

**AUDIT REPORT  
OF THE  
NEBRASKA COMMISSION FOR THE  
DEAF AND HARD OF HEARING**

**JULY 1, 1999 THROUGH JUNE 30, 2000**

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

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# NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

## BACKGROUND

The Nebraska Commission for the Deaf and Hard of Hearing (NCDHH), established in 1979, is a State agency designed to serve deaf and hard of hearing people in Nebraska. The Commission is mandated to provide specific services as follows:

To inventory services available for meeting the problems of persons with a hearing loss and assist them with obtaining services. Services that NCDHH offers include hearing aid banks for individuals with financial needs, text telephones (TTY's) and assistive device loan programs, newsletters, and making information available to the general public regarding hearing loss.

To prepare and maintain a statewide list of persons who are qualified interpreters. NCDHH maintains a database of information on all sign language interpreters who serve deaf and hard of hearing Nebraskans. NCDHH operates a centralized referral service, matching interpreters with assignments that are requested through NCDHH.

To promote the training of interpreters for deaf and hard of hearing persons. NCDHH receives funds from the U.S. Department of Education Regional Interpreter Training Consortium Grant which is used to conduct training workshops for interpreters. NCDHH also conducts evaluations of interpreters through the Quality Assurance Screening Test (QAST).

To provide counseling to deaf and hard of hearing persons or refer deaf and hard of hearing people to private or governmental agencies that provide counseling services. NCDHH collaborates with mental health programs and provides technical assistance to help them better serve deaf and hard of hearing people.

To conduct a voluntary census of deaf and hard of hearing persons in Nebraska and maintain a current registry. NCDHH makes an effort to identify deaf and hard of hearing Nebraskans throughout the state.

To promote awareness and understanding of the rights of deaf and hard of hearing persons. The Americans with Disabilities Act (ADA), passed by the federal government in 1990, protects qualified individuals with disabilities from discrimination on the basis of disability. To promote an understanding and awareness regarding a hearing loss, NCDHH provides presentations, distributes information through fairs and conventions, conducts sensitivity training such as ACCESS 2000 workshops, and develops informational brochures.

To promote expanded adult education opportunities in cooperation with community colleges or higher education programs throughout the state. NCDHH conducts several major events that expand adult education opportunities, seminars on national issues, technology, and computer training opportunities.

# NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

## **BACKGROUND**

(Concluded)

To promote statewide communication services for deaf and hard of hearing individuals. NCDHH drafted legislation that established the statewide telecommunication relay system and the equipment distribution program. NCDHH operates the Hearing Impaired-Video Information Service (HI-VIS) in cooperation with NETV. NCDHH has an electronic bulletin board which can be accessed via NCDHH's home page. NCDHH offers sign communication classes to the State agencies.

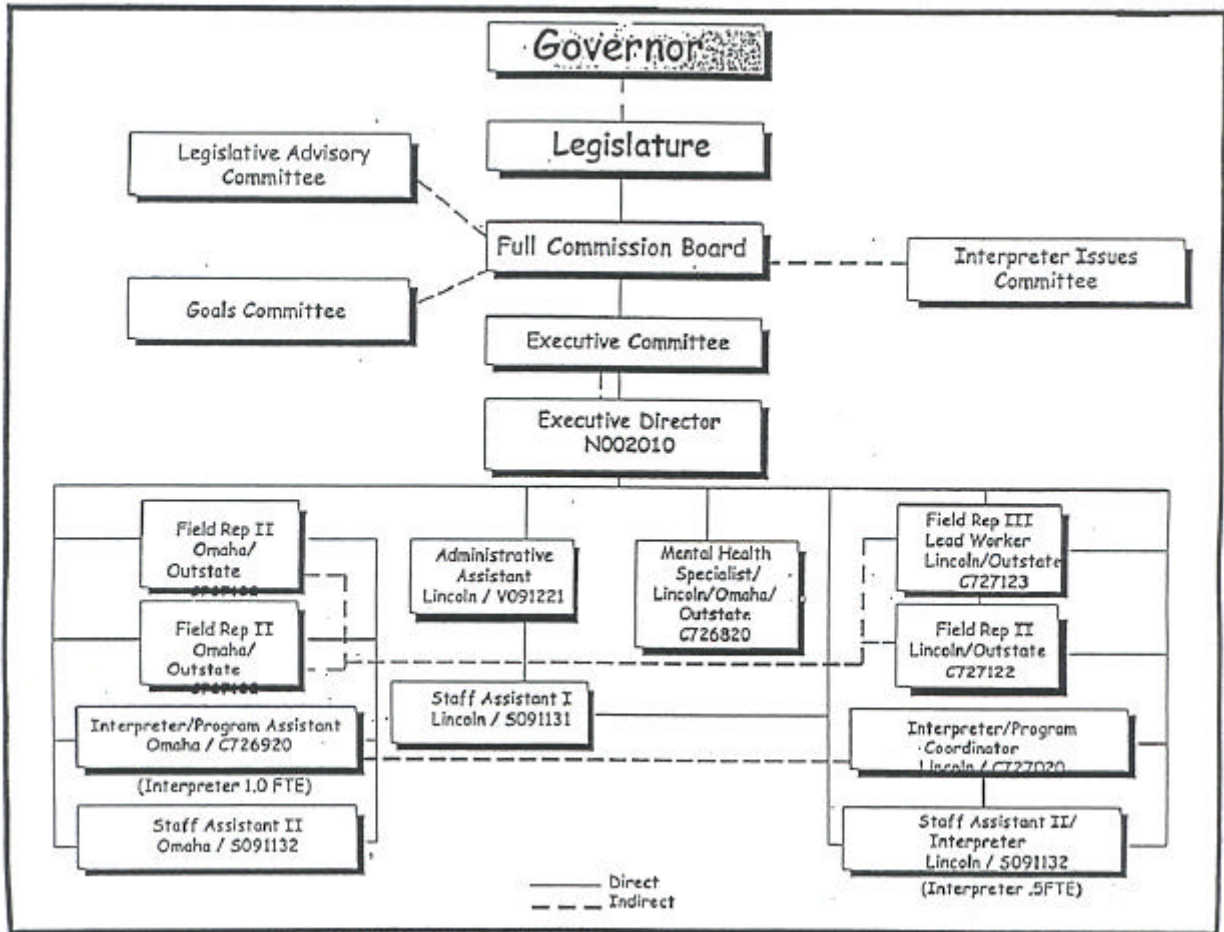
To appoint advisory committees to do in-depth studies on particular problems and receive reports on findings. To collect and share information on deaf and hard of hearing persons by doing studies, gathering information, and conducting research related to training, placement, and social and economic adjustment for deaf and hard of hearing persons.

## **MISSION STATEMENT**

As a state agency, we work cooperatively with deaf and hard of hearing people and the public to promote an awareness of and to meet the identified needs of this population.

# NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

## ORGANIZATIONAL CHART



# NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

## SUMMARY OF COMMENTS

During our audit of the Nebraska Commission for the Deaf and Hard of Hearing, 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. ***Excessive Cash Fund Balance:*** The Commission had a cash fund balance at June 30, 2000 which appeared excessive. The fund balance for the cash fund was \$108,077; disbursements for the fiscal year were \$31,878.
2. ***Fixed Asset Records:*** The Commission does not maintain the costs of fixed assets on their fixed asset listing, as required by generally accepted accounting principles (GAAP). There was a lack of segregation of duties over the accounting for fixed assets.

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. The Commission declined to respond.

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

# NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

## COMMENTS AND RECOMMENDATIONS

### 1. Excessive Cash Fund Balance

Good fiscal policy requires fund balances be periodically reviewed. Programs which are supported by both General Funds and Cash Funds should be monitored to determine whether the amount of funds provided by the General Fund is appropriate.

The Hearing Impaired Cash Fund balance has continued to grow over the past several years and appears to be excessive. The Cash Fund is utilized by program 578 (Hearing Impaired), which is also supported by General Fund appropriations.

Cash Fund 2821 (Hearing Impaired Cash Fund)				
	Fiscal Year Ended June 30			
	1997	1998	1999	2000
Cash Fund Balances at June 30				
Year End	\$ 64,413	\$ 65,292	\$ 65,700	\$ 108,077
Cash Fund Fiscal Year				
Disbursements	\$ 42,464	\$ 45,539	\$ 25,853	\$ 31,878

Excessive fund balances may indicate that fees were too high, administrative costs were not properly charged, or that General Fund support was too high (which could indicate an opportunity to reduce taxpayer support).

We recommend the Commission utilize cash funds to pay costs until the balances are at an acceptable level.

### 2. Fixed Assets Records

Generally Accepted Accounting Principles (GAAP) require the cost amount of general fixed assets to be included in the financial statements. Good internal control requires a segregation of duties or compensating controls.

We noted the fixed asset records maintained by the Commission were not adequate to provide a total dollar amount of fixed assets held by the Commission. This was also noted in our prior audit report. We also noted one person performed most functions of the accounting for fixed assets with no compensating control performed.

Without adequate fixed asset records, the fixed asset dollar amounts could not be included in the financial statements as required by GAAP. A lack of segregation of duties increases the risk of undetected errors or loss.

**COMMENTS AND RECOMMENDATIONS**

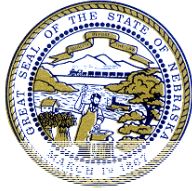
**2. Fixed Assets Records (Concluded)**

We recommend the Commission implement procedures to ensure the fixed asset records are adequate to provide a total dollar amount of fixed assets. We also recommend the Commission establish a segregation of duties or a compensating control over the accounting for fixed assets.



STATE OF NEBRASKA  
Auditor of Public Accounts

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NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statements of the Nebraska Commission for the Deaf and Hard of Hearing 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 for the Deaf and Hard of Hearing, 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 for the Deaf and Hard of Hearing 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 16, 2001, on our consideration of the Nebraska Commission for the Deaf and Hard of Hearing'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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Pat Reding, CPA

Manager

May 16, 2001

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING  
**STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**ALL FUND TYPES**  
June 30, 2000

	<u>Governmental Fund Types</u>		<b>Totals</b> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b><u>Assets</u></b>			
Cash in State Treasury	\$ -	\$ 107,952	\$ 107,952
Deposit with Vendors	704	-	704
Petty Cash	-	125	125
 Total Assets	 <u>\$ 704</u>	 <u>\$ 108,077</u>	 <u>\$ 108,781</u>
 <b><u>Fund Balances</u></b>			
Fund Balances:			
Reserved For Postage	\$ 704	\$ -	\$ 704
Unreserved, Undesignated	-	108,077	108,077
 Total Fund Balances	 <u>\$ 704</u>	 <u>\$ 108,077</u>	 <u>\$ 108,781</u>

See Notes to Financial Statements.

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL FUND TYPES**  
For the Fiscal Year Ended June 30, 2000

	<u>Governmental Fund Types</u>		<b>Totals</b>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
RECEIPTS:			
Appropriations	\$ 588,319	\$ -	\$ 588,319
Intergovernmental	-	8,310	8,310
Sales and Charges	332	16,611	16,943
Miscellaneous:			
Grants from Other Sources	-	43,268	43,268
Investment Interest	-	5,738	5,738
Donations and Contributions	-	328	328
TOTAL RECEIPTS	<u>588,651</u>	<u>74,255</u>	<u>662,906</u>
DISBURSEMENTS:			
Personal Services	410,800	4,254	415,054
Operating	106,803	25,247	132,050
Travel	13,535	1,235	14,770
Capital Outlay	<u>57,181</u>	<u>1,142</u>	<u>58,323</u>
TOTAL DISBURSEMENTS	<u>588,319</u>	<u>31,878</u>	<u>620,197</u>
Excess of Receipts Over Disbursements	<u>332</u>	<u>42,377</u>	<u>42,709</u>
OTHER FINANCING SOURCES (USES):			
Sales of Assets	84	-	84
Deposits to State General Fund	<u>(416)</u>	<u>-</u>	<u>(416)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(332)</u>	<u>-</u>	<u>(332)</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>-</u>	<u>42,377</u>	<u>42,377</u>
FUND BALANCE, JULY 1, 1999	<u>704</u>	<u>65,700</u>	<u>66,404</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 704</u>	<u>\$ 108,077</u>	<u>\$ 108,781</u>

See Notes to Financial Statements.

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING  
**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		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Appropriations		\$ 588,319	
Intergovernmental		-	
Sales and Charges		332	
Grants from Other Sources		-	
Investment Interest		-	
Donations and Contributions		-	
TOTAL RECEIPTS		<u>588,651</u>	
DISBURSEMENTS:			
Personal Services		410,800	
Operating		106,803	
Travel		13,535	
Capital Outlay		<u>57,181</u>	
Total Budgeted	\$ 672,767	588,319	\$ 84,448
Under (Over) Budgeted (Note 5)	(5,734)	-	(5,734)
TOTAL DISBURSEMENTS	<u>667,033</u>	<u>588,319</u>	<u>78,714</u>
Excess of Receipts Over (Under)			
Disbursements		<u>332</u>	
OTHER FINANCING SOURCES (USES):			
Sale of Assets		84	
Deposit to State General Fund		<u>(416)</u>	
TOTAL OTHER FINANCING SOURCES (USES)		<u>(332)</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses			-
FUND BALANCES, JULY 1, 1999		<u>704</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 704</u>	

See Notes to Financial Statements.

CASH FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	\$ -			\$ 588,319	
	8,310			8,310	
	16,611			16,943	
	43,268			43,268	
	5,738			5,738	
	<u>328</u>			<u>328</u>	
	<u>74,255</u>			<u>662,906</u>	
	4,254		\$ 433,541	415,054	\$ 18,487
	25,247		143,760	132,050	11,710
	1,235		32,856	14,770	18,086
	<u>1,142</u>		<u>63,660</u>	<u>58,323</u>	<u>5,337</u>
\$ 1,050	31,878	\$ (30,828)	673,817	620,197	53,620
<u>67,269</u>	-	<u>67,269</u>	<u>61,535</u>	-	<u>61,535</u>
<u>68,319</u>	<u>31,878</u>	<u>36,441</u>	<u>735,352</u>	<u>620,197</u>	<u>115,155</u>
	<u>42,377</u>			<u>42,709</u>	
	-			84	
	<u>-</u>			<u>(416)</u>	
	-			<u>(332)</u>	
	42,377			42,377	
	<u>65,700</u>			<u>66,404</u>	
<u>\$ 108,077</u>			<u>\$ 108,781</u>		

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

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 for the Deaf and Hard of Hearing are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. **Reporting Entity.** The Nebraska Commission for the Deaf and Hard of Hearing (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 for the Deaf and Hard of Hearing. No component units were identified. The Nebraska Commission for the Deaf and Hard of Hearing 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 Statement of Assets and Fund Balances for all funds of the Commission. This differs from governmental generally accepted accounting principles (GAAP) which requires 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 fund types 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.

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.

- 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



**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

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. 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.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

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. 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. 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. Under GAAP, the cost of general fixed assets would be recorded in the General Fixed Asset Account Group.
- 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.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

**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 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 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.

**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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

**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.
3. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

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 for the Deaf and Hard of Hearing's financial statements.

**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.

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 \$13,667 and the Commission contributed \$21,320.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. Under (Over) Budgeted**

Budgeted expenditures on the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual are amount reflected on the Commission's Budget Status Report for fiscal year 2000. The budgeted amounts on the Budget Status Report were set up at the beginning of the fiscal year based on knowledge at that time, and an adjustment was not submitted. The General Fund difference is due to a lapse of appropriations.

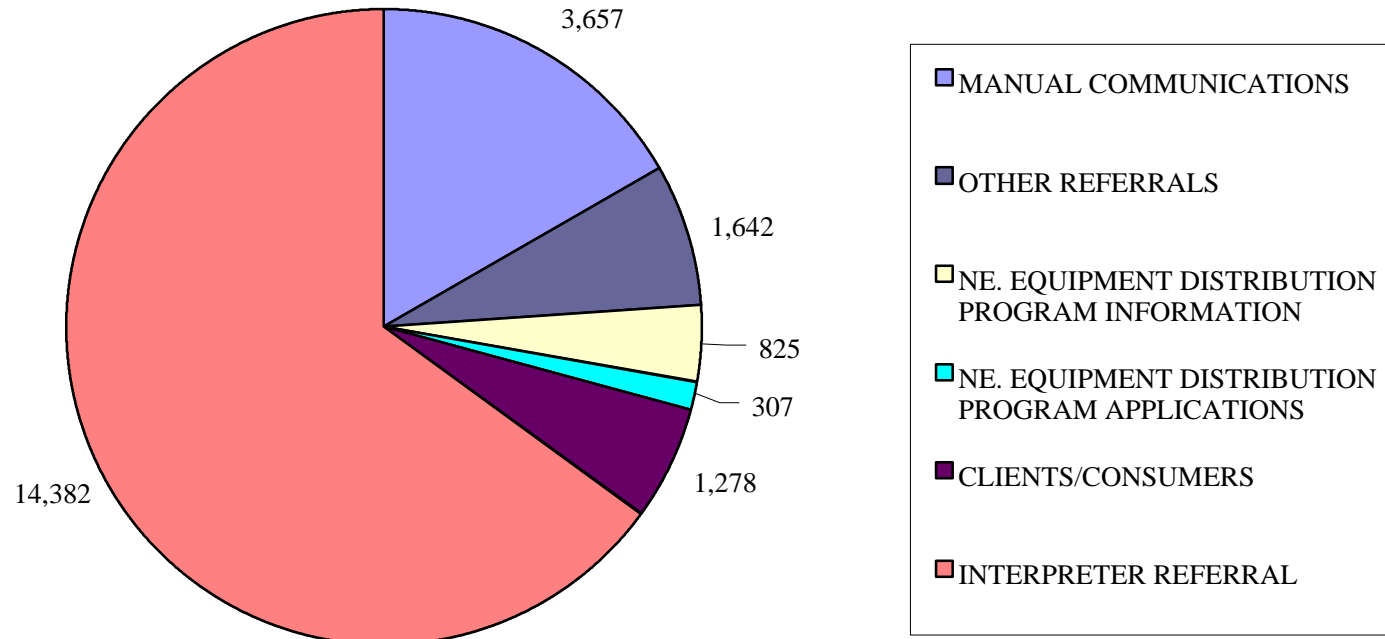
**6. Full Accountability of the General Fund**

Only the cash transactions are reported on the financial statements for this fund. They do not show appropriations and authorizations to spend. To show the full accountability over this fund the following schedule reflects appropriations and authorization to spend. Appropriations and authorization to spend do not represent cash transactions.

<b>General Fund</b>	
Beginning (Reappropriated) Balance July 1, 1999	\$ 57,932
New Appropriations	609,101
Total Appropriations	<u>667,033</u>
Disbursements	<u>(588,319)</u>
Ending (Appropriations) Balance June 30, 2000	<u><u>\$ 78,714</u></u>

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING  
**REQUESTS FOR INFORMATION**  
 Calendar Year 2000  
 UNAUDITED

During 2000, the Nebraska Commission for Deaf & Hard of Hearing responded to 22,091 requests for information.



**Manual Communications** - Information regarding sign language, aiding with phone calls, and helping a person communicate more effectively.

**Other Referrals** - Referrals made to another agency, company, resource, person, place, or entity.

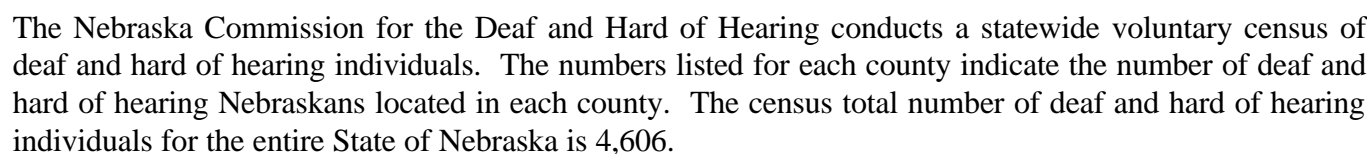
**NE. Equip. Dist. Prog. Info.** - General Information or materials requested for getting free telephones or telecommunication devices for the deaf.

**NE. Equip. Dist. Prog. Appl.** - Approving the applications for people receiving the telephone or telecommunication devices for the deaf.

**Clients/Consumers** - Clients are people having a file at the Commission to help them reach goals they have established.

**Interpreter Referral** - The Commission receives requests for referrals of interpreter services.

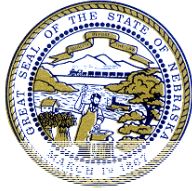
UNAUDITED





STATE OF NEBRASKA  
Auditor of Public Accounts

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**NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING  
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 for the Deaf and Hard of Hearing as of and for the year ended June 30, 2000, and have issued our report thereon dated May 16, 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 for the Deaf and Hard of Hearing. 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 for the Deaf and Hard of Hearing'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 for the Deaf and Hard of Hearing'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 for the Deaf and Hard of Hearing in the Comments Section of this report as Comment Number 2 (Fixed Asset Records).

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.

Pat Reding, CPA

Manager

May 16, 2001