

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING
AND ATHLETIC COMMISSION
JULY 1, 2017, THROUGH DECEMBER 31, 2018**

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on April 24, 2019

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. Charlie Janssen was elected in November 2014, as the Nebraska Auditor of Public Accounts. He was sworn into office on January 8, 2015, as Nebraska's 25th 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

Stephanie Todd, CPA, CFE – Audit Manager

Emily Parker – Auditor II

Rob Giraud – Auditor

Our reports can be found electronically at: <http://www.auditors.nebraska.gov>

Additionally, you may request them by contacting us at:

Nebraska Auditor of Public Accounts

State Capitol, Suite 2303

P.O. Box 98917

Lincoln, Nebraska 68509

Phone: 402-471-2111

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1
Key Officials and Agency Contact Information	2
Comments Section	
Summary of Comments	3 - 4
Comments and Recommendations	5 - 16
Financial Section	
Independent Accountant’s Report	17 - 18
Schedule of Revenues, Expenditures, and Changes in Fund Balances	19
Notes to the Schedule	20 - 23
Supplementary Information	24
Exhibit A – Revenues, Expenditures, and Changes in Fund Balances for the Period July 1, 2017, through June 30, 2018	25
Exhibit B – Revenues, Expenditures, and Changes in Fund Balances for the Period July 1, 2018, through December 31, 2018	26
Exhibit C – Expenditures by Line Item – July 1, 2013, through June 30, 2018	27
Exhibit D – Tax Revenues – July 1, 2013, through June 30, 2018	28

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

BACKGROUND

The Charitable Gaming Division is responsible for the licensing and regulation of those interested in conducting charitable gaming activities, overseeing the proper conduct of games, and ensuring the profits therefrom are used in a lawful manner. The Charitable Gaming Division is self-supported through a portion of licensing fees and the various gaming taxes imposed by the Legislature. No State General Funds are used to regulate charitable gaming. The charitable gaming activities authorized for qualifying nonprofit organizations, which have obtained the proper licenses or permits, are bingo; the sale of pickle cards (pull-tabs); and ticket drawings for either cash prizes (lotteries) or merchandise prizes (raffles). In addition, counties, cities, and villages are authorized to conduct keno lotteries if their citizens have approved a lottery in an election.

The Office of the State Athletic Commissioner is under the general supervision of the Nebraska Department of Revenue. The Commissioner, appointed by the Governor for a two-year term, has sole jurisdiction and control over amateur and professional mixed martial arts, as well as professional boxing and sparring matches and exhibitions held within the State. Exceptions are events held by universities, colleges, high schools, military branches, and events held by recognized amateur associations for contestants under the age of 16. The Commissioner licenses contestants, promoters, managers, timekeepers, ringside physicians, judges, and referees; promulgates rules and regulations governing bouts; controls and supervises ticket sales and the issuing of complimentary tickets; revokes licenses and issues suspensions when necessary; and controls the number of mixed martial arts, professional boxing and sparring matches, and exhibitions held in Nebraska. The Commissioner and Deputy Commissioner are assisted by four inspectors in carrying out the duties of the office.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Executive Management

Name	Title
Tony Fulton	Tax Commissioner
Glen White	Deputy Tax Commissioner
Brian Rockey	Director of Lottery & Charitable Gaming
Aaron Hendry	State Athletic Commissioner
Brian Dunn	Deputy State Athletic Commissioner
Dennis Nelson	Finance Manager
Kim Vu	Budget Officer III

Nebraska Department of Revenue
301 Centennial Mall South
P.O. Box 94818
Lincoln, NE 68509
revenue.nebraska.gov

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

SUMMARY OF COMMENTS

During our examination of the Nebraska Department of Revenue (Department) Program 165 – Charitable Gaming and Athletic Commission (Program 165), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #1, “Charitable Gaming Lack of Controls Over Revenues” and #2, “State Athletic Commission Lack of Controls Over Revenues,” which are considered to be significant deficiencies.

Additionally, during review of Program 165 processes, we also noted a certain deficiency related to Program 102 – Revenue Administration, which is noted in Comment #6, “Mechanical Amusement Device (MAD) Decal Receipting Process.”

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Charitable Gaming Lack of Controls Over Revenues:*** The Department lacked an adequate segregation of duties over receipts and monies due to the Department to ensure no one individual was in a position both to perpetrate and conceal errors or irregularities. The Department did not restrictively endorse checks immediately upon receipt, did not make timely deposits, lacked adequate documentation to support penalty and interest calculations on late taxes, and did not maintain a list of unused pickle card dispensing device decals or complete a reconciliation of the total number of decals issued to the amount collected in the accounting system.
2. ***State Athletic Commission Lack of Controls Over Revenues:*** The Department lacked procedures and controls over receipts to ensure the correct amount was reported, collected, and deposited into the State’s accounting system. Furthermore, two of four receipts lacked support to ensure the deposits were timely. Finally, fees charged were not properly documented, and the fees were not set by or did not agree to the Department’s rules and regulations.
3. ***Incorrect Coding of Transfers:*** The Department transferred sixty percent of taxes collected from the Charitable Gaming Operations Cash Fund to the General Fund, totaling \$5,235,639, as required by State statute; however, the Department did not code the transfers correctly in the State’s accounting system.
4. ***Accounts Receivable Not Reported for the CAFR:*** Program 165 had an estimated receivable balance for the collection of Bingo, Lottery and Raffle, County-City Lottery, and Pickle Card Distributor taxes, totaling \$1,635,762, as of June 30, 2018, which was not reported to the Department of Administrative Services for inclusion in the State of Nebraska’s Comprehensive Annual Financial Report (CAFR).
5. ***Inspector Travel Logs:*** The Department lacked procedures to ensure employee mileage was reasonable, and the Auditor of Public Accounts (APA) was unable to recalculate mileage for two of five trips tested.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

SUMMARY OF COMMENTS
(Concluded)

6. ***Mechanical Amusement Device (MAD) Decal Receipting Process:*** The Department lacked controls to ensure all money due to the State was received for MAD decals, as a count of decals issued and decals not used for the year compared to the receipts in the accounting system was not performed in calendar year 2018. Additionally, unused decals were not required to be returned or accounted for by the Department. Furthermore, during testing of three decal receipts, it was noted that two were not deposited timely.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement, and does not include our observations on any accounting strengths of Program 165.

Draft copies of this report were furnished to the Department to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS

1. Charitable Gaming Lack of Controls Over Revenues

Segregation of Duties and Controls Over Revenues

We noted the following lack of controls or segregation of duties over receipts:

- Only one person was responsible for opening the mail, and an initial listing of monies received was not created at the time the mail was opened. Instead, the monies received in the mail were given to the individual who processed the receipts in the receipt tracking system. The monies were then returned to the individual who opened the mail, who then created another listing of funds received. Furthermore, both listings of funds received were not complete listings, as they did not include any monies held by the Department of Revenue (Department) Program 165 – Charitable Gaming and Athletic Commission (Program 165) and not deposited.
- One individual prepared, approved, and mailed notices for late filings. This same person also applied funds received to balances due, approved the abatement of tax penalties with no secondary review, and had the ability to adjust amounts due within the receipting system. There was not an adequate segregation of duties to ensure all entities were sent notices for late filings, appropriate tax filings were completed, and only appropriate adjustments to tax filings or amounts due were made.
- During a cash count, we noted 10 checks, totaling \$24,064, were not restrictively endorsed at the time they were received. After further inquiry, it was determined that all checks were not endorsed by the individual who opened the mail or collected the checks; instead, they were endorsed by the employees who recorded the deposit into the State accounting system.
- During the cash count performed on March 5, 2019, we found that the Department was holding checks and not depositing checks if the amount was incorrect or if an application was pending. Below is a listing of checks being held that were found during the cash count:

Date Stamp of Application	Calendar Days Held (Note)	Amount
11/27/2018	98	\$ 50
12/18/2018	77	100
2/22/2019	11	40
Total		\$ 190

Note: Calendar days held was calculated from the date stamp to the date the cash count was performed.

Timeliness of Deposits

Of the 10 receipts for Bingo, Lottery and Raffle, City-County Lottery, and Pickle Card Distributor taxes tested, two were not deposited timely, as noted below:

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

1. Charitable Gaming Lack of Controls Over Revenues (Continued)

Deposit No.	Date Stamp Received	Deposit Date	Business/Calendar Days to Deposit	Amount
1	7/11/2018	7/24/2018	13**	\$ 358
2	10/26/2018	11/1/2018	4*	2,186
Total				\$ 2,544

*The number of days to deposit is business days.

**The number of days to deposit is calendar days.

Additionally, for one tax receipt tested, the Department did not have support on file documenting when the monies were received. The tax form was filed electronically on August 23, 2018; however, the amount due of \$155 was paid at a later date. The APA was unable to determine if this receipt was deposited timely.

Charitable Gaming Tax Receipts Testing

One of 10 tax receipts selected for testing was for pickle card distributor taxes for the month of June 2017, due on July 31, 2017, (since the 30th day of the month fell on a Sunday). The tax return was not stamped as received until August 3, 2017, three days after the due date. Interest and penalties were not assessed for the late filing of the taxes and tax return, as the Department stated the payment was postmarked prior to the due date. However, no documentation was maintained, such as the postmarked envelope, to support the date the taxes were paid. Based on the date stamp on the tax return, interest of \$7 and a penalty of \$2,778 should have been assessed.

Additionally, while reviewing a Form 21, Request for Abatement of Penalty, for one organization that had a penalty assessed, we noted that the basis for the request was not filled out and completed on the form, and no separate letter of explanation was attached. Based on a discussion with the Department, the organization had come into the Department’s office and had verbally discussed the cause for the penalty and the reason for requesting abatement; however, a record of the conversation was not maintained. The total penalty abated was \$797.

Inadequate Procedures Over Pickle Card Dispensing Device Decals

Pickle card dispensing device decals were required to be affixed to all devices in use and were required to be replaced annually. Applications for decals could be submitted to the Department for processing, or applications could be received by Department inspectors when performing on-site entity visits. The inspectors were given a set of decals to have on hand if entities requested decals while inspectors were on site. For these decals, we noted the following:

- Per discussion with staff, the unused or spoiled decals issued to inspectors were returned to the Department, compared to a list to ensure all unused or spoiled decals were returned, and subsequently shredded; however, the Department did not have documentation of this comparison having been performed.
- A count of decals issued and decals not used for the year compared to the receipts in the accounting system was not performed for calendar year 2018.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

1. Charitable Gaming Lack of Controls Over Revenues (Concluded)

Neb. Rev. Stat. § 84-710 (Reissue 2014) provides, in relevant part, the following:

It shall be unlawful for any executive department, state institution, board, or officer acting under or by virtue of any statute or authority of the state, including the State Racing Commission, to receive any fees, proceeds, from the sale of any public property, or any money belonging to the state or due for any services rendered by virtue of state authority without paying the same into the state treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars.

Neb. Rev. Stat. § 9-344(1) (Reissue 2012) states that pickle card distributor taxes are due within 30 days after each monthly period reported on the applicable tax form, or penalties and interest will be imposed.

Instructions for Tax Form 21, Request for Abatement of Penalty, state, “Your request must be supported by a complete explanation of the causes for the penalty and your reasons for requesting abatement” The instructions also say, “If the space provided for the explanation is not sufficient, a separate letter of explanation must be attached.”

A good internal control plan and sound business practices require procedures to ensure the following: 1) an adequate segregation of duties to ensure no one individual is in a position both to perpetrate and to conceal errors or irregularities; 2) the restrictive endorsement of checks immediately upon receipt; 3) the timely deposit of monies received, in accordance with State statute; 4) the maintenance of proper documentation for interest and penalty calculations; and 5) a proper accounting for decals and related receipts.

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

We recommend the Department implement procedures to ensure a proper segregation of duties or compensating measures for the handling of receipts and amounts due to the Department. Such procedures should ensure also that all checks are endorsed immediately upon receipt, amounts received are deposited timely in accordance with State statute, and interest and penalties are correctly calculated and properly supported. Lastly, those procedures should ensure the Department properly accounts for all decals and related receipts.

Department Response: We are in agreement with the APA regarding adequate segregation of duties and have implemented procedures for tracking incoming monies, endorsing checks, and depositing funds within the guidelines of Neb. Rev. Stat. § 84-710. We also agree on the value of proper documentation for interest and penalty calculations.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

2. State Athletic Commission Lack of Controls Over Revenues

Program 165 staff also collect licensing fees and taxes related to professional boxing and amateur and professional mixed martial arts matches. These receipts are collected within the State Athletic Commission (Commission) and deposited under Program 165. We noted that the Department lacked procedures and controls over Commission receipts to ensure the correct amounts were reported, collected, and deposited into the State's accounting system. During testing of Commission receipts, we noted the following:

- For all four receipts tested, the Department lacked monitoring procedures to ensure the event taxes or sale of television rights taxes collected, totaling \$156,245, were accurate and in accordance with State statute and the Department's rules and regulations. Event taxes were five percent of gross receipts in accordance with Neb. Rev. Stat. § 81-8,135 (Cum. Supp. 2018). Additionally, the proceeds from the sale of television rights were also taxed at five percent in accordance with the same State statute. The amount received from the sale of television rights, along with the gross receipts from events, were self-reported, and no verification or monitoring procedures were performed to ensure that gross receipts and amounts from the sale of television rights were properly reported to the Commission.
- When supervising the event, the inspectors periodically collected cash or check payments for event taxes or participant fees. Per discussion with the Commission, there were usually two inspectors or Commission staff members on site during the events. However, if monies are collected on site, there is a lack of controls in place to ensure all amounts are being turned into the Department for deposit into the State's accounting system, as both inspectors are not signing off on the receipt written for monies received or the tax form completed showing the total amount due to the Department.
- For one receipt tested, a facility fee of \$3,891 was deducted from the total gross receipts. This was not in accordance with § 81-8,135, which states that only State and Federal taxes can be deducted from gross receipts. An underpayment of \$185 in taxes resulted from this oversight.
- The Commission charged \$250 to conduct weigh-ins the day before an event; however, the fee was not published or documented.
- For one receipt tested, \$175 was charged for a professional club license, which did not agree to the \$200 fee set by Title 38 NAC 2-001.05(A). Additionally, \$50 was charged on the same receipt for an amateur club license; however, the fee charged was not set in rules and regulations, as required by Neb. Rev. Stat. § 81-8,130 (Reissue 2014).
- For one receipt tested, the amount collected was \$10 less than the total taxes due. The Department made the decision not to pursue the remaining \$10 owed; however, the Department did not have a written policy for how to handle cash shortages.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

2. State Athletic Commission Lack of Controls Over Revenues (Continued)

- We also noted that, for two of four receipts, no documentation was maintained to support the date the amount was received by the Commission, so we were unable to determine if receipts were deposited timely in accordance with State statute, as noted in the table below:

Check Date	Date Received	Deposit Date	Business Days Between Check Date and Deposit Date	Amount
8/30/2018	Unknown	9/10/2018	6	\$ 113,300
11/7/2018	Unknown	11/16/2018	6	38,231
Total				\$ 151,531

- Additionally, we noted checks received by the Commission and given to the Department were not restrictively endorsed at the time they were received. Instead, the checks were endorsed by the employees who recorded the deposit into the State accounting system.

The taxes deposited into the State Athletic Commissioner’s Cash fund during July 1, 2017, through December 31, 2018, totaled \$324,636.

Section 81-8,135 states the following:

Every licensee conducting or holding any professional mixed martial arts, amateur mixed martial arts, or professional boxing match shall furnish to the State Athletic Commissioner a written report showing the articles of agreement between the contestants, the number of tickets sold for each contest, the amount of the gross receipts thereof, the gross receipts from sale of any television rights, and such other matters as the commissioner shall prescribe. Within such time the licensee shall pay to the commissioner a tax of five percent of the total gross receipts of any professional mixed martial arts or professional boxing match or exhibition, exclusive of state and federal taxes, except the gross receipts from sale of television rights, and five percent of such rights, and five percent of the total gross receipts of any amateur mixed martial arts match or exhibition, exclusive of state and federal taxes, except that if such match or exhibition is conducted as an incidental feature in any event or entertainment of a different character, such portion of the total receipts shall be paid to the state as the commissioner may determine, or as may be fixed by rule adopted under section 81-8,139.

Neb. Rev. Stat. § 81-8,136 (Reissue 2014) provides the following:

The State Athletic Commissioner may have control and supervision of the sale of tickets and the issuing of complimentary tickets. He or she may be represented to supervise and check the counting of receipts, to enforce any and all rules and regulations of the commissioner, and to see that the provisions of sections 81-8,128 to 81-8,142.01, the rules and regulations of the commissioner, and the articles of agreement are carried out and complied with.

Title 38 NAC 4-004.02 states the following:

Each promoter conducting or holding any boxing or MMA event must pay to the Commissioner a gross receipts tax of five percent of the total gross receipts of any event and five percent of the total gross receipts from the sale of television rights. Gross receipts excludes any other state or federal taxes.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

2. State Athletic Commission Lack of Controls Over Revenues (Continued)

Title 38 NAC 4-004.08 says the following:

The Commissioner has complete control and supervision of the sale of tickets, ticket boxes, entrance doors, and all exits for the purpose of checking admission controls. Commission officials must be provided with all information and materials necessary for an accurate accounting, including the printer's manifest showing the total number of tickets printed and the admission prices of each, and first and last numbers of rolled tickets. Advanced tickets must be accounted for as part of the gross receipts.

Title 38 NAC 4-004.05 says the following:

Whenever any person, promoter, corporation, association, or other entity fails to make a report of any event at the time and in the manner prescribed by Neb. Rev. Stat. § 81-8,135 or these regulations or whenever a report is unsatisfactory to the Commissioner, the Commissioner may examine or cause to be examined the books and records of the person, promoter, corporation, association, or other entity. The Commissioner may subpoena and examine under oath, any officers or persons as witnesses for the purpose of determining the total amount of the gross receipts for any event and the amount of taxes due and the Commissioner may, upon and as a result of the examination, determine and assess the tax that is due.

Title 38 NAC 2-004.05 states the following:

Weigh-ins must be completed on the day of the event, except that weigh-ins may be conducted up to 24 hours prior to an event's scheduled start with approval of the Commissioner and upon the payment of a fee set by the Commissioner.

Neb. Rev. Stat. § 81-8,130.01 (Cum. Supp. 2018) states the following:

Licenses and permits may be issued to professional mixed martial arts or professional boxing promoters, whether persons, clubs, or associations, for the sole purpose of conducting professional matches under such rules and regulations as the State Athletic Commissioner shall adopt. Each application for such license shall be accompanied by a fee set by the commissioner in rule and regulation. Such fee shall be not less than one hundred dollars and not more than three hundred dollars. If the promoter is an individual, the application shall include his or her social security number.

Title 38 NAC 2-001.05(A) sets the license fee for a promotor at \$200.

Section 81-8,130 provides the following:

The State Athletic Commissioner may issue an annual license for conducting amateur mixed martial arts matches or exhibitions to any club, association, or organization. Each application for a license shall be accompanied by a fee set by the commissioner in rule and regulation. Such fee shall be not less than twenty-five dollars and not more than one hundred dollars.

Neb. Rev Stat. § 84-710 (Reissue 2014) requires any money belonging to the State to be deposited to the State Treasury within three business days of receipt when the amount is \$500 or more and within seven days of receipt when the amount is less than \$500.

A good internal control plan and sound business practices require procedures to ensure: 1) taxes and fees collected are complete and accurate, and the fees charged are properly documented; and 2) monies are deposited timely, and checks are endorsed immediately upon receipt.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

2. State Athletic Commission Lack of Controls Over Revenues (Continued)

Without such procedures, there is an increased risk for the loss or misuse of State funds, the underreporting and underpayment of taxes, and noncompliance with State statute.

We recommend the Department implement procedures to ensure the amounts reported for total gross receipts and the sale of television rights are accurate and include only appropriate deductions. Furthermore, those procedures should ensure all monies collected on-site are deposited into the State's accounting system. The procedures should ensure also that all fees charged agree to and are set by State statute or rules and regulations, or they are properly documented. Finally, such procedures should ensure monies are documented when received, deposits are made timely and in accordance with State statute, and checks are endorsed immediately upon receipt.

Department Response: Absent cause to the contrary, the Athletic Commission (Commission) relies on regulated entities' self-reporting of sales, as enforcement of this tax program assumes some degree of voluntary compliance, much as with the enforcement of sales tax, income tax, and other tax programs. The Commission has consistently required promoters or venues to provide written sales information as the basis for any tax calculation, and additional measures would be taken if deemed necessary.

APA Response: We continue to recommend the Department implement monitoring procedures to ensure the amounts self-reported for total gross receipts and the sale of television rights are accurate.

Department Response: All contestants are required to submit an application before they participate in a match and payments are required from the contestants. The contestant applications are the supporting documents for the cash paid. Thus, having two inspectors sign off on the cash received is unnecessary.

APA Response: There is a risk that an inspector could not turn in a contestant application, thus increasing the risk of misappropriation of contestant fees. Additionally, there is a lack of controls in place to ensure all tax monies collected on-site are deposited in the State's accounting system.

Department Response: The exact amount of this weigh-in fee is now published on the Commission website. It is worth noting however, that a day before weigh-in is offered only as an optional service by the Commission, as promoters can elect to have weigh-ins on the day of the event for no additional cost. The prospect of an additional fee for day before weigh-ins is also explicitly provided by Commission regulations which provide; [w]eigh-ins must be completed on the day of the event, except that weigh-ins may be conducted up to 24 hours prior to an event's scheduled start with approval of the Commissioner and upon the payment of a fee set by the Commissioner. 38 NAC Chapter 2, 4.005

We do not agree that the Commission violated state statute regarding the deposit of the checks within three business days. While the date of check receipt was not documented, the APA unrealistically used the date contained on the check as the date of receipt. By using the check date as the received date, and not taking into account delivery time, the APA has exaggerated the days outstanding.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

2. State Athletic Commission Lack of Controls Over Revenues (Concluded)

APA Response: As the Department did not have documentation to show when the checks were received, it could not ensure compliance with Neb. Rev. Stat. § 84-710 and therefore the APA used the only date available.

Department Response: We do agree with the APA’s comments regarding checks being restrictively endorsed when received and making sure that all fees charged are documented and as such follow regulations/statutes.

3. Incorrect Coding of Transfers

When Bingo, Pickle Card Distributor, Lottery and Raffle, and City-County Lottery taxes were collected by the Department, the monies were deposited into the Charitable Gaming Operations Cash Fund (Gaming Fund), as required by Neb. Rev. Stat. § 9-239, § 9-344, § 9-429, and § 9-648 (Reissue 2012). In accordance with Neb. Rev. Stat. § 9-1,101(3)(a) (Cum. Supp. 2018), the Department moved sixty percent of taxes collected from the Gaming Fund to the General Fund. When recording this movement of funds, the Department reduced tax revenues in the Gaming Fund and recorded tax revenues in the General Fund. However, in accordance with State statutes, it appears this movement of funds should have been recorded as a transfer out of the Gaming Fund and a transfer into the General Fund. As a result, the following financial schedule line items were (understated)/overstated for the period July 1, 2017, through December 31, 2018:

Financial Schedule Line Item	General Fund (Understated)/ Overstated	Gaming Fund (Understated)/ Overstated
Taxes	\$ 5,235,639	\$ (5,235,639)
Operating Transfers In	\$ (5,235,639)	\$ -
Operating Transfers Out	\$ -	\$ (5,235,639)

This incorrect coding had no effect on fund balance. The APA proposed an adjustment to the financial schedule, which was agreed to by the Department and corrected.

Section 9-239, § 9-344, § 9-429, and § 9-648 direct the Department to remit the Bingo, Pickle Card Distributor, Lottery and Raffle, and City-County Lottery taxes “to the State Treasurer for credit to the Charitable Gaming Operations Fund.”

Section 9-1,101(3)(a) states, in part, the following:

Forty percent of the taxes collected pursuant to sections 9-239, 9-344, 9-429, and 9-648 shall be available to the Charitable Gaming Division for administering and enforcing the acts listed in subsection (1) of this section and providing administrative support for the Nebraska Commission on Problem Gambling. The remaining sixty percent shall be transferred to the General Fund.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Incorrect Coding of Transfers (Concluded)

A good internal control plan requires procedures to ensure transactions are coded properly in the accounting system.

Without such procedures, there is an increased risk that the financial schedule will be materially misstated.

We recommend the Department implement procedures to ensure all transactions are coded appropriately in the accounting system.

Department Response: We agree to change the object code in the next fiscal year as there were no improper amounts transferred and the General Fund balance and Charitable Gaming fund balance were not affected.

4. Accounts Receivable Not Reported for the CAFR

Each year, the Department of Administrative Services (DAS) prepares the State of Nebraska's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30. DAS requires all State agencies to determine and report payable and receivable amounts at the end of the fiscal year on an accrual response form for inclusion in the CAFR. At June 30, 2018, the Department had receivables related to Bingo, Lottery and Raffle, County-City Lottery, and Pickle Card Distributor taxes that were not reported to DAS for accrual in the CAFR. The estimated receivable at June 30, 2018, was \$1,635,762; however, this amount does not include estimated taxes for time periods prior to June 30, 2018, for tax forms that had not been received as of APA testing.

A good internal control plan requires procedures to ensure accrual amounts are properly reported to DAS for accrual in the CAFR.

Without such procedures, there is an increased risk that CAFR financial statements or footnotes will be materially misstated.

We recommend the Department ensure receivable balances are reported to DAS for proper inclusion in the CAFR.

Department Response: We were not aware that the accounts receivable amounts had been excluded from Department of Revenue (DOR) accruals. For fiscal year 2019, we will provide the tax amounts to Revenue Finance for reporting.

5. Inspector Travel Logs

To ensure compliance with Program 165, the Department staffed inspectors who traveled to different lottery, bingo, and pickle card locations using State-owed vehicles to perform inspections. We noted that the Department lacked procedures to ensure that employee mileage was reasonable. The following issues were noted:

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

5. Inspector Travel Logs (Continued)

- During testing of one Transportation Services Bureau (TSB) travel billing, the travel logs did not include an entry each time the vehicle was used. When the inspectors traveled, they typically made an entry on the travel log listing only the starting and ending locations; however, an inspector may have traveled to several locations within one city or to more than one city during a single day.
- Since entries were not made each time the vehicle was used, we were unable to determine if the mileage on the TSB travel logs based on the starting and ending locations was reasonable. We then obtained the monthly inspection reports from the Department, which were completed by the inspector and listed all of the organizations that an inspector visited each day during the month. When using the monthly inspection reports, for two of the five days tested, we were unable to recalculate mileage traveled and billed to Program 165, as shown in the table below:

Trip	Date	Odometer Reading		Miles Traveled Per Log	Mileage Per MapQuest	Mileage Variance	Percent Variance
		Start	Finish				
1	5/15/2018	47,055	47,458	403	622	(219)	(35%)
2	5/8/2018	35,205	35,377	172	131	41	31%

Per discussion with Department staff, the Department reviewed monthly travel logs for reasonableness and only occasionally verified the mileage to MapQuest, Google Maps, or some other authoritative source.

The total TSB billings charged to Program 165 during July 1, 2017, through December 31, 2018 was \$54,331.

Neb. Rev. Stat. § 81-1025(1) (Reissue 2014) provides the following:

Each operator of a bureau fleet vehicle shall report the points between which the bureau fleet vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such vehicle, and the department to which such vehicle is assigned.

A good internal control plan and sound business practices require that entries be made on the TSB travel logs each time a State-owned vehicle is used, so a thorough review of mileage logs can be completed to ensure travel expenses are reasonable and proper.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also State-owned vehicles being driven for personal use, which could go undetected by the Department.

We recommend the Department implement procedures to ensure employees who use State-owned vehicles make an entry on the TSB travel log each time the vehicle is used. Such procedures should ensure also the performance of a complete and thorough review of the TSB travel logs to ensure mileage is reasonable and appropriate.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Continued)

5. Inspector Travel Logs (Concluded)

Department Response: We are in agreement with the APA regarding the travel logs. DOR will be investigating avenues to improve controls on the documentation of mileage at each of the many starting and stopping points as entered by the inspectors during their course of work through each day.

6. Mechanical Amusement Device (MAD) Decal Receipting Process

During discussion with Department staff, it was determined that the same individuals who collected Program 165 receipts also collected and processed MAD decal receipts. Receipts for these decals were deposited into Program 102 – Revenue Admin. Due to the issues noted in the receipting process for Program 165, the APA reviewed the MAD decal receipting process.

Any operator of a MAD within the State of Nebraska is required to pay an occupation tax for each machine or device that is operational during the taxable year. MAD decals were pre-numbered and required to be affixed to any gaming device in use. Additionally, the decals were required to be replaced annually on January 1. Applications for MAD decals could be submitted to the Department for processing or received by Department inspectors when performing on-site entity visits. The inspectors were given a set of decals to have on hand if entities requested decals while inspectors were on site.

We noted a lack of controls over the MAD decal receipts to ensure all money due to the Department was received. A count of decals issued and decals not used for the year compared to the receipts in the accounting system was not performed for calendar year 2018, and unused decals were to be shredded by the Department. Inspectors were not required to send unused decals into the Department to be accounted for; instead, the inspectors were told to shred any unused decals on hand at the end of the year. However, the Department had no verification, observation, or documentation of shredding to ensure that unused decals were actually destroyed.

During testing of three decal receipts, moreover, it was noted that two were not deposited timely, as shown in the table below.

Deposit No.	Date Stamp Received	Deposit Date	Business/Calendar Days to Deposit	Amount
1	11/27/2017	12/18/2017	15*	\$ 42,000
2	7/2/2018	7/16/2018	14**	\$ 40
Total				\$ 42,040

*The number of days to deposit is business days.

**The number of days to deposit is calendar days.

Department receipts for MAD decals for the period July 1, 2017, through December 31, 2018, totaled \$791,055.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

COMMENTS AND RECOMMENDATIONS
(Concluded)

6. Mechanical Amusement Device (MAD) Decal Receipting Process (Concluded)

Per discussion with staff, at the time of MAD decal renewals, it is difficult to keep up with processing and depositing receipts timely. Also, Deposit No. 2 above was first received by the Department's Omaha office on July 2, 2018. The check was then forwarded to the Department's Lincoln office for processing and depositing, which resulted in the deposit being untimely.

Neb. Rev. Stat. § 84-710 (Reissue 2014) requires any money belonging to the State to be deposited to the State Treasury within three business days of receipt when the amount is \$500 or more and within seven days of receipt when the amount is less than \$500.

A good internal control plan requires procedures to ensure receipts are properly accounted for and deposited timely in accordance with State statute.

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

We recommend the Department implement procedures to ensure receipts collected are complete, accurate, and deposited timely. All unused decals should be returned to the Department and adequately accounted for.

Department Response: We agree that DOR should properly account for MAD decals and also agree that MAD monies need to be deposited per the guidelines of Neb. Rev. Stat. § 84-710.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Department of Revenue
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Department of Revenue Program 165 – Charitable Gaming and Athletic Commission for the period July 1, 2017, through December 31, 2018. The Nebraska Department of Revenue Program 165's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the period July 1, 2017, through December 31, 2018, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention

of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'C. Janssen', with a long horizontal flourish extending to the right.

April 19, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through December 31, 2018

	General Fund 10000	Charitable Gaming Operations Cash Fund 21660	State Athletic Commissioner's Cash Fund 24310	Totals (Memorandum Only)
REVENUES:				
Taxes	\$ -	\$ 8,722,011	\$ 324,636	\$ 9,046,647
Sales & Charges	271,296	134,853	26,848	432,997
Miscellaneous	-	92,708	8,643	101,351
TOTAL REVENUES	271,296	8,949,572	360,127	9,580,995
EXPENDITURES:				
Personal Services	-	1,805,427	116,701	1,922,128
Operating	-	288,535	16,317	304,852
Travel	-	61,246	11,232	72,478
Capital Outlay	-	13,719	1,227	14,946
TOTAL EXPENDITURES	-	2,168,927	145,477	2,314,404
Excess of Revenues Over Expenditures	271,296	6,780,645	214,650	7,266,591
OTHER FINANCING SOURCES (USES):				
Deposit to General Fund	(5,506,935)	-	-	(5,506,935)
Operating Transfers In (Note 5)	5,235,639	-	-	5,235,639
Operating Transfers Out (Note 5)	-	(8,985,639)	(200,000)	(9,185,639)
TOTAL OTHER FINANCING SOURCES (USES)	(271,296)	(8,985,639)	(200,000)	(9,456,935)
Net Change in Fund Balances	\$ -	\$ (2,204,994)	\$ 14,650	\$ (2,190,344)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

NOTES TO THE SCHEDULE

For the Period July 1, 2017, through December 31, 2018

1. Criteria

The accounting policies of the Nebraska Department of Revenue Program 165 – Charitable Gaming and Athletic Commission (Program 165) are on the basis of accounting, as prescribed by the State of Nebraska’s Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), 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 2014), 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. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require Program 165 to record all accounts receivable and related revenues in EnterpriseOne; as such, Program 165’s schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2018, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2018, **does not** include amounts for goods and services received before December 31, 2018, which had not been posted to the general ledger as of December 31, 2018.

The following fund types are established by the State and used by Program 165:

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 DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

The following major revenue account classifications are established by State Accounting and used by Program 165:

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes recorded as revenue for Program 165 consist of bingo taxes, pickle card distributor taxes, lottery & raffle taxes, city/county lottery taxes, mixed martial arts/boxing match/exhibition taxes, and mixed martial arts/boxing television rights tax.

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

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

The following major expenditure account classifications are established by State Accounting and used by Program 165:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by Program 165.

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 Program 165 include the following:

Other Financing Sources – Operating transfers and deposits to the General Fund.

2. Reporting Entity

The Nebraska Department of Revenue (Department) is a State agency established under and governed by the laws of the State of Nebraska. As such, Program 165 is exempt from State and Federal income taxes. The schedule includes all funds of Program 165 included in the general ledger.

The Department is part of the primary government for the State of Nebraska.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

NOTES TO THE SCHEDULE
(Continued)

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. 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.

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, Program 165 takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$1,500 or more at the date of acquisition, and all computers.

For the CAFR, the State requires Program 165 to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of more than one year 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 3 to 10 years.

Capital asset activity of Program 165 recorded in the State Accounting System for the period July 1, 2017, through December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets	\$ 645,632	\$ 17,007	-	\$ 662,639
Equipment				
Less accumulated depreciation for:				
Equipment				644,912
Total capital assets, net of depreciation				\$ 17,727

Note: The accumulated depreciation noted above was calculated in the accounting system through June 30, 2018. Depreciation for July through December 2018 was not run in the accounting system until after December 31, 2018.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

NOTES TO THE SCHEDULE
(Concluded)

5. Transfers

Transfers out of the Charitable Gaming Operations Cash Fund consisted of the following:

- Pursuant to 2017 Neb. Laws LB 327, § 265(1)(c) & (2)(c), \$3,600,000 was transferred from the Charitable Gaming Operations Cash Fund to the General Fund. The corresponding transfer in to the General Fund is not shown on the schedule as it was not appropriated to Program 165.
- Additionally, Neb. Rev. Stat. § 9-1,101(3)(a) (Cum. Supp. 2018) directs sixty percent of the taxes collected pursuant to Neb. Rev. Stat. §§ 9-239, 9-344, 9-429, and 9-648 (Reissue 2102) and deposited into the Charitable Gaming Operations Cash Fund to be transferred to the General Fund. During the examination period, \$5,235,639 was transferred from the Charitable Gaming Operations Fund into the General Fund.

When collected, Program 165 recorded tax revenues in the Charitable Gaming Operations Cash Fund. Then, when performing the transfers according to State statute, Program 165 coded the movement of funds as a negative tax revenue in the Charitable Gaming Operations Cash Fund and a tax revenue in the General Fund. See Comment #3, “Incorrect Coding of Transfers” for more information regarding this incorrect coding.

- Additionally, according to § 9-1,101(3)(b), \$100,000 is to be transferred annually from the Charitable Gaming Operations Cash Fund to the Compulsive Gamblers Assistance Fund. 2018 Neb. Laws LB 945, § 9, changed the transfer amount from \$50,000 to \$100,000 effective in April 2018. A transfer out of the Charitable Gaming Operations Cash Fund into the Compulsive Gamblers Assistance Fund was done for \$50,000 in November 2017 and for \$100,000 in November 2018.

Transfers out of the State Athletic Commissioner’s Cash Fund consisted of \$200,000 transferred to the General Fund pursuant to 2017 Neb. Laws LB 327 § 265(1)(cc). The corresponding transfer in to the General Fund is not shown on the schedule as it was not appropriated to Program 165.

Transfers into the General Fund consisted of the \$5,235,639 transferred from the Charitable Gaming Operations Cash Fund in accordance with § 9-1,101(3)(a) above.

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

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 DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through June 30, 2018

Exhibit A

	General Fund 10000	Charitable Gaming Operations Cash Fund 21660	State Athletic Commissioner's Cash Fund 24310	Totals (Memorandum Only)
REVENUES:				
Taxes	\$ -	\$ 5,814,752	\$ 94,880	\$ 5,909,632
Sales & Charges	198,540	94,353	16,658	309,551
Miscellaneous	-	69,332	5,312	74,644
TOTAL REVENUES	198,540	5,978,437	116,850	6,293,827
EXPENDITURES:				
Personal Services	-	1,195,831	76,601	1,272,432
Operating	-	170,265	13,814	184,079
Travel	-	38,998	7,119	46,117
Capital Outlay	-	10,290	1,227	11,517
TOTAL EXPENDITURES	-	1,415,384	98,761	1,514,145
Excess of Revenues Over Expenditures	198,540	4,563,053	18,089	4,779,682
OTHER FINANCING SOURCES (USES):				
Deposit to General Fund	(3,695,142)	-	-	(3,695,142)
Operating Transfers In	3,496,602	-	-	3,496,602
Operating Transfers Out	-	(6,346,602)	(200,000)	(6,546,602)
TOTAL OTHER FINANCING SOURCES (USES)	(198,540)	(6,346,602)	(200,000)	(6,745,142)
Net Change in Fund Balances	\$ -	\$ (1,783,549)	\$ (181,911)	\$ (1,965,460)

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2018, through December 31, 2018

Exhibit B

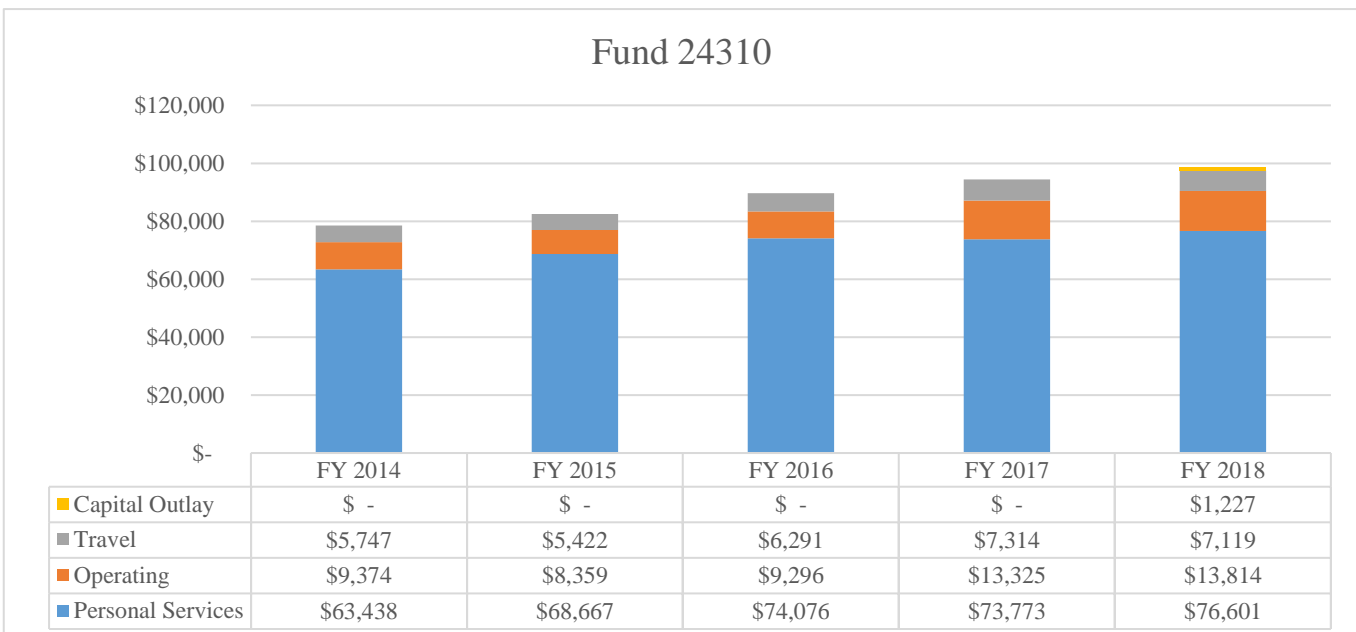
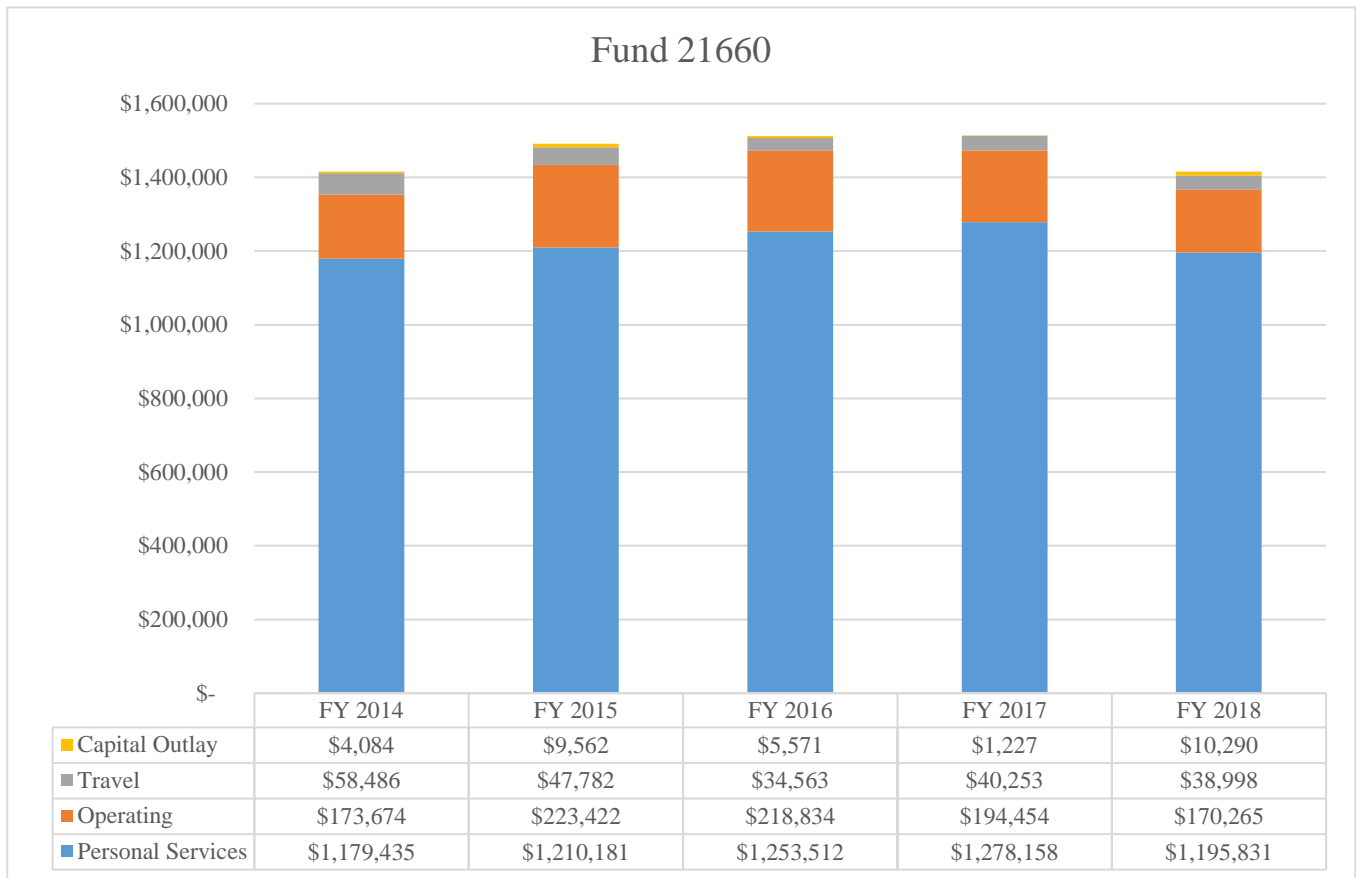
	General Fund 10000	Charitable Gaming Operations Cash Fund 21660	State Athletic Commissioner's Cash Fund 24310	Totals (Memorandum Only)
REVENUES:				
Taxes	\$ -	\$ 2,907,259	\$ 229,756	\$ 3,137,015
Sales & Charges	72,756	40,500	10,190	123,446
Miscellaneous	-	23,376	3,331	26,707
TOTAL REVENUES	<u>72,756</u>	<u>2,971,135</u>	<u>243,277</u>	<u>3,287,168</u>
EXPENDITURES:				
Personal Services	-	609,596	40,100	649,696
Operating	-	118,270	2,503	120,773
Travel	-	22,248	4,113	26,361
Capital Outlay	-	3,429	-	3,429
TOTAL EXPENDITURES	<u>-</u>	<u>753,543</u>	<u>46,716</u>	<u>800,259</u>
Excess of Revenues Over Expenditures	<u>72,756</u>	<u>2,217,592</u>	<u>196,561</u>	<u>2,486,909</u>
OTHER FINANCING SOURCES (USES):				
Deposit to General Fund	(1,811,793)	-	-	(1,811,793)
Operating Transfers In	1,739,037	-	-	1,739,037
Operating Transfers Out	-	(2,639,037)	-	(2,639,037)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(72,756)</u>	<u>(2,639,037)</u>	<u>-</u>	<u>(2,711,793)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (421,445)</u>	<u>\$ 196,561</u>	<u>\$ (224,884)</u>

NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

Exhibit C

EXPENDITURES BY LINE ITEM

July 1, 2013, through June 30, 2018



NEBRASKA DEPARTMENT OF REVENUE
PROGRAM 165 – CHARITABLE GAMING AND ATHLETIC COMMISSION

Exhibit D

TAX REVENUES

July 1, 2013, through June 30, 2018

