

**AUDIT REPORT
OF THE
NEBRASKA STATE PATROL**

JULY 1, 2000 THROUGH JUNE 30, 2001

NEBRASKA STATE PATROL

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NEBRASKA STATE PATROL

BACKGROUND

The Nebraska State Patrol (NSP) provides statewide law enforcement. The NSP maintains its main headquarters in Lincoln, with troop area headquarters in Lincoln, Omaha, Norfolk, Grand Island, North Platte, and Scottsbluff.

Division responsibilities are:

Traffic Services – Enforce laws of the State of Nebraska, giving particular regard to the laws relating to the operation of vehicles on the highways and to those laws designed to protect and safeguard life and property on the highways of Nebraska.

Investigative Services – Enforce criminal, drug, alcohol, and tobacco statutes within the State of Nebraska. Arrest, investigate, photograph, record, and secure evidence for criminal, drug, alcohol, and tobacco prosecutions. Post information to the Nebraska Sex Offender Registry, which is used to provide public notice and information about a registrant.

Agency Legal Counsel – Assist County Attorneys in drug abuse cases and advise the NSP on all legal matters.

Communications – Operate the agency's two-way radio system, Teletype, and automated data communications systems to provide information and assistance to officers in the field.

Safety Education and Training – Coordinate the recruitment program, administer the selection process, and conduct recruit and in-service training sessions.

Supply/Electronic Engineering – Procure and issue equipment and supplies to all divisions of the NSP, and prepare all new motor vehicle equipment and uniform items before issue to any member of the Patrol.

Information Systems – Design, set up, program, and implement all areas of computer analysis, which relates to and improves the overall function of the NSP.

Carrier Enforcement – Enforce all laws pertaining to motor carrier vehicles and permits, inspect trucks for all safety violations, and collect monies from permit stations and officers.

Criminalistics Laboratory – Perform scientific analysis of evidence collected by investigators, perform serology and toxicology examinations on body fluids, perform and examine DNA testing, examine and analyze trace evidence, examine and analyze narcotic and drug related evidence, examine and compare firearm and tool mark evidence, and provide expert testimony concerning all of the examinations and analyses conducted.

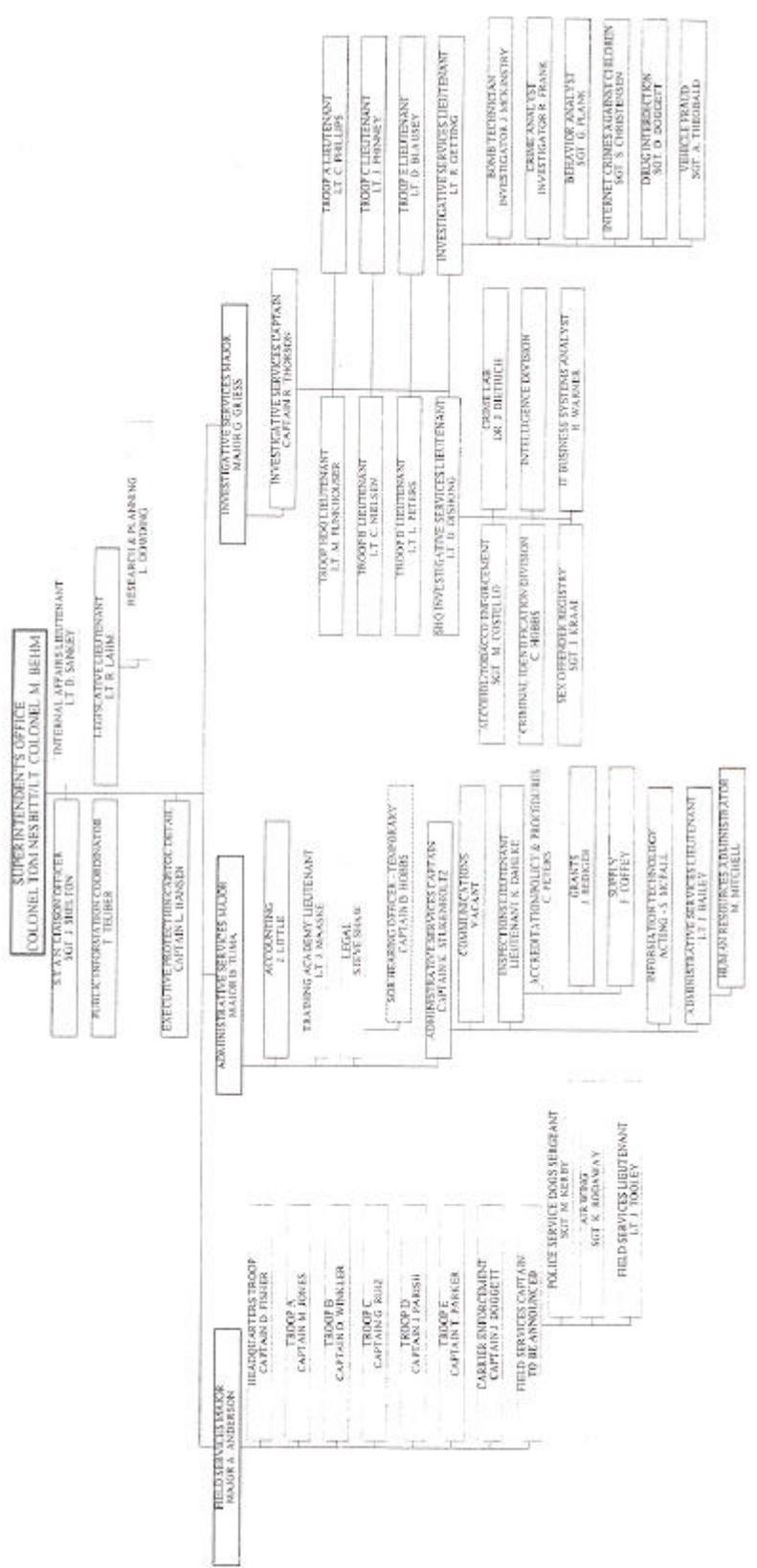
NEBRASKA STATE PATROL

MISSION STATEMENT

The mission of the Nebraska State Patrol is to exemplify our values by providing the highest quality of law enforcement and service to the citizens, protecting their rights and property, predicting and responding to the changing needs to society, respecting and preserving the dignity of the individual, and educating toward safety, voluntary compliance, and a better quality of life. Through innovation and cooperation, we strive to promote and maintain the spirit of teamwork that is the tradition of the Nebraska State Patrol.

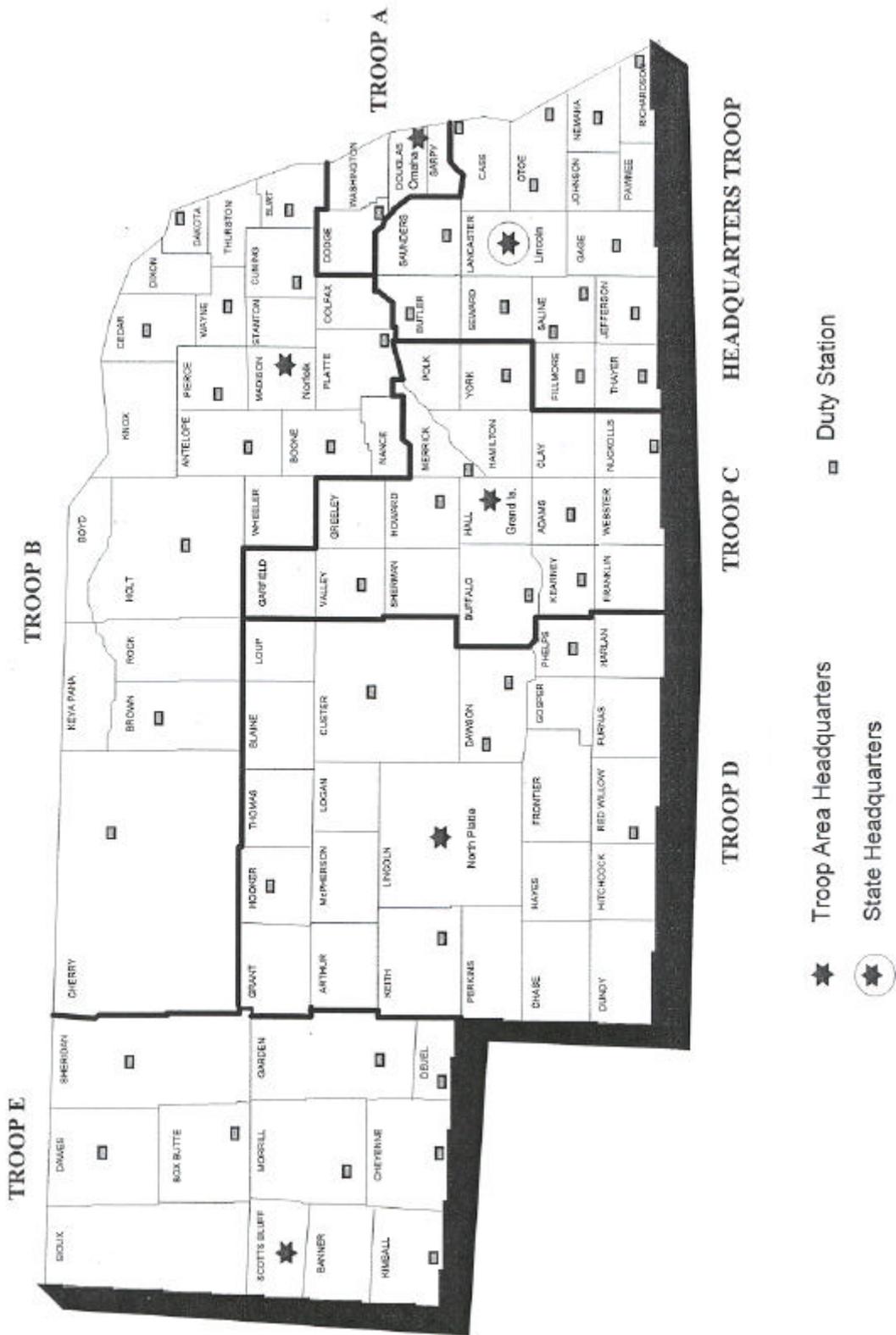
NEBRASKA STATE PATROL

ORGANIZATIONAL CHARTS



NEBRASKA STATE PATROL

DUTY STATIONS MAP



NEBRASKA STATE PATROL

SUMMARY OF COMMENTS

During our audit of the Nebraska State Patrol, we noted certain matters involving the internal control over financial reporting and other operational matters, which are presented here. Comments and recommendations are intended to improve the internal control over financial reporting, ensure compliance, or result in operational efficiencies.

1. ***Fixed Assets:*** Various concerns were noted, including incomplete fixed asset listings, a lack of segregation of duties over fixed assets and supplies, inadequate documentation, untagged property, and no annual physical inventory. Similar comments were noted in our 1999, 1995, and 1994 audit reports.
2. ***Inadequate Support for Meals:*** Four meal reimbursement requests tested were not in compliance with State and Federal regulations.
3. ***Unauthorized Use of Cash Fund:*** The Public Safety Cash Fund spent \$5,619 without proper approval by the Governor. Additionally, \$2,696 of this amount was not in accordance with State and Federal requirements.
4. ***Non-compliance with Grant Agreements:*** Fuel expenses totaling \$1,160 were charged to the General Fund which should have been paid with Federal funds.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Agency to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time but will be verified in the next audit.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

NEBRASKA STATE PATROL

COMMENTS AND RECOMMENDATIONS

1. Fixed Assets

Neb. Rev. Stat. Section 81-1118.02(1) R.R.S. 2000 requires that each department “shall annually make or cause to be made an inventory of all property, including furniture and equipment, belonging to the State of Nebraska and in the possession, custody, or control” of the department. This statute further states, “the inventory shall include property in the possession, custody, or control of each . . . department . . . as of June 30 and shall be completed and filed with the materiel administrator by August 31 of each year.”

Neb. Rev. Stat. Section 81-1118.02(3) R.R.S. 1999 requires each department to “indelibly tag, mark, or stamp all such property belonging to the State of Nebraska, with the following: Property of the State of Nebraska.”

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a segregation of duties so no one individual can be involved in all phases of a transaction from beginning to end. Good internal control also includes physical inventories of supplies and supporting documentation of reported amounts.

We noted the following:

- The fixed asset listing submitted to the Department of Administrative Services (DAS) Materiel Division did not include computers, radio equipment, or vehicle inventory. The fixed asset listing submitted was not accurate for furniture and equipment as of June 30, because additions and deletions were only made once per year in December. This comment was also noted in our 1999 and 1995 audit reports.
- Not all computer equipment was tagged “Property of the State of Nebraska.” This has been a comment in our 1999, 1995, and 1994 audit reports.
- A lack of segregation of duties existed over the fixed asset inventory for furniture and equipment, computer equipment, radios, and vehicles, and also over the inventory of supplies. This has been a comment in our 1999, 1995, and 1994 audit reports.
- An annual physical inventory was not performed for vehicles and radio equipment, and computer equipment less than \$10,000 was not verified.
- The year-end balance of fixed assets reported to the DAS Accounting Division for use in the State of Nebraska Comprehensive Annual Financial Report was not supported by adequate documentation. This was a comment in the prior audit.
- The fixed asset listing for computer equipment did not include purchase costs.
- There was no written policy for computer capitalization.

NEBRASKA STATE PATROL

COMMENTS AND RECOMMENDATIONS

1. Fixed Assets (Continued)

Without adequate internal control procedures, there is an increased risk that items could be lost or stolen. Furthermore, the fixed asset listings were not complete or accurate.

We recommend the following:

- The fixed asset inventory listing submitted to DAS – Materiel Division should include all types of fixed assets. Additions and deletions should be made in a timely manner so the listings submitted are accurate as of June 30.
- All items, including computer equipment, should be properly tagged “Property of the State of Nebraska.”
- Procedures should be implemented to ensure there is an adequate segregation of duties over fixed assets.
- An annual physical inventory of all fixed assets should be performed.
- Adequate documentation should be maintained to support fixed asset balances reported.
- Listings for each type of fixed asset should include purchase costs and total amounts.
- A written capitalization policy for computer equipment should be developed.

Agency’s Response: Reference the fixed asset listings, we will begin to contact the various divisions who document this inventory (computers, radio equipment and vehicle inventory) and begin to include that in our listings. Currently, all of this information is being kept, it's just not being compiled into one document.

The Information Technology Division has been advised to be sure and include a State of Nebraska Property Tag on all computer equipment. They have been going around the State conducting their computer "sweeps" and have been checking to assure these tags are in place. The Inspections Division will also be checking for these tags when they are in the field.

The lack of segregation of duties in this area exists due to lack of manpower. We simply do not have enough personnel to segregate the various duties involved with running the Division.

Reference and annual physical inventory of vehicles and radio equipment and computer equipment, once again, this information is being maintained, it just isn't compiled into one document. Annual unit inspections are conducted on every vehicle issued in the agency. This inspection also records the serial numbers of all radios in the vehicles among other items. The computer equipment inventory is also maintained by our Information Technology Division. If the auditor's would simply ask for exactly what they need, we would provide it for them.

NEBRASKA STATE PATROL

COMMENTS AND RECOMMENDATIONS

1. Fixed Assets (Concluded)

The documentation for the year-end balance of fixed assets reported to the DAS Accounting Division for the Comprehensive Annual Financial Report also exists. It appears there was a misunderstanding as to exactly what was needed and what was provided. This information is on file. Our Buyer has been instructed to contact the Auditor's Office and determine exactly what they want and work this problem out so it doesn't occur again.

Auditors' Response: The fixed asset listing submitted to DAS was incomplete and inaccurate. The Nebraska State Patrol did not comply with State Statutes. Furthermore, we feel the number of State Patrol personnel is sufficient to segregate duties over fixed asset controls.

2. Inadequate Support for Meals

Neb. Rev. Stat. Section 81-1174 R.R.S. 1999, requires reimbursements requests for "actual expenses" incurred in the line of duty to be "fully itemized." The Nebraska Accounting System (NAS) Manual CONC-005 Travel Expense Policies, Section (5)(A), effective January 15, 2001, states, "Pursuant to Section 81-1174, employees traveling on State business shall claim only actual amounts paid for meals." Further, the policy states, "Under our accountable plan, the Internal Revenue Service requires employees to substantiate the cost of meals. Adequate accounting generally requires the use of a documentation record such as an account book, expense diary or log, or similar record near the time of incurrence of the expense." In addition the policy states, "Unsubstantiated meals should not be reimbursed."

Meal expenses incurred by an employee for travel while moving to another location are classified as non-qualified moving expenses per IRS regulations and NAS CONC-005, General Policies, Section 10. These meal expenses may be reimbursed; however, the expense is reportable and subject to withholding.

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Good internal control also requires contracts be in writing.

We tested thirteen disbursement documents for meals and noted the following:

- Three employees were reimbursed \$457 for meals not supported with actual receipts or a meal log. The meal expenses were incurred after January 15, 2001.
- One employee was reimbursed \$180 for meals that were non-qualified moving expenses. No documentation of an income adjustment was on file to include this amount as taxable income to the employee.

NEBRASKA STATE PATROL

COMMENTS AND RECOMMENDATIONS

2. **Inadequate Support for Meals** (Concluded)

- The State Patrol did not have documentation that bids were obtained and no contract was on file for two vendors that provided meals to the training academy. The total of the two documents tested was \$8,980.

We recommend the State Patrol require actual receipts or a meal log be maintained to support meal expense reimbursements. In addition, we recommend procedures be implemented to ensure non-qualified moving expenses are included as taxable income to the employee. Furthermore, we recommend written contracts be maintained for meals provided to the training academy.

Agency's Response: The Nebraska State Patrol is revising the agency's travel policy to more accurately reflect the policies developed by DAS. Increased emphasis will be placed upon "Actual Expenses" and maintaining a log or daily ledger reflecting the actual cost of the meals and expenses incurred while in a travel status.

The Nebraska State Patrol will include a specific review for non-qualified meal expenses when performing the "agency pre-audit" upon reimbursements to employees for moving expenses.

The Nebraska State Patrol Training Academy has completed the collocation project and is now housed at the Nebraska Law Enforcement Training Center (NLETC). All meal contracts will be negotiated and maintained by the administrative staff at the NLETC.

3. **Unauthorized Use of Funds**

The Public Safety Cash Fund was created by Neb. Rev. Stat. Section 81-2004.05, R.R.S. 1999, to account for forfeitures and proceeds received by the State Patrol under the Federal Equitable Sharing Provisions program. The fund is to be used only in accordance with the applicable requirements of the Federal government. Funds are permitted to be used for law enforcement training and law enforcement equipment, but are not permitted for payment of non-law enforcement expenses. The appropriation bills authorized by the Legislature require the funds to be spent in accordance with the Governor's approval. Good internal control requires a plan of organization, procedures, and records designed to safeguard assets, provide reliable financial records, and ensure compliance with State and Federal requirements.

We noted an Executive Protection Division state trooper was reimbursed \$2,696 from the Public Safety Cash Fund for out-of-state travel expenses. The Governor had approved \$150,000 to be used for agency training involving out-of-state travel; however, the trooper's travel was solely for

NEBRASKA STATE PATROL

COMMENTS AND RECOMMENDATIONS

3. **Unauthorized Use of Funds** (Concluded)

the protection of the Governor and not for training purposes. Therefore, the \$2,696 should have been charged to the General Fund. We also noted radio equipment totaling \$72,923 was charged to the Public Safety Cash Fund; however, only \$70,000 had been approved by the Governor.

We recommend the State Patrol implement procedures to ensure expenses are properly charged in compliance with State and Federal requirements.

Agency Response: The Accounting Division of the Nebraska State Patrol will be implementing additional reviews during the "agency pre-audit" process to ensure that the expenses are charged in compliance with the appropriate State or Federal requirements. The lists of the approved expenses and a description of the allowable expenses will be provided to each of the clerks responsible for the processing of the payments for the expenses incurred.

4. **Non-compliance with Grant Agreements**

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets, provide reliable financial records, and ensure compliance with federal requirements. Motor vehicle fuel expense for Mid and Upper Level Enforcement Program (MULE) investigators and Motor Carrier Safety Assistance Program (MCSAP) were based on a rate per mile per the grant agreements. The Compact for Apprehension of Narcotics Dealers and Offenders (CANDO) states, "CANDO shall reimburse the Patrol monthly for mileage incurred in furtherance of the agreement at the rate of \$100 per officer, per month, the aggregate of such payment not to exceed \$600."

We noted one of ten documents tested for federal compliance was not in compliance with the grant agreements. The rates used for MULE and MCSAP were less than the allowable rate per the agreements. As a result, \$1,160 was charged to the State General Fund which should have been charged to the Federal grants. We also noted the costs charged to CANDO exceeded \$100 for two of the three troopers covered. A total of \$145 was overcharged to the CANDO grant.

We recommend the State Patrol implement procedures to ensure disbursements are paid in accordance with grant agreements.

Agency Response: Grant agreements are being standardized to eliminate the occurrence of varying reimbursement rates between federal grants. The individual grant administrators will be informed of this recommendation and will be expected to review the financial reports to ensure compliance with the provisions of the individual grants.

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NEBRASKA STATE PATROL

INDEPENDENT AUDITORS' REPORT

Deann Haeffner, CPA
Deputy State Auditor
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We have audited the financial statements of the Nebraska State Patrol as of and for the fiscal year ended June 30, 2001, as listed in the Table of Contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Don Dunlap, CPA
Asst. Deputy Auditor
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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

Pat Reding, CPA
Asst. Deputy Auditor
aud1008@vmhost.cdp.state.ne.us

As discussed in Note 1, these 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.

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Also as discussed in Note 1, the financial statements present only the Nebraska State Patrol, and are not intended to present fairly the fund balances and the receipts and disbursements of the State of Nebraska in conformity with the cash receipts and disbursements basis of accounting.

Mark Avery
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Robert Hotz, JD
Legal Counsel
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In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska State Patrol as of June 30, 2001, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2001, on our consideration of the Nebraska State Patrol's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, except for that portion marked "unaudited," on which we express no opinion, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Pat Reding, CPA

Manager

September 5, 2001

NEBRASKA STATE PATROL
COMBINED STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES
June 30, 2001

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Assets			
Cash in State Treasury	\$ -	\$ 2,781,514	\$ 2,781,514
Cash in Bank	-	3,167	3,167
Investigator's Cash on Hand	-	39,962	39,962
Deposit with Vendors	2,039	785	2,824
Petty Cash	-	18,000	18,000
	-	18,000	18,000
Total Assets	\$ 2,039	\$ 2,843,428	\$ 2,845,467
Fund Balances			
Fund Balances:			
Reserved For Postage	\$ 2,039	\$ 785	\$ 2,824
Unreserved, Undesignated	-	2,842,643	2,842,643
	-	2,842,643	2,842,643
Total Fund Balances	\$ 2,039	\$ 2,843,428	\$ 2,845,467

See Notes to Financial Statements.

NEBRASKA STATE PATROL
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
For the Fiscal Year Ended June 30, 2001

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
RECEIPTS:				
Appropriations	\$ 34,608,808	\$ -	\$ 19,657	\$ 34,628,465
Taxes	-	2,386	-	2,386
Intergovernmental	93	5,700,143	-	5,700,236
Sales and Charges	3,310	896,227	-	899,537
Restitutions	-	2,169	-	2,169
Recoveries	-	2,099	-	2,099
Miscellaneous	<u>14,348</u>	<u>348,369</u>	<u>-</u>	<u>362,717</u>
TOTAL RECEIPTS	<u>34,626,559</u>	<u>6,951,393</u>	<u>19,657</u>	<u>41,597,609</u>
DISBURSEMENTS:				
Personal Services	26,355,902	6,923,430	-	33,279,332
Operating	6,371,683	2,252,432	287	8,624,402
Travel	158,533	187,909	-	346,442
Capital Outlay	<u>1,722,690</u>	<u>1,813,657</u>	<u>19,370</u>	<u>3,555,717</u>
TOTAL DISBURSEMENTS	<u>34,608,808</u>	<u>11,177,428</u>	<u>19,657</u>	<u>45,805,893</u>
Excess of Receipts Over (Under) Disbursements	<u>17,751</u>	<u>(4,226,035)</u>	<u>-</u>	<u>(4,208,284)</u>
OTHER FINANCING SOURCES (USES):				
Sales of Assets	15,243	128,111	-	143,354
Operating Transfers In	-	4,493,840	-	4,493,840
Deposits to State General Fund	<u>(32,994)</u>	<u>-</u>	<u>-</u>	<u>(32,994)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,751)</u>	<u>4,621,951</u>	<u>-</u>	<u>4,604,200</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	395,916	-	395,916
FUND BALANCE, JULY 1, 2000	<u>2,039</u>	<u>2,447,512</u>	<u>-</u>	<u>2,449,551</u>
FUND BALANCE, JUNE 30, 2001	<u><u>\$ 2,039</u></u>	<u><u>\$ 2,843,428</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,845,467</u></u>

See Notes to Financial Statements.

NEBRASKA STATE PATROL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 General, Cash, Construction, and Federal Funds
 For the Year Ended June 30, 2001

	GENERAL FUND			CASH FUNDS		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ 34,608,808			\$ -	
Taxes		-			2,386	
Intergovernmental		93			610,547	
Sales and Charges		3,310			896,227	
Miscellaneous		14,348			266,465	
TOTAL RECEIPTS		<u>34,626,559</u>			<u>1,775,625</u>	
DISBURSEMENTS:						
Personal Services		26,355,902			3,672,874	
Operating		6,371,683			1,404,352	
Travel		158,533			111,359	
Capital Outlay		1,722,690			1,047,287	
Total Budgeted	34,777,004	34,608,808	168,196	5,726,485	6,235,872	(509,387)
Under (Over) Budgeted (Note 7)	882,379	-	882,379	1,701,106	-	1,701,106
TOTAL DISBURSEMENTS	<u>35,659,383</u>	<u>34,608,808</u>	<u>1,050,575</u>	<u>7,427,591</u>	<u>6,235,872</u>	<u>1,191,719</u>
Excess of Receipts Over (Under) Disbursements		<u>17,751</u>			<u>(4,460,247)</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		15,243			128,111	
Operating Transfers In		-			4,432,562	
Deposit to State General Fund		(32,994)			-	
TOTAL OTHER FINANCING SOURCES (USES)		<u>(17,751)</u>			<u>4,560,673</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		-			100,426	
FUND BALANCES, JULY 1, 2000		<u>2,039</u>			<u>2,318,761</u>	
FUND BALANCES, JUNE 30, 2001		<u>\$ 2,039</u>			<u>\$ 2,419,187</u>	

See Notes to Financial Statements.

NEBRASKA STATE PATROL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 General, Cash, Construction, and Federal Funds
 For the Year Ended June 30, 2001

	CONSTRUCTION FUND			FEDERAL FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ 19,657			\$ -	
Taxes		-				
Intergovernmental		-			5,089,596	
Sales and Charges		-			-	
Miscellaneous		-			81,601	
TOTAL RECEIPTS		<u>19,657</u>			<u>5,171,197</u>	
DISBURSEMENTS:						
Personal Services		-			3,233,646	
Operating		287			782,833	
Travel		-			76,550	
Capital Outlay		19,370			766,370	
Total Budgeted	\$ -	19,657	\$ (19,657)	\$ 4,054,587	4,859,399	\$ (804,812)
Under (Over) Budgeted (Note 7)	<u>24,721</u>	-	<u>24,721</u>	<u>2,612,250</u>	-	<u>2,612,250</u>
TOTAL DISBURSEMENTS	<u>24,721</u>	<u>19,657</u>	<u>5,064</u>	<u>6,666,837</u>	<u>4,859,399</u>	<u>1,807,438</u>
Excess of Receipts Over (Under) Disbursements		<u>-</u>			<u>311,798</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		-			-	
Operating Transfers In		-			-	
Deposit to State General Fund		-			-	
TOTAL OTHER FINANCING SOURCES (USES)		<u>-</u>			<u>-</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		-			311,798	
FUND BALANCES, JULY 1, 2000					<u>69,314</u>	
FUND BALANCES, JUNE 30, 2001		<u>\$ -</u>			<u>\$ 381,112</u>	

See Notes to Financial Statements.

NEBRASKA STATE PATROL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 General, Cash, Construction, and Federal Funds
 For the Year Ended June 30, 2001

	TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Appropriations		\$ 34,628,465	
Taxes		2,386	
Intergovernmental		5,700,236	
Sales and Charges		899,537	
Miscellaneous		<u>362,414</u>	
TOTAL RECEIPTS		<u>41,593,038</u>	
DISBURSEMENTS:			
Personal Services	\$ 33,395,317	33,262,422	\$ 132,895
Operating	8,058,732	8,559,155	(500,423)
Travel	279,720	346,442	(66,722)
Capital Outlay	<u>2,824,305</u>	<u>3,555,717</u>	<u>(731,412)</u>
Total Budgeted	44,558,074	45,723,736	(1,165,662)
Under (Over) Budgeted (Note 7)	<u>2,583,485</u>	-	<u>2,583,485</u>
TOTAL DISBURSEMENTS	<u>47,141,559</u>	<u>45,723,736</u>	<u>1,417,823</u>
Excess of Receipts Over (Under) Disbursements		<u>(4,130,698)</u>	
OTHER FINANCING SOURCES (USES):			
Sale of Assets		143,354	
Operating Transfers In		4,432,562	
Deposit to State General Fund		<u>(32,994)</u>	
TOTAL OTHER FINANCING SOURCES (USES)		<u>4,542,922</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		412,224	
FUND BALANCES, JULY 1, 2000		<u>2,390,114</u>	
FUND BALANCES, JUNE 30, 2001		<u>\$ 2,802,338</u>	

See Notes to Financial Statements.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2001

1. **Summary of Significant Accounting Policies**

The accounting policies of the Nebraska State Patrol are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. **Reporting Entity.** The Nebraska State Patrol (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 are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board 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 State Patrol. No component units were identified. The Nebraska State Patrol is part of the primary government for the State of Nebraska's reporting entity.

- B. **Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounting records of the Agency are maintained and the Agency's financial statements were prepared 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 Combined Statement of Assets and Fund Balances for all funds of the Agency. This differs from governmental generally accepted accounting principles (GAAP) which require all governmental funds to be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the cash receipts and disbursement basis of accounting, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis for governmental

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.

- C. **Fund Accounting.** The accounts and records of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which records receipts, disbursements, and the fund balance. The fund types presented on the financial statements are those required by GAAP, and include:

General Fund. Reflects transactions related to resources received and used for those general operating services traditionally provided by state government and which are not accounted for in any other fund.

Special Revenue Funds. Reflect transactions related to resources received and used for restricted or specific purposes.

Capital Projects Funds. Reflect transactions related to resources received and used for the acquisition, construction, or improvement of permanent facilities.

This fund type classification differs from the budgetary fund types used by the Nebraska Accounting System.

The fund types established by the Nebraska Accounting System that are used by the Agency are:

1000 - General Fund - accounts for all financial resources not required to be accounted for in another fund.

2000 - Cash Funds - account for receipts generated by specific activities from sources outside of State government and the disbursements directly related to the generation of the receipts.

3000 - Construction Funds - account for the receipts and disbursements associated with the acquisition or construction of capital facilities.

4000 - Federal Funds - account for all federal grants and contracts received by the State.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

- D. 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 submits the revised 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 appropriations that are approved 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. The central accounting system maintains this control. A separate publication entitled "Annual Budgetary Report" shows the detail of this level of control. This publication is available from the Department of Administrative Services, Accounting Division.

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.

All State budgetary disbursements for the general, cash, construction, and federal fund types 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 object 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 general, cash, and construction fund appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

The Agency utilizes encumbrance accounting to account for purchase orders, contracts, and other disbursement commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system, and, as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying financial statements, except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first year of the next biennium. The effect of the Agency's current procedure is to include in the budget columns, Total Disbursements line, of the Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Agency's intention to honor the encumbrances at the end of a biennium. The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 2001, there were no budgetary funds in which disbursements exceeded appropriations.

Budgets for object of expenditure accounts are included in the Nebraska Department of Administrative Services Budget Status Report. They are budgeted at the program level and not within separate budgetary fund types for the program. As a result, for financial reporting purposes, budget amounts for object of expenditure accounts are shown only for total budgeted funds.

Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budget and Actual Statement.

The Nebraska State Patrol Investigative Fund and the Auto Theft Cash Fund are included in the Combined Statement of Assets and Fund Balances Arising from Cash Transactions and the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. These two funds were not accounted for on the Nebraska Accounting System (NAS) and are not budgeted.

There is no difference between the fund balance of the Budgetary Statement and the Financial Statement. The cash and federal funds on the Budgetary Statement are appropriately classified as special revenue funds for Financial Statement purposes. The Nebraska State Patrol Investigative Fund and the Auto Theft Cash Fund are classified as special revenue funds for Financial Statement purposes, and were not budgeted.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

- E. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. Under GAAP, the cost of general fixed assets would be recorded in the General Fixed Asset Account Group.
- F. Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. 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 2001.
- G. Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.
- H. 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. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under GAAP, the vested portion of the employee's compensated absences is recorded in the Long Term Debt Account Group for governmental funds. Under the receipts and disbursements basis of accounting, the balances which would otherwise be reported in the Long Term Debt Account Group are not reported since they do not represent balances arising from Cash Transactions.
- I. Receipts.** The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Agency are:

Appropriations. Appropriations are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

Taxes. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

Intergovernmental. Receipts from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements. This includes receipt of Federal Grant money awarded to

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

the State Patrol and reimbursements from local governments for their share of the matching costs for investigations conducted for the local government by State Patrol staff.

Sales and Charges. Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees, including: Motor Vehicle Title Fees collected by County Clerks and fees collected for conducting criminal history checks and fingerprinting.

Restitutions. Restitutions are received upon the completion of a case. These amounts are court ordered, requiring the violator to pay the State Patrol for expenses incurred by the Patrol.

Recoveries. Recoveries are monies originally expended by the Investigator which are recovered by the Investigator after the arrest of the suspect.

Miscellaneous. Receipts from sources not covered by other major categories. These receipts consist mainly of investment interest.

J. Disbursements. The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Agency are:

Personal Services. Salaries, wages, and related employee benefits provided for all persons employed by a government.

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

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

Capital Outlay. Disbursements which result in the acquisition of or an addition to fixed assets. Fixed assets are resources of a long-term character, owned or held by the government.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Concluded)**

Government Aid. Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

K. 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. **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 since interfund balances and transactions have not been eliminated.

3. **Other Financing Sources**

A. Special Revenue Fund 2643

The Carrier Enforcement Division began its operations pursuant to Neb. Rev. Stat. Section 60-1303 R.R.S. 1998. Section 60-1303(5) requires the Nebraska Department of Roads to contract with the Nebraska State Patrol for the operation of weigh stations and the funding for the same. During fiscal year 2001, the State Treasurer transferred from the Nebraska Department of Roads to the Nebraska State Patrol a total of \$4,371,284 for the operations of the Carrier Enforcement Division. The total collected by the Nebraska State Patrol for reciprocity and fuel permits during fiscal year 2001 was \$247,230. These collections were deposited directly into the cash fund (2270) of the Nebraska Department of Roads. Thus, they are not reflected in the financial statements of the Nebraska State Patrol.

B. Special Revenue Fund 2644

1999 Neb. Laws LB 880, Section 267(2)(a), appropriated funds to the Nebraska State Patrol Cash Fund 2644, with the intent that a total of \$115,000 minus the unexpended balance existing on June 30, 2000 be made available to the Nebraska State Patrol to be used in making drug purchases, enforcing Nebraska laws relating to felonies, enforcing the Nebraska liquor laws, and paying for investigative expenses.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Other Financing Sources (Concluded)**

For Fiscal Year 2001, a total of \$61,278 was appropriated and transferred from the General Fund to the Nebraska State Patrol Cash Fund 2644 for these purposes. The Nebraska State Patrol disburses funds from the Nebraska State Patrol Cash Fund 2644 to the various checking accounts for each activity. Checks are drawn on these accounts for distribution to the investigators for investigative expenses and purchases.

The Nebraska State Patrol Cash Fund 2644 also included activity to the Auto Theft Petty Cash Fund, which was established to defray the costs of the vehicle identification inspection program, investigations of odometer and motor vehicle theft, and other investigative expenses when money is specifically appropriated by the Legislature for such purposes. Neb. Rev. Stat. Section 81-2004.03 R.R.S. 1999, authorized the creation of the Investigation Petty Cash Fund to aid in the investigative responsibilities outlined in Neb. Rev. Stat. Section 81-2004.02 R.R.S. 1999. The amount of this petty cash fund shall not exceed \$15,000, and money used to create it and replenish it comes solely from the Nebraska State Patrol Cash Fund 2644 to a bank account by issuance of a warrant and charged to an operating expense. No monies were transferred to the Auto Theft Petty Cash Fund during the fiscal year ended June 30, 2001.

4. **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. 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. 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. The DAS-Personnel Division maintains health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Contingencies and Commitments (Concluded)**

- 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 \$1,000,000 for 60 days or until the value of the property is reported to the insurance company. The perils of flood and earthquake are covered up to \$10,000,000.
- E. 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 Compensation Insurance Trust Fund 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 State Patrol's financial statements.

The Nebraska State Patrol has purchased an aviation insurance policy on their aircraft. A 1979 helicopter is insured for \$400,000 with a 5% deductible, \$10,000,000 liability, and \$5,000 medical per person. A 1986 fixed wing airplane is insured for \$150,000, with a \$50/\$250 deductible for not in motion/in motion, \$10,000,000 liability, and \$5,000 medical per person. Two 1986 airplanes have identical coverage of \$100,000, with a \$50/\$250 deductible, \$10,000,000 liability, and \$5,000 medical per person. A 1981 Piper PA-18 is insured for \$44,000 with \$10,000,000 liability, \$5,000 medical per person, and deductibles of \$50 and \$250 respectively for not in motion and in motion.

Litigation. The potential amount of liability involved in litigation pending against the Agency, if any, could not be determined at this time. However, it is the Agency's opinion that final settlement of those matters should not have an adverse effect on the Agency's ability to administer current programs. Any judgment against the Agency would have to be processed through the State Claims Board and be approved by the Legislature.

5. **Retirement Systems**

All sworn officers, with the exception of carrier enforcement officers, participate in the State Patrol Retirement System. Carrier enforcement officers and all other employees participate in the State Employees Retirement System.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Retirement Systems (Continued)**

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

The Plan is a single-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the State Employees Retirement Act and may be amended by legislative action. In the defined contribution plan, retirement benefits depend on total contributions, investment earnings, and the investment options selected. Membership in the Plan is mandatory for all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service. Full time employee is defined as an employee who is employed to work one-half or more of the regularly scheduled hours during each pay period. Voluntary membership is permitted for all permanent full-time or permanent part-time employees upon reaching age twenty and completion of twelve months of permanent service within a five-year period. Any individual appointed by the Governor may elect to not become a member of the Plan.

Employees contribute 4.33% of their monthly compensation until such time as they have paid during any calendar year a total of eight hundred sixty four dollars, after which time they shall pay a sum equal to 4.8% of their monthly compensation for the remainder of such calendar year. The Agency matches the employee's contribution at a rate of 156% of the employee's contribution.

The employee's account is fully vested. The employer's account is vested 100% after five years participation in the plan or at retirement.

For the Fiscal Year Ended June 30, 2001, employees contributed \$304,308 and the Agency contributed \$474,721.

B. **State Patrol Retirement System**

Plan Description The Nebraska State Patrol Retirement System is a single employer defined benefit pension plan, which was created in 1947 for officers of the patrol. The plan was established by Neb. Rev. Stat. Sections 81-2014 to 81-2040 R.S. Supp., 2000, and is administered by the Public Employees Retirement Board (PERB) of the State of Nebraska. The PERB issues a publicly-available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Public Employees Retirement Systems, P.O. Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Retirement Systems (Continued)**

B. **State Patrol Retirement System** (Continued)

Benefit and contribution provisions are established by State law and may be amended only by the Nebraska Legislature. The benefits are based on a percentage of the final average salary multiplied by years of service, not to exceed 75 percent of the final average salary. To receive maximum benefits, officers are required to have 25 years of service and be at least 50 years old. Normal benefits are calculated using the average monthly salary for the three twelve-month periods of service in which compensation was the greatest, multiplied by years of service and the formula factor of 3%. Calculations will vary with early retirement. Benefits vest after ten years of service.

Members are required to contribute 11% of their annual pay plus 11% of pay received at termination for unused sick leave and vacation leave, which is matched by the Nebraska State Patrol. The State's contribution is based on an annual actuarial valuation.

For fiscal year ended June 30, 2001, the annual pension cost was equal to the required and actual contribution. Members contributed \$1,894,118 and the Nebraska State Patrol contributed \$1,881,677.

The following table (unaudited) presents the primary actuarial assumptions used in the most recent actuarial report for the Plan:

Actuarial Valuation Date	June 30, 2000
Actuarial Cost Method	Frozen Entry Age
Amortization Method	Level Dollar Closed
Remaining Amortization Period	25 years (or the average expected future service of active members)
Mortality	1983 Group Annuity Table
Asset Valuation Method	Five-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return*	8%
Projected Salary Increase*	Graded 7% to 4.5%
Cost-of-Living Adjustments	2% with a floor benefit equal to 60% purchasing power of original benefit

*includes assumed inflation of 3.8% per year

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. **Retirement Systems (Concluded)**

B. **State Patrol Retirement System** (Concluded)

The following table presents the three-year trend information for Annual Pension Cost (APC) and Net Pension Obligation:

Year Ended <u>June 30</u>	<u>Unaudited Three-Year Trend Information</u>		Net Pension <u>Obligation</u>
	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	
2001	\$ 1,909,581	100%	\$ -
2000	\$ 1,855,707	100%	\$ -
1999	\$ 1,946,532	100%	\$ -

The following table provides the schedule of fund progress for the most recent actuarial valuation:

Unaudited Required Supplementary Information-Schedule of Funding Progress

Actuarial Valuation Date	(a)	(b)	(a-b)	(a/b)	(c)	((a-b)/c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess of Assets Over AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
6/30/00	\$193,019,673	\$169,545,801	\$ 23,473,872	113.8%	\$15,789,104	148.7%
6/30/99	\$171,124,224	\$162,222,559	\$ 8,901,665	105.5%	\$14,986,973	59.4%
6/30/98	\$150,958,315	\$108,660,934	\$ 42,297,381	138.9%	\$13,995,091	302.2%

6. **Deposits**

The Investigative Cash Fund and Auto Theft Cash Fund held by the Nebraska State Patrol are deposited in checking accounts in accordance with the Nebraska Revised Statutes as noted in footnote 3.B.

The June 30, 2001 carrying amount and bank balance of total deposits for the Investigative Cash Fund checking account was \$340.

The June 30, 2001 carrying amount and bank balance of total deposits for the Auto Theft Cash Fund checking account was \$2,827.

All funds were entirely covered by federal depository insurance.

NEBRASKA STATE PATROL

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Under (Over) Budgeted

Budgeted expenditures on the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual are amounts reflected on the Agency’s Budget Status Report for fiscal year 2001. The budgeted amounts on the Budget Status Report were set up at the beginning of the fiscal year based on knowledge at that time. The difference is due to the legislative appropriation based on needs two years in advance. Budgeted expenditures on the budget status report are based on more current information available to management.

NEBRASKA STATE PATROL
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 ALL SPECIAL REVENUE FUNDS
 June 30, 2001

	Drug Control and Education Fund 2641	Carrier Enforcement Fund 2643	NE State Patrol Cash Fund 2644	Vehicle Replacement Fund 2645	Public Safety Cash Fund 2646	State Patrol Federal Fund 4641	Not included on NAS		Totals Special Revenue Funds
							Investigative Cash Funds	Auto Theft Cash Fund	
Assets									
Cash in State Treasury	\$ 67,220	\$ 1,015,299	\$ 401,421	\$ 42,044	\$ 874,732	\$ 380,798	\$ -	\$ -	\$ 2,781,514
Cash in Bank	-	-	-	-	-	-	340	2,827	3,167
Investigators' Cash on Hand	-	-	-	-	-	-	37,074	2,888	39,962
Deposit with Vendors	-	471	-	-	-	314	-	-	785
Petty Cash	-	2,900	15,100	-	-	-	-	-	18,000
Total Assets	\$ 67,220	\$ 1,018,670	\$ 416,521	\$ 42,044	\$ 874,732	\$ 381,112	\$ 37,414	\$ 5,715	\$ 2,843,428
Fund Balances									
Fund Balances:									
Reserved For Postage	\$ -	\$ 471	\$ -	\$ -	\$ -	\$ 314	\$ -	\$ -	\$ 785
Unreserved, Undesignated	67,220	1,018,199	416,521	42,044	874,732	380,798	37,414	5,715	2,842,643
Total Fund Balances	\$ 67,220	\$ 1,018,670	\$ 416,521	\$ 42,044	\$ 874,732	\$ 381,112	\$ 37,414	\$ 5,715	\$ 2,843,428

NEBRASKA STATE PATROL
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES**
ALL SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2001

	Drug Control and Education Fund 2641	Carrier Enforcement Fund 2643	NE State Patrol Cash Fund 2644
RECEIPTS:			
Taxes	\$ 2,386	\$ -	\$ -
Intergovernmental	-	1,023	109,781
Sales and Charges	-	-	896,227
Restitutions	-	-	-
Recoveries	-	-	-
Miscellaneous	3,951	97,228	40,346
TOTAL RECEIPTS	6,337	98,251	1,046,354
DISBURSEMENTS:			
Personal Services	-	3,253,045	417,334
Operating	3,000	633,315	442,420
Travel	-	35,949	9,355
Capital Outlay	-	673,794	17,409
TOTAL DISBURSEMENTS	3,000	4,596,103	886,518
Excess of Receipts Over (Under) Disbursements	3,337	(4,497,852)	159,836
OTHER FINANCING SOURCES (USES):			
Sales of Assets	-	(3,255)	-
Operating Transfers In	-	4,371,284	61,278
TOTAL OTHER FINANCING SOURCES (USES)	-	4,368,029	61,278
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	3,337	(129,823)	221,114
FUND BALANCE, JULY 1, 2000	63,883	1,148,493	195,407
FUND BALANCE, JUNE 30, 2001	\$ 67,220	\$ 1,018,670	\$ 416,521

Vehicle Replacement Fund 2645	Public Safety Cash Fund 2646	State Patrol Federal Fund 4641	Not included on NAS		Total Special Revenue Funds
			Investigative Cash Fund	Auto Theft Cash Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,386
-	499,743	5,089,596	-	-	5,700,143
-	-	-	-	-	896,227
-	-	-	2,169	-	2,169
-	-	-	2,099	-	2,099
<u>5,528</u>	<u>119,412</u>	<u>81,601</u>	<u>303</u>	-	<u>348,369</u>
<u>5,528</u>	<u>619,155</u>	<u>5,171,197</u>	<u>4,571</u>	-	<u>6,951,393</u>
-	2,495	3,233,646	16,910	-	6,923,430
-	325,617	782,833	65,247	-	2,252,432
-	66,055	76,550	-	-	187,909
<u>94,850</u>	<u>261,234</u>	<u>766,370</u>	<u>-</u>	-	<u>1,813,657</u>
<u>94,850</u>	<u>655,401</u>	<u>4,859,399</u>	<u>82,157</u>	-	<u>11,177,428</u>
<u>(89,322)</u>	<u>(36,246)</u>	<u>311,798</u>	<u>(77,586)</u>	-	<u>(4,226,035)</u>
131,366	-	-	-	-	128,111
-	-	-	61,278	-	4,493,840
<u>131,366</u>	-	-	<u>61,278</u>	-	<u>4,621,951</u>
42,044	(36,246)	311,798	(16,308)	-	395,916
-	910,978	69,314	53,722	5,715	2,447,512
<u>\$ 42,044</u>	<u>\$ 874,732</u>	<u>\$ 381,112</u>	<u>\$ 37,414</u>	<u>\$ 5,715</u>	<u>\$ 2,843,428</u>

NEBRASKA STATE PATROL
SCHEDULES OF DISBURSEMENTS BY PROGRAM, FUND TYPE, AND MAJOR ACCOUNT

For Fiscal Years Ended June 30, 1997 through 2001

Disbursements by Program

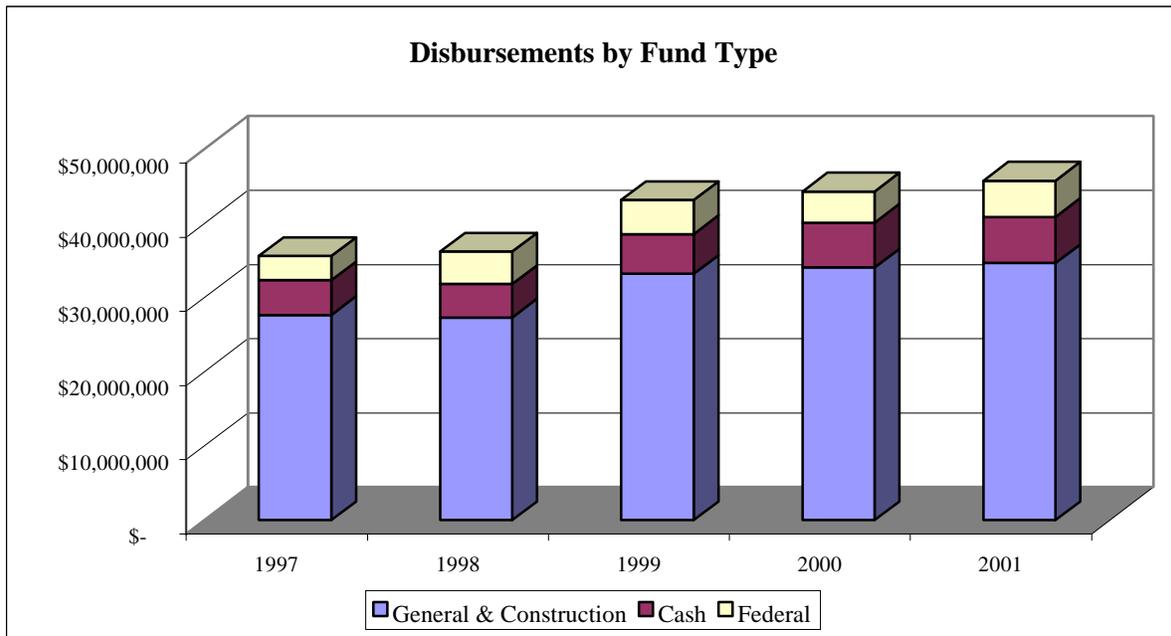
	1997	1998	1999	2000	2001
189 Command and Support	\$ 9,221,045	\$ 8,318,046	\$ 9,904,966	\$ 11,339,586	\$ 10,697,426
190 Criminal Investigations	7,242,517	7,567,940	9,764,376	10,159,861	10,609,702
195 Road Operations	12,710,316	14,086,727	16,852,267	15,679,704	16,347,580
205 Carrier Enforcement	4,342,162	4,418,427	5,218,310	5,006,925	5,999,822
Other Programs	2,074,118	1,766,771	1,366,769	2,066,725	2,069,206
Total	\$ 35,590,158	\$ 36,157,911	\$ 43,106,688	\$ 44,252,801	\$ 45,723,736

Disbursements by Fund Type

	1997	1998	1999	2000	2001
General	\$ 27,615,952	\$ 27,281,649	\$ 33,164,964	\$ 34,008,973	\$ 34,608,808
Cash	4,709,244	4,491,753	5,375,702	6,051,262	6,235,872
Construction	-	11,666	-	-	19,657
Federal	3,264,962	4,372,843	4,566,022	4,192,566	4,859,399
Total	\$ 35,590,158	\$ 36,157,911	\$ 43,106,688	\$ 44,252,801	\$ 45,723,736

Disbursements by Major Account

	1997	1998	1999	2000	2001
Personal Services	\$ 25,798,467	\$ 26,326,481	\$ 31,456,873	\$ 31,429,092	\$ 33,262,422
Operating Expenses	5,964,492	6,824,348	7,212,546	8,593,841	8,559,155
Travel	250,021	294,611	302,650	383,859	346,442
Capital Outlay	3,220,186	2,115,825	3,769,652	3,814,192	3,555,717
Government Aid	356,992	596,646	364,967	31,817	-
Total	\$ 35,590,158	\$ 36,157,911	\$ 43,106,688	\$ 44,252,801	\$ 45,723,736



Note: Disbursements are cash basis per the Nebraska Accounting System and do not include activity in the Investigative Cash Fund and the Auto Theft Cash Fund.

NEBRASKA STATE PATROL
SCHEDULE OF DISBURSEMENTS FOR THE SEX OFFENDER REGISTRY
Fiscal Years Ended June 30, 1997 through 2001
UNAUDITED

Disbursements by Major Account Type					
Fiscal Year Ended June 30,					
	1997	1998	1999	2000	2001
Account Type:					
Personal Services	\$ -	\$ -	\$ 154,145	\$ 274,026	\$ 310,231
Operating	-	-	46,564	202,286	62,514
Travel	-	-	9,946	9,317	6,970
Capital Outlay	-	-	137,084	169,864	8,361
Unknown Detail (1)	17,125	29,750	-	-	-
Total by Account	\$ 17,125	\$ 29,750	\$ 347,739	\$ 655,493	\$ 388,076

Disbursements by Revenue Source					
Fiscal Year Ended June 30,					
	1997	1998	1999	2000	2001
Revenue Source:					
Appropriations	\$ 17,125	\$ 29,750	\$ 326,027	\$ 575,167	\$ 348,715
NSOR Grant (2)	-	-	21,712	77,819	32,958
NCHIP V Grant (3)	-	-	-	2,507	6,403
Total by Source	\$ 17,125	\$ 29,750	\$ 347,739	\$ 655,493	\$ 388,076

- (1) No coding was established to specifically identify disbursements from 1997 and 1998 appropriations
(2) NSOR - National Sex Offender Registry
(3) NCHIP - National Criminal History Improvement Program

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NEBRASKA STATE PATROL REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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We have audited the financial statements of the Nebraska State Patrol as of and for the year ended June 30, 2001, and have issued our report thereon dated September 5, 2001. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska State Patrol. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska State Patrol's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of the Nebraska State Patrol in the Comments Section of this report as Comment Number 1 (Fixed Assets), Comment Number 2 (Inadequate Support for Meals), Comment Number 3 (Unauthorized Use of Cash Fund), and Comment Number 4 (Non-compliance with Grant Agreements).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska State Patrol's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Nebraska State Patrol's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the Comments Section of the report as Comment Number 3 (Unauthorized Use of Cash Fund).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving internal control over financial reporting that we have reported to management of the Nebraska State Patrol in the Comments Section of the report as Comment Number 1 (Fixed Assets), Comment Number 2 (Inadequate Support for Meals, and Comment Number 4 (Non-compliance with Grant Agreements).

This report is intended solely for the information and use of the Agency, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Pat Reding, CPA

Manager

September 5, 2001