



**Report of Examination  
of  
State of Nebraska  
Auditor of Public Accounts**

**For the Fiscal Year Ended  
June 30, 2008**



**Dave Heineman**  
Governor

# STATE OF NEBRASKA

DEPARTMENT OF REVENUE

**Douglas A. Ewald**, Tax Commissioner  
P.O. Box 94818 • Lincoln, Nebraska 68509-4818  
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The Honorable Dave Heineman, Governor  
Patrick J. O'Donnell, Clerk of the Legislature

In accordance with the provisions of Statute 81-106, which requires the State Tax Commissioner to examine and audit the books, accounts, vouchers, records, and expenditures of the office of the Auditor of Public accounts of the State of Nebraska, I herewith submit our report of the examination for the fiscal year ended June 30, 2008.

Sincerely,

A handwritten signature in cursive script that reads "Douglas A. Ewald".

Douglas A. Ewald, CPA  
Tax Commissioner

May 15, 2009

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
AUDIT REPORT FISCAL YEAR ENDED JUNE 30, 2008**

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**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
CASH BASIS FINANCIAL STATEMENTS  
JULY 1, 2007 THROUGH JUNE 30, 2008**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

This section of the Nebraska Auditor of Public Accounts' financial report presents a narrative overview and analysis of the financial activities of the Nebraska Auditor of Public Accounts for the fiscal year ended June 30, 2008. Please read it in conjunction with the Agency's financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Nebraska Auditor of Public Accounts' basic financial statements. The Agency's basic financial statements have three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements.

**Agency-Wide Financial Statements.** The Agency-Wide financial statements include two statements: the Statement of Net Assets Arising from Cash Transactions and the Statement of Activities – Cash Basis. These statements provide a broad overview of the Agency's overall financial status. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. The Agency-Wide financial statements are prepared on the cash basis of accounting and do not include capital assets, accounts receivable and payable, or long-term debt activity, which would need to be considered to assess the financial health of the Agency. Non-financial factors also need to be considered to assess the overall health of the Agency. Agency-wide financial statements divide the Agency into three kinds of activities:

Governmental activities - The Agency's basic services are included here. These activities are generally financed through taxes or charges for services.

Business-type activities - Activities financed by fees charged to external parties for goods or services would be included here. The Agency had no business-type activities for fiscal year ended June 30, 2008.

Component units - No component units for the Agency were identified.

**Fund Financial Statements.** Fund financial statements focus on the individual parts of the Agency, reporting the Agency's operations in more detail than the agency-wide statements by providing information about the Agency's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental funds statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

The proprietary funds statements offer financial information about the activities the government operates like businesses. The Agency currently has no proprietary funds.

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
MANAGEMENT DISCUSSION AND ANALYSIS  
(Continued)**

Fiduciary Funds statements provide information about financial relationships in which the Agency acts solely as a trustee or agent for the benefit of others. Fiduciary Funds are not included on the agency-wide statements. The Agency currently has no fiduciary funds.

**Notes to the Financial Statements.** The notes to the financial statements are an integral part of the agency-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

**Supplementary Information.** This Management Discussion and Analysis and the Budgetary Comparison Schedule represent financial information which provide users of this report with additional data that supplements the agency-wide statements, fund financial statements, and notes.

**BASIS OF ACCOUNTING**

The Nebraska Auditor of Public Accounts' financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment, and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

**Changes in Net Assets**

For the fiscal year ended June 30, 2008, net assets of the Agency (current assets resulting from cash basis transactions) decreased 17 percent.

	<u>Governmental Activities</u>		<u>% Change</u>	<u>\$ Change</u>
	<u>2008</u>	<u>2007</u>		
Restricted	\$ 154,585	\$ 186,472	-17%	\$ (31,887)
Unrestricted	999	999	0%	-
Total Net Assets	<u>\$ 155,584</u>	<u>\$ 187,471</u>	<u>-17%</u>	<u>(31,887)</u>

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
MANAGEMENT DISCUSSION AND ANALYSIS  
(Continued)**

**Governmental Activities**

Receipts for the Agency's governmental activities increased 4 percent, while disbursements also increased 4 percent.

	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2008</u>	<u>2007</u>	
RECEIPTS:			
Program Receipts:			
Charges for Services	\$ 850,823	\$ 758,539	12%
Operating Grants & Contributions	7,678	9,191	-16%
General Receipts:			
Appropriations	2,433,676	2,399,403	1%
Total Receipts	<u>3,292,177</u>	<u>3,167,133</u>	<u>4%</u>
DISBURSEMENTS:			
General Government	<u>3,324,397</u>	<u>3,190,732</u>	<u>4%</u>
Total Disbursements	<u>3,324,397</u>	<u>3,190,732</u>	<u>4%</u>
Excess (Deficiency) before Other Financing Sources and Uses	(32,220)	(23,599)	-37%
OTHER FINANCING SOURCES & USES	<u>333</u>	<u>2,014</u>	<u>-83%</u>
Increase (Decrease) in Net Assets	(31,887)	(21,585)	-48%
Beginning Net Assets July 1	<u>187,471</u>	<u>209,056</u>	<u>-10%</u>
Ending Net Assets June 30	<u>\$ 155,584</u>	<u>\$ 187,471</u>	<u>-17%</u>

**FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS**

As noted earlier, the Nebraska Auditor of Public Accounts uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. No significant changes from the prior year were noted.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

No significant differences were noted between the original and final budget amounts, or between final budget amounts and actual budget results for the General Fund.

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
MANAGEMENT DISCUSSION AND ANALYSIS  
(Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

As noted earlier, the financial statements are presented on the cash basis of accounting and therefore do not include capital assets or long-term debt activity.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

No conditions were noted that would be expected to have a significant effect on the fund balances and the operations of the Nebraska Auditor of Public Accounts.

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
COMMENT AND RECOMMENDATION**

The primary objectives of the audit conducted by the Nebraska Department of Revenue were (1) to examine account records and financial transactions of the Auditor of Public Accounts (APA) for fiscal year ending June 30, 2008, to determine if the financial statements were fairly presented in accordance with the cash receipts and disbursements method of accounting; and (2) whether the APA has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements. This examination pertains only to the office of the APA and not to any boards or commissions of which the APA may be a member. Our examination revealed no area as a reportable condition.





**Dave Heineman**  
Governor

# STATE OF NEBRASKA

**DEPARTMENT OF REVENUE**  
**Douglas A. Ewald, Tax Commissioner**  
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## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Auditor of Public Accounts listed in the table of contents, as of and for the fiscal year ended June 30, 2008. These financial statements are the responsibility of the Auditor of Public Accounts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1 the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions and receipts, disbursements and changes in fund balances of the Auditor of Public Accounts, as of June 30, 2008, on the basis of accounting described in Note 1.

Douglas A. Ewald, CPA  
Tax Commissioner  
May 15, 2009

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
**STATEMENT OF NET ASSETS**  
**ARISING FROM CASH TRANSACTIONS**  
 June 30, 2008

	GOVERNMENTAL ACTIVITIES TOTAL
<b>Assets</b>	
Cash in State Treasury	\$ 154,300
Deposit with Vendors	1,284
	155,584
Total Assets	\$ 155,584
<b>Net Assets</b>	
Restricted for:	
Payment for Contractual Audits	\$ 154,585
Unrestricted	999
	155,584
Total Net Assets	\$ 155,584

The accompanying notes are an integral part of the financial statements.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
 For the Fiscal Year Ended June 30, 2008

	<b>Governmental Activities</b>
	<b>General Government</b>
Disbursements:	
Personal Services	\$ 2,873,554
Operating	384,881
Travel	61,917
Capital Asset Purchases	4,045
Total Disbursements	3,324,397
Program Receipts:	
Charges for Services	850,823
Operating Grants & Contributions	7,678
Net Program Receipts (Disbursements)	(2,465,896)
General Receipts and Other Financing Sources:	
Appropriations	2,433,676
Other Financing Sources	333
Total General Receipts, and Other Financing Sources	2,434,009
Change in Net Assets	(31,887)
Net Assets July 1, 2007	187,471
Net Assets June 30, 2008	\$ 155,584

The accompanying notes are an integral part of the financial statements.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
**STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS**  
**GOVERNMENTAL FUNDS**  
 June 30, 2008

	Major Funds		
	Fund 10000 State General Fund	Fund 21010 Auditor of Public Accounts Cash Fund	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash in State Treasury	\$ -	\$ 154,300	\$ 154,300
Deposit with Vendors	999	285	1,284
Total Assets	\$ 999	\$ 154,585	\$ 155,584
<b>Fund Balances</b>			
Reserved for:			
Postage	\$ 999	\$ 285	\$ 1,284
Unreserved	-	154,300	154,300
Total Fund Balances	\$ 999	\$ 154,585	\$ 155,584

The accompanying notes are an integral part of the financial statements.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2008

	Major Funds		
	Fund 10000	Fund 21010	Total
	State General Fund	Auditor of Public Accounts Cash Fund	Governmental Funds
RECEIPTS:			
Appropriations	\$2,433,676	\$-	\$2,433,676
Sales & Charges	-	849,574	849,574
Miscellaneous:			
Investment Interest	-	7,678	7,678
Other Miscellaneous	-	1,249	1,249
TOTAL RECEIPTS	2,433,676	858,501	3,292,177
DISBURSEMENTS BY FUNCTION:			
General Government	2,433,676	890,721	3,324,397
TOTAL DISBURSEMENTS	2,433,676	890,721	3,324,397
Excess (Deficiency) of Receipts Over			
(Under) Disbursements	-	(32,220)	(32,220)
OTHER FINANCING SOURCES (USES):			
Sales of Assets	-	333	333
TOTAL OTHER FINANCING SOURCES (USES)	-	333	333
Net Change in Fund Balances	-	(31,887)	(31,887)
FUND BALANCE, JULY 1, 2007	999	186,472	187,471
FUND BALANCE, JUNE 30, 2008	\$999	\$154,585	\$155,584

The accompanying notes are an integral part of the financial statements.

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
NOTES TO FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2008

**1. Summary of Significant Accounting Policies**

The accounting policies of the Nebraska Auditor of Public Accounts are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

**A. Reporting Entity**

The Nebraska Auditor of Public Accounts (Agency) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Agency is exempt from State and Federal income taxes. The financial statements include all funds of the Agency. The Agency has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Agency, or the significance of their relationship with the Agency is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Agency.

These financial statements present the Nebraska Auditor of Public Accounts. No component units were identified. The Nebraska Auditor of Public Accounts is part of the primary government for the State of Nebraska's reporting entity.

**B. Basis of Presentation**

**Agency-wide Financial Statements.** The Statement of Net Assets Arising from Cash Transactions and Statement of Activities - Cash Basis display information about the activities of the Agency and are in the format of government-wide statements as required by Governmental Accounting Standards Board (GASB) Statement Number 34. These statements include all the financial activities of the Agency. Internal activities in these statements have not been eliminated. Governmental generally accepted accounting principles (GAAP) would require internal activity to be eliminated to minimize double counting. The Agency reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct disbursement of a

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General receipts include all other receipts properly not included as program receipts. The Agency reported the following general receipts: Appropriations, which are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

**Fund Financial Statements.** The fund financial statements provide information about the Agency's funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The Agency uses only the governmental fund category. The emphasis of fund financial statements is on major governmental funds. Both governmental funds of the Agency are major funds and are identified as follows:

**General Fund.** This is the Agency's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

**Auditor of Public Accounts Cash Fund.** This fund is established in statute and is used for the payment of services performed by the Auditor of Public Accounts for State agencies, political subdivisions, and grantees of federal funds disbursed by a receiving agency for which he is entitled to reimbursement on a contractual or other basis for such reimbursement.

**C. Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the Agency are maintained and the Agency-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets Arising from Cash Transactions and the Statement of Activities - Cash Basis. Revenues are recognized when received and expenditures are recognized when paid for all funds of the Agency. This differs from governmental generally accepted accounting principles (GAAP), which require the Agency-wide fund financial statement to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

accounting were used as described above. This differs from governmental generally accepted accounting principles (GAAP), which require governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State of Nebraska considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**D. Assets and Net Assets**

**Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Information System (NIS). Investment of all available cash is made by the State Investment Officer, on a daily basis, based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Agency were designated for investment during fiscal year 2008.

**Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

**Capital Assets.** Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

**Compensated Absences.** All permanent employees working for the Agency earn sick and annual leave and are allowed to accumulate compensatory leave rather than being paid overtime. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements, and would be recorded in accordance with the State of Nebraska policy which is to recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is



**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

expected to be paid as termination payments.

**Restricted Net Assets.** Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**E. Fund Balance Reservations**

Reservations of fund balances are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balances are also established for assets which are not current in nature, such as postage.

**2. Contingencies and Commitments**

**Risk Management.** The Agency is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Agency, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State with the exception of the health and life insurance programs which are maintained by the DAS Personnel Division. The State generally self-insures for general liability and workers' compensation. The State has chosen to purchase insurance for:

- A. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident with a self-insured retention of \$300,000 per accident, except for accidents involving vehicular pursuit which have a \$1,000,000 self-insured retention per accident. Insurance is also purchased for medical payments, physical damage, and uninsured and underinsured motorists with various limits and deductibles. State agencies have the option to purchase coverage for physical damage to vehicles.
- B. Health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$21 million for each loss, and a \$25,000 self-insured retention per incident was in effect from July 1, 2006 through October 18, 2006. Starting October 19, 2006 the limit for each loss was increased to \$31 million.
- D. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 per loss occurrence. Newly acquired properties are covered up to \$5,000,000 for 120 days or until the value of the property is reported to the insurance company. The perils of flood, earthquake, and acts of terrorism have various coverages, sublimits, and self insurance.

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Details of these coverages are available from the Department of Administrative Services Risk Management Division. State agencies have the option to purchase building contents and inland marine coverage.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Insurance Trust Funds through a combination of employee and State contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Auditor of Public Accounts' financial statements.

**3. State Employees Retirement Plan (Plan)**

The single-employer plan became effective by statute on January 1, 1964. Prior to January 1, 2003, the plan consisted of a defined contribution plan that covered State employees. Effective January 1, 2003, a cash balance benefit was added to the State Employees Retirement Act. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected to either continue participation in the defined contribution option or begin participation in the cash balance benefit. The defined contribution option is closed to new entrants. All new members of the Plan on and after January 1, 2003, become members of the cash balance benefit. Additionally, on or after November 1, 2007, but before January 1, 2008 members who are employed and participating in the retirement system may either elect to continue participation in the defined contribution option or elect to participate in the cash balance benefit. Members who elect to participate in the cash balance benefit during this timeframe shall commence participation in the cash balance benefit on January 1, 2008. The benefits and funding policy of the Plan is established and can only be amended by the Nebraska Legislature.

Prior to January 1, 2007, all permanent full-time employees who had 12 continuous months of service were required to begin participation in the retirement system. All permanent full-time or permanent part-time employees who had 12 months of service within a five-year period, and who had attained the age of 20, could exercise the option to begin participation in the retirement system. As of January 1, 2007, all permanent full-time employees are required to begin participation in the retirement system upon employment; and all permanent part-time employees, who have attained the age of twenty years, may exercise the option to begin participation in the retirement system.

**Contribution.** Prior to January 1, 2007, each member contributed 4.33% of his or her monthly compensation until \$864 had been contributed and 4.8% of his or her monthly

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

compensation for the remainder of the calendar year. As of January 1, 2007, each member contributes 4.8% of his or her monthly compensation.

The Agency matches the member's contribution at a rate of 156%. The employee's and employer's contributions are kept in separate accounts.

The employee's account is fully vested. The employer's account is vested 100% after a total of three years of participation in the system, including the credit for participation in another Nebraska governmental plan prior to actual contribution to the Plan.

**Defined Contribution Option.** Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the sum of the employee and employer account. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

**Cash Balance Benefit.** Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment in the normal form. The normal form of payment is single life annuity with five year certain, payable monthly. Members will have the option to convert their member cash balance account to a monthly annuity with built in cost-of-living adjustments of 2.5% annually. Also available are additional forms of payment allowed under the Plan which are actuarially equivalent to the normal form, including the option of lump-sum or partial lump-sum.

For the fiscal year ended June 30, 2008, employees contributed \$104,179 and the Agency contributed \$162,519. A separate plan report is issued and can be obtained from the Nebraska Public Employees Retirement System. This report contains full pension-related disclosures.

**4. Full Accountability of the General Fund**

Only the cash transactions are reported on the financial statements for this fund. They do not show appropriations. To show the full accountability over this fund the following schedules reflect appropriations. Appropriations do not represent cash transactions.

	<b>General Fund</b>	
2008 Appropriations		\$ 2,484,636
Encumbrances from 2007		28,356
Total Appropriations		2,512,992
 Disbursements		 2,433,676
Ending (Appropriations) Balance June 30, 2008		\$ 79,316

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
SUPPLEMENTARY INFORMATION**

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE OF DISBURSEMENTS BY PROGRAM  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2008

PROGRAM:	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
10 - Salary - State Auditor	\$ 111,335	\$ 112,035	\$ 111,937	\$ 98
506 - State Agency and County Post Audit	<u>2,397,668</u>	<u>2,400,957</u>	<u>2,321,739</u>	<u>79,218</u>
<b>TOTAL DISBURSEMENTS</b>	<u><u>\$ 2,509,003</u></u>	<u><u>\$ 2,512,992</u></u>	<u><u>\$ 2,433,676</u></u>	<u><u>\$ 79,316</u></u>

See Notes to Supplementary Information

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS  
SUPPLEMENTARY INFORMATION  
(Continued)**

**MAJOR SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE OF DISBURSEMENTS BY PROGRAM  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2008**

Auditor of Public Accounts Cash Fund				
PROGRAM:	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
525 - Cooperative Audit	\$ 1,050,029	\$ 1,051,187	\$ 890,721	\$ 160,466
TOTAL DISBURSEMENTS	\$ 1,050,029	\$ 1,051,187	\$ 890,721	\$ 160,466

See Notes to Supplementary Information

## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS NOTES TO SUPPLEMENTARY INFORMATION

### GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the general fund, and for each major special revenue fund that has a legally adopted annual budget. For each program, the Legislature appropriated the Agency's legally adopted annual budget amount. The Agency's budgetary comparison schedules include the general fund and the Auditor of Public Accounts Cash Fund.

GAAP also requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as signed into law or otherwise legally authorized.

### Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Agency and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and presents the appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths vote of the Legislature.

The approved appropriations will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. As a result, the budgetary comparison schedules only report total disbursements *by program*.

Appropriations are usually made for each year of the biennium, with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium.

**NEBRASKA AUDITOR OF PUBLIC ACCOUNTS**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
(Continued)

All State budgetary disbursements for the general fund and the Auditor of Public Accounts Cash Fund are made pursuant to the appropriations, which may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major objects of expenditure accounts, except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total appropriations must also be approved by the Legislature as a deficit appropriations bill.

Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budgetary Comparison Schedule.