedule days? I would like to hear more information about the full day program before making a choice.

I think half day preschool should be fine. So it doesn't burn them out (to much to soon type of scenario). But without any daycare programs after or before preschool for either morning or afternoon it is really hard and frustrating to find rides, ask people to pick up you child, or for some people just being able to get there children to the East Butler preschool instead of a different town like David City.

I have concerns about decreasing the days per week, and that first time preschoolers, who don't attend daycare, would handle the sudden change to a full day of school.

I feel that we need to offer daycare. There is not enough daycare in the area and transporting kids is to hard for parents that work. I think to solve the problem the school needs to provide daycare for preschool and before and after school care. I feel we have lost some kids due to not offering daycare and they have gone elsewhere like St. Mary's.

Our son was in 3-year-old preschool and is now in 4-year-old preschool. For a 3-year-old, first-time student, half-days were plenty - it's a lot for a little kid. For a 4-year-old, second-year student, I think he could handle a full-day of school. He'll definely be ready for a full-day at kindergarten. We don't have transportation or child care issues, so I won't comment on that.

We love the preschool program, but it can be a struggle to find half day daycare/transportation. Full time would be helpful for working moms/dads.

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Elementary Principal Report December Board Meeting



I. **Preschool Information**

- A. Surveys were sent out via email on December 3 to two groups, current preschool parents and grades K-2 parents that had students in preschool at East Butler in the past. The results and comments are included in the board report.
- B. K-2 Parents with a student that participated in preschool at East Butler
 - 1. 46 emails were sent out with 15 respondents.
 - 2. 73.3% were in favor of half-day preschool/26.7% preferred full day preschool.
- C. Current preschool parents
 - 1. 35 emails were sent out with 18 respondents.
 - 2. 72.2% preferred half-day preschool/27.8% were in favor of full day preschool.

II. **Vosaic/Instructional Models**

- A. There has been 928 minutes (15.5 Hours) of video loaded onto the Vosaic website. Video is shared with teachers and given time to reflect on their teaching practices. Teachers have been able to view student engagement and gain actual insight on their teaching.
- B. Mr. Eldridge and I have been working with Laura Plas with ESU 7. Our focus is to update our current instructional model by incorporating aspects of both Marzano and Danielson models.

III. **Christmas Programs/Festival Choir**

- A. Dwight Elementary Program-Friday, December 13 at 7:00 P.M.
- B. Brainard Elementary Program-Monday, December 16 at 7:00 P.M.
- C. Jr./Sr. High Program-Tuesday, December 17 at 6:30 P.M.
 - 1. Parents Promoting Tigers/National Honor Society/Student Council/FBLA will be sponsoring a movie and Santa's visit.
 - 5:00-5:30 Christmas Movie
 - 5:30-6:30 Santa's Visit
 - 6:30 Jr./Sr. High Christmas Program
- D. The Christmas programs will be broadcast live on Striv.com.
- E. The elementary festival choir will be performing at David Place and St. Joseph's Villa on December 22.

IV. **State Principals Conference**

- A. The Nebraska Council of School Administrators (NCSA) State Principals Conference will be held December 12-13 in Lincoln. Mr. Eldridge and I will be attending this conference that includes keynote and breakout sessions.

V. **Butler County Response Team**

- A. There have been 2 initial meetings with members from David City Public School, David City Aquinas School, and East Butler Public School to establish a county-wide response team in the event of a crisis situation. The current goal of the group is to establish a communication network and tour each school.

VI. **First Semester**

- A. The last day of preschool will be Wednesday, December 18.
- B. First semester will end on Thursday, December 19 at 12:00 for grades K-6.
- C. Second semester will begin January 3 with professional learning for staff. Students will return to school on Monday, January 6.

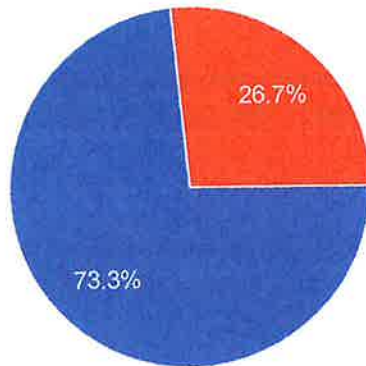


Preschool Survey

15 responses

If there would have been additional options available when your child attended preschool, which option would have best fit the needs of your child?

15 responses



- Half-Day Preschool-Marking
Half-Day Preschool would indicate you prefer the current program.
- Full Day Preschool-Marking
Full Day Preschool would indicate you would prefer a program from 8:00-3:26. The number of days per week and cost may be adjusted from the current program.

Comments:

8 responses

I don't think young students should be in full day preschool program. They are too little and need down time—where they have to entertain themselves with their own self-directed play. Preschool is structured learning and it's hard work for them to be here just a few hours. Also, I feel young children are over-scheduled in our society. Children struggle at self regulation—because they don't get enough time to play, so I'd especially hate to take that away when they are toddlers.

This would help me with my job as I work 6-2p and I wouldn't have to worry about how my child would be getting to school or picked up.

If there were an option for both full and half day like David City Public Schools offers, that would be best.

I liked the half day the kid didn't seem to get tire of school so quick and seemed to be a good stepping stone when he started kindergarten and having that everyday. When I was kindergarten it was every other day and didn't have preschool.

By offering full day pre-school you are not solving the problem parents are facing, which is daycare when their child is not in school. Parents will still have to find care for their child ages 3-4, for the full days they are not in school. Offering full day preschool does not solve the problem of the lack of daycares in the area. Transportation is not the number #1 issue, care is. East Butler needs to create care for ages 3-4 for the other half of the day they are not in preschool. If you offer care the other half of the day you are solving both issues, care and transportation.

If you offer full day preschool, it will actually decrease the amount of instruction/play time the students have, because of lunch and nap time. If you decrease the amount of instruction/play time, it is not the best education possible for students. The elementary/high school increased their instruction time a few years ago, because it is what is best for the students. Decreasing the amount of instruction/play time for our preschool is not what is best.

Keep preschool the way it is, half days Monday-Thursday. Create a care area for children ages 3-4, when they are not in preschool. Offer lunch and nap during the care time for those students.

I have had 2 children go through preschool and I have another one coming in the next few years. For my two children that went through preschool, it would have been very difficult for them to stay at school the entire day. For my preschool children that turned 5 and went into kindergarten, it was very hard for them to adjust to that and they are 5, not 3 and 4. All day is too much.

I do not support all day preschool. I do not think what we are currently offering is enough to keep parents sending their kids to school at East Butler, for preschool. We need to keep half day preschool and offer care for the other half of the day.

Full day classes don't benefit the childrens growth proportionally to school effort input or the additional mental strain on the young minds. Half day classes can make midday transportation difficult, so in-school childcare or local childcare transportation would be a great compromise.

I think it should stay half day because for some children it would be their first year of school and 8 hours could be too much for some children. I also worry about the class size being bigger if it were full day

I would prefer half a day program but splitting up by ages and doing a preK program for the older kids going into Kindergarten the following year

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Percentage of East Butler students at or above NWEA MAP National Norm

subject	Fall 2013	Spring 2014	Fall 2014	Spring 2015	Fall 2015	Spring 2016	Fall 2016	Spring 2017	Fall 2017	Spring 2018	Fall 2018	Spring 2019	Fall 2019
math	57	60	63	73	67	71	67	69	66	69	63	66	61
reading	56	60	61	72	73	70	65	69	63	66	64	64	60
language	63	66	62	68	63	68	62	64	64	62	64	64	69

Percentage of East Butler students at or above Benchmark (On Track/CCR)

subject	2018-2019
reading	52
math	58
science	75

To: East Butler Public Schools Board of Education
From: Michael Eldridge, Secondary Principal
Date: December 11, 2019
Re: Secondary Principal's Report

I. Semester Finals

- a. Finals will take place on December 19th and 20th, with a 12:00pm dismissal on each day.
- b. The semester test schedule will be as follows:

	<u>Thursday, Dec. 19</u>	<u>Friday, Dec. 20</u>
8:00am-9:00am	Period 1	Period 2
9:00am - 10:00am	Period 3	Period 4
10:00am - 11:00am	Period 5	Period 6
11:00am - 12:00pm	Period 7	Period 8

II. Social Studies Standards

- a. Recently the State Board of Education adopted the new social studies state standards.
- b. These standards have undergone an extensive revision process.
- c. What does this mean for the secondary courses for East Butler?
 - i. We will have to adjust our curriculum for our secondary social studies courses.
 - ii. For example - we will need to offer a geography course in high school and an American History course in the JH.
- d. I will be providing more of a presentation as the social studies teachers develop a proposal.

III. "Vosaic" - Instructional Rounds

- a. Mr. Bitloft, Mrs. Bohaty, and I have been actively working to record teachers instruction.
 - i. At this point we have recorded 928 minutes of video
 - 1. Each video is about 10 minutes in length.
 - ii. This is then used for teachers to self-reflect and self-evaluate with one another in a collaborative setting.

IV. Skills USA

- a. Skills USA has begun and has had several meetings with students.
- b. Currently we have about 12 students signed up for SkillsUSA, and has been a great opportunity for many of our students.
- c. I have attached a description of what SkillsUSA is all about.

V. ACT Test

- a. All Juniors will be taking the ACT test on March 24th.
- b. We will once again be requesting the paper version of the test and using the Klein Center to administer this assessment.
- c. I have also will be working on completing the accommodations request for our SPED & 504 students.

SkillsUSA

SkillsUSA is a national nonprofit organization. It is a partnership of students, teachers and industry representatives working together to ensure America has a skilled workforce. SkillsUSA serves middle school, high school and college students in programs preparing them for technical, skilled and service careers. In addition to technical skills training, SkillsUSA provides educational experiences for students in leadership, teamwork, citizenship and character development. SkillsUSA was formerly known as VICA (the Vocational Industrial Clubs of America).

Membership:

More than 335,000 students and advisors join SkillsUSA annually, organized into more than 18,000 sections and 53 state and territorial associations. In 2017, more than 19,500 teachers and school administrators served as professional SkillsUSA members and advisors. Combining alumni membership, the total number reached annually is over 394,000. SkillsUSA has served more than 12.5 million members since its founding in 1965. Nebraska's membership continues to rise each year. In 2018, we had 2785 members in 87 chapters across the state.



Mission:

SkillsUSA empowers its members to become world-class workers, leaders and responsible American citizens. SkillsUSA improves the quality of our nation's future skilled workforce through the development of personal, workplace and technical skills grounded in academics.

Impact:

Many industries today face a shortage of skilled workers, and SkillsUSA offers a tangible way to help solve this problem by ensuring that there will be a future workforce trained in

the skills industry needs. SkillsUSA complements technical skill training with instruction in the employability skills that make a well-rounded worker and citizen. Our programs emphasize high ethical standards, superior work skills, lifelong education and pride.

SkillsUSA Framework:

The SkillsUSA Framework illustrates how students fulfill the mission of the organization “to empower members to become world-class workers, leaders and responsible American citizens. SkillsUSA has an impact on the lives of America’s future workforce through the development of personal, workplace, and technical skills that are grounded in academics.

What it does:

- Provides a *common language* for students to articulate what they gain from SkillsUSA participation to employers, school administrators, parents and other students
- *Assesses student skill development* along a learning continuum of awareness, demonstration and mastery
- Creates a *vision for SkillsUSA programs* at the local, state and national levels to ensure quality student-led experiences that build skills in all members

Why it works:

- Empowers every student to achieve career success
- Delivers a skill set *demande d by business and industry* but lacking in many employees today
- Ensures that every student member receives a *consistent and specific* skill set