

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15

BEATRICE, NEBRASKA

FINANCIAL STATEMENTS

AUGUST 31, 2016



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

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15

BEATRICE, NEBRASKA

FINANCIAL STATEMENTS

AUGUST 31, 2016

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 6
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Activities and Net Position - Cash Basis	7 - 9
Fund Financial Statements	
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis and Statement of Assets, Liabilities, and Fund Balances - Cash Basis - Governmental Funds	10 - 12
Statement of Net Position - Cash Basis - Fiduciary Funds	13
NOTES TO FINANCIAL STATEMENTS	14 - 28
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	29
Notes to Schedule of Expenditures of Federal Awards	30
General Fund Components - Combining Schedule of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis	31 - 33
Schedules of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis - Budget and Actual (Unaudited)	
General Fund	34 - 36
Depreciation Fund	37
Bond Fund	38
Special Building Fund	39
Qualified Capital Purpose Undertaking Fund	40
Employee Benefit Fund	41
School Nutrition Fund	42
Cooperative Fund	43
Student Fee Fund	44
Notes to Budgetary Schedules	45 - 46
General Fund - Schedule of Cash Disbursements for Operational Expenses (Unaudited)	47 - 52
Fiduciary Funds - Schedule of Changes in Cash Balances (Unaudited)	53 - 57
REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i> AND THE UNIFORM GUIDANCE	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58 - 59
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	60 - 61

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
TABLE OF CONTENTS

	Page
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	62 - 65
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	66



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

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Beatrice Public Schools District No. 15  
Beatrice, Nebraska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beatrice Public Schools District No. 15, Beatrice, Nebraska, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 financial position - cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Beatrice Public Schools District No. 15, Beatrice, Nebraska, as of August 31, 2016, and the respective changes in financial position - cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

## *Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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*

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beatrice Public Schools District No. 15, Beatrice, Nebraska's basic financial statements. The management's discussion and analysis on pages 4 - 6 and the supplementary information on pages 31 - 57 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 29 - 30 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 31 - 33 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 31 - 33 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis and the supplementary information included on pages 4 - 6 and 34 - 57, respectively, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report November 2, 2016, on our consideration of Beatrice Public Schools District No. 15, Beatrice, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Beatrice Public Schools District No. 15, Beatrice, Nebraska's internal control over financial reporting and compliance.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
November 2, 2016

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Beatrice Public Schools District No. 15's annual audit report presents our discussion and analysis of the District's financial performance during the fiscal year ended on August 31, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District utilizes the provisions of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local government entities.

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

The accompanying basic financial statements have been prepared on the cash basis of accounting; in that all expenses are recorded at the time of payment and income is reported at the time of receipt.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Examples of governmental funds include: General Fund, Depreciation Fund, Qualified Capital Purpose Undertaking Fund, Bond Fund, Special Building Fund, Employee Benefit Fund, School Nutrition Fund, Student Fee Fund, and Cooperative Fund. Proprietary funds are used to account for the District's business-type activities. The District has no business-type activities. Fiduciary funds report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the District's own programs. The Activities Fund and Flex Benefit Fund are fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data about the financial statements of the District's commitments, risk management, and long-term debt obligations that are not reported in the financial statements.

**FINANCIAL HIGHLIGHTS**

The District's total net position was \$16,097,067 and \$15,576,340 at August 31, 2016 and 2015, respectively.

	2016	2015
Total cash and investments	<u>16,097,067</u>	<u>15,576,340</u>
Net position		
Restricted for:		
Capital projects		5,253,769
Debt service	667,640	723,316
Unrestricted	<u>15,429,427</u>	<u>9,599,255</u>
Total net position	<u>16,097,067</u>	<u>15,576,340</u>



BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS (Continued)

The results of this year's operation as a whole are reported in the statement of activities on pages 7 - 9. All disbursements are reported in the first column. Specific charges, grants, receipts, and subsidies that directly relate to specific disbursement categories are represented to determine the final amount of the District's activities that are supported by general receipts. The two largest general receipts are the local taxes assessed to community taxpayers and the state aid provided by the State of Nebraska.

Below is information from that statement, rearranged slightly, so you can see our total receipts for the year as compared with the prior year.

	Governmental Activities	
	2016	2015
<b>RECEIPTS</b>		
Program receipts		
Charges for services	618,433	602,291
Operating grants and contributions	3,542,224	3,503,242
General receipts		
Taxes	12,337,802	11,897,467
Interest	109,581	162,482
County fines and license fees	135,131	147,841
State aid	6,074,122	6,786,499
Other state receipts	1,791,012	1,359,517
Bond proceeds	3,120,000	100,000
Other	289,803	335,874
Total receipts	28,018,108	24,895,213
<b>DISBURSEMENTS</b>		
Instruction	13,305,097	12,776,437
Federal programs	1,079,248	1,221,804
Summer school	84,413	79,970
State programs	345,834	159,019
Support services	4,585,762	4,527,913
General and administrative	2,063,137	2,106,086
Capital outlay	643,550	599,690
Employee benefits	8,739	7,079
Debt services	4,114,051	1,159,185
Other expenses	8,872	22,757
Food program services	1,194,678	1,096,675
Transfers	64,000	36,700
Total disbursements	27,497,381	23,793,315

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS (Continued)

	Governmental Activities	
	2016	2015
CHANGE IN NET POSITION - CASH BASIS	520,727	1,101,898
NET POSITION - CASH BASIS, beginning	15,576,340	14,474,442
NET POSITION - CASH BASIS, ending	16,097,067	15,576,340

During the 2015 - 2016 fiscal year, the District's General Fund receipts of \$21,899,529 represented 102.27% of budgeted receipts.

The District's General Fund disbursements of \$21,705,574 represented 73.91% of budgeted disbursements. This represents an increase of 0.82% over the previous year's actual spending of \$21,526,715. The District's largest internal budget variance occurred in the area of Regular Instruction.

Assessed valuation for the District was \$1,131,274,591, a 9.05% increase over fiscal year 2015.

The District's tax levy decreased from previous years. Due to the impact of increased state aid over the past decade, the District's total levy is down from a high of 1.809 in 1989 - 1990. Tax levies for 2016 and 2015 are as follows:

	2016	2015
General Fund	1.01030200	1.03028000
Building Fund	0.02991200	0.01963400
Bond Fund	0.07902000	0.08344300
Qualified Capital Purpose Undertaking Fund	0.02500100	0.02748700
Totals	1.14423500	1.16084400

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Beatrice Public Schools District No. 15, 320 North 5th Street, Beatrice, Nebraska 68310.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	Disburse- ments	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Total Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>				
Governmental Activities				
Regular instruction	7,940,699		179,903	(7,760,796)
Regular instruction school age flex-spending	126,025			(126,025)
Limited English proficiency	51,398			(51,398)
Poverty programs	1,533,575			(1,533,575)
Early childhood	63,663			(63,663)
Special education programs	3,589,737		1,512,647	(2,077,090)
Support services				
Pupils	856,826			(856,826)
Safety and security	47,453			(47,453)
Staff	754,344			(754,344)
Maintenance and operation of building and plant	2,183,888			(2,183,888)
Regular pupil transportation	604,645			(604,645)
Special education pupil transportation	138,606		90,199	(48,407)
General and administrative				
Board of Education	82,651			(82,651)
Executive administration	305,897			(305,897)
Office of the Principal	1,300,854			(1,300,854)
Business services	371,765			(371,765)
Vehicle acquisition and maintenance	1,970			(1,970)
Community services	416	24,499		24,083
State programs	345,834		15,144	(330,690)
Summer school	84,413			(84,413)
Federal programs	1,079,248		1,107,493	28,245
Food program services	1,194,678	593,934	636,838	36,094
Capital outlay	643,550			(643,550)
Employee benefits	8,739			(8,739)

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
 FOR THE YEAR ENDED AUGUST 31, 2016

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disburse- ments	Charges for Services	Operating Grants and Contributions	Primary Government Total Governmental Activities
FUNCTIONS/PROGRAMS (Continued)				
Governmental Activities (Continued)				
Student fee expenses	8,456			(8,456)
Debt service				
Principal	3,870,000			(3,870,000)
Interest	240,851			(240,851)
Other expenses	3,200			(3,200)
Transfers	64,000			(64,000)
Total governmental activities	27,497,381	618,433	3,542,224	(23,336,724)
General Receipts				
Taxes				
Property taxes - general purpose				10,381,016
Property taxes - debt service				965,542
Carline tax				1,465
Public Power District sales tax				5,830
Motor vehicle taxes				983,949
County fines and license fees				135,131
State aid				6,074,122
Other state receipts				1,791,012
Interest				109,581
Bond proceeds				3,120,000
Other receipts				289,803
Total general receipts				23,857,451
Change in net position resulting from receipts and disbursements				520,727
NET POSITION, beginning of year				15,576,340
NET POSITION, end of year				16,097,067

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
 FOR THE YEAR ENDED AUGUST 31, 2016

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disburse- ments	Charges for Services	Operating Grants and Contributions	Primary Government Total Governmental Activities
<b>ASSETS</b>				
Cash and cash equivalents				13,234,670
Cash at County Treasurer				<u>2,862,397</u>
<b>TOTAL ASSETS</b>				<u>16,097,067</u>
<b>NET POSITION</b>				
Restricted for:				
Debt services				667,640
Unrestricted				<u>15,429,427</u>
<b>TOTAL NET POSITION</b>				<u><u>16,097,067</u></u>

See accompanying notes to financial statements.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS AND  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

	Major Funds								Total Governmental Funds
	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	School Nutrition Fund	Cooperative Fund	Student Fee Fund	Reclassifi- cations	
<b>RECEIPTS</b>									
<b>Taxes</b>									
Property taxes - general purpose	10,094,249	713,541	286,767	252,001					10,381,016
Property taxes - debt service		90	39	32					965,542
Carline tax	1,304								1,465
Public Power District sales tax	5,328	370		132					5,830
Motor vehicle taxes	983,949								983,949
Other local sources	107,394		115,429			70,000		21,479	314,302
County receipts	135,131								135,131
State receipts	9,356,847	70,920	30,087	25,270	6,267	95,888			9,489,391
Federal receipts	1,191,508				630,571				1,917,967
Sale of lunches and milk					593,934				593,934
Interest	23,819	1,044	8,190	76,140	140	248			109,581
<b>Total receipts</b>	<b>21,899,529</b>	<b>785,965</b>	<b>440,512</b>	<b>353,575</b>	<b>1,230,912</b>	<b>166,136</b>	<b>21,479</b>		<b>24,898,108</b>
<b>DISBURSEMENTS</b>									
Regular instruction	7,797,109					143,590			7,940,699
Regular instruction school age flex-spending	126,025								126,025
Limited English proficiency	51,398								51,398
Poverty programs	1,533,575								1,533,575
Early childhood	63,663								63,663
Special education programs	3,589,737								3,589,737
Support services									
Pupils	856,826								856,826
Safety and security	47,453								47,453
Staff	754,344								754,344
Maintenance and operation of building and plant	2,183,888								2,183,888
Regular pupil transportation	604,645								604,645
Special education pupil transportation	138,606								138,606
General and administrative									
Board of Education	82,651								82,651
Executive administration	305,897								305,897

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS AND  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

	Major Funds							Total Governmental Funds
	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	School Nutrition Fund	Cooperative Fund	Student Fee Fund	
<b>DISBURSEMENTS (Continued)</b>								
General and administrative (Continued)								
Office of the Principal	1,300,854							1,300,854
Business services	371,765							371,765
Vehicle acquisition and maintenance	1,970							1,970
Community services	416							416
State programs	345,834							345,834
Summer school	84,413							84,413
Federal programs	972,130				107,118			1,079,248
Food program services					1,194,678			1,194,678
Capital outlay	189,502		280,573		81,274	92,201		643,550
Employee benefits	8,739						8,456	8,739
Student fee expenses								8,456
Debt service								
Principal		830,000		3,040,000				3,870,000
Interest		9,941		230,910				240,851
Other expenses		1,700		1,500				3,200
Total disbursements	<u>21,411,440</u>	<u>841,641</u>	<u>280,573</u>	<u>3,272,410</u>	<u>1,275,952</u>	<u>342,909</u>	<u>8,456</u>	<u>27,433,381</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>488,089</u>	<u>(55,676)</u>	<u>159,939</u>	<u>(2,918,835)</u>	<u>(45,040)</u>	<u>(176,773)</u>	<u>13,023</u>	<u>(2,535,273)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond proceeds	(64,000)			3,020,000		100,000		3,120,000
Transfers out	(64,000)			3,020,000		100,000		(64,000)
Total other financing sources (uses)								3,056,000
<b>NET CHANGE IN FUND BALANCES</b>	<u>424,089</u>	<u>(55,676)</u>	<u>159,939</u>	<u>101,165</u>	<u>(45,040)</u>	<u>(76,773)</u>	<u>13,023</u>	<u>520,727</u>
<b>FUND BALANCES, beginning of year</b>	<u>11,817,006</u>	<u>723,316</u>	<u>2,236,803</u>	<u>570,565</u>	<u>55,736</u>	<u>145,733</u>	<u>27,181</u>	<u>15,576,340</u>
<b>FUND BALANCES, end of year</b>	<u>12,241,095</u>	<u>667,640</u>	<u>2,396,742</u>	<u>671,730</u>	<u>10,696</u>	<u>68,960</u>	<u>40,204</u>	<u>16,097,067</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS AND  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

	Major Funds								Total Governmental Funds
	General Fund	Bond Fund	Special Building Fund	Qualified Capital Purpose Undertaking Fund	School Nutrition Fund	Cooperative Fund	Student Fee Fund	Reclassifi- cations	
<b>ASSETS</b>									
Cash and cash equivalents	9,708,480	482,721	2,317,836	605,773	10,696	68,960	40,204		13,234,670
County Treasurer's balances	<u>2,532,615</u>	<u>184,919</u>	<u>78,906</u>	<u>65,957</u>					<u>2,862,397</u>
<b>TOTAL ASSETS</b>	<u>12,241,095</u>	<u>667,640</u>	<u>2,396,742</u>	<u>671,730</u>	<u>10,696</u>	<u>68,960</u>	<u>40,204</u>		<u>16,097,067</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>FUND BALANCES</b>									
Restricted for:		667,640		671,730					667,640
Debt services			2,396,742		10,696	68,960	40,204		3,068,472
Committed	2,781,602								2,901,462
Assigned	9,459,493								9,459,493
Unassigned									
Total fund balances	<u>12,241,095</u>	<u>667,640</u>	<u>2,396,742</u>	<u>671,730</u>	<u>10,696</u>	<u>68,960</u>	<u>40,204</u>		<u>16,097,067</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>12,241,095</u>	<u>667,640</u>	<u>2,396,742</u>	<u>671,730</u>	<u>10,696</u>	<u>68,960</u>	<u>40,204</u>		<u>16,097,067</u>

See accompanying notes to financial statements.



BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 STATEMENT OF NET POSITION - CASH BASIS  
 FIDUCIARY FUNDS  
 AUGUST 31, 2016

	Agency Funds	
	Activities Fund	Flex Benefit Fund
ASSETS		
Cash and cash equivalents	891,461	60,334
LIABILITIES		
Due to student groups and others	891,461	60,334
NET POSITION	- 0 -	- 0 -

See accompanying notes to financial statements.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of the Beatrice Public Schools District No. 15, Beatrice, Nebraska (the District).

Reporting Entity

The Beatrice Public Schools District No. 15, Beatrice, Nebraska's Board of Education is the basic level of government, which has financial accountability and control over all activities related to public school education in the District. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the District's board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units, as defined in Governmental Accounting Standards Board Statement No. 14, which are included in the District's reporting entity.

All significant activities and organizations on which the District exercises oversight responsibility have been included in the District's financial statements.

Basic Financial Statements - Government-Wide Statements

The District utilizes the provisions of Statement No. 34 of the Government Accounting Standards Board, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements, and the classification of net position into the following components: restricted and unrestricted.

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

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements - Government-Wide Statements (Continued)

from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Basic Financial Statements - Fund Financial Statements

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

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

Fund Types

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

Governmental Fund Types

**General Fund** - The General Fund is the general operating fund of the District and accounts for all receipts and disbursements of the District not encompassed within other funds. All property tax receipts and other receipts that are not allocated by law, budgetary requirement, or contractual agreement to some other fund are accounted for in this fund. General operating disbursements and the new replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

**Depreciation Fund** - A Depreciation Fund may be established by a district in order to facilitate the eventual purchase of a costly capital outlay by reserving such monies from the General Fund. To allocate monies from the General Fund, a district will show the movement of monies as an expense from the General Fund and the Depreciation Fund will show the receipt as a transfer from the General Fund. The district may divide this fund into more than one account to allocate a portion of this fund for different valid purposes. The purpose of a Depreciation Fund is to spread replacement costs of capital outlays over a period of years in order to avoid a disproportionate tax effect in a single year to meet such an expense. This fund is restricted as part of the Allowable Reserve by the Tax Equity and Educational Opportunities Support Act. The Depreciation Fund shall be considered only a component of the General Fund.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Types (Continued)

Governmental Fund Types (Continued)

Bond Fund - The Bond Fund is used to record receipts and disbursements for bond principal and interest payments. Proceeds from bond issuance are deposited and recorded as a receipt in the Special Building Fund. The General Fund is used to make interest and bond retirement payments if the Bond Fund balance is not sufficient to meet these requirements.

Special Building Fund - The Special Building Fund is established for acquiring or improving sites and buildings, including the construction, alteration, or improvement of buildings. The Board of Education may approve a budget with a levy limitation of \$0.14 per one hundred dollars of valuation, or a tax levy not to exceed \$0.175 per one hundred dollars of valuation may be established for this fund by a vote of the people within the District.

Qualified Capital Purpose Undertaking Fund - The Qualified Capital Purpose Undertaking Fund may be established for the removal of environmental hazards, the reduction or elimination of accessibility barriers in District buildings, and the repayment of a qualified zone academy bond issued for a qualified special purpose. General Fund expenditures for the purpose of this fund are not allowed. The tax levy for this fund is limited to \$0.052 per hundred dollars of valuation for the District and shall not exceed ten years for each environmental hazard abatement project or accessibility barrier elimination project and shall not exceed fifteen years for each qualified special purpose for which the qualified zone academy bond was issued according to Section 79-10, 110 R.R.S.

Employee Benefit Fund - The Employee Benefit Fund is established to specifically reserve General Fund money for the benefit of the District employees. The District accounts for the allocation of funds from the General Fund to this fund as an expense in the General Fund and as a "transfer from the General Fund" in the Employee Benefit Fund. This fund may consist of more than one account for valid allocation purposes. The Employee Benefit Fund is considered a component of the General Fund.

School Nutrition Fund - The School Nutrition Fund is used to accommodate all aspects of the school lunch program and accounts for all receipts and disbursements of all child nutrition programs. Receipts in this fund include the federal and state program cost reimbursements received by the District and General Fund support of the lunch program. All food purchases and other supplies are accounted for as expenses of the School Nutrition Fund; accordingly, no inventories are maintained in this fund.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Types (Continued)

Governmental Fund Types (Continued)

Cooperative Fund - The Cooperative Fund may be used by the District acting as a fiscal agent for any cooperative activity between such district and one or more public agencies. All public agencies, including the District acting as the fiscal agent, shall show the payment for services to a cooperative in their General Fund.

Student Fee Fund - A Student Fee Fund is established to collect fees for participation in extracurricular activities, postsecondary education costs, and summer school or night school. The money is expended for the purposes for which it was collected from the students.

Fiduciary Fund Types

Activities Fund - The Activities Fund is used to account for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities not part of another fund.

Flex Benefit Fund - The Flex Benefit Fund was established to facilitate the funding and operation of the District's cafeteria plan which is an Internal Revenue Code Section 125 plan used by employees to fund medical and dependent care reimbursements on a pretax basis

Major Funds

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

Basis of Accounting

The District prepares its financial statements on the cash basis, which is in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Education; consequently, these statements represent a summary of the cash activity of the various funds of the District and do not include certain transactions that would be included if the District prepared its financial statements in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units. Under the cash basis, receipts are recognized when collected rather than when earned and expenses are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with generally accepted in the United States of America, as applicable to governmental units.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Capital Assets

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

Long-Term Obligations

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

Equity Classification

Government-Wide Statements

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

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification

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

Nonspendable

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

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned

This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board delegating this responsibility to the District administrator through the budgetary process.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Unassigned

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

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

Interfund Balances and Activities

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

Budget Process and Property Taxes

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

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

Compensated Absences

Vacation and sick leave are recorded when paid. Management believes the amounts attributable to accumulated annual leave will not have a material financial impact on the accompanying financial statements. There was no liability for accrued vacation at August 31, 2016, as all vacation earned during the year must be used by August 31 with no carryover.



BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

NOTE 2. CASH AND INVESTMENTS

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2016, all of the District's deposits with financial institutions were fully insured or collateralized by securities held in the District's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the District's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

Investments

Nebraska statutes allow the District to make any investment allowed by the State Investment Officer. This includes bank certificates of deposit.

As defined by Governmental Accounting Standards Board Statement No. 3, the District had no investments as of August 31, 2016.

NOTE 3. RETIREMENT PLAN

Plan Description

The Beatrice Public Schools District No. 15 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, 2015, there were 266 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, Nebraska Community Colleges), are members of the plan.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT PLAN (Continued)

Plan Description (Continued)

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

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

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

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

For school employees who became members on or after July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent.

For the District's year ended August 31, 2016, the District's total payroll for all employees was \$14,070,990. Total covered payroll was \$13,301,421. 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, 2014, to June 30, 2015 (and from July 1, 2015, through August 31, 2016). The school district (employer) contribution is 101 percent of the employee contribution. The District's contribution to the Plan for its year ended August 31, 2016, was \$1,313,888.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT PLAN (Continued)

Pension Liabilities

At June 30, 2015, the District had a liability of \$6,613,120 for its proportionate share of the net pension liability. (This liability is not recorded in the accompanying cash basis financial statements.) The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERS School Plan was 89.88% funded as of June 30, 2015, based on actuarial calculations comparing total pension liability to the plan fiduciary net position. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the District's proportion was 0.607212 percent, which was a decrease of 0.010853 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the District's allocated pension income was \$291,284.

Actuarial Assumptions

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

Inflation	3.25 percent
Investment rate of return, net of investment expense and including inflation	8.0 percent
Projected salary increases, including inflation	4.0 - 9.0 percent
Cost-of-living adjustments (COLA)	2.50% with a floor benefit equal to 75% purchasing power of original benefit*

\*1% and no floor benefit for members joining on or after July 1, 2013.

The School Plan's pre-retirement mortality rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females).

The School Plan's post-retirement rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set back one year (sex distinct).

The School Plan's disability mortality rates were based on the 1983 Railroad Retirement Board Disabled Annuitants Mortality (unisex).

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT PLAN (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2015, valuations for the School plan are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2011. The experience study report is dated August 20, 2012. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of first quarter 2016, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Stocks	29.0%	4.4%
Non-US Stocks	13.5%	5.2%
Global Stocks	15.0%	4.8%
Fixed Income	30.0%	2.1%
Real Estate	7.5%	4.4%
Private Equity	5.0%	6.7%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability at both June 30, 2014, and June 30, 2015, was 8 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate. A new experience study has been completed and adopted by the PERB in October 2016. The new actuarial assumptions will be reflected in the 2017 actuarial valuation.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT PLAN (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers and nonemployers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 2114.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	Discount Rate	District's Proportionate Share of Net Pension Liability
1% decrease	7.0%	\$15,015,490
Current discount rate	8.0%	\$6,613,120
1% increase	9.0%	\$(374,067)

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 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at [http://www.auditors.nebraska.gov/APA\\_Reports](http://www.auditors.nebraska.gov/APA_Reports).

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT

Long-term debt at August 31, 2016, consisted of the following:

In 2015, the District issued \$100,000 of General Obligation Technology Bonds with an interest rate of 0.400%. Annual interest payment is due on August 15. Final payment was made on July 15, 2016.	- 0 -
In 2012, the District issued \$2,920,000 of General Obligation Refunding Bonds with variable interest rates from 0.3% to 1.0%. Semiannual interest payments are due on June 15 and December 15. Final payment is due December 15, 2016.	685,000
In December 2010, the District issued \$1,680,000 of Limited Tax Building Improvement Refunding Bonds, Series 2010, with a fixed interest rate of 5.75%. Semiannual interest payments are due on June 15 and December 15. Final payment is due December 15, 2025. As part of the program, the District is credited a portion of the interest costs by the United States Treasury. The amount credited during the year ended August 31, 2016, was \$42,510.	1,680,000
In December 2010, the District issued \$3,085,000 of Build America Bonds, Series 2010, with variable interest rates from 1.8% and 6.8%. Semiannual interest payments are due on June 15 and December 15. Final payment is due December 15, 2040. As part of the program, the District is credited a portion of its interest costs by the United States Treasury. The amount credited during the year Ended August 31, 2016, was \$31,824. The bond was called on December 15, 2015.	- 0 -
In December 2015, the District issued \$3,020,000 of Limited Tax Refunding Bonds, Series 2015, with interest rates from 0.600% and 3.300%. Semiannual interest payments are due on June 15 and December 15. Final payment is due December 15, 2031.	<u>3,020,000</u>
	<u>5,385,000</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

The following is a list of long-term debt transactions for the year ended August 31, 2016:

Total long-term debt payable, September 1, 2015	6,100,000
Bond proceeds	3,120,000
Bond premium	35,000
Bond repayments	<u>(3,870,000)</u>
 Total long-term debt payable, August 31, 2016	 <u>5,385,000</u>
 Interest paid during the fiscal year	 <u>240,851</u>

Maturities of bonds payable are as follows:

Fiscal Year Ended August 31,	Principal	Interest	Total
2017	755,000	173,321	928,321
2018	140,000	169,056	309,056
2019	140,000	167,656	307,656
2020	140,000	165,976	305,976
2021	140,000	164,016	304,016
2022 - 2026	2,340,000	684,090	3,024,090
2027 - 2031	1,420,000	162,318	1,582,318
2032	<u>310,000</u>	<u>5,115</u>	<u>315,115</u>
	<u>5,385,000</u>	<u>1,691,548</u>	<u>7,076,548</u>

NOTE 5. BUS LEASE COMMITMENT

The District conducts its operations with buses leased under a three-year noncancellable lease expiring in June 2019. There is an option to renew the lease for an additional four year term with annual increases in rent.

At August 31, 2016, a schedule of the future minimum payments required under the above is as follows:

Year Ended August 31,	Principal
2017	641,250
2018	660,488
2019	<u>680,303</u>
 Total	 <u>1,982,041</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. FEDERAL AWARD PROGRAMS

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

NOTE 7. RISK MANAGEMENT

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

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

General Fund to the Activities Fund for support	64,000
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NOTE 9. SUBSEQUENT EVENTS

In September 2016, the District issued \$100,000 of Nebraska Technology Financing Cooperative No. 2 General Obligation Technology Bonds for the purpose of upgrading the District's technology systems.

In September 2016, the District entered into a loan to finance the cost of an energy savings installation of new lighting at a cost of \$737,600.

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 2, 2016, the date the financial statements were available to be issued.



SUPPLEMENTARY INFORMATION

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED AUGUST 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	CFDA Number	Disburse- ments
<u>U.S. Department of Education</u>			
Passed through Nebraska Department of Education			
NCLB - Title I	16-05-034-0015-00	84.010	374,726
IDEA Part B - Base	16-05-034-0015-00	84.027	215,317
IDEA Part B - Enrollment/Poverty	16-05-034-0015-00	84.027	257,939
IDEA Non-Public	16-05-034-0015-00	84.027	27,252
Title II, Part A NCLB Teacher Quality Grants	16-05-034-0015-00	84.367	88,792
IDEA Base Preschool	16-05-034-0015-00	84.173	<u>19,868</u>
Total U.S. Department of Education			<u>983,894</u>
<u>U.S. Department of Agriculture</u>			
Passed through Nebraska Department of Education			
Fruit and Vegetable Program		10.582	29,855
Summer Food Program		10.559	11,514
National School Lunch Program		10.555	<u>589,202</u>
Passed through Nebraska Department of Social Services			
Food Distribution Program		10.555	<u>36,560</u>
Total U.S. Department of Agriculture			<u>667,131</u>
TOTAL			<u><u>1,651,025</u></u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Beatrice Public Schools District No. 15 and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. SUBRECIPIENTS

The District expended no awards to subrecipients during the year.

NOTE 3. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND COMPONENTS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS  
 YEAR ENDED AUGUST 31, 2016

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
RECEIPTS					
Local sources					
Taxes					
Property taxes - general purpose	10,094,249				10,094,249
Carline tax	1,304				1,304
Public Power District sales tax	5,328				5,328
Motor vehicle taxes	983,949				983,949
Interest	23,819				23,819
Local license fees and fines	10,558				10,558
Community service activities	24,499				24,499
Other local receipts	72,337				72,337
Total local sources	<u>11,216,043</u>				<u>11,216,043</u>
County sources					
County fines and license fees	133,455				133,455
Educational Service Unit receipts	1,676				1,676
Total county sources	<u>135,131</u>				<u>135,131</u>
State sources					
State aid	6,074,122				6,074,122
Special education	1,433,717				1,433,717
Special education transportation	90,199				90,199
Flex funding school age support services	78,930				78,930
Homestead exemption	442,707				442,707
Property tax credit	545,422				545,422
Early childhood	318,889				318,889
High-ability learners	14,451				14,451
Pro-rate motor vehicle	32,180				32,180
State apportionment	313,942				313,942
Distance education	11,595				11,595
Other state receipts	693				693
Total state sources	<u>9,356,847</u>				<u>9,356,847</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA

GENERAL FUND COMPONENTS

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -

CASH BASIS

YEAR ENDED AUGUST 31, 2016

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifications	Total
RECEIPTS (Continued)					
Federal sources					
Title I	424,834				424,834
Title II, Part A	77,857				77,857
IDEA Part B (611) Base Allocation	235,396				235,396
IDEA Enrollment/Poverty	273,518				273,518
Medicaid in Public Schools	72,292				72,292
Medicaid Administrative Activities	107,611				107,611
Total federal sources	<u>1,191,508</u>				<u>1,191,508</u>
Nonrevenue receipts					
Transfers from other funds		420,764	7,611	(428,375)	
Total receipts	<u>21,899,529</u>	<u>420,764</u>	<u>7,611</u>	<u>(428,375)</u>	<u>21,899,529</u>
DISBURSEMENTS					
Regular instruction	8,225,484			(428,375)	7,797,109
Regular instruction school age flex-spending	126,025				126,025
Limited English proficiency	51,398				51,398
Poverty programs	1,533,575				1,533,575
Early childhood	63,663				63,663
Special education programs	3,589,737				3,589,737
Support services					
Pupils	856,826				856,826
Safety and security	47,453				47,453
Staff	754,344				754,344
Maintenance and operation of building and plant					
Regular pupil transportation	2,183,888				2,183,888
Special education pupil transportation	604,645				604,645
	138,606				138,606

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND COMPONENTS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS  
 YEAR ENDED AUGUST 31, 2016

	General Fund	Depreciation Fund	Employee Benefit Fund	Reclassifi- cations	Total
DISBURSEMENTS (Continued)					
General and administrative					
Board of Education	82,651				82,651
Executive administration	305,897				305,897
Office of the Principal	1,300,854				1,300,854
Business services	371,765				371,765
Vehicle acquisition and maintenance	1,970				1,970
Community services	416				416
State programs	345,834				345,834
Federal programs	972,130				972,130
Capital outlay					
Employee benefits		189,502			189,502
Summer school			8,739		8,739
Transfers	84,413				84,413
Total disbursements	<u>21,705,574</u>	<u>189,502</u>	<u>8,739</u>	<u>(428,375)</u>	<u>21,475,440</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	193,955	231,262	(1,128)		424,089
FUND BALANCE, beginning of year	9,265,538	2,446,401	105,067		11,817,006
FUND BALANCE, end of year	<u>9,459,493</u>	<u>2,677,663</u>	<u>103,939</u>		<u>12,241,095</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 GENERAL FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
<b>RECEIPTS</b>			
Local sources			
Taxes			
Property taxes - general purpose	11,315,000	10,094,249	9,732,760
Carline tax	2,000	1,304	1,230
Public Power District sales tax	2,000	5,328	6,367
Motor vehicle taxes	825,000	983,949	935,221
Interest	1,000	23,819	9,976
Local license fees and fines	10,000	10,558	12,228
Community service activities	15,000	24,499	30,517
Other local receipts		72,337	41,279
Total local sources	<u>12,170,000</u>	<u>11,216,043</u>	<u>10,769,578</u>
County sources			
County fines and license fees	100,000	133,455	134,096
Educational Service Unit receipts	5,000	1,676	13,745
Total county sources	<u>105,000</u>	<u>135,131</u>	<u>147,841</u>
State sources			
State aid	6,074,121	6,074,122	6,786,499
Special education	1,400,000	1,433,717	1,484,877
Special education transportation	70,000	90,199	73,880
Flex funding school age support services		78,930	75,024
Homestead exemption		442,707	428,444
Property tax credit		545,422	371,681
Early childhood		318,889	79,058
High-ability learners	14,000	14,451	13,467
Textbook loan			571
Pro-rate motor vehicle	25,000	32,180	31,859
State apportionment	400,000	313,942	333,134
Distance education		11,595	9,420
Other state receipts		693	16,467
Total state sources	<u>7,983,121</u>	<u>9,356,847</u>	<u>9,704,381</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 GENERAL FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
RECEIPTS (Continued)			
Federal sources			
Title I	450,000	424,834	321,863
Title II, Part A		77,857	156,305
IDEA Part B (611) Base Allocation		235,396	221,183
IDEA Enrollment/Poverty		273,518	274,220
IDEA Special Projects			6,884
Medicaid in Public Schools	60,000	72,292	74,904
Medicaid Administrative Activities	80,000	107,611	87,215
Vocational and Applied Technology Grants	4,000		
Other Federal Funds	550,000		126
Total federal sources	<u>1,144,000</u>	<u>1,191,508</u>	<u>1,142,700</u>
Nonrevenue receipts			
Insurance adjustments			10,749
Other nonrevenue receipts	12,000		2,826
Total nonrevenue receipts	<u>12,000</u>		<u>13,575</u>
Total receipts	<u>21,414,121</u>	<u>21,899,529</u>	<u>21,778,075</u>
DISBURSEMENTS			
Regular instruction	10,500,000	8,225,484	8,460,145
Regular instruction school age flex-spending		126,025	147,039
Limited English proficiency		51,398	51,794
Poverty programs		1,533,575	1,390,910
Early childhood		63,663	104,708
Special education programs	3,700,000	3,589,737	3,361,284
Support services			
Pupils	900,000	856,826	807,025
Safety and security		47,453	37,904
Staff	750,000	754,344	657,317
Maintenance and operation of building and plant	2,300,000	2,183,888	2,293,576
Regular pupil transportation	610,000	604,645	579,121
Special education pupil transportation	165,000	138,606	152,970



BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 GENERAL FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
DISBURSEMENTS (Continued)			
General and administrative			
Board of Education	125,000	82,651	114,646
Executive administration	320,000	305,897	264,526
Office of the Principal	1,300,000	1,300,854	1,352,645
Business services	400,000	371,765	361,611
Vehicle acquisition and maintenance	15,000	1,970	12,658
Community services	5,000	416	2,654
State programs	150,000	345,834	159,019
Federal programs	1,200,000	972,130	1,098,493
Summer school	90,000	84,413	79,970
Transfers and other	6,839,000	64,000	36,700
Total disbursements	<u>29,369,000</u>	<u>21,705,574</u>	<u>21,526,715</u>
RECEIPTS OVER DISBURSEMENTS		193,955	251,360
FUND BALANCE, beginning of year		<u>9,265,538</u>	<u>9,014,178</u>
FUND BALANCE, end of year		<u>9,459,493</u>	<u>9,265,538</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 DEPRECIATION FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
RECEIPTS			
Transfer - General Fund (as expensed from the General Fund)	<u>400,000</u>	<u>420,764</u>	<u>811,968</u>
DISBURSEMENTS			
Capital outlay	<u>2,436,747</u>	<u>189,502</u>	<u>202,314</u>
RECEIPTS OVER DISBURSEMENTS		231,262	609,654
FUND BALANCE, beginning of year		<u>2,446,401</u>	<u>1,836,747</u>
FUND BALANCE, end of year		<u>2,677,663</u>	<u>2,446,401</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 BOND FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
<b>RECEIPTS</b>			
Local sources			
Taxes			
Property taxes - debt purpose	785,000	713,541	783,669
Carline tax	100	90	100
Other local receipts		370	515
Interest	600	1,044	481
Total local sources	<u>785,700</u>	<u>715,045</u>	<u>784,765</u>
State sources			
Homestead exemption		30,714	34,700
Property tax credit		37,840	30,103
Pro-rate motor vehicle		2,366	2,549
Total state sources		<u>70,920</u>	<u>67,352</u>
Total receipts	<u>785,700</u>	<u>785,965</u>	<u>852,117</u>
<b>DISBURSEMENTS</b>			
Principal payments	885,000	830,000	830,000
Interest payments	126,000	9,941	14,533
Other expenses	750	1,700	1,100
Total disbursements	<u>1,011,750</u>	<u>841,641</u>	<u>845,633</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		(55,676)	6,484
FUND BALANCE, beginning of year		<u>723,316</u>	<u>716,832</u>
FUND BALANCE, end of year		<u>667,640</u>	<u>723,316</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 SPECIAL BUILDING FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
<b>RECEIPTS</b>			
Local sources			
Taxes			
Property taxes - general purpose	335,000	286,767	175,643
Carline tax	10	39	23
Interest	2,000	8,190	3,252
Other local receipts	40,000	115,429	114,670
Total local sources	<u>377,010</u>	<u>410,425</u>	<u>293,588</u>
State sources			
Homestead exemption		13,107	8,165
Property tax credit		16,148	7,083
Pro-rate motor vehicle		832	540
Total state sources		<u>30,087</u>	<u>15,788</u>
Total receipts	<u>377,010</u>	<u>440,512</u>	<u>309,376</u>
<b>DISBURSEMENTS</b>			
Capital outlay	<u>2,552,823</u>	<u>280,573</u>	<u>301,376</u>
RECEIPTS OVER DISBURSEMENTS		159,939	8,000
FUND BALANCE, beginning of year		<u>2,236,803</u>	<u>2,228,803</u>
FUND BALANCE, end of year		<u>2,396,742</u>	<u>2,236,803</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 QUALIFIED CAPITAL PURPOSE UNDERTAKING FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
<b>RECEIPTS</b>			
Local sources			
Taxes			
Property taxes - debt purpose	280,000	252,001	261,736
Carline tax	35	32	33
Public Power District sales tax		132	170
Interest	145,000	76,140	148,551
Bond proceeds		<u>3,020,000</u>	
Total local sources	<u>425,035</u>	<u>3,348,305</u>	<u>410,490</u>
State sources			
Homestead exemption		10,955	11,430
Property tax credit		13,497	9,916
Pro-rate motor vehicle		818	864
Total state sources		<u>25,270</u>	<u>22,210</u>
Total receipts	<u>425,035</u>	<u>3,373,575</u>	<u>432,700</u>
<b>DISBURSEMENTS</b>			
Principal payments	320,000	3,040,000	20,000
Interest payments	350,000	230,910	292,052
Other expenses		1,500	1,500
Total disbursements	<u>670,000</u>	<u>3,272,410</u>	<u>313,552</u>
RECEIPTS OVER DISBURSEMENTS		101,165	119,148
FUND BALANCE, beginning of year		<u>570,565</u>	<u>451,417</u>
FUND BALANCE, end of year		<u>671,730</u>	<u>570,565</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 EMPLOYEE BENEFIT FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
RECEIPTS			
Transfer - General Fund (as expensed from the General Fund)	<u>5,000</u>	<u>7,611</u>	<u>3,322</u>
DISBURSEMENTS			
Benefits paid	<u>112,883</u>	<u>8,739</u>	<u>7,079</u>
RECEIPTS UNDER DISBURSEMENTS		(1,128)	(3,757)
FUND BALANCE, beginning of year		<u>105,067</u>	<u>108,824</u>
FUND BALANCE, end of year		<u>103,939</u>	<u>105,067</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 SCHOOL NUTRITION FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
<b>RECEIPTS</b>			
Sale of lunches	620,000	593,934	571,774
State reimbursement	70,000	6,267	5,902
Federal reimbursement	580,000	630,571	585,404
Interest		140	56
Total receipts	<u>1,270,000</u>	<u>1,230,912</u>	<u>1,163,136</u>
<b>DISBURSEMENTS</b>			
Salaries	425,000	418,169	391,211
Payroll taxes and benefits	75,000	97,087	87,473
Purchased services	75,000	43,688	22,763
Food and supplies	700,000	630,924	591,646
Equipment purchases	53,576	81,274	
Other expenses		4,810	3,582
Total disbursements	<u>1,328,576</u>	<u>1,275,952</u>	<u>1,096,675</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		(45,040)	66,461
FUND BALANCE (DEFICIT), beginning of year		55,736	(10,725)
FUND BALANCE, end of year		<u>10,696</u>	<u>55,736</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 COOPERATIVE FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
<b>RECEIPTS</b>			
Federal receipts - MAPS	120,000	95,888	105,521
Bond proceeds	100,000	100,000	100,000
Other receipts	105,000	70,000	130,000
Interest		248	166
Total receipts	<u>325,000</u>	<u>266,136</u>	<u>335,687</u>
<b>DISBURSEMENTS</b>			
Purchased services		15,000	2,070
Capital outlay	100,000	92,201	96,000
Other local expenditures	120,204	128,590	73,777
Other federal expenditures	<u>200,000</u>	<u>107,118</u>	<u>123,311</u>
Total disbursements	<u>420,204</u>	<u>342,909</u>	<u>295,158</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		(76,773)	40,529
FUND BALANCE, beginning of year		<u>145,733</u>	<u>105,204</u>
FUND BALANCE, end of year		<u>68,960</u>	<u>145,733</u>

See accompanying notes to budgetary schedules.



BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
 CASH BASIS - BUDGET AND ACTUAL  
 STUDENT FEE FUND  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2015)

	Original and Final Budget	2016 Actual	2015 Actual
RECEIPTS			
Activities receipts	<u>40,000</u>	<u>21,479</u>	<u>24,122</u>
DISBURSEMENTS			
Extracurricular activity fees	<u>66,162</u>	<u>8,456</u>	<u>20,103</u>
RECEIPTS OVER DISBURSEMENTS		13,023	4,019
FUND BALANCE, beginning of year		<u>27,181</u>	<u>23,162</u>
FUND BALANCE, end of year		<u>40,204</u>	<u>27,181</u>

See accompanying notes to budgetary schedules.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO BUDGETARY SCHEDULES

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

Basis of Accounting

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

Budget Law

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

Funds Over Budget

See Item 2016-002 in the accompanying schedule of findings and questioned costs noting the Qualified Capital Purpose Undertaking Fund over budget.

Transfers

Interfund transfers for the year consisted of the following:

General Fund to the Depreciation Fund for support	420,764
General Fund to the Employee Benefit Fund for support	7,611

Comparative Data

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

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
NOTES TO BUDGETARY SCHEDULES

NOTE 1. SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL (Continued)

Reconciliation

The Nebraska Department of Education requires separate budgets for those funds considered as General Fund components for budget purposes.

A reconciliation of the General Fund financial reporting basis to the budgetary basis is as follows:

Receipts over disbursements - financial reporting basis	
General Fund	<u>424,089</u>
Receipts over (under) disbursements - budgetary basis	
General Fund	193,955
Depreciation Fund	231,262
Employee Benefit Fund	<u>(1,128)</u>
	<u>424,089</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND  
 SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

REGULAR INSTRUCTION

Regular salaries	5,285,520
Substitute salaries	120,974
Clerical and paraprofessional staff salaries	2,854
Payroll taxes	418,165
Retirement	510,286
Health insurance	1,065,164
Other employee benefits	105,460
Purchased services	132,292
Supplies and materials	403,085
Textbooks	8,583
Capital outlay	149,048
Other expenses	24,053
Total regular instruction	<u>8,225,484</u>

REGULAR INSTRUCTION SCHOOL AGE FLEX-SPENDING

Regular salaries	85,477
Substitute salaries	1,242
Payroll taxes	6,422
Retirement	8,467
Health insurance	19,584
Other employee benefits	334
Supplies and materials	1,155
Textbooks	2,513
Capital outlay	302
Other expenses	529
Total regular instruction school age flex-spending	<u>126,025</u>

LIMITED ENGLISH PROFICIENCY

Substitute salaries	30,430
Clerical and paraprofessional staff salaries	6,722
Payroll taxes	2,586
Retirement	2,802
Health insurance	8,308
Other employee benefits	107
Supplies and materials	35
Other expenses	408
Total limited English proficiency	<u>51,398</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND  
 SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

POVERTY PROGRAMS	
Regular salaries	921,328
Substitute salaries	28,128
Clerical and paraprofessional staff salaries	210,686
Payroll taxes	87,927
Retirement	110,383
Health insurance	171,565
Other employee benefits	3,558
Total poverty programs	<u>1,533,575</u>
EARLY CHILDHOOD	
Regular salaries	9,265
Substitute salaries	23,878
Clerical and paraprofessional staff salaries	6,245
Payroll taxes	3,017
Retirement	1,452
Health insurance	1,152
Other employee benefits	305
Distance education and telecommunications	520
Supplies and materials	11,974
Capital outlay	683
Other expenses	5,172
Total early childhood	<u>63,663</u>
SPECIAL EDUCATION PROGRAMS	
Regular salaries	1,555,982
Substitute salaries	127,452
Clerical and paraprofessional staff salaries	860,252
Payroll taxes	190,948
Retirement	236,258
Health insurance	309,714
Other employee benefits	40,249
Purchased services	157,523
Distance education and telecommunications	354
Supplies and materials	61,703
Textbooks	3,170
Capital outlay	24,204
Other expenses	21,928
Total special education programs	<u>3,589,737</u>
TOTAL INSTRUCTIONAL PROGRAMS	<u>13,589,882</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND  
 SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

SUPPORT SERVICES - PUPILS

Regular salaries	332,006
Substitute salaries	2,971
Clerical and paraprofessional staff salaries	106,952
Technical staff salaries	193,027
Payroll taxes	47,464
Retirement	55,932
Health insurance	92,191
Other employee benefits	2,086
Purchased services	196
Supplies and materials	16,850
Capital outlay	81
Other expenses	7,070
Total support services - pupils	<u>856,826</u>

SUPPORT SERVICES - SAFETY AND SECURITY

Purchased services	47,262
Distance education and telecommunications	175
Supplies and materials	16
Total support services - safety and security	<u>47,453</u>

SUPPORT SERVICES - STAFF

Regular salaries	342,555
Substitute salaries	4,867
Staff development stipends/salaries	5,826
Clerical and paraprofessional staff salaries	35,872
Payroll taxes	29,003
Retirement	37,320
Health insurance	35,590
Other employee benefits	1,040
Purchased services	26,582
Supplies and materials	215,750
Capital outlay	3,010
Other expenses	16,929
Total support services - staff	<u>754,344</u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND  
 SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

SUPPORT SERVICES - BOARD OF EDUCATION

Purchased services	33,296
Accounting and auditing services	6,716
Legal services	22,684
Supplies and materials	108
Other expenses	19,847
Total support services - Board of Education	<u>82,651</u>

SUPPORT SERVICES - EXECUTIVE ADMINISTRATION

Salary - Superintendent	169,931
Clerical and paraprofessional staff salaries	53,151
Payroll taxes	13,832
Retirement	21,503
Health insurance	28,938
Other employee benefits	625
Purchased services	3,263
Supplies and materials	2,993
Other expenses	11,661
Total support services - executive administration	<u>305,897</u>

SUPPORT SERVICES - OFFICE OF THE PRINCIPAL

Regular salaries	748,365
Clerical and paraprofessional staff salaries	238,266
Payroll taxes	72,741
Retirement	90,125
Health insurance	98,741
Other employee benefits	2,862
Purchased services	15,179
Supplies and materials	16,233
Capital outlay	441
Other expenses	17,901
Total support services - Office of the Principal	<u>1,300,854</u>

SUPPORT SERVICES - BUSINESS SERVICES

Regular salaries	110,455
Clerical and paraprofessional staff salaries	105,298
Payroll taxes	16,281
Retirement	20,876
Health insurance	37,329

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND  
 SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

SUPPORT SERVICES - BUSINESS SERVICES (Continued)

Other employee benefits	695
Purchased services	63,361
Supplies and materials	8,043
Other expenses	9,427
Total support services - business services	371,765

SUPPORT SERVICES - VEHICLE ACQUISITION  
 AND MAINTENANCE

Purchased services	1,934
Supplies and materials	36
Total support services - vehicle acquisition and maintenance	1,970

SUPPORT SERVICES - MAINTENANCE AND OPERATION  
 OF BUILDING AND PLANT

Regular salaries	70,043
Clerical and paraprofessional staff salaries	664,248
Payroll taxes	52,081
Retirement	68,911
Health insurance	134,650
Other employee benefits	12,648
Purchased services	653,268
Distance education and telecommunications	12,939
Supplies and materials	92,798
Capital outlay	417,165
Other expenses	5,137
Total support services - maintenance and operation of building and plant	2,183,888

SUPPORT SERVICES - REGULAR PUPIL TRANSPORTATION

Salaries of drivers	14,421
Payroll taxes	1,103
Retirement	1,425
Purchased services	572,386
Other expenses	15,310
Total support services - regular pupil transportation	604,645



BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 GENERAL FUND  
 SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

SUPPORT SERVICES - SPECIAL EDUCATION PUPIL	
TRANSPORTATION	
Salaries of drivers	25,007
Payroll taxes	1,901
Retirement	2,322
Purchased services	84,360
Other expenses	25,016
Total support services - special education pupil transportation	<u>138,606</u>
COMMUNITY SERVICES	
Clerical and paraprofessional staff salaries	356
Payroll taxes	25
Retirement	35
Total community services	<u>416</u>
STATE PROGRAMS	
Career Education	<u>345,834</u>
FEDERAL PROGRAMS	
Title I	362,962
Title II, Part A	88,792
IDEA Part B (611) Base Allocation - Birth Through Age Four	215,317
IDEA Preschool (619) Base Allocation	19,868
IDEA Enrollment/Poverty	285,191
Total federal programs	<u>972,130</u>
SUMMER SCHOOL	
Regular salaries	38,483
Clerical and paraprofessional staff salaries	26,304
Payroll taxes	4,912
Retirement	5,439
Supplies and materials	6,716
Other expenses	2,559
Total summer school	<u>84,413</u>
TRANSFERS	
Transfers to the Activities Fund	<u>64,000</u>
TOTAL DISBURSEMENTS	<u><u>21,705,574</u></u>

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN CASH BALANCES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

	Balance 9/1/15	Transfers	Receipts	Disburse- ments	Balance 8/31/16
ACTIVITIES FUNDS					
SPECIAL AND SCHOLARSHIP FUNDS					
Football - Boys'	12,245		28,680	22,036	18,889
Volleyball - Girls'	5,131		4,853	9,993	(9)
Cross Country	4,984		3,685	4,839	3,830
Girls' golf	1,356	4			1,360
Softball - Girls'	(2,258)		5,037	1,878	901
Tennis - Boys'	(179)	160		160	(179)
Boys' Basketball	(3,096)	10,387		7,509	(218)
Girls' Basketball	472	4,062		4,561	(27)
Wrestling - Boys'	1,263	5,117		5,335	1,045
Swimming	1,349	2,444		2,864	929
Track	1,047	3,171		4,152	66
Boys' Golf	995	1,070		1,022	1,043
Tennis - Girls'	300	1,775		1,787	288
Boys' Soccer	1,293	8,102		8,552	843
Girls' Soccer	1,051	1,079		682	1,448
Baseball	273	8,547		7,856	964
Paddock Lane Fund	56,629	19,695		42,605	33,719
Preschool	22,096	21,782		10,488	33,390
Lincoln Fund	97,031	25,559		27,313	95,277
Stoddard Fund	86,979	18,768		30,728	75,019
Cedar Fund	76,483	23,401		32,765	67,119
Band Uniforms	1,576	3,066		2,635	2,007
Renaissance	7,303	2,673		3,107	6,869
Fine Art Associations	(31,339)	52,054		17,124	3,591
Health Donations	570	257		265	562
HS Special Education Recycling	4,733	1,000		1,154	4,579

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN CASH BALANCES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

ACTIVITIES FUNDS	Balance 9/1/15	Transfers	Receipts	Disburse- ments	Balance 8/31/16
<b>SPECIAL AND SCHOLARSHIP FUNDS (Continued)</b>					
MS Concessions Account	7,036		10,889	11,528	6,397
Orange Booster	2,180		7,233	8,294	1,119
Florida Music Trip	9,635		23,072	15,278	17,429
Senior Class Party	3,965		592	1,120	3,437
Post Prom Party	3,914		6,162	7,544	2,532
Investment Interest	3,082		47,206	45,353	4,935
Miscellaneous	7,033		8,008	5,146	9,895
Movie Tickets	(1,995)		690		(1,305)
Special Programs	4,745		28		4,773
Back Pack Program	96,419		38,048	36,049	98,418
Total special and scholarship funds	<u>484,301</u>		<u>398,356</u>	<u>381,722</u>	<u>500,935</u>
<b>SCHOOL ACTIVITY FUNDS</b>					
Administration - High School (H.S.)	32,190	(82,311)	94,968	13,539	31,308
HS Pass - Thru	29,558		15,616	13,676	31,498
Administration - Middle School (M.S.)	11,092	(11,650)	17,550		16,992
Football - H.S.	(4,674)	4,674	22,219	16,830	5,389
Football - M.S.	(2,488)	2,488	200	3,311	(3,111)
Volleyball - H.S.	(8,845)	8,845	10,306	11,707	(1,401)
Volleyball - M.S.	(59)	59	460	1,185	(725)
Cross Country	(4,412)	4,412	829	5,302	(4,473)
Girls' Golf	(3,546)	3,546	400	3,133	(2,733)
Softball	(7,872)	7,872		10,502	(10,502)
Boys' Tennis	(3,861)	3,861		2,744	(2,744)
Weight Training	(5,718)	5,718	5,182	7,735	(2,553)

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN CASH BALANCES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

ACTIVITIES FUNDS	Balance 9/1/15	Transfers	Receipts	Disburse- ments	Balance 8/31/16
SCHOOL ACTIVITY FUNDS (Continued)					
Training Room	(1,987)	1,987		2,457	(2,457)
Boys' Basketball - H.S.	(4,449)	4,449	11,458	13,007	(1,549)
Boys' Basketball - M.S.	(1,594)	1,594		2,810	(2,810)
Girls' Basketball - H.S.	(3,500)	3,500	8,112	11,070	(2,958)
Girls' Basketball - M.S.	(2,203)	2,203	277	1,296	(1,019)
Wrestling - H.S.	(7,875)	7,875	5,129	12,814	(7,685)
Wrestling - M.S.	(1,827)	1,827		270	(270)
Swimming	3,032	(3,032)	20,352	13,787	6,565
Boys' Track - H.S.	(3,030)	3,030	3,282	7,501	(4,219)
Boys' Track - M.S.	(1,053)	1,053	415	5,972	(5,557)
Girls' Track - H.S.	(3,493)	3,493	3,444	6,386	(2,942)
Girls' Track - M.S.	(2,426)	2,426		704	(704)
Boys' Golf	(2,400)	2,400	1,980	3,129	(1,149)
Girls' Tennis	(2,557)	2,557		2,993	(2,993)
Boys' Soccer	(4,851)	4,851	2,537	7,104	(4,567)
Girls' Soccer	(3,257)	3,257	2,078	6,957	(4,879)
Baseball	(9,016)	9,016	4,221	13,801	(9,580)
H.S. Milk	995				995
M.S. Milk	1,462		2,699	4,288	(127)
Operating - H.S.	153,686		81,088	95,863	138,911
Operating - M.S.	184,154		71,438	81,446	174,146
H.S. Activity Cards	5,891		13,472	14,696	4,667
Coaches' Group	531		1		532
Magazine Sales	(2,856)				(2,856)

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN CASH BALANCES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

ACTIVITIES FUNDS	Balance 9/1/15	Transfers	Receipts	Disburse- ments	Balance 8/31/16
SCHOOL ACTIVITY FUNDS (Continued)					
Spanish Club	5,514		13		5,527
Student Art Association	1,948		4	128	1,824
Dramatics	2,915		1,452	379	3,988
Music - H.S.	(670)		94	85	(661)
Music - M.S.	(690)			1,738	(2,428)
Flag Core	(1,641)		109	1,557	(3,089)
Cheerleaders	5,975		23,471	30,133	(687)
H.S. Band	11,484		3,797	5,929	9,352
M.S. Band	2,360		55	1,090	1,325
Drum Line	1,942			1,134	808
Choir	(7,418)		35,287	34,246	(6,377)
Class of 2016	668		203	778	93
Class of 2017	1,309		896	1,459	746
Class of 2018	389		1,079	8	1,460
Class of 2019	(1,735)		1,735		
Dance Team	3,069		7,605	8,695	1,979
Faculty Fund - H.S.	5,003		11	48	4,966
Faculty Fund - M.S.	10				10
FBLA	901		4		905
German Club	8,744		20		8,764
Homesteader	906		19,706	8,896	11,716
Key Club	1,812		1,724	2,294	1,242
Forensic League	17		2		19
Orchestra	8,174		757		8,931
National Honor Society	(407)		2,050	652	991

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN CASH BALANCES  
 (UNAUDITED)  
 YEAR ENDED AUGUST 31, 2016

ACTIVITIES FUNDS	Balance 9/1/15	Transfers	Receipts	Disburse- ments	Balance 8/31/16
<b>SCHOOL ACTIVITY FUNDS (Continued)</b>					
Student Council - H.S.	(20,836)		15,815	6,473	(11,494)
Student Council - M.S.	2,046		2,448	2,906	1,588
FCCLA	2,799		6		2,805
VICA	1,237		298		1,535
SADD	849		4		853
Greenhouse	11,815		7,456	7,244	12,027
Science Club	8,221		13,934	14,665	7,490
Fellowship of Christian Athletes	141				141
H.S. Power Drive Electric	415		2,461	3,179	(303)
H.S. Spirit Club	(334)				(334)
H.S. Leadership Fund	14		1,999	2,167	(154)
Technology Club				1,096	(1,096)
Courtesy Fund	374		1,790	540	1,624
Total school activity funds	<u>380,062</u>		<u>545,998</u>	<u>535,534</u>	<u>390,526</u>
Totals for Activities Funds	<u>864,363</u>		<u>944,354</u>	<u>917,256</u>	<u>891,461</u>
<b>BUDGET FOR ACTIVITIES FUNDS</b>			<u>1,000,000</u>	<u>2,047,421</u>	
<b>FLEX BENEFIT FUND</b>					
Totals for Flex Benefit Fund	<u>58,665</u>		<u>167,249</u>	<u>165,580</u>	<u>60,334</u>

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beatrice Public Schools District No. 15, Beatrice, Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Item 2016-002, which is described in the accompanying schedule of findings and questioned costs, was noted regarding the Nebraska Budget Act.

### Beatrice Public Schools District No. 15, Beatrice, Nebraska's Response to Findings

Beatrice Public Schools District No. 15, Beatrice, Nebraska's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Beatrice Public Schools District No. 15, Beatrice, Nebraska'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 entity'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.

Dana F Cole + Company, LLP

Lincoln, Nebraska  
November 2, 2016



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

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

To the Board of Education  
Beatrice Public Schools District No. 15  
Beatrice, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Beatrice Public Schools District No. 15, Beatrice, Nebraska's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Beatrice Public Schools District No. 15, Beatrice, Nebraska's major federal programs for the year ended August 31, 2016. Beatrice Public Schools District No. 15, Beatrice, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of Beatrice Public Schools District No. 15, Beatrice, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Beatrice Public Schools District No. 15, Beatrice, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Beatrice Public Schools District No. 15, Beatrice, Nebraska's compliance.



### *Opinion on Each Major Federal Program*

In our opinion, Beatrice Public Schools District No. 15, Beatrice, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

### **Report on Internal Control Over Compliance**

Management of Beatrice Public Schools District No. 15, Beatrice, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Beatrice Public Schools District No. 15, Beatrice, Nebraska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beatrice Public Schools District No. 15, Beatrice, Nebraska's internal control over compliance.

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

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

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

*Dana F Cole + Company, LLP*

Lincoln, Nebraska  
November 2, 2016

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
 BEATRICE, NEBRASKA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED AUGUST 31, 2016

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: \_\_\_ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses: X Yes \_\_\_ None reported

Noncompliance matter to the financial statements disclosed: X Yes \_\_\_ No

Federal Awards

Internal control over major programs:

Material weakness identified: \_\_\_ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses: \_\_\_ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a): \_\_\_ Yes X No

Identification of major programs:

Title I Program	84.010
Child Nutrition Cluster	10.555 / 10.559

Dollar threshold used to distinguish between type A and type B programs: \$750,000

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2016

SECTION I. SUMMARY OF AUDITORS' RESULTS (Continued)

Auditee qualified as a low-risk auditee:  Yes  No

SECTION II. FINANCIAL STATEMENT FINDINGS

2016-001 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT  
PREPARATION AND REVIEW

Criteria

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with the cash basis of accounting.

Condition and Context

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

Cause

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

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the District's internal control.

Recommendation

We recommend that the District review and approve the proposed auditor adjusting entries and the adequacy of financial statement disclosures prepared by the auditors and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2016

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2016-001 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT  
PREPARATION AND REVIEW (Continued)

District's Response

The District relies on the auditor to propose the adjustments necessary to prepare the financial statements, including the related disclosures. The District reviews such financial statements.

2016-002 BUDGET COMPLIANCE

Criteria

The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures.

Condition and Context

The District had expenditures in the Qualified Capital Purpose Undertaking Fund of \$3,373,575 which exceeded budgeted expenditures of \$425,035 in this fund.

Cause

Management did not amend the budget to allow for an increase in expenditures in excess of the original budget.

Effect

The District should follow procedures required by the Nebraska Budget Act.

Recommendation

Management should amend the budget document before funds are expended in excess of the appropriated expenditures of that fund.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2016

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2016-002 BUDGET COMPLIANCE (Continued)

Views of Responsible Officials and Planned Corrective Action

The expenditures were higher than projected for the Qualified Capital Purpose Undertaking Fund primarily due to higher debt service and the payment of the refinancing of the District's Series 2010, Build America Bonds. The District will continue to monitor disbursements in the future.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

BEATRICE PUBLIC SCHOOLS DISTRICT NO. 15  
BEATRICE, NEBRASKA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2016

The prior audit findings are as follows:

FINANCIAL STATEMENT FINDINGS

2015-001 FINANCIAL REPORTING PROCESS

Management lacked the ability to prepare the financial statements in accordance with the cash basis of accounting. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. We recommended that the District review and approve the proposed auditor adjusting journal entries and the adequacy of financial statement disclosures prepared by the auditors and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management. This is a continuing finding, as noted in the schedule of findings and questioned costs as item 2016-001, and is considered to be a significant deficiency for the year ended August 31, 2016.

