



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

May 8, 2024

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

Dear Mr. Kuhn:

Attached is a copy of the audit report of the Learning Community of Douglas and Sarpy Counties for the fiscal year ended August 31, 2023. You can also access the report on our website at [auditors.nebraska.gov](http://auditors.nebraska.gov).

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Foley".

Mike Foley  
Auditor of Public Accounts

Enclosure

cc: Alice Lewis, Finance Director  
Mark Hoeger, Coordinating Council Chair  
Timothy Hall, Coordinating Council Treasurer

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

**SEPTEMBER 1, 2022, THROUGH AUGUST 31, 2023**

**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 8, 2024**

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

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## LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

### KEY OFFICIALS AND CONTACT INFORMATION

<u>Council Members</u> <u>As of August 31, 2023</u>	
<b>Name</b>	<b>Title</b>
Gerald Kuhn	Subcouncil 1
Brian Thommes	Subcouncil 1 – Council Chair
Sharnelle Shelton	Subcouncil 2
Carol Hahn	Subcouncil 2
Mark Hoeger	Subcouncil 3 – Council Vice Chair
Sally Otis	Subcouncil 3
Angie Miller	Subcouncil 4 – Council Secretary
Amy Scott	Subcouncil 4
Tonya Ward	Subcouncil 5
Douglas Brady	Subcouncil 5
Andrew Brock	Subcouncil 6
Tim Hall	Subcouncil 6 – Council Treasurer

### Learning Community of Douglas and Sarpy Counties Leadership

<b>Name</b>	<b>Title</b>
Bradley Ekwerekwu *	Chief Executive Officer

\* Bradley Ekwerekwu resigned effective November 17, 2023, and was replaced with Gerald Kuhn effective November 20, 2023.

Learning Community of Douglas and Sarpy Counties  
1612 N. 24<sup>th</sup> Street  
Omaha, NE 68110  
[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

#### *Opinions*

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, 2023, 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.

In our opinion, the accompanying 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, 2023, and the respective changes in cash-basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Learning Community and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter – 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.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Learning Community's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Management is responsible for the other information included in the annual report. The other information comprises Management's Discussion and Analysis and Budgetary Comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024, 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.



Zachary Wells, CPA, CISA  
Assistant Deputy Auditor  
Lincoln, NE

May 2, 2024

## 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, 2023, and 2022. Please read it in conjunction with the Learning Community's financial statements, which begin on page 7.

#### Financial Highlights

- General Fund receipts decreased for the year ended August 31, 2023, compared to the year ended 2022, with receipts of \$476,035 and \$500,809, respectively. General Fund disbursements decreased from \$633,895 in fiscal year 2022 to \$455,462 in fiscal year 2023. The Learning Community's General Fund balance increased from \$7,865 at the end of fiscal year 2022 to \$339,239 at the end of fiscal year 2023, largely due to transfers of investment earnings from the Elementary Learning Centers Fund to the General Fund.
- Elementary Learning Centers Fund receipts increased for the year ended August 31, 2023, compared to the year ended August 31, 2022, with receipts of \$12,894,309 and \$11,555,423, respectively. The increase is primarily due to increased property valuations of 8.62% resulting in increased tax collections from its tax levy of \$0.014878 and \$0.014993 per \$100 of assessed valuation in 2023 and 2022, respectively. Elementary Learning Centers Fund disbursements increased for the year ended August 31, 2023, compared to the year ended August 31, 2022, with disbursements of \$8,216,446 and \$6,630,192, respectively.

#### 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 schedules, included as other information, provide information that further explains and supports the financial statements with a comparison of the Learning Community's budget for the year.

#### 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 as of August 31, 2023, and 2022 amounted to \$22,930,521 and \$18,169,621, respectively.

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 (Continued)

**Governmental Activities**

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

	Fiscal year ended August 31, 2023	Fiscal year ended August 31, 2022	Change from Prior Year
<b>Receipts:</b>			
Property and other taxes	\$ 12,692,338	11,740,399	951,939
State appropriations	1,176,910	1,177,937	(1,027)
Investment earnings	506,734	33,189	473,545
Other	<u>5,816</u>	<u>8,400</u>	<u>(2,584)</u>
<b>Total receipts</b>	<b><u>14,381,798</u></b>	<b><u>12,959,925</u></b>	<b><u>1,421,873</u></b>
<b>Disbursements:</b>			
Elementary learning centers	9,165,436	7,478,662	1,686,774
Coordinating Council	37,603	19,351	18,252
Administration	<u>417,859</u>	<u>614,544</u>	<u>(196,685)</u>
<b>Total disbursements</b>	<b><u>9,620,898</u></b>	<b><u>8,112,557</u></b>	<b><u>1,508,341</u></b>
<b>Change in net position</b>	<b><u>\$ 4,760,900</u></b>	<b><u>4,847,368</u></b>	<b><u>(86,468)</u></b>

**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 \$339,239 as of August 31, 2023, an increase of \$331,374 from the fund balance as of August 31, 2022. General Fund disbursements were less than total budgeted disbursements in the amount of \$39,225.

**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 \$893,236 as of August 31, 2023, an increase of \$38,630 from the fund balance as of August 31, 2022. In 2023 and 2022, respectively, \$948,990, and \$848,470 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 \$21,698,046 as of August 31, 2023, an increase of \$4,390,896 from the fund balance as of August 31, 2022. Disbursements of \$8,216,446 were less than total budgeted disbursements of \$10,235,003 in the amount of \$2,018,557.

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Concluded)

**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 2023/2024 increased by 12.84% from the 2022/2023 property valuation.
- The Elementary Learning Centers Fund tax levy rate for 2024 decreased to \$0.012575 per \$100 of assessed valuation compared to the 2023 levy rate at \$0.014878 per \$100 of assessed valuation.
- The Capital Projects Fund tax levy rate for 2024 is consistent with the 2023 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, 2023

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 22,398,754
Cash held by County Treasurer	<u>531,767</u>
Total assets	<u><u>\$ 22,930,521</u></u>
<b>NET POSITION</b>	
Restricted for:	
Leases and leasehold improvements	\$ 893,236
Research and evaluation	224,072
Elementary learning centers	21,473,974
Unrestricted	<u>339,239</u>
Total net position	<u><u>\$ 22,930,521</u></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, 2023

	<b>FUNCTION</b>			
	<b>Governmental Activities</b>		<b>Coordinating Council</b>	<b>Elementary Learning Centers</b>
	<b>Total</b>	<b>Administration</b>		
<b>DISBURSEMENTS</b>				
Personnel services	\$ 1,240,737	331,906	--	908,831
Contracted/purchased services	7,350,668	67,154	34,914	7,248,600
Supplies and materials	52,073	8,943	1,250	41,880
Occupancy	962,029	2,531	--	959,498
Other	15,391	7,325	1,439	6,627
<b>Total disbursements</b>	<b>9,620,898</b>	<b>417,859</b>	<b>37,603</b>	<b>9,165,436</b>
<b>RECEIPTS</b>				
Property and other taxes	12,692,338			
State appropriations	1,176,910			
Investment earnings	506,734			
Other	5,816			
<b>Total receipts</b>	<b>14,381,798</b>			
<b>CHANGE IN NET POSITION</b>	<b>4,760,900</b>			
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>18,169,621</b>			
<b>NET POSITION, END OF YEAR</b>	<b>\$ 22,930,521</b>			

*See accompanying notes to the financial statements.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

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

August 31, 2023

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Elementary Learning Centers Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 339,239	852,019	21,207,496	22,398,754
Cash held by County Treasurer	--	41,217	490,550	531,767
<b>Total assets</b>	<b>\$ 339,239</b>	<b>893,236</b>	<b>21,698,046</b>	<b>22,930,521</b>
<b>FUND BALANCES</b>				
Restricted for leases and leasehold improvements	\$ --	893,236	--	893,236
Restricted for research and evaluation	--	--	224,072	224,072
Restricted for elementary learning centers	--	--	21,473,974	21,473,974
Unassigned	339,239	--	--	339,239
<b>Total fund balances</b>	<b>\$ 339,239</b>	<b>893,236</b>	<b>21,698,046</b>	<b>22,930,521</b>

*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, 2023

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Elementary Learning Centers Fund</b>	<b>Total Governmental Funds</b>
<b>RECEIPTS</b>				
Property and other taxes	\$ --	987,620	11,704,718	12,692,338
State appropriations	470,000	--	706,910	1,176,910
Investment earnings	219	23,834	482,681	506,734
Other	5,816	--	--	5,816
<b>Total receipts</b>	<b>476,035</b>	<b>1,011,454</b>	<b>12,894,309</b>	<b>14,381,798</b>
<b>DISBURSEMENTS</b>				
Elementary learning centers	--	948,990	8,216,446	9,165,436
Coordinating Council	37,603	--	--	37,603
Administration	417,859	--	--	417,859
<b>Total disbursements</b>	<b>455,462</b>	<b>948,990</b>	<b>8,216,446</b>	<b>9,620,898</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	20,573	62,464	4,677,863	4,760,900
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>310,801</u>	<u>(23,834)</u>	<u>(286,967)</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>331,374</b>	<b>38,630</b>	<b>4,390,896</b>	<b>4,760,900</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>7,865</b>	<b>854,606</b>	<b>17,307,150</b>	<b>18,169,621</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 339,239</b>	<b>893,236</b>	<b>21,698,046</b>	<b>22,930,521</b>

*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. 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.

**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.

# LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

#### 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, 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.

#### E. Property Taxes

Under Neb. Rev. Stat. § 79-2104 (Cum. Supp. 2022), 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 (Cum. Supp. 2022), 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 (Cum. Supp. 2022), per \$100 of assessed valuation) for elementary learning center operations, pilot projects, and employees.

The property tax requirement resulting from the budgeting process is utilized, in accordance with State statute, to establish the tax levy, 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, 2023, per \$100 of assessed valuation, was as follows:

	<b>Levy Rate</b>	<b>Amount</b>
Capital Projects Levy	\$ 0.001250	\$ 991,701
Elementary Learning Center Levy	0.014878	11,803,670

#### 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.

## LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

### NOTES TO FINANCIAL STATEMENTS (Continued)

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

##### 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.

##### 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, 2023, 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, 2023, the Learning Community had restricted fund balances of \$22,591,282.

*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, 2023, 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, 2023, 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. Subsequent Events

The Learning Community considered events occurring through May 2, 2024, 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. Cash and Cash Equivalents

Neb. Rev. Stat. § 77-2341(1) (Reissue 2018) provides that the Learning Community Coordinating Council may invest in the following:

*[C]ertificates 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.*

##### 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 State statute. At August 31, 2023, the Learning Community had no deposits exposed to custodial credit risk.

As of August 31, 2023, the carrying amount of the Learning Community's deposits was \$7,425,919, and the bank balance was \$8,549,950. The deposits were fully collateralized as of August 31, 2023, as follows:

Insured (FDIC) or collateralized with securities held by the Learning Community	\$ 250,000
Collateralized with securities held by the pledging financial institution in the Learning Community's name	<u>8,299,950</u>
	\$ <u>8,549,950</u>

The Learning Community also held \$14,972,835 in a Goldman Sachs Government Fund (Fund), which intends to be a government money market fund. Government money market funds are money market funds that invest at least 99.5% of their total assets in cash, U.S. Government Securities, and/or repurchase agreements that are collateralized fully by cash or U.S. Government Securities. As a government money market fund, the fund values its securities using the amortized cost method. The Fund seeks to maintain a stable net asset value ("NAV") of \$1.00 per share. Securities held by the Fund are not held in the Learning Community's name.

#### 3. Funds Held by County Treasurer

Funds in the amount of \$388,605, \$140,859, and \$2,303 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, 2023. 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 that have non-cancelable lease terms in excess of one year. Rental expenditures, including operating expenditures associated with the leases, for the year ended August 31, 2023, amounted to \$948,990.

The following is a schedule by year of future minimum lease payments under operating leases as of August 31, 2023, that have initial or remaining lease terms in excess of one year:

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**NOTES TO FINANCIAL STATEMENTS**  
 (Continued)

**4. Operating Lease Commitments (Concluded)**

<b>Year Ended August 31,</b>	<b>Amount</b>
2024	\$ 619,587
2025	258,816
2026	188,563
2027	192,244
2028	196,587
2029-2033	1,036,478

The Learning Community leases also include provisions for the Learning Community to pay separate operating costs associated with the leases. Those costs are not included in the table above.

**5. Tax Abatements**

Tax abatements are a reduction in tax revenue 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 revenue 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 revenue of the Learning Community were reduced by the following amounts for the year ended August 31, 2023, under agreements entered into by the following entities:

<b>Entity</b>	<b>Tax Abatement Program</b>	<b>Amount of Tax Abated</b>
City of Omaha	Tax Increment Financing	\$ 312,410
City of Bellevue	Tax Increment Financing	24,164

**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:

	<b>Maximum Coverage</b>
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

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

7. **Transfers**

Interfund Transfers during the fiscal year ending August 31, 2023, consisted of the following:

- The Learning Community transferred \$78,056 of funds restricted for Research and Evaluation from the General Fund to the Elementary Learning Centers Fund.
- The Learning Community transferred, to the General Fund, \$23,834 and \$365,023 in interest earned from the Capital Projects Fund and the Elementary Learning Centers Fund, respectively.

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Other Information –  
Budgetary Comparison Schedule – General Fund**  
For the Year Ended August 31, 2023

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	
<b>RECEIPTS</b>				
State appropriations	\$ 470,000	470,000	470,000	--
Investment earnings	--	--	219	219
Other	--	--	5,816	5,816
Total receipts	<u>470,000</u>	<u>470,000</u>	<u>476,035</u>	<u>6,035</u>
<b>DISBURSEMENTS</b>				
Coordinating Council	24,650	24,650	37,603	(12,953)
Administration	<u>470,037</u>	<u>470,037</u>	<u>417,859</u>	<u>52,178</u>
Total disbursements	<u>494,687</u>	<u>494,687</u>	<u>455,462</u>	<u>39,225</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	(24,687)	(24,687)	20,573	45,260
<b>OTHER FINANCING SOURCES</b>				
Transfers	--	--	310,801	310,801
<b>NET CHANGE IN FUND BALANCE</b>	(24,687)	(24,687)	331,374	356,061
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>24,687</u>	<u>24,687</u>	<u>7,865</u>	<u>(16,822)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ --</u>	<u>--</u>	<u>339,239</u>	<u>339,239</u>

*The accompanying notes are an integral part of this schedule.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Other Information –  
Budgetary Comparison Schedule – Elementary Learning Centers Fund**  
For the Year Ended August 31, 2023

BUDGETED AMOUNTS

	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>RECEIPTS</b>				
Property and other taxes	\$ 11,685,633	11,685,633	11,704,718	19,085
State appropriations	706,910	706,910	706,910	--
Investment earnings	--	--	482,681	482,681
Total receipts	<u>12,392,543</u>	<u>12,392,543</u>	<u>12,894,309</u>	<u>501,766</u>
<b>DISBURSEMENTS</b>				
Elementary learning centers	<u>10,235,003</u>	<u>10,235,003</u>	<u>8,216,446</u>	<u>2,018,557</u>
Total disbursements	<u>10,235,003</u>	<u>10,235,003</u>	<u>8,216,446</u>	<u>2,018,557</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	2,157,540	2,157,540	4,677,863	2,520,323
<b>OTHER FINANCING USES</b>				
Transfers	--	--	(286,967)	(286,967)
<b>NET CHANGE IN FUND BALANCE</b>	2,157,540	2,157,540	4,390,896	2,233,356
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>13,688,229</u>	<u>13,688,229</u>	<u>17,307,150</u>	<u>3,618,921</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 15,845,769</u>	<u>15,845,769</u>	<u>21,698,046</u>	<u>5,852,277</u>

*The accompanying notes are an integral part of this schedule.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**Other Information –  
Budgetary Comparison Schedule – Capital Projects Fund  
For the Year Ended August 31, 2023**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
<b>RECEIPTS</b>				
Property and other taxes	\$ 981,784	981,784	987,620	5,836
Investment Earnings	--	--	23,834	23,834
Total receipts	<u>981,784</u>	<u>981,784</u>	<u>1,011,454</u>	<u>29,670</u>
<b>DISBURSEMENTS</b>				
Elementary Learning Centers – Lease payments	999,045	999,045	948,990	50,055
Total disbursements	<u>999,045</u>	<u>999,045</u>	<u>948,990</u>	<u>50,055</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	(17,261)	(17,261)	62,464	79,725
<b>OTHER FINANCING USES</b>				
Transfers	--	--	(23,834)	(23,834)
<b>NET CHANGE IN FUND BALANCE</b>	(17,261)	(17,261)	38,630	55,891
<b>FUND BALANCE, BEGINNING OF YEAR</b>	660,786	660,786	854,606	193,820
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 643,525</u>	<u>643,525</u>	<u>893,236</u>	<u>249,711</u>

*The accompanying notes are an integral part of this schedule.*

LEARNING COMMUNITY OF DOUGLAS AND SARPY COUNTIES

**NOTES TO OTHER INFORMATION**

For the Year Ended August 31, 2023

**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

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

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

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, 2023, 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 2, 2024. The report notes that the financial statements were prepared on the cash basis of accounting.

### ***Report on 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 opinions 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 or significant deficiencies may exist that were not identified.

### ***Report on 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 statements. 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 2, 2024.

### ***Learning Community's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Learning Community's response to the findings identified in our audit and described in the accompanying management letter. The Learning Community's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***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.



Zachary Wells, CPA, CISA  
Assistant Deputy Auditor  
Lincoln, NE

May 2, 2024



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

May 2, 2024

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, 2023, and have issued our report thereon dated May 2, 2024. 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. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

### **Lack of Support for Administrative Salaries Charged to the Elementary Learning Centers Fund**

As explained in the APA's prior-year management letter, the Learning Community had exceeded its General Fund budget for the period September 1, 2021, to August 31, 2022. The Learning Community's budgeted disbursements from that fund was set at \$595,261; however, the Learning Community disbursed \$633,895, leaving the General Fund with a balance of only \$7,865. Consequently, the management letter recommended that the Learning Community determine whether necessary disbursements could be made from another fund.

During the fiscal year ended August 31, 2023, the Learning Community allocated at least \$131,298 of administrative salaries to the Elementary Learning Centers Fund, which is comprised largely of property taxes levied by the Learning Community Coordinating Council. These disbursements, being associated with payments to the Chief Executive Officer and other administrative staff, were paid previously from State appropriations in the General Fund.

The Learning Community lacked documentation to support how paying administrative salaries with the tax revenues in the Elementary Learning Centers Fund is allowable under Neb. Rev. Stat. § 79-2104 (Cum. Supp. 2022), which says, in relevant part, the following:

*A learning community coordinating council shall have the authority to:*

\* \* \* \*

*(3) Levy for early childhood education programs for children in poverty, for elementary learning center employees, for contracts with other entities or individuals who are not employees of the learning community for elementary learning center programs and services, and for pilot projects pursuant to subdivision (2)(g) of section 77-3442, except that not more than ten percent of such levy may be used for elementary learning center employee[.]*

The administrative salaries, used to provide general support for the Learning Community, do not appear to fall within the language of § 79-2104(3), nor was the Learning Community able to identify other statutory authority for these expenditures.

We recommend the Learning Community: 1) seek formal legal guidance regarding the permissibility of paying administrative staff salaries from the Elementary Learning Centers Fund, which is comprised largely of property taxes levied pursuant to § 79-2104(3); and 2) maintain documentation to support how allocating administrative staff salaries to the Elementary Learning Centers Fund would be allowable under § 79-2104(3).

*Learning Community Response: The Learning Community appreciates the suggestions of the State Auditor's Office to implement procedures that will make sure financial information is complete, accurate and compiled correctly. Significant steps have already been taken in this area and we look forward to improved accurate reporting in the future. The Learning Community is in the process of fully reviewing the Procedures Manual for our Budget, Finance and Audit Committee and implementing updated procedures and practices to make every attempt to avoid these types of issues in the future. Similarly, we will maintain more supportive documentation for Administrative salaries to demonstrate it is appropriate to charge the Elementary Learning Centers Fund. Once again, thank you for your collaboration and dedication to our financial compliance.*

### **Unauthorized Disbursements**

The Learning Community made at least \$2,986 in purchases from the Elementary Learning Centers Fund that were not expressly authorized by State statute.

The expenditures at issue included the following:

- A \$1,851 disbursement for catering a holiday party for elementary learning center staff.
- A \$935 disbursement for place settings, decorations, and labor costs related to a holiday party for staff and affiliates.
- A \$200 disbursement for staff appreciation t-shirts distributed to elementary learning center staff.

The above \$200 disbursement is referenced also in the following “Conflict of Interest” comment herein.

Neb. Rev. Stat. § 79-2101 (Reissue 2014) states, in part, “Learning community means a political subdivision which shares the territory of member school districts and is governed by a learning community coordinating council.” (Emphasis added.)

Regarding the powers of political subdivisions, the Nebraska Supreme Court has stated the following:

*Political subdivisions 'are purely entities of legislative creation. They do not exist independent of some action of the legislative department of government bringing them into being. All the powers which they can possess are derived from the creator. Unlike natural persons they can exercise no power except such as has been expressly delegated to them, or such as may be inferred from some express delegated power essential to give effect to that power.' Metropolitan Utilities Dist. v. City of Omaha, 171 Neb. 609, 614, 107 N.W.2d 397, 401 (1961). See, also, Garver v. City of Humboldt, 120 Neb. 132, 231 N.W. 699 (1930). Traditionally, Nebraska has required strict construction regarding the authority granted to a political subdivision. See Metropolitan Utilities Dist. v. City of Omaha, *supra*.*

*Nebraska League of Sav. and Loan Associations v. Johnson*, 215 Neb. 19, 24, 337 N.W.2d 114, 117 (1983).

Neb. Rev. Stat. § 79-2104(3) (Cum. Supp. 2022) identifies the types of disbursements that a Learning Community Coordinating Council is authorized to make:

*Levy for early childhood education programs for children in poverty, for elementary learning center employees, for contracts with other entities or individuals who are not employees of the learning community for elementary learning center programs and services, and for pilot projects pursuant to subdivision (2)(g) of section 77-3442, except that not more than ten percent of such levy may be used for elementary learning center employees;*

None of the expenditures identified above appear to fall within the language of § 79-2104(3), nor was the Learning Community able to identify other statutory authority for these expenditures.

A similar finding was identified in the prior audit.

We recommend the Learning Community implement controls to ensure its expenditures are authorized by State statute.

*Learning Community Response: The Learning Community appreciates the suggestions of the State Auditor's Office to implement procedures that will make sure financial information is complete, accurate and compiled correctly. Significant steps have already been taken in this area and we look forward to improved accurate reporting in the future. The Learning Community is in the process of fully reviewing the Procedures Manual for our Budget, Finance and Audit Committee and implementing updated procedures and practices to make every attempt to avoid these types of issues in the future. Similarly, the conflict-of-interest policy is being refreshed and updated. Once again, thank you for your collaboration and dedication to our financial compliance.*

### **Conflict of Interest**

The Learning Community disbursed \$473 to an employee's company during the fiscal year. The purchases tested included a \$200 disbursement, made with the employee's Learning Community purchase card, for five t-shirts that were distributed to Learning Community staff. This does not appear to be in accordance with State statute or the Learning Community's internal policies.

It was noted also that the Learning Community spent \$273 on 15 copies of a children's book written by a Learning Community staff member. This purchase was initiated by a different Learning Community employee.

Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2021), which is found in the Nebraska Political Accountability and Disclosure Act, as set out at Neb. Rev. Stat. §§ 49-14-101 to 49-14,142 (Reissue 2021, Cum. Supp. 2022), provides the following:

*A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*

The Learning Community's Accounting Policies and Procedures Manual (September 2017) contains the following:

*No officer, Council member, employee, or agent of the Learning Community shall participate in the selection or administration of a vendor if a conflict of interest would be involved. Such a conflict would arise if an officer, Council member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.*

Additionally, the Learning Community's Employee Handbook (January 2022) states the following, as is relevant:

*No employee of the Learning Community shall authorize or be involved in any transaction in which the employee, or any immediate family member of the employee, or a business with which the employee is associated, shall receive a direct or indirect financial gain.*

A similar finding was identified in the prior audit.

We recommend the Learning Community implement procedures to ensure that purchases are made in accordance with both State statute and its internal policies.

*Learning Community Response: The Learning Community appreciates the suggestions of the State Auditor's Office to implement procedures that will make sure financial information is complete, accurate and compiled correctly. Significant steps have already been taken in this area and we look forward to improved accurate reporting in the future. The Learning Community is in the process of fully reviewing the Procedures Manual for our Budget, Finance and Audit Committee and implementing updated procedures and practices to make every attempt to avoid these types of issues in the future. Similarly, the conflict-of-interest policy is being refreshed and updated. Once again, thank you for your collaboration and dedication to our financial compliance.*

\* \* \* \* \*

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

Draft copies of this letter were furnished to the Learning Community to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. The formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Learning Community's internal control over financial reporting or on compliance. This letter 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. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Zachary Wells, CPA, CISA  
Assistant Deputy Auditor  
Lincoln, NE