

**ATTESTATION REPORT
OF THE
NEBRASKA HIGHWAY COMMISSION
JULY 1, 2009 THROUGH JUNE 30, 2010**

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Issued on March 10, 2011

NEBRASKA HIGHWAY COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1
Nebraska Highway Commission Districts	1
Comments Section	
Exit Conference	2
Financial Section	
Independent Accountant's Report	3 - 4
Schedule of Expenditures	5
Notes to the Schedule	6 - 7
Government Auditing Standards Section	
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
Statistical Section	10
Schedule of Expenditures by Commissioner	11

NEBRASKA HIGHWAY COMMISSION

BACKGROUND

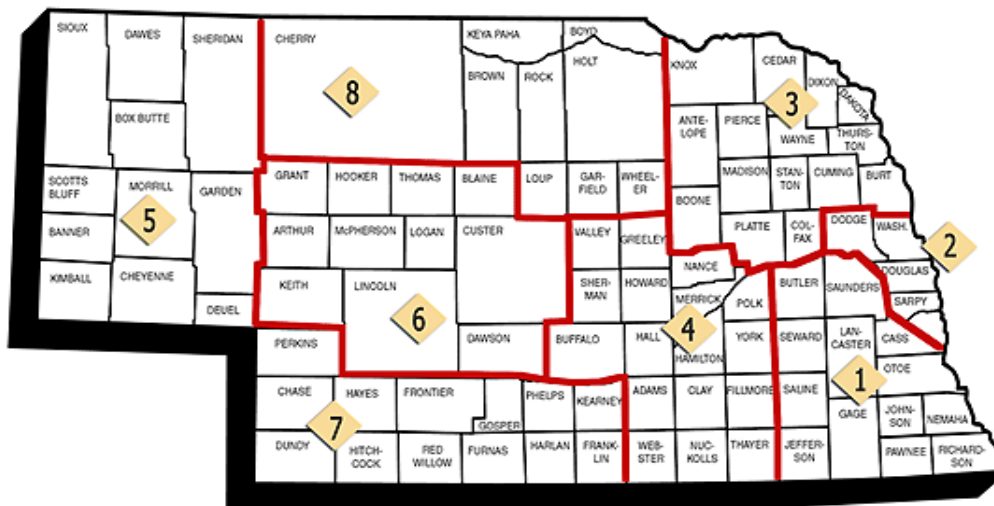
The 1953 Legislature created the seven member State Highway Commission (Commission) to advise the Director of the Department of Roads (Department) on policies to carry out the Department's duties and responsibilities. In 1987, the Legislature added another Commission member and aligned Commission districts 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
Rodney P. Vandenberg, Falls City	District 1
Richard S. Reiser, Omaha (Note)	District 2
David E. Copple, Norfolk	District 3
Donna M. Wanitschke, Grand Island	District 4
Doug Leafgreen, Gering	District 5
Ronald W. Books, North Platte	District 6
Greg Wolford, McCook	District 7
Jerome A. Fagerland, Atkinson	District 8
Monty Fredrickson, Lincoln	Director of Roads

Note: Richard S. Reiser resigned from the Commission in March 2010. District 2 remained vacant until E.J. Militti Jr. was approved as District 2 Commissioner in August 2010.

NEBRASKA HIGHWAY COMMISSION DISTRICTS



NEBRASKA HIGHWAY COMMISSION

EXIT CONFERENCE

An exit conference was held March 4, 2011, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Highway Commission were:

NAME	TITLE
Steve Maraman	Controller
Mary Jo Oie	Communications Division Manager



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NEBRASKA HIGHWAY COMMISSION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Highway Commission
Lincoln, Nebraska

We have examined the accompanying schedule of expenditures of the Nebraska Highway Commission (Commission) for the fiscal year ended June 30, 2010. The Commission's management is responsible for the schedule of 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 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 expenditures of the Nebraska Highway Commission for the fiscal year ended June 30, 2010, 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 3, 2011, on our consideration of the Nebraska Highway Commission's internal control over financial reporting (internal control) and our tests of its compliance with certain provisions of laws and regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the internal control 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.

Signed Original on File

March 3, 2011

Timothy J. Channer, CPA
Assistant Deputy Auditor

NEBRASKA HIGHWAY COMMISSION
SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 2010

EXPENDITURES:

Personal Services	\$ 57,291
Operating	344
Travel	<u>21,165</u>
TOTAL EXPENDITURES	<u><u>\$ 78,800</u></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, 2010

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. § 81-1107(2) (Reissue 2008), 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. § 81-1111(1) (Reissue 2008), 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 EnterpriseOne to maintain the general ledger and all detailed 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 expenditures was obtained directly from the general ledger information maintained on the Department of Road’s Payment System (RPS) which interfaces and reconciles directly to EnterpriseOne. As transactions occur, the agencies record the accounts payable in the general ledger. As such, certain 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, 2010, include only those payables posted in the general ledger before June 30, 2010, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2010, **does not** include amounts for goods and services received before June 30, 2010, which had not been posted to the general ledger as of June 30, 2010.

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 the Commission’s primary service activities.

Travel – All travel expenses for any state officer, employee, or member of the Commission.

NEBRASKA HIGHWAY COMMISSION

NOTES TO THE SCHEDULE

(Continued)

2. Reporting Entity

The Nebraska Highway Commission is 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 expenditures of the Commission included in the general ledger.

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

3. Personal Services Estimate

The Department of Road's Communications Division (Division) took over responsibilities for assisting the Commission with its administrative activities in October 2009 after the former Commission Secretary retired. The Division maintains all of their budgeted and expended employee salary and benefits by their own separate account codes that differ from how the Commission's former secretary's time was coded in the general ledger. The Division developed an estimate of \$16,131 for salary and benefits related to the Commission based on assumptions of the amount of time spent working on Commission activities. The estimate of Division salary and benefit costs is included in the \$57,291 of Personal Services presented on the Schedule of Expenditures.



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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***

Nebraska Highway Commission
Lincoln, Nebraska

We have examined the accompanying schedule of expenditures of the Nebraska Highway Commission as of and for the year ended June 30, 2010, and have issued our report thereon dated March 3, 2011. 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 Highway Commission's internal control over financial reporting (internal control) as a basis for designing our procedures for the purpose of expressing our opinion on the schedule of expenditures, but not for the purpose of expressing an opinion on the effectiveness of the Nebraska Highway Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nebraska Highway Commission's internal control.

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Highway Commission's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*.

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.

Signed Original on File

March 3, 2011

Timothy J. Channer, CPA
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
 Fiscal Year Ended June 30, 2010

<u>Commissioner</u>	<u>District</u>	<u>Per Diem</u>	<u>Operating</u>	<u>Travel</u>	<u>Total</u>
Rodney P. Vandenberg, Falls City	1	\$ 520	\$ -	\$ 1,741	\$ 2,261
Richard S. Reiser, Omaha	2	220	-	546	766
David E. Copple, Norfolk	3	240	-	863	1,103
Donna M. Wanitschke, Grand Island	4	340	-	1,060	1,400
Doug Leafgreen, Gering	5	340	-	3,928	4,268
Ronald W. Books, North Platte	6	420	-	2,766	3,186
Greg Wolford, McCook	7	440	-	4,580	5,020
Jerome A. Fagerland, Atkinson	8	400	-	2,709	3,109
		Salary & Benefits			
Commission Executive Secretary		38,240	-	48	38,288
Communications Division (Estimated)		16,131	-	-	16,131
Other		-	344	2,924	3,268
TOTAL EXPENDITURES		<u>\$ 57,291</u>	<u>\$ 344</u>	<u>\$ 21,165</u>	<u>\$ 78,800</u>