

**AUDIT REPORT
OF THE
NEBRASKA GAME AND PARKS COMMISSION
JULY 1, 1998 THROUGH JUNE 30, 1999**

NEBRASKA GAME AND PARKS COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1
Mission Statement	2
Organizational Chart	3
Comments Section	
Summary of Comments	4 - 5
Comments and Recommendations	6 - 18
Financial Section	
Independent Auditors' Report	19 - 20
Financial Statements:	
Combined Statement of Assets and Fund Balances and Other Credits Arising from Cash Transactions – Special Revenue Fund and General Fixed Assets Account Group	21
Combined Statement of Receipts, Disbursements and Changes in Fund Balances	22
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - (General, Cash, and Federal) Funds	23 - 24
Notes to Financial Statements	25 - 32
Combining Statements:	
Combining Statement of Assets, and Fund Balances Arising from Cash Transactions – Special Revenue Funds	33 - 34
Combining Statement of Receipts, Disbursements and Changes in Fund Balances – Special Revenue Funds	35 - 36
Government Auditing Standards Section	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	37 - 38

NEBRASKA GAME AND PARKS COMMISSION

BACKGROUND

The Game and Parks Commission has sole charge of state parks, wildlife, fish, and all things related to these areas. The Commission is maintained through permit sales, state general fund allocations, and federal funds.

The Commission operates state game refuges created by the Legislature in Boyd, Dodge, Douglas, Garden, Holt, Keya Paha, Lincoln, Rock, and Saunders counties, and a game farm at Wilcox. The Commission also maintains public use areas – including fish hatcheries, recreation areas, state parks, and state historical parks – and wildlife management areas.

The Commission has six district offices at Alliance, Bassett, Kearney, Norfolk, North Platte, and Lincoln, and a headquarters office in Lincoln. Each field office has a supervisory conservation officer, a fisheries manager, a wildlife manager, and labor and crew staff.

The Commission has seven members who are selected from each of seven game and parks districts, appointed by the governor, and approved by the Legislature for five-year terms. Commission members must be Nebraska citizens and well informed on wildlife conservation and restoration. At least two members must work in agriculture and live on a farm or ranch. No more than four members may belong to the same political party.

The Commission meets at least four times a year. Members receive \$35 a day when conducting commission business and are reimbursed for expenses.

The Commission appoints a secretary who acts as director and chief conservation officer.

As of June 30, 1999 the Commission had 450 permanent employees. The Commission also has many part-time seasonal employees. During fiscal year 1999 the Commission had temporary employees ranging from 120-955.

NEBRASKA GAME AND PARKS COMMISSION

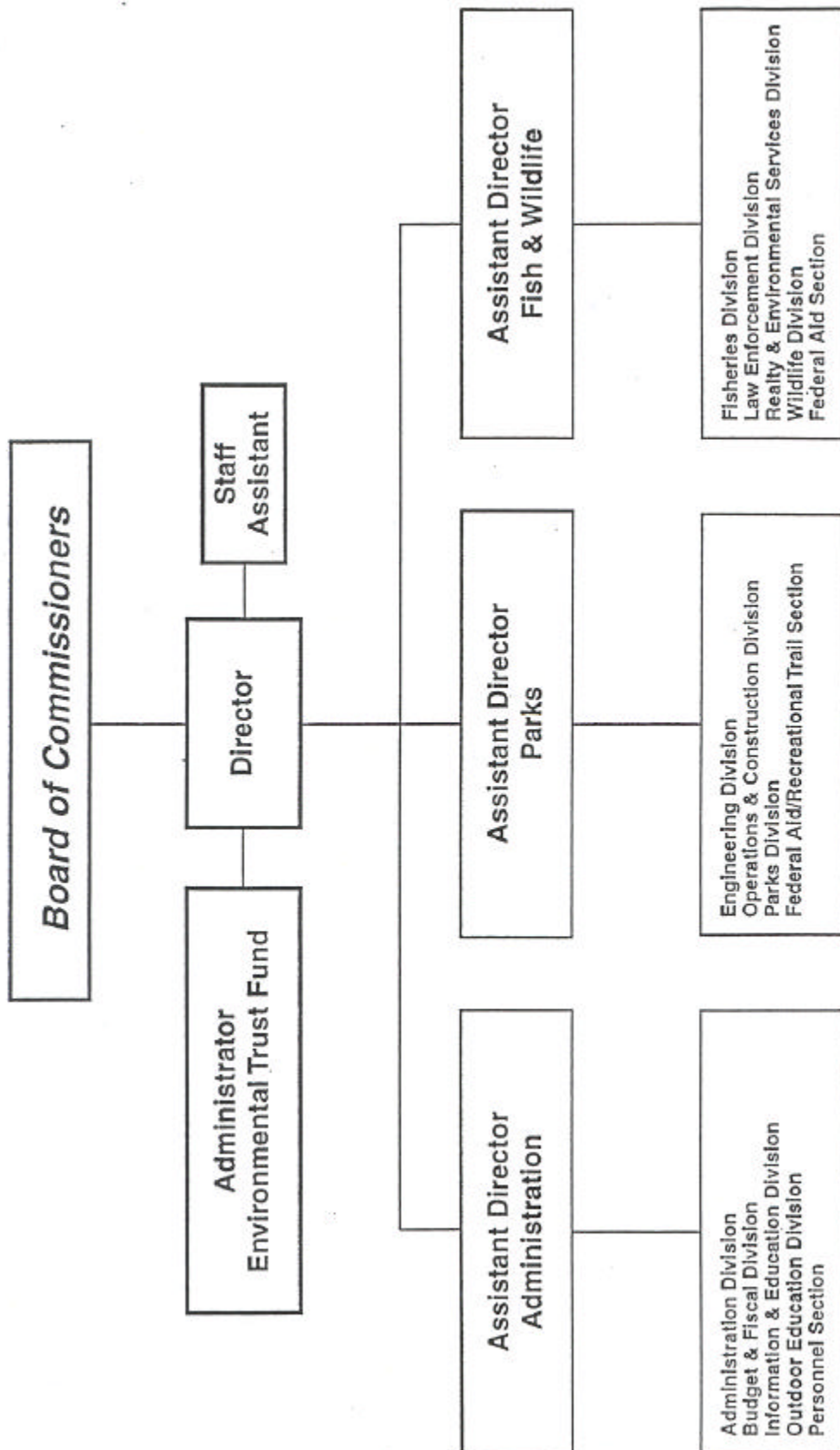
MISSION STATEMENT AND PRINCIPLES

The Game and Parks Commission has adopted the following Mission Statement to describe the agency's purpose and to serve as a foundation for its organization: "The Game and Parks Commission is responsible for stewardship of the state's fish, wildlife, park and outdoor recreation resources in the best long-term interests of the people and those resources." The following definitions are provided to assist the reader:

Stewardship – the prudent caring and management of all resources entrusted to the agency by the Nebraska Legislature. This includes the full range of responsibilities and activities authorized and identified for the Commission in statute: namely, Chapters 37 and 81. Essentially, this includes regulatory protection, overall management of species populations and habitats supporting them, advocacy of ecosystems integrity, as well as resource investigations and education.

The state's fish, wildlife, park and outdoor recreation resources – all species of aquatic and terrestrial animals and plants over which the Commission has jurisdiction, as well as the communities they inhabit. This includes all state wildlife management areas, state parks, state historical parks, state recreation areas, state recreational trails, and other lands and waters owned, leased, or operated by the Commission. Communities refer to habitat types that collectively make up the diverse ecosystems found in the Great Plains State.

In the best long-term interest of the people and those resources – sustaining adequate levels of fish, wildlife, and park resources in order to provide consumptive and non-consumptive recreational opportunities for our citizens that contribute to the state's economy. These resources, the habitats supporting them, and our citizens are the key ingredients that make up and contribute to the quality of life in Nebraska. In summary, if future generations are to enjoy them, we must perpetuate and enhance all fish, wildlife, and park resources for recreational, aesthetic, educational, and scientific use by Nebraska citizens and their visitors.



NEBRASKA GAME AND PARKS COMMISSION

SUMMARY OF COMMENTS

During our audit of the Nebraska Game and Parks Commission, we noted certain matters involving the internal control over financial reporting and other operational matters which are presented here. Comments and recommendations are intended to improve the internal control over financial reporting, ensure compliance, or result in operational efficiencies.

1. ***Financial Reports for Business-Type Operations:*** Financial reports for the Commission's business operations are not prepared from a centralized accounting system. Financial data must be collected and reentered on the Commission's internal accounting system. The process is time-consuming, and reports are not always timely.
2. ***Artifacts Inventory:*** The Commission has thousands of artifact inventory items. Little has been done to account for these items for at least 5 years.
3. ***Performance Measures:*** Most of the Commission's performance measures have not been quantified.
4. ***Wildlife Management Leases:*** The Commission's wildlife lease-monitoring procedures were not well documented.
5. ***Incomplete Expense Reimbursement Documents:*** Expense reimbursement documents did not always contain enough information to determine whether the expense was a valid expense of the State.
6. ***Allocation of Costs:*** The basis for allocating costs associated with more than one activity was not always documented.
7. ***Parks - Segregation of Duties and Daily Deposits:*** Segregation of duties over park receipts was not always present, and large amounts of cash should be deposited daily.
8. ***Fixed Asset Inventory - Buildings:*** Records to support building costs were not readily available and often did not agree with the inventory records. The Commission also did not have a written capitalization policy.
9. ***Segregation of Duties - Furniture and Equipment Fixed Assets:*** One person had the ability to maintain all aspects of the furniture and equipment records.
10. ***Documentation of Leave Used:*** The Personnel department did not receive documentation signed by employee and immediate supervisor of leave used for exempt employees.

NEBRASKA GAME AND PARKS COMMISSION

SUMMARY OF COMMENTS

(Concluded)

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Commission to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time but will be verified in the next audit.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

1. **Financial Reports for Business-Type Operations**

The Commission has eight state parks. Seven of these parks have significant business-type operations. The types of business operations the Commission operates include: lodging (both hotel lodging and cabins); restaurants; and various activities such as swimming pools, camping, etc. Good business practice would require timely and accurate financial data be made available to management in order to make good business decisions. During our audit we noted the following:

- The system to generate the financial reports is not centralized, and the data must be obtained from several sources and processes. The process to put the financial reports together is as follows:

For the parks who prepare their own financial reports (three parks prepare their own financial reports): The receipt figures come from the central office - park division. The central office - park division summarizes this data from the deposit information coming from the parks. The expenditure data comes from invoice logs kept by the parks. Payroll information is obtained from the payroll records, and is supplied to the parks by the central office - park division. In addition, all expenditure transactions do not go through the parks. Therefore, additional information must be obtained for those transactions by the central office - park division. The parks then must input this data into their stand-alone computer accounting system. From this data a cash receipts and disbursements report--showing gains and losses on a cash basis--is prepared.

For the parks who do not prepare their own financial reports (the central office-park division prepares financial reports for four parks): The process is the same as above, except the financial data is all accumulated in the central office - park division. The receipt figures are compiled by the central office - park division from the deposit information from the parks. The expenditures come from invoice logs kept by the parks and sent into the central office. Payroll information is obtained from the payroll records from the accounting department. Again, since all expenditure transactions do not go through the parks, additional information must be obtained for those transactions by the central office - park division. The central office - park division inputs this data into their stand-alone computer accounting system. From this data a cash receipts and disbursements report--showing gains and losses on a cash basis--is prepared.

The method described above to accumulate this financial data is cumbersome and time-consuming. There is some duplication of effort, as all transactions of the Commission are also recorded in the Nebraska Accounting System (NAS) to meet budgetary and other reporting

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

1. **Financial Reports for Business Type Operations** (Concluded)

requirements. NAS, although limited in some respects, does have the capability to account for transactions down to activity level, and could be used to accumulate the data now generated by the separate systems noted above.

- Four of the parks have not had financial reports prepared for them for the last calendar year. According to park division staff, there has not been enough time to prepare these reports.
- According to park division staff, the accounting system described above may not pick up all of the expenditures.

Without accurate and timely financial reports for its business-type operations, it is not possible for the Commission to properly manage its operations.

We recommend the Commission perform a thorough review of their business-type accounting systems. We believe a central accounting system which would provide accurate and timely financial data for the business operations should be considered. The Nebraska Accounting System does have some capability to do this. We do acknowledge its shortcomings. However, we believe the Commission should work with the Department of Administrative Services to determine whether the Nebraska Accounting System can meet its needs. We believe there is significant need to provide complete and timely financial reporting to managers of the many business-type activities of the Commission. A well-designed central accounting system could meet that need.

COMMISSION'S RESPONSE: THIS FINDING PERTAINS TO THE PROCEDURES USED BY THE PARKS DIVISION TO GENERATE FINANCIAL REPORTS APPLICABLE TO BUSINESS-TYPE OPERATIONS (LODGING, RESTAURANTS, SWIMMING POOLS, TRAIL RIDES, ETC.).

WE ACKNOWLEDGE THAT OUR PRESENT SYSTEM IS TIME CONSUMING AND CUMBERSOME, AND THAT A WELL-DESIGNED CENTRAL ACCOUNTING SYSTEM WOULD SATISFY THE NEED FOR DETAILED AND TIMELY FINANCIAL REPORTS TO AID MANAGERS IN THE ADMINISTRATION OF BUSINESS-TYPE OPERATIONS. IN ORDER FOR THE FINANCIAL REPORTING PROCESS TO BE TOTALLY CENTRALIZED, WE WOULD NEED TO MAKE SOME MAJOR CHANGES WHICH WOULD REQUIRE ADDITIONAL STAFF TIME. ANY CHANGE THAT RESULTS IN AN INCREASE IN EXPENDITURES OBVIOUSLY REQUIRES CAREFUL CONSIDERATION BEFORE BEING IMPLEMENTED. HOWEVER, IN AN EFFORT TO CONTINUE OUR GOAL TO IMPROVE AND ENHANCE OUR FISCAL ACCOUNTABILITY, WE WILL REVIEW OUR PRESENT PROCEDURES WITH DAS TO DETERMINE THE FEASIBILITY OF THE PROPOSED RECOMMENDATION.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

2. Artifacts Inventory

The Commission has thousands of artifact items. The majority of the items are in the eleven historical parks. However, Indian Cave Park (a State park) and other State parks have some artifact items. According to the Division Administrator (State Park Administration), many artifact items would have little dollar value but could have significant historical value. Some items, on the other hand, may have significant dollar value. In addition, some items are just on loan. Thus, they must be properly accounted for to meet loan agreements. No detailed audit work was done in this area. However, from discussion with the Division Administrator (State Park Administration) the following was noted:

- Each park is responsible for its artifacts inventory. Computer listings have been prepared for nine of the historical parks and one State park by the central office (park division). However, no updating of these lists has been done for at least five years. The only recent review of artifacts items was done at Indian Cave State Park. This was due to the superintendent retiring.
- Each area has cards on file for its artifacts inventory. Each park superintendent is responsible for maintaining these card files. When additions, deletions, or changes are made to the artifacts inventory, this information is to be sent to the central office (park division). The Division Administrator (State Park Administration) was uncertain when he last received information from the parks on any activity related to artifacts inventory.
- The central office (park division) has formal written policies governing the accountability over artifacts inventory; however, these policies are dated January 3, 1984, and have not been updated since that time. The organizational structure of the Commission has changed significantly since the policies were written in 1984, and the policies are outdated. The written policies cover processes for adding and deleting items, and indicates complete records will be kept both on site and at the division headquarters.
- Over recent years, artifacts inventory has been fairly stable with limited additions or returns to donors.
- Physical controls: There is no written policy on physical controls over items stored away, nor is there any written monitoring procedure. Physical controls vary from park to park. Many of the items are in storage. The items in storage should be in a secure place. Each park superintendent would be responsible for this.
- The central office (park division) has done little monitoring or taking of artifacts inventory in the last five years.
- Two State Parks we visited had completed an artifacts inventory, but there was no record of those inventory items at the parks or in the central office.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

2. **Artifacts Inventory** (Continued)

The Commission has a significant number of artifacts which should be inventoried. Good internal control over these items would require timely review and reporting to ensure items are not getting lost or stolen. Based on the above information provided by the Division Administrator (State Park Administration), it appears little central office monitoring of artifacts inventory has been done in the last five years.

We recommend the following:

A complete review and update of the policies relating to Commission artifacts should be performed. Upon completing the review and updating the policies, the Commission should develop an action plan to implement these policies. The following should be considered when updating and implementing the Commission policies:

- Areas of responsibilities
- Monitoring of items by an independent party
- Physical inventory (by whom, and how often)
- Reporting requirements (we suggest requiring the parks to report their inventory annually to the central office)
- Record keeping (we recommend computer records be kept in all locations, and consideration should be given to replacing the manual cards with computer records)
- Policy over physical controls should be developed
- A determination of items no longer needed or used and how they should be disposed of.

COMMISSION'S RESPONSE: THIS FINDING AND RECOMMENDATION PERTAINS TO THE PARKS DIVISION'S POLICIES APPLICABLE TO ARTIFACTS.

A COMMERCIAL SOFTWARE PROGRAM FOR ARTIFACT INVENTORY WILL ULTIMATELY BE UTILIZED AT ALL PARK AREAS. THE SYSTEM IS CURRENTLY BEING UTILIZED AT TWO AREAS. SOFTWARE FOR OTHER AREAS WILL BE PURCHASED AS THE BUDGET PERMITS.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

2. **Artifacts Inventory** (Concluded)

THE DIVISION'S ARTIFACT POLICY WILL BE REVIEWED AND REWRITTEN THIS FALL AFTER THE OPERATING SEASON IS OVER. THE POLICY WILL BE REVIEWED BY STAFF AND FIELD SUPERVISORS FOR APPLICABILITY AND WORKABILITY. RECOMMENDATIONS PROVIDED IN THE AUDIT REPORT WILL BE CONSIDERED AS A PART OF THIS PROCESS. THE SCOPE OF THE NEW POLICY WILL COVER ALL PARKS AND RECREATION AREAS THAT HAVE ARTIFACTS.

3. **Performance Measures**

A key responsibility of state government is to develop and manage services, programs, and resources as efficiently and effectively as possible, and to communicate the results of these efforts to the public.

During our testing, we noted the Commission had established performance measures in the formal budget. It was further noted quantifiable data was available for some of these measures; however, the Commission had not formally tracked and accumulated data to ensure specific objectives had been met.

Performance information is needed to determine the efficiency and effectiveness of providing services from year to year. Meaningful performance measures assist government officials and citizens in identifying results, evaluating past decisions, and facilitating future improvements.

We recommend the Commission track and accumulate data to support their specific program objectives and include them in the formal budget.

COMMISSION'S RESPONSE: THIS FINDING IS AGENCY-WIDE IN SCOPE.

WE ACKNOWLEDGE THE VALUE OF GOOD PERFORMANCE MEASURES FOR ASSISTING WITH PROGRAM EVALUATION. FOR SOME PROGRAMS THE PERFORMANCE MEASURES ARE RATHER STRAIGHT FORWARD AND EASILY TRACKED AND ACCOUNTED FOR. IN THOSE SITUATIONS WE THINK WE ARE ADEQUATELY ADDRESSING SAME. IN SOME PROGRAM AREAS THE DESIRED END RESULT, I.E. OUTCOME, IS NOT AS EASILY MEASURED NOR AS DIRECTLY AND SOLELY DEPENDENT UPON THE ACTIONS OF THE AGENCY. FOR EXAMPLE MUCH IS KNOWN ABOUT WILDLIFE SPECIES AND THEIR LIFE REQUISITES AND AS SUCH MANY OF THE PROGRAM ACTIVITIES ARE GEARED TOWARD THAT END. THERE ARE HOWEVER MANY FACTORS BEYOND THE CONTROL OF THE AGENCY, SUCH AS WEATHER THAT HAVE A TREMENDOUS IMPACT ON THE ULTIMATE OUTCOME OF POPULATION STATUS. IN SUCH INSTANCES THE BEST WE CAN HOPE FOR IS A MEASURE OF OUTPUTS, I.E. ACRES OF HABITAT IMPROVED OR MANAGED WHICH WE NORMALLY ACCOUNT FOR THOUGH DON'T ALWAYS ADDRESS PRECISELY IN THE BUDGET DOCUMENTS.

ULTIMATELY THE COMMISSION IS A SERVICE AGENCY AND THE BEST MEASUREMENT IS THE SATISFACTION LEVEL OF OUR CONSTITUENTS. WE HAVE AND WILL CONTINUE TO INVOLVE OUR CONSTITUENTS IN THE DECISION MAKING PROCESS AND WORK TOWARDS IMPROVED

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

3. **Performance Measures** (Concluded)

METHODS OF EVALUATION. THE COST ASSOCIATED WITH ASSESSING CUSTOMER SATISFACTION IS SOMETIMES PROHIBITIVE, THUS A SENSE OF DISSATISFACTION AS MEASURED BY COMPLAINTS IS OFTEN RELIED UPON.

4. **Wildlife Management Leases**

The Nebraska Game and Parks Commission owns and manages Wildlife Management Areas (WMA's). Portions of this land are leased out to farmers to generate income and provide food plots for wildlife. The terms of the leases vary from district to district. Very few of them are cash rent. The majority are either a type of exchange of labor lease or are based upon a percentage of the crop in return for the use of the land. When the lease requires a percentage of the crop planted by the farmer, the harvested crop is sent directly to the grain elevator, which then sends Game and Parks a check for its share minus the cost of fertilizer used on that portion of the crop. When the lease asks for labor, the farmer uses a portion of the leased land to plant a food plot for wildlife, and in return may plant his own crops on the rest of the land. The cost of labor required for the food plots equals the rent that would otherwise be required.

We found, through discussions with the District V Manager and Assistant Administrator, Wildlife Technical Section, that support documentation is not being submitted for the crops harvested on WMA's. Current procedure has the grain elevator (a third party) submit the check for grain harvested to the Commission. The lease agreement is between the farmer and Game and Parks. There is no documentation to support that the dollar amount sent by the grain elevator is the correct amount, nor is there documentation supporting whether the fertilizer that is reimbursed is the correct amount or is used only on WMA lands. We also could not find documentation on the method by which Game and Parks determines the acreage to be devoted to wildlife food plots based on the dollar value of the rent.

Good internal control requires supporting documentation be prepared and kept to ensure lease rental requirements are being met.

We recommend management determine procedures that can be implemented to give a higher level of assurance the correct amount of money is being collected. The following are some suggested procedures:

- From discussions with the District V Manager and Assistant Administrator, Wildlife Technical Section, it is our understanding the Nebguide, compiled by the University of Nebraska, is used to determine rent amounts in labor for land leases. The guides put together data that determines how

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

4. **Wildlife Management Leases** (Concluded)

- much it costs a farmer to plow and disk land, buy seed and fertilizer, and work the land. Data is also compiled regarding crop output per acre throughout the state. We suggest a reference to the Nebguide be included with each land for labor lease. In this manner, if the farmer sent in the information on how much grain was harvested, and the grain elevator sent in the information on how much grain was sold, the numbers could be compared to average price and output per acre to determine whether Game and Parks had received the proper dollar amount.
- We also recommend Game and Parks review the type of lease it offers; instead of sharecropping or labor for land, perhaps a cash rent would be more appropriate in some situations.

COMMISSION'S RESPONSE: THE LEASES APPLICABLE TO THIS FINDING ARE ADMINISTERED BY THE WILDLIFE DIVISION. THE RECOMMENDATION WAS TWO-FOLD AS IS OUR RESPONSE.

WE WILL BE IMPLEMENTING A COMPUTERIZED TRACKING SYSTEM FOR FUNDS DISBURSED AND RECEIVED THIS YEAR. THIS SYSTEM SHOULD ENABLE US TO BETTER TRACK WHAT IS RECEIVED FROM EACH WMA. ADDITIONALLY, WE WILL DISCUSS THE RECOMMENDATION REFERENCE HAVING THE TENANT SEND IN THE AMOUNT OF GRAIN HARVESTED ON A SIMPLE REPORT FORM AND WORKING WITH THE ELEVATORS IN SENDING US INFORMATION ON HOW MUCH GRAIN IS SOLD. THIS, COMBINED WITH OUR NEW TRACKING SYSTEM, SHOULD ENSURE WE ARE RECEIVING CORRECT PAYMENT. ADDITIONALLY, WE WILL BEGIN INCLUDING A REFERENCE TO THE NEBGUIDE IN EACH LEASE.

WE ARE ALREADY DOING THIS TO A CERTAIN EXTENT. IF THERE IS NO WORK THAT NEEDS TO BE DONE ON A WMA, OR IF WE HAVE SCHEDULED NEEDED WORK IN OUR BUDGET AND WORKPLANS, THEN THE LEASE IS CASH RENT. HOWEVER, IF WE WENT TO ALL CASH RENT ON OUR WMAS, WE WOULD NOT BE ABLE TO CONTINUE TO PRODUCE THE HABITAT WE DO NOW DUE TO LACK OF RESOURCES (MANPOWER AND BUDGET). DISTRICT MANAGERS WILL BE INSTRUCTED TO REVIEW ALL LABOR EXCHANGE AGREEMENTS TO MAKE SURE THAT WE ARE CONDUCTING BUSINESS IN A MANNER THAT PROVIDES THE BEST BENEFIT TO THE WILDLIFE RESOURCE OF THE STATE.

5. **Incomplete Expense Reimbursement Documents**

Our testing of 38 expense reimbursement documents noted not all required information was provided on three of the 38.

- 1) Reimbursement was approved for meals on an expense reimbursement document on which the daily start and stop times were not noted for a period of four days.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

5. **Incomplete Expense Reimbursement Documents** (Concluded)

- 2) Mileage for two trips noted on the document as Lincoln to Omaha appeared to be excessive. Discussions with staff revealed this was due to various side trips to conduct field inspections along the way.
- 3) No purpose was noted for a trip for which meal expenses were claimed.

State Statute Section 81-1174, R.R.S. 1999, and good internal control require documentation to be complete. The statute requires, "Each request shall be fully itemized, including when, where, and why the expense was incurred and the actual amount involved."

Without complete documentation on expense documents it is not possible to determine whether all mileage and expenses are valid expenses of the Commission.

We recommended all pages of an expense reimbursement document be thoroughly checked to verify it is complete before approving the expenses. If side trips for field inspections are made, they should be noted with the mileage so there are no misinterpretations.

COMMISSION'S RESPONSE: ALTHOUGH THIS FINDING IS AGENCY-WIDE IN SCOPE, IT IS MOST APPLICABLE TO THE BUDGET AND FISCAL DIVISION BECAUSE OF ITS OVERSIGHT RESPONSIBILITY.

ALTHOUGH THIS IS A SUBJECT THAT HAS BEEN ADDRESSED WITH STAFF IN THE PAST, A REMINDER WILL BE SENT TO ADMINISTRATIVE AND SUPERVISORY PERSONNEL.

6. **Allocation of Costs**

The Budget & Fiscal division allocates many types of costs which are associated with more than one activity. For example: administrative, law enforcement, maintenance, and outdoor education costs. The division reviews and publishes a guide regarding the allocation of these costs annually. However, the basis used to allocate the costs to the various funds, programs, and subprograms is, for the most part, unclear. During our fieldwork, only one subprogram had documentation available that clearly delineated how the costs should be allocated. According to the Commission, one other subprogram had documentation to support the allocation; however, the documentation could not be located.

The information relating to the allocation for the majority of the Commission's costs is based on the institutional memory of the Director of Budget and Fiscal and one Accountant III, not hard data. In addition, the Accountant III indicated the guide might not always be followed depending upon where funds are available at different times of the year.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

6. Allocation of Costs (Concluded)

Good accounting practice requires the basis for allocating costs associated with more than one activity be reasonable and documented. In addition, various Commission funds have certain state and federal requirements that must be met regarding use.

If there is not a clear method and support for charging costs associated with more than one activity, they may be allocated inappropriately, and various funding sources may support more or less than their share of costs.

We recommend the Commission document and support the basis for allocating costs associated with more than one activity.

COMMISSION'S RESPONSE: THIS FINDING AND CORRESPONDING RECOMMENDATION PERTAIN TO THE BUDGET AND FISCAL DIVISION.

IN THE NARRATIVE DISCUSSION IT IS STATED IN PART THAT, “. . . . THE BASIS USED TO ALLOCATE COSTS TO THE VARIOUS FUNDS, PROGRAMS, AND SUBPROGRAMS, IS FOR THE MOST PART, UNCLEAR.” WE ACKNOWLEDGE THAT THIS STATEMENT IS APPROPRIATE FOR “FUNDS”, HOWEVER, WE DO NOT AGREE THAT THE LACK OF CLARITY EXTENDS TO PROGRAMS AND SUBPROGRAMS. WE WOULD ALSO ACKNOWLEDGE THAT THE CONCERN EXPRESSED IN THE REPORT EXTENDS TO SOME ACTIVITIES OR AREAS OF EXPENDITURE (E.G. PERSONAL SERVICES) WITHIN A PROGRAM OR SUBPROGRAM, BUT, AS PREVIOUSLY STATED, NOT AT THE PROGRAM OR SUBPROGRAM LEVELS.

EXPENDITURE AUTHORITY IS ESTABLISHED BY THE LEGISLATURE AT THE PROGRAM LEVEL AND INCLUDES GENERAL FUND AUTHORITY AND/OR CASH FUND AUTHORITY AND, IN SOME CASES, FEDERAL AUTHORITY. IN THE CASE OF CASH FUNDS, THE LEGISLATURE MERELY APPROPRIATES AUTHORITY; THUS, IT IS THE STAFF'S RESPONSIBILITY TO DECIDE WHICH CASH FUNDS(S) SHOULD BE USED. WE HAVE 12 SEPARATE CASH FUNDS AND THE USE OF EACH IS COVERED BY STATUTE. TO FURTHER COMPOUND THIS PROBLEM, WE HAVE SOME PERSONNEL THAT ARE ROUTINELY INVOLVED IN ACTIVITIES THAT HAVE MULTIPLE FUNDING SOURCES. FOR EXAMPLE, ACCOUNTING CLERKS IN THE ACCOUNTS PAYABLE SECTION OF THE BUDGET AND FISCAL DIVISION PROCESS DOCUMENTS THAT INCLUDE ALL FUNDING SOURCES. IT WOULD BE IMPOSSIBLE TO DOCUMENT AND SUPPORT THE BASIS FOR ALLOCATING COSTS APPLICABLE TO SUCH POSITION/ACTIVITIES UNLESS EXTENSIVE AND INTENSIVE CHANGES ARE MADE TO OUR RECORD KEEPING SYSTEM. THE COST OF SUCH A SYSTEM AND THE PRODUCTIVITY LOST TO RECORD KEEPING ARE, IN OUR OPINION, UNREASONABLE EXPECTATIONS. WHEN POSSIBLE, POSITIONS OR ACTIVITIES THAT HAVE THE POTENTIAL TO INVOLVE COSTS APPLICABLE TO A VARIETY OF FUND SOURCES ARE CHARGED TO THE GENERAL FUND WHICH CAN BE USED FOR ALL SUCH ACTIVITIES, HOWEVER, OUR GENERAL FUND APPROPRIATION IS SIMPLY NOT ADEQUATE TO ALLOW US THIS LUXURY IN ALL CASES.

WE ACKNOWLEDGE THAT OUR PRESENT SYSTEM IS NOT PERFECT, BUT IT DOES REFLECT OUR BEST EFFORTS TO BE FAIR, HONEST, EQUITABLE, AND ACCOUNTABLE.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

7. **Parks – Segregation of Duties and Daily Deposits**

During our testing, we noted there was a lack of segregation of duties over receipts in the parks as one individual is able to handle all phases of a transaction from beginning to end. At Eugene T. Mahoney State Park, Lewis and Clark State Recreation Area, and Two Rivers State Recreation Area we noted the same individual at each park is able to prepare and approve the General Document. At the District I Office in Alliance, we noted the same individual is able to open the mail, receipt sales into the cash register, issue permits and licenses, and prepare and approve the General Document.

During our testing, we also noted Eugene T. Mahoney State Park received a large amount of money on Fridays, Saturdays, and Sundays. The Park did not deposit the receipts for these three days until Monday.

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

Good internal control also requires daily deposits be made when there is a significant amount of money on hand.

There is an increased risk of errors and irregularities when there is no segregation of duties. Also, there is a possible loss, misuse, or theft of state funds when significant amounts of money are on hand and not deposited.

We recommend the Commission implement procedures to ensure there is a proper segregation of duties. This would include having the General Document approved by someone other than the person preparing the General Document. This person should be a responsible person with enough experience and knowledge of the deposit process to detect problems or concerns with the deposit.

We further recommend the Commission review their cash depositing procedures and make daily deposits when a significant amount of money is involved.

COMMISSION'S RESPONSE: PROPER SEGREGATION OF DUTIES PROVIDES GOOD INTERNAL CONTROL WHEN AN AREA HAS ADEQUATE STAFF TO SEPARATE DUTIES. EUGENE T. MAHONEY STATE PARK DOES HAVE SEGREGATION OF DUTIES – THE LODGE STAFF OPENS MAIL AND ENTERS ALL ADVANCE DEPOSITS. THE FUNCTIONS DEPARTMENT RECEIVES MONEY FOR ALL FUNCTION ADVANCE DEPOSITS OR DIRECT BILLING PAYMENTS. THEY REVIEW THE

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

7. **Parks – Segregation of Duties and Daily Deposits** (Concluded)

CHECK WITH THE BILLING. A STAFF MEMBER FROM THE ADMINISTRATION BUILDING ACTUALLY ENTERS THE INFORMATION IN THE CITY LEDGER AND COMPLETES THE INFORMATION FOR THE DEPOSIT. ALL MONEY RECEIVED FROM CASH REGISTERS IS TAKEN TO THE ADMINISTRATION BUILDING FOR DEPOSITING. TWO OR MORE PEOPLE ARE RESPONSIBLE FOR THE DEPOSITS WHICH ARE DONE 7 DAYS A WEEK. THE ACTUAL DEPOSIT IS MADE DAILY EXCEPT FOR WEEKENDS WHEN THE DEPOSITS ARE TAKEN TO THE BANK ON MONDAY. WE HAVE IMPLEMENTED A CONTRACT WITH AN ARMORED CAR SERVICE FOR PICKUP MONDAY THROUGH FRIDAY. THE GENERAL DOCUMENT IS NOT SIGNED BY THE SUPERINTENDENT, BUT HE DOES REVIEW THE MONTHLY COST ANALYSIS REPORT. ALL GENERAL DOCUMENTS SHOULD HAVE TWO SIGNATURES UNLESS ONLY ONE STAFF MEMBER IS ON AN AREA. THE LARGER PARKS HAVE LIMITED SEGREGATION OF DUTIES – CASH IS RECEIVED AT THE CASH REGISTERS AND TAKEN TO THE ADMINISTRATION OFFICE. THE OFFICE STAFF PREPARE THE DEPOSITS ON A DAILY BASIS. SMALLER PARKS ARE GENERALLY A ONE PERSON OPERATION. WE DO NOT HAVE ADEQUATE RESOURCES TO HIRE ADDITIONAL STAFF MEMBERS TO ASSIST WITH DEPOSITS. EVERY REASONABLE EFFORT IS USED TO APPLY SEGREGATION OF DUTIES AT OUR AREAS BASED ON RESOURCES AVAILABLE.

8. **Fixed Asset Inventory – Buildings**

During our audit of the fixed asset inventory for buildings, we noted the following items:

- The Commission did not update the inventory list in a timely manner.
- Of the five items selected for testing, the items on the inventory list were either over or understated when compared to the supporting documentation.
- The costs of some of the older buildings were calculated and recorded on the inventory list at replacement cost rather than at historical cost.
- The costs of the buildings as recorded on the inventory list were not compared to the Nebraska Accounting System to determine the costs were accurate.
- The Commission does not have a written policy regarding which expenditures should be capitalized and which should be expensed.

Good internal control requires accurate and timely record keeping. Accounting standards also require older buildings be added to the inventory list at historical cost.

Incomplete inventory records may not properly account for all buildings.

We recommend the Commission update the inventory list of buildings in a reasonable and timely manner.

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

8. **Fixed Asset Inventory – Buildings** (Concluded)

We recommend the Commission monitor their files for buildings costing \$50,000 or more and determine whether the costs were calculated at historical cost.

We further recommend the Commission implement procedures to ensure the costs of buildings recorded on the inventory list are in accordance with what was recorded on the Nebraska Accounting System.

COMMISSION'S RESPONSE: ON MAY 3RD, 2000, A MEMO WAS SENT TO ENGINEERING STAFF DESCRIBING THE STEPS AND PROCEDURES WE NEED TO UNDERTAKE TO MEET THE RECOMMENDATIONS. WE INTEND TO UPDATE OUR BUILDING INVENTORY DATA BASE (CURRENTLY A QUATTRO PRO SPREADSHEET) AND ADD NEW BUILDINGS AND BUILDING ADDITIONS AS THEY ARE COMPLETED. WE WILL UTILIZE ACTUAL COSTS ON NEW BUILDINGS AND ADDITIONS TO ESTABLISH PURCHASE PRICE. WE WILL MONITOR THE EXISTING BUILDINGS COSTING \$50,000.00 OR MORE AND DETERMINE WHETHER THE COSTS WERE ESTIMATED OR HISTORIC COSTS ON A TIME AVAILABLE BASIS.

WE WOULD SUPPORT THE ENHANCEMENT OF THE DAS BUILDING DIVISION DATABASE TO MAKE IT MORE USEABLE ON AN AGENCY BASIS. THIS WOULD ASSIST WITH UPDATES AND ELIMINATE A DUPLICATION OF EFFORT, AND NEED TO SUPPORT TWO SYSTEMS.

9. **Segregation of Duties – Furniture and Equipment Fixed Assets**

During our audit of the furniture and equipment Statewide Inventory System (SWIS) records, we noted the same person maintains the physical inventory, records new purchases to the inventory records, approves the Surplus Property Notification Form to surplus items, maintains the 4800 exception report without review from an immediate supervisor, and can delete added-in-error items. (Note: the 4800 exception report is a report which notes fixed assets purchased and not properly listed on the SWIS).

Good internal control requires there be a segregation of duties so no one person can handle all aspects of recording and reporting fixed assets.

Without proper segregation of duties, there is more risk items will not be inventoried or items inventoried will not be properly accounted for.

We recommend a proper segregation of duties. A different person should approve transactions from the person who processes the transactions. This might be accomplished by having someone approve the disposition of items recorded on the

NEBRASKA GAME AND PARKS COMMISSION

COMMENTS AND RECOMMENDATIONS

9. **Segregation of Duties – Furniture and Equipment Fixed Assets** (Concluded)

4800 exception report, and having someone else approve the history report on an at least a quarterly basis to ensure all transactions are proper. (Note: the history report notes all transactions processed through the SWIS).

COMMISSION'S RESPONSE: WHILE WE ACKNOWLEDGE THE BENEFITS AFFORDED WITH THE SEGREGATION OF DUTIES, WE CURRENTLY HAVE ONLY 0.6 FTE AVAILABLE FOR THIS FUNCTION. THIS INVENTORY CLERK WILL NEED TO CONTINUE TO HANDLE THE PHYSICAL INVENTORY, RECORD NEW PURCHASES, APPROVE SURPLUS PROPERTY NOTIFICATION FORMS, MAINTAIN EXCEPTION REPORT AND "DELETE" ADDED-IN-ERROR ITEMS, UNTIL SUCH TIME ADDITIONAL STAFF BECOME AVAILABLE. WE WILL INITIATE MORE ROUTINE RANDOM CHECKS TO RECONCILE THE VARIOUS COMPONENTS OF THE SYSTEM. A HISTORY REPORT FROM THE SWIS WILL BE OBTAINED ON A QUARTERLY BASIS FOR COMPARATIVE PURPOSES.

10. **Documentation of Leave Used**

In our testing of leave used we noted the Personnel Department (Personnel) did not receive documentation signed by the employee and the immediate supervisor of leave that was used for exempt employees. Instead, Personnel received leave request forms and a certification by the Division Director of the amount of leave used, written on the Leave Status Report. We noted in our test the usage amount certified by the Division Director on the Leave Status Report was changed by Personnel when the leave request slips did not match the amount written on the report, and the Division was not always notified of this change by Personnel.

State employees are required by State Statute Section 84-1001 R.R.S. 1999, and the labor contracts, to work a specified number of hours in a designated time period. Good internal control requires documentation that legal requirements have been met. To avoid later disputes regarding accuracy of the reports, having the documentation on time worked signed by both the employee and the immediate supervisor is recommended.

We recommend Personnel obtain documentation after the time period, signed by both the employee and the immediate supervisor, of exempt employees' time.

COMMISSION'S RESPONSE: BEFORE CONSIDERING THIS RECOMMENDATION, WE THINK THAT IT WOULD BE PRUDENT TO ASSESS THE SITUATION TO DETERMINE THE MAGNITUDE OF THE PROBLEM AND TO ENSURE THAT THE SOLUTION IS COST EFFECTIVE. THE VAST MAJORITY OF EXEMPT EMPLOYEES CURRENTLY DO FILL OUT ACTIVITY REPORTS WHICH ARE KEPT ON FILE IN THE DIVISIONS. THOSE STAFF MEMBERS THAT PARTICIPATE ON PROJECTS ELIGIBLE FOR FEDERAL AID REIMBURSEMENT ARE ROUTED BEYOND THE DIVISION OR SECTION. RELATED TO CHANGE IN LEAVE STATUS REPORTS, WE DO ACKNOWLEDGE THAT CHANGES MADE BY PERSONNEL SHOULD BE COORDINATED WITH THE APPLICABLE DIVISION OR SECTION.

STATE OF NEBRASKA
Auditor of Public Accounts



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State Auditor
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NEBRASKA GAME AND PARKS COMMISSION

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the Nebraska Game and Parks Commission as of and for the fiscal year ended June 30, 1999, as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also as discussed in Note 1, the financial statements present only the Nebraska Game and Parks Commission, and are not intended to present fairly the fund balances and the receipts and disbursements of the State of Nebraska in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Game and Parks Commission as of June 30, 1999, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2000, on our consideration of the Nebraska Game and Parks Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

May 1, 2000


Manager

NEBRASKA GAME AND PARKS COMMISSION
**COMBINED STATEMENT OF ASSETS AND FUND BALANCES
AND OTHER CREDITS ARISING FROM CASH TRANSACTIONS
SPECIAL REVENUE FUND AND GENERAL FIXED ASSETS ACCOUNT GROUP**

June 30, 1999

Assets	Special Revenue	General Fixed Asset Account Group	Totals (Memorandum Only)
Cash in State Treasury	\$ 31,222,427	\$ -	\$ 31,222,427
Deposit with Vendors	21,149	-	21,149
Petty Cash	32,025	-	32,025
Property, Plant, and Equipment	-	97,225,955	97,225,955
			-
Total Assets	\$ 31,275,601	\$ 97,225,955	\$ 128,501,556
Fund Balances and Other Credits			
Other Credits,			
Investment in Fixed Assets	\$ -	\$ 97,225,955	\$ 97,225,955
Fund Balances:			
Reserved For Postage	21,149	-	21,149
Unreserved, Undesignated	31,254,452	-	31,254,452
Total Fund Balances and Other Credits	\$ 31,275,601	\$ 97,225,955	\$ 128,501,556

See Notes to Financial Statements.

NEBRASKA GAME AND PARKS COMMISSION
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
RECEIPTS:			
Appropriations	\$ 9,253,285	\$ -	\$ 9,253,285
Taxes	-	1,300,642	1,300,642
Intergovernmental	193,037	8,583,932	8,776,969
Sales and Charges	-	20,374,789	20,374,789
Miscellaneous	13,446	8,775,273	8,788,719
TOTAL RECEIPTS	9,459,768	39,034,636	48,494,404
DISBURSEMENTS:			
Personal Services	6,260,726	16,360,004	22,620,730
Operating	2,030,377	10,715,329	12,745,706
Travel	72,123	214,868	286,991
Capital Outlay	790,059	6,783,854	7,573,913
Government Aid	100,000	1,429,420	1,529,420
TOTAL DISBURSEMENTS	9,253,285	35,503,475	44,756,760
Excess of Receipts Over (Under) Disbursements	206,483	3,531,161	3,737,644
OTHER FINANCING SOURCES (USES):			
Sales of Assets	15,290	376,006	391,296
Operating Transfers In	-	122,160	122,160
Deposits to State General Fund	(221,773)	-	(221,773)
Distributive Activity:			
Ins	-	3,066,094	3,066,094
Outs	-	(2,910,362)	(2,910,362)
TOTAL OTHER FINANCING SOURCES (USES)	(206,483)	653,898	447,415
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	4,185,059	4,185,059
FUND BALANCE, JULY 1, 1998	-	27,090,542	27,090,542
FUND BALANCE, JUNE 30, 1999	\$ -	\$ 31,275,601	\$ 31,275,601

See Notes to Financial Statements.

NEBRASKA GAME AND PARKS COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 1999

	GENERAL FUND			CASH FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ 9,253,285			\$ -	
Taxes		-			1,300,642	
Intergovernmental		193,037			7,358,523	
Sales and Charges		-			20,374,789	
Miscellaneous		13,446			8,777,257	
TOTAL RECEIPTS		<u>9,459,768</u>			<u>37,811,211</u>	
DISBURSEMENTS:						
Personal Services		6,260,726			16,280,583	
Operating		2,030,377			10,577,417	
Travel		72,123			211,353	
Capital Outlay		790,059			6,362,909	
Government Aid		100,000			1,042,595	
Total Budgeted	\$ 10,703,369	9,253,285	\$ 1,450,084	\$ 50,565,734	34,474,857	\$ 16,090,877
Under (Over) Budgeted	(600)	-	(600)	600	-	600
TOTAL DISBURSEMENTS	<u>10,702,769</u>	<u>9,253,285</u>	<u>1,449,484</u>	<u>50,566,334</u>	<u>34,474,857</u>	<u>16,091,477</u>
Excess of Receipts Over (Under) Disbursements		<u>206,483</u>			<u>3,336,354</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		15,290			376,006	
Operating Transfers In		-			122,160	
Deposit to State General Fund		(221,773)			-	
Distributive Activity:						
Ins		-			3,066,094	
Outs		-			(2,910,362)	
TOTAL OTHER FINANCING SOURCES (USES)		<u>(206,483)</u>			<u>653,898</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		-			3,990,252	
FUND BALANCES, JULY 1, 1998		-			26,814,165	
FUND BALANCES, JUNE 30, 1999		<u>\$ -</u>			<u>\$30,804,417</u>	

See Notes to Financial Statements.

(Continued)

NEBRASKA GAME AND PARKS COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 1999

	FEDERAL FUNDS			TOTALS		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ -			\$ 9,253,285	
Taxes		-			1,300,642	
Intergovernmental		1,225,409			8,776,969	
Sales and Charges		-			20,374,789	
Miscellaneous		(1,984)			8,788,719	
TOTAL RECEIPTS		<u>1,223,425</u>			<u>48,494,404</u>	
DISBURSEMENTS:						
Personal Services		79,421		\$ 24,461,133	22,620,730	\$ 1,840,403
Operating		137,912		17,238,645	12,745,706	4,492,939
Travel		3,515		471,795	286,991	184,804
Capital Outlay		420,945		19,374,944	7,573,913	11,801,031
Government Aid		386,825		3,276,815	1,529,420	1,747,395
Total Budgeted	\$ 3,554,229	1,028,618	\$ 4,582,847	64,823,332	44,756,760	20,066,572
Under (Over) Budgeted	4,000	-	4,000	4,000	-	4,000
TOTAL DISBURSEMENTS	<u>3,558,229</u>	<u>1,028,618</u>	<u>4,586,847</u>	<u>64,827,332</u>	<u>44,756,760</u>	<u>20,070,572</u>
Excess of Receipts Over (Under) Disbursements		<u>194,807</u>			<u>3,737,644</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		-			391,296	
Operating Transfers In		-			122,160	
Deposit to State General Fund		-			(221,773)	
Distributive Activity:						
Ins		-			3,066,094	
Outs		-			(2,910,362)	
TOTAL OTHER FINANCING SOURCES (USES)		<u>-</u>			<u>447,415</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		<u>194,807</u>			<u>4,185,059</u>	
FUND BALANCES, JULY 1, 1998		<u>276,377</u>			<u>27,090,542</u>	
FUND BALANCES, JUNE 30, 1999		<u>\$ 471,184</u>			<u>\$ 31,275,601</u>	

See Notes to Financial Statements.

(Concluded)

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 1999

1. Summary of Significant Accounting Policies

The accounting policies of the Nebraska Game and Parks Commission are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. Reporting Entity.** The Nebraska Game and Parks Commission (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 financial statements include all funds of the Commission. The Commission has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Commission, or the significance of their relationship with the Commission are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Commission.

These financial statements present the Nebraska Game and Parks Commission. No component units were identified. The Nebraska Game and Parks Commission is part of the primary government for the State of Nebraska's reporting entity.

- B. Basis of Accounting.** The accounting records of the Commission are maintained and the Commission's financial statements were prepared on the basis of cash receipts and disbursements. Under this method, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP) which requires the use of the modified accrual basis for governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.
- C. Fund Accounting.** The accounts and records of the Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which record receipts, disbursements, and the fund balance. The fixed

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

asset account group is a financial reporting device designed to provide accountability over fixed assets. The fund types and account group presented on the financial statements are those required by GAAP and include:

General Fund. Reflects transactions related to resources received and used for those general operating services traditionally provided by state government which are not accounted for in any other fund.

Special Revenue Funds. Reflect transactions related to resources received and used for restricted or specific purposes.

General Fixed Assets Account Group. Used to account for general fixed assets of the Commission.

This fund type classification differs from the budgetary fund types used by the Nebraska Accounting System.

The fund types established by the Nebraska Accounting System that are used by the Commission are:

1000 - General Fund - accounts for all financial resources not required to be accounted for in another fund.

2000 - Cash Funds - account for receipts generated by specific activities from sources outside of State government and the disbursements directly related to the generation of the receipts.

4000 - Federal Funds - account for all federal grants and contracts received by the State.

- D. Budgetary Process.** The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Commission and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium. The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and submits the revised appropriation

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

bill to the Governor for signature. The Governor can either: a) approve the appropriation bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths majority of the Legislature.

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency/program, the Legislature may provide funding from one to five budgetary fund types. Thus, the legal level of control is fund type within program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the Department of Administrative Services Accounting Division.

Appropriations are usually made for each year of the biennium with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium. During fiscal year 1999, the Legislature passed a deficit appropriation bill which increased the allowable disbursement level in one program.

All State budgetary disbursements for the general, cash, and federal fund types are made pursuant to the appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major object of expenditure accounts except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total general and cash fund appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

The Commission utilizes encumbrance accounting to account for purchase orders, contracts, and other disbursement commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system and as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying financial statements except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

year of the next biennium. The effect of the Commission's current procedure is to include in the budget columns, Total Disbursements line, of the Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Commission's intention to honor the encumbrances at the end of a biennium. The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 1999, there were no budgetary funds in which disbursements exceeded appropriations.

Budgets for object of expenditure accounts are included in the Nebraska Department of Administrative Services Budget Status Report. They are budgeted at the program level and not within separate budgetary fund types for the program. As a result, for financial reporting purposes, budget amounts for object of expenditure accounts are shown only for total budgeted funds.

Receipts are not budgeted and therefore there are no budgeted amounts shown on the Budget and Actual Statement.

A reconciliation of the budgetary fund classifications versus GAAP fund classifications as of June 30, 1999, follows:

	BUDGETARY	
	FUND	FINANCIAL STATEMENT
	BALANCES	FUND BALANCE
	Total	Special Revenue
PERSPECTIVE DIFFERENCES:		
Classifications of budgetary fund balances into		
Financial Statement fund structure:		
Cash	\$ 30,804,417	\$ 30,804,417
Federal	471,184	471,184
Budgetary fund balances classified into Financial		
Statement fund structure	\$ 31,275,601	-
Financial Statement Fund Balances, June 30, 1999		\$ 31,275,601

- E. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 1999, have been recorded at cost or estimated cost by the Commission. Generally, equipment which has a cost in excess of \$300 at the date of acquisition and has an expected useful life of two or more years is capitalized.

Assets in the general fixed assets account group are not depreciated. Fixed assets do not include infrastructure such as roads and bridges, as these assets are immovable and of value only to the government. The cost of normal maintenance and repairs that do not add to the value of the asset or extend asset life is not capitalized.

- F. Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer on a daily basis based on total bank balances. Investment income is distributed based on the average daily - book cash balance of funds designated for investment. Determination of whether or not a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Commission , except for funds 4332 and 4333, were designated for investment during fiscal year 1999.
- G. Distributive Activity.** Distributive Activity transactions would be those recorded directly to a fund's liability accounts rather than through a receipt or disbursement account. (See further explanation of this activity in footnote 5).
- H. Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.
- I. Compensated Absences.** All permanent employees working for the Commission earn sick and annual leave and all non-exempt are allowed to accumulate compensatory leave rather than being paid overtime. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under GAAP the vested portion of the employee's compensated absences is recorded in the Long Term Debt Account Group for governmental funds Under the 'receipts and disbursements basis of accounting' the balances which would be reported in the Long Term Debt Account Group are not reported as they do not represent balances arising from Cash Transactions.
- J. Receipts.** The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Commission are:

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Appropriations. Appropriations are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

Taxes. Taxes reported by the Commission are cigarette tax receipts collected by the Department of Revenue and transferred to Fund 2338 by the State Treasurer.

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

Sales and Charges. Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous. Receipts from sources not covered by other major categories.

K. Disbursements. The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Commission are:

Personal Services. Salaries, wages, and related employee benefits provided for all persons employed by a government.

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

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

Capital Outlay. Disbursements which result in the acquisition of or an addition to fixed assets. Fixed assets are resources of a long-term character owned or held by the government.

Government Aid. Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

L. Fund Balance Reservations. Reservations of fund balance are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balance reported by the Commission are amounts reserved for postage.

2. **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 since interfund balances and transactions have not been eliminated.

3. **Contingencies and Commitments**

Risk Management. The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and health care insurance. The Commission, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State. The State has chosen not to purchase insurance except for:

1. Motor vehicle liability which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage and uninsured and underinsured motorists with various limits and deductibles.
2. Health care insurance for employees selecting certain coverage options. All health care insurance was purchased.
3. Employee dishonesty which is bonded for the first \$1 million annually with a \$10,000 retention per incident. Real and personal property on a blanket basis including the perils of Flood and Earthquake for net loss in excess of \$100,000 per loss occurrence, with a limit of \$250,000,000 per loss occurrence. Newly acquired properties are only covered up to \$1,000,000 for 30 days or until the value of the property is reported to the insurance company.
4. In addition to the above coverage, the Commission has obtained accident and liability insurance for its volunteer workers.

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Contingencies and Commitments (Concluded)**

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Risk Management Internal Service Fund through a combination of employee and State contributions. Workers compensation is also funded in the Risk Management Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Game and Parks Commission's financial statements.

Litigation. The potential amount of liability involved in litigation pending against the Commission, if any, could not be determined at this time. However, it is the Commission's opinion that final settlement of those matters should not have an adverse effect on the Commission's ability to administer current programs. Any judgement against the Commission would have to be processed through the State Claims Board and be approved by the Legislature.

4. **State Employees' Retirement Plan (Plan)**

The Plan is a single-employer defined contribution plan administered by the Public Employees Retirement Commission in accordance with the provisions of the State Employees Retirement Act and may be amended through legislative action. In the defined contribution plan, retirement benefits depend on total contributions, investment earnings, and the investment options selected. Membership in the Plan is required of all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service and voluntary participation is permitted for all permanent full-time or part-time employees upon reaching age twenty and twelve months of service within a five-year period, except any individual appointed by the Governor may elect not to become a member of the Plan.

Employees contribute 4.33% of their monthly compensation until such time as they have paid during any calendar year a total of eight hundred sixty four dollars, after which time they shall pay a sum equal to 4.8% of their monthly compensation for the remainder of such calendar year. The Commission matches the employee's contribution at a rate of 156% of the employee's contribution.

The employee's account is fully vested. The employer's account is vested 100% after five years participation in the plan or at retirement.

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. State Employees' Retirement Plan (Plan) (Concluded)

For the Fiscal Year Ended June 30, 1999, employees contributed \$589,578 and the Commission contributed \$919,742.

5. Distributive Activity

The Commission's distributive activity for the audit period consists of amounts recorded through liability accounts and consists of the following:

Generally, the Commission has two types of transactions recorded through liability accounts. First, the Commission collects and pays lodging and sales taxes. Second, the Commission records receipt transactions collected at the parks in December and June of each year. The recording of receipts in a liability account, rather than a receipt account, is done to facilitate accurate and timely depositing of receipts by the parks throughout the state, and to aid the Commission's central office in reconciling deposits made by the parks to the accounting records. As documentation is received in the Commission's central office the liability account is reduced and the deposits are recorded into the correct receipt account.

6. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1999
Land	\$ 32,353,019	\$ 1,394,530	\$ 309	\$ 33,747,240
Buildings	32,639,182	6,151,013	195,931	38,594,264
Equipment	22,910,344	2,605,743	660,436	24,855,651
Construction in Progress	755,551	886,236	1,612,987	28,800
Total General Fixed Assets	<u>\$ 88,658,096</u>	<u>\$ 11,037,522</u>	<u>\$ 2,469,663</u>	<u>\$ 97,225,955</u>

The building addition amount of \$6,151,013 includes some pre- July 1, 1998 buildings added during fiscal year 1999. The Commission did not have all smaller buildings on their inventory. During fiscal years 1998 and 1999 the Commission initiated a program to add smaller building to their inventory for insurance purposes. An inventory of these older, smaller buildings was completed and they were added to the Commission's building inventory at replacement cost. The Commission records did not permit readily identifying which building additions were pre-existing or which buildings were new buildings.

Four percent of the value of land is valued at estimated cost.

NEBRASKA GAME AND PARKS COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Lease Commitments

Operating Leases. The minimum annual lease payments for operating leases as of June 30, 1999 are as follows.

YEAR	GAME & PARKS COMMISSION
2000	\$ 205,204
2001	121,341
2002	120,457
2003	95,912
2004	40,536
Thereafter	795,772
Total	<u>\$ 1,379,222</u>

Game & Parks Commission operating lease payments for the year ended June 30, 1999 totaled \$215,471.

Lessor Transactions. Game & Parks Commission also is a lessor of property, primarily farmland leased by the Commission to farmers. At June 30, 1999, the Commission leases farmland (crop and pasture), cabin lots, concessions, boat docks, etc. Total rents of \$433,196 were received under these and other agreements for the year ended June 30, 1999.

8. Full Accountability of the General Fund

Only the cash transactions are reported on the financial statements for this fund. They do not show appropriations. To show the full accountability over this fund the following schedules reflect appropriations. Appropriations do not represent cash transactions.

General Fund

Beginning (Reappropriated) Balance July 1, 1998	\$ 1,542,897
New Appropriations	<u>9,160,647</u>
Total Appropriations	<u>10,703,544</u>
Disbursements	(9,253,285)
Lapse of Appropriations	<u>(133,837)</u>
Ending (Appropriations) Balance June 30, 1999	<u>\$ 1,316,422</u>

NEBRASKA GAME AND PARKS COMMISSION
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
SPECIAL REVENUE FUNDS
June 30, 1999

	Cowboy Trail Fund 2328	State Game Fund 2332	Park Cash Fund 2333	Habitat Fund 2334	Nongame/ Endangered Species Fund 2335	Snowmobile Trail Fund 2337
Assets						
Cash in State Treasury	\$ 133,840	\$ 13,429,905	\$ 6,256,433	\$ 4,727,207	\$ 384,289	\$ 119,623
Deposit with Vendors	-	20,562	587	-	-	-
Petty Cash	-	3,500	28,525	-	-	-
Total Assets	<u>\$ 133,840</u>	<u>\$ 13,453,967</u>	<u>\$ 6,285,545</u>	<u>\$ 4,727,207</u>	<u>\$ 384,289</u>	<u>\$ 119,623</u>
Fund Balances						
Fund Balances:						
Reserved	\$ -	\$ 20,562	\$ 587	\$ -	\$ -	\$ -
Unreserved, Undesignated	<u>133,840</u>	<u>13,433,405</u>	<u>6,284,958</u>	<u>4,727,207</u>	<u>384,289</u>	<u>119,623</u>
Total Fund Balances	<u>\$ 133,840</u>	<u>\$ 13,453,967</u>	<u>\$ 6,285,545</u>	<u>\$ 4,727,207</u>	<u>\$ 384,289</u>	<u>\$ 119,623</u>

(Continued)

NEBRASKA GAME AND PARKS COMMISSION
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
SPECIAL REVENUE FUNDS

June 30, 1999

	NORDA Fund 2338	Trail Development Fund 2339	Aquatic Habitat Fund 2341	Special Federal Fund 4332	Total Special Revenue Funds
Assets					
Cash in State Treasury	\$ 2,989,485	\$ 69,377	\$ 2,603,584	\$ 508,684	\$ 31,222,427
Deposit with Vendors	-	-	-	-	21,149
Petty Cash	-	-	-	-	32,025
Total Assets	\$ 2,989,485	\$ 69,377	\$ 2,603,584	\$ 508,684	\$ 31,275,601
Fund Balances					
Fund Balances:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 21,149
Unreserved, Undesignated	2,989,485	69,377	2,603,584	508,684	31,254,452
Total Fund Balances	\$ 2,989,485	\$ 69,377	\$ 2,603,584	\$ 508,684	\$ 31,275,601

(Concluded)

NEBRASKA GAME AND PARKS COMMISSION
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1999

	Cowboy Trail Fund 2328	State Game Fund 2332	Park Cash Fund 2333	Habitat Fund 2334	Nongame/ Endangered Species Fund 2335	Snowmobile Trail Fund 2337
RECEIPTS:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-
Intergovernmental	-	4,256,600	512,406	1,680,069	38,046	-
Sales and Charges	4,658	11,551,603	6,102,820	1,659,840	2,019	8,918
Miscellaneous	11,151	989,695	6,757,780	730,142	18,940	6,368
TOTAL RECEIPTS	<u>15,809</u>	<u>16,797,898</u>	<u>13,373,006</u>	<u>4,070,051</u>	<u>59,005</u>	<u>15,286</u>
DISBURSEMENTS:						
Personal Services	-	8,548,891	7,092,881	614,934	11,427	-
Operating	308	4,126,515	5,061,604	678,944	100,746	520
Travel	-	163,395	33,294	7,417	3,589	-
Capital Outlay	-	1,248,725	2,106,951	1,522,500	23,726	-
Government Aid	-	90,509	-	844,203	-	-
TOTAL DISBURSEMENTS	<u>308</u>	<u>14,178,035</u>	<u>14,294,730</u>	<u>3,667,998</u>	<u>139,488</u>	<u>520</u>
Excess of Revenues Over(Under) Disbursements	<u>15,501</u>	<u>2,619,863</u>	<u>(921,724)</u>	<u>402,053</u>	<u>(80,483)</u>	<u>14,766</u>
OTHER FINANCING SOURCES (USES)						
Sale of Assets	-	148,329	201,178	17,723	34	-
Operating Transfers In	-	-	-	-	72,160	-
(Net) Distributive Activity:						
Ins	-	379,006	2,685,618	1,340	130	-
Outs	-	(308,749)	(2,600,150)	(1,428)	(35)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>218,586</u>	<u>286,646</u>	<u>17,635</u>	<u>72,289</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>15,501</u>	<u>2,838,449</u>	<u>(635,078)</u>	<u>419,688</u>	<u>(8,194)</u>	<u>14,766</u>
Fund Balance, July 1, 1998	<u>118,339</u>	<u>10,615,518</u>	<u>6,920,623</u>	<u>4,345,019</u>	<u>392,483</u>	<u>104,857</u>
Fund Balance, June 30, 1999	<u>\$ 133,840</u>	<u>\$ 13,453,967</u>	<u>\$ 6,285,545</u>	<u>\$ 4,764,707</u>	<u>\$ 384,289</u>	<u>\$ 119,623</u>

(Continued)

NEBRASKA GAME AND PARKS COMMISSION
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 1999

	NORDA Fund 2338	Trail Development Fund 2339	Aquatic Habitat Fund 2341	Special Federal Fund 4332	Recreational Trails Fund 4333	Total Special Revenue Funds
RECEIPTS:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,300,642	-	-	-	-	1,300,642
Intergovernmental	99,632	-	771,770	1,027,555	197,854	8,583,932
Sales and Charges	-	-	1,044,931	-	-	20,374,789
Miscellaneous	155,718	3,675	103,788	(1,984)	-	8,775,273
TOTAL RECEIPTS	1,555,992	3,675	1,920,489	1,025,571	197,854	39,034,636
DISBURSEMENTS:						
Personal Services	-	-	12,450	79,421	-	16,360,004
Operating	240,742	-	368,038	137,912	-	10,715,329
Travel	-	-	3,658	3,515	-	214,868
Capital Outlay	936,630	-	524,377	225,700	195,245	6,783,854
Government Aid	-	6,016	101,867	384,216	2,609	1,429,420
TOTAL DISBURSEMENTS	1,177,372	6,016	1,010,390	830,764	197,854	35,503,475
Excess of Revenues Over(Under) Disbursements	378,620	(2,341)	910,099	194,807	-	3,531,161
OTHER FINANCING SOURCES (USES)						
Sale of Assets	8,742	-	-	-	-	376,006
Operating Transfers In	-	50,000	-	-	-	122,160
Distributive Activity:						
Ins	-	-	-	-	-	3,066,094
Outs	-	-	-	-	-	(2,910,362)
TOTAL OTHER FINANCING SOURCES (USES)	8,742	50,000	-	-	-	653,898
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	387,362	47,659	910,099	194,807	-	4,185,059
Fund Balance, July 1, 1998	2,602,123	21,718	1,693,485	276,377	-	27,090,542
Fund Balance, June 30, 1999	\$ 2,989,485	\$ 69,377	\$ 2,603,584	\$ 471,184	\$ -	\$ 31,275,601

(Concluded)

STATE OF NEBRASKA
Auditor of Public Accounts



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NEBRASKA GAME AND PARKS COMMISSION
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Nebraska Game and Parks Commission as of and for the year ended June 30, 1999, and have issued our report thereon dated May 1, 2000. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska Game and Parks Commission. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska Game and Parks Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted an immaterial instance of noncompliance that we have reported to management of the Nebraska Game and Parks Commission in the Comments Section of this report as Comment Number 5 (Incomplete Expense Reimbursement Documents).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Game and Parks Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Nebraska Game and Parks Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Comments Section of the report as Comment Number 6 (Allocation of Costs), Comment Number 7 (Parks-Segregation of Duties and Daily Deposits), and Comment Number 9 (Segregation of Duties-Furniture and Equipment Fixed Assets).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving internal control over financial reporting that we have reported to management of the Nebraska Game and Parks Commission in the Comments Section of the report as Comment Number 1 (Financial Reports for Business Type Operations), Comment Number 2 (Artifacts Inventory), Comment 3 (Performance Measures), Comment Number 4 (Wildlife Management Leases), Comment Number 5 (Incomplete Expense Reimbursement Documents), Comment Number 8 (Fixed Asset Inventory-Buildings), and Comment Number 10 (Documentation of Leave Used).

This report is intended solely for the information and use of the agency, the appropriate Federal and regulatory agencies and citizens of the State of Nebraska and is not intended to be and should not be used by anyone other than these specified parties.

May 1, 2000


Manager