ATTESTATION REPORT
OF THE
NEBRASKA MOTOR VEHICLE INDUSTRY
LICENSING BOARD

JULY 1, 2025, THROUGH JUNE 30, 2026

Issued on August 19, 2026

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Audit Staff Working On This Examination

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Beth Hardy – Auditor

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NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

BACKGROUND

The Nebraska Motor Vehicle Industry Licensing Board (Board) was created in 1957 and amended over the years to enforce motor vehicle, motorcycle, mobile home, and travel trailer industry licensee standards, and to protect the public from dishonest licensee practices. The Board issues licenses, establishes license fees for each class, prescribes license forms, and investigates licensees' actions upon a sworn written complaint. The Board also regulates the issuance and revocation of licenses. The Board has the power to revoke or suspend a license or levy an administrative fine not to exceed $5,000 per violation.

The Board has nine members appointed by the Governor and approved by the Legislature, who serve three-year terms, and the Director of the Nebraska Department of Motor Vehicles, who serves as the Board's chairperson. No member may serve more than two consecutive terms. Board members include:

- a factory representative
- a member representing the public
- a licensed new motor vehicle dealer from each congressional district
- two licensed used motor vehicle dealers from different congressional districts
- one trailer dealer or combination motor vehicle or trailer dealer
- a licensed motorcycle dealer

Members are paid $50 a day when conducting Board business and are reimbursed for expenses.

Source: 2024-2025 Nebraska Blue Book

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Nebraska Motor Vehicle Industry Licensing Board Members

Name	Title	Term Ending
Rhonda Lahm	Chairperson – Director of Department of Motor Vehicles	N/A
Steven Matus	Manufacturer Representative	May 18, 2027
Blake Dillon	Motorcycle Dealer	May 18, 2028
Thomas McCaslin	New Car Dealer	May 18, 2027
Mike Anderson	New Car Dealer	May 18, 2028
Matt O’Daniel	New Car Dealer	May 18, 2026
Dennis Butler	Public Member	May 18, 2028
Brad Jacobs	Trailer Dealer	May 18, 2026
Chad Tessman	Used Car Dealer	May 18, 2027
Clint Jones	Used Car Dealer	May 18, 2026

Nebraska Motor Vehicle Industry Licensing Board
Executive Management

Name	Title
Joshua Eickmeier	Executive Director

Nebraska Motor Vehicle Industry Licensing Board
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Lincoln, NE 68509
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SUMMARY OF COMMENTS

During our examination of the Nebraska Motor Vehicle Industry Licensing Board (Board), we noted certain deficiencies 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. ***Lack of Segregation of Duties Over Revenues:*** We noted a lack of segregation of duties over revenue processes, including: 1) only one person being responsible for opening the mail and not creating an initial listing of monies received; 2) a lack of controls over the issuance of special permits; and 3) no documented process to reconcile the General Ledger to deposit documents.

2. ***Credit Card Clearing Account Balance:*** A balance in the account used to record credit card receipts was not reviewed properly and allocated to the appropriate accounts in the State's accounting system, which resulted in a proposed adjustment to the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

3. ***Legal Contract Issues:*** The Board contracts with a law firm to provide legal services. During testing, we noted the following issues: 1) the Board does not receive detailed billings; 2) the Board does not have documentation to support how the firm was selected or that the contract was reviewed by independent legal counsel; 3) the contract was not entered into the State's accounting system or reported on the State Contracts Database; 4) the contract did not contain a termination clause; and 5) the Board did not have a current contract, as the most recent agreement was for calendar year 2021.

4. ***Invoices Not Paid Timely:*** During testing of expenditures, we noted that several invoices were not paid in a timely manner.

5. ***Payroll Issues:*** During testing of payroll, we noted various issues, including: 1) a W-4N was entered incorrectly for one of two employees tested; 2) the Director's timesheet and leave are not approved properly; 3) the adjusted service date in the State's accounting system was not correct for two of five employees tested; 4) one employee did not have excess leave balances properly lapsed; 5) an employee's negative leave balance was not approved and documented properly by the Board; and 6) errors were identified in the calculation of the final paycheck for an employee who terminated from the Board.

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 observation of any 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 have been objectively evaluated and recognized as appropriate in 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.

COMMENTS AND RECOMMENDATIONS

1. Lack of Segregation of Duties Over Revenues

The Nebraska Motor Vehicle Industry Licensing Board (Board) lacked an adequate segregation of duties over the revenue process and the issuance of permits.

A similar finding was noted in our previous attestation reports since fiscal year 2007.

In particular, the following was noted:

- Mail containing cash receipts is not adequately controlled, as only one individual opens the mail for the Board, and an initial listing of monies received is not documented. Additionally, after the mail is opened, license and permit applications are not separated from the monies received. The individuals who process the applications are also able to generate the deposits.

- There is a lack of controls over the special permits issued by the Board. Special permits are not recorded in the Board's licensing system. Instead, the Board uses a Word document to prepare the permits and tracks the issuance of special permits in an Excel spreadsheet. The permits are not printed on stock with pre-printed control numbers, and no reconciliation is performed to ensure special permit numbers are not used and unaccounted for.

- Additionally, there is no documented reconciliation of the General Ledger to deposit documents to ensure all monies are properly receipted in the State's accounting system.

A proper system of internal control requires an adequate segregation of duties or compensating procedures to ensure that no one individual is in a position both to perpetrate and to conceal errors or irregularities when issuing permits or licenses and preparing deposits, including the preparation of an initial listing of monies received.

Without such procedures, there is an increased risk of not only loss, theft, or misuse of State funds but also errors being made and not detected. During testing, however, it was noted that it appears the majority of the Board's receipts are now processed through online credit card payments, reducing the risk for potential loss, theft, or misuse of State funds.

In total, the Board received $59,980 of receipts in cash or check during fiscal year 2026.

> We recommend the Board implement procedures to strengthen the segregation of duties over receipts, including having multiple people involved in the opening of mail and receipt of monies, establishing an initial listing of all monies received, and reconciling the General Ledger to deposit documents to ensure all monies are properly receipted in the State's accounting system.

Board Response: Regarding cash receipts that our office receives through the mail, our Agency has taken significant steps in addressing this issue. Tyler Technologies developed our online license renewal platform to get away from paper renewal applications and physical payments. Tyler Technologies also revamped our website, which includes implementing fillable forms and online payments to further limit the handling of physical payments in the office. However, this has proven to be a hard habit for dealers to break. So, while this issue persists, it has become the exception and not the rule.

As for the assertion that there is a lack of control over special permits, it should be noted that there are safeguards in place out in the field. Our investigators are given the list of dealers with special permits for upcoming events and then attend those events to verify that all dealers at an approved event have legitimate special permits. Occasionally, they will find a dealer without a permit and then require them to immediately submit a special permit

COMMENTS AND RECOMMENDATIONS
(Continued)

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

application. Nebraska dealers are automatically eligible for a special permit so there is no reason to "sneak" into an approved event other than to avoid the $50 special permit fee. Out-of-state dealers can't qualify for a special permit, so they would be the only dealers with a reason to forge a special permit. Investigators have removed out-of-state dealers from events for not having a special permit, but I have never seen a forged special permit. Therefore, the investigators act as the ultimate control to ensure that only dealers with legitimate special permits are at these approved events. Virtually all special permit applications are submitted online, which includes electronic payment and office staff have administrative access to all forms submitted through the MVILB website. Therefore, there is a digital record to review if there are questions regarding the legitimacy of a special permit and verification that payment was made.

2. Credit Card Clearing Account Balance

During testing, we identified a balance in Miscellaneous Revenue on the Schedule of Revenues, Expenditures, and Changes in Fund Balances that included $48,720 of credit card receipts for licenses issued by the Board. When credit card receipts are received by the State Treasurer, the balance is recorded to a credit card clearing account, and the Board is responsible for posting a journal entry to reallocate the balance to the correct accounts. However, as of June 30, 2026, the credit card clearing account had a balance of $48,720.

The Auditor of Public Accounts proposed, and the Board agreed to, a financial statement adjustment to move the $48,720 from Miscellaneous Revenue to Sales and Charges Revenue on the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

A proper system of internal controls and sound accounting practices require procedures to ensure that credit card revenues are moved from the credit card clearing account into the appropriate object accounts for proper financial statement presentation in a timely manner. When these entries are not made in a timely manner, there is an increased risk that the financial statements could be materially misstated.

> We recommend implementing policies and procedures to ensure that journal entries to allocate credit card revenues are made in a timely manner.

Board Response: We agree that this process must occur in a timely manner and will make the necessary adjustments to ensure this issue gets resolved moving forward.

3. Legal Contract Issues

During testing of the Board's contract with outside legal counsel, we noted that the Board was charged $2,000 each month for a retainer to have legal services available for 10 to 12 hours each month, as outlined in an out of date contract. However, the Board did not receive detailed billings for the time spent during the month. Due to the timing of when invoices were paid, the Board paid the law firm $26,000 during the period from July 1, 2025, through June 30, 2026. Additionally, we noted the following:

- There was no documentation on file to support the basis for the selection of the law firm, as required by Neb. Rev. Stat. § 73-805 (Cum. Supp. 2024), which states the following:

  > *State agency directors shall be responsible for maintaining accurate documentation of the process used for selection of all contracts and for ensuring and documenting that services and personal property required under the contract are being performed or provided in compliance with the terms of the contract. Such documentation shall be kept with each contract.*

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Legal Contract Issues (Continued)

- The contract was not entered into the State's accounting system, as required by Neb. Rev. Stat. § 73-806(1) (Cum. Supp. 2024). That statutory provision says the following:

  All state agencies shall process and document all contracts through the state accounting system. The Director of Administrative Services shall specify the format and type of information for state agencies to provide and approve any alternatives to such formats. All state agencies shall enter the information on new contracts and amendments to existing contracts. State agency directors shall ensure that contracts are coded appropriately into the state accounting system.

- The contract was not reported on the State Contracts Database, as required by Neb. Rev. Stat. § 84-602.04(4)(a) (Supp. 2025), which provides the following, in relevant part:

  The website described in this section shall include a link to the website of the Department of Administrative Services. The department's website shall contain:

  > *(i) A database that includes a copy of each active contract that is a basis for an expenditure of state funds, including any amendment to such contract and any document incorporated by reference in such contract. . . . All state entities shall provide to the Department of Administrative Services, in electronic form, copies of such contracts for inclusion in the database beginning with contracts that are active on and after January 1, 2014, ...*
  >
  > *(ii) A database that includes copies of all expired contracts which were previously included in the database described in subdivision (4)(a)(i) of this section . . . .*

- There was no documentation that the contract was reviewed by independent legal counsel.

- The contract did not contain a termination clause.

- The contract on file was outdated. The most recent engagement letter maintained on file by the Board was for calendar year 2021.

A similar finding was noted in our previous attestation reports since fiscal year 2009.

A proper system of internal controls and sound business practices requires the Board's contracts to: 1) be supported by not only detailed monthly billings specifying the services performed but also documentation of the selection process utilized; 2) be entered into the State's accounting system and reported on the State Contracts Database, as required by law; 3) be reviewed by independent legal counsel; 4) contain a termination clause; and 5) be current. Without such procedures, there is an increased risk of not only noncompliance with State statute, but also an increased risk for the loss, theft, or misuse of State funds.

> We recommend the Board implement policies and procedures to ensure that sufficient detail is obtained to substantiate contractual billings, and documentation is maintained to support the selection of the service provider. The Board's contracts should also be entered into the State's accounting system and reported on the State Contracts Database, as required by State statute. Finally, the contracts should be reviewed by independent legal counsel, contain termination clauses, and be kept current.

COMMENTS AND RECOMMENDATIONS
(Continued)

3. <u>Legal Contract Issues</u> (Concluded)

Board Response: Baylor Evnen maintains detailed billings and supporting documentation that is available upon request. The Board has never expressed any concerns with the firm, indicated a desire to solicit proposals for new representation, or inquired as to renegotiating the $2,000/month rate, which has been the rate at least since 2011. I spoke with Baylor Evnen to update their engagement letter to include a termination clause. I will present it to the Board for its consideration at the next Board meeting. The updated engagement letter will be entered into the State's accounting system (E1) and reported on the State's contract database once it has been approved by the Board at the next Board meeting.

4. <u>Invoices Not Paid Timely</u>

During testing, we noted multiple instances of invoices not being paid in a timely manner, including the following:

- During testing of expenditures, we noted for 29 of 33 Department of Administrative Services (DAS) Transportation Services Bureau invoices during fiscal years 2025 and 2026, payment was not made within 45 days. These invoices were paid between 48 and 300 days after the invoice date, with an average of 134 days afterwards.

- We noted also that an Interagency Billing Transaction (IBT) invoice from the DAS Office of the Chief Information Officer for services provided in February 2026 was received on March 11, 2026, but not processed and paid until May 28, 2026, a delay of 78 days.

Neb. Rev. Stat. § 81-2403(1) (Reissue 2024) states the following:

> *Except as provided in subsection (2) of this section, each agency shall make payment in full for all goods delivered or services rendered on or before the forty-fifth calendar day after (a) the date of receipt by the agency of the goods or services or (b) the date of receipt by the agency of the bill for the goods or services, whichever is later, unless other provisions for payment are agreed to in writing by the creditor and the agency.*

As a best practice, the Board should adhere to the above statutory requirement when paying invoices that result from interagency service agreements.

Additionally, a proper system of internal controls requires procedures to ensure the timely payment of all invoices.

Without such procedures, there is an increased risk for the loss or misuse of State funds.

> We recommend the Board implement procedures to ensure the timely payment of all invoices.

Board Response: We agree that this process must occur in a timely manner and will make the necessary adjustments to ensure this issue gets resolved moving forward.

5. <u>Payroll Issues</u>

During testing, we noted multiple payroll issues, as detailed in the table below.

General Issue	Description of Issue
W-4N Incorrectly Entered	For one of two employees tested, the Board did not enter claimed allowances on the W-4N correctly into the State's accounting system.
Director Timesheet & Leave Approval	The Board lacks procedures to review the Director's timesheets and leave usage.

COMMENTS AND RECOMMENDATIONS
(Continued)

5. Payroll Issues (Continued)

<table>
<tr><th>General Issue</th><th>Description of Issue</th></tr>
<tr><td>Continuous Service Date Adjustment</td><td>Two employees were noted with incorrect continuous service dates.
1. One employee had worked previously for other agencies within State government but was not given credit for that work. As a result, the adjusted service date in the State's accounting system was August 28, 2023, but should have been September 27, 2020.
2. One employee's adjusted service date included time employed as a temporary employee. As a result, the adjusted service date was entered as September 18, 2022, but should have been April 24, 2023, to reflect when the employee became a permanent employee.</td></tr>
<tr><td>Leave Balancing</td><td>For one employee, an excess leave balance was not written off properly or approved for carryover at the end of calendar year 2025. The excess balance was 7.5 hours of vacation leave.</td></tr>
<tr><td>Negative Leave</td><td>One employee was identified with a negative sick leave balance from February 2026 through June 2026, which ranged from -0.21 hours to -12.36 hours. During testing, the Board noted that when an employee has a negative leave balance, they are required to sign a letter acknowledging that negative leave balances will not exceed 20 hours and will be deducted from the employee's final paycheck if terminating prior to reaching a positive leave balance. However, the Board had no documentation that the employee was approved to have a negative leave balance, and the letter acknowledging the negative leave balance was not signed by the employee until June 3, 2026, several months after the initial negative leave balance.</td></tr>
<tr><td>Terminations</td><td>The following issues were noted with one terminated employee's final paycheck:
1. The employee terminated before the end of the pay period and worked 72 hours but was paid 80 hours on the final paycheck.
2. Vacation and sick leave hours accrued by the employee during the final pay period were not included in the leave payout on the final timesheet. As a result, the employee had a leave balance remaining in the State's accounting system after retirement.
3. The leave accrued during the final pay period was for the full 80 hours and not adjusted to reflect the 72 hours worked.
Including the leave lapsing issue noted above, this resulted in the employee's gross pay being overstated by $237.53 and net pay being overstated by $125.41.</td></tr>
</table>

A proper system of internal controls and sound accounting practices require procedures to ensure: 1) payroll information, including tax deductions, is accurate; 2) time worked and leave used is reviewed and approved properly; 3) all adjusted services date are documented correctly; 4) leave in excess of the maximum allowable carryover balance is lapsed properly; 5) negative leave balances are approved and documented properly; and 6) employee pay is calculated properly on the final paycheck after termination of employment.

5. Payroll Issues (Continued)

Title 273 of the Nebraska Administrative Code (NAC) Chapter 4-007 (effective 6/14/2023) states the following:

> *In the event a temporary employee obtains a regular position in state government, the period of temporary employment will not count toward service date or original probation period.*

Additionally, Section 14.15 of both the 2023-2025 and the current 2025-2027 Labor Contract between the State of Nebraska and the Nebraska Association of Public Employees Local 61 of the American Federation of State, County, and Municipal Employees (NAPE/AFSCME) states, in relevant part, the following:

> *Employees returning to work on or after July 1, 2001, after a break in service of less than five calendar years shall have their accumulated unpaid sick leave balance reinstated, unless the employee previously received a payout of sick leave. The employee's service date shall be adjusted for the period of absence. The employee's vacation leave and sick leave earning rate will also be adjusted, and the new rate of earning will be based on the adjusted service date.*

Further, the DAS Accounting Manual, General Policies, AM-005, Section 30, "Payroll Adjustments to Leave Balances" (12/2019), contains the following:

> *Agencies are responsible for updating their employee payroll records. When an agency determines an adjustment needs to be made to an employee's leave history record, the correction should be made in the EnterpriseOne (Payroll and Financial Center) payroll system. (Leave Adjustments)*
>
> *An audit trail should be documented indicating why the change was made and showing the status before and after the change. It is recommended that this documentation be placed in the employee's personnel file.*

Failure to implement appropriate internal policies or to follow external guidelines already in place – such as those referenced above – increases the risk of loss, theft, or misuse of State funds.

> We recommend the Board implement policies and procedures to ensure: 1) all payroll documentation is reviewed for errors; 2) the Director's timesheets and leave use are reviewed and approved properly; 3) continuous service dates are documented correctly; 4) excess leave balances are written off appropriately; 5) policies governing negative leave balances are followed; and 6) terminating or retiring employees are paid for correct hours, and they accrue the proper leave and receive accurate payouts.

Board Response:

- *W-4N Error: Our Agency will correct this in EnterpriseOne with guidance from accounting and DAS and will implement a reconciliation process for the future.*

- *Director Timesheet Approval: While the director does not fill out leave slips, the director does submit a time sheet, which includes any leave taken during that week, which is reviewed by HR.*

- *Continuous Service Date: The Agency adjusted the service dates with guidance from the workday team and DAS and are awaiting instructions from DAS Accounting for updating the service dates in EnterpriseOne. The Agency will ensure that we review these dates going forward.*

- *Leave Balancing: There was a misunderstanding as to the Agency's role in the leave balance process, but the Agency will establish procedures to review leave balances after we receive notice that Accounting has performed the leave roll over.*

COMMENTS AND RECOMMENDATIONS
(Concluded)

5. **Payroll Issues** (Concluded)

- *Negative Leave: This issue is not a common issue for the Agency, so procedures were established to address the issue when it came up, but a more formal policy/procedure can be established moving forward.*

- *Terminations: The Agency was aware of potential issues regarding the employee's retirement given he wanted his retirement date to be at the end of the month instead of the end of a pay period. The only other retirement our current HR person had processed was at the end of a pay period. Therefore, the Agency worked with Accounting to ensure that it was executed properly, which apparently did not occur. The Agency will be more diligent to ensure the accuracy moving forward.*

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NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Motor Vehicle Industry Licensing Board
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Motor Vehicle Industry Licensing Board (Board) for the fiscal year ending June 30, 2026. The Board's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances 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 Balances 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 Balances 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 Balances. 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 Balances, 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 Balances for the fiscal year ending June 30, 2026, is based on the accounting system and procedures prescribed by the State of Nebraska 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 Balances; fraud that is material, either quantitatively or qualitatively, to the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance. 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 no findings that are required to be reported under *Government Auditing Standards.*

Government Auditing Standards also require us to perform limited procedures on the Board's responses to the findings identified in the Comments and Recommendations section of the report. The Board's responses were not subject to the other procedures applied in the attestation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances and, accordingly, we express no opinion on the responses.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, 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.

Brad Ashley

Brad Ashley, CPA
Audit Manager
Lincoln, Nebraska

Mike Foley
Auditor of Public Accounts

August 14, 2026

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2026

	Motor Vehicle Industry Licensing Board Fund 24010	Common School Fund 61270	**Totals (Memorandum Only)**
REVENUES:			
Sales & Charges	$ 931,635	$ -	$ 931,635
Miscellaneous	9,978	24,000	33,978
TOTAL REVENUES	941,613	24,000	965,613
EXPENDITURES:			
Personal Services	828,686	-	828,686
Operating	93,043	-	93,043
Travel	58,309	-	58,309
TOTAL EXPENDITURES	980,038	-	980,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,425)	24,000	(14,425)
OTHER FINANCING SOURCES (USES):			
Deposit to/from Common Fund	-	(24,000)	(24,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(24,000)	(24,000)
Net Change in Fund Balances	(38,425)	-	(38,425)
FUND BALANCES, July 1, 2025	296,413	-	296,413
FUND BALANCES, June 30, 2026	$ 257,988	$ -	$ 257,988
FUND BALANCES CONSIST OF:			
General Cash	$ 257,203	$ -	$ 257,203
NSF Items	770	-	770
Due From Other Funds	15	-	15
TOTAL FUND BALANCES	$ 257,988	$ -	$ 257,988

The accompanying notes are an integral part of the schedule.

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2026

1. Criteria

The accounting policies of the Nebraska Motor Vehicle Industry Licensing Board (Board) 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 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 Balances 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 June 30, 2026, and not yet paid as of that date. The amount recorded as expenditures on the Schedule, as of June 30, 2026, **does not** include amounts for goods and services received before June 30, 2026, which had not been posted to the general ledger as of June 30, 2026.

The Board had no accounts receivable at June 30, 2026. 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 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.
>
> **60000 – Trust Funds** – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

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.
>
> **Miscellaneous –** Revenue from sources not covered by other major categories, such as investment income and advertising fines.

NOTES TO THE SCHEDULE
(Concluded)

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. Cash accounts 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 – Deposits to common funds.

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. 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, 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.

5. Deposits to/from Common Funds

Neb. Rev. Stat. § 60-1415(2) (Reissue 2021) requires administrative fines assessed on violations to be distributed in accordance with Article VII, § 5, of the Nebraska Constitution. This is accomplished by depositing administrative fines to the Common School Fund (61270).