

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## LEARNING COMMUNITY COORDINATING COUNCIL

### AGENDA

June 20, 2019 – 6:00 p.m.

Learning Community Center of North Omaha, 1612 N. 24<sup>th</sup> Street  
Omaha, NE

1. Call Meeting to Order/Pledge of Allegiance
2. Public Notice and Compliance with Open Meetings Act
3. Roll Call
4. Approval of Council Minutes May 16, 2019
5. Reports
  - a) Chair
    - i. Proposed 2020 LCCC/Executive Committee Calendar
  - b) Treasurer
    - i. **Action Item:** Accept Treasurer's Report dated May 31, 2019
    - ii. **Action Item:** Accept Third Quarter Budget to Actual for FY 2018/2019
    - iii. 2017/2018 Auditor's Report - Comments/Questions – Mark Avery, Audit Manager
      1. **Action Item:** Upon recommendation of the Budget, Audit and Finance Subcommittee, motion to accept the 2017/2018 Auditor's Report as presented.
  - c) Chief Executive Officer
  - d) Legal Counsel
6. Public Comment
7. Superintendents' Plan for Early Childhood Education Update
8. Learning Community Center of South Omaha Update – Renee Franklin
9. Learning Community Center of North Omaha Update – Renee Franklin /Jamalia Parker
10. Subcommittee Reports

- a) Elementary Learning and Diversity Subcommittee
- b) Budget, Finance & Audit Subcommittee
- c) Legislative Subcommittee

#### 11. New Business

- a) CEO 2019 Discretionary Performance Bonus and Contract Renewal
  - i. Upon recommendation by the Executive Committee, motion to approve payment to David Patton of a discretionary performance bonus of \$4,264.83 (3% of his 2018-2019 base salary) per Section 4(b) of his Employment Agreement based upon his successful completion of CEO Goals for 2018-2019 through the normal payroll process.
  - ii. Upon recommendation of the Executive Committee, motion to recommend approval of the Third Amendment to David Patton's Employment Agreement as presented to the Learning Community of Douglas and Sarpy Counties' Coordinating Council, to include extension of the term of his Employment Agreement through June 30, 2022, a base salary for 2019-2020 of \$150,000.00 and a discretionary performance bonus of 2% of his base salary based upon CEO's accomplishment of 2019-2020 written expectations to be approved by the Learning Community Coordinating Council, such Third Amendment to be effective July 1, 2019.

#### 12. Unfinished Business

#### 13. Next Council Meeting –

August 8, 2019, Learning Community Center of North Omaha, 1612 N. 24<sup>th</sup> Street, Omaha, NE

#### 14. Adjournment

### UPCOMING LEARNING COMMUNITY EVENTS:

|                         |  |
|-------------------------|--|
| Advisory Committee      | To Be Determined   |
| LC Coordinating Council | August 8, 2019, 6:00 p.m.<br>Learning Community Center of North Omaha, 1612 N. 24 <sup>th</sup> Street,<br>Omaha, NE |
| Subcouncil #1           | To Be Determined   |
| Subcouncil #2           | To Be Determined   |
| Subcouncil #3           | To Be Determined   |
| Subcouncil #4           | To Be Determined   |
| Subcouncil #5           | To Be Determined   |
| Subcouncil #6           | To Be Determined   |

## DOCUMENTS TO ACCOMPANY THIS AGENDA ARE AS FOLLOWS:

- Council Minutes dated May 16, 2019
- Proposed 2020 LCCC/Executive Committee Calendar
- Treasurer's Report dated May 31, 2019
- Third Quarter Budget to Actual for FY 2018/2019
- Audit Report
- Third Amendment to Employment Agreement

## LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

### LEARNING COMMUNITY COORDINATING COUNCIL

**May 16, 2019**

A meeting of the Coordinating Council of the Learning Community of Douglas and Sarpy Counties was held May 16, 2019, at the Learning Community Center of North Omaha, 1612 N. 24 Street, Omaha, Nebraska 68110. Notice of the meeting, containing the date, time, place and agenda, was given in advance thereof by publication in the Daily Record on May 8, 2019. The proofs of publication have been received and will be made a permanent part of the record of the meeting. Notice of the agenda was given to all members of the Council on May 10, 2019.

1. **Call Meeting to Order.** The meeting was convened and called to order by Chair Kelley at 6:00 p.m. and began with the recitation of the Pledge of Allegiance.
2. **Public Notice & Compliance with Open Meetings Act.** Chair Kelley announced that the Nebraska Open Meetings Act was posted at the room entrance and that copies of materials being reviewed by the Council were available to the public.

3. **Roll Call.**

Voting Members Present: Ekwerekwu, Hager, Hahn, Hoeger, Kozel, Martinez-Real, Ward, Woodward, Kelley

Voting Members Excused: Avery, Thommes

Members Absent: Williams

Staff Present: Franklin, Parker, Benzel, Patton

Also Present: Tom Ackley, Koley Jessen P.C.; Bret Anderson, Wilson Focus School; Kim Bodensteiner, BECI

It is noted for the record that Dr. Williams arrived at 6:04 p.m.

4. **Approval of Minutes.** Chair Kelley presented the Council minutes from the March 21, 2019 public meeting of the Council. Motion by Mr. Hoeger, seconded by Ms. Hahn, to approve the minutes of the Council meeting held on March 21, 2019. Yeas: Ekwerekwu, Hoeger, Kozel, Martinez-Real, Williams, Woodward, Kelley. Abstain: Hager, Hahn. Nays: Ward. **Motion carried.**

**Approval of Minutes.** Chair Kelley presented the Council minutes from the April 18, 2019 public meeting of the Council. Motion by Mr. Hoeger, seconded by Dr. Williams, to approve the minutes of the Council meeting held on April 18, 2019. Yeas: Hoeger, Martinez-Real, Williams, Kelley. Abstain: Ekwerekwu, Hager, Hahn, Kozel, Woodward. Nays: Ward. **Motion carried.**

5. **Reports**

- a) Chair – Chair Kelley thanked the Council for participating in the CEO Evaluation and Strategic Planning Workshop. Ms. Hahn provided an update on the Learning Community Foundation.

- b) Treasurer
    - i. Motion by Ms. Hahn, seconded by Mr. Ekwerekwu, to accept Treasurer's Report dated March 31, 2019. Discussion took place. Yeas: Ekwerekwu, Hoeger, Kozel, Martinez Real, Williams, Woodward, Kelley. Abstain: Hager, Hahn. Nays: Ward. **Motion carried**
    - ii. Motion by Ms. Hahn, seconded by Dr. Williams, to accept Treasurer's Report dated April 30, 2019. Discussion took place. Yeas: Hahn, Hoeger, Kozel, Martinez Real, Williams, Woodward, Kelley. Abstain: Ekwerekwu, Hager. Nays: Ward. **Motion carried**
  - c) Chief Executive Officer – Mr. Patton reported on the new hire of Dale Kreher, Finance Director and thanked Seim Johnson for their assistance during the transition. Mr. Patton introduced Bret Anderson from Wilson Focus School, who provided a presentation. A handout was provided.
  - d) Legal Counsel – No Report
- 6. Public Comment – None.
  - 7. Superintendents' Plan for Early Childhood Education Plan Overview – Kim Bodensteiner provided a presentation. A handout was provided.
  - 8. Learning Community Center of South Omaha Update – Ms. Franklin reported on the graduation ceremony.
  - 9. Learning Community Center of North Omaha Update – Ms. Parker reported graduation ceremony will be held on June 27, 2019. Ms. Parker also reported on the newly implemented food program.
  - 10. Subcommittee Reports
    - a) Elementary Learning and Diversity Subcommittee – Mr. Ekwerekwu provided an update on the ELD meeting, and Ms. Franklin provided an update on pilot programs.
      - i. Motion by Mr. Ekwerekwu, second by Mr. Hager, upon recommendation from the Elementary Learning and Diversity Subcommittee, motion to renew Program Evaluation Agreement with the University of Nebraska Medical Center to have the Munroe Meyer Institute provide evaluative and consultative services for elementary learning center programs, as set forth in the document entitled Program Evaluation Agreement, and appropriate up to \$429,124.00 from the Elementary Learning Center Fund Budget for FY 2019/2020. Approval is contingent upon Council approval of the 2019/20 fiscal year budget for the Learning Community. Yeas: Ekwerekwu, Hager, Hahn, Hoeger, Kozel, Martinez-Real, Williams, Woodward, Kelley. Abstain: None. Nays: Ward. **Motion carried.**
    - b) Budget, Finance & Audit Subcommittee – No Report.
    - c) Legislative Subcommittee – Mr. Hager provided a legislative update.

It is noted for the record that Mr. Ekwerekwu left the meeting at 8:00 p.m.

## 11. New Business -

### a) Pilot Programming Process and Agreements

- ii. Motion by Mr. Hager, seconded by Mr. Hoeger, upon recommendation of Achievement Subcouncils 1, 3 and 4, the Elementary Learning and Diversity Subcommittee and the Executive Committee, motion to authorize the CEO to enter into ELC programming agreements with school districts and community organizations to fund extended learning, kindergarten jumpstart and instructional coaching programs as described in the Summary Sheet (attached) for the 2019/2020 fiscal year totaling \$292,236.91 from elementary levy funds. Approval is contingent on Council approval of authorization of the elementary levy and the 2019/2020 fiscal year budget for the Learning Community. Yeas: Ekwerekwu, Hager, Hahn, Hoeger, Kozel, Martinez-Real, Williams, Woodward, Kelley. Abstain: None: Nays: Ward. A handout was provided. **Motion carried.**

It is noted for the record that Mr. Ekwerekwu left the meeting at 7:58 p.m.

## 12. Unfinished Business

Motion by Mr. Hager, seconded by Dr. Williams, upon recommendation of the Executive Committee, motion to approve Operating Protocols and waive second reading.

Ms. Ward provided a handout listing 12 amendments when discussion started on the Operating Protocols.

The first proposed amendment was:

AMENDMENT I. TO STRIKE the quote from the Wisdom of Teams. The Council is not sports team and replace it with the following:  
The Learning Community Council is, and should be, a gathering of diverse adults elected to represent the differing and common needs of individuals and families residing in separate districts. Members seek to address the educational needs within the defined structure of the Learning Community and thereby improve the academic success of all students in Douglas and Sarpy County. The motion **Failed** for lack of a second.

The second proposed amendment was:

AMENDMENTS to **How the Council-CEO Governs**  
AMENDMENT 2. TO STRIKE from paragraph 1 the second sentence and replace it with, "However, we will make every effort to encourage meaningful and timely public comment on each agenda item in order to be fully informed as to public needs and the impact of proposals before the Council." The motion **Failed** for lack of a second.

The third proposed amendment was:

AMENDMENT 3. TO STRIKE from paragraph 2. "We agree that an individual Council member will not take unilateral action. The individual Council member has not authority outside of the official meeting on the Council." and INSERT at the end of the paragraph 2. "However, each individual Council member has a responsibility to the voters or their district who elected the member and the general public and therefore has the right to report Council activity and express a personal opinion on the decisions and activities of the Council that the public may be fully informed regarding the spending or public funds." The motion **Failed** for lack of a second.

The fourth proposed amendment was:

AMENDMENT 4. TO INSERT at the bottom of paragraph 3. "However, in order that we may benefit from robust debate, we will respectfully protect and consider the expressions of a minority opinion and encourage the expression of dissent even after a decision has been made in much the same manner as appellate courts, commissions, study groups and research teams do.

The motion **Failed** for lack of a second.

The fifth proposed amendment was:

AMENDMENT 5. TO STRIKE all of paragraph 4. The motion **Failed** for lack of a second.

The sixth proposed amendment was:

AMENDMENT 6. TO STRIKE from the final line of paragraph 1 the words, "maintaining confidentiality". We are members of a public body, not a secret society, priests hearing confessions, attorneys asked for legal advice, or spies guarding national security information. We have an ongoing obligation to inform the public. The motion **Failed** for lack of a second.

The seventh proposed amendment was:

AMENDMENT 7. TO STRIKE paragraph 6. We meet to have discussions in public, not behind closed doors or to form alliances secretly to determine the outcome of action items. The motion **Failed** for lack of a second.

The eighth proposed amendment was:

AMENDMENT 8. TO ADD to paragraph 7. "The agenda will include an opportunity for each member to address the Council on matters relevant to the purpose and function of the Council which are not on the agenda so that all members may be informed about the conditions in a district that they may be placed on the agenda for the next meeting if appropriate. The motion **Failed** for lack of a second.

The ninth proposed amendment was:

AMENDMENT 9. TO STRIKE paragraph 5. It may be the wish of a member to take an orientation course if all expenses are paid the Council and the Council has reviewed and concurred with the program contents by it is not a legal requirement and should not be imposed by this Council. The motion **Failed** for lack of a second.

The tenth proposed amendment was:

AMENDMENT 10. TO STRIKE paragraph 7. Sec above. Neither is this Council is not a fraternity or sorority. We are public servants. The motion **Failed** for lack of a second.

The eleventh proposed amendment was:

AMENDMENT 11. TO STRIKE all of the first paragraph except the first sentence. The motion **Failed** for lack of a second.

The twelfth proposed amendment was:

AMENDMENT 12. TO ADD to the last paragraph "Members may expect that robust discussions and carefully consideration of matters of consequence may require monthly meetings to extend beyond the expected closing time. The motion **Failed** for lack of a second.

Returning to original motion –

Motion by Mr. Hager, seconded by Dr. Williams, upon recommendation of the Executive Committee, motion to approve Operating Protocols and waive second reading. Yeas: Ekwerekwu, Hager, Hahn, Hoeger, Kozel, Martinez-Real, Williams, Woodward, Kelley. Abstain: None: Nays: Ward. **Motion carried.**

13. Next Council Meeting –

- June 20, 2019 - Learning Community Center of North Omaha, 1612 N. 24<sup>th</sup> Street, Omaha, NE

14. Adjournment – Meeting was adjourned with unanimous approval at 8:08 p.m.

**Documents provided were as follows, copies of which will be made a permanent part of the record of the meeting:**

- Council Minutes dated March 21, 2019 and April 18, 2019
- Treasurer's Reports dated March 31, 2019 and April 30, 2019
- UNMC Recommendation and Program Evaluation Agreement
- ELC Pilot Program Summary Sheet
- ELC Service Provider Agreement Summary of Terms (Completely Kids)
- ELC Programming Agreement Summary of Terms (Millard Public Schools)
- ELC Programming Agreements Summary of Terms (1 and 2 Years) (Douglas County West Community Schools, Elkhorn Public Schools, Papillion La Vista Community Schools, Springfield Platteview Community Schools)
- Operating Protocols

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**Jill Woodward – Secretary**



## **EXECUTIVE COMMITTEE AND LEARNING COMMUNITY COORDINATING COUNCIL 2020 MEETING DATES**

**Note:** Meetings will be held at the Learning Community Center of North Omaha (LCCNO), 1612 North 24<sup>th</sup> Street. Executive Committee meetings in Classroom C are held on Thursdays at 2:00 p.m. Coordinating Council meetings are held on Thursdays at 6:00 p.m.

| <b>EXECUTIVE COMMITTEE</b>                                  | <b>COORDINATING COUNCIL</b> |
|---|-----------------------------|
| Tues., January 7,<br>2020                                   | January 16                  |
| February 6  | February 20                 |
| March 5   | March 19                    |
| April 2   | April 16                    |
| May 7   | May 21                      |
| June 4  | June 18                     |
| Mon., June 29   | July 16                     |
| July 30<br><i>(applies to both LCCC meetings in August)</i> | August 6 and<br>August 20   |
| September 3   | September 17                |
| October 1   | October 15                  |
| November 5  | November 19                 |
| December 3  | December 17                 |

**LEARNING COMM OF DOUGLAS SARPY COUNTY**  
**Treasurer's Report**  
**May 31, 2019**

| <b>Trans Description</b>       | <b>Debit Amt</b> | <b>Credit Amt Date</b> | <b>Reference</b>  |
|--------------------------------|------------------|------------------------|-------------------|
| Colonial Life                  |                  | 987.10 5/1/19          | 3550              |
| NE Council of School Administr |                  | 335.00 5/1/19          | 3551              |
| American Airlines              |                  | 90.00 5/1/19           | CC_Apply Cr MAY02 |
| Cafe Deluxe West End           |                  | 39.38 5/1/19           | CC_Apply Cr MAY03 |
| Car Service Transportation     |                  | 34.80 5/1/19           | CC_Apply Cr MAY04 |
| African American Empowerment N |                  | 75.00 5/1/19           | CC_Apply Cr MAY05 |
| Godfather's Pizza              |                  | 73.61 5/1/19           | CC_Apply Cr MAY07 |
| Grillfish Restaurant           |                  | 68.95 5/1/19           | CC_Apply Cr MAY08 |
| Hilton Garden Inn Washington/G |                  | 1,131.12 5/1/19        | CC_Apply Cr MAY09 |
| HyVee                          |                  | 15.94 5/1/19           | CC_Apply Cr MAY10 |
| Shields, Philice Catering      |                  | 2,500.00 5/1/19        | CC_Apply Cr MAY11 |
| Sprint Corporation             |                  | 251.81 5/1/19          | CC_Apply Cr MAY12 |
| Stamps.com                     |                  | 15.99 5/1/19           | CC_Apply Cr MAY13 |
| United States Postal Service   |                  | 100.00 5/1/19          | CC_Apply Cr MAY14 |
| VIP Cab                        |                  | 19.38 5/1/19           | CC_Apply Cr MAY15 |
| Whisky River Charlotte Airport |                  | 20.56 5/1/19           | CC_Apply Cr MAY16 |
| Mutual of Omaha Credit Card    |                  | 39.00 5/1/19           | CC_Apply Cr MAY18 |
| Blue Cross Blue Shield of Nebr |                  | 6,758.38 5/2/19        | 3531              |
| Buller Fixture Co.             |                  | 4,848.00 5/2/19        | 3532              |
| Carroll Communications         |                  | 7,944.50 5/2/19        | 3533              |
| City of Omaha                  |                  | 2,770.12 5/2/19        | 3534              |
| Occupational Health Centers of |                  | 184.50 5/2/19          | 3535              |
| Control Yours                  |                  | 175.00 5/2/19          | 3536              |
| The Daily Record               |                  | 16.10 5/2/19           | 3537              |
| Engineered Controls            |                  | 5,850.00 5/2/19        | 3538              |
| zTrip NE (formerly HappyCab)   |                  | 1,340.68 5/2/19        | 3539              |
| Jensen Rogert Associates, Inc. |                  | 2,333.33 5/2/19        | 3540              |
| Lion's Gate Security Solutions |                  | 992.00 5/2/19          | 3541              |
| Madison National Life          |                  | 1,107.05 5/2/19        | 3542              |
| One World Community Health Cen |                  | 11,205.59 5/2/19       | 3543              |
| Scantron Corporation           |                  | 250.00 5/2/19          | 3544              |
| Pay-LESS Office Products, Inc. |                  | 602.76 5/2/19          | 3545              |
| Surreal Media Lab, LLC         |                  | 2,650.00 5/2/19        | 3546              |
| TAPS                           |                  | 1,740.40 5/2/19        | 3547              |
| Travelers                      |                  | 1,191.00 5/2/19        | 3548              |
| Williams Counseling & Consulti |                  | 2,275.00 5/2/19        | 3549              |
| Bellevue Public Schools        | 128,969.70       | 5/2/19                 | 3493V             |
| Bellevue Public Schools        |                  | 128,969.70 5/2/19      | 3552              |
| InfiNet Solutions, Inc.        |                  | 1,619.00 5/2/19        | 3553              |
| One Source The Background Chec |                  | 127.00 5/2/19          | 3554              |
| Elkhorn Public Schools         | 6,593.48         | 5/2/19                 | 3497V             |
| Philadelphia Insurance Compani |                  | 1,770.34 5/2/19        | 3555              |
| Elkhorn Public Schools         |                  | 6,593.48 5/2/19        | 3556              |
| El Mero Mero Inc               |                  | 3,200.00 5/2/19        | 1154              |
| Lund Company                   |                  | 48,140.03 5/2/19       | 1155              |
| HELP Foundation of Omaha       |                  | 12,400.56 5/2/19       | 1156              |
| Ralston Public Schools         | 56,802.95        | 5/8/19                 | 3506V             |
| One World Community Health Cen | 125,000.00       | 5/8/19                 | 3503V             |
| One World Community Health Cen |                  | 125,000.00 5/8/19      | 3557              |
| Ralston Public Schools         |                  | 56,802.95 5/9/19       | 3558              |
| Abundant Life Counseling, L.L. |                  | 2,219.63 5/15/19       | 3559              |

**LEARNING COMM OF DOUGLAS SARPY COUNTY**  
**Treasurer's Report**  
**May 31, 2019**

| <b>Trans Description</b>                      | <b>Debit Amt</b> | <b>Credit Amt Date</b> | <b>Reference</b> |
|---|------------------|------------------------|------------------|
| BASE  |                  | 37.50 5/15/19          | 3560             |
| Buffett Early Childhood Instit                |                  | 110,507.08 5/15/19     | 3561             |
| Occupational Health Centers of                |                  | 123.00 5/15/19         | 3562             |
| Culligan of Omaha                             |                  | 102.75 5/15/19         | 3563             |
| The Daily Record                              |                  | 66.20 5/15/19          | 3564             |
| Engineered Controls                           |                  | 1,650.00 5/15/19       | 3565             |
| Greater Omaha Chamber of Comme                |                  | 360.00 5/15/19         | 3566             |
| HyVee   |                  | 1,036.19 5/15/19       | 3567             |
| Konica Minolta Business Soluti                |                  | 898.85 5/15/19         | 3569             |
| Lutheran Family Services                      |                  | 14,844.33 5/15/19      | 3570             |
| Nebraska Association of School                |                  | 2,143.41 5/15/19       | 3571             |
| One World Community Heatlh Cen                |                  | 125,000.00 5/15/19     | 3572             |
| Pay-LESS Office Products, Inc.                |                  | 395.99 5/15/19         | 3573             |
| The Prevention Group                          |                  | 700.00 5/15/19         | 3574             |
| Seim, Johnson, Sestek & Quist,                |                  | 4,787.00 5/15/19       | 3575             |
| Surreal Media Lab, LLC                        |                  | 2,800.00 5/15/19       | 3576             |
| TAPS  |                  | 486.40 5/15/19         | 3577             |
| Center for Public Affairs Rese                |                  | 350.00 5/15/19         | 3578             |
| Mutual of Omaha Credit Card                   |                  | 7,416.51 5/15/19       | 5/15/2019        |
| Paychex Payroll Deduction for Payroll Taxes   |                  | 19,212.11 5/15/19      | 04/2019 Payroll  |
| Paychex Payroll Deduction for direct deposits |                  | 46,846.23 5/15/19      | 04/2019 Payroll  |
| Buffett Early Childhood Instit                |                  | 18,666.66 5/15/19      | 3546             |
| UNMC  |                  | 34,083.83 5/15/19      | 3547             |
| Tonya Ward                                    |                  | 171.49 5/16/19         | 3579             |
| TriMark Hockenbergs Omaha                     |                  | 3,899.21 5/16/19       | 3580             |
| Principal Financial Retirement                |                  | 4,670.97 5/21/19       | DCAPRIL2019      |
| Principal Financial Retirement                |                  | 8,269.75 5/21/19       | DCMAY2019        |
|   | 317,366.13       | 856,400.20             |                  |

**Learning Community of Douglas and Sarpy Counties**  
**FY 2018-2019 Budget to Actual - General Administration**

For Period Ending: 5/31/2019

% of time Elapsed: 67%

|  | Current FY<br>Budget | Actual Spent      | % of Budget | Remaining<br>Budget | Last FY<br>Received/Spent | Difference         |
|--|----------------------|-------------------|-------------|---------------------|---------------------------|--------------------|
|  | General              | General           | General     | General             | General                   | General            |
| <b>Beginning General Fund Cash Reserves</b>  | \$ 373,108           | \$ 373,108        |             |                     |                           |                    |
| Appropriation                                | \$ 485,000           | \$ 470,000        | 97%         | \$ 15,000           | \$ 500,000                | \$ (30,000)        |
| Interest                                     | \$ 700               | \$ 91             | 13%         | \$ 609              | \$ 267                    | \$ (176)           |
| <b>Total Revenues</b>                        | <b>\$ 485,700</b>    | <b>\$ 470,091</b> | <b>97%</b>  | <b>\$ 15,609</b>    | <b>\$ 500,267</b>         | <b>\$ (30,176)</b> |
| <b>General Expenses</b>                      |                      |                   |             |                     |                           |                    |
| <b>Coordinating Council</b>                  |                      |                   |             |                     |                           |                    |
| Training/Orientation                         | \$ 500               | \$ 438            | 88%         | \$ 63               | \$ -                      | \$ 438             |
| Conference Expenses                          | \$ 7,500             | \$ 2,515          | 34%         | \$ 4,985            | \$ 3,134                  | \$ (619)           |
| Occupancy                                    | \$ 1,500             | \$ -              | 0%          | \$ 1,500            | \$ -                      | \$ -               |
| Published Notice                             | \$ 3,500             | \$ 2,169          | 62%         | \$ 1,331            | \$ 320                    | \$ 1,849           |
| Election Commission                          | \$ 35,000            | \$ 28,093         | 80%         | \$ 6,907            | \$ -                      | \$ 28,093          |
| Reimbursed Expenses                          | \$ 2,120             | \$ -              | 0%          | \$ 2,120            | \$ 144                    | \$ (144)           |
| Technology/Equipment                         | \$ 6,560             | \$ 95             | 1%          | \$ 6,465            | \$ 16                     | \$ 79              |
| Other Misc                                   | \$ 5,000             | \$ 1,712          | 34%         | \$ 3,288            | \$ 441                    | \$ 1,271           |
| <b>Coordinating Council - Subtotal</b>       | <b>\$ 61,680</b>     | <b>\$ 35,021</b>  | <b>57%</b>  | <b>\$ 26,659</b>    | <b>\$ 4,055</b>           | <b>\$ 30,966</b>   |
| <b>Administration</b>                        |                      |                   |             |                     |                           |                    |
| CEO Salary                                   | \$ 148,200           | \$ 106,621        | 72%         | \$ 41,579           | \$ 92,425                 | \$ 14,196          |
| Other Salaries and Wages                     | \$ 175,200           | \$ 134,221        | 77%         | \$ 40,979           | \$ 114,171                | \$ 20,050          |
| Payroll Taxes                                | \$ 23,890            | \$ 17,634         | 74%         | \$ 6,256            | \$ 15,013                 | \$ 2,621           |
| Benefit Expense                              | \$ 56,300            | \$ 39,301         | 70%         | \$ 16,999           | \$ 40,926                 | \$ (1,625)         |
| Dues and Memberships                         | \$ 6,700             | \$ 5,598          | 84%         | \$ 1,102            | \$ 4,708                  | \$ 890             |
| Conference/Professional Devel. Exp.          | \$ 10,000            | \$ 5,520          | 55%         | \$ 4,480            | \$ 8,022                  | \$ (2,502)         |
| Public Accountant                            | \$ 10,000            | \$ 4,787          | 48%         | \$ 5,213            | \$ -                      | \$ 4,787           |
| State Audit                                  | \$ 11,000            | \$ -              | 0%          | \$ 11,000           | \$ -                      | \$ -               |
| Telecommunications/Website                   | \$ 5,300             | \$ 12,955         | 244%        | \$ (7,655)          | \$ 5,292                  | \$ 7,663           |
| Supplies                                     | \$ 5,300             | \$ 3,163          | 60%         | \$ 2,137            | \$ 1,896                  | \$ 1,267           |
| Furniture                                    | \$ 5,300             | \$ -              | 0%          | \$ 5,300            | \$ -                      | \$ -               |
| Printing and Postage                         | \$ 16,970            | \$ 5,917          | 35%         | \$ 11,053           | \$ 3,974                  | \$ 1,943           |
| Technology/Equipment                         | \$ 37,400            | \$ 25,524         | 68%         | \$ 11,876           | \$ 8,766                  | \$ 16,758          |
| Reimbursed Expenses                          | \$ 5,300             | \$ 1,635          | 31%         | \$ 3,665            | \$ 1,132                  | \$ 503             |
| Other Misc                                   | \$ 15,000            | \$ 7,146          | 48%         | \$ 7,854            | \$ 21,494                 | \$ (14,348)        |
| <b>Subtotal Administration</b>               | <b>\$ 531,860</b>    | <b>\$ 370,020</b> | <b>70%</b>  | <b>\$ 161,840</b>   | <b>\$ 317,819</b>         | <b>\$ 52,201</b>   |
| <b>Total Expenses</b>                        | <b>\$ 593,540</b>    | <b>\$ 405,040</b> | <b>68%</b>  | <b>\$ 188,500</b>   | <b>\$ 321,874</b>         | <b>\$ 83,166</b>   |
| <b>Difference of Revenues &amp; Expenses</b> | <b>\$ (107,840)</b>  | <b>\$ 65,051</b>  |             |                     | <b>\$ 178,393</b>         |                    |
| <b>Ending General Fund Cash Reserves</b>     | <b>\$ 265,268</b>    | <b>\$ 438,159</b> |             |                     |                           |                    |

**Learning Community of Douglas and Sarpy Counties**  
**FY 2018-2019 Budget to Actual - ELC Operations**

For Period Ending: 5/31/2019  
 % of time Elapsed: 67%

|  | Current FY<br>Budget | Actual Spent          | % of Budget   | Remaining<br>Budget | Last FY Spent         | Difference            |
|--|----------------------|-----------------------|---------------|---------------------|-----------------------|-----------------------|
|  | ELC Operating        | ELC Operating         | ELC Operating | ELC Operating       | ELC Operating         | ELC Operating         |
| <b>Beginning ELC Fund Cash Reserves</b>      | \$ 4,796,802         | \$ 4,796,802          |               |                     |                       |                       |
| ELC Operating Levy                           | \$ 8,858,252         | \$ 2,908,928          | 33%           | \$ 5,949,324        | \$ 4,920,647          | \$ (2,011,719)        |
| Interest                                     | \$ 1,500             | \$ 1,706              | 114%          | \$ (206)            | \$ 1,159              | \$ 547                |
| <b>Total Revenues</b>                        | <b>\$ 8,859,752</b>  | <b>\$ 2,910,634</b>   | <b>33%</b>    | <b>\$ 5,949,118</b> | <b>\$ 4,921,806</b>   | <b>\$ (2,011,172)</b> |
| <b>Pilot Programming</b>                     |                      |                       |               |                     |                       |                       |
| Subcouncil 1 ELC Programming                 | \$ 182,473           | \$ 205,778            | 113%          | \$ (23,305)         | \$ 181,035            | \$ 24,743             |
| Subcouncil 2 ELC Programming                 | \$ -                 | \$ -                  | 100%          | \$ -                | \$ 9,075              | \$ (9,075)            |
| Subcouncil 3 ELC Programming                 | \$ 329,839           | \$ 268,724            | 81%           | \$ 61,115           | \$ 289,975            | \$ (21,251)           |
| Subcouncil 4 ELC Programming                 | \$ 126,896           | \$ 147,337            | 116%          | \$ (20,441)         | \$ 116,386            | \$ 30,951             |
| Subcouncil 5 ELC Programming                 | \$ 300,000           | \$ 300,000            | 100%          | \$ -                | \$ 568,637            | \$ (268,637)          |
| Subcouncil 6 ELC Programming                 | \$ 110,792           | \$ 111,891            | 101%          | \$ (1,099)          | \$ 112,057            | \$ (166)              |
| <b>Programming - Subtotal</b>                | <b>\$ 1,050,000</b>  | <b>\$ 1,033,730</b>   | <b>98%</b>    | <b>\$ 16,270</b>    | <b>\$ 1,277,165</b>   | <b>\$ (243,435)</b>   |
| <b>North Omaha Center</b>                    |                      |                       |               |                     |                       |                       |
| Early Childhood Partnership                  | \$ 985,730           | \$ 292,103            | 30%           | \$ 693,627          | \$ 645,304            | \$ (353,201)          |
| Subcouncil 2 Family Support Liaisons         | \$ 203,375           | \$ 128,666            | 63%           | \$ 74,709           | \$ 124,002            | \$ 4,664              |
| Childcare Director Training                  | \$ 145,000           | \$ 97,427             | 67%           | \$ 47,573           | \$ 237,276            | \$ (139,849)          |
| Parent University                            | \$ 902,194           | \$ 504,216            | 56%           | \$ 397,978          | \$ 505,038            | \$ (822)              |
| Center Operations                            | \$ 100,090           | \$ 78,817             | 79%           | \$ 21,273           | \$ 58,904             | \$ 19,913             |
| <b>North Omaha Center - Subtotal</b>         | <b>\$ 2,336,389</b>  | <b>\$ 1,101,229</b>   | <b>47%</b>    | <b>\$ 1,235,160</b> | <b>\$ 1,570,524</b>   | <b>\$ (469,295)</b>   |
| <b>South Omaha Center</b>                    |                      |                       |               |                     |                       |                       |
| South Omaha Center                           | \$ 1,500,000         | \$ 1,136,206          | 76%           | \$ 363,794          | \$ 746,049            | \$ 390,157            |
| Subcouncil 5 Family Support Liaisons         | \$ 173,072           | \$ (38,650)           | -22%          | \$ 211,722          | \$ 27,173             | \$ (65,823)           |
| <b>South Omaha Center - Subtotal</b>         | <b>\$ 1,673,072</b>  | <b>\$ 1,097,555</b>   | <b>66%</b>    | <b>\$ 575,517</b>   | <b>\$ 773,222</b>     | <b>\$ 324,333</b>     |
| <b>Superintendent's Early Childhood Plan</b> |                      |                       |               |                     |                       |                       |
| Superintendent's Early Childhood Plan        | \$ 2,600,000         | \$ 2,246,189          | 86%           | \$ 353,811          | \$ 2,101,490          | \$ 144,699            |
| <b>Superintendent's Plan - Subtotal</b>      | <b>\$ 2,600,000</b>  | <b>\$ 2,246,189</b>   | <b>86%</b>    | <b>\$ 353,811</b>   | <b>\$ 2,101,490</b>   | <b>\$ 144,699</b>     |
| <b>General Expenses</b>                      |                      |                       |               |                     |                       |                       |
| Admin-Community Relations                    | \$ 175,000           | \$ 86,401             | 49%           | \$ 88,599           | \$ 68,372             | \$ 18,029             |
| Admin-Legal                                  | \$ 30,000            | \$ 50,187             | 167%          | \$ (20,187)         | \$ 13,720             | \$ 36,467.05          |
| Admin-Insurance/Bonding                      | \$ 68,960            | \$ 61,440             | 89%           | \$ 7,520            | \$ 57,135             | \$ 4,305              |
| Admin-Lobbying                               | \$ 30,900            | \$ 18,825             | 61%           | \$ 12,075           | \$ 18,514             | \$ 311                |
| Admin-Contracted Services                    | \$ 5,300             | \$ 1,857              | 35%           | \$ 3,443            | \$ -                  | \$ 1,857              |
| Admin-Staff Professional Development         | \$ 5,000             | \$ -                  | 0%            | \$ 5,000            | \$ -                  | \$ -                  |
| Admin-Hosted Conferences                     | \$ 10,000            | \$ -                  | 0%            | \$ 10,000           | \$ -                  | \$ -                  |
| Salaries and Wages                           | \$ 115,400           | \$ 86,490             | 75%           | \$ 28,910           | \$ 74,081             | \$ 12,409             |
| Payroll Taxes                                | \$ 8,700             | \$ 6,403              | 74%           | \$ 2,297            | \$ 5,642              | \$ 761                |
| Benefit Expense                              | \$ 10,100            | \$ 10,894             | 108%          | \$ (794)            | \$ 10,574             | \$ 320                |
| Contracted Services                          | \$ -                 | \$ 650                | 100%          | \$ (650)            | \$ 360                | \$ 290                |
| Other Misc. Expenses                         | \$ 7,700             | \$ 4,452              | 58%           | \$ 3,248            | \$ 781                | \$ 3,671              |
| <b>General Expenses - Subtotal</b>           | <b>\$ 467,060</b>    | <b>\$ 327,599</b>     | <b>70%</b>    | <b>\$ 139,461</b>   | <b>\$ 249,179</b>     | <b>\$ 78,420</b>      |
| <b>Total Expenses</b>                        | <b>\$ 8,126,521</b>  | <b>\$ 5,806,302</b>   | <b>71%</b>    | <b>\$ 2,320,218</b> | <b>\$ 5,971,580</b>   | <b>\$ (165,278)</b>   |
| <b>Difference of Revenues &amp; Expenses</b> | <b>\$ 733,231</b>    | <b>\$ (2,895,668)</b> |               |                     | <b>\$ (1,049,774)</b> |                       |
| <b>Ending ELC Fund Cash Reserves</b>         | <b>\$ 5,530,033</b>  | <b>\$ 1,901,134</b>   |               |                     |                       |                       |

**Learning Community of Douglas and Sarpy Counties**  
**FY 2018-2019 Budget to Actual - Capital Projects**

For Period Ending: 5/31/2019  
 % of time Elapsed: 67%

|  | Current FY<br>Budget | Actual Spent        | % of Budget      | Remaining<br>Budget   | Last FY Spent     | Difference          |
|--|----------------------|---------------------|------------------|-----------------------|-------------------|---------------------|
|  | Capital Projects     | Capital Projects    | Capital Projects | Capital Projects      | Capital Projects  | Capital Projects    |
| <b>Beg. Cap. Proj. Fund Cash Reserves</b>    | \$ 776,181           | \$ 776,181          |                  |                       |                   |                     |
| Capital Projects Levy Proceeds               | \$ 738,188           | \$ 3,061,754        | 415%             | \$ (2,323,566)        | \$ 473,495        | \$ 2,588,259        |
| Interest                                     | \$ 750               | \$ 227              | 30%              | \$ 523                | \$ 207            | \$ 20               |
| <b>Total Revenues</b>                        | <b>\$ 738,938</b>    | <b>\$ 3,061,981</b> | <b>414%</b>      | <b>\$ (2,323,043)</b> | <b>\$ 473,702</b> | <b>\$ 2,588,279</b> |
| <b>Learning Centers</b>                      |                      |                     |                  |                       |                   |                     |
| North Omaha Center - Renovations             | \$ -                 | \$ -                | 100%             | \$ -                  | \$ -              | \$ -                |
| North Omaha Center - Lease Payments          | \$ 585,000           | \$ 390,987          | 67%              | \$ 194,013            | \$ 350,944        | \$ 40,043           |
| South Omaha Center - Lease Payments          | \$ 218,000           | \$ 120,335          | 55%              | \$ 97,665             | \$ 74,241         | \$ 46,094           |
| <b>Total Expenses</b>                        | <b>\$ 803,000</b>    | <b>\$ 511,322</b>   | <b>64%</b>       | <b>\$ 291,678</b>     | <b>\$ 425,185</b> | <b>\$ 86,137</b>    |
| <b>Difference of Revenues &amp; Expenses</b> | <b>\$ (64,062)</b>   | <b>\$ 2,550,659</b> |                  |                       | <b>\$ 48,517</b>  |                     |
| <b>End. Cap. Proj. Fund Cash Reserves</b>    | <b>\$ 712,119</b>    | <b>\$ 3,326,840</b> |                  |                       |                   |                     |

**Learning Community of Douglas and Sarpy Counties**  
**FY 2018-2019 Budget to Actual - Research & Evaluation**

For Period Ending: 5/31/2019

% of time Elapsed: 67%

|   | <b>Current FY<br/>Budget</b> | <b>Actual Spent</b>   | <b>% of Budget</b>    | <b>Remaining<br/>Budget</b> | <b>Last FY Spent</b>  | <b>Difference</b>     |
|---|------------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|
|   | Research & Evaluation        | Research & Evaluation | Research & Evaluation | Research & Evaluation       | Research & Evaluation | Research & Evaluation |
| <b>Beg. Res. &amp; Eval. Fund Cash Reserves</b> | \$ 300,006                   | \$ 300,006            |                       |                             |                       |                       |
| ESU Core Svcs (Res & Eval)                      | \$ 733,359                   | \$ 660,023            | 90%                   | \$ 73,336                   | \$ 593,547            | \$ 66,476             |
| <b>Total Revenues</b>                           | <b>\$ 733,359</b>            | <b>\$ 660,023</b>     | <b>90%</b>            | <b>\$ 73,336</b>            | <b>\$ 593,547</b>     | <b>\$ 66,476</b>      |
| <b>Research &amp; Evaluation</b>                |                              |                       |                       |                             |                       |                       |
| Diversity Plan Evaluation                       | \$ 5,000                     | \$ -                  | 0%                    | \$ 5,000                    | \$ -                  | \$ -                  |
| Program Evaluation & Research                   | \$ 409,006                   | \$ 306,754            | 75%                   | \$ 102,252                  | \$ 256,614            | \$ 50,140             |
| GOALS Student Attendance Initiative Eval.       | \$ 95,000                    | \$ 95,000             | 100%                  | \$ -                        | \$ 95,000             | \$ -                  |
| MOEC Community Impact Plan Eval.                | \$ 95,000                    | \$ -                  | 0%                    | \$ 95,000                   | \$ -                  | \$ -                  |
| CAP - Full Plan Evaluation by MMI               | \$ 9,776                     | \$ -                  | 0%                    | \$ 9,776                    | \$ -                  | \$ -                  |
| Superintendent's Plan Evaluation                | \$ 224,000                   | \$ 168,000            | 75%                   | \$ 56,000                   | \$ 249,333            | \$ (81,333)           |
| <b>Total Expenses</b>                           | <b>\$ 837,782</b>            | <b>\$ 569,754</b>     | <b>68%</b>            | <b>\$ 268,028</b>           | <b>\$ 600,947</b>     | <b>\$ (31,193)</b>    |
| <b>Difference of Revenues &amp; Expenses</b>    | <b>\$ (104,423)</b>          | <b>\$ 90,269</b>      |                       |                             | <b>\$ (7,400)</b>     |                       |
| <b>End. Res. &amp; Eval. Fund Cash Reserves</b> | <b>\$ 195,583</b>            | <b>\$ 390,275</b>     |                       |                             |                       |                       |

This Fund is restricted to research and evaluation related disbursements only



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

[Charlie.Janssen@nebraska.gov](mailto:Charlie.Janssen@nebraska.gov)

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

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May 22, 2019

Learning Community Coordinating Council  
Learning Community of Douglas and Sarpy Counties  
Omaha, Nebraska

We have audited the financial statements of the governmental activities and each major fund of the Learning Community of Douglas and Sarpy Counties (Learning Community) as of and for the year ended August 31, 2018, and have issued our report thereon dated May 22, 2019. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

### **Our Responsibility Under Professional Standards**

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management, are presented fairly, in all material respects, in accordance with the cash basis of accounting as described in Note 1. We have a responsibility to perform our audit of the financial statements in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Learning Community's internal control. Accordingly, we do not express an opinion on the effectiveness of the Learning Community's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Learning Community Coordinating Council in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.



## **Management Letter**

We have communicated to management in a separate Management Letter our comments and recommendations for improvements in procedures and internal controls. We did not identify any material weaknesses in internal control.

## **Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the Learning Community's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We however, have read the other information included in the Learning Community's annual financial report, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## **Accounting Practices and Alternative Treatments**

### Unusual Transactions

None Noted

### Qualitative Aspects of Accounting Practices

We have discussed with management our judgments about the quality, not just the acceptability, of the Learning Community's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Learning Community's accounting policies and their application, and the understandability and completeness of the Learning Community's financial statements, which include related disclosures.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Learning Community are described in Note 1 to the financial statements.

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

### Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Learning Community to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the period.

## **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the

misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Management's Consultation with Other Accountants**

Seim Johnson performed a compilation of the financial statements.

### **Disagreements with Management**

There were no disagreements with management on financial accounting, and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' reports on the Learning Community's financial statements.

### **Significant Issues Discussed, or Subject to Correspondence, with Management**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout our fieldwork.

### **Written Representations**

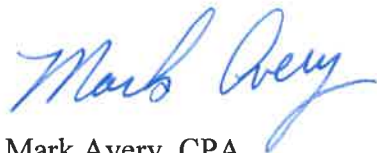
We have requested certain representations from management that are included in the management representation letter dated May 22, 2019.

### **Significant Difficulties Encountered During the Audit**

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

This communication is intended solely for the information and use of the Council and its management and is not intended to be, and should not be, used by anyone other than these specified parties. This communication is a matter of public record, and its distribution is not limited.

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Charlie Janssen  
State Auditor

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Lincoln, Nebraska 68509  
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May 31, 2019

David Patton, Chief Executive Officer  
Learning Community of Douglas and Sarpy Counties  
1612 N. 24<sup>th</sup> Street  
Omaha, Nebraska 68110

Dear Mr. Patton:

Attached is a copy of the audit report and management letter of the Learning Community of Douglas and Sarpy Counties for the fiscal year ended August 31, 2018. You can also access the report and management letter on our website at [www.auditors.nebraska.gov](http://www.auditors.nebraska.gov).

If you have any questions concerning this report, please do not hesitate to write or call.

Sincerely,

Charlie Janssen  
Auditor of Public Accounts

Enclosure

**AUDIT REPORT  
OF THE  
LEARNING COMMUNITY OF  
DOUGLAS AND SARPY COUNTIES**

**SEPTEMBER 1, 2017, THROUGH AUGUST 31, 2018**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on May 31, 2019**

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <b>Key Officials and Contact Information</b>                              | 1           |
| <b>Financial Section</b>  |             |
| Independent Auditor's Report  | 2 - 3       |
| Management's Discussion and Analysis                                      | 4 - 6       |
| Basic Financial Statements:   |             |
| Government-Wide Financial Statements:                                     |             |
| Statement of Net Position - Cash Basis                                    | 7           |
| Statement of Activities - Cash Basis                                      | 8           |
| Fund Financial Statements:  |             |
| Balance Sheet - Governmental Funds - Cash Basis                           | 9           |
| Statement of Receipts, Disbursements, and Changes in Fund                 |             |
| Balances - Governmental Funds - Cash Basis                                | 10          |
| Notes to Financial Statements   | 11 - 16     |
| Other Information:  |             |
| Budgetary Comparison Schedule - General Fund                              | 17          |
| Budgetary Comparison Schedule - Elementary Learning Centers Fund          | 18          |
| Notes to Other Information  | 19          |
| <b>Government Auditing Standards Section</b>                              |             |
| 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>                      | 20 - 21     |

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## KEY OFFICIALS AND CONTACT INFORMATION

### Council Members

| <u>Name</u>           | <u>Title</u>                      |
|-----------------------|-----------------------------------|
| Bradley Ekwerekwu     | Subcouncil 1                      |
| Brian Thommes         | Subcouncil 1                      |
| Cornelius Williams    | Subcouncil 2                      |
| Carol Hahn            | Subcouncil 2 – Council Treasurer  |
| Mark Hoeger           | Subcouncil 3                      |
| Melinda Kozel         | Subcouncil 3                      |
| Susan Kelley          | Subcouncil 4 – Council Chair      |
| Allen Hager           | Subcouncil 4 – Council Vice Chair |
| Tonya Ward            | Subcouncil 5                      |
| Anayeli Martinez-Real | Subcouncil 5                      |
| Mike Avery            | Subcouncil 6                      |
| Jill Woodward         | Subcouncil 6 – Council Secretary  |

### Learning Community of Douglas and Sarpy Counties Leadership

| <u>Name</u>          | <u>Title</u>            |
|----------------------|-------------------------|
| David Patton, Ed. S. | Chief Executive Officer |

Learning Community of Douglas and Sarpy Counties  
1612 N. 24<sup>th</sup> Street  
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[www.learningcommunityds.org](http://www.learningcommunityds.org)



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### LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

#### **INDEPENDENT AUDITOR'S REPORT**

Learning Community Coordinating Council  
Learning Community of Douglas and Sarpy Counties  
Omaha, Nebraska

#### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Learning Community of Douglas and Sarpy Counties (Learning Community), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Learning Community'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 fraud or error.

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Learning Community'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 Learning Community'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 cash-basis financial position of the governmental activities and each major fund of the Learning Community as of August 31, 2018, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting 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 opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the Learning Community's basic financial statements. The Management's Discussion and Analysis and Budgetary Comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Management's Discussion and Analysis and Budgetary Comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements; accordingly, we do not express an opinion or provide any assurance on such information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019, on our consideration of the Learning Community'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 the Learning Community's internal control over financial reporting and compliance.



May 22, 2019

Mark Avery, CPA  
Assistant Deputy Auditor



## LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Learning Community of Douglas and Sarpy Counties (Learning Community) presents this Management's Discussion and Analysis of its financial statements to provide a narrative overview and analysis of the financial activities as of and for the fiscal years ended August 31, 2018, and 2017. Please read it in conjunction with the Learning Community's financial statements, which begin on page 10.

#### Financial Highlights

- General Fund receipts remained consistent for the years ended August 31, 2018, and 2017, with receipts of \$500,325 and \$500,639, respectively. General Fund disbursements increased from \$468,831 in fiscal year 2017 to \$506,990 in fiscal year 2018. The Learning Community's General Fund balance decreased from \$452,428 at the end of fiscal year 2017 to \$445,763 at the end of fiscal year 2018.
- Elementary Learning Centers Fund receipts increased for the year ended August 31, 2018, compared to the year ended August 31, 2017, with receipts of \$9,153,620 and \$8,210,440, respectively, primarily due to increased tax receipts due to an increase in the levy rate from \$0.014 per \$100 of assessed valuation in 2017 to \$0.015 per \$100 of assessed valuation in 2018. Elementary Learning Centers Fund disbursements decreased for the year ended August 31, 2018, compared to the year ended August 31, 2017, with disbursements of \$8,346,738 and \$9,450,235, respectively. The decrease in Elementary Learning Centers Fund disbursements was the result of a planned decrease in expenditures to restore the fund balance resulting from the decreased revenue in 2017 resulting from the \$0.001 levy decrease to \$0.014 per \$100 of assessed valuation in 2017. Additionally, the gradual reduction in the pilot programming for the school districts in and around the North and South centers account for the remaining decrease.

#### Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Learning Community's financial activities.
- The Government-wide financial statements consist of a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis. These statements provide information about the activities of the Learning Community as a whole and present an overall view of the Learning Community's finances.
- The Fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Learning Community's operations in more detail than the Government-wide financial statements by providing information about the most significant funds. The Fund financial statements of the Learning Community only include governmental activities. The Learning Community has no business type (proprietary) or fiduciary funds.
- Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- The budgetary information further explains and supports the financial statements with a comparison of the Learning Community's budget for the year.

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

### FINANCIAL ANALYSIS OF THE LEARNING COMMUNITY

#### Net Position

The Learning Community's net position reported in the Statement of Net Position – Cash Basis represents the financial position of the Learning Community. The Learning Community's net position at August 31, 2018, and 2017 amounted to \$6,617,865 and \$5,820,041, respectively. The increase in the financial position primarily resulted from a planned decrease in expenditures to restore the Elementary Learning Centers Fund fund balance resulting from the decreased revenue in 2017 caused by the \$0.001 levy decrease to \$0.014 per \$100 of assessed valuation in 2017 compared to \$0.015 per \$100 of assessed valuation in 2016.

#### Governmental Activities

A summary of the governmental activities of the Learning Community are as follows:

|                             | Fiscal<br>year ended<br>August 31, 2018 | Fiscal<br>year ended<br>August 31, 2017 | Change from<br>Prior Year |
|-----------------------------|---|---|---------------------------|
| Receipts:                   |   |   |                           |
| Property and other taxes    | \$ 9,128,261                            | 8,190,057                               | 938,204                   |
| State appropriations        | 1,226,792                               | 1,189,720                               | 37,072                    |
| Investment earnings         | 2,464                                   | 2,395                                   | 69                        |
| Total receipts              | 10,357,517                              | 9,382,172                               | 975,345                   |
| Disbursements:              |   |   |                           |
| Elementary learning centers | 9,052,703                               | 10,159,115                              | (1,106,412)               |
| Diversity                   | --                                      | 5,450                                   | (5,450)                   |
| Coordinating Council        | 12,289                                  | 56,106                                  | (43,817)                  |
| Administration              | 494,701                                 | 407,275                                 | 87,426                    |
| Total disbursements         | 9,559,693                               | 10,627,946                              | (1,068,253)               |
| Change in net position      | \$ 797,824                              | (1,245,774)                             | 2,043,598                 |

The decrease in governmental disbursements primarily resulted from a planned decrease in expenditures to restore the Elementary Learning Centers Fund fund balance resulting from the decreased revenue in 2017 caused by the \$0.001 levy decrease to \$0.014 per \$100 of assessed valuation in 2017 compared to \$0.015 per \$100 of assessed valuation in 2016. Additionally, the gradual reduction in the pilot programming for the school districts in and around the North and South centers account for the remaining decrease.

## LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

### MANAGEMENT'S DISCUSSION AND ANALYSIS

(Concluded)

#### Individual Fund Analysis

As mentioned previously, the Fund financial statements report the Learning Community's activities in more detail than the government-wide statements by providing information about the most significant funds. The fund financial statements of the Learning Community only include governmental activities – the General Fund, Capital Projects Fund, and the Elementary Learning Centers Fund.

*General Fund* – The General Fund is funded by appropriations from the State of Nebraska. The General Fund fund balance amounted to \$445,763 at August 31, 2018, a decrease of \$6,665 from the fund balance at August 31, 2017. General Fund disbursements were less than total budgeted disbursements in the amount of \$9,460. Excess amounts are being carried over to the 2018-2019 fiscal year to fund ongoing operations of the Learning Community.

*Capital Projects Fund* – The Capital Projects Fund consists of unspent tax levies restricted by State statute for capital projects and lease or leasehold improvements. The Capital Projects Fund fund balance amounted to \$747,157 at August 31, 2018, a decrease of \$2,393 from the fund balance at August 31, 2017. In 2018 and 2017, respectively, \$705,965 and \$708,880 was expended for purposes of leases and leasehold improvements for elementary learning centers.

*Elementary Learning Centers Fund* – The Elementary Learning Centers Fund is funded through taxes and other receipts restricted for purposes of supporting elementary learning center program activities. The Elementary Learning Centers Fund fund balance amounted to \$5,424,945 as of August 31, 2018, an increase of \$806,882 from the fund balance at August 31, 2017. Disbursements of \$8,346,738 were less than budgeted disbursements of \$8,922,244 in the amount of \$575,506.

#### Economic Factors Bearing on the Learning Community's Future

At the time these financial statements were prepared, the Learning Community was aware of several circumstances that impact the future activities of the Learning Community:

- The taxable property valuation for the Learning Community for 2018/2019 increased by 5.67% from the 2017/2018 property valuation.
- The Elementary Learning Centers Fund tax levy rate for 2019 is consistent with the 2018 levy rate at \$0.015 per \$100 of assessed valuation.
- The Capital Projects Fund tax levy rate for 2018 is consistent with the 2017 levy rate at \$0.00125 per \$100 of assessed valuation.
- General Fund monies, which are received through state appropriations, are subject to modification by the Nebraska Unicameral Legislature.

#### Contacting the Learning Community's Financial Management

This financial report is designed to provide the citizens, taxpayers, legislators and member school districts with a general overview of the Learning Community's finances and to demonstrate the Learning Community's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Learning Community of Douglas and Sarpy Counties, 1612 N. 24<sup>th</sup> Street, Omaha, NE, 68110.

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Statement of Net Position – Cash Basis**

August 31, 2018

|                                   | <b>Governmental<br/>Activities</b> |
|-----------------------------------|------------------------------------|
| <b>ASSETS</b>                     |                                    |
| Cash and cash equivalents         | \$ 6,319,334                       |
| Cash held by County Treasurer     | <u>298,531</u>                     |
| Total assets                      | <u>\$ 6,617,865</u>                |
| <b>NET POSITION</b>               |                                    |
| Restricted for:                   |                                    |
| Leases and leasehold improvements | \$ 747,157                         |
| Research and evaluation           | 284,594                            |
| Elementary learning centers       | 5,218,407                          |
| Unrestricted                      | <u>367,707</u>                     |
| Total net position                | <u>\$ 6,617,865</u>                |

*See accompanying notes to the financial statements.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Statement of Activities – Cash Basis**  
For the Year Ended August 31, 2018

|                                 | <b>FUNCTION</b>                              |                       |                                 |  |
|---------------------------------|--|-----------------------|---------------------------------|--|
|                                 | <b>Governmental<br/>Activities<br/>Total</b> | <b>Administration</b> | <b>Coordinating<br/>Council</b> | <b>Elementary<br/>Learning<br/>Centers</b> |
| <b>DISBURSEMENTS</b>            |  |                       |                                 |  |
| Personnel services              | \$ 967,226                                   | 393,743               | --                              | 573,483                                    |
| Contracted/purchased services   | 7,761,706                                    | 52,766                | 8,699                           | 7,700,241                                  |
| Supplies and materials          | 42,867                                       | 13,119                | 237                             | 29,511                                     |
| Occupancy                       | 760,845                                      | 18,507                | --                              | 742,338                                    |
| Other                           | 27,049                                       | 16,566                | 3,353                           | 7,130                                      |
| Total disbursements             | <u>9,559,693</u>                             | <u>494,701</u>        | <u>12,289</u>                   | <u>9,052,703</u>                           |
| <b>RECEIPTS</b>                 |  |                       |                                 |  |
| Property and other taxes        | 9,128,261                                    |                       |                                 |  |
| State appropriations            | 1,226,792                                    |                       |                                 |  |
| Investment earnings             | <u>2,464</u>                                 |                       |                                 |  |
| Total receipts                  | <u>10,357,517</u>                            |                       |                                 |  |
| CHANGE IN NET POSITION          | 797,824                                      |                       |                                 |  |
| NET POSITION, BEGINNING OF YEAR | <u>5,820,041</u>                             |                       |                                 |  |
| NET POSITION, END OF YEAR       | <u>\$ 6,617,865</u>                          |                       |                                 |  |

*See accompanying notes to the financial statements.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Balance Sheet – Governmental Funds – Cash Basis**

August 31, 2018

|  | <b>Major Funds</b>      |                                      |   |   |
|--|-------------------------|--------------------------------------|---|---|
|  | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Elementary<br/>Learning<br/>Centers<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| <b>ASSETS</b>                                    |                         |                                      |   |   |
| Cash and cash equivalents                        | \$ 445,763              | 724,195                              | 5,149,376   | 6,319,334                               |
| Cash held by County Treasurer                    | --                      | 22,962                               | 275,569   | 298,531                                 |
| Total assets                                     | <u>\$ 445,763</u>       | <u>747,157</u>                       | <u>5,424,945</u>                                    | <u>6,617,865</u>                        |
| <b>FUND BALANCES</b>                             |                         |                                      |   |   |
| Restricted for leases and leasehold improvements | \$ --                   | 747,157                              | --  | 747,157                                 |
| Restricted for research and evaluation           | 78,056                  | --                                   | 206,538   | 284,594                                 |
| Restricted for elementary learning centers       | --                      | --                                   | 5,218,407   | 5,218,407                               |
| Unassigned                                       | <u>367,707</u>          | <u>--</u>                            | <u>--</u>   | <u>367,707</u>                          |
| Total fund balances                              | <u>\$ 445,763</u>       | <u>747,157</u>                       | <u>5,424,945</u>                                    | <u>6,617,865</u>                        |

*See accompanying notes to the financial statements.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Statement of Receipts, Disbursements, and Changes in Fund Balances –  
Governmental Funds – Cash Basis  
For the Year Ended August 31, 2018**

|   | <b>Major Funds</b>      |                                      |   |   |
|---|-------------------------|--------------------------------------|---|---|
|   | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Elementary<br/>Learning<br/>Centers<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| RECEIPTS  |                         |                                      |   |   |
| Property and other taxes                              | \$ --                   | 703,241                              | 8,425,020   | 9,128,261                               |
| State appropriations                                  | 500,000                 | --                                   | 726,792   | 1,226,792                               |
| Investment earnings                                   | 325                     | 331                                  | 1,808   | 2,464                                   |
| Total receipts  | <u>500,325</u>          | <u>703,572</u>                       | <u>9,153,620</u>                                    | <u>10,357,517</u>                       |
| DISBURSEMENTS   |                         |                                      |   |   |
| Elementary learning centers                           | --                      | 705,965                              | 8,346,738   | 9,052,703                               |
| Coordinating Council                                  | 12,289                  | --                                   | --  | 12,289                                  |
| Administration  | <u>494,701</u>          | <u>--</u>                            | <u>--</u>   | <u>494,701</u>                          |
| Total disbursements                                   | <u>506,990</u>          | <u>705,965</u>                       | <u>8,346,738</u>                                    | <u>9,559,693</u>                        |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER<br>DISBURSEMENTS | (6,665)                 | (2,393)                              | 806,882   | 797,824                                 |
| FUND BALANCES, BEGINNING OF YEAR                      | <u>452,428</u>          | <u>749,550</u>                       | <u>4,618,063</u>                                    | <u>5,820,041</u>                        |
| FUND BALANCES, END OF YEAR                            | <u>\$ 445,763</u>       | <u>747,157</u>                       | <u>5,424,945</u>                                    | <u>6,617,865</u>                        |

*See accompanying notes to the financial statements.*

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Learning Community of Douglas and Sarpy Counties (Learning Community) consistently applied in the preparation of the accompanying financial statements. The Learning Community's financial statements are presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### A. **Reporting Entity**

The Learning Community is a tax-exempt political subdivision in the state of Nebraska organized under Neb. Rev. Stat. § 79-2102 (Reissue 2014). The geographic area served by the Learning Community consists of the metropolitan area surrounding Omaha, Nebraska, generally located within Douglas, Sarpy, and Washington Counties, and includes the geographic territory of the 11 school districts headquartered in Douglas and Sarpy Counties. The Learning Community is governed by a 12-member Learning Community Coordinating Council elected from its six Subcouncil Districts and, with regard to each of its six Subcouncil Districts, an Achievement Subcouncil composed of the Learning Community Coordinating Council's members who represent the Subcouncil District.

The Learning Community's financial statements are presented as the primary government and include all the funds and activities for which the Learning Community is financially accountable.

#### B. **Basis of Presentation**

**Government-Wide Financial Statements.** The government-wide financial statements include the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, which present information about the Learning Community as a whole. The statements present the Learning Community's financial statements as governmental activities. The Learning Community has no business type or fiduciary activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions.

**Fund Financial Statements.** Fund financial statements report information about the Learning Community's funds. The Learning Community consists of three funds: the General Fund, the Capital Projects Fund, and the Elementary Learning Centers Fund.

Separate columns are presented for each major governmental fund in the fund financial statements. The Learning Community has three governmental funds in the fund financial statements, described below:

**General Fund** – The General Fund is the operating fund of the Learning Community. It is used to account for all financial resources except those required to be accounted for in other funds.

**Capital Projects Fund** – The Capital Projects Fund is used to account for taxes levied and other receipts used to acquire or improve sites and/or erect, alter or improve buildings, and to finance facility lease payments and any leasehold improvements.



LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

**Elementary Learning Centers Fund** – The Elementary Learning Centers Fund is used to account for taxes levied and other receipts used to support elementary learning center program activities.

**C. Measurement Focus and Basis of Accounting**

The government-wide and fund financial statements are presented using a cash basis measurement focus. The reported net position and fund balances are considered a measurement of “available cash and investments.” The activities reported focus on cash received and cash disbursed.

Under the cash basis of accounting, revenues are recognized when cash is received by the Learning Community, and expenditures are recognized when paid.

**D. Budget Process**

The Learning Community is required by State law to adopt annual operating budgets at the fund level for its three funds. Budgets are prepared and presented on the cash basis of accounting, which is consistent with the basis of accounting used in presenting the basic financial statements and with the requirements of the State of Nebraska Budget Act.

Public hearings are held to obtain taxpayer comments regarding the proposed budget, which is legally adopted by the Learning Community Coordinating Council on or before September 1 through passage of a resolution in accordance with State statutes. Total disbursements cannot legally exceed the adopted budget. Any revisions for increases in the budget must be approved by the Learning Community Coordinating Council following a hearing to obtain taxpayer comments.

**E. Property Taxes**

Under Neb. Rev. Stat. § 79-2104 (Cum. Supp. 2018), the Learning Community Coordinating Council has the authority to levy the following property taxes:

- Capital Projects Levy (between \$0.00 and \$0.005, as noted in Neb. Rev. Stat § 77-3442 (Reissue 2018), per \$100 of assessed valuation) to be used by the Learning Community for capital projects related to elementary learning centers or new focus schools or programs.
- Elementary Learning Center Levy (between \$0.00 and \$0.015, as noted in Neb. Rev. Stat § 77-3442 (Reissue 2018), per \$100 of assessed valuation) for elementary learning center operations, pilot projects, and employees.

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 1. Summary of Significant Accounting Policies (Continued)

The property tax requirement resulting from the budgeting process is utilized to establish the tax levy in accordance with State statutes, which attaches as an enforceable lien on the property within the Learning Community as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent after the following April 1, and the second one-half is delinquent after August 1. The combined tax levy of the Learning Community for the year ended August 31, 2018, per \$100 of assessed valuation was as follows:

|                                 | <u>Levy Rate</u> | <u>Amount</u> |
|---------------------------------|------------------|---------------|
| Capital Projects Levy           | \$ 0.00125       | \$ 705,617    |
| Elementary Learning Center Levy | 0.015            | 8,467,409     |

**Common Levies.** With the passage of Legislative Bill 1067 (2016), effective September 1, 2017, the levy authority of the Learning Community for the General Fund Common Levy and the Special Building Fund Common Levy were discontinued. Total receipts by county treasurers and distributions to the member school districts under previous amounts levied for the common levies during year ended August 31, 2018, are as follows:

|  | <u>General Fund<br/>Common Levy</u> | <u>Special<br/>Building Fund<br/>Common Levy</u> |
|--|-------------------------------------|--|
| Cash held by county treasurers, August 31, 2017          | \$ 7,918,945                        | (124)  |
| Total collections, net of 1% county treasurer commission | 14,532,451                          | 51   |
| Less distributions to member school districts            | (22,370,888)                        | 74   |
| Cash held by county treasurers, August 31, 2018          | <u>\$ 80,508</u>                    | <u>1</u>   |

### F. **Cash and Cash Equivalents**

The Learning Community's cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition.

### G. **Net Position**

Net position of the Learning Community is classified in two components:

- *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, contributors, or laws or regulations external to the Learning Community.
- *Unrestricted net position* is remaining net position that does not meet the definition of restricted.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**1. Summary of Significant Accounting Policies** (Concluded)

**H. Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* – This component of fund balance consists of amounts that are not in a spendable form or are required to be maintained intact. At August 31, 2018, the Learning Community had no nonspendable fund balances.

*Restricted* – This component of fund balance consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers. At August 31, 2018, the Learning Community had restricted fund balances of \$6,250,158.

*Committed* – This component of fund balance consists of amounts that can be used only for the specific purposes determined by a formal action of the Learning Community Coordinating Council. Commitments may be changed or lifted only by the Learning Community taking the same formal action that imposed the constraint originally. At August 31, 2018, the Learning Community had no committed fund balances.

*Assigned* – This component of fund balance consists of amounts intended to be used by the Learning Community for specific purposes, as intended by the Learning Community Coordinating Council. At August 31, 2018, the Learning Community had no assigned fund balances.

*Unassigned* – This component of fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

The Learning Community first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted resources are available.

**I. Use of Estimates**

The preparation of financial statements in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

**J. Subsequent Events**

The Learning Community considered events occurring through May 22, 2019, for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits**

Neb. Rev. Stat. § 77-2341 (Reissue 2018) provides that the Learning Community Coordinating Council may invest in the following:

*Certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made.*

**Deposits**

As of August 31, 2018, the carrying amount of the Learning Community's deposits was \$6,319,334, and the bank balance was \$6,386,701. The deposits were fully collateralized at August 31, 2018.

**Credit Risk**

Custodial credit risk is the risk that in event of a bank failure, the Learning Community's deposits may not be returned. The Learning Community does not have a formal deposit policy for custodial credit risk beyond requirements set forth by the State statutes. At August 31, 2018, the Learning Community has no deposits exposed to custodial credit risk.

3. **Funds Held by County Treasurer**

Funds in the amount of \$212,186, \$83,881, and \$2,464 were held by the Douglas, Sarpy, and Washington County Treasurers, respectively, for the Elementary Learning Centers Fund and the Capital Projects Fund of the Learning Community as of August 31, 2018. These amounts are remitted to the Learning Community subsequent to year end.

4. **Operating Lease Commitments**

The Learning Community leases office space under various operating lease agreements, which have non-cancelable lease terms in excess of one year. Rental expenditures relating to these leases for the year ending August 31, 2018, amounted to \$703,525.

The following is a schedule, by year, of future minimum lease payments under operating leases, as of August 31, 2018, that have initial or remaining lease terms in excess of one year:

| <b><u>Year Ended August 31,</u></b> | <b><u>Amount</u></b> |
|-------------------------------------|----------------------|
| 2019                                | \$ 721,214           |
| 2020                                | 764,013              |
| 2021                                | 772,820              |
| 2022                                | 736,775              |
| 2023                                | 739,177              |
| 2024-2025                           | 719,443              |

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

NOTES TO FINANCIAL STATEMENTS

(Concluded)

5. **Tax Abatements**

Tax abatements are a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled, and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Property tax revenues of the Learning Community were reduced by the following amounts for the year ended August 31, 2018, under agreements entered into by the following entities:

| <u>Entity</u>    | <u>Tax Abatement Program</u> | <u>Amount of Tax Abated</u> |
|------------------|------------------------------|-----------------------------|
| City of Omaha    | Tax Increment Financing      | \$ 252,921                  |
| City of Bellevue | Tax Increment Financing      | 12,974                      |

6. **Contingencies**

The Learning Community is exposed to various risks of loss related to torts; theft; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Learning Community carries commercial insurance for risks of loss including workers' compensation. The Learning Community assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage since its inception in January 2009. Significant coverage includes:

|                                 | <u>Maximum Coverage</u> |
|---------------------------------|-------------------------|
| General Liability Claim         | \$ 2,000,000            |
| Workers' Compensation Claim     | \$ 500,000              |
| Crime/Employee Dishonesty Claim | \$ 1,000,000            |
| Auto Claim                      | \$ 1,000,000            |
| Umbrella Policy                 | \$ 4,000,000            |
| School Leader Risk Protector    | \$ 3,000,000            |

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Other Information –  
Budgetary Comparison Schedule – General Fund**  
For the Year Ended August 31, 2018

|  | BUDGETED AMOUNTS |          | ACTUAL<br>AMOUNTS | VARIANCE WITH<br>FINAL BUDGET -<br>POSITIVE<br>(NEGATIVE) |
|--|------------------|----------|-------------------|---|
|  | ORIGINAL         | FINAL    |                   |   |
| RECEIPTS                                     |                  |          |                   |   |
| State appropriations                         | \$ 500,000       | 500,000  | 500,000           | --  |
| Investment earnings                          | 750              | 750      | 325               | (425)   |
| Total receipts                               | 500,750          | 500,750  | 500,325           | (425)   |
| DISBURSEMENTS                                |                  |          |                   |   |
| Coordinating Council                         | 33,150           | 33,150   | 12,289            | 20,861  |
| Administration                               | 483,300          | 483,300  | 494,701           | (11,401)  |
| Total disbursements                          | 516,450          | 516,450  | 506,990           | 9,460   |
| DEFICIENCY OF RECEIPTS OVER<br>DISBURSEMENTS | (15,700)         | (15,700) | (6,665)           | 9,035   |
| FUND BALANCE, BEGINNING OF YEAR              | 393,988          | 393,988  | 452,428           | 58,440  |
| FUND BALANCE, END OF YEAR                    | \$ 378,288       | 378,288  | 445,763           | 67,475  |

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Other Information –**  
**Budgetary Comparison Schedule – Elementary Learning Centers Fund**  
For the Year Ended August 31, 2018

|  | <u>BUDGETED AMOUNTS</u> |                  |                           | VARIANCE WITH<br>FINAL BUDGET -<br>POSITIVE<br>(NEGATIVE) |
|--|-------------------------|------------------|---------------------------|---|
|  | <u>ORIGINAL</u>         | <u>FINAL</u>     | <u>ACTUAL<br/>AMOUNTS</u> |   |
| RECEIPTS                                 |                         |                  |                           |   |
| Property and other taxes                 | \$ 8,382,735            | 8,382,735        | 8,425,020                 | 42,285  |
| State appropriations                     | 741,934                 | 741,934          | 726,792                   | (15,142)  |
| Investment earnings                      | 1,500                   | 1,500            | 1,808                     | 308   |
| Total receipts                           | <u>9,126,169</u>        | <u>9,126,169</u> | <u>9,153,620</u>          | <u>27,451</u>   |
| DISBURSEMENTS                            |                         |                  |                           |   |
| Elementary learning centers              | <u>8,453,028</u>        | <u>8,922,244</u> | <u>8,346,738</u>          | <u>575,506</u>  |
| Total disbursements                      | <u>8,453,028</u>        | <u>8,922,244</u> | <u>8,346,738</u>          | <u>575,506</u>  |
| EXCESS OF RECEIPTS OVER<br>DISBURSEMENTS | 673,141                 | 203,925          | 806,882                   | 602,957   |
| FUND BALANCE, BEGINNING OF YEAR          | <u>4,258,883</u>        | <u>4,258,883</u> | <u>4,618,063</u>          | <u>359,180</u>  |
| FUND BALANCE, END OF YEAR                | <u>\$ 4,932,024</u>     | <u>4,462,808</u> | <u>5,424,945</u>          | <u>962,137</u>  |

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## NOTES TO OTHER INFORMATION

For the Year Ended August 31, 2018

### BUDGETARY COMPARISON SCHEDULE

The Learning Community has provided budgetary comparison schedules for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules include the original budget and final budget amounts. The original budget is the first complete appropriated budget adjusted by reserves, transfers, and other legally authorized changes before the beginning of the fiscal year. The original budget would also include amounts automatically carried over from prior years when required by law. The final budget is the original budget adjusted by all reserves, transfers, and other legally authorized changes applicable to the fiscal year, as approved by the Learning Community Coordinating Council or otherwise legally authorized.

The Learning Community is required by State law to adopt annual operating budgets at the fund level for its three funds. Budgets are prepared and presented on the cash basis of accounting, which is consistent with the basis of accounting used in presenting the basic financial statements and with the requirements of the State of Nebraska Budget Act.

Public hearings are held to obtain taxpayer comments regarding the proposed budget, and the budget is legally adopted by the Learning Community Coordinating Council on or before September 1 through passage of a resolution in accordance with State statutes. Total disbursements cannot legally exceed the adopted budget. Any revisions for increases in the budget must be approved by the Learning Community Coordinating Council following a hearing to obtain taxpayer comments.





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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**LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES  
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Learning Community Coordinating Council  
Learning Community of Douglas and Sarpy Counties  
Omaha, Nebraska

We have audited, 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, the financial statements of the governmental activities and each major fund of the Learning Community of Douglas and Sarpy Counties (Learning Community) as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Learning Community's basic financial statements, and have issued our report thereon dated May 22, 2019. The report notes that the financial statements were prepared on the cash basis of accounting.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Learning Community's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Learning Community's internal control. Accordingly, we do not express an opinion on the effectiveness of the Learning Community's internal control.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Learning Community's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

***Additional Items***

We noted certain additional items that we reported to management of the Learning Community in a separate letter dated May 22, 2019.

***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 Learning Community's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Mark Avery", with a long, sweeping horizontal line extending to the right.

May 22, 2019

Mark Avery, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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May 22, 2019

Learning Community Coordinating Council  
Learning Community of Douglas and Sarpy Counties  
Omaha, Nebraska

We have audited the basic financial statements of the Learning Community of Douglas and Sarpy Counties (Learning Community), as of and for the year ended August 31, 2018, and have issued our report thereon dated May 22, 2019. In planning and performing our audit of the basic financial statements of the Learning Community, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the Learning Community's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

### **Credit Card Purchases and Charges Issues**

During our testing of a sample of Learning Community credit card expenditures, we noted the following issues:

- Supporting documentation was lacking.
- Sales tax was paid inappropriately.
- Expenditures were not approved in a timely manner.
- Interest and fees were paid inappropriately.
- The credit card balance was overpaid, resulting in a credit balance.

The Learning Community was unable to produce a receipt for a \$23.70 meal expenditure in March 2018. The credit card statement shows that the charge was at a restaurant. Documentation was provided that the expenditure was incurred during a meeting between a Learning Community employee and an individual performing a strategic staffing evaluation for the Learning Community. However, a detailed receipt showing the items purchased could not be provided.

Two March 2018 credit card purchases included the Learning Community inappropriately paying sales tax of \$9.51 and \$4.62. After the Auditor of Public Accounts (APA) asked about the expenditures, the Learning Community was able to recoup the \$9.51 in May 2019. The \$4.62 could not be recouped.

The April 2018 credit card statement included 28 charges, totaling \$5,383.99, with purchase dates between March 21, 2018, and April 19, 2018. These expenditures were not reviewed and approved by the Learning Community Council (Council) until August 2018.

The Learning Community received the April 2018 credit card statement, which showed a payment due by May 14, 2018. The charges on that statement should have then been entered promptly into the accounting system; however, they were not entered until June 2018. A monthly Treasurer's report is generated from the accounting system for all transactions for each month and is presented to the Budget, Finance, and Audit Committee for review and then to the full Council for approval. The Council did not hold a July 2018 meeting. Due to the delay in entering into the accounting system the charges incurred in March and April, these expenditures were not approved until approximately five months later, in August 2018.

The May 2018 credit card statement included charges for a late fee of \$30, a return check charge of \$30, and interest of \$172.82 – all due to a lack of payment for April 2018 credit card statement charges in a timely fashion. These combined service charges of \$232.82 were never included on a Treasurer's report for review and approval by the Council.

On May 14, the Learning Community attempted to make an online ACH payment of \$5,383.99 to the credit card company for the previous month's charges. However, the Learning Community's credit card account had not been set up to allow for processing an online ACH payment; therefore, the payment attempt was rejected, resulting in the credit card company treating this as a returned check and assessing the \$30 returned check fee on the May statement. The Learning Community then made three subsequent weekly attempts, on May 22, May 31, and June 8, to complete an online ACH payment for \$5,383.99. All of these attempts were rejected, resulting in three more \$30 return check charges being assessed on the June credit card statement.

On June 5, 2018, the credit card company sent a letter to the Learning Community, warning that the account was past due and, as of that date, a balance of \$16,083.66 was owed. Finally, on June 13, an online ACH payment was processed for \$10,799.67. Additionally, on June 18, a \$16,083.66 check from the Learning Community was processed by the credit card company. This resulted in the Learning Community overpaying and, as a result, having a credit balance of \$10,658.94 on the June credit card statement. At the Learning Community's fiscal year end in August 2018, that credit balance was \$10,050.25.

The failure of the Learning Community to address with a proper sense of urgency the failed ACH payment attempts resulted in unnecessary service fees and interest totaling \$322.82. The Learning Community made no attempt to have those charges removed by the credit card company.

The Learning Community began using the credit card in March 2018. The Learning Community's current Accounting Policies and Procedures Manual (Policies Manual), which was last updated as of September 1, 2017, does not specifically address the use of a credit card. The Policies Manual does address the use of a debit card, requiring each debit card transaction to be authorized by the CEO. In October 2017, the Council authorized the use of a credit card, but the Policies Manual has yet to be update accordingly.

Neb. Rev. Stat. § 79-2101 (Reissue 2014) defines a learning community as a "political subdivision which shares the territory of member school districts and is governed by a learning community coordinating council."

Neb. Rev. Stat. § 13-610 (Reissue 2012) authorizes political subdivisions to implement a credit card program and establishes requirements, including an itemized purchase receipt directive, for the use of such cards, as follows:

*(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card . . .*

*(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.*

\* \* \* \*

*(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

\* \* \* \*

*(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.*

Additionally, sound accounting practices and good internal control require implementation of the following procedures to ensure the proper use of the Learning Community's credit card: 1) proper supporting documentation, including itemized receipts, is maintained for all expenditures; 2) sales tax is not paid on purchases; 3) the Council approves all expenditures in a timely manner; 4) monthly billings are paid timely, avoiding unnecessary late fees, service charges, and interest; 5) billings are not overpaid, and credit balances do not accrue; and 6) the Policies Manual is updated to provide appropriate guidelines and controls for credit card use.

Without such procedures, there is an increased risk of not only improper and/or unnecessary credit card charges and fees, resulting in the loss or misuse of Learning Community funds, but also lack of compliance with State statute.

We recommend the Learning Community implement procedures, preferably through an updated Policies Manual, to ensure that proper supporting documentation, including itemized receipts, is maintained for all credit card expenditures. Additionally, the procedures should ensure that sales tax is not paid on credit card purchases, and the Council approves all such expenditures in a timely manner. Those same procedures should ensure also that unnecessary late fees, service charges, and interest is avoided through the timely payment of monthly billings. Lastly, the procedures should ensure that billings are not overpaid, and credit balances do not accrue.

*Learning Community Response: We appreciate the work of the state auditor's office and suggested actions. We also appreciate the notations of the extenuating circumstances regarding the issues that were noted in the body of the report. An additional issue during this audit was the loss of our Finance Manager whom resigned at the beginning of the process. The Learning Community will undertake a full review of the Procedures Manual for our Budget, Finance and Audit Committee and implement procedures and practices to make every attempt to avoid these types of issues in the future. We will also create practices to attempt to anticipate circumstances such as canceled meetings, unplanned employee long-term absences or emergency needs that can negatively impact procedures.*

\* \* \* \* \*

It should be noted this report is critical in nature, containing only our comment and recommendation on the area noted for improvement and does not include our observations on any strong features of the Learning Community.

Draft copies of this report were furnished to the Learning Community to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.

This report is intended solely for the information and use of the Learning Community, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor

### THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This Third Amendment to Employment Agreement (the “Second Amendment”) is made and entered into as of June \_\_\_\_, 2019, by and between the Learning Community of Douglas and Sarpy Counties, a Nebraska political subdivision (“Employer”), and David J. Patton, an individual, (“Employee”).

WHEREAS, Employer and Employee are parties to that certain Employment Agreement commencing on July 1, 2016 as amended pursuant to those certain First and Second Amendments to Employment Agreement (the “Agreement”); and

WHEREAS, pursuant to Paragraph 10.f. of the Agreement, the parties desire to further amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employer and Employee, intending to be legally bound, hereby agree as follows:

1. **Defined Terms.** All capitalized terms contained in this Third Amendment that are not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

2. **Revised Base Salary.** Paragraph 4.a. of the Agreement is hereby amended and restated in its entirety as follows:

**Base Salary.** Employer shall pay Employee an annual base salary of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00), subject to applicable withholdings and annual cost of living adjustments, unless and until adjusted as set forth below (the “Base Salary”). Employee’s Base Salary shall be paid, less applicable withholdings, on a monthly basis in the gross amount of Twelve Thousand Five Hundred and 00/100 Dollars (\$12,500.00), in accordance with Employer’s regular payroll practices and policies. Employee’s Base Salary will be evaluated by the Coordinating Council on an annual basis, and the Coordinating Council may authorize increases to the Base Salary, in its sole discretion, based on Employee’s performance (as approved by the Coordinating Council) and the results of Employee’s annual performance review.

3. **Discretionary Incentive Compensation.** Paragraph 4.b. of the Agreement is hereby amended and restated in its entirety as follows:

**Incentive Compensation.** In addition to the Base Salary, Employee shall be eligible to receive a performance bonus of two percent (2%) of Employee’s Base Salary as of June 30, 2020, based upon Employee’s accomplishment of written expectations for 2019-2020, as determined by the Coordinating Council in its sole discretion. Incentive compensation opportunities in subsequent years, if any, will be determined by the Coordinating Council.

4. **Revised Term.** The first paragraph of Paragraph 5 of the Agreement is hereby amended and restated in its entirety as follows:

**Term.** The term of this Agreement shall commence on July 1, 2019 (the "Commencement Date") and shall continue through June 30, 2022 (the "Initial Term"), at which time, this Agreement shall be automatically extended for additional one (1) year terms beginning on each subsequent anniversary of the Commencement Date thereafter, unless and until Employee's employment under this Agreement is terminated upon the occurrence of any of the following events:

5. **Conflict of Terms.** In the event of a conflict between the terms and conditions of the Agreement and this Second Amendment, the terms and conditions of this Second Amendment shall apply.

6. **Ratification.** Except as specifically amended herein, the Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

7. **Counterparts.** This Second Amendment may be executed in two or more counterparts, all of which taken together shall constitute one instrument.

8. **Entire Agreement.** The Agreement, together with this Third Amendment, including the recitals to this Third Amendment, which are incorporated herein by this reference, constitutes the entire agreement of the parties related to the subject matter hereof, and supersedes any prior agreements or understandings, written or oral, between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Employment Agreement as of the date first above written.

LEARNING COMMUNITY OF DOUGLAS AND  
SARPY COUNTIES, a Nebraska political subdivision

By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
David J. Patton, Employee