

**ATTESTATION REPORT
OF THE
NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK**

JULY 1, 2006 THROUGH JUNE 30, 2007

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the Auditor of Public Accounts.**

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Issued on March 18, 2008

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

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NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

BACKGROUND



The Nebraska's state park system includes 8 State parks, 66 recreation areas, 11 State historical parks, and 2 recreational trails for a total of 87 areas across the State. These areas contain a total of 66,964 acres of water and 70,201 acres of land. The types of park areas range from the fully developed state parks, such as Mahoney State Park with cabins and swimming pools to small recreation areas which are limited to picnicking and overnight camping.

Eugene T. Mahoney State Park is one of the 8 State parks and offers year-round accommodations and recreational use and is the State's busiest State Park. This park offers an array of lodging, group meeting facilities, and activities. Located near Ashland, just off of I-80 at exit 426, Mahoney State Park is situated on 690 acres along the Platte River.

The dominant feature of the park, the Peter Kiewit Lodge, offers 40 guest rooms. The Peter Kiewit Lodge also houses the restaurant, a gift shop and meeting rooms. The restaurant can also cater meals for group activities.

Mahoney State Park has many other recreational activities, including a Family Aquatic Center, miniature golf, driving range, tennis and basketball courts, softball fields, horseback trail rides, crafts, fishing, picnicking, hiking, 70-foot observation tower, nature conservatory, the Denman and Mary Mallory Kountze Theater, and hiking and biking trail.

Eugene T. Mahoney State Park also offers 54 modern cabin rentals which are available throughout the year. Each cabin has air conditioning/heat, fireplace, TV, refrigerator, range, outdoor deck, and grill. The three, four, and six bedroom cabins can host larger families or group retreats. The other cabins all have two bedrooms and some are ADA-accessible.



In addition to the above facilities and activities Mahoney State Park provided 149 camping pads with electrical hookups.

NEBRASKA GAME AND PARKS COMMISSION
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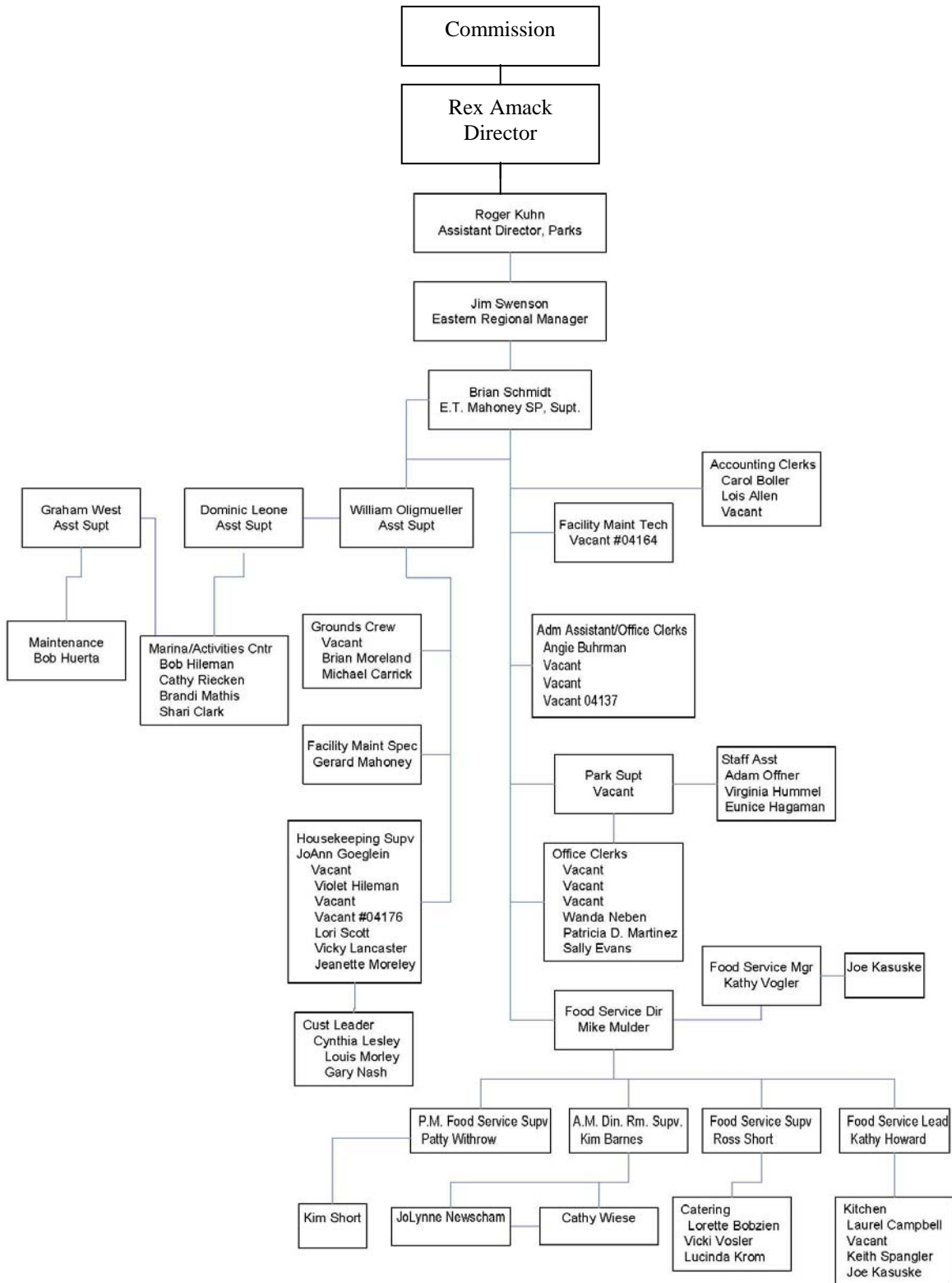
MISSION STATEMENT

The mission of the Nebraska Game and Parks Commission (Commission) is stewardship of the State's fish, wildlife, park, and outdoor recreation resources in the best long-term interests of the people and those resources.

To accomplish that purpose, the Commission plans and implements its policies and programs efficiently and objectively; maintains a rich and diverse environment in Nebraska's lands and waters; provides outdoor recreation opportunities; manages wildlife resources for the maximum benefit of the people; and attempts to help Nebraskans appreciate their role in the natural world.

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

ORGANIZATIONAL CHART
As of January 29, 2008



NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

EXIT CONFERENCE

An exit conference was held February 22, 2008, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Game and Parks Commission - Mahoney State Park were:

NAME	TITLE
James Ziebarth	Commission Chair
Rex Amack	Director - Game and Parks Commission
Roger Kuhn	Assistant Director - Parks
Jim Swenson	Eastern Regional Manager - Parks
Brian Schmidt	E.T. Mahoney State Park - Park Superintendent
Patrick Cole	Budget and Fiscal - Division Administrator
Judy Alderman	Budget and Fiscal - Assistant Division Administrator
Dorothy Porath	Accountant III - Parks
Connie Kubat	Accountant III - Budget and Fiscal
Jolene Kumpula	Buyer III - Budget and Fiscal
Jamey Crandall	Personnel Administrator
Colin Wilson	Department of Administrative Services - Accounting

NEBRASKA GAME AND PARKS COMMISSION
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SUMMARY OF COMMENTS

During our examination of the Nebraska Game and Parks Commission - Mahoney State Park, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here.

1. ***State Provided Housing:*** State housing provided to the Assistant Director of Parks was not in compliance with the Commission's policy and may not be in compliance with IRS regulations.
2. ***Accounts Receivable Issues:*** During our testing of accounts receivable at Mahoney State Park (Park)-Function area, we noted there was a lack of segregation of duties over the receivable area and numerous other areas where improvement over record keeping and collection of receivables should be considered.
3. ***Segregation of Duties Over Fixed Assets:*** We noted a lack of segregation of duties where one individual was responsible for maintaining equipment fixed asset records, adding items to the equipment fixed asset records, and preparing Surplus Property Notification forms when items were retired.
4. ***Vehicle Logs:*** Mahoney State Park had procedures to require vehicle logs for all 42 vehicles assigned to the Park, however, our review noted that many of the vehicle logs were not always completed or were not completed at all.
5. ***Reliance on Manual Leave Records:*** The Commission has been maintaining and relying on manual leave records as well as the leave balances within NIS. This requires additional staff time and may cause confusion on what leave balances are the official leave balances.

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 Commission 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. The 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.

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

COMMENTS AND RECOMMENDATIONS

1. State Provided Housing

Nebraska Game and Parks Commission (Commission) Policy number C-1 states, “An “essential house” is one which the Commission considers essential for the operation, management, and/or security of a state owned property or state project. The tenant in an “essential” state owned house is assigned there as part of his or her own employment. The manager is required to live on the property so he or she will be on call to deal with any situation arising on the property. In exchange for being on call, the manager will be provided with housing, the payment of utilities, and appropriate supplies to keep up or improve the residence.”

Internal Revenue Code section 119(a) states, the gross income of an employee does not include the value of lodging furnished for the convenience of the employer, but only if the employee is required to accept the lodging on the business premises of his employer as a condition of his employment.

March 2005 edition of the Internal Revenue Service’s monthly “Federal, State and Local Governments Newsletter” states, “**Condition of Employment:** *Lodging must also be accepted as a condition of employment in order to be excludable, which means that an employee must be required to accept the lodging in order to enable him or her to properly perform the duties of his or her employment. Lodging is deemed to meet this requirement when, for example, the employee must be available for duty at all times or because the employee could not perform the services required of him or her unless he or she was furnished the lodging. If the employee has the choice of accepting or rejecting the lodging, no exclusion will be allowed. A statement that the lodging is required by the employer is not sufficient evidence for the condition to be met. The lodging must be necessary in order for the employee to properly do his or her job or the employee must be on call at all times. However, it is not necessary for the employee to show that his or her duties would be impossible to perform without the provision of the lodging. This requirement may be satisfied if the employer-furnished lodging provides significant benefits or rewards to the employer or in some other manner facilitates job performance.*”

The Commission requires some of their employees to live in State provided housing as a condition of their employment to properly perform their job duties. Sixty-three employees are provided with housing by the State. During our review of employees with provided housing, we noted the following:

- Employee housing was provided for 4 Fish and Wildlife Biologists, 12 fish production employees, 45 Game and Parks Superintendents, and 1 groundskeeper leader employee. All of the State provided housing to these employees appeared to meet both the Commission’s policy and the IRS code regulations for housing provided to employees.

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS
(Continued)

1. State Provided Housing (Continued)

- However, 1 employee, Assistant Director of Parks, was provided housing at Mahoney State Park when his day-to-day job responsibilities and office was in Lincoln, Nebraska. This arrangement does not meet the Commission’s own policy and may not meet all of the requirements of the IRS guidelines for the housing provided to employees.

Following is a complete list of Commission employees who are provided State-owned housing.

Housing Provided to Park Employees

Name	Location	Job Code Description
Bailey, David	Calamus	Game & Parks Superintendent III
Bargar, Jeffery	Rock Creek	Game & Parks Supt. I
Blazek, Joseph R	Ft Kearny	Game & Parks Supt. I
Bogenreif, Patrick	Louisville	Game & Parks Superintendent III
Booth, Bill	Fremont	Game & Parks Superintendent III
Brandt, Wayne R	Rock Creek	Game & Parks Superintendent III
Carrick, Michael	Two Rivers	Game & Parks Superintendent II
Clymer, Mark A	Windmill	Game & Parks Superintendent III
Domeier, James L	Ft Hartsuff	Game & Parks Supt. I
Fields, Jeffrey J	Ponca	Game & Parks Superintendent III
Fox, Randall J	Arbor Lodge	Game & Parks Superintendent III
Galbraith, Gregg W	Platte River	Game & Parks Supt. I
Grafford, Tyrel	Lake Mac	Game & Parks Superintendent III
Holliday, Kevin	Fremont	Game & Parks Supt. I
Holmberg, Daryl G	Lewis & Clark	Game & Parks Superintendent III
Homes, Thomas L	Dead Timber	Game & Parks Superintendent II
Hoskovec, Michael E	Medicine Creek	Game & Parks Superintendent I
Hunt, Eugene A	Ft Kearny	Game & Parks Superintendent III
Johanson, Nikolaus C	Red Willow	Game & Parks Supt. I
Kelly, Wayne	Johnson	Game & Parks Superintendent III
Kemper, Stephen L	Buffalo Bill	Game & Parks Superintendent III
Kinnamon, David	Chadron	Game & Parks Superintendent III
Lemmon, John E	Smith Falls	Game & Parks Superintendent II
Lindsay, Roye D	Ft Hartsuff	Game & Parks Superintendent III
Martin, Kenneth C	Sherman	Game & Parks Superintendent II
Mccoy, Rodney P	Wildcat	Groundskeeper Leader
Mckeehan, Russel	Wildcat	Game & Parks Superintendent II
Miller, James D	Ft Rob	Game & Parks Superintendent III
Morava, Michael	Ft Rob	Game & Parks Superintendent IV

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS
(Continued)

1. State Provided Housing (Continued)

Housing Provided to Park Employees (Concluded)

Name	Location	Job Code Description
Morris, Billy L	Ponca	Game & Parks Supt.
Morrison, Thomas B	Branched Oak	Game & Parks Superintendent III
Motacek, Thomas	Niobrara	Game & Parks Superintendent II
Oligmueller, William	Mahoney	Game & Parks Superintendent III
Rettig, Mark L	Niobrara	Game & Parks Supt.
Riggins, Aric	Buffalo Bill	Game & Parks Supt.
Schmidt, Brian L	Mahoney	Game & Parks Superintendent IV
Slader, John	Ft Atkinson	Game & Parks Superintendent III
Sutherland, Daniel J	Willow	Game & Parks Superintendent III
Sykes, Roger G	Platte River	Game & Parks Superintendent IV
Thornton, Daniel W	Lake Minatare	Game & Parks Superintendent II
Uhrich, Jeffrey S	Ash Hollow	Game & Parks Superintendent III
Vacant - Dahl, Robert D	Mormon Island	Game & Parks Superintendent III
Vacant-Morrison, Thomas B	Indian Cave	Game & Parks Superintendent III
West, Graham M	Mahoney	Game & Parks Superintendent II
Wilkie, Russ J	Victoria Springs	Game & Parks Superintendent II
Witte, Frederick J	Two Rivers	Game & Parks Superintendent III
Roger, Kuhn	Mahoney	Assistant Director, Parks

Housing Provided to Wildlife Employees

Name	Location	Job Code Description
Hamer, Russ	Oak Valley WMA	Fish and Wildlife Biologist II
Knox, Richard	Cornhusker WMA	Fish and Wildlife Biologist II
Remund, Mike	Osage WMA	Fish and Wildlife Biologist II
Seitz, Brad	Meridian WMA	Fish and Wildlife Biologist II

Housing Provided to Fish Production Employees

Name	Location	Job Code Description
Brunken, Brett	Calamus Hatchery (Burwell)	Fish Production Manager
Burrell, Clint	Rock Creek Hatchery (Parks)	Conservation Tech II
Cassidy, Joe	Grove Trout Rearing Station (Royal)	Fish Culturist/Supervisor
Coates, Gerald	Rock Creek Hatchery (Parks)	Fish Culturist/Supervisor
Graham, Doug	Valentine Hatchery (Valentine)	Fish Culturist/Supervisor
Higgins, Dirk	North Platte Hatchery (North Platte)	Fish Culturist/Supervisor

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS
(Continued)

1. State Provided Housing (Concluded)

Housing Provided to Fish Production Employees (Concluded)

Name	Location	Job Code Description
Kapke, Doug	Calamus Hatchery (Burwell)	F & W Program Manager
Korth, Tony	Ak-Sar-Ben Aquarium (Gretna)	Aquarium Director
Krueger, Dana	Valentine Hatchery (Valentine)	Fish Production Manager
Sweet, Bryan	North Platte Hatchery (North Platte)	Fish Production Manager
Walker, Hal	Rock Creek Hatchery (Parks)	Fish Production Manager
Wilhelm, Steve	Grove Trout Rearing Station (Royal)	Fish Production Manager

We recommend the Commission review the housing arrangement with the Assistant Director of Parks and determine if Commission provided housing should continue to be provided. If the Commission determines housing should continue we recommend the Commission consider modifying their policy to describe more accurately the housing arrangement of the Assistant Director of Parks. In addition, we recommend the Commission review the IRS regulation to ensure they are appropriately followed.

Commission's Response: The housing arrangement described has historically fit within the Agency's interpretation of its' housing policy and met IRS guidelines. We will however, review the arrangements with our current Board of Commissioners and discuss the IRS guidelines with the State Accounting Administrator to ensure any perceived conflicts are corrected and/or any necessary clarifications/changes are addressed.

2. Accounts Receivable Issues

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records including detailed records to ensure amounts are received and/or written off timely. Good internal control also requires proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

2. Accounts Receivable Issues (Continued)

We tested accounts receivable at the Park - Function area and noted the following:

- One employee was responsible for preparing accounts receivable invoices, approving accounts receivable invoices, and applying cash received to invoices. This lack of segregation of duties enables an individual to both perpetrate and conceal errors. We recommend the Park implement procedures to ensure accounts receivable duties are segregated between employees. These segregation duties should ensure the individual who has access to the accounts receivable records does not also handle cash receipts.
- The Commission did not have procedures for maintaining an accurate listing of accounts receivable. The computer application utilized by the Park to track and bill private events scheduled at the Park did not have the functionality to create accounts receivable reports. This inability of the system made the process of tracking accounts receivable difficult. At the time of our request for a listing of accounts receivable at June 30, 2007, the Park did not have the information readily available as a list was not prepared and maintained regularly. The lack of sound accounting practices, which includes but is not limited to maintaining an accurate listing of receivables, significantly increases the risk receivables will go unpaid.

We strongly recommend the Park improve procedures to track outstanding accounts receivable. This procedure would include development of an aging schedule for receivables, improvements to procedures for collecting delinquent accounts, and procedures for the write-off of delinquent accounts.

A listing of receivables at June 30, 2007, was prepared by the Park after our request, as was a listing of receivables at February 6, 2008, the date of the request. Our research and testing disclosed no instances of receivables missing from the listing of June 30 receivables; however, we noted two private events, which occurred in July and August 2007, were excluded from the receivables listing at February 6, 2008. The billed amounts were \$134, due for approximately 200 days, and \$239, due for approximately 170 days, respectively. We noted the amounts had been interagency billed to other State agencies, but the monies had not been receipted thus these amounts should have been recorded as outstanding accounts receivable.

We recommend the Park develop procedures to ensure the accuracy of their receivable listing including procedures to follow up on all interagency billings.

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Accounts Receivable Issues** (Continued)

- Our research and testing disclosed several other instances of weaknesses in procedures for collection of accounts receivable. In total, we tested 53 separate private events that were held at the Park. As of February 13, 2008, 31 of the 53 accounts had been collected; however, it required 16 to 1,180 days to collect them. The Park had not received final payment for the remaining 22 events as of February 13, 2008. The events had been unpaid for a range of 99 to 2,010 days and included amounts ranging from \$20 to \$1,794. The lack of internal control procedures for the collection of receivables increases the risk accounts will not be collected in a timely manner.

We recommend the Park improve procedures for the collection of accounts receivable. The improved procedures might include such items as:

- Requiring more significant amounts be deposited at the time an event is scheduled,
 - requiring a credit card imprint at the time an event is scheduled, and
 - requiring payment in full prior to check-in or at the time of check-out.
- The Park has written write-off procedures, which includes follow up on delinquent accounts by a set schedule of phone calls, and written correspondence. It also requires management review before an account is considered for write-off. However, the procedures do not include review and approval of amounts to be written off by the full Commission.

We recommend management of the Park submit to the full Commission amounts to be written off for their review and approval before they are submitted to the State Claims Board for final write-off approval.

Commission's Response:

Segregation of duties in the group function department

The following procedural changes have been discussed with staff and will be implemented to address this issue: The Group Function staff person that develops the events for the customer will continue to provide a detailed event & food sheet for file. At the conclusion of the events, all related charges for events will be added to the corresponding files and the Group Functions

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

2. Accounts Receivable Issues (Continued)

Commission's Response, Continued:

accounting person will develop a final invoice for each. That person will review charges, with the staff person that developed the event, and then submit the final invoices to the Group Function Coordinator, (Park Superintendent II), for approval. Invoices will then be mailed.

When payments for events arrive at the park, only photocopies of those payments will be forwarded to the Group Function accounting person. Original payments will be secured in a separate location and managed by an independent Accounting Clerk outside of the Group Functions office. After photocopied payments have been reconciled with the proper invoices, the files will be sent to the office where payments were secured so that the independent Accounting Clerk can apply payment and deposit the funds.

Improve procedures to track outstanding accounts receivable

The Agency has recently implemented a new electronic reservation system (Reserve America) which contains an "Aging Report". This report will be utilized for tracking and monitoring any outstanding accounts. The Group Functions staff will manually review the report and identify any delinquent accounts. Those accounts will then be flagged for collection follow-up procedures.

Improve procedures for collection of outstanding, (delinquent), accounts receivable invoices

Procedures for collecting outstanding account receivables are currently in place, but the need for consistent review and follow-up is acknowledged. We will continue to implement our current tracking process of correspondence and documentation, and improve that process by incorporating the "aging report" contained within the computer reservation system. We will also establish guidelines for how long to track a delinquent account, proportional to the amount of that account. Status of delinquent accounts will be compiled into a monthly report and reviewed by the Group Function Coordinator, (Park Superintendent II), to monitor progress and initiate new contacts as warranted.

Parks Division staff will also review collection practices of comparable private sector and other public businesses, and consider the merits of alternative collection procedures for certain events/dollar amounts. Parks Division staff will also seek greater assistance from law enforcement agencies for collection of delinquent private accounts. Where the delinquency relates to other state agencies, administrative staff will work with the State Accounting Administrator and affected Agency Heads.

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

2. Accounts Receivable Issues (Concluded)

Commission's Response, Concluded:

Submission of delinquent accounts to the Commissioners for review and approval prior to write-off.

Park staff, with input from the Lincoln office, will establish a reasonable time-line for the collection of delinquent accounts. When diligent attempts to collect on any account exceed the established time line, the Group Function Coordinator, (Park Superintendent II), will submit to the Park Superintendent IV a list of those accounts for review and presentation to the Lincoln office Parks Division. Parks Administration staff will prepare a Commission Action request for approval to write off those delinquent accounts. Such submission will be conducted annually.

3. Segregation of Duties Over Fixed Assets

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Good internal control requires proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted one individual was responsible for maintaining equipment fixed asset records, adding items to the equipment fixed asset records, and preparing Surplus Property Notification forms when items were retired.

We also noted the Commission did not complete a documented review of certain Nebraska Information System (NIS) fixed asset integrity reports. The Commission indicated reports were reviewed but the review was not documented. Reports reviewed and not documented include: the Additions and Retirements report (tracks the activity of an asset via cost and accumulated depreciation), the Fixed Asset Category Code Omissions Report (ensures Item, Agency, and Division codes are included in the asset record), Fixed Asset With No Attachment Report (ensures all assets marked as split coded have a split code attachment), Business Unit Fund Integrity Report (ensures business unit fund and asset master fund match), Item Code Object Account Integrity Report (ensures item code matches asset cost, accumulated depreciation, and/or depreciation object account entered in the Asset Master).

Without an adequate segregation of duties and review of fixed asset integrity reports there is an increased risk for the loss or misuse of State property.

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Segregation of Duties Over Fixed Assets (Concluded)

We recommend procedures be implemented to ensure duties are segregated over fixed assets or a documented compensating control be developed. The documented review of the above Fixed Asset Additions and Retirement Report and integrity reports may provide adequate compensating controls due to the lack of segregated duties over fixed asset processing.

Commission's Response: The current processes will be reviewed and assessed for risk related to segregation of duties. As identified, improved documented review of reports may provide adequate compensating controls to the lack of segregated duties. The following process to document the ongoing monitoring of the maintenance of fixed asset records is being implemented.

A monthly checklist for 6 fixed asset integrity reports, the Additions and Deletions report and G/L by Tag Number report has been developed, including the list of reports, a summary of key information being reviewed and an area for the reviewer to initial and date when review completed. A copy of this checklist will be kept in a file by the first line supervisor of the individual assigned the duty of maintaining the agency fixed asset records. Jolene Kumpula, Buyer III (first line supervisor) and Judy Alderman, Assistant Division Administrator – Budget & Fiscal Division will be running, reviewing and documenting the review of the reports listed.

4. Vehicle Logs

Good internal control would require vehicle logs be complete and accurate for all vehicles each month to help ensure vehicles are used for State purposes only.

The APA reviewed the monthly vehicle logs for the Park for June 2007. The logs consisted of:

- Vehicle Log/End of Year Mileage report: This report was designed to include the end of month mileage report for each vehicle. The report was required to be signed by a Division Park staff acknowledging that it was a true and accurate report.
- Vehicle/Equipment Operation and Expense Log: This log showed the daily use of the vehicle including start and finish odometer reading, total miles, start and stop time, destination---work activity, and driver's signature(initials).

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

4. Vehicle Logs (Concluded)

During the review of the monthly vehicle logs for June 2007 for 42 Park vehicles, the following was noted:

- Five vehicles showed only the beginning and ending mileage and did not show any other detail, such as daily use or how the vehicle was used.
- Eight vehicles logs were not completed at all.

When logs are not complete or prepared there is greater risk State vehicles will be used for unauthorized purposes.

We recommend the Park prepare a complete vehicle log that includes all the required information to support Park vehicles were used for State use only.

Commission's Response: An improved effort will be implemented to provide proper reporting/recording of vehicle use by the staff of Mahoney State Park. The East Regional Parks Manager will share the findings of this report with all Mahoney State Park Superintendents, and direct them to communicate this information, and expectations for improvement, to all subordinate full-time employees. The Park Superintendents will develop detailed instructions for proper Vehicle Log reporting, and direct appropriate department supervisors to include this information as a part of any preseason or periodic training sessions for seasonal staff. This same information will be provided to any staff hired mid-season, if that person will be operating vehicles or equipment. The department supervisors will be responsible for monitoring compliance and turning completed reports into the Park Superintendent III at the end of each reporting period, (monthly). The Park Superintendent III will audit the reports, account for any discrepancies, and submit them to the Park Superintendent IV for approval and signature. The reports will then be submitted to the Division of State Parks office in Lincoln.

5. Reliance on Manual Leave Records

Good internal control requires a close monitoring of employee vacation and sick leave balances and the balances should be maintained on NIS, the official accounting system of the State.

The Commission has been maintaining and relying on manual leave records as well as the leave balances within NIS. During our review of leave balances, we noted one of three employees tested did not have an accurate vacation balance on NIS. We noted the employee's vacation

NEBRASKA GAME AND PARKS COMMISSION
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COMMENTS AND RECOMMENDATIONS

(Continued)

5. Reliance on Manual Leave Records (Concluded)

balance was correctly calculated in the manual records, but excess vacation hours over the 280 limit were not lapsed on NIS due to a data entry error. This error was noted for two consecutive years.

With a lack of internal controls over correctly updating leave records on NIS, employees may be able to take leave that was not earned. In addition, the Personnel Division staff is devoting a substantial amount of time to maintain the manual records.

We recommend the Commission discontinue the use of all unnecessary manual leave records and ensure leave balances on NIS are accurate.

Commission's Response: The Agency's Personnel Office has discontinued the use of manual leave records for employees except for those employees covered by the SLEBC Labor Contract. The SLEBC Labor Contract provides for the earning of three different types of compensatory time. Jamey Crandall will contact the Department of Administrative Services to see if the 3 different types of comp time balances can be maintained in the NIS System and reflected on the pay stub.



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NEBRASKA GAME AND PARKS COMMISSION MAHONEY STATE PARK

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Game and Parks Commission - Mahoney State Park
Lincoln, Nebraska

We have examined the accompanying schedule of revenues and expenditures of the Nebraska Game and Parks Commission - Mahoney State Park (Commission) for the fiscal year ended June 30, 2007. The Commission's management is responsible for the schedule of revenues and expenditures. 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 and 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.

In our opinion, the schedule referred to above presents, in all material respects, the revenues and expenditures of the Nebraska Game and Parks Commission - Mahoney State Park for the fiscal year ended June 30, 2007, 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 March 14, 2008, on our consideration of the Nebraska Game and Parks Commission - Mahoney State Park's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts 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 management, the Commission, others within the Commission, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

March 14, 2008


Assistant Deputy Auditor

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK
SCHEDULE OF REVENUES AND EXPENDITURES
For the Fiscal Year Ended June 30, 2007

	State General Fund 10000	State Game Fund 23320	State Park Fund 23330	Nebraska Habitat Fund 23340	NORDA Fund 23380	Aquatic Habitat Fund 23410	Totals (Memorandum Only)
REVENUES:							
Appropriations	\$ 1,310,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,310,791
Intergovernmental	-	-	1,500	-	-	-	1,500
Sales & Charges	-	8,566	2,689,966	1,010	-	2,203	2,701,745
Miscellaneous	100	-	3,800,545	-	-	-	3,800,645
TOTAL REVENUES	<u>1,310,891</u>	<u>8,566</u>	<u>6,492,011</u>	<u>1,010</u>	<u>-</u>	<u>2,203</u>	<u>7,814,681</u>
EXPENDITURES:							
Personal Services	1,259,798	-	1,623,744	-	139,910	-	3,023,452
Operating	51,093	-	2,414,199	-	9,476	-	2,474,768
Travel	-	-	170	-	-	-	170
Capital Outlay	-	-	24,977	-	-	-	24,977
TOTAL EXPENDITURES	<u>1,310,891</u>	<u>-</u>	<u>4,063,090</u>	<u>-</u>	<u>149,386</u>	<u>-</u>	<u>5,523,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>8,566</u>	<u>2,428,921</u>	<u>1,010</u>	<u>(149,386)</u>	<u>2,203</u>	<u>2,291,314</u>

The accompanying notes are an integral part of the schedule.

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2007

1. Criteria

The accounting policies of the Nebraska Game and Parks Commission - Mahoney State Park (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., 2006, 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."

In accordance with Neb. Rev. Stat. Section 81-1111(1) R.R.S. 1999, The State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes the Nebraska Information System (NIS) to maintain the general ledger and all detail accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the schedule of revenues and expenditures was obtained directly from the general ledger information kept on NIS. As transactions occur, the agencies record the accounts receivables and accounts payable in the general ledger. 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 expenditures and related accounts payables recorded in the general ledger as of June 30, 2007, include only those payables posted in the general ledger before June 30, 2007, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2007, **does not** include amounts for goods and services received before June 30, 2007, which had not been posted to the general ledger as of June 30, 2007.

DAS did not require the Department to record their receivables on the general ledger and these amounts are not reflected in revenues on the Schedule. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The fund types established by the State that are used by the Commission are:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

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.

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

The major revenue account classifications established by State Accounting used by the Commission are:

Appropriations – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

Intergovernmental – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

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.

The major expenditure account classifications established by State Accounting 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.

Capital Outlay – Expenditures which result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

2. Reporting Entity

The Nebraska Game and Parks 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 schedule includes only the revenues and expenditures recorded on the general ledger for Mahoney State Park and not the fund balances of the funds as these funds are also used by other parks within the Commission's park system.

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

NOTES TO THE SCHEDULE
(Continued)

2. Reporting Entity (Concluded)

The Nebraska Game and Parks Commission - Mahoney State Park is part of the Commission and the Commission is part of the primary of the government for the State of Nebraska.

3. 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 because interfund balances and transactions have not been eliminated.

4. Capital Assets

Capital assets include land, buildings, equipment, and improvements to buildings. Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Commission takes an annual inventory and accounts for all equipment that has a cost of \$1,500 or more at the date of acquisition in the State Accounting System.

For the CAFR, the State requires the Commission to value 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 \$5,000 or more at the date of acquisition and has an expected useful life of two or more years is capitalized. Substantially all initial building costs, land and land improvements are capitalized. Building improvements and renovations are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement. Depreciation expenses are 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 the asset's life is not capitalized.

Buildings and equipment are depreciated in the CAFR using the straight-line method. The following estimated useful lives are used to compute depreciation:

Buildings	40 Years
Equipment	3 to 10 Years

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

NOTES TO THE SCHEDULE
(Continued)

4. Capital Assets (Concluded)

Capital asset activity of the Commission recorded in the State Accounting System for the fiscal year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Buildings	\$ 19,325,782	\$ -	\$ -	\$ 19,325,782
Equipment	1,365,451	28,327	60,923	1,332,855
Land	578,504	-	-	578,504
Total	\$ 21,269,737	\$ 28,327	\$ 60,923	21,237,141
Less accumulated depreciation for:				
Buildings				5,488,346
Equipment				1,172,606
Total				6,660,952
Total capital assets, net of depreciation				\$ 14,576,189

5. Reconciliation of Bank Records to the State's General Ledger

Through their bank reconciliation procedures, State Accounting has identified a large unknown statewide variance between the State Treasurer's bank statements and the State's balances in the general ledger. This unknown variance indicates the bank records are short as compared to the accounting records. Some adjustments to the accounting records may be needed and may affect the fund balances of the Commission. At this time, it has not been determined how or when adjustments to the accounting records might be made. State Accounting is unable to determine the affect of such adjustment, if any, on the Commission's balances; however, State Accounting believes it will not have a material impact on the Commission's operations.



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NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION
OF THE SCHEDULE OF REVENUES AND EXPENDITURES PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Nebraska Game and Parks Commission - Mahoney State Park
Lincoln, Nebraska

We have examined the accompanying schedule of revenues and expenditures of the Nebraska Game and Parks Commission - Mahoney State Park as of and for the year ended June 30, 2007, and have issued our report thereon dated March 14, 2008. 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 Game and Parks Commission - Mahoney State Park's internal control over financial reporting as a basis for designing our procedures for the purpose of expressing our opinion on the schedule of revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the Nebraska Game and Parks Commission - Mahoney State Park's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nebraska Game and Parks Commission - Mahoney State Park's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nebraska Game and Parks Commission - Mahoney State Park's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services such that there is more than a remote likelihood that a misstatement of the Nebraska Game and Parks Commission - Mahoney State Park's financial schedule that is more than inconsequential will not be prevented or detected by the Nebraska Game and Parks Commission - Mahoney State Park's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial schedule will not be prevented or detected by the Nebraska Game and Parks Commission - Mahoney State Park's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Nebraska Game and Parks Commission - Mahoney State Park's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts 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 audit, 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 certain additional items that we reported to management of the Nebraska Game and Parks Commission - Mahoney State Park in the Comments Section of this report as Comment Number 1 (State Provided Housing), Comment Number 2 (Accounts Receivable Issues), Comment Number 3 (Segregation of Duties Over Fixed Assets), Comment Number 4 (Vehicle Logs), and Comment Number 5 (Reliance on Manual Leave Records).

The Nebraska Game and Parks Commission - Mahoney State Park's written response to the findings identified in our audit are described in the Comments Section of the report. We did not examine the Nebraska Game and Parks Commission - Mahoney State Park's response and accordingly, we express no opinion on it. Where no response is indicated, the Commission declined to respond.

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

March 14, 2008

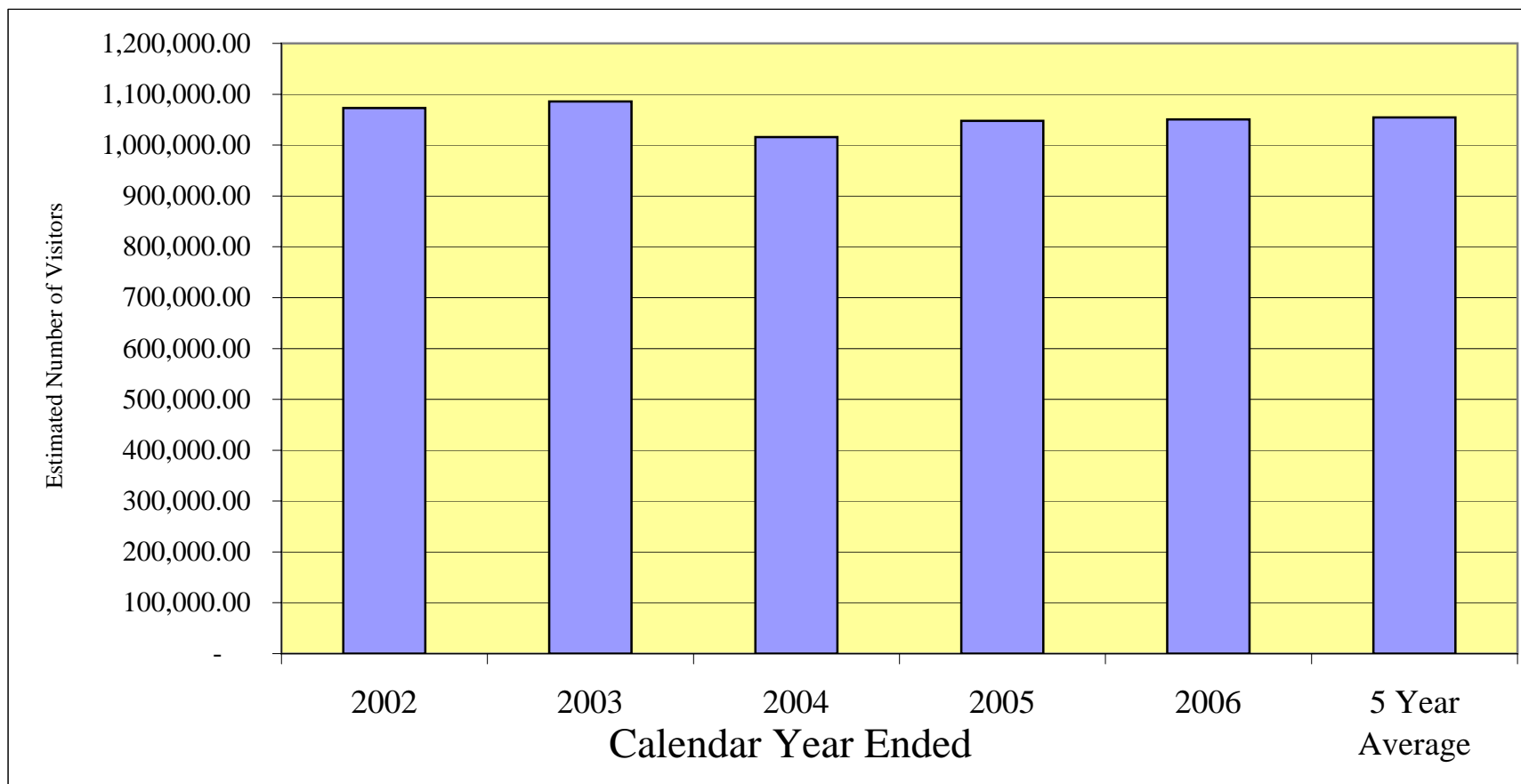

Assistant Deputy Auditor

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK

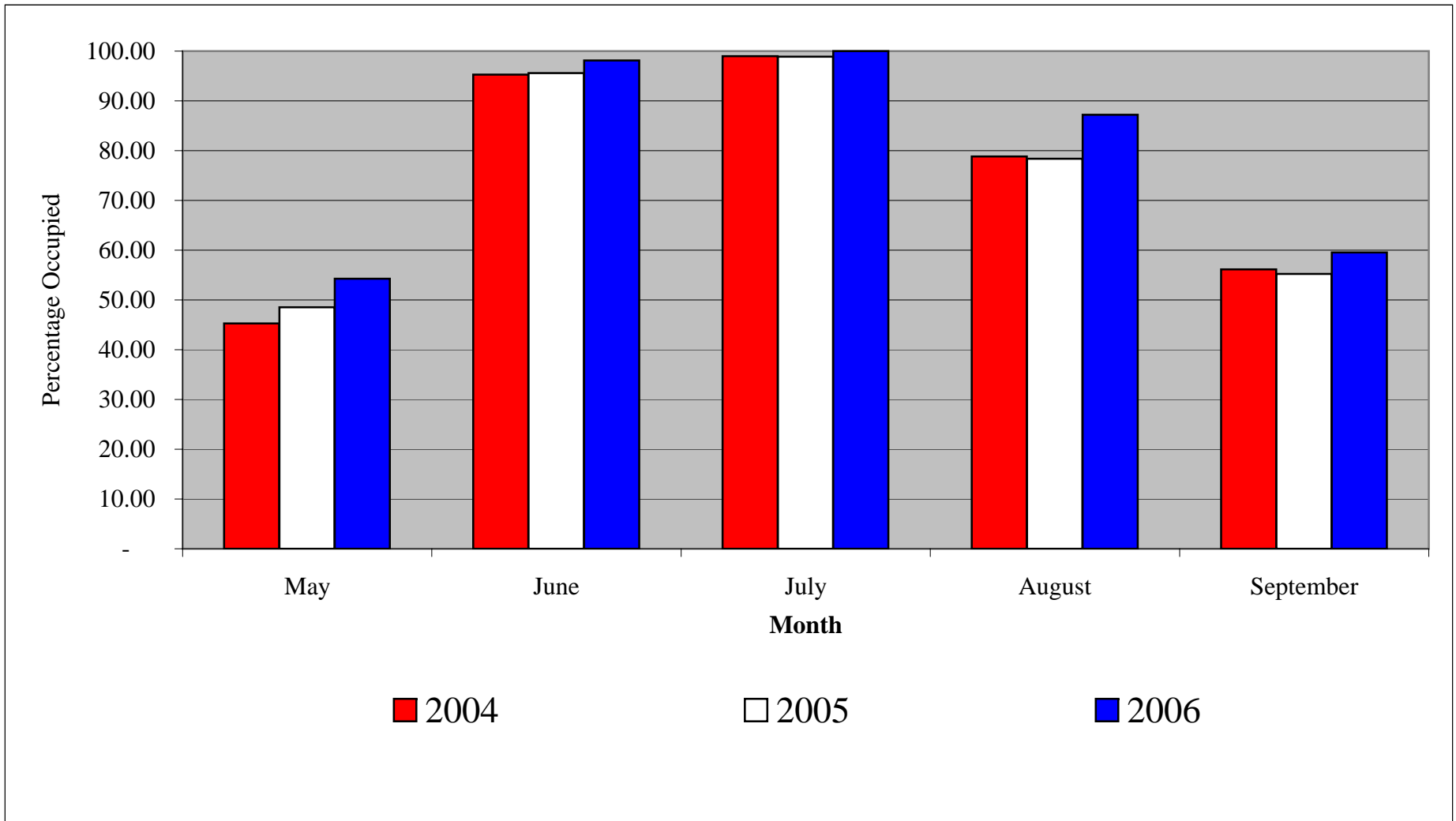
STATISTICAL SECTION

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues and 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 revenues and expenditures, and, accordingly, we express no opinion on it.

NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK
ESTIMATED NUMBER OF PARK VISITORS



NEBRASKA GAME AND PARKS COMMISSION
MAHONEY STATE PARK
CABIN OCCUPANCY



NEBRASKA GAME AND PARKS COMMISSION
 MAHONEY STATE PARK
DETAIL SCHEDULE OF REVENUES-FUND 23330
 For the Fiscal Year Ended June 30, 2007

		State Park Fund 23330
REVENUES		
Intergovernmental	\$	1,500
Sales & Charges		
Hunt/Fish/Stamps		-
Park Entry Permits		584,451
Restaurant/Food/Resale		2,037,631
Other fees		67,884
Miscellaneous		
Camping Fees		255,830
Cabin Rentals		2,309,333
Swimming Pool		583,638
Entrance Fees (theater)		239,137
Concessions/rentals		318,038
Misc/Donations		94,569
TOTAL REVENUES	\$	6,492,011