

**AUDIT REPORT
OF THE
NEBRASKA COMMISSION ON
MEXICAN-AMERICANS**

JULY 1, 1999 THROUGH JUNE 30, 2000

NEBRASKA COMMISSION ON MEXICAN-AMERICANS

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NEBRASKA COMMISSION ON MEXICAN-AMERICANS

BACKGROUND

The Nebraska Commission on Mexican-Americans (Commission) was created in 1972. The Commission has nine members that are appointed by the Governor to three-year terms. The Governor or the Governor's designee serves as an ex-officio member. The Commission employs an Executive Director, who is responsible for the day-to-day operations of the office and its staff.

The Commission serves Nebraska's Mexican-American population in the areas of education, employment, health, housing, and welfare. It assists in the translation of documents for the direct assistance of clients in matters relating to any Federal or State department or agency or any political subdivision. The Commission also develops, coordinates, and assists public and private organizations and coordinates and assists the efforts of State departments and agencies to serve the needs of Mexican-Americans.

MISSION STATEMENT

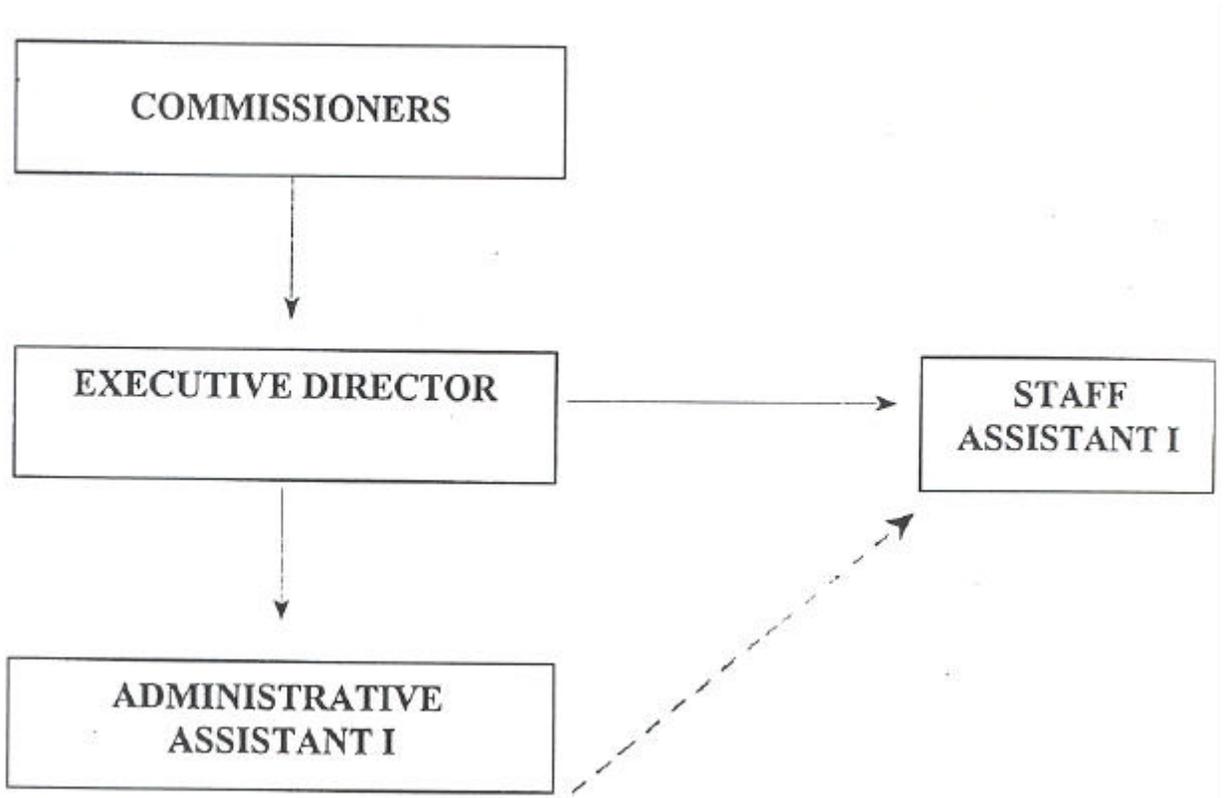
The Mexican-American Commission's mission is to serve as a voice in the Nebraska State government for Hispanics by assisting in all aspects of their needs through both advocacy and referrals, to create the opportunity to participate in the "Good Life" of Nebraska.

The objectives of the Mexican-American Commission's mission include:

- Gather and disseminate information and conduct hearings, conferences, and special studies on problems and programs concerning Mexican-Americans.
- Serve the needs of Mexican-Americans, in the fields of education, employment, health, housing, welfare, and recreation by offering such services as it may establish for the translation of documents and for the direct assistance of clients, exclusive of legal representation, in matters relating to any Federal department or agency or any department or agency of the State or a political subdivision thereof.
- Develop, coordinate, and assist other public and private organizations and coordinate and assist the efforts of the State departments and agencies to serve the needs of the Mexican-Americans.
- Propose new programs concerning Mexican-Americans.
- Evaluate existing programs and proposed legislation concerning Mexican-Americans.
- Stimulate public awareness of the problems of Mexican-Americans by conducting a program of public education and encourage the Governor and Legislature to develop programs to deal with these problems.
- Conduct training programs for community leadership and service project staff.

NEBRASKA COMMISSION ON MEXICAN-AMERICANS

ORGANIZATIONAL CHART



NEBRASKA COMMISSION ON MEXICAN-AMERICANS

COMMENT AND RECOMMENDATION

During our audit of the Nebraska Commission on Mexican-Americans, 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. Internal Control Over Fixed Assets

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. The account codes used in the Nebraska Accounting System (NAS) to identify a capital outlay include all expenditures which result in the acquisition of or addition to fixed assets.

During our testing of fixed assets, we noted the following:

- Four items were listed twice on the fixed asset listing.
- Sixteen items that were not in the Commission's possession were included on the fixed asset listing.
- Two operating expense disbursements were incorrectly coded as capital outlay.

Lack of proper control over fixed assets may result in an increased risk of loss or misuse of State assets.

The Commission was in the process of correcting the fixed asset listing but had not completed the necessary adjustments.

We recommend the Commission remove all duplicate items and items not in their possession from the fixed asset listing. We also recommend the Commission implement procedures to ensure disbursements are properly recorded.

Commission's Response: We have been working with the Inventory Control Department to correct the entries and to train new staff on the on-line entry process. Our goal is to have this accomplished within the next fiscal year. Related to the third concern listed, again this is a training and document review issue. We will continue to monitor more closely these types of coding issues.

It should be noted this report is critical in nature since it contains only our comment and recommendation on the area 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.

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NEBRASKA COMMISSION ON MEXICAN-AMERICANS

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the Nebraska Commission on Mexican-Americans as of and for the fiscal year ended June 30, 2000, 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 Commission on Mexican-Americans, 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 Commission on Mexican-Americans as of June 30, 2000, 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 17, 2001, on our consideration of the Nebraska Commission on Mexican-American's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule is presented for purposes of additional analysis and is 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 17, 2001

Pat Reding, CPA
Manager

NEBRASKA COMMISSION ON MEXICAN-AMERICANS
STATEMENT OF ASSETS AND FUND BALANCES AND OTHER CREDITS
ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND GENERAL FIXED ASSETS ACCOUNT GROUP
June 30, 2000

	Governmental Fund Types		Account Group	Totals (Memorandum Only)
	General	Special Revenue	General Fixed Assets	
Assets				
Cash in State Treasury	\$ -	\$ 253	\$ -	\$ 253
Deposit with Vendors	293	-	-	293
Property, Plant, and Equipment (Note 5)	-	-	20,322	20,322
Total Assets	\$ 293	\$ 253	\$ 20,322	\$ 20,868
Fund Balances and Other Credits				
Other Credits:				
Investment in Fixed Assets	\$ -	\$ -	\$ 20,322	\$ 20,322
Fund Balances:				
Reserved For Postage	293	-	-	293
Unreserved, Undesignated	-	253	-	253
Total Fund Balances and Other Credits	\$ 293	\$ 253	\$ 20,322	\$ 20,868

See Notes to Financial Statements.

NEBRASKA COMMISSION ON MEXICAN-AMERICANS
**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
For the Fiscal Year Ended June 30, 2000

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue Fund</u>	
RECEIPTS:			
Appropriations	\$ 117,078	\$ -	\$ 117,078
Miscellaneous	195	14	209
TOTAL RECEIPTS	<u>117,273</u>	<u>14</u>	<u>117,287</u>
DISBURSEMENTS:			
Personal Services	65,520	-	65,520
Operating	35,347	-	35,347
Travel	15,916	-	15,916
Capital Outlay	295	-	295
TOTAL DISBURSEMENTS	<u>117,078</u>	<u>-</u>	<u>117,078</u>
Excess of Receipts Over Disbursements	<u>195</u>	<u>14</u>	<u>209</u>
OTHER FINANCING SOURCES (USES):			
Deposits to State General Fund	<u>(195)</u>	<u>-</u>	<u>(195)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(195)</u>	<u>-</u>	<u>(195)</u>
Excess of Receipts Over Disbursements and Other Financing Uses	-	14	14
FUND BALANCE, JULY 1, 1999	<u>293</u>	<u>239</u>	<u>532</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 293</u>	<u>\$ 253</u>	<u>\$ 546</u>

See Notes to Financial Statements.

NEBRASKA COMMISSION ON MEXICAN-AMERICANS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 General and Cash Funds
 For the Fiscal Year Ended June 30, 2000

	GENERAL FUND		
		ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET		
RECEIPTS:			
Appropriations		\$ 117,078	
Miscellaneous		195	
TOTAL RECEIPTS		117,273	
DISBURSEMENTS:			
Personal Services	\$ 109,797	65,520	\$ 44,277
Operating	47,528	35,347	12,181
Travel	18,582	15,916	2,666
Capital Outlay	4,610	295	4,315
TOTAL DISBURSEMENTS	180,517	117,078	63,439
Excess of Receipts Over Disbursements		195	
OTHER FINANCING SOURCES (USES):			
Deposit to State General Fund		(195)	
TOTAL OTHER FINANCING SOURCES (USES)		(195)	
Excess of Receipts Sources Over Disbursements and Other Financing Uses			-
FUND BALANCES, JULY 1, 1999		293	
FUND BALANCES, JUNE 30, 2000		\$ 293	

See Notes to Financial Statements.

CASH FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	\$ -			\$ 117,078	
	<u>14</u>			<u>209</u>	
	<u>14</u>			<u>117,287</u>	
	-		\$ 109,797	65,520	\$ 44,277
	-		47,528	35,347	12,181
	-		18,582	15,916	2,666
	-		<u>4,610</u>	<u>295</u>	<u>4,315</u>
	-		<u>180,517</u>	<u>117,078</u>	<u>63,439</u>
	<u>14</u>			<u>209</u>	
	-			<u>(195)</u>	
	-			<u>(195)</u>	
	14			14	
	<u>239</u>			<u>532</u>	
	<u>\$ 253</u>			<u>\$ 546</u>	

NEBRASKA COMMISSION ON MEXICAN-AMERICANS

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2000

1. Summary of Significant Accounting Policies

The accounting policies of the Nebraska Commission on Mexican-Americans are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. Reporting Entity.** The Nebraska Commission on Mexican-Americans (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 Commission on Mexican-Americans. No component units were identified. The Nebraska Commission on Mexican-Americans is part of the primary government for the State of Nebraska's reporting entity.

- B. Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounting records of the Commission are maintained and the Commission's financial statements were prepared on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Combined Statement of Assets and Fund Balances for all funds of the Commission. This differs from governmental generally accepted accounting principles (GAAP) which require all governmental funds to be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Under the cash receipts and disbursement basis of accounting, 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 records receipts, disbursements, and the fund balance. The fixed 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 and 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.

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations 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 vote of the Legislature.

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. The central accounting system maintains this control. A separate publication entitled "Annual Budgetary Report" shows the detail of this 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.

All State budgetary disbursements for the general and cash fund types are made pursuant to the appropriations which 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.

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 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, 2000, 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.

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

There is no difference between the fund balance of the Budgetary Statement and the Financial Statement. The cash fund on the Budgetary Statement is appropriately classified as a special revenue fund for Financial Statement purposes.

- 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 records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 2000 have been recorded at cost by the Commission. Generally, equipment which has a cost in excess of \$100 at the date of acquisition and has an expected useful life of two or more years is capitalized.

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 does 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 a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Commission were designated for investment during fiscal year 2000.

G. Inventories. Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

H. Compensated Absences. All permanent employees working for the Commission earn sick and annual leave and 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 the receipts and disbursements basis of accounting, the balances which would otherwise be reported in the Long Term Debt Account Group are not reported since they do not represent balances arising from Cash Transactions.

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

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.

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

J. 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.

NEBRASKA COMMISSION ON MEXICAN-AMERICANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

K. Fund Balance Reservations. Reservations of fund balances are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balances are also established for assets which are not current in nature, such as 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, or destruction of assets, errors or 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 generally self-insures for general liability and workers compensation. The State has chosen to purchase insurance 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.

NEBRASKA COMMISSION ON MEXICAN-AMERICANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

3. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.
4. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$100,000 per loss occurrence. The perils of flood and earthquake are covered up to \$9,000,000. Newly-acquired properties are covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company.

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. Worker's 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, or destruction of assets, errors or 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 Commission on Mexican-American'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 judgment 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 Board in accordance with the provisions of the State Employees Retirement Act and may be amended by 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 completion of twelve months of service within a five-year period, except any individual appointed by the Governor may elect to not become a member of the Plan.

NEBRASKA COMMISSION ON MEXICAN-AMERICANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

For the Fiscal Year Ended June 30, 2000, employees contributed \$1,731 and the Commission contributed \$2,700.

5. **Fixed Assets**

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

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
Equipment	\$ 32,872	\$ -	\$ 12,551	\$ 20,322

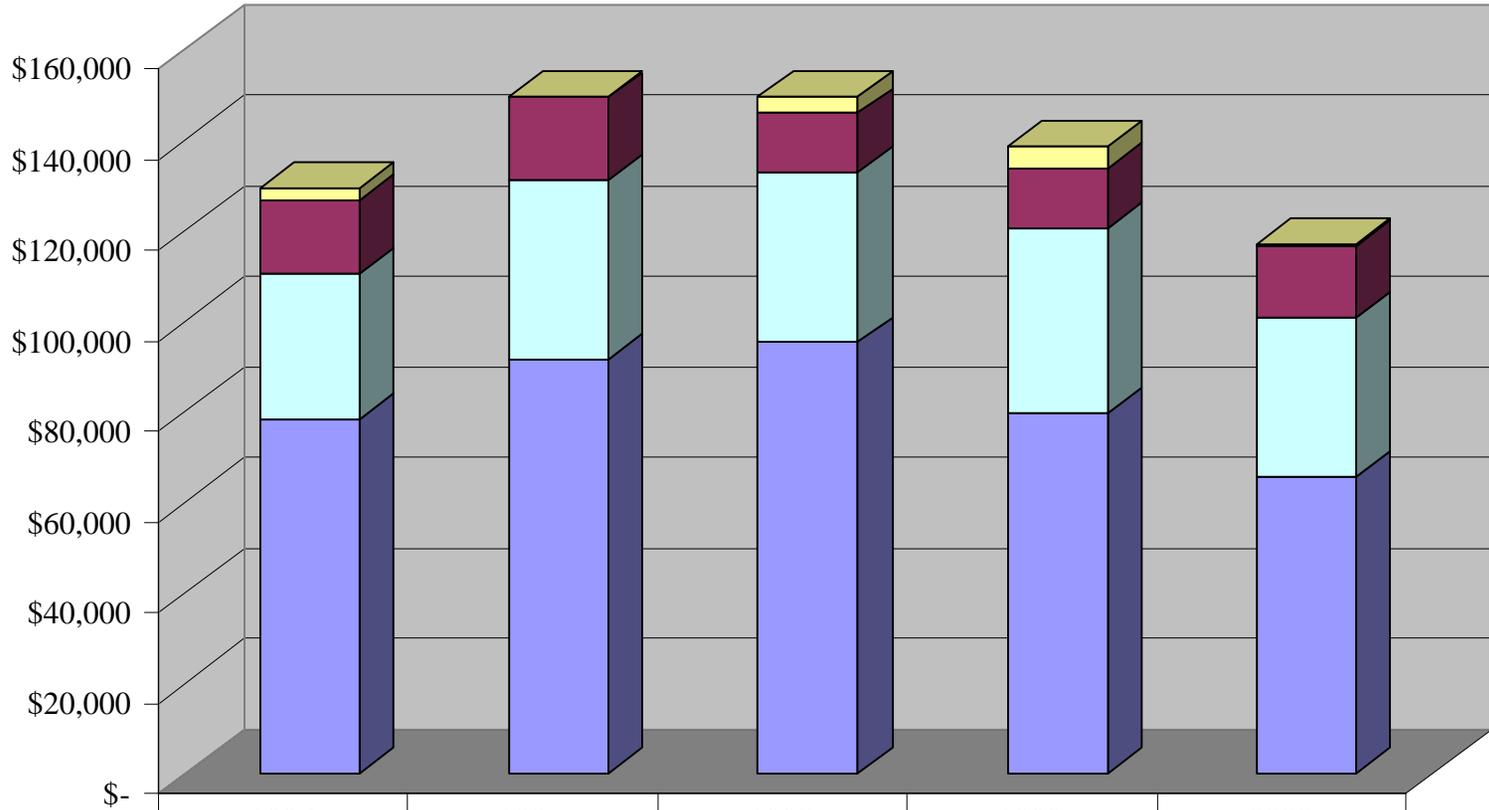
Capital outlay (additions) recorded on the Commission's Financial Statements totaled \$295. The difference between this amount and the amount reported on the fixed asset records was due primarily to items coded to capital outlay on the accounting records below the Commission's \$100 inventory threshold and computer software which was not inventoried.

6. **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 schedule reflects appropriations. Appropriations do not represent cash transactions.

General Fund	
Beginning (Reappropriated) Balance July 1, 1999	\$ 165,007
New Appropriations	15,510
Total Appropriations	180,517
Disbursements	(117,078)
Ending (Appropriations) Balance June 30, 2000	\$ 63,439

NEBRASKA COMMISSION ON MEXICAN-AMERICANS
SCHEDULE OF EXPENDITURES PAID BY MAJOR ACCOUNT CATEGORY
 For Fiscal Year 1996, 1997, 1998, 1999, and 2000



	1996	1997	1998	1999	2000
Capital Outlay	\$2,583	\$395	\$3,640	\$4,637	\$295
Travel	\$16,519	\$18,149	\$13,074	\$13,412	\$15,916
Operating Expenses	\$32,183	\$39,659	\$37,537	\$40,888	\$35,347
Personal Services	\$78,284	\$91,735	\$95,409	\$79,640	\$65,520

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**NEBRASKA COMMISSION ON MEXICAN-AMERICANS
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 Commission on Mexican-Americans as of and for the year ended June 30, 2000, and have issued our report thereon dated May 17, 2001. 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 Commission on Mexican-Americans. 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 Commission on Mexican-American'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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Commission on Mexican-American'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial

reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Nebraska Commission on Mexican-Americans in the Comments Section of this report as Comment Number 1 (Internal Control Over Fixed Assets).

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 17, 2001

Pat Reding, CPA
Manager