ATTESTATION REPORT
OF THE
NEBRASKA COMMISSION FOR THE
DEAF AND HARD OF HEARING

APRIL 1, 2011 THROUGH MARCH 31, 2012

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Issued on June 12, 2012
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Audit Staff Working On This Examination
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Brock Tonniges, Auditor
Kristina Oria, Auditor

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BACKGROUND

The Nebraska Commission for the Deaf and Hard of Hearing (Commission) was created in 1979 to improve the quality and coordination of existing services for the deaf and hard of hearing and to promote the development of new services when necessary. The Commission provides information on hearing loss and available services to the public. The State statutes governing the Commission are found at Neb. Rev. Stat. § 71-4720 et. seq. (Reissue 2009).

The Commission has nine members appointed by the Governor to three-year terms with approval of the Legislature. Members include three deaf persons, three hard of hearing persons and three persons who have an interest in and knowledge of deafness and hearing loss issues. A majority of the members who are deaf and hard of hearing must be able to express themselves through sign language. All members must be familiar with the problems the deaf and hard of hearing face in Nebraska.

The Commission meets four times a year. Members are not paid but are reimbursed for expenses.

Pursuant to Neb. Rev. Stat. § 71-4728, some of the Commission’s duties include: 1) Inventory services available for meeting the problems of persons with a hearing loss and assisting such persons in locating and securing such services. 2) License interpreters and prepare and maintain a roster of licensed interpreters including, approving, conducting, and sponsoring continuing education programs and other activities to assess continuing competence of licensees. 3) Promote the training of interpreters for deaf or hard of hearing persons. 4) Provide counseling to deaf or hard of hearing persons or refer such persons to private or governmental agencies which provide counseling services. 5) Promote expanded adult educational opportunities for deaf or hard of hearing persons. 6) Assess and monitor programs for services to deaf or hard of hearing persons and make recommendations to those state agencies providing such services regarding changes necessary to improve the quality and coordination of the services. 7) Promote awareness and understanding of the rights of deaf or hard of hearing persons. 8) Promote statewide communication services for deaf or hard of hearing persons. 9) Provide licensed interpreters in public and private settings for the benefit of deaf or hard of hearing persons, if private-practice licensed interpreters are not available. 10) Make recommendations to the State Department of Education, public school districts, and educational service units regarding policies and procedures for qualified educational interpreter guidelines and a training program including, but not limited to, testing, training, and grievances.
EXIT CONFERENCE

An exit conference was held May 31, 2012, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Commission for the Deaf and Hard of Hearing were:

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dillard W. Delts</td>
<td>Commission Chair</td>
</tr>
<tr>
<td>Steven Manning</td>
<td>Commission Member</td>
</tr>
<tr>
<td>Dr. Raymond Meester</td>
<td>Commission Member</td>
</tr>
<tr>
<td>Dr. Peter Seiler</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Lori Burrage</td>
<td>Business Manager II</td>
</tr>
</tbody>
</table>
SUMMARY OF COMMENTS

During our examination of the Nebraska Commission for the Deaf and Hard of Hearing (Commission), we noted certain deficiencies in internal control and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. **Internal Control Over Capital Assets:** The Commission did not have sufficient internal controls over capital assets or items available for lending listed online as a part of the Nebraska Assistive Technologies Partnership. For both classes of assets, there was a lack of segregation of duties, an annual physical inventory was not performed, and the listings were inaccurate. Assets totaled $119,599.

2. **Internal Control Over Receipts:** The Commission did not have policies and procedures for the proper segregation of duties over revenues or for whom and where donations were to be received and what documentation should be maintained. Revenues totaled $22,106, at period end March 31, 2012.

3. **Internal Control Over Payroll:** The Commission did not have a proper review of payroll expenditures by someone independent from the individuals processing payroll. Additionally, the Director’s timesheets were not accurately completed or reviewed by a Commissioner. Payroll expenditures totaled $553,000 at period end March 31, 2012.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Commission.

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 the 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.
1. **Internal Control Over Capital Assets**

A good internal control plan requires adequate policies and procedures to ensure no one individual is in a position to both perpetrate and conceal errors and irregularities. A good internal control plan also requires an adequate review of system reports, periodic inventories of assets, accurate records, and the proper safeguarding of assets.

*Capital Assets Recorded in the Accounting System*

The Commission had three offices during the period tested. The main office was located in Lincoln, and there were two additional branch offices in Omaha and North Platte. During testing of the Commission’s fixed asset procedures and records, we noted the following:

- There was a lack of segregation of duties, as one individual was responsible for the addition and deletion of fixed assets in the accounting system, performed the physical inventory, and reviewed reports from the system. There was not a review of system reports by a separate individual to ensure transactions were proper. Furthermore, the Commission did not have an additional individual trained or set up with access to the accounting system in order to perform fixed asset procedures in the event of extended leave.

- The fixed asset listing was not accurate in the accounting system. One laptop on the list was recorded with a location at the Commission’s Scottsbluff office; however, the Scottsbluff office closed in 2010. The Commission was unable to locate the item, which was purchased for $1,585. The Commission also had one asset on the listing that had been destroyed in 2008. The asset’s status had not been properly updated in the system. Additionally, staff was to complete changes of asset status forms to move or surplus items. However, the forms were not consistently utilized. During testing, we noted one asset from the Omaha office was at the Lincoln office for disposal, but there was no form completed.

- Items held by the Commission for surplus were not adequately safeguarded. During January 2012, the Commission had several items stolen. The room where the items were kept was accessible to all staff of the Commission and building maintenance staff.

- The Commission did not perform a physical inventory count yearly in compliance with Neb. Rev. Stat. § 81-1118.02(1) (Supp. 2011). The last inventory was conducted in July 2009.

The Commission’s capital assets totaled $44,145 at March 31, 2012.
1. **Internal Control Over Capital Assets** (Concluded)

*Online Lending Assets*

The Commission also had an online loan and lending program through the Assistive Technologies Partnership (Partnership). The items were available to be loaned out to individuals so they may try the items before purchasing them. The items were either purchased by the Commission or were on loan to the Commission from individuals or groups. The Commission had 1,861 items valued at $75,454 at May 18, 2012.

During testing, we noted the Commission lacked sufficient control over items available for lending through the Partnership.

- Four Lincoln staff had access to add, remove, and loan items, and all items purchased were received at the Lincoln office.

- The Commission did not take a periodic inventory of the items listed.

- No review was done by the Commission to ensure purchased items were properly entered onto the online program, and the status and location of items was accurate. For instance, four items were listed for the Scottsbluff office, which closed in 2010, and the Commission was unable to provide documentation of their current location. The items were valued at $750. We also noted two of nine items tested were no longer available; one item was disposed in March 2012, and the second item, totaling $230, was unable to be located.

Without adequate policies and procedures to ensure assets are properly recorded and reviewed, there is an increased risk of loss or misappropriation of assets. A similar comment was noted during the fiscal year 2006 Attestation.

We recommend the Commission implement procedures to ensure an adequate segregation of duties, which includes appointing an individual separate from the capital asset process to review system reports. We also recommend the Commission conduct periodic inventories to ensure assets are properly recorded and accounted for.

*Commission’s Response:  Generally, we have either made corrections or have put into place language to avoid similar issues in the future. An issue with this recommendation concerns the availability of staff. We will consult with the AS Accounting Department and other appropriate agencies to determine the best way to implement this recommendation given the Commission’s staffing plan or the specific agency’s rules.*
2. **Internal Control Over Receipts**

A good internal control plan requires adequate policies and procedures to ensure no one individual is in a position to both perpetrate and conceal errors and irregularities.

During testing, we noted the Commission did not have policies and procedures for the proper segregation of duties over revenues. Two individuals were able to open mail containing cash receipts or receive monies at the front desk, record monies received for the day on the log, and access the blank license and Quality Assurance Screening Test (QAST) card stock. The Commission did not have adequate controls over the blank stock, as an inventory count was not performed periodically. Furthermore, one of the individuals was also responsible for the preparation of invoices and applying cash received to accounts receivable. This allowed for the possible misuse or misappropriation of assets, as an individual could issue a license or QAST card and not deposit the monies received.

The Commission also received donations during the period tested. The Commission did not have policies and procedures for whom and where donations were to be received and what documentation should be maintained. During testing, we noted the Director received a donation during a business society presentation on November 21, 2011. The donation was deposited to the Director’s personal account and not reimbursed to the Commission until December 14, 2011, 23 days after it was received. A receipt was written to the Director for $100, instead of to the business which donated the monies. There was no documentation to ensure the proper amount was deposited.

Total revenues, less appropriations, totaled $22,106, for the period end March 31, 2012, including $935 in recorded donations.

We recommend the Commission establish policies and procedures for an appropriate segregation of duties, proper safeguarding of donations, and timely processing of transactions to ensure all monies received are properly deposited.

Commission’s Response: **In response to the recommendation, we will examine other options to handle this issue. We also will consult with other agencies regarding their rules that impact the above recommendation. Finally, for the response to the donation issue, the Commission has enacted a new policy to correct this oversight.**

3. **Internal Control Over Payroll**

A good internal control plan requires adequate policies and procedures to ensure payroll expenditures are proper, adequately documented, and approved.
3. **Internal Control Over Payroll** (Continued)

During testing of payroll, we noted several concerns, as follows:

- Two individuals were able to perform all functions of payroll processing and no one independent from the process reviewed detailed reports or compared the two individuals’ payroll to their timesheets to ensure time recorded and payments were proper.

- The Director’s leave requests and timesheets were not approved by a Commissioner. Instead, a subordinate of the Director was responsible for the approval. This individual was not in a position to question the Director’s leave requests and timesheets.

- According to the Commission’s policies, the Director was not eligible for compensatory time for work in excess of 40 hours each week. However, the Director was earning and using compensatory time and not properly documenting the earnings or use on his timesheet.

- The Director also used flex time within the week; however, the time was not documented on his timesheet. During our testing of one pay period, we noted the Director’s timesheet recorded eight hours worked each day. However, according to additional documentation provided during testing the Director flexed his work days throughout the pay period.

Without the proper review of payroll by someone independent from the individuals processing the transactions, the proper adherence to policies, and proper documentation and approval of time worked and leave used, there is an increased risk of misuse of funds, as time worked may not be accurate. Payroll expenditures totaled $553,000 for period end March 31, 2012.

We recommend an individual without payroll access review detailed reports and reconcile timesheets to time recorded in the accounting system for individuals able to process payroll. Furthermore, we recommend the Director’s leave and time worked be properly documented and approved by a Commission member.

*Commission’s Response:* In response to the first bullet, the Executive Director will review the detailed reports of those individuals who process the payroll. This is effective immediately. With regards to the recommendation that the Director’s leave and time worked should be properly documented and approved by a Commission member, the Commission is of the opinion that the Fair Labor Standards Act requires most employees be paid at least minimum wage for all hours worked and overtime pay for all hours worked over 40 in a workweek, except those employees working as bona fide executive, administrative, professional and outside sales employees. According to the Fair Labor Standards Act, exempt employees must receive a full
3. **Internal Control Over Payroll** (Concluded)

Commission’s Response, Concluded:
salary for any week in which the employee performs any work without regard to the number of
days or hours worked, unless certain exceptions are met. These allowable exceptions include
certain deductions of one or more full days, but only if there is a bona fide plan, policy, or
practice of providing compensation for a loss of salary. The Commission has in place an
Executive Director Leave Policy which states all leave taken by the Executive Director is pre-
approved by the Commission but requires certain notifications be made depending on the length
of the absence. The Commission’s Board of Directors will review this issue annually.

heads of departments and their deputies, assistants, and employees, except permanent part-
time employees, temporary employees, and members of any board or commission not
required to render full-time service, shall render not less than forty hours of labor each
week except any week in which a paid holiday may occur.” A good internal control plan
requires adequate documentation to support whether employees have actually earned the
vacation and sick leave recorded in the leave records. In the case of full-time employees
earning full-time benefits, those employees should be rendering and accurately
documenting full-time service of not less than forty hours each week. The Commission’s
current payroll procedures and their Executive Director Leave Policy are not adequate to
ensure payroll expenditures are proper, adequately documented, and approved.
NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

INDEPENDENT ACCOUNTANT’S REPORT

Nebraska Commission for the Deaf and Hard of Hearing
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Commission for the Deaf and Hard of Hearing (Commission) for the period April 1, 2011, through March 31, 2012. 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.

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.

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Commission for the Deaf and Hard of Hearing for the period April 1, 2011, through March 31, 2012, based on the accounting system and procedures prescribed by the State of Nebraska Director of the Department of Administrative Services as described in Note 1.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the schedule of revenues, expenditures and changes in fund balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the schedule of revenues, expenditures, and changes in fund balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the schedule of revenues, expenditures, and changes in fund balances or on compliance and other matters; accordingly we express no such opinions. Our examination disclosed certain findings that are required to be reported under Government Auditing Standards and those findings, along with the views of management, are described in the Comments Section of the report.
This report is intended solely for the information and use of management, 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

June 8, 2012    Mike Foley
               Auditor of Public Accounts
### REVENUES:

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<th>State General Fund</th>
<th>Hearing Impaired Cash Fund</th>
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<tr>
<td>Appropriations</td>
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<td>-</td>
<td>$ 798,298</td>
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<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>4,933</td>
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<tr>
<td>Sales &amp; Charges</td>
<td>-</td>
<td>15,753</td>
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<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>1,420</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td>798,298</td>
<td>22,106</td>
<td>820,404</td>
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### EXPENDITURES:

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<td>Personal Services</td>
<td>553,000</td>
<td>-</td>
<td>553,000</td>
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<tr>
<td>Operating</td>
<td>218,264</td>
<td>19,740</td>
<td>238,004</td>
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<td>Travel</td>
<td>27,034</td>
<td>2,530</td>
<td>29,564</td>
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<td><strong>TOTAL EXPENDITURES</strong></td>
<td>798,298</td>
<td>22,270</td>
<td>820,568</td>
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Excess (Deficiency) of Revenues Over (Under) Expenditures: - (164)

### OTHER FINANCING SOURCES (USES):

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<th>Source</th>
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<th>Totals (Memorandum Only)</th>
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<tbody>
<tr>
<td>Deposit to the State General Fund</td>
<td>(509)</td>
<td>-</td>
<td>(509)</td>
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<tr>
<td>Sales of Assets</td>
<td>484</td>
<td>-</td>
<td>484</td>
</tr>
<tr>
<td>Adjustment to Fund Balance</td>
<td>63</td>
<td>-</td>
<td>63</td>
</tr>
<tr>
<td>Operating Transfers Out</td>
<td>-</td>
<td>(336)</td>
<td>(336)</td>
</tr>
<tr>
<td><strong>TOTAL OTHER FINANCING SOURCES (USES)</strong></td>
<td>38</td>
<td>(336)</td>
<td>(298)</td>
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Net Change in Fund Balances: 38  (500)  (462)

### FUND BALANCES:

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<tr>
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<th>Hearing Impaired Cash Fund</th>
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<tr>
<td>FUND BALANCES, APRIL 1, 2011</td>
<td>829</td>
<td>24,533</td>
<td>25,362</td>
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<tr>
<td>FUND BALANCES, MARCH 31, 2012</td>
<td>$ 867</td>
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<td>$ 24,900</td>
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### FUND BALANCES CONSIST OF:

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<tr>
<td>General Cash</td>
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<td>-</td>
<td>$ 23,696</td>
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<td>NSF Items</td>
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<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Deposits with Vendors</td>
<td>829</td>
<td>-</td>
<td>829</td>
</tr>
<tr>
<td>Accounts Receivable Invoiced</td>
<td>-</td>
<td>300</td>
<td>300</td>
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<tr>
<td>Due From Other Government</td>
<td>38</td>
<td>-</td>
<td>38</td>
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<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td>$ 867</td>
<td>$ 24,033</td>
<td>$ 24,900</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the schedule.
NOTES TO THE SCHEDULE

For the Period April 1, 2011 through March 31, 2012

1. Criteria

The accounting policies of the Nebraska Commission for the Deaf and Hard of Hearing (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 the Department 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 March 31, 2012, include only those payables posted in the general ledger before March 31, 2012, and not yet paid as of that date. The amount recorded as expenditures as of March 31, 2012, does not include amounts for goods and services received before March 31, 2012, which had not been posted to the general ledger as of March 31, 2012.

The Commission had no accounts receivable that were not already recorded on EnterpriseOne at March 31, 2012. 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.
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, such as investment income and 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, deposits with vendors, receivable accounts, and due from other governments. Accounts receivable are recorded as an increase to revenues resulting in an increase to fund balance on the schedule. Cash accounts, deposits with vendors, and due from other governments 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.
2. **Reporting Entity**

The Nebraska Commission for the Deaf and Hard of Hearing 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 Commission for the Deaf and Hard of Hearing 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 include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). 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 is required to take 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.
5. **Capital Assets** (Concluded)

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 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.

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 period ended March 31, 2012, 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>$42,604</td>
<td>$1,541</td>
<td>$-</td>
<td>$44,145</td>
</tr>
</tbody>
</table>

| Less accumulated depreciation for Equipment | 40,368 |

*Note: The depreciation noted in the table above was calculated in the accounting system through February 28, 2012. Depreciation for March 2012 was not run in the accounting system by the end of the period tested.*

Total capital assets, net of depreciation* $3,777
SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. Supplementary 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.
The Nebraska Commission for the Deaf and Hard of Hearing conducts a statewide voluntary census of deaf and hard of hearing individuals. The numbers listed for each county indicate the number of deaf and hard of hearing Nebraskans located in each county. The census total number of deaf and hard of hearing individuals for the entire State of Nebraska is 7,782.

Source: 2011 Annual Report
EXPENDITURES BY MAJOR ACCOUNT CATEGORY
For the Periods April 1, 2007 through March 31, 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay</td>
<td>$3,722</td>
<td>$0</td>
<td>$0</td>
<td>$1,604</td>
<td>$0</td>
</tr>
<tr>
<td>Travel</td>
<td>$32,560</td>
<td>$24,158</td>
<td>$16,740</td>
<td>$19,363</td>
<td>$29,564</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$226,378</td>
<td>$186,682</td>
<td>$142,187</td>
<td>$184,228</td>
<td>$238,004</td>
</tr>
<tr>
<td>Personal Services</td>
<td>$640,158</td>
<td>$632,320</td>
<td>$628,941</td>
<td>$581,585</td>
<td>$553,000</td>
</tr>
</tbody>
</table>
Note: 2011 saw a decrease in Hours Requested by 45%. Per the Commission, one reason is a stronger relationship between interpreter pools and public service providers. Contractual agreements for interpreting services is increasing. Public service provider staff utilize the Commission's online listing of licensed and/or certified sign language interpreters, contacting them directly.