



**STATE OF NEBRASKA**  
Nebraska Educational Telecommunications Commission

Television • Radio • Learning Services • Technology Services

CHAIR: Clay Smith, Lincoln

VICE-CHAIR: J. Richard Shoemaker, Cambridge

SECRETARY: Mark Leonard, Lincoln

COMMISSIONERS: Dennis Baack, Lincoln

Ken Bird, Omaha

Matt Blomstedt, Lincoln

Kim Dinsdale, Grand Island

Curt Frye, Wayne

Patricia Kircher, Omaha

Fred Ohles, Lincoln

Darlene Starman, Lincoln

Dara Troutman, Lincoln

November 24, 2014

TO: Nebraska Educational Telecommunications Commissioners

Enclosed for your review are the minutes of Meeting #443, reports and a preliminary agenda for our Thursday, December 4, 2014 Commission public meeting.

The meeting will begin at 9:30 a.m. at NET, 1800 No. 33<sup>rd</sup>, Lincoln, Nebraska, 1<sup>st</sup> Floor Board Room.

We look forward to meeting with you on the 4<sup>th</sup>.

**Note: The Finance Committee (Dick Shoemaker, Clay Smith and Darlene Starman) will meet at 8:30 a.m. in the Lobby Conference Room.**

Sincerely,

Mark Leonard  
Secretary

**MEETING #444**  
**Nebraska Educational Telecommunications Commission**  
Nebraska Educational Telecommunications Center  
1800 No. 33<sup>rd</sup> Street-Lincoln, NE  
**December 4, 2014**  
**9:30 A.M.**  
**AGENDA**

CALL TO ORDER  
ROLL CALL  
PUBLIC COMMENT PERIOD

I. COMMISSION CONSENT AGENDA

1. Approve Minutes of Meeting #443

II. COMMISSION ADMINISTRATIVE AGENDA

2. *1<sup>st</sup> Quarter Budget Report (Randy Hansen)*
3. *June 30, 2014 BKD Audit Report (Randy Hansen)*
4. *Resolution on Diversity (Michael Winkle)*
5. *Resolution on political/commercial usage of video from State Capitol (Michael Winkle)*
6. *Appoint Nominating Committee (Clay Smith)*

III. COMMISSION STRATEGIC AGENDA

IV. COMMISSION INFORMATION AGENDA

7. NET Content Report – *David Feingold*
8. UNO Report – *Jim Adams*
9. NET Education Update– *Gary Targoff*
10. NET Engineering Report – *Ling Ling Sun*
11. Secretary's Report – *Mark Leonard*
  - Status of UNO Tower discussions
  - Impact of Spectrum auction and ATSC 3.0

V. ADDITIONAL BUSINESS

- 2015 Meeting Dates

ADJOURNMENT

**2015 MEETING SCHEDULE**

- February 19 – NET/Videoconference Meeting
- June 25 – NET
- August 27 – NET
- December 3 -- NET

Minutes of Meeting #443  
Nebraska Educational Telecommunications Commission  
Nebraska Educational Telecommunications Center  
1800 No. 33<sup>rd</sup> Street  
Lincoln, Nebraska  
August 28, 2014

PRESENT: Commissioner Dennis Baack  
Commissioner Ken Bird  
Commissioner Curt Frye  
Commissioner Patty Kircher  
Commissioner Fred Ohles  
Commissioner Clay Smith  
Commissioner Darlene Starman  
Commissioner Dara Troutman

ABSENT: Commissioner Matt Blomstedt  
Commissioner Kim Dinsdale  
Commissioner Dick Shoemaker

Advance notice of the public meeting was sent to Nebraska news media by means of a news release forwarded from the Commission office with Agenda posted in the NET Lobby and on the State and NET web sites. LB 898 (related to Open Meetings Act) is also posted in the NET Board Room on 1<sup>st</sup> floor.

Chair Clay Smith called meeting #443 to order at 9:37 a.m.

Following the call of the roll, it was determined that a duly constituted quorum of Commissioners to be present.

The Chair called for public comment. There was none.

The Chair next requested approval of the minutes of meeting #442 as held on June 19, 2014. It was moved by Commissioner Frye and seconded by Commissioner Ohles to approve minutes of meeting #442 as presented. Motion was approved by acclamation.

AGM-Administration & Finance Randy Hansen presented the 4<sup>th</sup> quarter budget report for period ending June 30, 2014 for both the Television and Radio Divisions. The Finance Committee met prior to the meeting to review the report in greater detail. It was moved by Commissioner Baack and seconded by Commissioner Starman to approve the 4<sup>th</sup> quarter budget reports as presented and attached to the minutes. Roll call vote was recorded as follows: voting aye: Commissioners Baack, Bird, Frye, Kircher, Ohles, Smith, Starman and Troutman; Absent: Commissioners Blomstedt, Dinsdale and Shoemaker. Motion approved.

AGM-Administration & Finance Hansen reviewed the FY 2015 Television Capital Equipment List. Within the television operational budget is a line item for \$750,000. This line item is for capital purchases of systems required to either maintain or enhance the capabilities of the television infrastructure and equipment. The list is decided on by a committee consisting of the Assistant Directors of Engineering (Transmissions/Network Operations, Maintenance, Information Technology and Information Systems), a representative from the TV Production Department, Director of Media Services, Assistant General Manager of Operations and the

Assistant General Manager for Technology. It is based on agreed upon prioritized needs in the system. This year the priority for item selection was as follows: 1) items that need immediate replacement to keep the current level of service; 2) items that affect the enterprise as a whole; 3) items that will have a long term impact on operations within a specific department; and, 4) all other items.

AGM-Administration & Finance Hansen next reviewed the FY 2015 Radio Capital Equipment List. Within the Radio operational budget is a line item for \$52,000. This line item is for capital purchases of systems required to either maintain or enhance the capabilities of the Radio infrastructure and equipment. The list is decided on by a committee consisting of the Assistant Directors of Engineering (Transmissions/Network Operations, Maintenance, Information Technology and Information Systems), several representatives from the Radio Department, Assistant General Manager of Operations and the Assistant General Manager for Technology. It is based on agreed upon prioritized needs in the system. This year the priority for item selection was as follows: 1) items that need immediate replacement to keep the current level of service; 2) items that affect the enterprise as a whole; 3) items that will have a long term impact on operations with a specific department; and, 4) all other items.

Following discussion, it was moved by Commissioner Frye and seconded by Commissioner Baack to approve the 2015 Television capital equipment list. Roll call vote was recorded as follows: voting aye: Commissioners Baack, Bird, Frye, Kircher, Ohles, Smith, Starman and Troutman; Absent: Commissioners Blomstedt, Dinsdale and Shoemaker. Motion approved.

It was moved by Commissioner Ohles and seconded by Commissioner Frye to approve the 2015 Radio capital equipment list. Roll call vote was recorded as follows: voting aye: Commissioners Baack, Bird, Frye, Kircher, Ohles, Smith, Starman and Troutman; Absent: Commissioners Blomstedt, Dinsdale and Shoemaker. Motion approved.

AGM-Administration & Finance Hansen presented the FY 2016 and FY 2017 Biennial Budget request which needs to be submitted to the State of Nebraska by September 15, 2014. It was moved by Commissioner Starman and seconded by Commissioner Frye to approve the FY 2016 and FY 2017 Biennial budget (as amended) operating request of \$10,391,006 for FY 2016 and \$10,536,506 for FY 2017, including new request issues totaling \$212,536 for FY 2016 and \$145,500 for FY 2017. Also, to approve the FY 2016 and FY 2017 Biennial Budget 5% modification list totaling \$492,036 for the current base budget, plus \$212,536 for FY 2016 new general fund request issues and \$145,500 for FY 2017 new general fund request issues. Roll call vote was recorded as follows: voting aye: Commissioners Baack, Bird, Frye, Kircher, Ohles, Smith, Starman and Troutman; Absent: Commissioners Blomstedt, Dinsdale and Shoemaker. Motion approved.

AGM-Administration & Finance Hansen next reviewed the State Audit report for calendar year ending December 31, 2013. The State Auditors performed a review of the financial statements of the Nebraska Educational Telecommunications Commission for the calendar year ended December 31, 2014, including a review of the internal control environment. The State Auditors gave an opinion on the Commission's December 31, 2013 calendar year financial statements plus provided a management letter related to certain findings during their review of the internal control environment. Following discussion, it was moved by Commissioner Bird and seconded by Commissioner Frye that the Commission accept and place on file the State Auditors' report issued on July 8, 2014 on the Commission's financial statements and internal control environment for the calendar year ended December 31, 2013. Roll call vote was recorded as follows: voting aye: Commissioners Baack, Bird, Frye, Kircher, Ohles, Smith, Starman and Troutman; Absent: Commissioners Blomstedt, Dinsdale and Shoemaker. Motion approved.

Chairman Smith requested a volunteer to be a lay representative to the Association of Public Television Stations (APTS) representing the Commission. Commissioner Ohles volunteered to replace lay delegate Steve Seline. Commissioner Clay Smith is the other lay representative to APTS for NETC.

Todd Gray, the Washington, DC attorney from Gray, Miller and Pershing joined the NETC meeting via teleconference to report on the FCC Spectrum re-allocation. Todd gave an overview regarding the spectrum re-allocation and any potential implications for NET.

AGM-Content David Feingold reviewed activities of NET Television and Radio including *Nebraska Land & Sky* documentary that was funded in part by Nebraska Tourism and the Nebraska Game & Parks Commission. Clips from *Brain Injury: Concussion Recognition and Management* were shown which will be broadcast on October 14. *The Homecoming: Impact of Nebraska Veterans* will be broadcast November 10 at 9:00 pm. Two potential controversial programs are *POV After Tiller* to be broadcast on September 1 at 10:00 pm and *The Act of Killing*.

Commissioner Ohles left the meeting at 11:10 a.m.

Jim Adams, Assistant General Manager of University of Nebraska-Omaha Television reported on activities at UNO-Television including the weekly program of *Consider This*.

Commissioner Bird left the meeting at 11:22 a.m.

AGM-Education Gary Targoff reviewed Interactive and Educational Media projects in development or planning, Early Childhood Education (Ready to Learn/NET Kids) events and Community Engagement/Educational Outreach activities.

The NET Engineering report was included in the mailing. Appreciation was expressed to Bob Huber for his service over the past year as Interim AGM for Technology. The new Chief Technology Officer, Ling Ling Sun will join the staff on September 8. She comes to NET from WOUB Public Broadcasting, the public television and radio service of Ohio State in Columbus, Ohio where she was Chief Engineer.

Secretary Leonard reviewed the NET Diversity statement. It is necessary to certify that NETC has reviewed and received feedback accordingly and that NET is in compliance with all Corporation of Public Broadcasting (CPB) requirements. This will be on the agenda as an action item at the Commission's December meeting.

The NET Open House event was held on August 24 with more than 185 people touring the facility. The Nebraska State Fair chose NET, UNL Extension and the U.S. Meant Animal Research Center as recipients of this year's Milestone Partner Awards during opening ceremonies on August 22.

The following dates for 2015 were reviewed: February 19 (Videoconference Meeting), June 25, August 27 and December 3. Commissioners were requested to add these meetings to their 2015 calendars.

The Chair next called for New Business. Chairman Smith noted that the dinner for the Ron Hull Studio dedication and video tribute were outstanding and very well received.

Being no further business, Chairman Smith called for a motion to adjourn the meeting. It was moved by Starman and seconded by Frye to adjourn meeting #443 at 11:40 a.m. Motion approved by acclamation.

Respectfully submitted,

Mark Leonard  
Secretary

**NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION**  
**Television Division**  
**June 30, 2014**

	YTD Budget	YTD Actual	\$Diff	%Diff	Prior Year YTD Actual	\$Diff	%Diff
<b>TELEVISION DIVISION</b>							
Personnel Expenses	858,000	767,083	(90,917)	-11%	757,301	9,783	1%
Insurance	37,000	37,113	113	0%	33,339	3,775	11%
<b>TOTAL TELEVISION DIVISION</b>	<b>895,000</b>	<b>804,196</b>	<b>(90,804)</b>	<b>-10%</b>	<b>790,639</b>	<b>13,557</b>	<b>2%</b>
<b>GENERAL MANAGEMENT</b>							
Personnel Expenses	91,000	89,833	(1,167)	-1%	100,406	(10,573)	-11%
Other Operational Expense	6,000	9,825	3,825	64%	39,163	(29,338)	-75%
<b>TOTAL GENERAL MANAGEMENT</b>	<b>97,000</b>	<b>99,659</b>	<b>2,659</b>	<b>3%</b>	<b>139,569</b>	<b>(39,911)</b>	<b>-29%</b>
<b>ADMIN &amp; FINANCE</b>							
Personnel Expenses	247,000	246,150	(850)	0%	240,119	6,031	3%
Memberships	50,000	47,924	(2,076)	-4%	49,582	(1,658)	-3%
Utilities	515,000	546,688	31,688	6%	509,949	36,739	7%
Maintenance & Repair & Supplies	38,000	45,078	7,078	19%	38,014	7,064	19%
Communication Expense	68,000	64,372	(3,628)	-5%	67,363	(2,992)	-4%
Professional Fees	34,600	23,493	(11,107)	-32%	18,427	5,067	27%
Insurance	64,000	57,601	(6,399)	-10%	59,797	(2,196)	-4%
Other Operational Expense	11,906	12,091	185	2%	12,267	(176)	-1%
Grants to Station/Partner	210,672	210,672	0	0%	210,672	0	0%
UNLT&COMM Contract Serv	183,300	180,790	(2,510)	-1%	175,104	5,686	3%
<b>TOTAL ADMIN &amp; FINANCE</b>	<b>1,422,478</b>	<b>1,434,858</b>	<b>12,380</b>	<b>1%</b>	<b>1,381,293</b>	<b>53,565</b>	<b>4%</b>
<b>PROGRAMMING</b>							
Personnel Expenses	251,200	252,312	1,112	0%	244,126	8,186	3%
PBS Member Dues & Fees	225,000	225,000	0	0%	225,000	0	0%
Maintenance & Repair & Supplies	9,100	6,099	(3,001)	-33%	5,463	636	12%
Program Acquisition&Fees	120,000	148,862	28,862	24%	111,235	37,627	34%
Other Operational Expense	72,900	62,420	(10,480)	-14%	70,629	(8,210)	-12%
<b>TOTAL PROGRAMMING</b>	<b>678,200</b>	<b>694,692</b>	<b>16,492</b>	<b>2%</b>	<b>656,453</b>	<b>38,238</b>	<b>6%</b>
<b>TOTAL PRODUCTION</b>							
Personnel Expenses	222,000	230,215	8,215	4%	0	230,215	100%
Maintenance & Repair & Supplies	47,500	53,385	5,885	12%	43,442	9,943	23%
Other Operational Expense	104,400	94,679	(9,721)	-9%	60,225	34,454	57%
UNLT Production Services	460,000	460,000	0	0%	460,000	0	0%
UNLT&COMM Contract Serv	1,029,000	1,017,461	(11,539)	-1%	987,301	30,160	3%
<b>TOTAL PRODUCTION</b>	<b>1,862,900</b>	<b>1,855,740</b>	<b>(7,160)</b>	<b>0%</b>	<b>1,550,968</b>	<b>304,772</b>	<b>20%</b>

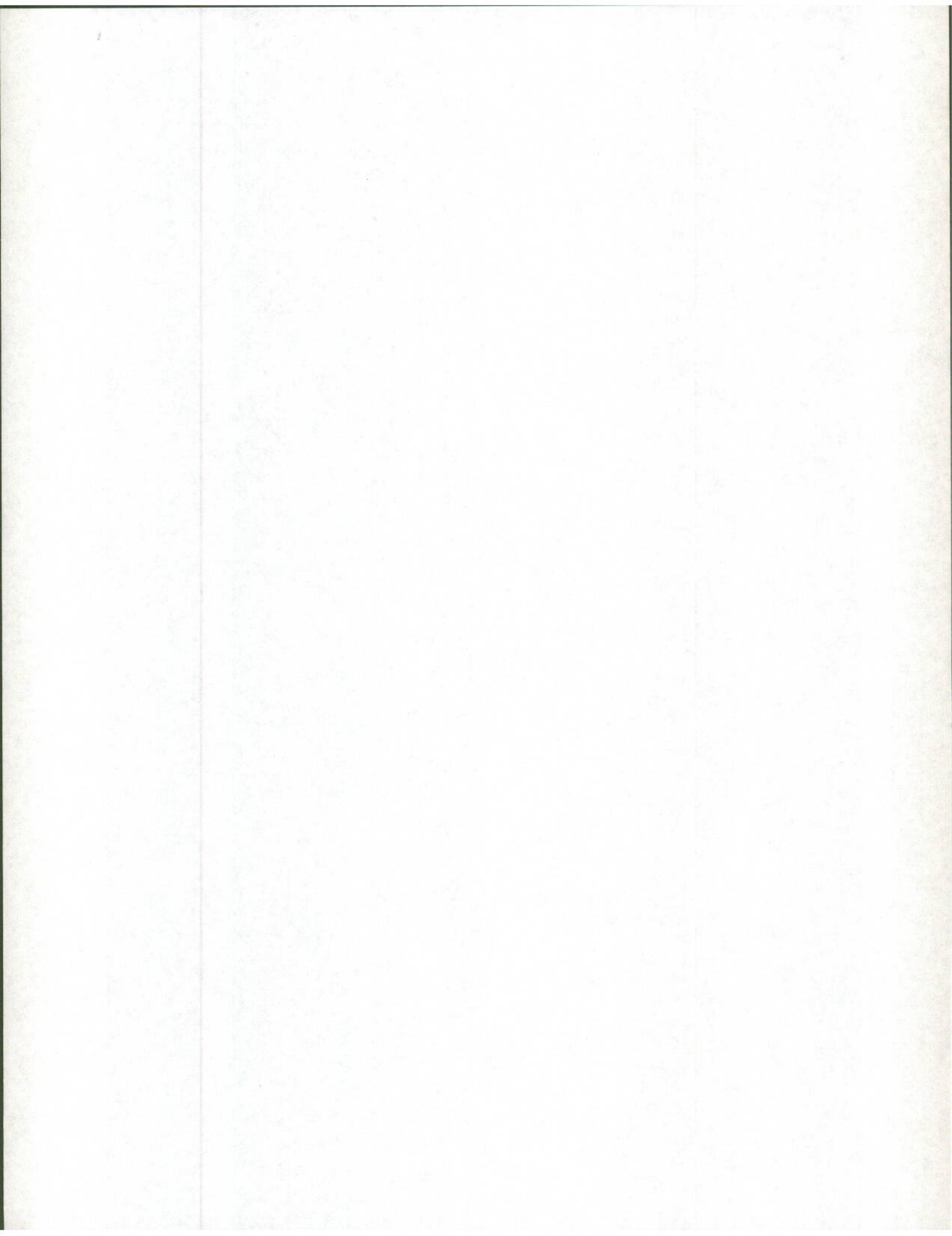
**NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION**  
**Television Division**  
**June 30, 2014**

	YTD Budget	YTD Actual	\$Diff	%Diff	Prior Year YTD Actual	\$Diff	%Diff
<b>ENGINEERING</b>							
Personnel Expenses	1,842,000	1,616,764	(225,236)	-12%	1,934,943	(318,179)	-16%
Utilities	387,000	417,470	30,470	8%	413,269	4,201	1%
Maintenance & Repair & Supplies	421,200	379,396	(41,804)	-10%	439,668	(60,273)	-14%
Communication Expense	241,700	288,307	46,607	19%	286,875	1,432	0%
Other Operational Expense	75,000	68,790	(6,210)	-8%	95,754	(26,964)	-28%
Travel & Registrations	139,100	145,687	6,587	5%	123,884	21,803	18%
<b>TOTAL ENGINEERING</b>	<b>3,106,000</b>	<b>2,916,414</b>	<b>(189,586)</b>	<b>-6%</b>	<b>3,294,393</b>	<b>(377,979)</b>	<b>-11%</b>
<b>COMMUNICATION SRVC</b>							
Other Operational Expense	15,000	12,425	(2,575)	-17%	15,652	(3,227)	-21%
<b>TOTAL COMMUNICATION SRVC</b>	<b>15,000</b>	<b>12,425</b>	<b>(2,575)</b>	<b>-17%</b>	<b>15,652</b>	<b>(3,227)</b>	<b>-21%</b>
<b>MGMT INFO SERVICES</b>							
Personnel Expenses	0	0	0	0%	44,485	(44,485)	-100%
Maintenance & Repair & Supplies	158,000	135,599	(22,401)	-14%	125,699	9,900	8%
Other Operational Expense	60,500	35,723	(24,777)	-41%	27,466	8,257	30%
<b>TOTAL MGMT INFO SERVICES</b>	<b>218,500</b>	<b>171,322</b>	<b>(47,178)</b>	<b>-22%</b>	<b>197,650</b>	<b>(26,328)</b>	<b>-13%</b>
<b>MEDIA MANAGEMENT</b>							
Personnel Expenses	200,600	202,347	1,747	1%	291,342	(88,995)	-31%
Maintenance & Repair & Supplies	9,500	17,608	8,108	85%	9,769	7,839	80%
Other Operational Expense	1,400	1,783	383	27%	4,616	(2,833)	-61%
<b>TOTAL MEDIA MANAGEMENT</b>	<b>211,500</b>	<b>221,738</b>	<b>10,238</b>	<b>5%</b>	<b>305,726</b>	<b>(83,988)</b>	<b>-27%</b>
<b>BUILDING MAINTENANCE</b>							
Maintenance & Repair & Supplies	197,000	238,025	41,025	21%	194,916	43,109	22%
Other Operational Expense	7,900	8,800	900	11%	9,703	(904)	-9%
UNLT&COMM Contract Serv	89,400	88,849	(551)	-1%	102,596	(13,746)	-13%
<b>TOTAL BUILDING MAINTENANCE</b>	<b>294,300</b>	<b>335,674</b>	<b>41,374</b>	<b>14%</b>	<b>307,215</b>	<b>28,459</b>	<b>9%</b>
<b>CAPITAL EXPENSE</b>							
Capital Expense	750,000	700,081	(49,919)	-7%	843,779	(143,699)	-17%
<b>TOTAL CAPITAL EXPENSE</b>	<b>750,000</b>	<b>700,081</b>	<b>(49,919)</b>	<b>-7%</b>	<b>843,779</b>	<b>(143,699)</b>	<b>-17%</b>
<b>TOTAL TELEVISION DIVISION</b>	<b>9,550,878</b>	<b>9,246,800</b>	<b>(304,078)</b>	<b>-3%</b>	<b>9,483,340</b>	<b>(236,540)</b>	<b>-2%</b>



**NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION**  
**RADIO DIVISION**  
 June 30, 2014

	YTD Budget	YTD Actual	\$DIFF	%DIFF	Prior Year YTD Actual	\$DIFF	%DIFF
<b>RADIO DIVISION</b>							
Personnel Expenses	43,100	28,455	(14,645)	-34%	34,929	(6,473)	-19%
Insurance	3,900	3,413	(487)	-12%	3,922	(509)	-13%
<b>TOTAL RADIO DIVISION</b>	<b>47,000</b>	<b>31,868</b>	<b>(15,132)</b>	<b>-32%</b>	<b>38,851</b>	<b>(6,983)</b>	<b>-18%</b>
<b>NETWORK MANAGEMENT</b>							
Personnel Expenses	84,200	84,483	283	0%	82,308	2,175	3%
Communication Expense	5,400	5,721	321	6%	5,523	198	4%
<b>TOTAL NETWORK MANAGEMENT</b>	<b>89,600</b>	<b>90,204</b>	<b>604</b>	<b>1%</b>	<b>87,830</b>	<b>2,373</b>	<b>3%</b>
<b>ADMIN &amp; FINANCE</b>							
Operational Expense	6,181	5,284	(897)	-15%	8,476	(3,192)	-38%
<b>TOTAL ADMIN &amp; FINANCE</b>	<b>6,181</b>	<b>5,284</b>	<b>(897)</b>	<b>-15%</b>	<b>8,476</b>	<b>(3,192)</b>	<b>-38%</b>
<b>PROGRAMMING</b>							
Personnel Expenses	89,200	54,971	(34,229)	-38%	87,966	(32,994)	-38%
Program Acquisitions	22,000	22,000	0	0%	22,000	0	0%
Other Operational Expense	3,000	6,403	3,403	113%	25,000	(18,597)	-74%
<b>TOTAL PROGRAMMING</b>	<b>114,200</b>	<b>83,375</b>	<b>(30,825)</b>	<b>-27%</b>	<b>112,966</b>	<b>(29,591)</b>	<b>-26%</b>
<b>ENGINEERING</b>							
Utilities	123,000	133,612	10,612	9%	130,375	3,237	2%
Maintenance & Repair & Supplies	34,300	17,269	(17,031)	-50%	16,950	319	2%
Equip/Building/Tower Rent	22,400	20,206	(2,195)	-10%	22,985	(2,780)	-12%
Other Operational Expense	2,800	3,009	209	7%	7,787	(4,778)	-61%
<b>TOTAL ENGINEERING</b>	<b>182,500</b>	<b>174,096</b>	<b>(8,404)</b>	<b>-5%</b>	<b>178,098</b>	<b>(4,002)</b>	<b>-2%</b>
<b>COMMUNICATION SRVC</b>							
Other Operational Expense	1,400	2,004	604	43%	1,630	374	23%
<b>TOTAL COMMUNICATION SRVC</b>	<b>1,400</b>	<b>2,004</b>	<b>604</b>	<b>43%</b>	<b>1,630</b>	<b>374</b>	<b>23%</b>
<b>CAPITAL PURCHASE</b>							
Capital Expense	52,000	49,691	(2,309)	-4%	53,723	(4,031)	-8%
<b>TOTAL CAPITAL PURCHASE</b>	<b>52,000</b>	<b>49,691</b>	<b>(2,309)</b>	<b>-4%</b>	<b>53,723</b>	<b>(4,031)</b>	<b>-8%</b>
<b>TOTAL RADIO DIVISION</b>	<b>492,881</b>	<b>436,522</b>	<b>(56,359)</b>	<b>-11%</b>	<b>481,574</b>	<b>(45,051)</b>	<b>-9%</b>



PROPOSED COMMISSION ACTION

DATE: December 4, 2014

SUBJECT: BKD LLP Independent Auditors' Report for June 30, 2014

EXPLANATION:

BKD performed the audit of the combined statements for the Nebraska Educational Telecommunications Commission, the Nebraska Educational Telecommunications Commission Facilities Corporation and the NET Foundation for Radio. The period included in the audit was the fiscal year ended June 30, 2014. A copy of the report and the related management letter is included for your review.

RECOMMENDED ACTION:

It is recommended that the Commission accept and place on file the BKD report on the Commission's combined financial statements and related management letter for the fiscal year ended June 30, 2014.

Commissioners and Management  
Nebraska Educational Telecommunications Commission  
Lincoln, Nebraska

As part of our audit of the financial statements of Nebraska Educational Telecommunications Commission, an Instrumentality of the State of Nebraska, as of and for the year ended June 30, 2014, we wish to communicate the following to you.

## AUDIT SCOPE AND RESULTS

### Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

### Qualitative Aspects of Significant Accounting Policies and Practices

#### Significant Accounting Policies

The Commission's significant accounting policies are described in Note 1 of the audited financial statements.

#### Alternative Accounting Treatments

No matters are reportable.

#### Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The calculation of contributed support involves significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates.

Financial Statement Disclosures

The following area involves particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition

**Audit Adjustments**

No matters are reportable.

**Auditor's Judgments About the Quality of the Commission's Accounting Principles**

No matters are reportable.

**Other Material Written Communication**

Listed below is another material written communication between management and us related to the audit:

- Management representation letter (attached)

**OTHER MATTER**

We offer the following comment and suggestion with respect to a matter that came to our attention during the course of the audit of the financial statements. We can discuss this matter further at your convenience and may provide implementation assistance for changes.

**Governmental Accounting Standards Board Statement No. 68**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27*. This Statement improves the accounting and financial reporting by state and local governments for pensions by revising certain measurement and disclosure requirements with the intent of providing decision-useful information, supporting assessments of accountability and inter-period equity, and enhancing transparency. Governments with pensions need to closely evaluate the impact of this Standard, as the revisions outlined by GASB may require many governments to recognize a much larger pension liability than is currently being reported.

As an Instrumentality of the State of Nebraska, the Commission will be required to apply the guidance for cost-sharing employers in its stand-alone financial statements, including recognizing its proportionate share of the collective net pension liability for the State's cash benefit plan. We recommend the Commission contact the Public Employees Retirement Systems to determine procedures for implementing the Standard in the Commission's stand-alone financial statements.

Statement 68 is effective for the fiscal year ending June 30, 2015.

\* \* \* \*

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

BKD, LLP

November 19, 2014



# STATE OF NEBRASKA

Nebraska Educational Telecommunications Commission

Television • Radio • Learning Services • Technology Services

CHAIR: Ken Bird, Omaha  
VICE-CHAIR: Clay Smith, Lincoln  
SECRETARY: Mark Leonard, Lincoln

COMMISSIONERS: Dennis Baack, Lincoln  
Matt Blomstedt, Lincoln  
Kim Dinsdale, Grand Island

Curt Frye, Wayne  
Fred Ohles, Lincoln  
Steve Seline, Omaha

J. Richard Shoemaker, Cambridge  
Darlene Starnan, Lincoln  
Dara Troutman, Lincoln

November 19, 2014

**BKD, LLP**  
Certified Public Accountants  
1248 "O" Street, Suite 1040  
Lincoln, Nebraska 68508

We are providing this letter in connection with your audits of our financial statements as of and for the years ended June 30, 2014 and 2013. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated May 14, 2014, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
  - (d) All minutes of meetings of the governing body held through the date of this letter.
  - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
  - (a) Misappropriation of assets.
  - (b) Misrepresented or misstated assets, liabilities or net position.
8. We have no knowledge of any known or suspected:
  - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
  - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission received in communications from employees, customers, donors, regulators, suppliers or others.
10. We have disclosed to you the identity of the Commission's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other.



The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

11. Except as reflected in the financial statements, there are no:
  - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
  - (b) Material transactions omitted or improperly recorded in the financial statements.
  - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
  - (e) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the Commission is contingently liable.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
14. Adequate provisions and allowances have been accrued for any material losses from:
  - (a) Uncollectible receivables.
  - (b) Purchase commitments in excess of normal requirements or above prevailing market prices.
15. Except as disclosed in the financial statements, we have:
  - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

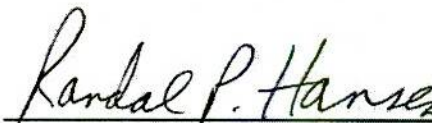
- (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
16. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
17. With regard to deposit and investment activities:
- (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
  - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
18. With respect to any nonattest services you have provided us during the year, including preparation of draft financial statements and related notes:
- (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
  - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
19. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
20. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been

prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

21. With regard to supplementary information:
- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
  - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
  - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
22. We believe the NET Foundation for Radio is properly shown as a blended component unit of the Commission.



Mark Leonard, General Manager



Randal P. Hansen, Assistant General  
Manager - Administration and Finance



Roxanne McIntyre, TV Fiscal Officer

PROPOSED COMMISSION ACTION

DATE: December 4, 2014

SUBJECT: NETC resolution on diversity

EXPLANATION:

The Corporation for Public Broadcasting (CPB) requires every station to have a diversity policy, approved by its governance board, posted to its website. This one of the compliance requirements for receiving an annual community service grant (CSG) from CPB.

RECOMMENDED ACTION:

It recommended that Nebraska Educational Telecommunications Commission pass the following resolution:

**Diversity**

WHEREAS, the State of Nebraska is becoming more diverse in many ways, including race, ethnicity, and cultural interests, Nebraska Educational Telecommunications Commission has a responsibility to provide programming and services that promote and foster access, opportunity and success necessary if our state and its people are to prosper;

BE IT THEREFORE RESOLVED, on December 4, 2014 that:

Nebraska Educational Telecommunications (NET) is committed to ensuring that its workforce and governing boards reflect the diversity found in the communities it serves. Central to NET's mission, vision and values is maintaining a governing and workplace environment which recognizes and celebrates the power of diversity in accordance to University of Nebraska and/or State of Nebraska policies. NET strives to create and foster a supportive environment in which all individuals can be successful and reach his or her full potential within the organization.

NET seeks a diverse workforce and governing body through distinct personalities and capabilities of each individual within the group. On a personal level, the diversity of an individual is defined by his or her cultural and personal differences, as well as life and professional experiences.

NET believes that diversity considerations extend beyond race and gender. The spectrum of diversity also includes disability, religious belief, age, culture, sexual orientation, physicality, education and socio-economic status.

PROPOSED COMMISSION ACTION

DATE: December 4, 2014

SUBJECT: NETC resolution on usage of Legislative and State Government video

EXPLANATION:

In October 2014, representatives from the Clerk of the Legislature's Office inquired whether NET had a policy on usage of video originating from the Capitol or other government services. An informal ban on commercial and political usage has been expressed by staff for many years. But, in light of these inquiries, staff believes it is more appropriate for the Commission to take a formal position.

RECOMMENDED ACTION:

It recommended that Nebraska Educational Telecommunications Commission pass the following resolution:

**Usage of Legislative and State Government video**

WHEREAS, the State of Nebraska has funded and directed NET to broadcast and stream legislative sessions and hearings; Supreme and Appellate Court proceedings; State Board of Education monthly meetings, and other state government content for purposes of access and transparency of state government activities, and for public information purposes available to all Nebraska citizens:

BE IT THEREFORE RESOLVED, on December 4, 2014 that:

All Nebraska Legislature and State Government video content provided by the NET, on behalf of the Nebraska Educational Telecommunications Commission and the State of Nebraska, is prohibited for political or commercial purposes.

Commercial use includes using state government content to promote or represent a for-profit business or brand. Political use includes lobbying and advocacy. This includes the dissemination, in any way, for the purpose of influencing the election or nomination for election of any individual to federal, state or local office; for the purpose of influencing the recall from or retention in office of an individual holding a federal, state or local office; for the purpose of influencing a particular vote on a referendum; and for the purpose of influencing public opinion on matters of public policy.

This prohibition applies to any current or future distribution platforms, including political events, rallies, and fundraisers; broadcast television, on line internet video, social and mobile media.

**2015 NETC Meetings**

February 19 (Videoconference)

June 25

August 27

December 3