

**ATTESTATION REPORT
OF THE
NEBRASKA ABSTRACTERS BOARD OF EXAMINERS
JULY 1, 2018, THROUGH DECEMBER 31, 2019**

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Issued on May 6, 2020

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NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

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NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

BACKGROUND

The Nebraska Abstracters Board of Examiners (Board), created in 1965, consists of five members appointed by the Governor to carry out the purposes of and enforce the Abstracters Act, which is set out at Neb. Rev. Stat. §§ 76-535 to 76-558 (Reissue 2018). The Board includes three members who must at all times be active registered abstracters who have engaged in the business of abstracting for at least five years, one member who must be a lawyer experienced in the area of real estate law, and one member who must be a representative of the public. Board members serve five-year terms.

Registered abstracters compile or certify abstracts of title to real property and prepare written reports of titles to real property. The Board reviews licensees' practices under the Abstracters Act. The Board regulates the registration and certification of individual abstracters and abstracting companies in the State. The Board also supervises continuing education programs, investigates complaints, and conducts hearings. The Board's primary goal is to ensure Nebraska real estate buyers, or those making payments to be secured by property in the State of Nebraska, are fully informed of that property's legal status. The Board's activities are funded by certification and examination fees. Recertification occurs every two years in even-numbered years. The Board employs one part-time person.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

KEY OFFICIALS AND BOARD CONTACT INFORMATION

Nebraska Abstracters Board of Examiners Board Members

Name	Title	Term Ending
Timothy Gray	Chairperson – Abstracter	November 18, 2020
Ellen Albrecht	Vice Chair – Abstracter	November 18, 2021
Steve Vinton	Attorney, Abstracter	November 18, 2022
Thane Jensen	Public Member	November 18, 2023
Andrew Romatzke	Attorney	November 18, 2024
John Laflin	Public Member (Note)	November 18, 2018
Roy Hahn	Attorney (Note)	November 18, 2019

Note: For the term ending November 18, 2018, John Laflin was the Chairperson, and Roy Hahn was the Vice Chair. For the term ending November 18, 2019, Roy Hahn was the Chairperson, and Timothy Gray was the Vice Chair.

Nebraska Abstracters Board of Examiners Executive Management

Name	Title
Julie Hoppe	Director

Nebraska Abstracters Board of Examiners
301 Centennial Mall South
P.O. Box 94944
Lincoln, NE 68509
<https://abstracters.nebraska.gov>

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

SUMMARY OF COMMENTS

During our examination of the Nebraska Abstracters Board of Examiners (Board), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #1, "Lack of Segregation of Duties Over Revenues," #2, "Lack of Adequate Support for Fees Charged," and #3, "Lack of Capital Asset Segregation of Duties and Other Issues," which are considered to be significant deficiencies.

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

1. ***Lack of Segregation of Duties Over Revenues:*** The Board had only one employee who was responsible for receiving monies, creating receipts, preparing deposits, reconciling activity, and issuing certificates. Additionally, \$935 had been deposited with no receipts written.
2. ***Lack of Adequate Support for Fees Charged:*** The Board lacked approval for one fee tested and had no support for how fee amounts were determined to be reasonable and necessary. Furthermore, the fund balance as of the fiscal year ended June 30, 2019, had over three years of expenditures on hand, calling into question whether the fees assessed were in accordance with State law, which requires fees to be based on administrative costs.
3. ***Lack of Capital Asset Segregation of Duties and Other Issues:*** The Board had one employee who was able to perform all procedures to add assets, dispose of assets, perform the annual inventory, and review reports. Furthermore, the Board was missing two laptops purchased for \$1,848 each, and it was unable to determine their current disposition.
4. ***Lack of Payroll Segregation of Duties and Other Issues:*** The Board had one employee who was able to perform all procedures to process payroll, including entering time worked, leave used, certifying payroll, and performing one-time overrides. Furthermore, the Director did not have a detailed timesheet for one pay period tested; there was no secondary review of the payroll register and timesheets; and the Director did not accrue vacation and sick leave for the first four pay periods of employment, understating each of the balances by 4.15 hours.
5. ***Unreasonable Expenditures:*** The previous Director terminated employment in September 2017; however, the Board continued to pay for internet service to her residence until July 2018. The internet service totaled approximately \$369 for the nine months.

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

Draft copies of this report were furnished to the Board to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

COMMENTS AND RECOMMENDATIONS

1. Lack of Segregation of Duties Over Revenues

The Abstracters Board of Examiners (Board) charges fees for the certification of individuals and firms engaging in the business of abstracting and administers semi-annual abstracter certification examinations.

We noted that the Board lacked an adequate segregation of duties over revenues. The Board employed only one employee, the Director, who was charged with receiving monies, creating receipts, preparing deposits in the accounting system, reconciling activity, and issuing certificates. Additionally, we noted that the Director would occasionally process receipts from her home. Due to the limited staff, the Department of Administrative Services (DAS) approved all of the Board's deposits in the accounting system. Furthermore, Board members reviewed and approved the general ledger and budget status reports at their Board meetings. However, DAS's approval and the Board's review of reports would not detect if monies were received but not deposited. The Board deposited \$7,670 in sales and charges revenue during the period July 1, 2018, through December 31, 2019.

During testing, we also noted instances of receipts not being on file to support amounts deposited. For the period November 5, 2019, through December 31, 2019, there was \$935 deposited with no receipt written. Per review of the receipt booklet, the next receipt was not written until February 14, 2020.

A good internal control plan requires proper administrative procedures to ensure an adequate segregation of duties or compensating measures exists, so no one individual is in a position both to perpetrate and to conceal errors or irregularities when processing transactions.

When such procedures are not in place, there is an increased risk of loss, misuse, or theft of State funds. A similar finding was noted in our prior attestation report.

We recommend the Board implement policies and procedures to ensure an adequate segregation of duties or compensating procedures exists for the handling of receipts.

Board Response: The ABE has one ¼ time employee. The majority of income is from relicensing which is done every two years. Any other income comes in transfer fees or licensing of new individuals or new companies. We will work on developing a process of tracking those incomes so the board can easily review expected income vs actual income. As to processing checks from home, this has been done only since the Covid-19 emergency and only after a process was put in place by DAS for the ABE to follow.

2. Lack of Adequate Support for Fees Charged

During review of the fees charged by the Board, we noted a lack of Board approval for one fee and a lack of documentation for how fee amounts were determined to be reasonable and appropriate in accordance with State law.

The Transfer Certificate of Registration fee was assessed at \$10 per transfer. The fee was newly assessed since the prior attestation examination for the period ending March 31, 2013, but there was no documentation of the Board's approval of the fee amount. The total collected for the period tested was \$170.

In accordance with Neb. Rev. Stat. § 76-547(1) and (2) (Reissue 2018), fees are required to be based on the administrative costs of the Board. No documentation was provided to support that the 11 fees tested were based on administrative costs or how the amounts were determined. Many of the fees have remained the same since at least 2013, and at least three of the fees were constant since 2006.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Lack of Adequate Support for Fees Charged (Concluded)

The majority of the Board’s revenues come from certificate renewals, which renew every two years (even-numbered years). We prepared an analysis comparing the fund balance at fiscal year end to the expenditures during the fiscal year for the last five years. With a seemingly consistent fund balance for each two-year renewal cycle and a decrease of expenditures since fiscal year 2016, it appears the Board should consider a detailed review of the fees charged to ensure the amounts established are reasonable and necessary for the costs of the Board. As of December 31, 2019, approximately five years of expenditures were on hand.

Fiscal Year Ended	Fund Balance	Expenditures	# of Years of Expenditures on Hand	# of Months of Expenditures on Hand
6/30/2015	\$ 71,178	\$ 50,376	1.41	16.95
6/30/2016	\$ 94,151	\$ 53,152	1.77	21.26
6/30/2017	\$ 48,037	\$ 49,613	0.97	11.62
6/30/2018	\$ 96,075	\$ 40,373	2.38	28.56
6/30/2019	\$ 78,775	\$ 24,258	3.25	38.97

A good internal control plan requires procedures to ensure fees charged by the Board are adequately supported, based on administrative costs of the Board, and formally approved.

Without such procedures, there is an increased risk fees charged could be excessive and not in compliance with State law or lack the requisite Board approval. A similar finding was noted in the previous report.

We recommend the Board periodically perform a documented review of the fees charged to ensure they are appropriate based on the administrative costs of the Board. We also recommend the Board ensure a documented approval of fees charged is maintained.

Board Response: In 2016 the ABE met with Fiscal Analyst Doug Gibbs from the Nebraska Legislature. They were told that they needed to increase fees and cut expenses or be in the red by 2020. Consequently, fees were raised in 2017. Over the course of the past three years, the ABE has done an exemplary job of cutting expenses, and getting the ABE back on the right track. We have just completed our 2020 relicensing and will do a thorough evaluation of income and expenses to determine what changes need to be made for the upcoming two year budget cycle.

3. Lack of Capital Asset Segregation of Duties and Other Issues

The State’s accounting system does not have an established segregation of duties for the processing of capital assets. The Board had only one employee, the Director, who was able to perform all procedures related to capital assets, including adding and disposing of assets, conducting the annual physical inventory, and reviewing capital asset reports. The Director indicated Board approval was required for all asset additions and disposals, but the Board did not review capital asset reports to verify activity in the accounting system processed solely by the Director. The capital asset balance at December 31, 2019, was \$6,355, less depreciation, for a net book value of \$2,317.

Furthermore, during the previous attestation examination, we noted two laptops purchased for \$1,848 each. One of the laptops was on the accounting system capital asset listing, and the other was on a separate listing of assets maintained by the Board. However, neither laptop could be located. The Director, who was hired in July 2018, indicated that the laptops were not in the Board’s possession when she started. According to Board records, the laptops were disposed of through DAS Surplus Property in 2015 and 2016. Per correspondence with DAS, though, there is no record of the disposals, and the one laptop on the accounting system had no surplus property number.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

COMMENTS AND RECOMMENDATIONS

(Continued)

3. Lack of Capital Asset Segregation of Duties and Other Issues (Concluded)

The previous Director had an agreement with the Board to purchase one of the laptops for \$100 after three years. As reported during the previous attestation, that agreement did not comply with Neb. Rev. Stat. § 81-161.04(1) (Cum. Supp. 2018), requiring no agency property to be sold until first offered to other agencies of the State. In an effort to determine the status of the missing laptops, the APA contacted the previous Director via email, inquiring as to whether she had purchased one of the computers upon retirement and what the disposition of one or both of the computers was when she left the office. However, the previous Director provided no additional information, responding, in part, as follows: “With the time lapse, I cannot recollect the answers to your questions I have no idea or information about what or where the computers that you are inquiring about might be.”

A good internal control plan requires procedures to ensure an adequate segregation of duties or compensating controls, so no one individual is in a position both to perpetrate and to conceal errors and irregularities. Those same procedures should ensure also that capital asset records are complete and accurate, and all property of the State is accounted for.

Without such procedures, there is an increased risk for errors or fraud to occur and go undetected, resulting in the loss or misuse of State funds. A similar finding was noted in the previous report.

We recommend the Board implement procedures to ensure an adequate segregation of duties exists, or compensating controls are established over capital assets. Those same procedures should ensure also that capital asset records are complete and accurate, and all State property is accounted for.

Board Response: Again, the ABE has one ¼ time employee, so it’s very difficult to implement segregation of duties. The ABE will work on developing a process that allows the board to review the capital assets on a yearly basis to ensure that everything is accounted for.

4. Lack of Payroll Segregation of Duties and Other Issues

The State’s accounting system does not have an established segregation of duties for the processing of payroll. The Board had only one employee, the Director, who was able to handle all aspects of the payroll processing, including entering time worked, leave usage and accruals, changing payroll deductions, preparing, approving, and certifying payroll, reviewing the payroll register, and entering one-time overrides. The Board did not review the payroll register or the Director’s timesheets. The Board did review the budget status report and general ledger reports that would summarize payroll expenditures; however, this would not necessarily identify one-time overrides or if leave earnings and usage were recorded properly in the accounting system. Payroll expenditures totaled \$24,737 during the period July 1, 2018, through December 31, 2019. Good internal controls require an adequate segregation of duties or compensating controls, so no one individual is in a position both to perpetrate and to conceal errors and irregularities.

Furthermore, during testing of two paychecks for the Director, we noted the following issues:

- For one paycheck tested, there was no detailed timesheet to support the hours worked in accordance with Neb. Rev. Stat. § 84-1001(1) (Reissue 2014). Instead, the Director had a letter with total hours worked for the payroll period. As noted above, neither pay period tested had a documented review of hours worked by a second individual.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

COMMENTS AND RECOMMENDATIONS

(Continued)

4. Lack of Payroll Segregation of Duties and Other Issues (Concluded)

- Vacation and sick time was not accrued in accordance with Neb. Rev. Stat. §§ 81-1320 and 81-1328 (Reissue 2014, Cum. Supp. 2018), on the Director's first four paychecks, for a total of 4.15 hours of vacation and 4.15 hours of sick leave. The Director began employment on July 1, 2018, and it appears leave was not properly set up in the accounting system. Leave did not begin accruing until the paycheck dated September 26, 2018, and the error went undetected until brought to the Board's attention during the examination.

Neb. Rev. Stat. § 84-1001(1) states the following:

All state officers and 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.

Sound business practices, as well as a good internal control plan, require procedures to ensure that hours actually worked by State employees are adequately documented, and such documentation is kept on file to provide evidence of compliance with § 84-1001(1). Those same procedures should ensure also that employers of employees who accrue vacation and sick leave maintain adequate support that employees actually earned the amounts recorded in their leave records.

Without such procedures, there is an increased risk for errors, fraud, or other improprieties occurring and going undetected, resulting in the loss or misuse of State funds. A similar finding was noted in the previous report.

We recommend the Board implement policies and procedures to ensure an adequate segregation of duties exists or compensating controls are established over payroll. We also recommend the Board implement procedures related to detailed time records, have a secondary individual document their review, and ensure leave earnings and usage are properly recorded in the accounting system.

Board Response: The ABE will pursue the possibility of having DAS take over payroll due to having only one ¼ time employee.

5. Unreasonable Expenditures

During expenditure testing, we noted that the Board paid for internet service at the residence of the former Director for approximately nine months after her termination. The Board had agreed to provide the internet service for Board-related use. However, the former Director retired in September 2017, and the internet service went undetected and was not disconnected until July 12, 2018, when the current Director began employment. Based on the July 2018 billing, we calculated that the Board paid \$369 in unreasonable internet charges.

A good internal control plan and sound business practices require procedures, including detailed reviews of expenditures, to ensure that payments by the Board are reasonable and necessary, relating directly to the essential operating costs of the Board and its employees.

Without such procedures, there is an increased risk for loss or misuse of State funds. Furthermore, excessive or unreasonable expenditures could cause fees charged by the Board to be in excess of the necessary costs of the Board.

We recommend the Board implement procedures, including detailed reviews of expenditures, to ensure only reasonable and necessary costs are incurred by the Board.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

COMMENTS AND RECOMMENDATIONS

(Concluded)

5. Unreasonable Expenditures (Concluded)

Board Response: The previous director of the ABE left the employ of the State of Nebraska in September of 2017 without disconnecting internet service to her home, paid by the state. The current board had no way of knowing. When the new director took office in July 2018 this was caught and disconnected. All expenditures are reviewed monthly.



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NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Abstracters Board of Examiners
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the Nebraska Abstracters Board of Examiners (Board) for the period July 1, 2018, through December 31, 2019. The Board's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balance based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balance 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balance is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the period July 1, 2018, through December 31, 2019, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balance; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balance 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 Balance 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.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balance, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. Janssen", with a long horizontal flourish extending to the right.

May 5, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Period July 1, 2018, through December 31, 2019

	<u>Abstracters</u> <u>Fund 26610</u>
REVENUES:	
Sales & Charges	\$ 7,670
Miscellaneous	3,051
TOTAL REVENUES	<u>10,721</u>
EXPENDITURES:	
Personal Services	24,737
Operating	10,813
Travel	2,377
TOTAL EXPENDITURES	<u>37,927</u>
Net Change in Fund Balance	(27,206)
FUND BALANCE, JULY 1, 2018	<u>96,075</u>
FUND BALANCE, DECEMBER 31, 2019	<u><u>\$ 68,869</u></u>
FUND BALANCE CONSIST OF:	
General Cash	\$ 68,747
Deposits with Vendors	122
TOTAL FUND BALANCE	<u><u>\$ 68,869</u></u>

The accompanying notes are an integral part of the schedule.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

NOTES TO THE SCHEDULE

For the Period July 1, 2018, through December 31, 2019

1. Criteria

The accounting policies of the Nebraska Abstracters Board of Examiners (Board) are on the basis of accounting, as prescribed by the State of Nebraska's Director of Administrative Services.

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of the Department of Administrative Services (DAS) 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 2014), 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, an accounting resource software, 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 Balance was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Board to record all accounts receivable and related revenues in EnterpriseOne; as such, the Board's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2019, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2019, **does not** include amounts for goods and services received before December 31, 2019, which had not been posted to the general ledger as of December 31, 2019.

The Board had no accounts receivable at December 31, 2019. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund type is established by the State and used by the Board:

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 following major revenue account classifications are established by State Accounting and used by the Board:

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees. Certificate of Registration fees are collected for the licensing of individuals who passed the Abstracter's examination. Certificate of Authority fees are collected in order for persons or firms to engage in the business of abstracting.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Concluded)

The following major expenditure account classifications are established by State Accounting and used by the Board:

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

Operating – Expenditures directly related to a program’s primary service activities.

Travel – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

Other significant accounting classifications and procedures established by State Accounting and used by the Board include the following:

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.

2. **Reporting Entity**

The Board is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The schedule includes all funds of the Board included in the general ledger. The Board is part of the primary government for the State of Nebraska.

3. **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, which 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.

4. **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 Board takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$5,000 or more at the date of acquisition.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

NOTES TO THE SCHEDULE

(Concluded)

4. Capital Assets (Concluded)

For the CAFR, the State requires the Board 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 more than one year 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 3 to 10 years. Capital asset activity of the Board recorded in the State Accounting System for the period ending December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	\$ 6,355	\$ -	\$ -	\$ 6,355
Less accumulated depreciation for:				
Equipment				4,038
Total capital assets, net of depreciation				<u>\$ 2,317</u>

Note: The accumulated depreciation noted in the table above was calculated in the accounting system through December 19, 2019.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balance. 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 Balance, and, accordingly, we express no opinion on it.

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Exhibit A

For the Period July 1, 2018, through June 30, 2019

	Abstracters Fund 26610
REVENUES:	
Sales & Charges	\$ 4,810
Miscellaneous	2,148
TOTAL REVENUES	6,958
 EXPENDITURES:	
Personal Services	15,311
Operating	7,369
Travel	1,578
TOTAL EXPENDITURES	24,258
Net Change in Fund Balance	(17,300)
FUND BALANCE, JULY 1, 2018	96,075
FUND BALANCE, JUNE 30, 2019	\$ 78,775
 FUND BALANCE CONSIST OF:	
General Cash	\$ 78,653
Deposits with Vendors	122
TOTAL FUND BALANCE	\$ 78,775

Source: The State accounting system, EnterpriseOne

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Period July 1, 2019, through December 31, 2019

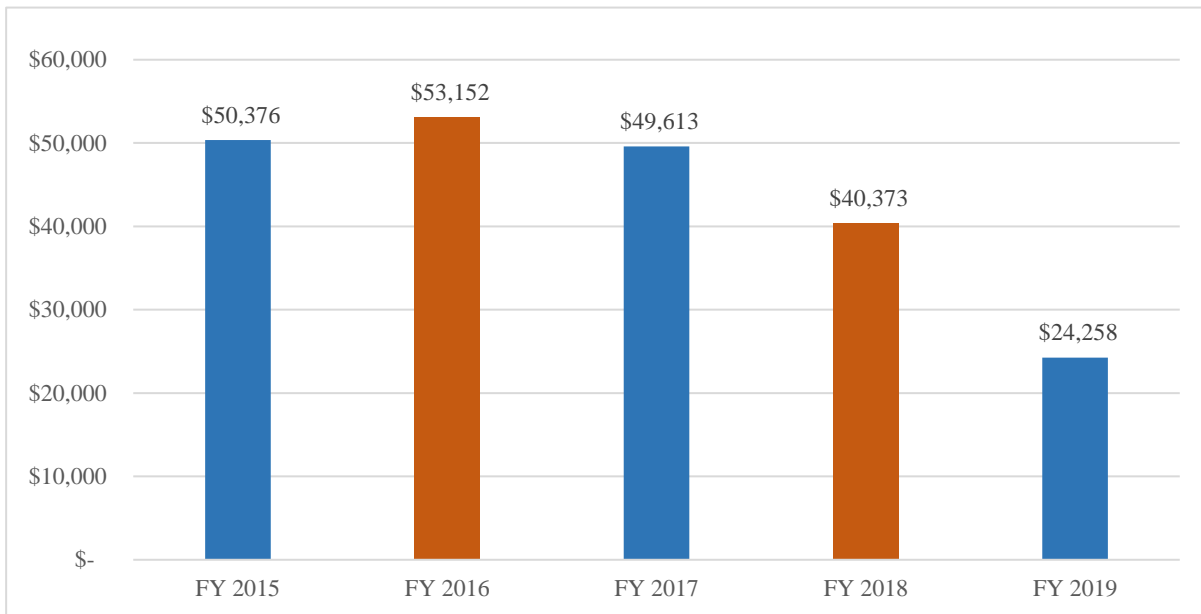
Exhibit B

	Abstracters Fund 26610
REVENUES:	
Sales & Charges	\$ 2,860
Miscellaneous	903
TOTAL REVENUES	3,763
 EXPENDITURES:	
Personal Services	9,426
Operating	3,444
Travel	799
TOTAL EXPENDITURES	13,669
Net Change in Fund Balance	(9,906)
FUND BALANCE, JULY 1, 2019	78,775
FUND BALANCE, DECEMBER 31, 2019	\$ 68,869
 FUND BALANCE CONSIST OF:	
General Cash	\$ 68,747
Deposits with Vendors	122
TOTAL FUND BALANCE	\$ 68,869

Source: The State accounting system, EnterpriseOne

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS
TOTAL EXPENDITURES BY FISCAL YEAR
For the Fiscal Years Ended June 30, 2015, through June 30, 2019

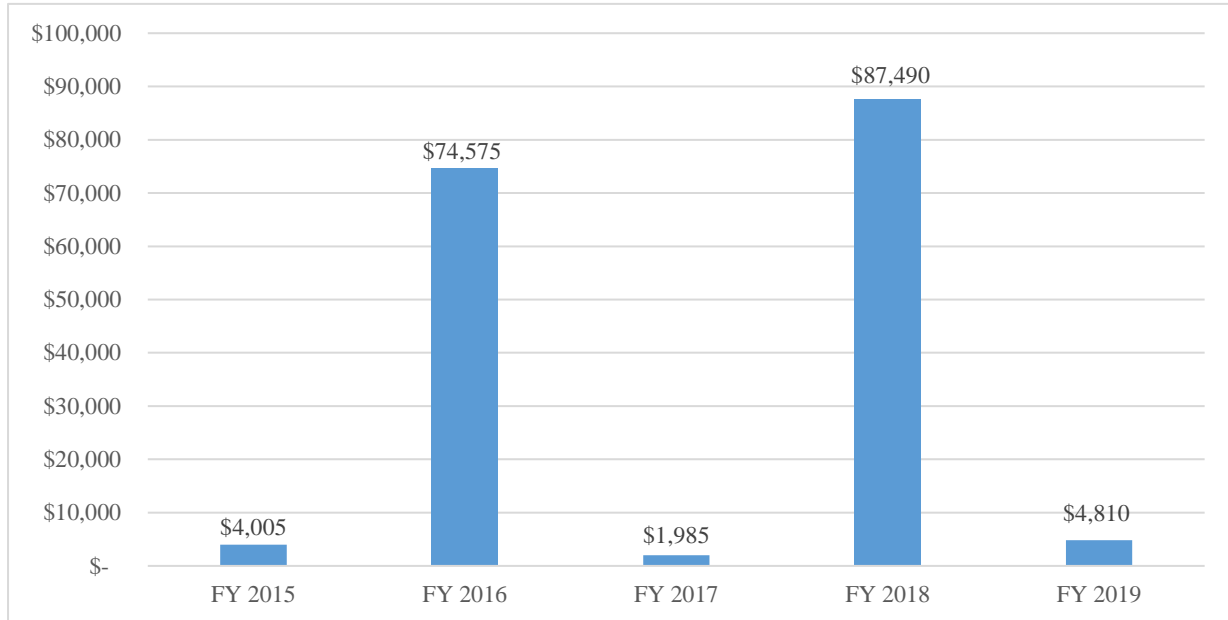
Exhibit C



Source: The State accounting system, EnterpriseOne

NEBRASKA ABSTRACTERS BOARD OF EXAMINERS
TOTAL SALES AND CHARGES BY FISCAL YEAR
For the Fiscal Years Ended June 30, 2015, through June 30, 2019

Exhibit D



Note: Certificates of Authority and Certificates of Registration are renewed every other year, during even-numbered years.

Source: The State accounting system, EnterpriseOne