

**ATTESTATION REPORT  
OF THE  
NEBRASKA LEGISLATIVE COUNCIL  
JULY 1, 2011 THROUGH JUNE 30, 2012**

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**Issued on November 13, 2012**

*The Nebraska Auditor of Public Accounts Office was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Mike Foley was elected November 2006 and re-elected November 2010 as the Nebraska Auditor of Public Accounts. He was sworn into office on January 4, 2007, as Nebraska's 24th State Auditor.*

*The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.*

*We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.*

*We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.*

### Audit Staff Working On This Examination

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NEBRASKA LEGISLATIVE COUNCIL

TABLE OF CONTENTS

	<u>Page</u>
<b>Background Information Section</b>	
Background	1
Mission Statement	1
Organizational Chart	2
<b>Exit Conference</b>	3
<b>Financial Section</b>	
Independent Accountant's Report	4 - 5
Schedule of Revenues, Expenditures, and Changes in Fund Balances	6
Notes to the Schedule	7 - 10
<b>Supplementary Information</b>	11
Expenditures by Program	12
Program Descriptions	13 - 14
Expenditures by Major Account Category	15

## NEBRASKA LEGISLATIVE COUNCIL

### **BACKGROUND**

The Legislative Council (Council), created in 1937, consists of the 49 Senators in the Legislature. In 1967, the Legislature placed all legislative services and personnel under the Legislative Council. The Council's Executive Board serves to represent the Council on a regular basis in the routine administration of legislative services and personnel. The Executive Board consists of a Chairman, Vice Chairman, the Speaker of the Legislature, and six members of the Legislature at large. The Chairman of the Appropriation's Committee serves as a non-voting ex-officio member when the Executive Board is considering fiscal administration.

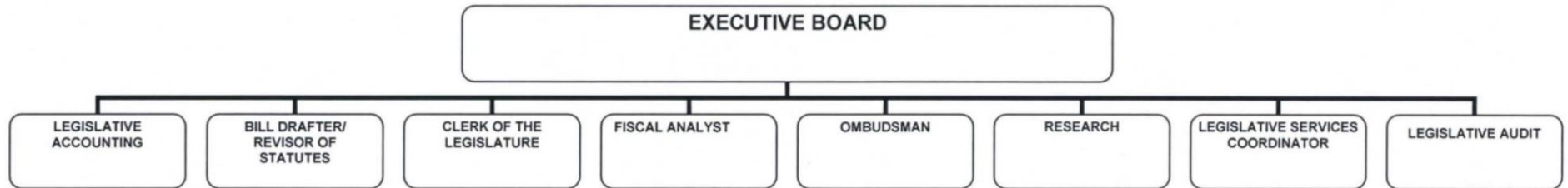
In addition to the staff serving individual legislators and those providing accounting and maintenance services, the Legislative Council has several support offices such as the Clerk, Bill Drafter, Legislative Fiscal Analyst, and Research Division which provide services to the entire Legislature. An Ombudsman is retained by the Council to investigate public concerns about State agencies.

### **MISSION STATEMENT**

To provide the personnel, services, equipment, travel and other resources necessary for the conduct of the Legislature according to the provisions of the Constitution and Statutes of the State of Nebraska.

NEBRASKA LEGISLATIVE COUNCIL

**ORGANIZATIONAL CHART**



The Legislature or Legislative Council has the ultimate authority to staff, organize, and approve agency budgets. The distinction is based upon session or interim whereby the Legislature is the ultimate authority when in session while the Legislative Council carries the authority during the interim.

Most administrative organizational functions of the Legislative Council have been delegated to the Executive Board. The Executive Board supervises all services and personnel of the Legislature. The actions of the Executive Board are subject to review by the Legislature or Legislative Council.

NEBRASKA LEGISLATIVE COUNCIL

**EXIT CONFERENCE**

An exit conference was held November 1, 2012, with the Council to discuss the results of our examination. Those in attendance for the Nebraska Legislative Council were:

<b>NAME</b>	<b>TITLE</b>
Diane Nickolite	Legislative Business Manager
Janice Satra	Legal Counsel, Executive Board
Patrick O'Donnell	Clerk of the Legislature



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### NEBRASKA LEGISLATIVE COUNCIL

### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Legislative Council  
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Legislative Council (Council) for the fiscal year ended June 30, 2012. The Council's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* (2007 Revision), issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Revenues, Expenditures, and Changes in Fund Balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Legislative Council for the fiscal year ended June 30, 2012, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule of Revenues, Expenditures, and Changes in Fund Balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Council and others within the Council, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record, and its distribution is not limited.

SIGNED ORIGINAL ON FILE

November 7, 2012

Mike Foley  
Auditor of Public Accounts



NEBRASKA LEGISLATIVE COUNCIL  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2012

	General Fund 10000	NE Leg. Shared Information System (NLSIS) Fund 20300	Clerk of the Legislature Fund 20330	Biotechnology Development Fund 20350	Nebr Health Care Fund 22640	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>						
Appropriations	\$ 17,117,261	\$ -	\$ -	\$ -	\$ -	\$ 17,117,261
Sales & Charges	10,492	12,244	137,885	-	-	160,621
Miscellaneous	397	1,508	3,912	881	-	6,698
<b>TOTAL REVENUES</b>	<b>17,128,150</b>	<b>13,752</b>	<b>141,797</b>	<b>881</b>	<b>-</b>	<b>17,284,580</b>
<b>EXPENDITURES:</b>						
Personal Services	14,852,423	-	45,865	-	\$ -	14,898,288
Operating	1,277,932	286	1,842	-	2,530	1,282,590
Travel	639,278	-	-	-	4,425	643,703
Capital Outlay	347,628	-	2,408	-	-	350,036
<b>TOTAL EXPENDITURES</b>	<b>17,117,261</b>	<b>286</b>	<b>50,115</b>	<b>-</b>	<b>6,955</b>	<b>17,174,617</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,889	13,466	91,682	881	(6,955)	109,963
<b>OTHER FINANCING SOURCES (USES):</b>						
Sales of Assets	4,367	-	15	-	-	4,382
Deposit to General Fund	(15,088)	-	-	-	-	(15,088)
Deposit to the NE Acct. and Disclosure Comm. Cash Fund	-	-	(103,414)	-	-	(103,414)
Operating Transfers In	-	-	-	-	75,000	75,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,721)</b>	<b>-</b>	<b>(103,399)</b>	<b>-</b>	<b>75,000</b>	<b>(39,120)</b>
Net Change in Fund Balances	168	13,466	(11,717)	881	68,045	70,843
FUND BALANCES, JULY 1, 2011	19,895	49,770	148,244	33,070	-	250,979
FUND BALANCES, JUNE 30, 2012	<b>\$ 20,063</b>	<b>\$ 63,236</b>	<b>\$ 136,527</b>	<b>\$ 33,951</b>	<b>\$ 68,045</b>	<b>\$ 321,822</b>
<b>FUND BALANCES CONSIST OF:</b>						
General Cash	\$ -	\$ 63,227	\$ 136,527	\$ 33,951	\$ -	\$ 233,705
Cash in Common Fund	-	-	-	-	68,045	68,045
Deposits with Vendors	20,063	9	-	-	-	20,072
<b>TOTAL FUND BALANCES</b>	<b>\$ 20,063</b>	<b>\$ 63,236</b>	<b>\$ 136,527</b>	<b>\$ 33,951</b>	<b>\$ 68,045</b>	<b>\$ 321,822</b>

The accompanying notes are an integral part of the schedule.

NEBRASKA LEGISLATIVE COUNCIL

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2012

**1. Criteria**

The accounting policies of the Nebraska Legislative Council (the Council) are on the basis of accounting, as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the duties of the State of Nebraska's Director of DAS include:

*“The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]”*

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2008), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. As transactions occur, the agencies record the accounts receivable and accounts payable in the general ledger. As such, certain revenues are recorded when earned, and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The expenditures and related accounts payable recorded in the general ledger, as of June 30, 2012, include only those payables posted in the general ledger before June 30, 2012, and not yet paid as of that date. The amount recorded as expenditures, as of June 30, 2012, **does not** include amounts for goods and services received before June 30, 2012, which had not been posted to the general ledger as of June 30, 2012.

The Council had accounts receivable not included in the Schedule of \$299 related to lobbyist fees. State Accounting did not require the Council to record its receivables on the general ledger, and these amounts are not reflected in revenues or fund balances on the Schedule. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The fund types established by the State that are used by the Council are:

**10000 – General Fund** – accounts for activities funded by general tax dollars and related expenditures and transfers.

**20000 – Cash Funds** – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

NEBRASKA LEGISLATIVE COUNCIL

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Continued)

The major revenue account classifications established by State Accounting and used by the Council are:

**Appropriations** – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

**Sales & Charges** – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees. The Council collects several types of fees including lobbyist registration fees. Per Neb. Rev. Stat. § 49-1482 (Supp. 2010), “The Clerk of the Legislature shall charge a fee ... for each application for registration by a lobbyist for each principal. Such fees when collected shall be remitted to the State Treasurer. Three-fourths of such fees shall be credited to the Nebraska Accountability and Disclosure Commission Cash Fund and one-fourth to the Clerk of the Legislature Cash Fund.” To reflect the Legislative Council’s total collection of lobbyist fees and the three-fourths portion deposited to the Nebraska Accountability and Disclosure Commission Cash Fund, the Sales & Charges in the Clerk of the Legislature--cash fund 20330--was increased by \$103,414 and an off-set of a like amount was recorded as an Other Financing Sources (Uses) and classified as a Deposit to the Nebraska Accountability and Disclosure Commission Cash Fund.

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

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

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

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

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

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

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

**Assets** – Resources owned or held by a government that have monetary value. Assets include cash accounts. Cash accounts and deposits with vendors are also included in fund balances and are reported as recorded in the general ledger.

NEBRASKA LEGISLATIVE COUNCIL

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures, resulting in a decrease to fund balances.

**Other Financing Sources and Uses** – Operating transfers, proceeds of fixed asset dispositions, and Deposit to other funds.

**2. Reporting Entity**

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

The Nebraska Legislative Council is part of the primary government for the State of Nebraska.

**3. Totals**

The Totals “Memorandum Only” column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

**4. General Cash**

General cash accounts are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State’s Investment Council, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

**5. Capital Assets**

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

NEBRASKA LEGISLATIVE COUNCIL

**NOTES TO THE SCHEDULE**  
(Continued)

**5. Capital Assets** (Concluded)

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Council takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$100 or more at the date of acquisition.

For the CAFR, the State requires the Council to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$1,500 or more at the date of acquisition and has a useful life of one year or more is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of three to ten years.

Capital asset activity of the Council recorded in the State Accounting System for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 2,840,716	\$ 343,520	\$ 298,249	\$ 2,885,987
Less accumulated depreciation for:				
Equipment				<u>2,491,385</u>
Total capital assets, net of depreciation				<u>\$ 394,602</u>

**6. Operating Transfers In and Cash in Common Fund**

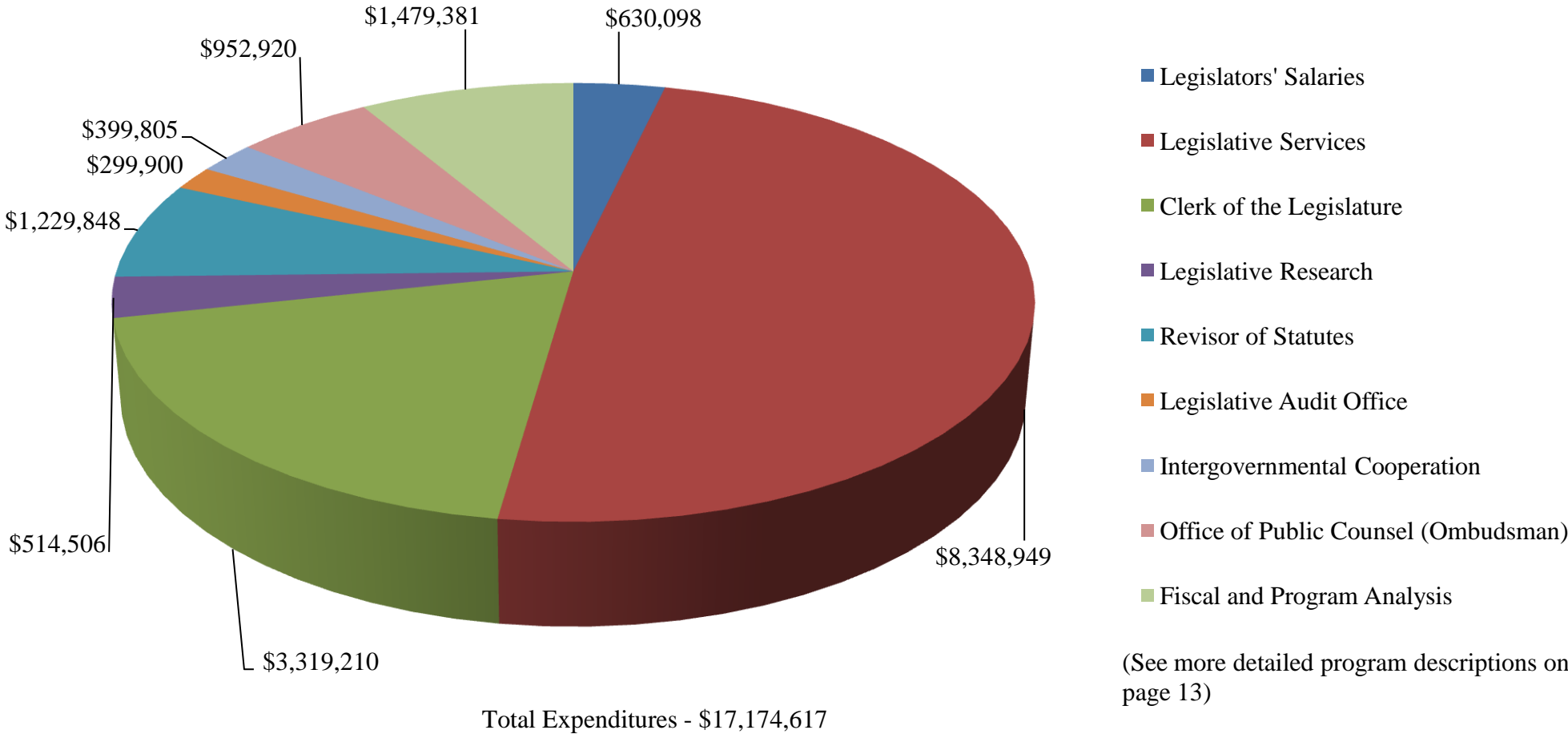
The Operating Transfers In recorded in the Nebr Health Care Fund--fund 22640--was authorized by 2004 Neb. Laws LB 1089, which appropriated \$75,000 in cash funds from the Nebraska Health Care Cash Fund to Legislative Council Program 122 for the purpose of ongoing health-related research and public policy development by the Health and Human Services Committee of the Legislature. The Nebraska Health Care Cash Fund is under the authority of the Nebraska Health and Human Services System. The fund balance of fund 22640--titled "Cash in Common Fund" represents the unspent authorization carried over to the fiscal year ending June 30, 2013, per LB 1089.

NEBRASKA LEGISLATIVE COUNCIL

**SUPPLEMENTARY INFORMATION**

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances and, accordingly, we express no opinion on it.

**NEBRASKA LEGISLATIVE COUNCIL  
EXPENDITURES BY PROGRAM**  
Fiscal Year Ended June 30, 2012



(See more detailed program descriptions on page 13)

NEBRASKA LEGISLATIVE COUNCIL  
**PROGRAM DESCRIPTIONS**  
For the Year Ended June 30, 2012

**LEGISLATORS' SALARIES**

Provides funds to pay Legislators' salaries as authorized by Article III, Section 7, of the Constitution of Nebraska.

**LEGISLATIVE SERVICES**

Provides staff assistance to the Executive Board that will allow for efficient administration of the Council. Assists the Legislature, its committees, and members in their lawmaking and policy formulation functions.

**CLERK OF THE LEGISLATURE**

Provides support for the year-round operation of the Legislature's chief administrative officer. Provides a large share of the administrative support for each regular session and special session as necessary. Responsible for the registration of lobbyists, and compiles quarterly reports of receipts and expenditures by lobbyists and principals. Funding for the Legislative Technology Center, which exists to serve Senators and legislative personnel on issues relating to information technology.

**LEGISLATIVE RESEARCH**

Provides public policy and legal research to the members of the Legislature and legislative staff in support of the Legislature's policy-making role. Maintains the Legislative Reference Library and performs other duties and assignments—such as staffing the Redistricting Committee and coordinating the Legislative Issues Symposium—at the request of the Legislature.

**REVISOR OF STATUTES**

Responsible for preparing and publishing supplements and reissued and replacement volumes to the statutes. In addition, they are responsible for assisting members of the Legislature and the executive departments of the State in the preparation of bills, amendments, resolutions, and other related measures.

**LEGISLATIVE AUDIT OFFICE**

At the direction of the Legislative Performance Audit Committee, the Office conducts performance audits of State programs. Performance audits are conducted in compliance with the Legislative Performance Audit Act and the U.S. Government Accountability Office's performance audit standards.

**INTERGOVERNMENTAL COOPERATION**

Provides funds for Nebraska membership in the National Conference of State Legislatures' (NCSL), Council of State Governments (CSG), Commission of Uniform State Laws, and State and Local Legal Center and necessary expenses for Legislators to attend meetings sponsored by such organizations. This program also includes senator staff travel expenses and the expenses related to all travel by Legislators, except reimbursement for expenses during legislative sessions which is provided through legislative services.



NEBRASKA LEGISLATIVE COUNCIL  
**PROGRAM DESCRIPTIONS**  
For the Year Ended June 30, 2012

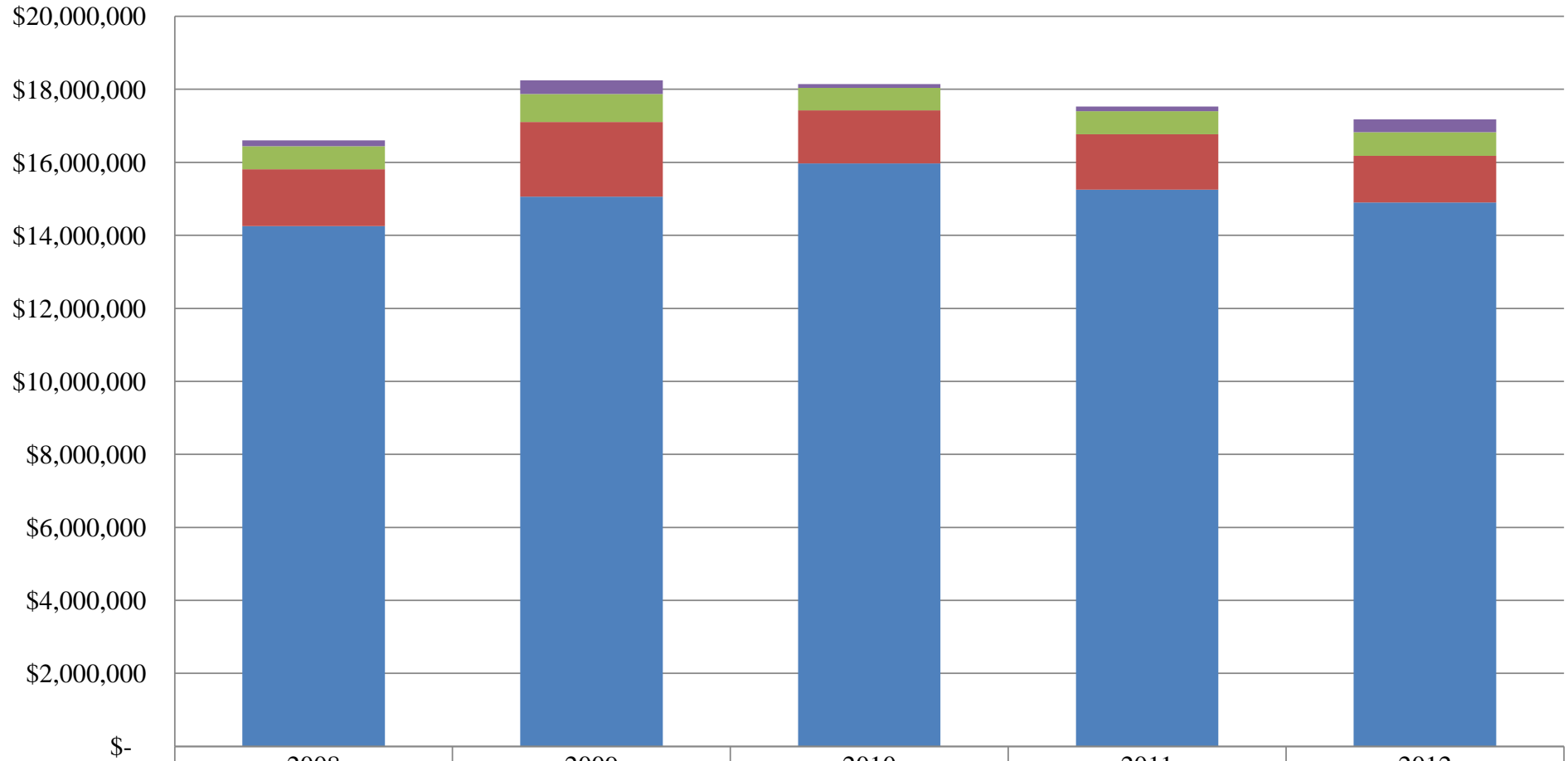
**OFFICE OF PUBLIC COUNSEL (OMBUDSMAN)**

Responsible for receiving, investigating, and attempting to resolve citizens' miscellaneous complaints relating to administrative agencies of State government. Also responds to citizens' requests for general information relating to the operation of government, and participates in interim studies in cooperation with other Legislative Divisions and Senators' staff. The Inspector General of Nebraska Child Welfare is affiliated with the Public Counsel's Office.

**FISCAL AND PROGRAM ANALYSIS**

Provides for the financing of the Legislative Fiscal Office, whose primary function is to provide staff assistance to the Legislature, in particular, as provided in statute, to the Appropriations Committee during their deliberations in formulating a budget recommendation to the Legislature.

**NEBRASKA LEGISLATIVE COUNCIL**  
**EXPENDITURES BY MAJOR ACCOUNT CATEGORY**  
 Fiscal Years Ended June 30, 2008 through 2012



	2008	2009	2010	2011	2012
Capital Outlay	\$160,230	\$375,877	\$108,251	\$123,804	\$350,036
Travel	\$629,933	\$761,444	\$611,580	\$636,757	\$643,703
Operating Expenses	\$1,560,434	\$2,048,880	\$1,459,328	\$1,512,218	\$1,282,590
Personal Services	\$14,254,172	\$15,059,927	\$15,967,337	\$15,254,859	\$14,898,288