ATTESTATION REPORT
OF THE
NEBRASKA EQUAL OPPORTUNITY COMMISSION

JULY 1, 2019, THROUGH JUNE 30, 2020

Issued on September 1, 2020

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NEBRASKA EQUAL OPPORTUNITY COMMISSION

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NEBRASKA EQUAL OPPORTUNITY COMMISSION

BACKGROUND

The Nebraska Equal Opportunity Commission (Commission) was created in 1965 and consists of seven members appointed by the Governor to three-year terms. The Commission enforces compliance with the Nebraska Fair Employment Practice Act, Equal Pay Act of Nebraska, Nebraska Age Discrimination in Employment Act, Nebraska Fair Housing Act, and the Civil Rights Act of 1969 relating to housing and public accommodations.

Pursuant to investigation by the staff of the Commission, the Commission rules on complaints of discrimination in employment, housing, and public accommodations. The Commission has offices in Lincoln, Omaha, and Scottsbluff.

Sources: A Legislator's Guide to Nebraska State Agencies (2019) and Nebraska Blue Book (2018-2019)

NEBRASKA EQUAL OPPORTUNITY COMMISSION

KEY OFFICIALS AND COMMISSION CONTACT INFORMATION

Nebraska Equal Opportunity Commissioners

Name	Title	Term Ending
Patrick Borchers	Chairperson – Public Member	September 2022
Royce Jeffries	Vice-Chairperson	September 2020
Kristin Yates	Commissioner	September 2021
Amber Schuppan	Commissioner	September 2021
Arla Meyer	Commissioner	September 2022
John Arnold	Commissioner	September 2020
Eric Drumheller	Commissioner	September 2020

Nebraska Equal Opportunity Commission Executive Management

Name	Title
Marna Munn	Director
Kathy Bogenreif	Business Manager

Nebraska Equal Opportunity Commission
301 Centennial Mall South, 5th Floor
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SUMMARY OF COMMENTS

During our examination of the Nebraska Equal Opportunity Commission (Commission), we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards*: Comment #2, "Federal Expenditure Allocation," which is considered to be a significant deficiency.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***EEOC and HUD Fund Balances:*** The Commission's Federal Equal Employment Opportunity Commission (EEOC) and Federal Department of Housing and Urban Development (HUD) fund balances of $710,061, and $795,319, respectively, appeared excessive. Additionally, the Commission charged operating and administrative costs to the General Fund that it could have charged instead to Federal funds.

2. ***Federal Expenditure Allocation:*** The Commission lacked procedures to ensure costs were allocated to Federal awards in accordance with relative benefits received.

3. ***Lack of Segregation of Duties Over Capital Assets:*** We noted a lack of segregation of duties over fixed assets. No documented review of fixed asset reports was completed by an individual without State Accounting System access to maintain fixed asset records. The Commission's June 30, 2020, book value of capital assets was $13,871.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Commission.

Draft copies of this report were furnished to the Commission to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All 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 examination.

COMMENTS AND RECOMMENDATIONS

1. EEOC & HUD Fund Balances

The Commission enters into a contractual agreement with the Federal Equal Employment Opportunity Commission (EEOC) annually to provide services to assist the EEOC in meeting its statutory mandate to enforce the following: Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; and the Genetic Information Nondiscrimination Act of 2008. The Commission processes and resolves EEOC cases and provides intake services for charges, with affidavits, filed during the period. The contract is a fixed-price contract based primarily upon the cases processed. The Commission used EEOC funding primarily for personal services, training of employees processing the EEOC cases, cell phone costs, and Lexis Nexis costs.

During testing, we noted that the balance in the EEOC fund had been increasing over the years, notwithstanding a decrease during our examination period. As of June 30, 2020, the fund balance, including receivables not in the State's accounting system, was $1,010,541, a decrease of $135,830 from the balance at June 30, 2019, of $1,146,371. However, the fund balance of $1,010,541 at June 30, 2020, is enough to cover 188% of the three-year average of the expenditures recorded to the fund. The last examination of the Commission performed by the Auditor of Public Accounts (APA) was for the year ended December 31, 2014. At that time, the EEOC fund balance was $1,022,837 with no receivables noted.

The tables below provide a three-year comparison of the EEOC cash balance and a two-year analysis of the total fund balance, including receivables recorded outside of the State Accounting System:

	FY 2018	FY 2019	FY 2020
Beginning Balance	$ 773,578	$ 767,014	$ 988,271
Revenues	$ 551,926	$ 732,220	$ 268,546
Expenditures	$ 558,490	$ 510,963	$ 546,756
Ending Balance	**$ 767,014**	**$ 988,271**	**$ 710,061**

	FY 2019	FY 2020
Cash Balance	$ 988,271	$ 710,061
A/R Balance	$ 158,100	$ 300,480
Total Balance at June 30	**$ 1,146,371**	**$ 1,010,541**

The Commission also enters into a contractual agreement with the Federal Department of Housing and Urban Development (HUD) to assist HUD in handling cases that enforce the Fair Housing Act. The Commission receives, processes, and resolves HUD cases and forwards all case information to HUD for review. The contract is a fixed-price contract that is based on the work completed in the fiscal year prior to the contract signing; as such, the Commission draws down all funding once the contract is signed. The Commission used the HUD funding primarily for personal services, travel, LexisNexis costs, cell phone costs, and costs related to the Commission's annual Region VII Housing Conference.

During testing, we noted that the balance in the HUD fund had increased significantly over the years. As of June 30, 2020, the cash balance of the fund was $795,319, a slight decrease of $10,182 from the balance of $805,501 at June 30, 2019. However, this is a significant increase from the $303,387 balance as of December 31, 2014, which we noted during our last examination of the Commission. Additionally, the $795,319 balance at June 30, 2020, is enough to cover 437% of the three-year average of expenditures recorded to the fund.

The table below provides a three-year comparison of the HUD cash balance:

COMMENTS AND RECOMMENDATIONS
(Continued)

1. <u>EEOC & HUD Fund Balances</u> (Continued)

	FY 2018	FY 2019	FY 2020
Beginning Balance	$ 604,827	$ 756,205	$ 805,501
Revenues	$ 319,114	$ 217,839	$ 198,906
Expenditures	$ 167,736	$ 168,543	$ 209,088
Ending Balance	**$ 756,205**	**$ 805,501**	**$ 795,319**

Section H.6 of the Commission's 2019-2020 contract with the EEOC states the following:

> *This is a fixed price contract. No additional funds will be added for direct or indirect costs incurred by the Contractor in the performance of services that exceed the unit price(s) indicated in the pricing schedule.*

Section 9 of the Commission's 2019-2020 contract with HUD states the following:

> *The Recipient is entitled to receive the fixed amount identified in Block 14 of the HUD-1044 for satisfactory completion of the work to be performed, regardless of costs incurred. FHAP funds must be used for the purpose that HUD provided the funds including the processing of complaints cognizable under the Fair Housing Act, training under the Fair Housing Act and the state or local fair housing law, administrative costs associated with fair housing complaint processing, creation and maintenance of data and information systems, and the development and maintenance of fair housing education and outreach projects. The Recipient must segregate FHAP funds from the Recipient's and the state or local government's other funds.*

Therefore, the Commission can use the funds provided for direct and indirect (administrative) costs associated with fulfilling both the HUD and EEOC contracts. During testing, however, we noted that certain expenses, such as rent expenses, communication expenses, and administrative salaries, were not being split between the Commission's different funding sources. The Commission utilized the General Fund primarily for operating and administrative salaries. During the examination period, the Commission expended $1,162,491 from the General Fund.

Sound business practices and good internal control require policies and procedures to ensure the following: 1) fund balances are reasonable and proper; and 2) expenditures are allocated to the appropriate funding sources.

Without such policies and procedures, there a greater risk of not only excessive unused Federal balances but also an increased burden to Nebraska taxpayers because General funds are used instead of available Federal funds.

We noted a similar finding during our prior examination of the Commission.

> We recommend the Commission implement policies and procedures to ensure fund balance reserves are reviewed for reasonableness, and expenditures are allocated to the appropriate funding streams.

Commission Response: The NEOC is statutorily required to investigate charges of discrimination in housing, employment and public accommodations. Through federal contracts with EEOC and HUD, the federal agencies pay the NEOC for NEOC investigation efforts on Nebraska based cases where the federal law mirrors the state law. A number of years ago the Commission determined to use these federal revenue sources to support staff salary, benefits, and expenses rather than Commission operating expenses and overhead. The Commission uses state general funds for operating expenses and overhead because processing charges of discrimination is a state mandate and the Legislature's purpose in creating this agency. We run lean and efficient and return unused general funds each year. Federal funds currently support over half of the NEOC's staff, including 12 investigators, 1 staff

1. EEOC & HUD Fund Balances (Concluded)

assistant and .5 salary of a Unit Director. This strategic use of federal funds provides greater flexibility and adaptability in the face of variations in both federal and state funding. Continuing past practice, the agency intends to hold over at least one year's worth of these federal funds to bridge the significant difference between the federal and state fiscal year in order to maintain operational continuity; to deal with the timing challenges of the federal payments where two-thirds of the state fiscal year passes before federal funds are paid; and to buffer against the significant variability each year in the amount our federal partners can pay for each case completed and for total number of cases for which payment can be made. Before achieving this strategic balance, in the past the agency faced nearly catastrophic funding shortages. This strategy has again proven sound during the last several years, allowing continuity of operations in the face of federal government shutdowns and the current global health crises. We anticipate that a reduction in federal funds is a near certainty for the coming years given the funds the federal government has allocated toward pandemic relief programs.

2. Federal Expenditure Allocation

The Commission lacked procedures to ensure costs were allocated to Federal awards in accordance with relative benefits received. During testing, we noted the following:

- **Payroll Costs:** The payroll cost allocation for two employees tested was not reasonable based on actual performance during the examination period. Four Commission employees had their payroll costs divided between the Commission's Equal Employment and Opportunity Commission (EEOC) and Housing and Urban Development (HUD) Federal funds at a 25/75% split, respectively. During testing, however, we noted that one of these employees split coded an average of 52% of her actual time worked to housing cases during the examination period. One Commission employee's payroll costs were split between the General and HUD fund at a 50/50% split. However, during testing, we noted that this employee coded an average of 69% of his actual time worked to housing cases during the examination period. Therefore, the predetermined splits for these employees appear to have been unreasonable. The Commission did not have procedures for reviewing employee activity to ensure that the payroll allocations were proper.

- **Travel Costs:** Travel costs associated with investigator training sessions were coded entirely to the Commission's HUD fund. However, the training was attended by all investigators and was not targeted specifically towards housing or urban development issues. Therefore, it appears unreasonable for these costs to have been coded entirely to the HUD fund instead of being split between funding sources. The Commission charged a total of $4,000 in travel costs to the HUD fund during the examination period.

- **Cell Phone and Subscription Costs:** Cell phone and LexisNexis costs incurred by the Commission were split equally between the EEOC and HUD funds. The Commission paid $8,640 of the LexisNexis subscription fees and $1,177 of the cell phone costs during the examination period, for a total of $9,817, which was split between the two Federal funds equally. This equal split was introduced by the Commission's prior Director, but the Commission did not perform an analysis to ensure the split was reasonable.

  To determine the reasonableness of the split, the APA reviewed the labor distribution used by the Commission as an indicator of how cell phones and LexisNexis may have been used during the period. Below is a table of Full-Time Equivalent (FTE) investigators recorded to each funding source. The Commission's 50/50 split for cell phone and LexisNexis charges did not agree to this labor distribution.

COMMENTS AND RECOMMENDATIONS
(Continued)

2. <u>Federal Expenditure Allocation</u> (Concluded)

	General Fund 10000	EEOC Fund 46730	HUD Fund 46740	Total
FTEs	8.5	9	3.5	21
% FTEs	40.48%	42.86%	16.66%	100.00%

2 CFR § 200.405 (January 1, 2020) states, in part, the following:

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

* * * *

(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then . . . the costs may be allocated or transferred to benefitted projects on any reasonable documented basis . . . .

Good internal control requires procedures to ensure costs are charged to Federal awards in accordance with relative benefits received. When proper costs are not charged to Federal awards, there is an increased risk Federal fund balances will increase and not be utilized.

We recommend the Commission implement procedures to ensure that all costs are allocated to Federal awards in accordance with relative benefits received.

Commission Response: Currently our policy is to pay expenses for our housing unit out of HUD funds when attending training, even if the training is not specific to housing. General investigator training is encouraged by HUD and approved by HUD to be paid out of our HUD training funds. There can be great variability in the number of housing cases processed by the agency each month, each quarter, and each year. The HUD workshare agreement requires that the NEOC have trained and dedicated housing investigators on hand to be available to meet a high level of demand even if demand for housing investigator time decreases for periods of time. The agency will work to monitor payroll costs as they related to housing work performed in order to evaluate the current allocation of payroll costs paid from the HUD funds.

3. <u>Lack of Segregation of Duties Over Capital Assets</u>

The Commission lacked a segregation of duties over the processing of capital assets in the accounting system. One individual was able to add assets to the capital asset listing, maintain capital asset records, and initiate asset disposals. No documented secondary review of capital asset reports was performed by an independent person without capital asset access to ensure that the additions and retirements were appropriate and accurate. Additionally, there was no documented approval of sold assets or assets deleted from the system during the period tested.

COMMENTS AND RECOMMENDATIONS
(Concluded)

3. Lack of Segregation of Duties Over Capital Assets (Concluded)

As of June 30, 2020, the Commission had 67 assets with a total purchase value of $81,873 and a current book value of $13,871.

A good internal control plan requires an adequate segregation of duties to ensure no one individual is able both to perpetrate and to conceal errors or irregularities.

Without an adequate segregation of duties, there is an increased risk of fraud and misuse of State property.

> We recommend the Commission establish a segregation of duties to ensure no one individual is able to perpetrate and/or conceal errors and irregularities. This would include a documented secondary review of capital asset reports by someone without accounting system access to maintain capital assets.

Commission Response: As a small agency, the NEOC has very few fixed assets, and does not spend a lot annually acquiring or managing fixed assets. Although the Director was not provided a list of computers that were submitted to Surplus Property for disposal, after the agency purchased new computers, she was aware that the retired computers were being delivered to the dock for Surplus to pick up. As a small agency, the Director is aware when such things transpire in the office, especially since the Business Manager is located directly across the hall. In this case, the Business Manager informed the Director of each step and action with regard to the new and old computers, from budgeting, purchase, delivery, imaging, and implementation at each workstation in all three offices to the removal and disposal of each retired system. The agency missed a step in the disposal process by failing to have the Director sign off on the disposal reports, and will take care to not miss this step in the future. The staff assistant II in the Business Manager's unit checks the inventory by scanning the inventory numbers and is accompanied by another staff assistant in each office during this process. The investigator in Scottsbluff confirms the 3 assets located in that office. The individuals who assist with checking the fixed asset inventory do not have access to the state accounting system. There is a segregation of duties in place for fixed assets in general, but one step of the surplus disposal process was accidentally missed.

APA Response: To ensure capital assets are being properly added and removed from the State accounting system, the APA recommends the Commission implement a periodic documented review of the EnterpriseOne Additions and Retirements report by someone without system access to maintain capital assets.

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NEBRASKA EQUAL OPPORTUNITY COMMISSION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Equal Opportunity Commission
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Equal Opportunity Commission for the period July 1, 2019, through June 30, 2020. The Commission's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the period July 1, 2019, through June 30, 2020, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comments Section of the report.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

August 21, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA EQUAL OPPORTUNITY COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period July 1, 2019, through June 30, 2020

	State General Fund 10000	Equal Employment Opportunity Grant Fund 46730	Housing and Urban Development Grant Fund 46740	**Totals (Memorandum Only)**
REVENUES:				
Appropriations	$ 1,162,491	$ -	$ -	$ 1,162,491
Intergovernmental	-	251,400	181,440	432,840
Miscellaneous	172	17,146	17,466	34,784
TOTAL REVENUES	1,162,663	268,546	198,906	1,630,115
EXPENDITURES:				
Personal Services	954,875	539,363	193,998	1,688,236
Operating	199,299	5,593	11,090	215,982
Travel	7,084	1,800	4,000	12,884
Capital Outlay	1,233	-	-	1,233
TOTAL EXPENDITURES	1,162,491	546,756	209,088	1,918,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	172	(278,210)	(10,182)	(288,220)
OTHER FINANCING SOURCES (USES):				
Sales of Assets	711	-	-	711
Deposit to General Fund	(883)	-	-	(883)
TOTAL OTHER FINANCING SOURCES (USES)	(172)	-	-	(172)
Net Change in Fund Balances	-	(278,210)	(10,182)	(288,392)
FUND BALANCES, JULY 1, 2019	2,291	988,271	805,501	1,796,063
FUND BALANCES, JUNE 30, 2020	$ 2,291	$ 710,061	$ 795,319	$ 1,507,671
FUND BALANCES CONSIST OF:				
General Cash	$ -	$ 710,061	$ 795,319	$ 1,505,380
Deposits with Vendors	2,307	-	-	2,307
Due to Fund	(16)	-	-	(16)
TOTAL FUND BALANCES	$ 2,291	$ 710,061	$ 795,319	$ 1,507,671

The accompanying notes are an integral part of the schedule.

NOTES TO THE SCHEDULE

For the Period July 1, 2019, through June 30, 2020

1. Criteria

The accounting policies of the Nebraska Equal Opportunity Commission (Commission) are on the basis of accounting, as prescribed by the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of DAS include:

> *The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]*

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2014), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Commission to record all accounts receivable and related revenues in EnterpriseOne; as such, the Commission's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of June 30, 2020, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of June 30, 2020, **does not** include amounts for goods and services received before June 30, 2020, which had not been posted to the general ledger as of June 30, 2020.

Other liabilities are recorded in the Due to Fund account for the Commission. The assets in these funds are being held by the State as an agent and will be used to pay those liabilities to individuals, private organizations, other governments, and/or other funds. The recording of those liabilities reduces the fund balance/equity.

The Commission had accounts receivable not included in the Schedule of $300,480 from the U.S. Equal Employment and Opportunity Commission for processing and resolving cases. These cases had been completed but had not yet been billed to the U.S. Equal Employment and Opportunity Commission. State Accounting did not require the Department to record its receivables on the general ledger, and these amounts are not reflected in revenues or fund balances on the Schedule. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund types are established by the State and used by the Commission:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

40000 – Federal Funds – accounts for the financial activities related to the receipt and disbursement of funds generated from the Federal government as a result of grants and contracts. Expenditures must be made in accordance with applicable Federal requirements.

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

The following major revenue account classifications are established by State Accounting and used by the Commission:

Appropriations – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

Intergovernmental – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income.

The following major expenditure account classifications are established by State Accounting and used by the Commission:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the Commission.

Operating – Expenditures directly related to a program's primary service activities.

Travel – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

Capital Outlay – Expenditures that result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

Other significant accounting classifications and procedures established by State Accounting and used by the Commission include the following:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts and deposits with vendors. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded in the general ledger.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures, resulting in a decrease to fund balance. Other liabilities recorded in the general ledger for the Commission's funds at June 30, 2020, included amounts recorded in Due to Fund. The activity of this account is not recorded through revenue and expenditure accounts on the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

Other Financing Sources – Proceeds of fixed asset dispositions and deposits to the General Fund.

2. Reporting Entity

The Commission is a State agency established under and governed by the laws of the State of Nebraska. As such, the Commission is exempt from State and Federal income taxes. The schedule includes all funds of the Commission included in the general ledger.

The Commission is part of the primary government for the State of Nebraska.

NOTES TO THE SCHEDULE
(Concluded)

3. Totals

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

4. General Cash

General cash accounts are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

5. Capital Assets

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Commission takes an annual inventory, recording in the State Accounting System all equipment that has a cost of $1,000 or more at the date of acquisition, and all computers.

For the CAFR, the State requires the Commission to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of $5,000 or more at the date of acquisition and has an expected useful life of more than one year is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of 3 to 10 years.

Capital asset activity of the Commission recorded in the State Accounting System for the period of July 1, 2019, through June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	$ 90,901	$ 1,233	$ 10,261	$ 81,873
Less accumulated depreciation for:				
Equipment				$ 68,002
Total capital assets, net of depreciation				$ 13,871

SUPPLEMENTARY INFORMATION

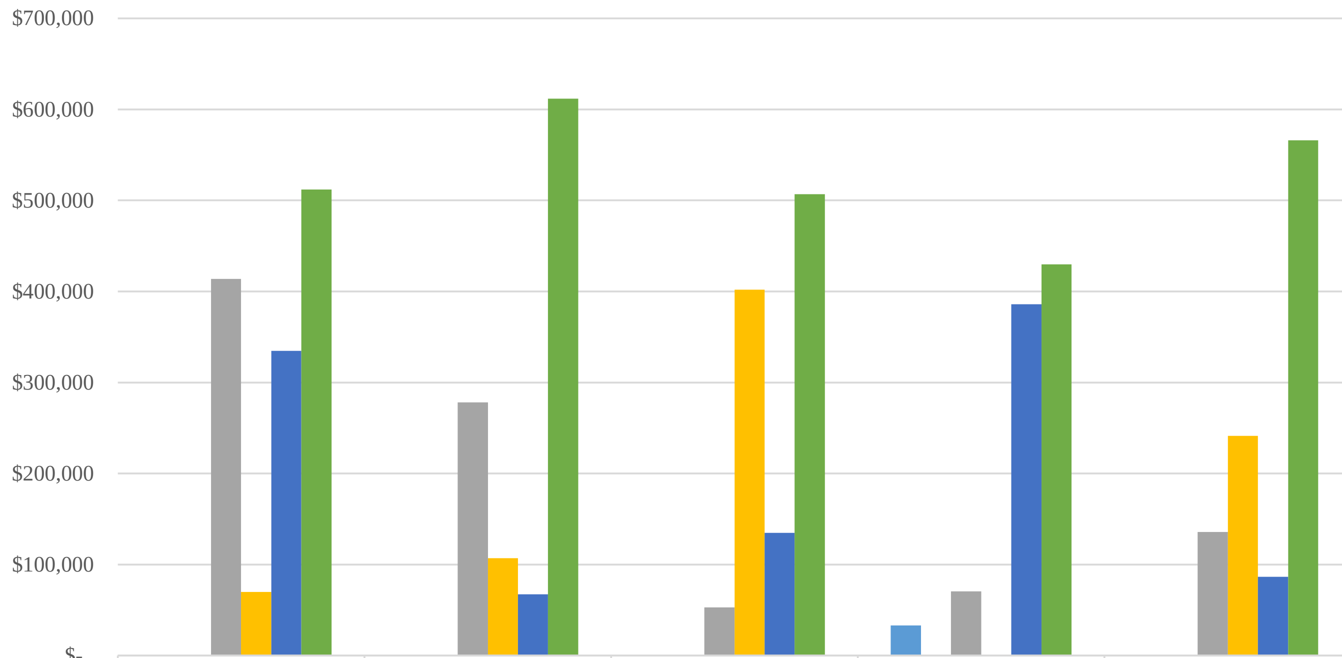
Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, and, accordingly, we express no opinion on it.

Exhibit A

NEBRASKA EQUAL OPPORTUNITY COMMISSION

TOTAL MONETARY RELIEF OBTAINED

Fiscal Years Ended June 30, 2015, through June 30, 2019



	2015	2016	2017	2018	2019
Litigation *	$-	$-	$-	$33,000	$500
Public Hearing	$-	$-	$-	$-	$-
Conciliation	$413,897	$278,057	$52,950	$70,407	$135,891
Withdrawals with Settlement **	$69,985	$106,849	$401,813	$-	$241,371
Mediation	$334,778	$67,376	$134,709	$386,089	$86,628
Pre-Determination Settlements	$511,878	$611,845	$506,943	$429,615	$566,185

*These settlements were achieved by the Attorney General's Office on cases sent to their office for civil action/litigation.

**The benefits on some of the Commission's withdrawals with settlement are not known. The parties keep the terms of settlement confidential.

Note: Monetary relief obtained is not included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances, the money goes to the complainant from the respondent and is not deposited with the Commission.

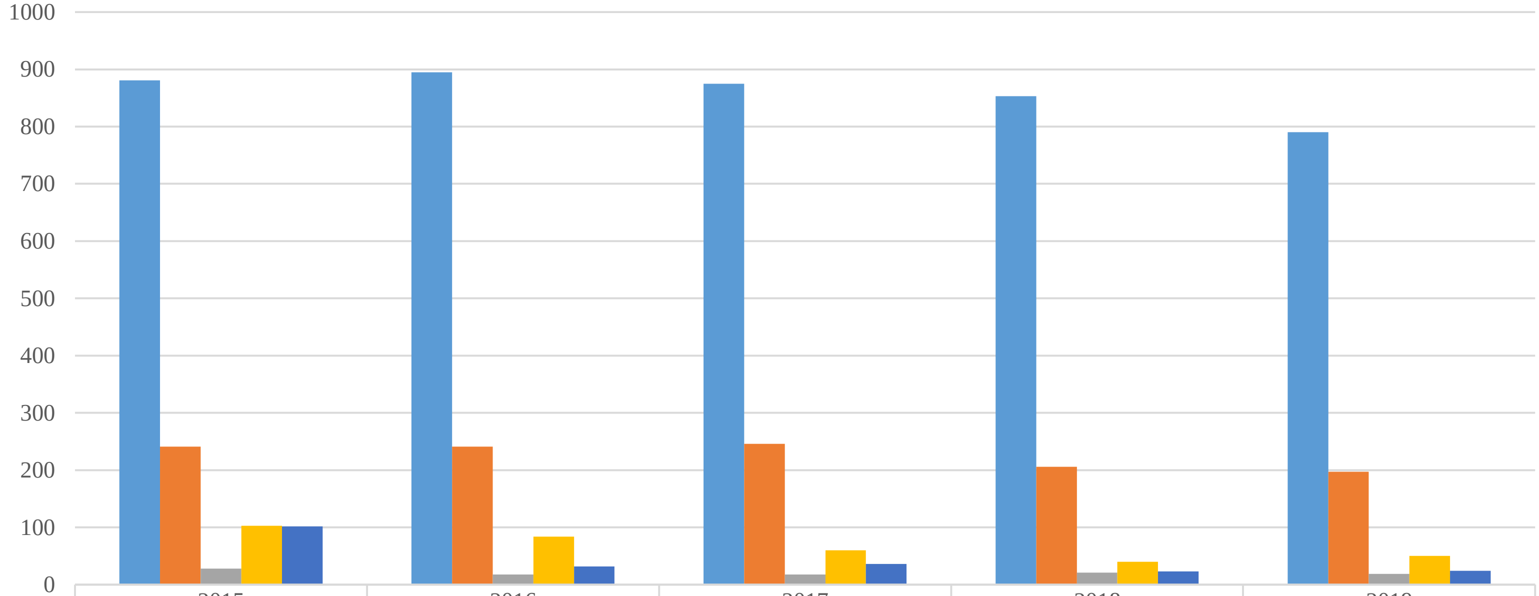
Source: NEOC Annual Reports

Exhibit B

NEBRASKA EQUAL OPPORTUNITY COMMISSION

CASE ACTIVITY BREAKDOWN

Fiscal Years Ended June 30, 2015, through June 30, 2019



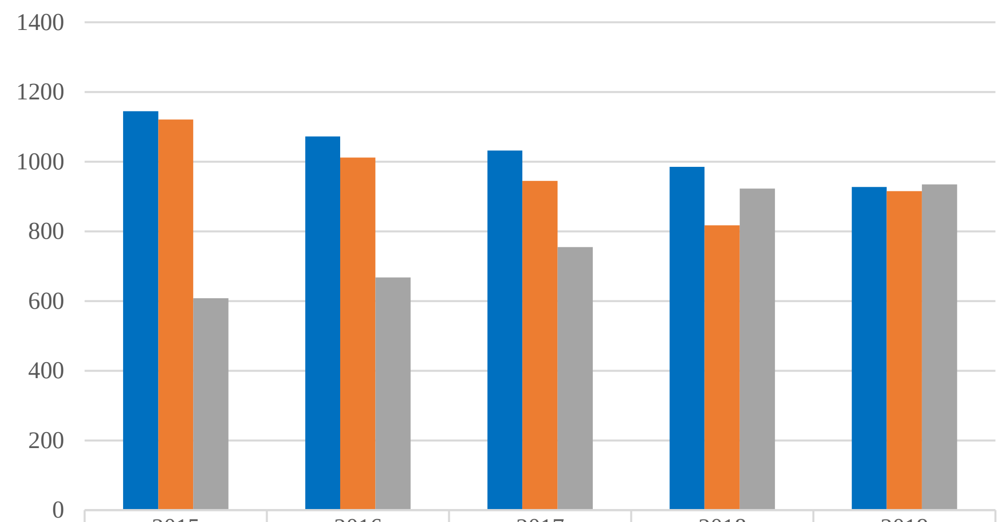
	2015	2016	2017	2018	2019
FEPA	881	895	875	853	790
Age	241	241	246	206	197
EQ Pay	28	18	18	21	19
Housing	103	84	60	40	50
Public Accom.	102	32	36	23	24

Note: Because a person can file under multiple laws, this is not a total of cases received but how many charges are filed under the different laws.

FEPA - Fair Employment Practice Act
Age - Nebraska Age Discrimination in Employment Act
EQ Pay - Equal Pay Act of Nebraska
Housing - Nebraska Fair Housing Act
Public Accom. - Nebraska Civil Rights Act of 1969 (Public Accomodations)

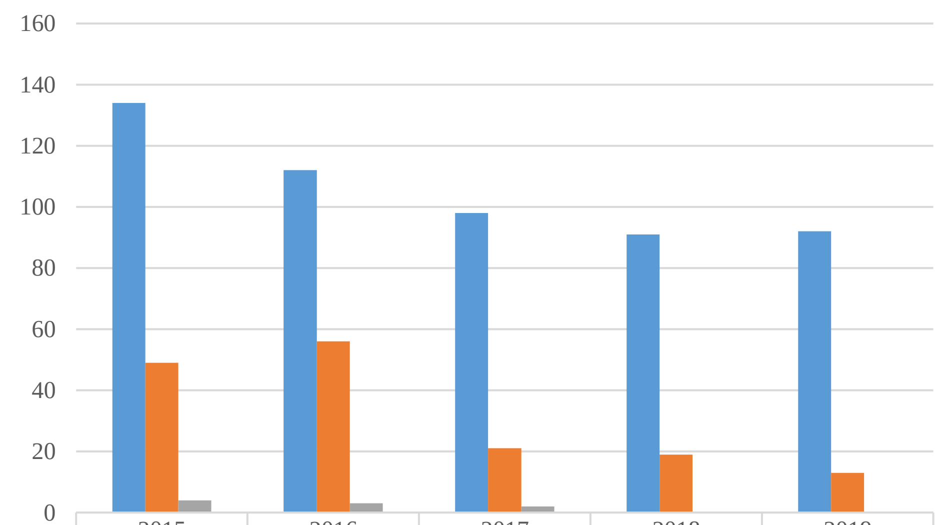
Source: NEOC Annual Reports

Case Activity - Exhibit C



	2015	2016	2017	2018	2019
New Cases Filed	1145	1072	1032	985	927
Cases Closed	1121	1012	945	817	915
Cases to be Completed	608	668	755	923	935

Case Disposition - Exhibit D



	2015	2016	2017	2018	2019
P.D.S./Mediation Attempted	134	112	98	91	92
Conciliations Attempted	49	56	21	19	13
Public Hearings	4	3	2	0	0

Note: Conciliation is a process whereby the parties attempt to reach a settlement agreement as a result of the Commission issuing a Reasonable Cause determination.

P.D.S. - Pre-Determination Settlement

Source: NEOC Annual Reports