

**AUDIT REPORT
OF THE
NEBRASKA ACCOUNTABILITY AND
DISCLOSURE COMMISSION**

JULY 1, 2000 THROUGH JUNE 30, 2001

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

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NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

BACKGROUND

The Nebraska Accountability and Disclosure Commission was created in 1976 by the Nebraska Political Accountability and Disclosure Act. Neb. Rev. Stat. Section 49-1401 through Section 49-14,141.

The Commission has four main goals.

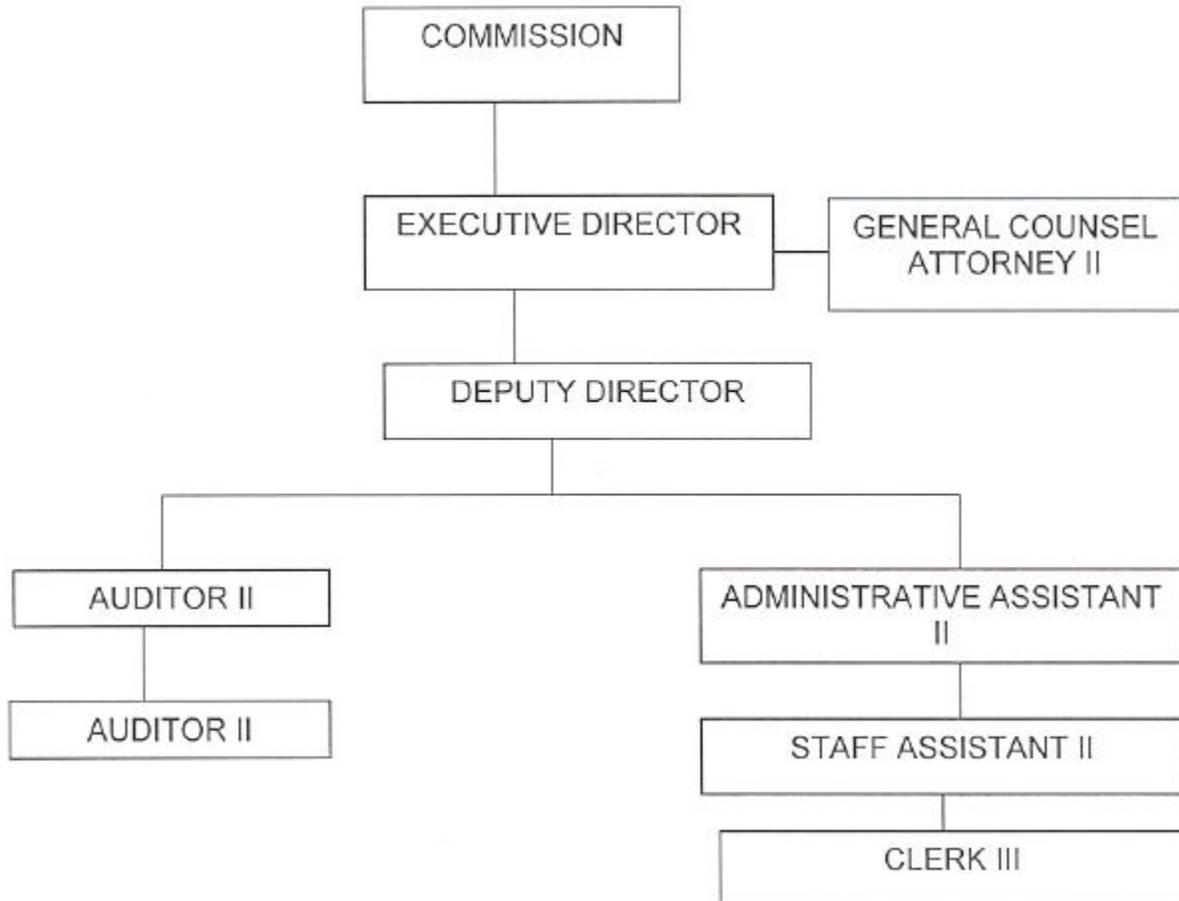
1. Campaign Activities: To promote accountability, disclosure, and guidance with respect to the conduct and funding of elections, and to provide a method for greater disclosure and accountability in order to serve the public interest.
2. Conflicts of Interest: To provide a method for ensuring that public officials and employees are independent and impartial, and to provide a method for ensuring governmental decisions and policy and public office or employment are never to be used for private gain other than the compensation provided by law.
3. Lobbying Practices: To provide lobbyists a method of reporting their activities in a manner that ensures the integrity of the lobbying process.
4. Campaign Finance Limitations Act: To help increase the number of qualified candidates able to run for public office.

MISSION STATEMENT

The mission of the Nebraska Accountability and Disclosure Commission is to promote greater accountability for and among Nebraska's public sector employees and officials, and to provide and maintain a mechanism for the public disclosure of information relative to public employment and elections.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

ORGANIZATIONAL CHART



NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

COMMENT AND RECOMMENDATION

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

Incorrect Payment to Separated Employee

Accountability and Disclosure Commission policy and Nebraska Classified System Personnel Rules Title 273 NAC 9-006.02 require employees to reimburse the State for all used unearned vacation and sick leave upon separation or transfer.

We noted final pay for an employee who resigned during the month of April 2001 was incorrect. The employee received her full monthly salary, although 57 hours of negative sick and vacation leave were not deducted from her final pay. The employee's resignation was received by the Commission on the last day of the pay period, at which time the monthly salary had already been processed for direct deposit into the employee's bank account. The employee was overpaid \$478 as a result.

We recommend the Commission implement procedures to ensure amounts owed the State by separated employees are reimbursed to the State upon separation.

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 comment and recommendation 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.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

INDEPENDENT AUDITORS' REPORT

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

We have audited the financial statements of the Nebraska Accountability and Disclosure Commission as of and for the fiscal year ended June 30, 2001, 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.

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
MaryJAvery@aol.com

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.

Dennis Meyer
Budget Coordinator
dmeyer@mail.state.ne.us

Mark Avery
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Also as discussed in Note 1, the financial statements present only the Nebraska Accountability and Disclosure 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.

Robert Hotz, JD
Legal Counsel
robhotz@mail.state.ne.us

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Accountability and Disclosure Commission as of June 30, 2001, 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 February 13, 2002, on our consideration of the Nebraska Accountability and Disclosure Commission'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 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.

February 13, 2002

Pat Reding, CPA
Manager

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION
**COMBINED STATEMENT OF ASSETS AND FUND BALANCES AND
OTHER CREDITS ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND GENERAL FIXED ASSETS ACCOUNT GROUP**

June 30, 2001

	<u>Governmental Fund Types</u>		<u>Account Group</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	
<u>Assets</u>				
Cash in State Treasury	\$ -	\$ 554,893	\$ -	\$ 554,893
Deposit with Vendors	878	-	-	878
Petty Cash	25	-	-	25
Property, Plant, and Equipment	-	-	59,117	59,117
 Total Assets	 <u>\$ 903</u>	 <u>\$ 554,893</u>	 <u>\$ 59,117</u>	 <u>\$ 614,913</u>
 <u>Fund Balances and Other Credits</u>				
Other Credits:				
Investment in Fixed Assets	\$ -	\$ -	\$ 59,117	\$ 59,117
Fund Balances:				
Reserved For Postage	878	-	-	878
Unreserved, Undesignated	25	554,893	-	554,918
 Total Fund Balances and Other Credits	 <u>\$ 903</u>	 <u>\$ 554,893</u>	 <u>\$ 59,117</u>	 <u>\$ 614,913</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
RECEIPTS:			
Appropriations	\$ 389,723	\$ -	\$ 389,723
Sales and Charges	-	30,960	30,960
Miscellaneous	72	91,831	91,903
TOTAL RECEIPTS	389,795	122,791	512,586
DISBURSEMENTS:			
Personal Services	317,292	-	317,292
Operating	57,584	130	57,714
Travel	5,965	-	5,965
Capital Outlay	8,882	9,873	18,755
Government Aid	-	27,287	27,287
TOTAL DISBURSEMENTS	389,723	37,290	427,013
Excess of Receipts Over Disbursements	72	85,501	85,573
OTHER FINANCING USES:			
Deposits to State General Fund	(72)	-	(72)
TOTAL OTHER FINANCING USES	(72)	-	(72)
Excess of Receipts over Disbursements and Other Financing Uses	-	85,501	85,501
FUND BALANCE, JULY 1, 2000	903	469,392	470,295
FUND BALANCE, JUNE 30, 2001	\$ 903	\$ 554,893	\$ 555,796

The accompanying notes are an integral part of the financial statements.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 General and Cash Funds
 For the Fiscal Year Ended June 30, 2001

	GENERAL FUND	
	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
BUDGET		
RECEIPTS:		
Appropriations	\$ 389,723	
Sales and Charges	-	
Miscellaneous	<u>72</u>	
TOTAL RECEIPTS	<u>389,795</u>	
DISBURSEMENTS:		
Personal Services	317,292	
Operating	57,584	
Travel	5,965	
Capital Outlay	8,882	
Government Aid	-	
TOTAL DISBURSEMENTS	<u>\$ 485,084</u>	<u>\$ 95,361</u>
Excess of Receipts Over Disbursements	<u>72</u>	
OTHER FINANCING USES:		
Deposit to State General Fund	<u>(72)</u>	
TOTAL OTHER FINANCING USES	<u>(72)</u>	
Excess of Receipts over Disbursements and and Other Financing Uses		-
FUND BALANCES, JULY 1, 2000	<u>903</u>	
FUND BALANCES, JUNE 30, 2001	<u><u>\$ 903</u></u>	

The accompanying notes are an integral part of the financial statements.

CASH FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	\$ -			\$ 389,723	
	30,960			30,960	
	<u>91,831</u>			<u>91,903</u>	
	<u>122,791</u>			<u>512,586</u>	
	-		\$ 360,602	317,292	\$ 43,310
	130		161,119	57,714	103,405
	-		11,372	5,965	5,407
	9,873		19,500	18,755	745
	<u>27,287</u>		<u>601,579</u>	<u>27,287</u>	<u>574,292</u>
\$ 669,088	37,290	\$ 631,798	<u>1,154,172</u>	<u>427,013</u>	<u>727,159</u>
	<u>85,501</u>			<u>85,573</u>	
	-			(72)	
	-			(72)	
	85,501			85,501	
	<u>469,392</u>			<u>470,295</u>	
<u>\$ 554,893</u>			<u>\$ 555,796</u>		

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2001

1. **Summary of Significant Accounting Policies**

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

- A. **Reporting Entity.** The Nebraska Accountability and Disclosure Commission (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 Accountability and Disclosure Commission. No component units were identified. The Nebraska Accountability and Disclosure Commission 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.

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, 2001, 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, 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, 2001 have been recorded at cost by the Commission. Generally, equipment which has a cost in excess of \$1,500 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 2001.

G. 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.

H. 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.

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. Included were \$29,925 in investment interest earned and \$52,065 in filing fees and penalties collected.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

I. **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.

J. **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 deposits.

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, and natural disasters. 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

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Contingencies and Commitments (Concluded)

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:

- A. 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. State Agencies have the option to purchase coverage for physical damage to vehicles.
- B. The DAS-Personnel Division maintains health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.
- D. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 per loss occurrence. 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. The perils of flood and earthquake are covered up to \$10,000,000.
- E. State Agencies have the option to purchase building contents and inland marine coverage.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Compensation Insurance Trust Fund through a combination of employee and State contributions. Workers' compensation is funded in the Workers' Compensation 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 Accountability and Disclosure 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 judgment against the Commission would have to be processed through the State Claims Board and be approved by the Legislature.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 mandatory for all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service. Full time employee is defined as an employee who is employed to work one-half or more of the regularly scheduled hours during each pay period. Voluntary membership is permitted for all permanent full-time or permanent part-time employees upon reaching age twenty and completion of twelve months of permanent service within a five-year period. 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, 2001, employees contributed \$9,139 and the Commission contributed \$14,257.

5. **Fixed Assets**

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

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
Equipment	\$ 45,584	\$ 13,533	\$ -	\$ 59,117

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 schedules reflect appropriations. Appropriations do not represent cash transactions.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Full Accountability of the General Fund (Concluded)**

General Fund	
Beginning (Reappropriated) Balance July 1, 2000	\$ 63,209
New Appropriations	421,875
Total Appropriations	485,084
Disbursements	(389,723)
Lapse of Appropriations	(29,094)
Ending (Appropriations) Balance June 30, 2001	\$ 66,267

7. **Receivables**

The Commission has accounts receivable for individuals and entities owing late filing fees or civil penalties. Neb. Rev. Stat. Section 49-1463.01 R.S.Supp., 2000 authorizes the Commission to reduce late fees. Requests for reductions in late fees are filed with the Commission. Reduction amounts are determined in accordance with specific criteria declared in Section 49-1463.01.

Summary of receivables:

Receivable balance at July 26, 2000	\$ 66,979
Assessments	440,133
Amounts Collected	(54,340)
Reductions	(237,275)
Receivable balance at August 6, 2001	\$ 215,497

Balances at the beginning and end of the fiscal year could not be obtained. Therefore, balances near the beginning and end of the fiscal year were reported.

8. **GASB 34**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The State of Nebraska is planning to implement the Statement for the fiscal year ending June 30, 2002. The new accounting and reporting standards will impact the State’s revenue and expenditure recognition, and assets, liabilities, and fund equity reporting. The financial statements will be reformatted to reflect the new standards.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 ALL SPECIAL REVENUE FUNDS
 June 30, 2001

	<u>NADC Cash Fund 2871</u>	<u>Campaign Finance Limit Fund 2872</u>	<u>Total Special Revenue Funds</u>
<hr/>			
Assets			
Cash in State Treasury	\$ 149,441	\$ 405,452	\$ 554,893
 Total Assets	<u>\$ 149,441</u>	<u>\$ 405,452</u>	<u>\$ 554,893</u>
 <hr/>			
Fund Balances			
Unreserved, Undesignated	\$ 149,441	\$ 405,452	\$ 554,893
 Total Fund Balances	<u>\$ 149,441</u>	<u>\$ 405,452</u>	<u>\$ 554,893</u>

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
ALL SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2001

	<u>NADC Cash Fund 2871</u>	<u>Campaign Finance Limit Fund 2872</u>	<u>Total Special Revenue Funds</u>
RECEIPTS:			
Sales and Charges	\$ 30,960	\$ -	\$ 30,960
Miscellaneous	9,409	82,422	91,831
TOTAL RECEIPTS	<u>40,369</u>	<u>82,422</u>	<u>122,791</u>
 DISBURSEMENTS:			
Operating	74	56	130
Capital Outlay	9,873	-	9,873
Government Aid	-	27,287	27,287
TOTAL DISBURSEMENTS	<u>9,947</u>	<u>27,343</u>	<u>37,290</u>
Excess of Receipts Over Disbursements	30,422	55,079	85,501
FUND BALANCE, JULY 1, 2000	<u>119,019</u>	<u>350,373</u>	<u>469,392</u>
FUND BALANCE, JUNE 30, 2001	<u><u>\$ 149,441</u></u>	<u><u>\$ 405,452</u></u>	<u><u>\$ 554,893</u></u>

STATE OF NEBRASKA

AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

NEBRASKA ACCOUNTABILITY AND DISCLOSURE 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**

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
MaryJAvery@aol.com

Dennis Meyer
Budget Coordinator
dmeyer@mail.state.ne.us

Mark Avery
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Robert Hotz, JD
Legal Counsel
robhotz@mail.state.ne.us

We have audited the financial statements of the Nebraska Accountability and Disclosure Commission as of and for the year ended June 30, 2001, and have issued our report thereon dated February 13, 2002. 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 Accountability and Disclosure Commission. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Accountability and Disclosure 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 a certain immaterial instance of noncompliance that we have reported to management of the Nebraska Accountability and Disclosure Commission in the Comment Section of this report as Incorrect Payment to Separated Employee.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Accountability and Disclosure 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. 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.

This report is intended solely for the information and use of the Commission, 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.

February 13, 2002

Pat Reding, CPA
Manager