

UNIVERSITY OF NEBRASKA

Required Communications

For the

Fiscal Year Ended June 30, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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December 16, 2021

Board of Regents
University of Nebraska
Lincoln, Nebraska

We have audited the financial statements of the business-type activities and fiduciary activities of the University of Nebraska (University) (a component unit of the State of Nebraska) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 16, 2021. We did not audit the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University. Those statements were audited by other auditors whose reports have been furnished to us, along with the Foundation report, and our opinion, insofar as it relates to the amounts included for the Foundation and the Blended Component Units, is based solely on the report of the other auditors.

Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility Under Professional Standards

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

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the

purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Management Letter

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

Other Information in Documents Containing Audited Financial Statements

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

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the University are described in Note A to the financial statements.

Qualitative Aspects of Accounting Practices

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

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the University to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management uses estimates in regard to reserve for bad debts, lives of property and equipment, and self-

insurance reserves. We evaluated the key factors used in these estimates in determining that the estimates were reasonable in relation to the financial statements taken as a whole.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

1. On the Statement of Cash Flows \$35,433,802 in capital expenditures in accounts payable were not reported in the non-cash section.
2. On the Statement of Fiduciary Net Position \$503,898 in cash and \$503,898 in offsetting accounts payable were not included.
3. On the Statement of Changes in Fiduciary Net Position \$1,919,858 in activity needed to be reclassified into the proper addition and deduction line items as it was not properly reported.

Management's Consultation with Other Accountants

None to our knowledge as it relates to the University's basic financial statements

Disagreements with Management

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

Significant Issues Discussed, or Subject to Correspondence, with Management

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

Significant Difficulties Encountered During the Audit

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

Written Representations

We have requested certain representations from management that are included in the management representation letter dated December 16, 2021.

Group Audit Communications

1. **Instances in which the group engagement team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.**

None

2. **Any limitations on the group audit (for example, when the group engagement**

team's access to information may have been restricted)

We encountered no limitations while performing our audit.

- 3. Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls, or others in which a material misstatement of the group financial statements has or may have resulted from fraud.**

No fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls, or others was identified.

This letter to the Board of Regents is intended solely for the information and use of the Board of Regents, and management and it is not suitable for any other purpose. However, this letter is a matter of public record, and its distribution is not limited.

Sincerely,

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

Mark Avery, CPA
Assistant Deputy Auditor