

**ATTESTATION REPORT  
OF THE  
NEBRASKA HIGHWAY COMMISSION  
JULY 1, 2005 THROUGH JUNE 30, 2006**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on October 5, 2006**

NEBRASKA HIGHWAY COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
<b>Background Information Section</b>	
Background	1
Nebraska Highway Commission Districts	1
<b>Comments Section</b>	
Exit Conference	2
Comment and Recommendation	3
<b>Financial Section</b>	
Independent Accountant's Report	4 - 5
Schedule of Expenditures	6
Notes to the Schedule	7
<b>Government Auditing Standards Section</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of the Schedule of Expenditures Performed in Accordance with <i>Government Auditing Standards</i>	8 - 9
<b>Statistical Section</b>	10
Expenditures by Commissioner	11

# NEBRASKA HIGHWAY COMMISSION

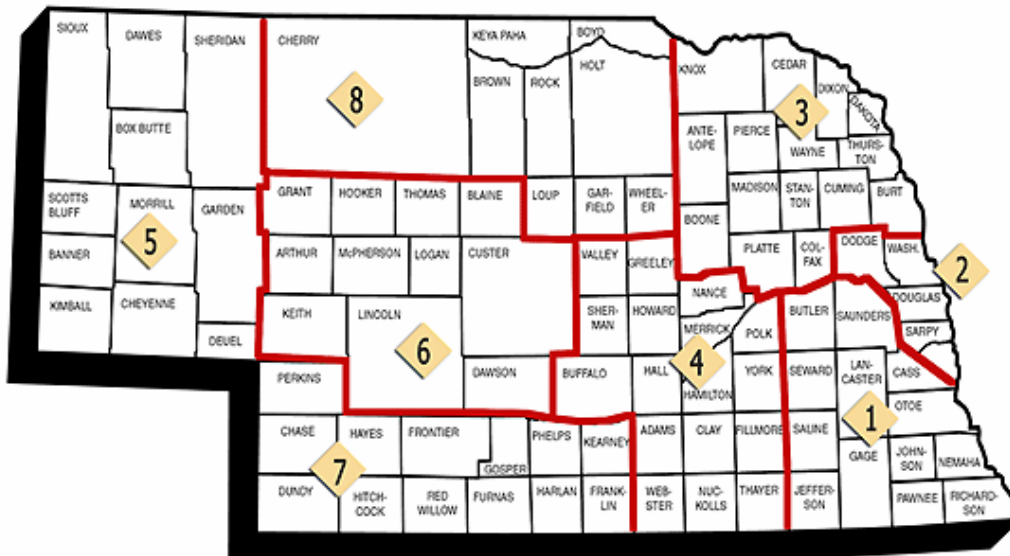
## BACKGROUND

The 1953 Legislature created the seven-member State Highway Commission to advise the Director of the Department of Roads on policies to carry out the Department's duties and responsibilities. In 1987, the Legislature added another Commission member and aligned Commission districts to match Department of Road's districts. The Commission holds public hearings throughout the State to advise the public of Department policies and activities.

Commission members are appointed to six-year terms by the Governor with legislative approval. Members represent Nebraska's eight highway commission districts. Each member must be a U.S. citizen, at least 30 years old, and a resident of the district they represent for three years before appointment. No more than four Commission members may be from the same political party. The Director of the Department of Roads is an ex-officio member of the Commission and votes to break ties. Commission members receive \$20 a day for conducting Commission business and are reimbursed for expenses.

Member	Represents
Duane W. Acklie, Lincoln	District 1
Ronald W. Books, North Platte	District 6
Jerome Fagerland, Atkinson	District 8
John Kingsbury, Ponca	District 3
Doug Leafgreen, Gering	District 5
Richard S. Reiser, Omaha	District 2
Donna M. Wanitschke, Grand Island	District 4
Greg Wolford, McCook	District 7
John L. Craig, Omaha	Director of Roads

## NEBRASKA HIGHWAY COMMISSION DISTRICTS



NEBRASKA HIGHWAY COMMISSION

**EXIT CONFERENCE**

An exit conference was held September 6, 2006, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Highway Commission were:

<b>NAME</b>	<b>TITLE</b>
Shirley K. Schafer	Executive Secretary
John L. Schulte	Accounting Manager

## NEBRASKA HIGHWAY COMMISSION

### COMMENT AND RECOMMENDATION

During our examination of the Nebraska Highway Commission, we noted a certain matter involving the internal control over financial reporting and other operational matters which is presented here.

#### **Commission Expenses**

Nebraska State Accounting Manual, AM-005, Section 14, states "Sales to the State of Nebraska and its agencies are exempt from Nebraska sales, use and lodging tax." Nebraska Department of Revenue Regulations - Title 316, Chapter 68-004.01 states, "Occupants granted an exemption from the lodging tax are the same entities which are exempt from the sales and use tax under the Nebraska Revenue Act of 1967, as amended."

We noted one of five travel documents tested where State and County lodging tax was inappropriately paid. The document was a direct billing with \$144 State and County lodging taxes paid to an in-State hotel.

Payment of State and County lodging tax is in violation of State Regulations.

We recommend the Highway Commission adhere to State Regulations and avoid paying State and County lodging taxes.

*Commission's Response: Concur that the State of Nebraska and its agencies are exempt from Nebraska lodging tax. We will be filing for a refund of the \$144 of lodging taxes paid. Also, we have sent notices to our staff that they are not to pay any future Nebraska lodging taxes that may be included on direct billed hotel/motel statements.*

It should be noted this report is critical in nature as 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 comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.

# 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](http://www.auditors.state.ne.us)

**Kate Witek**  
State Auditor  
[Kate.Witek@apa.ne.gov](mailto:Kate.Witek@apa.ne.gov)

## NEBRASKA HIGHWAY COMMISSION

### INDEPENDENT ACCOUNTANT'S REPORT

**Deann Haeffner, CPA**  
Deputy State Auditor  
[Deann.Haeffner@apa.ne.gov](mailto:Deann.Haeffner@apa.ne.gov)

Nebraska Highway Commission  
Lincoln, Nebraska

**Don Dunlap, CPA**  
Asst. Deputy Auditor  
[Don.Dunlap@apa.ne.gov](mailto:Don.Dunlap@apa.ne.gov)

We have examined the accompanying schedule of expenditures of the Nebraska Highway Commission (Commission) for the fiscal year ended June 30, 2006. The Commission's management is responsible for the schedule of expenditures. Our responsibility is to express an opinion based on our examination.

**Pat Reding, CPA**  
Asst. Deputy Auditor  
[Pat.Reding@apa.ne.gov](mailto:Pat.Reding@apa.ne.gov)

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements 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 expenditures and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

**Tim Channer, CPA**  
Asst. Deputy Auditor  
[Tim.Channer@apa.ne.gov](mailto:Tim.Channer@apa.ne.gov)

**Mary Avery**  
SAE/Finance Manager  
[Mary.Avery@apa.ne.gov](mailto:Mary.Avery@apa.ne.gov)

**Dennis Meyer, CGFM**  
Subdivision Budget  
Coordinator  
[Dennis.Meyer@apa.ne.gov](mailto:Dennis.Meyer@apa.ne.gov)

In our opinion, the schedule referred to above presents, in all material respects, the expenditures of the Nebraska Highway Commission for the fiscal year ended June 30, 2006, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

**Mark Avery, CPA**  
Subdivision Audit  
Review Coordinator  
[Mark.Avery@apa.ne.gov](mailto:Mark.Avery@apa.ne.gov)

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2006, on our consideration of the Nebraska Highway Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

**Perry Pirsch, JD, MPA**  
Legal Counsel  
[Perry.Pirsch@apa.ne.gov](mailto:Perry.Pirsch@apa.ne.gov)

internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of the Commission and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

September 6, 2006

  
Assistant Deputy Auditor

NEBRASKA HIGHWAY COMMISSION  
**SCHEDULE OF EXPENDITURES**  
For the Fiscal Year Ended June 30, 2006

EXPENDITURES:	
Personal Services	\$ 64,031
Operating	2,810
Travel	29,319
TOTAL EXPENDITURES	<u>\$ 96,160</u>

The accompanying notes are an integral part of the schedule.



# NEBRASKA HIGHWAY COMMISSION

## NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2006

### 1. Criteria

The accounting policies of the Nebraska Highway Commission (Commission) are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. Section 81-1107(2) R.S.Supp., 2004, the State of Nebraska Director of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

The Nebraska Information System (NIS) is the official accounting system prescribed by DAS for the State of Nebraska. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS - Accounting Division and available to the public. The financial information used to prepare the schedule of expenditures for the Commission was obtained directly from the Roads Payment System and verified to NIS. NIS records accounts payable as transactions occur. As such, certain expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounts payable liability recorded on NIS, and thus recorded as expenditures, as of June 30, 2006, includes only those payables posted to NIS before June 30, 2006, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2006, **does not** include amounts for goods and services received before June 30, 2006 which had not been posted to NIS as of June 30, 2006.

The major expenditure object account titles established by NIS used by the Commission are:

**Personal Services** – Salaries, wages, and related employee benefits provided for all persons employed by the Commission.

**Operating** – Expenditures directly related to a program’s primary service activities.

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

### 2. Reporting Entity

The Nebraska Highway Commission (Commission) is legislatively 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 schedule includes all expenses of the Commission.

The Nebraska Highway Commission is part of the primary government for the State of Nebraska.

# 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](http://www.auditors.state.ne.us)

**Kate Witek**  
State Auditor  
[Kate.Witek@apa.ne.gov](mailto:Kate.Witek@apa.ne.gov)

## NEBRASKA HIGHWAY COMMISSION **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE SCHEDULE OF EXPENDITURES PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Deann Haeffner, CPA**  
Deputy State Auditor  
[Deann.Haeffner@apa.ne.gov](mailto:Deann.Haeffner@apa.ne.gov)

Nebraska Highway Commission  
Lincoln, Nebraska

**Don Dunlap, CPA**  
Asst. Deputy Auditor  
[Don.Dunlap@apa.ne.gov](mailto:Don.Dunlap@apa.ne.gov)

We have examined the accompanying schedule of expenditures of the Nebraska Highway Commission for the fiscal year ended June 30, 2006, and have issued our report thereon dated September 6, 2006. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Pat Reding, CPA**  
Asst. Deputy Auditor  
[Pat.Reding@apa.ne.gov](mailto:Pat.Reding@apa.ne.gov)

**Tim Channer, CPA**  
Asst. Deputy Auditor  
[Tim.Channer@apa.ne.gov](mailto:Tim.Channer@apa.ne.gov)

### Internal Control Over Financial Reporting

**Mary Avery**  
SAE/Finance Manager  
[Mary.Avery@apa.ne.gov](mailto:Mary.Avery@apa.ne.gov)

In planning and performing our examination, we considered the Nebraska Highway Commission's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedule of expenditures and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

**Dennis Meyer, CGFM**  
Subdivision Budget  
Coordinator  
[Dennis.Meyer@apa.ne.gov](mailto:Dennis.Meyer@apa.ne.gov)

**Mark Avery, CPA**  
Subdivision Audit  
Review Coordinator  
[Mark.Avery@apa.ne.gov](mailto:Mark.Avery@apa.ne.gov)

**Perry Pirsch, JD, MPA**  
Legal Counsel  
[Perry.Pirsch@apa.ne.gov](mailto:Perry.Pirsch@apa.ne.gov)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Highway Commission's schedule of expenditures is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain additional item that we reported to management of the Nebraska Highway Commission in the Comments Section of this report as Commission Expenses.

This report is intended solely for the information and use of the Commission and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

September 6, 2006

  
Assistant Deputy Auditor

NEBRASKA HIGHWAY COMMISSION

**STATISTICAL SECTION**

Our examination was conducted for the purpose of forming an opinion on the schedule of expenditures. Statistical Section information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of expenditures and, accordingly, we express no opinion on it.

NEBRASKA HIGHWAY COMMISSION  
**SCHEDULE OF EXPENDITURES BY COMMISSIONER**  
For the Fiscal Year Ended June 30, 2006

	<u>Per Diems</u>	<u>Operating</u>	<u>Travel</u>	<b>Total</b>
Duane Acklie, Lincoln	\$ 260	\$ -	\$ 153	\$ 413
Ronald Books, North Platte	540	-	3,008	3,548
Jerome Fagerland, Atkinson	360	-	2,035	2,395
John Kingsbury, Ponca	520	-	2,309	2,829
Doug Leafgreen, Gering	640	-	6,257	6,897
Richard Reiser, Omaha	380	-	572	952
Donna Wanitschke, Grand Island	540	-	2,505	3,045
Greg Wolford, McCook	620	-	3,512	4,132
	<u>Salary &amp; Benefits</u>			
Commission Secretary	60,171	-	154	60,325
Other	-	2,810	8,814	11,624
<b>TOTAL EXPENDITURES</b>	<u>\$ 64,031</u>	<u>\$ 2,810</u>	<u>\$ 29,319</u>	<u>\$ 96,160</u>