

**ATTESTATION REPORT  
OF THE  
NEBRASKA ACCOUNTABILITY AND  
DISCLOSURE COMMISSION**

**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

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**Issued on April 25, 2011**

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
<b>Background Information Section</b>	
Background	1 - 2
Mission Statement	2
Organizational Chart	3
<b>Exit Conference</b>	4
<b>Financial Section</b>	
Independent Accountant's Report	5 - 6
Schedule of Revenues, Expenditures, and Changes in Fund Balances	7
Notes to the Schedule	8 - 11
<b>Government Auditing Standards Section</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances Performed in Accordance with <i>Government Auditing Standards</i>	12 - 13
<b>Statistical Section</b>	14
Commission Expenditures	15
NADC Cash Fund 28710 Fund Balance	16
Campaign Finance Limit Cash Fund 28720 Fund Balance	17

# NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

## BACKGROUND

The 1976 Legislature created the Nebraska Accountability and Disclosure Commission (Commission) through the enactment of the Nebraska Political Accountability and Disclosure Act (Act). This act became effective July 1, 1977.

The Commission is an independent State government administrative agency. Under the Act, the Commission administers and enforces State ethics laws, campaign finance laws, and lobbying laws. The Commission has the authority to issue advisory opinions, adopt rules and regulations, conduct investigations into possible violations of the Act and assess civil penalties against anyone found to have violated the Act.

The ethics provisions of the Act require certain public officials and public employees on State and local levels to file annual statements that disclose their personal financial interests. Written disclosures of potential conflicts of interest must be filed by certain categories of public officials and public employees. The ethics provisions of the Act also regulate the hiring or employment of immediate family members, prohibit the use of a public position for personal financial gain, and prohibit the use of government resources, property, personnel or funds for nongovernmental purposes.

The lobbying provisions of the Act require those attempting to influence the actions of the Legislature on behalf of another to register with the Clerk of the Legislature. The registration discloses the identity of the principal for which the lobbyist is lobbying. Lobbyists and principals file quarterly reports disclosing receipts and expenditures for lobbying purposes. Lobbyists must file statements after the legislative session disclosing the issues they lobbied for or against. The lobbying provisions of the Act also restrict the gifts that lobbyists and principals may provide to officials and employees in the executive and legislative branches of government.

The campaign finance provisions of the Act require disclosure of campaign receipts and expenditures by candidates seeking state or local office, political action committees, and ballot question committees. Corporations, unions, political parties, and other persons or entities that finance elections also have reporting obligations under the Act.

By an act of the Legislature, the Campaign Finance Limitation Act (CFLA) went into effect in 1995. The CFLA provides for voluntary campaign spending limits by candidates for specified public offices. The choice to abide by the spending limits or not to abide by the spending limits is made by the candidate and is not reversible. Candidates who choose to abide by the spending limits and meet other criteria may become eligible for public funds for use in their campaigns. Candidates who choose not to abide by the limits must file an estimate of what they expect to spend in the election. The difference between the estimate of the nonabiding candidate and the voluntary expenditure limit determines the amount of public funds awarded to the abiding candidate. Public funds are not counted against the voluntary spending limits. All candidates to whom the CFLA applies are subject to aggregate contribution limits. There is a limit on how much in contributions they may accept from sources other than individuals.

# NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

## **BACKGROUND**

(Continued)

The Commission consists of eight appointed members and the Secretary of State. The Governor appoints four members of the Commission. Two are appointed from lists of not less than five names submitted by the Legislature and two are appointed from the citizenry at large. The Secretary of State appoints four members. One is appointed from a list of no less than five names submitted by the chairperson of the Nebraska Democratic Party and one from a list of no less than five persons submitted by the chairperson of the Nebraska Republican Party. The Secretary of State appoints two from the citizenry at large. The Act establishes a geographical and political balance for the Commission's appointed membership. No more than three of the appointed members may reside in the same congressional district. No more than four of the appointed members may be registered in the same political party and one must be a registered independent. Appointed members serve six-year terms.

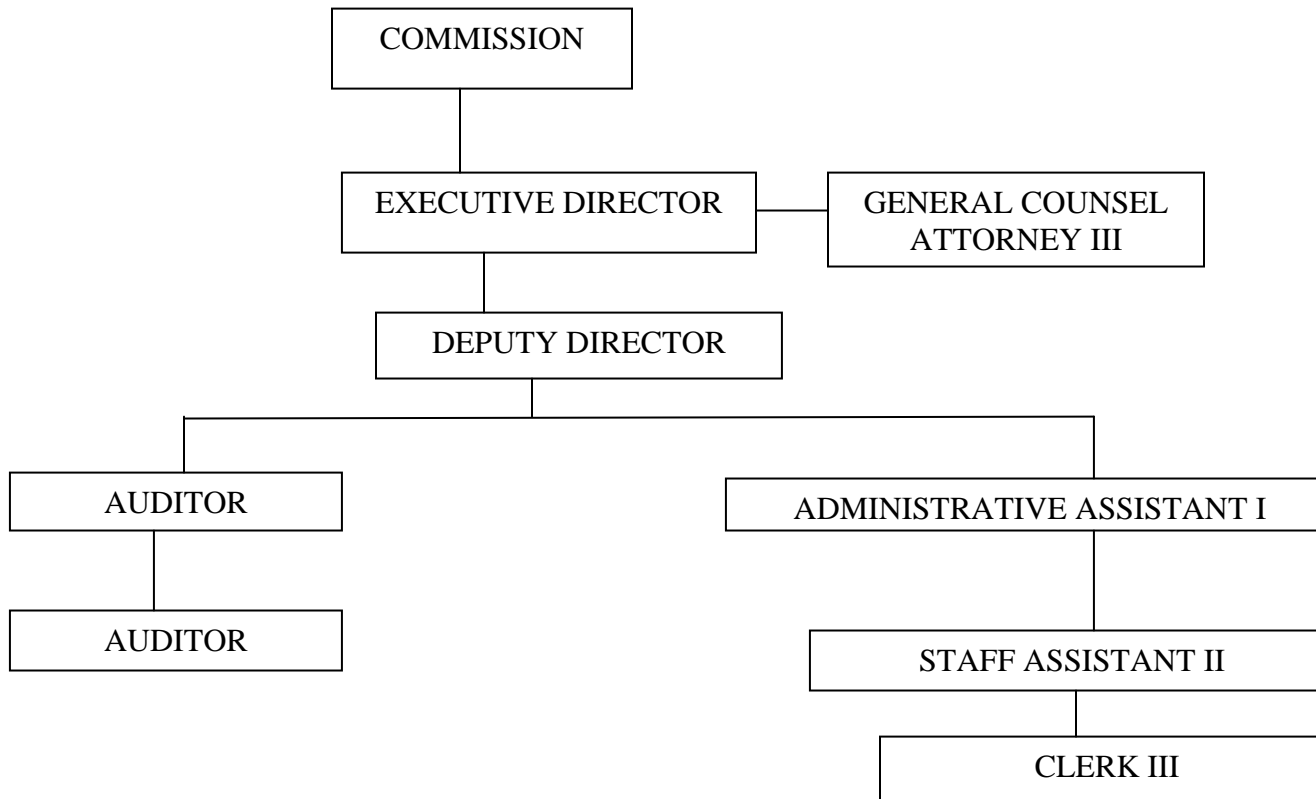
The Commission meets approximately nine times per year. Members receive \$50 for each day of service and reimbursement for expenses.

## **MISSION STATEMENT**

The mission of the Nebraska Accountability and Disclosure Commission is to administer and enforce the Nebraska Political Accountability and Disclosure Act and the Campaign Finance Limitation Act.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

**ORGANIZATIONAL CHART**



NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

**EXIT CONFERENCE**

An exit conference was held April 6, 2011, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Accountability and Disclosure Commission were:

<b>NAME</b>	<b>TITLE</b>
Frank Daley	Executive Director
Mark Hinman	Deputy Director

Draft copies of this report were furnished to the Commission to provide them an opportunity to review the report.

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



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Accountability and Disclosure Commission  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Accountability and Disclosure Commission (Commission) for the calendar year ended December 31, 2010. The Commission's management is responsible for the schedule of revenues, expenditures, and changes in fund balances. Our responsibility is to express an opinion based on our examination.

Except as noted in the third paragraph, 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 balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We obtained a written representation letter signed by the Commission's Executive Director and Deputy Director; however, the Commission Chair declined to sign the letter. We consider the Commission Chair to be a responsible party per attestation standards established by the American Institute of Certified Public Accountants.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary, had we been able to obtain the written representation letter from the Commission Chair as described in the preceding paragraph, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Accountability and Disclosure Commission for the calendar year ended December 31, 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 April 18, 2011, on our consideration of the Nebraska Accountability and Disclosure Commission's internal control over financial reporting (internal control) 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 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

April 18, 2011

Timothy J. Channer, CPA  
Assistant Deputy Auditor



NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Calendar Year Ended December 31, 2010

	General Fund 10000	NADC Cash Fund 28710	Campaign Finance Limit Fund 28720	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>				
Appropriations	\$ 362,495	\$ -	\$ -	\$ 362,495
Sales & Charges	-	113,074	-	113,074
Miscellaneous	-	7,097	81,456	88,553
<b>TOTAL REVENUES</b>	<b>362,495</b>	<b>120,171</b>	<b>81,456</b>	<b>564,122</b>
<b>EXPENDITURES:</b>				
Personal Services	330,722	168,899	-	499,621
Operating	28,349	346	-	28,695
Travel	3,424	-	-	3,424
<b>TOTAL EXPENDITURES</b>	<b>362,495</b>	<b>169,245</b>	<b>-</b>	<b>531,740</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(49,074)	81,456	32,382
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of Assets	512	-	-	512
Deposit to General Fund	(512)	-	-	(512)
Operating Transfers Out	-	(8,306)	(45,835)	(54,141)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(8,306)</b>	<b>(45,835)</b>	<b>(54,141)</b>
Net Change in Fund Balances	-	(57,380)	35,621	(21,759)
FUND BALANCES, JANUARY 1, 2010	903	212,962	761,445	975,310
FUND BALANCES, DECEMBER 31, 2010	<u>\$ 903</u>	<u>\$ 155,582</u>	<u>\$ 797,066</u>	<u>\$ 953,551</u>
<b>FUND BALANCES CONSIST OF:</b>				
General Cash	\$ -	\$ 155,532	\$ 797,066	\$ 952,598
Petty Cash	25	-	-	25
NSF Items	-	50	-	50
Deposits with Vendors	878	-	-	878
<b>TOTAL FUND BALANCES</b>	<u><b>\$ 903</b></u>	<u><b>\$ 155,582</b></u>	<u><b>\$ 797,066</b></u>	<u><b>\$ 953,551</b></u>

The accompanying notes are an integral part of the schedule.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2010

**1. Criteria**

The accounting policies of the Nebraska Accountability and Disclosure 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 revenues, expenditures, and changes in fund balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. 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 December 31, 2010, include only those payables posted in the general ledger before December 31, 2010, and not yet paid as of that date. The amount recorded as expenditures as of December 31, 2010, does not include amounts for goods and services received before December 31, 2010, which had not been posted to the general ledger as of December 31, 2010.

The Commission had accounts receivable not included in the Schedule of \$60,248 from fees, fines, and penalties. State Accounting did not require the Commission to record their receivables on the general ledger and these amounts are not reflected in revenues or fund balances 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.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

**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 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.

**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, late filing fees, civil penalties, and CFLA donations.

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.

Other significant accounting classifications and procedures established by State Accounting and used by the Commission 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 in the general ledger.

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures resulting in a decrease to fund balance.

**Other Financing Sources** – Operating transfers and proceeds of fixed asset dispositions.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

**NOTES TO THE SCHEDULE**

(Continued)

**2. Reporting Entity**

The Nebraska Accountability and Disclosure 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 all funds of the Commission included in the general ledger.

The Nebraska Accountability and Disclosure Commission is part of the primary 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. General Cash**

General cash accounts are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State’s Investment Council that maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

**5. Capital Assets**

Capital assets includes equipment. Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire 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. Depreciation expenses are reported in the CAFR in the funds used to acquire 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.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

**NOTES TO THE SCHEDULE**

(Continued)

**5. Capital Assets** (Concluded)

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of three to ten years.

Capital asset activity of the Commission recorded in the State Accounting System for the calendar year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	\$ 25,370	\$ -	\$ 2,342	\$ 23,028
Less accumulated depreciation for:				
Equipment				19,967
Total capital assets, net of depreciation				<u>\$ 3,061</u>

**6. Transfers**

Funds from the Commission's NADC Cash Fund 28710 and Campaign Finance Limitation Cash Fund 28720 were authorized to be transferred to the General Fund by 2009 Neb. Laws, First Special Session, LB 1. The following amounts were transferred to the General Fund during the calendar year ended December 31, 2010:

	NADC Cash Fund 28710	Campaign Finance Limit Fund 28720
January 15, 2010	\$ 2,048	\$ 10,794
June 15, 2010	2,047	10,794
December 15, 2010	4,211	24,247
Totals	<u>\$ 8,306</u>	<u>\$ 45,835</u>

**7. Campaign Finance**

The Campaign Finance Limitation Cash Funds are, as required by Neb. Rev. Stat. § 32-1611 (Reissued 2010), strictly to be used by individuals running for covered elective offices who have requested public financing. State statute allows for certain elected offices to gain access to this public funding once the Campaign Finance Limitation Cash Fund balance exceeds predetermined dollar limits set forth in statute. The Commission's operational expenditures are not permitted to be paid from this fund.



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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**NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION  
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 BALANCES PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Nebraska Accountability and Disclosure Commission  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Accountability and Disclosure Commission as of and for the year ended December 31, 2010, and have issued our report thereon dated April 18, 2011. Except as noted in the Independent Accountant's Report, 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 Accountability and Disclosure 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 revenues, expenditures, and changes in fund balances, but not for the purpose of expressing an opinion on the effectiveness of the Nebraska Accountability and Disclosure Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nebraska Accountability and Disclosure 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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Accountability and Disclosure Commission's financial schedule 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*.

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

April 18, 2011

Timothy J. Channer, CPA  
Assistant Deputy Auditor

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

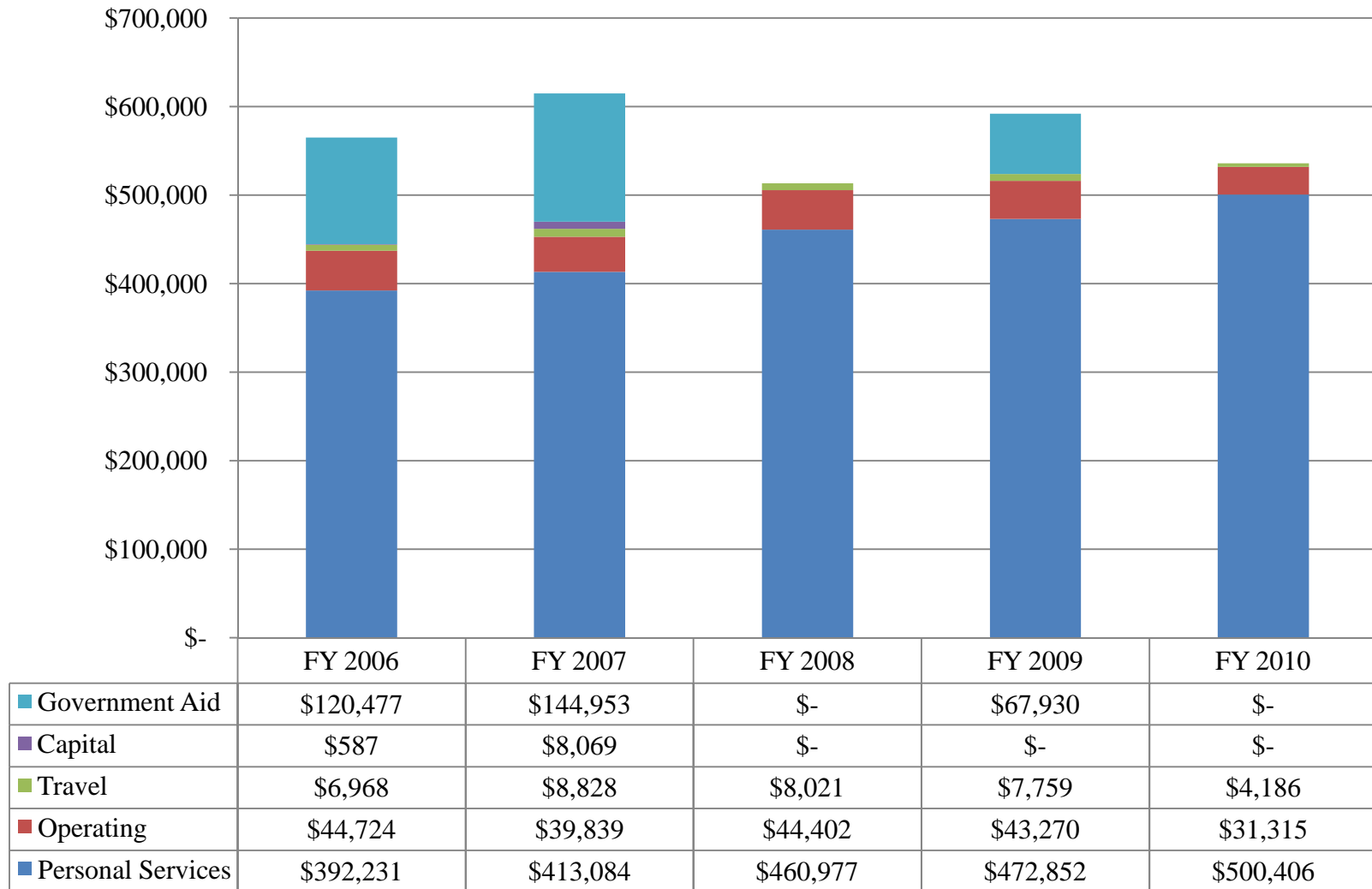
**STATISTICAL SECTION**

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.

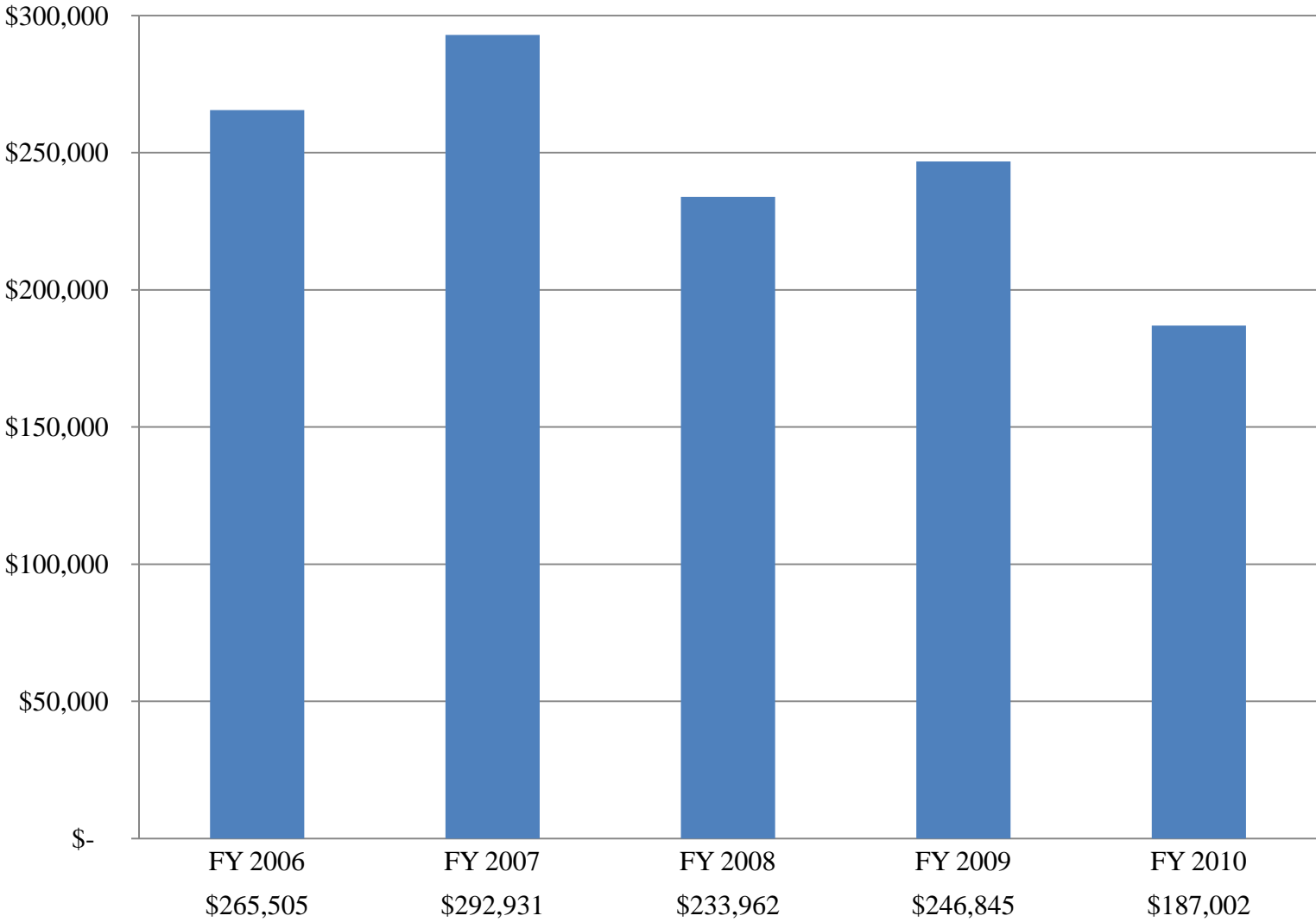


**NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION  
COMMISSION EXPENDITURES**

For the Fiscal Years Ended June 30, 2006, 2007, 2008, 2009, 2010



**NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION**  
**NADC CASH FUND 28710 FUND BALANCE**  
For the Fiscal Years Ended June 30, 2006, 2007, 2008, 2009, 2010



NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION  
**CAMPAIGN FINANCE LIMIT CASH FUND 28720 FUND BALANCE**  
For the Fiscal Years Ended June 30, 2006, 2007, 2008, 2009, 2010

