

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF REVENUE
CHARITABLE GAMING INVESTIGATION
PETTY CASH FUND**

JULY 1, 2002 THROUGH JUNE 30, 2003

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the Auditor of Public Accounts.**

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NEBRASKA DEPARTMENT OF REVENUE
CHARITABLE GAMING INVESTIGATION PETTY CASH FUND

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NEBRASKA DEPARTMENT OF REVENUE
CHARITABLE GAMING INVESTIGATION PETTY CASH FUND

BACKGROUND

The Charitable Gaming Division of the Nebraska Department of Revenue was established in 1986 to regulate charitable gaming activities in Nebraska. The Division administers and regulates gaming activities including bingo; lottery by pickle card; nonprofit lotteries and raffles; county, city, and village lotteries (keno); and gift enterprises.

The Charitable Gaming Investigation Petty Cash Fund (Petty Cash Fund) was established by Neb. Rev. Stat. Section 9-1,105 R.R.S. 1997. The Petty Cash Fund is used to purchase information and evidence relating to charitable gaming violations, to pay charges associated with attending a bingo event for the purpose of obtaining information relating to charitable gaming violations, and to pay charges associated with gathering information pertaining to investigations of charitable gaming violations.

MISSION STATEMENT

The Charitable Gaming Division's mission is to oversee all charitable gaming activities to ensure fair play, to collect the gaming revenues owed to the State, to prevent potential undesirable organizations or individuals from engaging in gaming activities, and to provide information to the public on what is required to conduct a legal gaming activity.

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EXIT CONFERENCE

An exit conference was held December 12, 2003 with the Department to discuss the results of our examination. Those in attendance for the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund were:

<u>NAME</u>	<u>TITLE</u>
Janet Lake	Motor Fuel Administrator
Kim Vu	Accountant
Dick Gettemy	Administrator of Finance and Management Services
Chuck Long	Special Services Manager
Ron Gottula	Budget Officer

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NEBRASKA DEPARTMENT OF REVENUE CHARITABLE GAMING INVESTIGATION PETTY CASH FUND

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Independent Accountant's Report

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We have examined the accompanying schedule of receipts, disbursements, and changes in fund balance of the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund (Fund) for the fiscal year ended June 30, 2003. The Fund's management is responsible for the schedule of receipts, disbursements, and changes in fund balance. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to financial-related audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and changes in fund balance and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the receipts, disbursements, and changes in fund balance of the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund for the fiscal year ended June 30, 2003 based on the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2003, on our consideration of the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund'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 a financial-related audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our examination.

Handwritten signature of Timothy J. Channer, CPA.

December 12, 2003

Assistant Deputy Auditor

NEBRASKA DEPARTMENT OF REVENUE
 CHARITABLE GAMING INVESTIGATION PETTY CASH FUND
**SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCE**
 For the Fiscal Year Ended June 30, 2003

RECEIPTS:	
Interest Income	\$ 21
TOTAL RECEIPTS	21
DISBURSEMENTS:	
Investigative Expenses	46
TOTAL DISBURSEMENTS	46
Deficiency of Receipts Under Disbursements	(25)
Net Change in Fund Balance	(25)
FUND BALANCE, JULY 1, 2002	3,013
FUND BALANCE, JUNE 30, 2003	\$ 2,988

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF REVENUE
CHARITABLE GAMING INVESTIGATION PETTY CASH FUND

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2003

1. Criteria

The accounting policies of the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund are on the cash receipts and disbursements basis of accounting.

2. Reporting Entity

The Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund (Fund) is part of the Nebraska Department of Revenue, a State agency established under and governed by the laws of the State of Nebraska. As such, the Fund is exempt from State and Federal income taxes. The schedule includes only the Petty Cash Fund of the Charitable Gaming Division and is not intended to present fairly the fund balances of the Nebraska Department of Revenue or the receipts and disbursements of the Department as a whole.

The Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund is part of the primary government for the State of Nebraska.

3. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the Nebraska Department of Revenue – Charitable Gaming Investigation Petty Cash Fund are maintained and the Nebraska Department of Revenue – Charitable Gaming Investigation Petty Cash Fund’s Schedule was reported on the basis of cash receipts and disbursements. As such, the measurement focus only includes those assets and fund balances arising from cash transactions. Under this method, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis of accounting and the current financial resources measurement focus. Under this measurement focus and basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, regardless of the timing of related cash flows.

NEBRASKA DEPARTMENT OF REVENUE
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NOTES TO THE SCHEDULE

(Continued)

4. Cash in Bank

The Nebraska Department of Revenue – Charitable Gaming Investigation Petty Cash Fund had deposits in a checking account and a savings account. The carrying amount of deposits was \$2,273 and the bank balance as of June 30, 2003 was \$2,273. All funds were covered by the National Credit Union Administration (NCUA), a federal agency.

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NEBRASKA DEPARTMENT OF REVENUE
CHARITABLE GAMING INVESTIGATION PETTY CASH FUND
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN EXAMINATION OF THE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE, PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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We have examined the accompanying schedule of receipts, disbursements, and changes in fund balance of the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 12, 2003. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to financial-related 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 Department of Revenue - Charitable Gaming Investigation Petty Cash Fund's schedule of receipts, disbursements, and changes in fund balance, is 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 schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, 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 examination, we considered the Nebraska Department of Revenue - Charitable Gaming Investigation Petty Cash Fund's internal control over financial reporting in order to determine our procedures for the

purpose of expressing our opinion on the schedule of receipts, disbursements, and changes in fund balance, 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 schedule being examined 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.

Handwritten signature of Timothy J. Chamber CPA in cursive script.

Assistant Deputy Auditor

December 12, 2003