ATTESTATION REPORT
OF THE
NEBRASKA POWER REVIEW BOARD

JULY 1, 2004 THROUGH JUNE 30, 2005

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Issued on March 2, 2006
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BACKGROUND

The Nebraska Power Review Board was created in 1963 as part of the Department of Water Resources to regulate the power industry in Nebraska. In 1980, the Board was separated from the Department of Water Resources, and it became an independent board. The Board consists of five members appointed to four-year terms by the Governor. Board members include, by law, one attorney, one engineer, one accountant, and two laypersons.

The duties of the Board include review and approval or disapproval of petitions to create public power districts and petitions to modify existing public power districts. The Board also has the duty to create service areas and designating who shall serve in these areas; the approval or denial of construction applications for generation and transmission facilities; the creation of agencies for joint financing for municipalities; the creation of joint agencies for the creation of rural public power district financing; and approval of microwave facilities constructed by the public power district utilities. The Board also settles disputes between suppliers over areas and customers to be served and, in certain cases, between customers and utilities.

MISSION STATEMENT

The mission of the Power Review Board is to regulate Nebraska’s electric industry to ensure that Nebraska’s citizens receive adequate, reliable electric service at the lowest overall cost possible using sound business practices, to eliminate conflict and competition between Nebraska’s power suppliers, to avoid and eliminate duplication of facilities and resources among those power suppliers, to facilitate the settlement of rate disputes and service area disputes between power suppliers, and to issue an annual report to the Governor and Legislature which monitors the conditions in the electric industry that indicate whether retail competition would be beneficial for the citizens of Nebraska. The Board also strives to facilitate resolution of conflicts among power suppliers, and between power suppliers and customers. When resolution is not possible, the Board will conduct hearings.

The core values adhered to in pursuit of the Board’s mission are fairness, accuracy, efficiency, and availability. The Board is ever mindful that its mission is to protect the interests of the citizens of Nebraska in issues pertaining to the cost and reliability of electric service. The Board believes it is imperative that a regulatory agency must at all times be fair to the parties it regulates and to other parties that may have an interest in matters under the agency’s jurisdiction. The Board strives to correctly enforce and interpret Nebraska’s laws regarding electric power. In order to attain the Board’s mandate to eliminate conflict and competition between power suppliers, the Board believes it is important to provide an avenue through which power suppliers with disagreements, and sometimes customers with complaints against their power supplier, can attempt to resolve disputes through the assistance of the Board’s staff. This allows power suppliers and their customers the opportunity to obviate the need for expensive and time-consuming hearings or litigation. When a resolution cannot be reached, the Board provides an expeditious and fair opportunity for a hearing in those matters falling within the Board’s jurisdiction.
NEBRASKA POWER REVIEW BOARD

ORGANIZATIONAL CHART

GOVERNOR APPOINTS BOARD MEMBERS

------------------------------------- LEGISLATURE CONFIRMS APPOINTEES

POWER REVIEW BOARD MEMBERS

EXECUTIVE DIRECTOR

------------------------------------- CONSULTANT
Hired by Board to coordinate annual report to Governor and Legislature required under 70-1003(6) & (7).

------------------------------------- REVIEW GROUP
Provide input on report and review draft report (Authorized by 70-1003(8)).

------------------------------------- TECHNICAL GROUPS
Technical experts that prepare the sections of the report in their areas.

------------------------------------- BUSINESS MANAGER PARALEGAL
An exit conference was held on February 3, 2006, with the Board to discuss the results of our examination. Those in attendance for the Nebraska Power Review Board were:

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Texel</td>
<td>Executive Director and General Counsel</td>
</tr>
<tr>
<td>Carol Behne</td>
<td>Business Manager</td>
</tr>
<tr>
<td>Gene Bade</td>
<td>Board Chair</td>
</tr>
</tbody>
</table>
SUMMARY OF COMMENTS

During our examination of the Nebraska Power Review Board, we noted certain matters involving the internal control over financial reporting and other operational matters which are presented here.

1. **Segregation of Duties Over Receipts:** Controls were not adequate to ensure all amounts due were received and deposited.

2. **Meal Reimbursements:** Three of four documents tested contained reimbursements which exceeded the daily GSA Federal per diem and nine meals which exceeded the GSA meals and incidental breakdown.

3. **Reconciliation of Bank Records to the Nebraska Information System:** The Department of Administrative Services’ reconciliation process is still not done in a timely manner and continues to reflect unknown variances.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Board to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the Board declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.
1. **Segregation of Duties Over Receipts**

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A good system of internal control would include adequate segregation of duties so no one individual can handle all phases of a transaction.

We noted a lack of segregation of duties over the receipt and accounts receivable process. One person could handle all phases of a transaction from beginning to end. The Business Manager handled all phases of the receipts and accounts receivable process without an adequate, documented review of the total receipts. This was also noted in our prior audit.

Due to a limited number of personnel, segregating duties on a daily basis is not possible without additional cost. However, a comparison of the certified assessment levied against suppliers to the total collected would help ensure all amounts due were received and deposited.

There is an increased risk of loss or misuse of State funds when there is a lack of segregation of duties over receipts.

We recommend the Executive Director and Business Manager compare the amount assessed on the suppliers to the amount received, by comparing the total assessment to the total amount received once it is believed all assessments are received, reconciling any differences.

**Board’s Response:** The first comment provided concerning the Board’s financial operation is “Segregation of Duties Over Receipts: Controls were not adequate to ensure all amounts due were received and deposited.” The Board acknowledges that when possible, one individual should not handle all phases of assessment transactions from beginning to end without oversight. Although the Board tries to segregate duties, it is difficult to accomplish with only three employees, one of whom (the staff paralegal) is not normally expected to deal with financial matters. As noted in the audit report, segregation of duties on a daily basis is not possible without additional costs or personnel. The recommendation in the draft audit is that both the Executive Director and the Business Manager compare the amount assessed to the amount received by comparing the total assessment to the total amount received once all assessments are submitted. The Business Manager and the Executive Director do try to reconcile the amount assessed with the amount received, but the reconciliation has been performed informally, and is not documented. We intend to prepare a written procedure describing all steps in the assessment process. Based on your recommendation, we will add a provision that the Executive Director and Business Manager are to compare the amount assessed to the amount received, as indicated
1. **Segregation of Duties Over Receipts** (Concluded)

   Board’s Response, Concluded:
   on the deposit records provided by the Department of Administrative Services Accounting Division. We will then document that the action was taken, noting if any actions were necessary in order to reconcile the two totals.

2. **Meal Reimbursements**

   Good internal control requires procedures to ensure daily meal costs reimbursed to employees are allowable and reasonable. One method to determine whether meals are reasonable is to make sure they are within the General Services Administration (GSA) Federal per diem guidelines and GSA Federal meals and incidental expense breakdown.

   Three of four documents tested contained reimbursements which exceeded the daily GSA Federal per diem, and nine meals which exceeded the GSA meals and incidental expense breakdown, as follows:

   - Three days were over the GSA daily limit by a total of $45.27. The daily amount reimbursed for the three meals was $70.57, $66.50, and $61.20; when the GSA limit was $51 per day.

   - Nine meals exceeded the GSA Federal per diem meal and incidental expense breakdown by $133.91, which was not reasonable. Overpayments ranged from $7 to $26 per meal.

   When Federal guidelines are not followed there is an increased risk of reimbursement for unreasonable expenses.

   We recommend the Board implement policies and procedures to ensure amounts reimbursed for meals are reasonable.

   Board’s Response: The second comment in the draft audit is “Meal Reimbursements: Three of four documents tested contained reimbursements which exceeded the daily GSA Federal per diem and nine meals which exceeded the GSA meals and incidental breakdown.” In the breakdown of the comments, it states that “Three days were over the GSA daily limit by a total of $45.27.” The second breakdown comment states “Nine meals exceeded the GSA Federal per diem meal and incidental expense breakdown by $133.91, which was not reasonable.” The Board points out that two of the three days in question and apparently several of the nine meals occurred in connection with travel to
2. **Meal Reimbursements** (Continued)

Board’s Response, Continued:

A Board member and the Executive Director attended the American Public Power Association’s Annual Conference, which was held at the Disneyland Hotel, located on the grounds of the Disneyland theme park “campus” in Anaheim, California. The Board had no role whatsoever in choosing the location of the conference. Neither the Board member nor the Executive Director rented a vehicle for the trip. We believe it is common knowledge that meals and other expenses are higher at Disneyland than in the surrounding area. Although this was pointed out during the exit interview, it seems that the context in which expenses are incurred makes little difference to the Auditor’s office. The auditors attending the exit interview admitted that the GSA per diem limit is established for the general geographic area of Anaheim County, not for Disneyland. It seems unreasonable to expect meals to cost the same at Disneyland as they would in other parts of the surrounding Anaheim County. The Disneyland situation is not an isolated incident, since many of the conventions and seminars attended by Board members and staff tend to be large-scale events held in major hotels, sometimes isolated from access to other restaurants. To simply state that a daily meal reimbursement or an individual meal was over the limit and therefore unreasonable without acknowledging the context in which it occurred can be somewhat misleading. It is difficult to implement a policy and procedure to address such a situation if the context cannot be taken into account.

For example, staff or Board members in travel status could be required to always ensure that meals are less than the GSA per diem limit. Board members or staff may then in some circumstances be forced to rent a vehicle or take a taxi cab and travel to another location where meals would be less expensive. However, this would likely cause an even greater overall amount of reimbursable costs than the meals noted in the report, but the meal, taken strictly in isolation, would fall under the GSA meal or per diem limit. Implementing a policy or procedure whereby only individual or per diem meal costs are considered in order to satisfy auditing standards, while ignoring the context in which they occurred, could in some circumstances lead to unnecessary expenditure of state funds. The alternative, namely expecting the Board or staff member to skip a meal, is likewise not a reasonable solution. We note that the State Accounting Division reviewed these meal and per diem expenses during its pre-audit examination, and did approve them for reimbursement. It may be worthwhile to consider a policy asking Board members and staff to submit an explanation and additional documentation when meals exceed the daily limit for a particular geographic area, and perhaps have the expenses
2. **Meal Reimbursements** (Concluded)

   Board’s Response, Concluded:
   reviewed by the Board Chair or a committee of the Board. However, based on the language in the audit report and on the comments made at the exit interview, it is our understanding that the Auditor’s office would not be satisfied with such a policy. Apparently any amount exceeding the GSA guidelines will be considered per se unreasonable, regardless of the context. It may therefore be difficult for the Board to draft an appropriate policy or procedure to address this situation.

   Auditor’s Response: The GSA amounts are used as a reasonable guideline. We agree there may be situations where options for meals may be very limited due to isolated access to other restaurants. In these situations it would be beneficial for the Board to document the circumstances as a part of the expense reimbursement document, and this would be considered when evaluating the reasonableness of the meal. We also note the Board did not exceed the GSA meal guideline limit for all days of attendance at the conference and therefore we believe a variety of options were available at the Disneyland Hotel and theme park “campus”.

3. **Reconciliation of Bank Records to the Nebraska Information System**

   Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial information. Without a timely and complete reconciliation of bank records to the Nebraska Information System (NIS), there is a greater risk for fraud and errors to occur and to remain undetected.

   During the audit of the Comprehensive Annual Financial Report (CAFR) of the State of Nebraska, the Auditor of Public Accounts (APA) noted the absence of reconciliation between the Nebraska State Treasurer’s actual bank statements and Nebraska accounting records (in both NIS and NAS, the Nebraska Accounting System before NIS). This has been an issue for the Department of Administrative Services (DAS) Accounting Division for many years. The APA’s previous versions noted monthly reconciliations have not been completed in a timely manner and reconciliations performed have shown significant unknown variances between the bank records and the accounting records, with the bank being short compared to the accounting records. Although DAS Accounting Division continues to work on correcting the reconciliation of bank records to NIS, the APA continues to note areas where improvement is still needed in the reconciliation process to ensure NIS integrity and operational efficiency. Specifically, the APA noted the status of the reconciliation process as of August 11, 2005 to be as follows:
3. **Reconciliation of Bank Records to the Nebraska Information System** (Concluded)

DAS Accounting Division has worked on the reconciliation process, but continued progress is needed. DAS Accounting Division’s reconciliation process has developed into a very detailed process of analyzing bank activity, compared to activity recorded on NIS, to identify reconciling items. DAS Accounting Division has completed their reconciliation process for the months of June and July of 2004. The APA has reviewed these reconciliations. These two months show variances of $2,944,126 and $2,932,824, respectively. Again, the reconciliations show the bank being short compared to the accounting records. Per inquiry of management, DAS Accounting Division has started the reconciliation process for various months of the fiscal year ended June 30, 2005; however, the reconciliation process has not been a continuous monthly process and no monthly reconciliation has been completed since July of 2004.

Although DAS Accounting Division has worked on the reconciliation process, the process is still not done in a timely manner and the variance is inconsistent. The reconciliation continues to reflect unknown variances and shortages. Complete and timely reconciliation procedures between bank records and accounting records are required to provide control over cash and accurate financial information.

The APA recommends DAS Accounting Division continue their reconciliation process, in a more timely manner, and on at least a monthly basis, to ensure all financial information is correct on NIS. We also recommend, when a consistent cash variance between the bank records and the accounting records is obtained (based on at least six months of reconciliations), DAS submit their plan for adjusting NIS to the Governor and the Legislature so they may take appropriate action to correct NIS and resolve the variances noted.

This issue is the responsibility of DAS Accounting Division; however, as the variances have not been identified by fund or agency, this issue directly affects all Nebraska State agencies’ financial information and must be disclosed in this report.
NEBRASKA POWER REVIEW BOARD

INDEPENDENT ACCOUNTANT’S REPORT

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Nebraska Power Review Board (Board) for the fiscal year ended June 30, 2005. The Board’s management is responsible for the schedule of revenues, expenditures, 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 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 revenues, expenditures, 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 revenues, expenditures, and changes in fund balance of the Nebraska Power Review Board for the fiscal year ended June 30, 2005, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2006, on our consideration of the Nebraska Power Review Board’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 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 Board and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

February 3, 2006
Assistant Deputy Auditor
### REVENUES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales &amp; Charges</td>
<td>$367,866</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$9,882</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>$377,748</strong></td>
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### EXPENDITURES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>$178,209</td>
</tr>
<tr>
<td>Operating</td>
<td>$60,965</td>
</tr>
<tr>
<td>Travel</td>
<td>$12,719</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td><strong>$251,893</strong></td>
</tr>
</tbody>
</table>

Net Change in Fund Balance $125,855

#### FUND BALANCE, JULY 1, 2004 $167,982

#### FUND BALANCE, JUNE 30, 2005 $293,837

**FUND BALANCE CONSISTS OF:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Cash</td>
<td>$293,726</td>
</tr>
<tr>
<td>Deposits with Vendors</td>
<td>$111</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCE</strong></td>
<td><strong>$293,837</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the schedule.
1. **Criteria**

The accounting policies of the Nebraska Power Review Board 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 NIS manuals and Nebraska Accounting System Concepts published by DAS and available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balance for the Board was obtained directly from the NIS. NIS records accounts receivable and accounts payable as transactions occur. As such certain revenues are recorded when earned and 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, 2005, includes only those payables posted to NIS before June 30, 2005, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2005, does not include amounts for goods and services received before June 30, 2005 which had not been posted to NIS as of June 30, 2005.

The Board had no accounts receivable at June 30, 2005. The NIS system does not include liabilities for accrued payroll and compensated absences.

The fund types established by NIS that are used by the Board are:

- **20000 – Cash Funds** – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

The major revenue object account codes established by NIS used by the Board are:

- **Sales & Charges** – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

- **Miscellaneous** – Revenue from sources not covered by other major categories, such as investment income.
1. **Criteria** (Concluded)

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

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

**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.

Other significant object account codes established by NIS and used by the Board include:

**Assets** – Resources owned or held by a government that have monetary value. Assets include cash accounts and deposits with vendors. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded on NIS.

2. **State Agency**

The Nebraska Power Review Board (Board) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The schedule includes all funds of the Board.

The Nebraska Power Review Board is part of the primary government for the State of Nebraska.

3. **Capital Assets**

Under NIS, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures. Capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) would be reported for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). The Board values all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of $1,500 at the date of acquisition and has an expected useful life of two or more years is capitalized. Depreciation expenses would be reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Equipment is depreciated using the straight-line method with an estimated useful life of three years.
3. **Capital Assets** (Concluded)

Capital asset activity of the Board for the fiscal year ended June 30, 2005 was as follows:

<table>
<thead>
<tr>
<th>Capital assets</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$2,502</td>
<td>$-</td>
<td>$-</td>
<td>$2,502</td>
</tr>
</tbody>
</table>

Less accumulated depreciation for:

| Equipment      | 2,502             |

Total capital assets, net of depreciation

| $-              |
NEBRASKA POWER REVIEW BOARD
REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN EXAMINATION OF THE SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Nebraska Power Review Board
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Nebraska Power Review Board for the fiscal year ended June 30, 2005, and have issued our report thereon dated February 3, 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.

Internal Control Over Financial Reporting
In planning and performing our examination, we considered the Nebraska Power Review Board’s internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedule of revenues, expenditures, and changes in fund balance, and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Nebraska Power Review Board’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedule. Reportable conditions are described in the Comments Section of the report as Comment Number 1 (Segregation of Duties Over Receipts) and Comment Number 3 (Reconciliation of Bank Records to the Nebraska Information System).
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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider Comment Number 1 (Segregation of Duties Over Receipts) to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Nebraska Power Review Board’s schedule of revenues, expenditures, and changes in fund balance, 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 also noted an additional item that we reported to management of the Nebraska Power Review Board in the Comments Section of this report as Comment Number 2 (Meal Reimbursements).

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

February 3, 2006
Assistant Deputy Auditor
Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. 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 revenues, expenditures, and changes in fund balances, and, accordingly, we express no opinion on it.
Rate Assessed on Power Suppliers per $1,000 of Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Rate</th>
<th>$0.09684767</th>
<th>$0.11855004</th>
<th>$0.11439675</th>
<th>$0.10672773</th>
<th>$0.10450276</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Rate</td>
<td>$0.09684767</td>
<td>$0.11855004</td>
<td>$0.11439675</td>
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<tr>
<td>2002</td>
<td>Rate</td>
<td>$0.11439675</td>
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<td>$0.10450276</td>
<td>$0.09840000</td>
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<td>Rate</td>
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<td>$0.10672773</td>
<td>$0.10450276</td>
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<td>$0.09684767</td>
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<tr>
<td>2004</td>
<td>Rate</td>
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<td>$0.09450276</td>
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<tr>
<td>2005</td>
<td>Rate</td>
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<td>$0.09684767</td>
<td>$0.09450276</td>
<td>$0.09230767</td>
</tr>
</tbody>
</table>

Note: Neb. Rev. Stat. Section 70-1020 R.R.S. 2003, states "In order to defray the expenses of the Nebraska Power Review Board, there shall be imposed upon each public power district, public power and irrigation district, electric membership association, electric cooperative company, and municipality having an electric distribution system or generation and distribution system, and also upon all registered groups of municipalities, an assessment each fiscal year in such sum as shall be determined by the Board and approved by the Governor. The total of such assessments shall not exceed the expenses of the Board which may reasonably be anticipated for the fiscal year for which assessment is made and shall be apportioned among the various agencies in proportion to their gross income in the preceding calendar year . . ."

Note: Assessment Paid in Fiscal Year 2005 does not represent the total amount of assessments received in fiscal year 2005, since Assessments letters were sent out a month earlier for the 2006 fiscal year; which caused some of the suppliers to pay fiscal year 2006 assessment in fiscal year 2005.

Note: The reason for the difference in years between the charts noted above is because the assessment is based on the Power Review Board's budget for the ensuing fiscal year and the suppliers' gross revenues for the preceding calendar year.