ATTESTATION REPORT
OF THE
NEBRASKA STATE ELECTRICAL DIVISION

JANUARY 1, 2024, THROUGH DECEMBER 31, 2024

Issued on August 7, 2025

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Audit Staff Working On This Examination

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NEBRASKA STATE ELECTRICAL DIVISION

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NEBRASKA STATE ELECTRICAL DIVISION

BACKGROUND

The Nebraska State Electrical Division (Division) was established by the Legislature in 1969 within the office of the State Fire Marshal. The Division included a five-member board appointed by the Governor, with the consent of the Legislature, for five-year staggered terms. In 1975, the Nebraska State Electrical Act (Act) was created. The Act provided all laws regarding electrical licensing and electrical inspection in the State. The Act also increased the membership of the State Electrical Board (Board) to seven.

LB 490 in 1981 established the Division as an independent State agency no longer within the office of the State Fire Marshal. Board membership includes one journeyman electrician, one electrical contractor or master electrician, one certified electrical inspector, one registered professional electrical engineer, one municipal electric system representative, one rural electric system representative, and one member of any of such groups.

The Division is under the administrative and operative control of the executive director of the Division. The Board directs the efforts of the executive director and sets the policy of the Division. The Board has adopted rules necessary to enable it to carry into effect the Act. Those rules are known as the State Electrical Board Rules.

Source: https://electrical.nebraska.gov/history

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Electrical Board Members

Name	Term Ending
James Brummer	9/13/2029
Boyd Pedersen	9/13/2025
Tyler Ritz	9/13/2025
John Hiller	9/13/2027
Michael Hunsberger, President	9/13/2028
Nathan Francis	9/13/2029
Stephen Farrington	9/13/2028

Nebraska State Electrical Division Executive Management

Name	Title
Craig Thelen	Executive Director
Clint Hansen	Chief Electrical Inspector

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Lincoln, NE 68508
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SUMMARY OF COMMENTS

During our examination of the Nebraska State Electrical Division (Division), 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 #3 ("Lack of Segregation of Duties Over Payroll") and #4 ("Lack of Segregation of Duties Over Revenues"), 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. ***State Vehicle Usage and Monitoring:*** We noted several instances of Division employees having used State vehicles for apparently personal trips, which is prohibited by Neb. Rev. Stat. § 81-1024 (Reissue 2024). Trips included stops at Casey's gas station, CVS Pharmacy, Sam's Club, and Earl May Garden Center. Furthermore, the Division was not adequately monitoring fuel purchases made by Division employees, nor did the Division receive the required approval from the Transportation Services Bureau for vehicles assigned to employees on a 24-hour basis.

2. ***Expenditure Issues:*** Our testing of expenditures paid by the Division revealed improper per diem meal reimbursements, totaling $207; an improper parking reimbursement of $48; $88 of sales tax paid, which the Division is exempt from paying pursuant to Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024); and several transactions, totaling $47,343, which were not coded properly in the accounting system.

3. ***Lack of Segregation of Duties Over Payroll:*** The Division did not have an adequate segregation of duties over payroll, as one individual was able to process, review, and post payroll without a secondary review by an independent person without payroll access in the accounting system. Payroll expenditures totaled $1,716,666 during the calendar year ended December 31, 2024.

4. ***Lack of Segregation of Duties Over Revenues:*** The Division lacked an adequate segregation of duties over revenues. Individuals were able to open the mail, process applications, issue permits and licenses, prepare deposits, and void transactions without compensating controls and procedures to ensure all monies received were handled appropriately. Revenues collected by the Division during the calendar year ending December 31, 2024, totaled $2,374,061.

5. ***Lack of Segregation of Duties Over Capital Assets:*** The Division lacked an adequate segregation of duties over capital assets. Four Division employees were able to add assets to inventory records, surplus and dispose of assets, and perform the annual inventory. No documented secondary review of capital asset reports was performed by an independent person without capital asset access in the accounting system.

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 Division.

Draft copies of this report were furnished to the Division 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 STATE ELECTRICAL DIVISION

COMMENTS AND RECOMMENDATIONS

1. State Vehicle Usage and Monitoring

Apparent Personal Usage

State vehicles used by Division employees are equipped with Global Positioning System (GPS) devices that track the locations to which each vehicle is driven. During our review of this GPS data, we noted the following instances of apparently personal use of the State vehicles.

- One employee's State vehicle was driven a total of 8 miles, and it was running for two hours and 46 minutes over the course of a weekend (January 13-14, 2024) when the employee was not working. The miles driven included multiple stops at a Casey's gas station, and the remaining miles were driven around the employee's hometown.

  When asked about these miles, the employee originally offered the following response:

  > *I moved the truck to provide parking for relatives that were visiting over the weekend. Moved it on 1/13/24 and returned it to its spot on 1/14/24.*

  As this explanation was inconsistent with the GPS data, the Auditor of Public Accounts (APA) followed up with the Executive Director and was provided with a different explanation, as follows:

  > *He stated that he moved them due to relatives in town, but I will say that occasionally the inspectors have started and moved a vehicle in extreme cold weather just to keep the battery charged and this appeared to be a long holiday weekend, even though he did not state that is what happened, this could have been the case and since it did not show up on his travel log, and would not have showed up on any notes he had of inspections it might have been an oversight on James Wilson's part.*

  As clearly shown in the explanations above, the Division was unable to provide any documentation, much less consistent explanation, for this vehicle usage.

- On October 29, 2024, an employee drove 11 miles from his home to a CVS Pharmacy, to the bank, and returned back home. None of these stops were business related. According to the Division's explanation for these trips, the employee was on his way through Columbus, NE, to a staff meeting in Kearney, NE, and these stops were personal. Despite admitting the personal nature of these stops, the explanation offered was incomplete. GPS data clearly shows that the employee returned to his home before departing for the staff meeting in Kearney and, therefore, cannot be considered to have been on the way to that meeting.

- On June 28, 2024, an employee drove from Columbus, NE, to his home in McCook, NE. During the trip, the employee stopped at Sam's Club, Earl May Garden Center, and a park in Hastings, NE. The Division was unable to support any business-related purpose of these stops. A total of 231 miles were recorded on this trip. Had the employee not made these apparently personal stops, however, only 224 miles would have been recorded.

- An employee was in Lincoln, NE, on March 27, 2024, for meetings. Between 5:00 p.m. and 6:00 p.m., the employee drove the State vehicle to Staples, CVS Pharmacy, and Target, before returning to his hotel. This trip totaled six miles and was not business related.

Neb. Rev. Stat. § 81-1024 (Reissue 2024) states the following:

> *No officer or employee of the State of Nebraska shall use any motor vehicle owned by the State of Nebraska for any personal use whatsoever. Any officer or employee who violates any of the provisions of this section shall be deemed guilty of a Class V misdemeanor, and in addition thereto the officer or employee shall be deemed guilty of official misconduct in office for palpable omission of duty, and upon conviction thereof the court shall have the power to add to the judgment that any officer or employee so convicted shall be removed from office or employment.*

COMMENTS AND RECOMMENDATIONS
(Continued)

1. State Vehicle Usage and Monitoring (Concluded)

Voyager Cards
During the calendar year ending December 31, 2024, the Division paid $17,350 to Voyager Fleet Systems Inc. (Voyager), mostly for fuel purchased by Division employees for State vehicles. We noted that the Division was not performing an adequate, detailed review of the Voyager charges to ensure employees were not using their Voyager cards for personal fuel purchases. Each month, the Division performed a high-level review of the Voyager invoice, primarily looking at locations where fuel was purchased to ensure it was reasonable based on where the employee was working at that time.

However, these steps did not include any procedures specifically looking at the number of gallons purchased to ensure this was reasonable compared to the miles each vehicle was driven and the estimated miles per gallon for each vehicle. Furthermore, the Division's procedures did not include a review to ensure that no single fuel purchase exceeded the total number of gallons of each respective vehicle's fuel tank.

Permanently Assigned Vehicle Approval
Eighteen Division employees were permanently assigned a State vehicle on a 24-hour basis. However, the Division had not received approval for these assignments from the Chief of the Transportation Services Bureau (TSB), as required by Neb. Rev. Stat. § 81-1020 (Reissue 2024), which provides the following:

> *Any agency which has a permanently assigned bureau fleet vehicle shall, prior to assigning such vehicle to an employee on a twenty-four-hour basis, obtain written approval from the chief of the transportation services bureau.*

A good internal control plan and sound business practices require procedures to ensure that State vehicles are not used for personal purposes, voyager card usage is adequately monitored, and required approval from TSB is obtained prior to assigning vehicles to employees on a 24-hour basis.

Without such procedures, there is an increased risk for not only misuse of State vehicles but also loss, theft, or abuse of public property and funds.

> We recommend the Division implement procedures to ensure that State vehicles are not used for personal purposes, voyager card usage is adequately monitored, and required approval from TSB is obtained prior to assigning vehicles on a 24-hour basis.

Division Response: We have reminded all the Staff that the State vehicles are not to be used for personal use based on State Statute 81-1024 and have verbally counseled the employees that were identified in the report per the NAPE disciplinary requirements. We also have all employees with 24-hour vehicle access approved with TSB manager Mike Moerer and have identified on our new employee hire form the requirements to get approved by TSB before assigning a vehicle for 24-hour access. We will continue to audit the GPS for all vehicles assigned to employees on a monthly basis for proper use of vehicle to include fuel receipts against travel logs and voyager cards, we will track this on a spreadsheet for future reference and for potential discrepancies.

2. Expenditure Issues

Our testing of payments made by the Division revealed the following:

- Several Division employees traveled to Kearney, NE, on October 30 through November 1, 2024, to attend a staff meeting and the 72nd Annual Nebraska Chapter Meeting of the Independent Alliance of the Electrical Industry (IAEI). During our testing of these travel reimbursements, we noted that the incorrect per diem meal reimbursement amount was paid to 12 employees, totaling an excess $207.

2. **<u>Expenditure Issues</u>** (Continued)

The excess $207 was largely the result of breakfast being included in the per diem reimbursement calculation, even though the meal was provided by the hotel and, therefore, should have been excluded from the reimbursement calculation. Additionally, lunch on November 1st was included in the per diem reimbursement calculation, even though the meal was provided by the IAEI conference and, therefore, should also have been excluded from the reimbursement calculation.

The conference agenda for the IAEI conference did not specify if lunch was provided. Therefore, the APA initially asked the Division for clarification and was provided with the following answer:

> *10/31 lunch was provided and 11/1 they were on their own.*

To verify this answer, the APA contacted two individuals associated with the IAEI, and both confirmed that lunch was, in fact, provided on November 1st. After receiving this information, the Division agreed that lunch on November 1st should not have been included in the per diem reimbursement for these employees.

- One employee was improperly reimbursed $48 for parking at the Omaha, NE, airport. This employee extended his Division-related travel for personal time and, therefore, pro-rated his parking reimbursement for only the days he would have parked had he stayed only for the time of the conference. However, based on the beginning and ending dates of the conference, he should have been reimbursed only for five days at $24/day, instead of seven days at $24/day.

- Numerous instances were noted of sales taxes being paid on purchases made with the Division's purchasing card. Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024) exempts the Division from paying such taxes, saying, in part, "Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state . . . ."

  The following table details the sales taxes noted:

Date	Vendor	Amount
12/18/2023	Tommy's Express Car Wash	$ 2
12/18/2023	Tommy's Express Car Wash	8
12/19/2023	Tommy's Express Car Wash	10
1/31/2024	A1 Automotive	3
2/5/2024	Cobblestone Inn Ord, NE	26
2/19/2024	Tommy's Express Car Wash	10
11/1/2024	Casey's Kearney, NE	7
11/18/2024	Tommy's Express Car Wash	14
11/19/2024	Tommy's Express Car Wash	8
	Total	**$ 88**

- Several expenditure transactions were not coded to the proper object account in the State's accounting system, as follows:

  - The Division purchased two vehicles from the Department of Correctional Services, totaling $46,200. Both purchases were coded to object account 573100 (State-Owned Transportation Expense), a travel object account, rather than to 584200 (Vehicles & Vehicle Equipment), a capital outlay object account. The financial schedule was adjusted to correct this error.

COMMENTS AND RECOMMENDATIONS
(Continued)

2. Expenditure Issues (Concluded)

- The Division paid $809 for new tires for a Division-owned pickup. This payment was coded to object account 573101 (Division-Owned Transport), which was to be used for fuel purchases, rather than object account 527201 (Repairs & Maintenance – Division Vehicles).
- Printers and printer ink, totaling $230, were coded to object account 583300, a capital outlay object account. Because this purchase did not meet capitalization thresholds, it should have been coded to an operating expenditure object account instead.
- $104 was paid for lunch at an official function of the Division. This purchase was coded to object account 533900 (Food Expense – Institutions), rather than object account 571600 (Meals – Taxable), as required by the State Accounting Manual, which provides, in relevant part:

  22. State Employee Expenses While Not In Travel Status (01/2021)

  State Employee Expenses While Not In Travel Status *- These payments are only allowable under State Statute 81-1174 for attendance at official functions, conferences or hearings, not to include normal day-to-day operations of the department, agency, commission, council, committee, or board. These reimbursements shall be accounted for by using object code 571600, and reviewed for each employee based on IRS guidance. State Accounting Travel Policy #6 Meals contains instructions for this review.*

A good internal control plan and sound business practices require procedures to ensure: 1) employee travel reimbursements are proper; 2) sales tax is not paid; and 3) expenditure transactions are coded properly in the accounting system.

Without such procedures, there is an increased risk for loss, theft, or misuse of State funds and financial reporting errors.

A similar finding was noted during our previous attestation of the Division for the fiscal year ended June 30, 2017.

> We recommend the Division implement procedures to ensure: 1) employee travel reimbursements are proper; 2) sales tax is not paid; and 3) expenditure transactions are coded properly in the accounting system.

Division Response: We have corrected the issue with tax on the carwashes, which has been a big issue, and we will closely monitor all ERD's for accuracy as it pertains to expense receipts, meals and per diems, as for the expenses that were coded wrong, we will also closely monitor this as we had just added the object codes for Division owned vehicles and it was a little confusing as to where we were to code items when it came to vehicles.

3. Lack of Segregation of Duties Over Payroll

The State's accounting system, EnterpriseOne (E1), does not have an established segregation of duties for payroll processing. Therefore, the three Division employees with access to process payroll were able to perform all procedures without a secondary individual being required to approve these transactions. Accordingly, the Division should have compensating procedures in place, such as a documented review of the final payroll register, along with changes to pay rates and other payroll information, by an individual without payroll access to ensure that no one individual is able to conceal errors or irregularities.

During the calendar year ended December 31, 2024, the Division's payroll expenditures totaled $1,716,666.

A good internal control plan requires an adequate segregation of duties to ensure that no one individual is in a position to perpetrate and to conceal errors or irregularities. This would require someone without payroll access to perform a documented review of final payroll reports to ensure that they are proper.

3. Lack of Segregation of Duties Over Payroll (Concluded)

Without such procedures, there is an increased risk for overpayments, improper payments, and errors or irregularities occurring and not being detected.

A similar finding was noted during our previous attestation of the Division for the fiscal year ended June 30, 2017.

> We recommend the Division implement policies and procedures for having an individual without payroll access perform a documented review of the final payroll reports.

Division Response: We have established another level of approval for Payroll and have taken one employee off of the approval routing for Payroll, so now they can pre audit payroll before the Director approves Payroll.

4. Lack of Segregation of Duties Over Revenues

The Division lacked an adequate segregation of duties over the revenue process, as detailed below:

- One individual was able to open mail containing cash receipts and establish initial control of cash received. According to the Division, a second individual was typically present when opening the mail; however, no documentation was available to support the presence of this second individual. This same individual was also able to process applications for permits and licenses, issue permits and licenses, and prepare deposits. Furthermore, the same individual was able to prepare and mail invoices for amounts owed and apply cash when subsequently received.

- During our review of licenses and renewals issued in March and November of 2024, we noted 20 license numbers missing from the listing of licenses provided by the Division. This was because the licenses were voided. Licenses could be voided in the Division permit and licensing system after being issued. The voids could go undetected because the system deletes the license information when voided. Only through review of transactions reports could a voided license be detected, as the license number sequence would not be continuous. The Division stated that it is unable to run a report containing voids; instead, the third-party software vendor would need to be contacted to provide such a report. Furthermore, voided license numbers are listed on the "Daily Log" created by Division staff; however, only the license numbers, and not the associated amounts, are listed.

- A documented review of the General Ledger Detail Report and Open Accounts Receivable Detail Report from the accounting system was not performed to ensure all monies received were deposited intact, and outstanding accounts receivable balances were followed up on timely. As of December 31, 2024, the Open Accounts Receivable Detail Report included unpaid balances, totaling $2,305, dating back to 2016.

Revenues related to sales and charges totaled $2,374,061 during the calendar year ended December 31, 2024.

A good internal control plan requires an adequate segregation of duties or compensating procedures to ensure no one individual is in a position both to perpetrate and to conceal errors or irregularities when issuing permits and licenses, preparing deposits, and creating an initial listing of monies received. Further, such procedures require voided licenses to be adequately monitored and reports from the accounting system to be subject to timely, documented reviews.

Without such procedures, there is an increased risk of loss, theft, or misuse of State funds occurring and remaining undetected – as in the case, for example, of someone possibly receiving money for issuing a license and then voiding that license and pocketing the cash received.

COMMENTS AND RECOMMENDATIONS
(Concluded)

4. Lack of Segregation of Duties Over Revenues (Concluded)

A similar finding was noted during our previous attestation of the Division for the fiscal year ended June 30, 2017.

> We recommend the Division implement a proper segregation of duties or compensating procedures for the handling of receipts and the issuance of permits and licenses. We further recommend the Division implement procedures for adequately monitoring voided licenses, as well as ensuring reports from the accounting system are subject to timely, documented reviews.

Division Response: We have always had someone witness the mail being opened, but did not have a formal process for showing this, so now we have added an extra line on the daily log that will require the individual opening the mail to initial that they opened the mail and entered it, and the initials of the witness as well on the daily log. As for the voided transactions we will make sure to document this on the daily logs and the new Tyler Tech database should give us options to show these in reports.

5. Lack of Segregation of Duties Over Capital Assets

The State's accounting system, EnterpriseOne (E1), lacks an adequate segregation of duties over capital assets recorded therein. The four Division employees with system access to capital asset functions were able, therefore, to perform all procedures without a secondary individual being required to approve transactions. Accordingly, compensating controls, such as a documented review of the Additions and Retirements Report by an individual without system access to capital asset functions in the system, should be implemented to ensure that no one individual is able to conceal errors or irregularities.

No such documented review of the Additions and Retirements Report occurred during the period examined.

As of December 31, 2024, the Division had assets, with a total original value of $203,568, recorded in E1.

Furthermore, our testing revealed the Fixed Asset With No Cost Integrity Report from E1 was not being adequately reviewed. We noted the report included 16 assets originally acquired dating back to 2019 that were still included on the report, with no follow-up performed by the Division to assign costs to the asset or otherwise resolve the items included on the report.

A good internal control plan requires procedures to ensure that an adequate segregation of duties is maintained, so no one individual is able both to perpetrate and to conceal errors or irregularities. Such procedures should also ensure that integrity reports from the system are adequately reviewed, and action is taken timely to address the items included on the reports.

Without such procedures, there is an increased risk for not only loss, theft, or misuse of State property but also assets being reflected improperly on financial reports of the Division and the State of Nebraska.

A similar finding was noted during our previous attestation of the Division for the fiscal year ended June 30, 2017.

> We recommend the Commission implement procedures to ensure an adequate segregation of duties is maintained, so no one individual is able both to perpetrate and to conceal errors or irregularities. Such procedures should ensure also that integrity reports from the system are adequately reviewed, and action is taken timely to address the items included on the reports.

Division Response: We have removed one of the individuals that is able to add assets to the inventory records, surplus and dispose of assets and perform the annual inventory and this individual will do the pre audits of the assets and will initial that they completed this before these assets can be added, surplused and disposed of to reconcile the annual inventory.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA STATE ELECTRICAL DIVISION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska State Electrical Division
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the Nebraska State Electrical Division (Division) for the calendar year ending December 31, 2024. The Division'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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the calendar year ending December 31, 2024, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balance; fraud that is material, either quantitatively or qualitatively, to the Schedule of Revenues, Expenditures, and Changes in Fund Balance; and any other instances that warrant the attention of those charged with governance. 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.

August 1, 2025

Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA STATE ELECTRICAL DIVISION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Calendar Year Ended December 31, 2024

	State Electrical Board Cash Fund 21210
REVENUES:	
Sales & Charges	$ 2,374,061
Miscellaneous	7,960
TOTAL REVENUES	2,382,021
EXPENDITURES:	
Personal Services	1,716,666
Operating	170,850
Travel	236,911
Capital Outlay	47,977
TOTAL EXPENDITURES	2,172,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	209,617
OTHER FINANCING SOURCES (USES):	
Sales of Assets	1
TOTAL OTHER FINANCING SOURCES (USES)	1
Net Change in Fund Balances	209,618
FUND BALANCES, JANUARY 1, 2024	932,428
FUND BALANCES, DECEMBER 31, 2024	$ 1,142,046
FUND BALANCES CONSIST OF:	
General Cash	$ 1,122,866
NSF Items	15,597
Accounts Receivable Invoiced	6,789
Due to Vendors	(3,206)
TOTAL FUND BALANCES	$ 1,142,046

The accompanying notes are an integral part of the schedule.

NEBRASKA STATE ELECTRICAL DIVISION

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2024

1. Criteria

The accounting policies of the Nebraska State Electrical Division (Division) are on the basis of accounting, as prescribed by the State of Nebraska's Director of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2024), the duties of the State of Nebraska's Director of 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 2024), 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 the 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 Division to record all accounts receivable and related revenues in EnterpriseOne; as such, the Division'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, 2024, and not yet paid as of that date. The amount recorded as expenditures on the Schedule, as of December 31, 2024, **does not** include amounts for goods and services received before December 31, 2024, which had not been posted to the general ledger as of December 31, 2024.

The Division had no accounts receivable at December 31, 2024, not recorded on the Schedule. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund types are established by the State and used by the Division:

> **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 Division:

> **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.

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

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

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

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

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

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

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

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, and receivable accounts. Accounts receivable are recorded as an increase to revenues, resulting in an increase to fund balance on the Schedule. Cash accounts are also included in the 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 – Proceeds of fixed asset dispositions.

2. Reporting Entity

The Division is a State agency established under and governed by the laws of the State of Nebraska. As such, the Division is exempt from State and Federal income taxes. The Schedule includes all funds of the Division included in the general ledger.

The Division 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.

NOTES TO THE SCHEDULE
(Concluded)

4. Capital Assets (Concluded)

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

For the ACFR, the State requires the Division 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 two years is capitalized. Depreciation expenses are reported in the ACFR 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 ACFR using the straight-line method with estimated useful lives of five years.

Capital asset activity of the Division recorded in the State Accounting System for the calendar year ending December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	$ 157,368	$ 46,200	$ -	$ 203,568
Less accumulated depreciation for:				
Equipment	64,143	31,902	-	96,045
Total capital assets, net of depreciation				$ 107,523