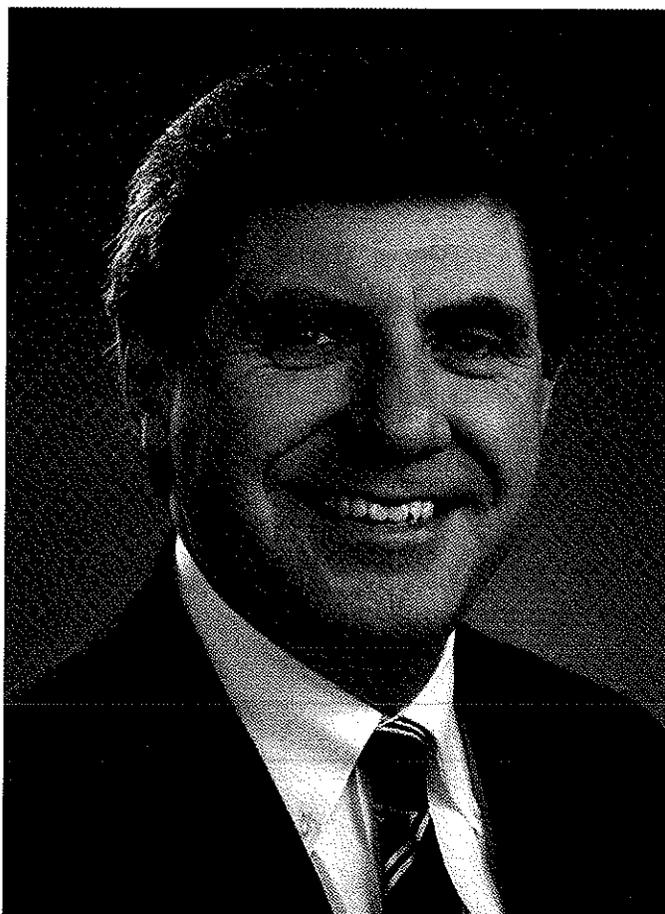


# State of Nebraska

## Comprehensive Annual Financial Report

Year Ended June 30, 1998



**E. Benjamin Nelson**  
*Governor*

### Department of Administrative Services

**Karen Kilgarin**  
*Director*

**Weslie Mohling**  
*Acting Accounting Administrator*



Robert D. Luth  
August 18, 1948 – June 3, 1998

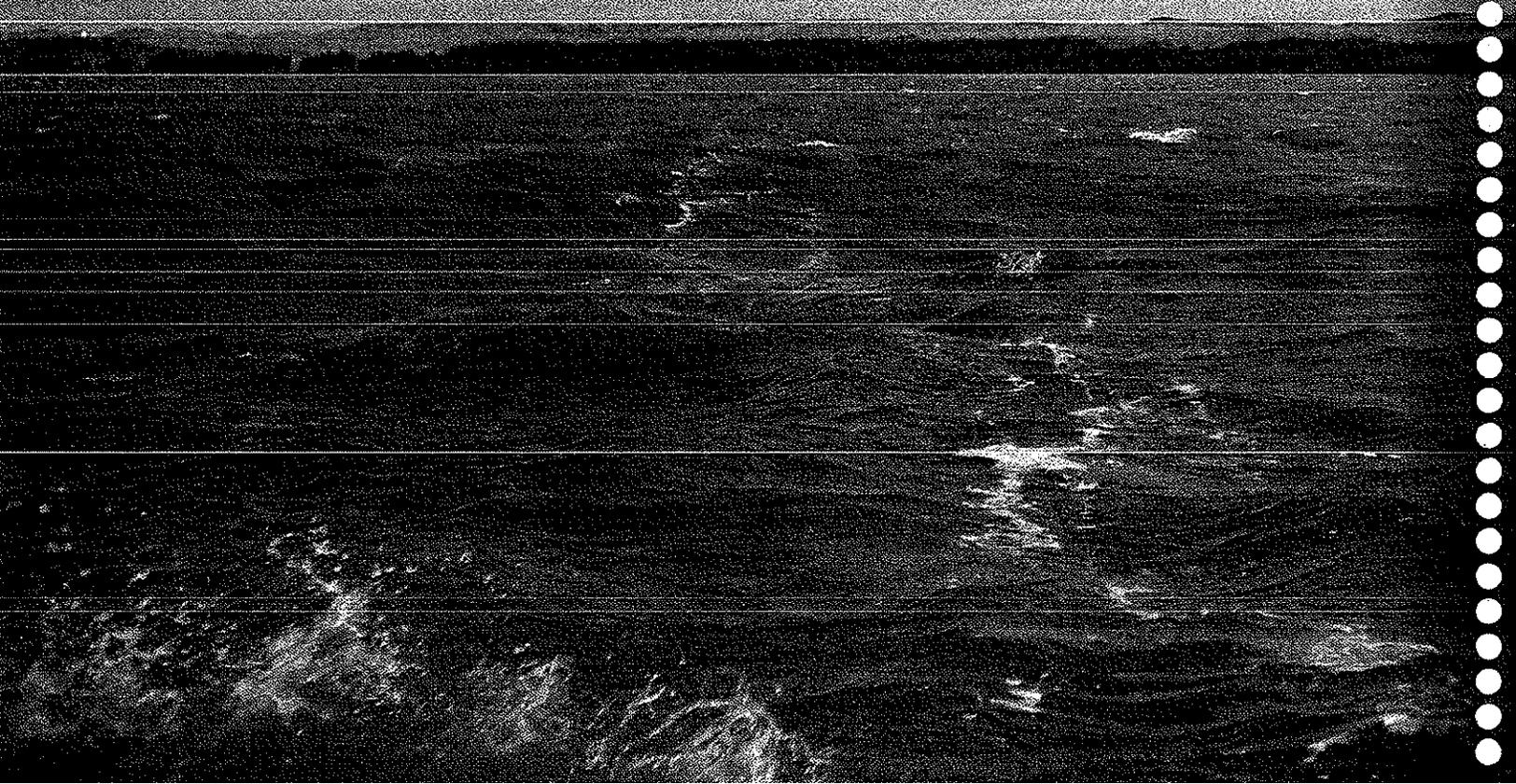
The 1998 Comprehensive Annual Financial Report (CAFR) is dedicated to the memory of Robert "Bob" Luth, the former Administrator of the Accounting Division of the Department of Administrative Services. From 1983 until his untimely death at the age of 49, he was a key member of the administration of three governors. He served for four years each for Governors Bob Kerrey and Kay Orr and eight years for Governor E. Benjamin Nelson.

Under Bob's leadership, the State's financial reporting became a model for the entire country. Without significant funding, he led the effort to prepare a Comprehensive Annual Financial Report (CAFR). By 1991, the State was able to obtain an unqualified audit opinion on the financial statements contained in the CAFR. The 1991 CAFR thus became eligible for submission to the Government Finance Officers Association (GFOA) for consideration of being awarded the Certificate of Achievement for Excellence in Financial Reporting. Not only did the 1991 CAFR receive this award, it was recognized as the best prepared CAFR in the nation by a nationally recognized

magazine. The State's CAFR has continued to receive the prestigious GFOA award for each year since 1991. Nebraska has benefited in many other areas under Bob's leadership. Bob was also actively involved with many national organizations. He was a past president of the National Association of State Comptrollers and at the time of his death was serving as president of the National Association of State Auditors, Comptrollers and Treasurers.

We dedicate this CAFR as witness to the memory of his professional talents, leadership, outstanding personal skills, and the diligence he always exhibited in carrying out his tasks and responsibilities. A scholarship fund has been established in his name. Once fully funded, it will provide a native Nebraskan with the opportunity to pursue an advanced degree in accounting from the University of Nebraska – Lincoln.

Sailing provided Bob with an outlet to reflect on the demands of his work and reenergize himself for the many challenges of his job in government. The cover art and this page are dedicated to Bob's love of sailing.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 1998

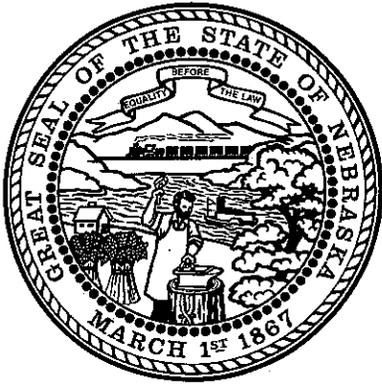
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# INTRODUCTORY SECTION

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# STATE OF NEBRASKA

## EXECUTIVE SUITE

P.O. Box 94848  
Lincoln, Nebraska 68509-4848  
Phone (402) 471-2244



**E. Benjamin Nelson**  
Governor

December 2, 1998

Members of the Legislature  
Citizens of the State of Nebraska

It is my pleasure to submit Nebraska's Comprehensive Annual Financial Report for fiscal year 1998.

This report demonstrates the fiscal control and integrity which has consistently been one of the principal objectives of my administration. It also demonstrates the fiscal strength and stability of the Nebraska economy, as evidenced by the recent and projected gains in employment, personal income and retail sales.

During the past year, the Legislature acted on several of my initiatives dealing with technology coordination, law enforcement, tax reductions and health care. These initiatives will provide significant benefits to the citizens of Nebraska. The letter from the Department of Administrative Services discusses these initiatives in more detail.

Our ability to manage our fiscal affairs and provide full disclosure of the State's fiscal condition is demonstrated by the unqualified audit opinion that follows. I am also proud that the 1997 report submitted to the Government Finance Officers Association was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting for the seventh consecutive year. I am confident the 1998 report will also receive this distinction.

I would like to thank the Department of Administrative Services for its commitment in dealing with the complex accounting issues involved in preparing this report, as well as all the state agencies for their cooperation in gathering the necessary information.

Sincerely,

A handwritten signature in cursive script that reads "Ben Nelson".

E. Benjamin Nelson  
Governor

# SELECTED STATE OFFICIALS

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## EXECUTIVE

**E. Benjamin Nelson**  
Governor

**Kim M. Robak**  
Lieutenant Governor

**Donald B. Stenberg**  
Attorney General

**John A. Breslow**  
Auditor of Public Accounts

**Scott Moore**  
Secretary of State

**David Heineman**  
State Treasurer

## JUDICIAL

**C. Thomas White**  
Chief Justice  
Supreme Court of Nebraska (7 Judges)

## LEGISLATIVE

**Douglas Kristensen**  
Speaker of the Legislature  
Nebraska Unicameral (49 Senators)



# STATE OF NEBRASKA

E. Benjamin Nelson, *Governor*

DEPARTMENT OF ADMINISTRATIVE SERVICES Karen Kilgarin, *Director*

Suite 1315, State Capitol, Lincoln, Nebraska 68509-4664 • Phone (402) 471-2331 • Internet: KILGARIN@DAS.STATE.NE.US

December 1, 1998

The Honorable E. Benjamin Nelson, Governor  
Members of the Legislature  
Citizens of the State of Nebraska

We are pleased to present the Comprehensive Annual Financial Report of the State of Nebraska for the fiscal year ended June 30, 1998. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Department of Administrative Services, Accounting Division. We are confident the data presented is accurate in all material respects, is presented in a manner that fairly sets forth the financial position and results of operations of the state as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the state's financial position and results of operations have been included.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as established by the Governmental Accounting Standards Board (GASB).

The Comprehensive Annual Financial Report is presented in three sections as follows:

- The Introductory Section includes this transmittal letter, the state's organizational chart and a list of principal officials.
- The Financial Section includes the auditors' report, general purpose financial statements, and the combining and individual fund and account group financial statements and schedules.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The financial reporting entity includes all funds and account groups of the state as legally defined, as well as all of its component units. Component units are legally separate entities for which the state is financially accountable. Note 1B of the Notes to the Financial Statements provides a more complete description of the state's reporting entity. The state provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development.

# ECONOMIC CONDITION AND OUTLOOK

## Revenues and Expenditures

A major factor in all financial and budget decisions will be the amount of revenue available to finance funding requests and initiatives. Current projections anticipate net general fund cash receipts of \$2.124 billion during the fiscal year ending June 30, 1999, a 0.9 percent increase over 1998 actual receipts. A significant portion of this revenue is dependent on individual income tax and sales and use tax, both of which are directly related to personal income. Through the end of November, net general fund receipts have fallen behind projections by \$12.8 million.

During the last Legislative session, several appropriation bills were passed and signed by the Governor that will bring the total State General Fund cash basis appropriation for fiscal year 1999 to \$2.23 billion (up 12.6 percent from 1998). The total biennium appropriation is projected to result in a June 30, 1999, reserve amount of \$161.9 million or 3.8 percent. This reserve amount is within the 3 percent to 7 percent reserve required by the constitution and state statutes.

## Economy

The outlook by the Bureau of Business Research at the University of Nebraska-Lincoln for 1998 and 1999 calls for solid economic advances by the Nebraska economy. The Bureau's latest report for December 1998 predicts that employment, personal income and retail sales will all continue to show positive growth.

Employment grew at a rate of 2.5 percent in 1997. The 1998 and 1999 growth rates are expected to average around 2.6 percent. To the extent that employment gains are the result of conversions from full-time to part-time jobs or additions of part-time jobs, the magnitude of the gains may be somewhat less.

Non-farm personal income grew solidly in 1997, reflecting strength in wages and salaries. Gains are expected to be about 6 percent for 1998 and 1999. Following adjustment for inflation, real gains in non-farm personal income are predicted to be above 3 percent for both years.

Both motor vehicle sales and non-motor vehicle sales grew at steady rates in 1997. The result was an increase of over 5 percent from 1996. In response to continued strength in the Nebraska economy, retail sales should continue growing over five percent for 1998 and 1999.

	1994	1995	1996	1997	1998	1999
<b>Employment:</b>						
Annual Totals	796,194	816,367	834,768	855,802	879,851	901,281
Growth Rates	3.8%	2.5%	2.3%	2.5%	2.8%	2.4%
<b>Non-farm Personal Income:</b>						
Annual Totals (in millions \$)	31,434	33,265	35,328	37,632	39,970	42,914
Growth Rates	4.5%	5.8%	6.2%	6.5%	6.2%	5.9%
<b>Net Taxable Retail Sales</b>						
<b>Growth Rates:</b>						
Total	7.5%	4.2%	6.2%	5.7%	6.8%	5.6%
Motor Vehicle Sales	6.8%	3.8%	9.8%	6.6%	9.0%	6.0%
Non-motor Vehicle Sales	7.5%	4.3%	5.7%	5.6%	6.5%	5.5%

## **MAJOR INITIATIVES**

### **Technology Coordination Initiative**

Legislation was enacted to coordinate the state's investments in information technology and the infrastructure supporting it. The legislation created the Nebraska Information Technology Commission; created the position of Chief Information Officer; created a Community Technology Grant Program to assist local governments in addressing their technology needs; provides technical support for schools and communities; and provides for training or re-training employees as technical support staff to alleviate the current shortage of information technology professionals.

### **Law Enforcement and Safety**

Legislation was enacted to provide funding for the co-location of the Nebraska State Patrol Training Academy and the Nebraska Law Enforcement Training Academy in Grand Island. These improvements will provide modern, efficient training facilities for the State Patrol and local law enforcement agencies. Other legislation establishes a five-year driver's licensing program to create a more efficient and effective system.

### **Tax Reductions**

The 5-percent, two-year individual income tax reduction passed last year was extended to future years. The increase in the personal exemption credit was also extended. A one-year, one-half percent reduction in the state sales tax rate was also approved. This reduction is effective starting in July 1998.

An additional piece of legislation was enacted to provide property tax relief for the citizens of the state. This legislation limits annual spending increases by local governments.

### **Education and Economic Development**

Several pieces of legislation were enacted to provide funding for public education. Significant funding was provided for deferred maintenance projects at the University of Nebraska and the Nebraska State Colleges. Additional funding was also provided for the state's Educational Service Units to support core services for school districts.

The Nebraska Rural Development Commission became a separate agency, removing it from the administrative authority of the Department of Economic Development. This will ensure that its mission will continue. The Quality Jobs Act was also amended to allow businesses seven years instead of five to qualify for tax incentives through job creation.

### **Health**

Several pieces of legislation were enacted to enhance health care provided to citizens of the state. Two new trust funds were created to help improve the health of Nebraska citizens. Specific funding was provided to benefit the elderly by developing assisted living opportunities. Other legislation provides health care coverage for children of low-income, working parents.

# FINANCIAL INFORMATION

## Internal Controls

Management of the state is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the state are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## Budgeting Controls

Budgetary control is maintained through legislative appropriation and the executive branch allotment process. A budget is required to be adopted through passage of appropriation bills by the Legislature. The appropriated funds are allocated by program and are controlled by the executive branch through an allotment process. This process allocates the appropriation by program and fund type. The Legislature may also enact a supplemental appropriation bill and other appropriation bills, as it deems necessary.

State law does not require encumbrance accounting, although, there is a provision in the law for agencies to encumber items at the end of one biennium to carry over the encumbered amounts to the next biennium. Because the encumbrance process is not mandatory, the state does not record encumbrances on its financial statements.

The state's budgetary process is explained in detail in Note 2 of the Notes to the Financial Statements.

## General Government Functions

General governmental activities are accounted for in three governmental fund types. These fund types are the general, special revenue and capital projects funds. The debt service fund is not utilized because all outstanding revenue bonds have been paid off. Revenue and other financing sources for general governmental functions totaled \$4.20 billion for the fiscal year ending June 30, 1998, an increase of 6.76 percent over revenues for the fiscal year ending June 30, 1997.

The state's most significant sources of revenue are its retail sales tax, individual income tax and federal grants and contracts.

As of June 30, 1998, the following tax rates were in effect:

TYPE	PERCENT	DATE OF LAST CHANGE
Sales and Use Tax	5.0%	July 10, 1990
Corporate Income Tax	5.58% and 7.81%	January 1, 1991
Individual Income Tax	2.51% to 6.68%	January 1, 1997

The corporate income tax rate is comprised of two brackets that break at \$50,000 of taxable income. There are four individual income tax brackets that break at various amounts depending on filing status. Nebraska income is based on federal adjusted gross income minus a standard deduction or

itemized deductions and personal exemptions. A personal exemption credit replaces the deduction for personal exemptions. The personal exemption credit is \$86 for 1998. The credit is phased out as federal adjusted gross income increases for higher income taxpayers.

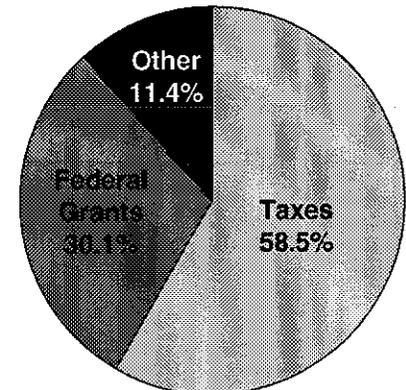
Revenue from various sources for fiscal year 1998 and the amount and percentage of increases and decreases in relation to the prior fiscal year are as follows (expressed in thousands):

REVENUES AND OTHER FINANCING SOURCES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 1997	PERCENT OF INCREASE (DECREASE)
Income Tax	\$ 1,121,849	26.74%	\$ 46,754	4.35 %
Sales and Use Tax	910,437	21.70	52,753	6.15 %
Petroleum Tax	269,761	6.43	2,909	1.09 %
Other Taxes	151,523	3.61	1,934	1.29 %
Federal Grants and Contracts	1,263,946	30.13	133,100	11.77 %
Licenses, Fees and Permits	146,128	3.48	530	0.36 %
Charges for Services	68,634	1.64	(4,937)	(6.71)%
Investment Income	77,317	1.84	21,059	37.43 %
Rents and Royalties	9,598	0.23	583	6.47 %
Other	68,571	1.63	24,118	54.26 %
<b>Total Revenues</b>	<b>4,087,764</b>	<b>97.43</b>	<b>278,803</b>	<b>7.32 %</b>
Other Financing Sources	107,810	2.57	(12,976)	(10.74)%
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 4,195,574</b>	<b>100.00%</b>	<b>\$ 265,827</b>	<b>6.76 %</b>

Changes in revenues are highlighted by:

- Income taxes increased by \$46.8 million or 4.35 percent. This increase is primarily attributable to increases in personal income during 1997 and 1998.
- Sales and use taxes increased by \$52.8 million or 6.15 percent. This increase is consistent with and is primarily attributable to the increase in personal income and net taxable retail sales during 1997 and 1998.
- Federal Grants and Contracts increased by \$133.1 million or 11.77 percent. This is mainly due to increases in aid payments in the Medicaid, Temporary Aid to Needy Families (TANF) and Child Care programs administered by the Health and Human Services System and increased federal disaster funds.
- Investment income increased by \$21.1 million or 37.43 percent. This increase is attributed to an increase in the average cash balances for the year.
- Other revenues increased by \$24.1 million or 54.26 percent due to aid payments made to and received from government-owned nursing homes under the Medical Assistance Program administered by the Health and Human Services System.

REVENUES - 1998



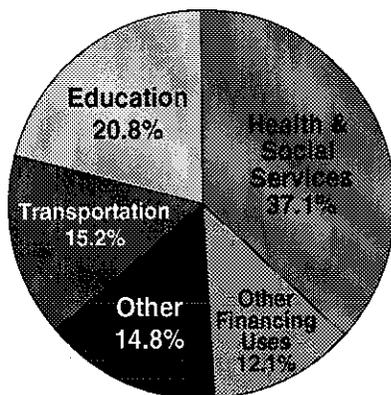
Expenditures and other financing uses for general government activities totaled \$3.96 billion for the fiscal year ending June 30, 1998, representing a 4.71 percent increase from 1997. General government expenditures by function for fiscal year 1998 and the amount and percentage of increases and decreases in relation to the prior fiscal year are as follows (expressed in thousands):

EXPENDITURES AND OTHER FINANCING USES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 1997	PERCENT OF INCREASE (DECREASE)
Current:				
General Government	\$ 92,498	2.34%	\$ (1,524)	(1.62)%
Conservation of Natural Resources	73,637	1.86	5,999	8.87 %
Culture – Recreation	21,311	0.54	1,217	6.06 %
Economic Development and Assistance	71,240	1.80	3,107	4.56 %
Education	824,594	20.83	26,154	3.28 %
Health and Social Services	1,467,679	37.07	126,219	9.41 %
Public Safety	170,797	4.31	18,476	12.13 %
Regulation of Business and Professions	42,367	1.07	(2,097)	(4.72)%
Transportation	600,750	15.17	(21,775)	(3.50)%
Intergovernmental	94,841	2.40	3,297	3.60 %
Capital Projects	18,404	0.46	6,505	54.67 %
Debt Service	3,467	0.09	169	5.12 %
Total Expenditures	3,481,585	87.93	165,747	5.00 %
Other Financing Uses	478,038	12.07	12,408	2.66 %
Total Expenditures and Other Financing Uses	<u>\$ 3,959,623</u>	<u>100.00%</u>	<u>\$ 178,155</u>	4.71 %

Changes in expenditures were highlighted by:

- Education increased \$26.2 million or 3.28 percent due to increases in the amount of state aid provided to education and special education and regular inflationary increases in operating expenditures.
- Health and Social Services increased \$126.2 million or 9.41 percent. This is mainly due to increases in aid payments in the Medicaid, Temporary Aid to Needy Families (TANF) and Child Care programs administered by the Health and Human Services System.
- Public Safety increased \$18.5 million or 12.13 percent. This increase is attributable to aid payments for federal disaster funds as a result of ice and snow storm damage to trees and power lines during October 1997.
- Capital Projects expenditures increased \$6.5 million or 54.67 percent mainly due to construction of new correctional facilities.

#### EXPENDITURES – 1998



#### Fund Conversion

The state's budgetary funds are grouped into the appropriate generic fund types to report the state's financial activity in conformance with GAAP. Approximately 500 budgetary funds have been grouped into the 60 individual funds that are included in the financial statements. Note 2 of the Notes to the Financial Statements includes a matrix that shows the perspective differences that result from this conversion.

#### General Fund Balance

The fund balance of the general fund increased by \$158.3 million to a total of \$411.0 million at June 30, 1998. The cash and investment balance of the General Fund was \$563.8 million. Current cash flow projections place the June 30, 1999, cash and investment balance at approximately \$428 million.

### Proprietary Operations

The state has two enterprise funds included in the financial statements that provide services for individuals and entities outside state government. These activities include the State Lottery Fund and the Excess Liability Fund. The lottery, which began activity in 1993, generated \$73.8 million of operating revenues and \$19.8 million of income before transfers for fiscal year 1998. The Excess Liability Fund provides liability coverage for certain health care providers. Operating revenues, which are primarily insurance premiums, amounted to \$.7 million. The retained earnings for this fund was \$36.3 million at June 30, 1998.

Several internal service funds provide a variety of services to state agencies. These include computer services, transportation services, telecommunications, printing, general services, building management, risk management and other services. The operating revenues for the internal service funds were \$179.6 million for fiscal year 1998. These funds ended the year with total retained earnings of \$58.2 million.

### Retirement Systems

Total net assets of the state's pension trust funds reached \$4.7 billion. These are the assets of the three defined benefit plans (School, Judges and State Patrol plans) and two defined contribution plans (County and State Employees plans) that are administered by the state.

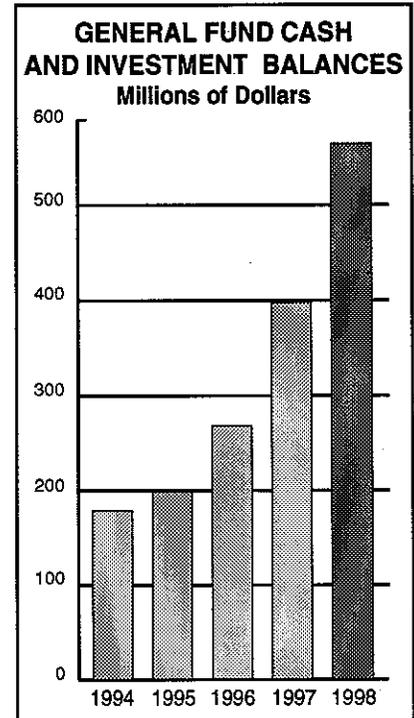
### Debt Administration

Article XIII of the State Constitution prohibits the state from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 1998, there was no outstanding debt for either of these purposes. The state can enter into capital lease and other financing contracts provided that the contracts include cancellation clauses if the Legislature does not appropriate funds to continue the lease or financing arrangement.

There is \$7.7 million of bonds payable by separate legal entities that have been blended into the financial activity of the state. These bonds do not represent a general obligation of the state and are secured by revenues from the building and equipment that the debt was incurred to purchase.

The constitution also authorizes the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the State Board of Education to issue revenue bonds to construct, purchase, or remodel educational buildings and facilities. The payment of these bonds is generally made from revenue collected from use of the buildings and facilities. At June 30, 1998, \$66.0 million of bonds were outstanding.

The Legislature has authorized the creation of two financing authorities that are not subject to state constitutional restrictions on the incurrence of debt. These financing authorities were organized to assist in providing funds for the construction of capital improvement projects at the Colleges and Universities. At June 30, 1998, these authorities had \$23.8 million of bonds outstanding. Although the state has no legal responsibility for the debt of these financing authorities, they are considered part of the reporting entity.



## Risk Management

The state does not insure a significant portion of its buildings or their contents against theft, fire or other risks. Workers' compensation and employee life, health and accident coverage is provided on a self-insurance basis. Commercial insurance coverage has been purchased for automobile liability, employee life and health coverage, and employees' errors or omissions. Note 15 of the Notes to the Financial Statements discusses the state's risk management activities in more detail.

## Cash Management

All cash is required to be deposited in the State Treasury. With the assistance of the State Investment Officer, the State Treasurer pools all cash in one of two investment pools. The Short Term Investment Pool (STIP) is comprised of short-term instruments and the Medium Term Investment Pool (MTIP) is comprised of medium-term instruments. The MTIP is reflected as investments on the state's financial statements. Interest earnings are credited on a monthly basis to each fund that the Legislature has designated as eligible to earn interest. All interest earnings not credited to other funds are deposited in the General Fund.

At June 30, 1998, there was \$1,422.1 million invested in the STIP and MTIP. This was invested as follows: 57.9 percent in government securities; 23.9 percent in commercial paper; 9.6 percent in corporate bonds; 4.5 percent in certificates of deposit; and 4.1 percent in money market funds. For the fiscal year ending June 30, 1998, the average daily balance of \$1,344.0 million returned \$78.9 million, a 5.88 percent yield. This yield represents an increase of .15 percent from 1997.

State law requires that all public funds deposited in banks be secured by the bank by maintaining, at all times, an aggregate amount of securities of at least 102 percent of the amount on deposit, less the \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC). It is the state's policy to continually monitor the clearing and depository banks for compliance with this law.

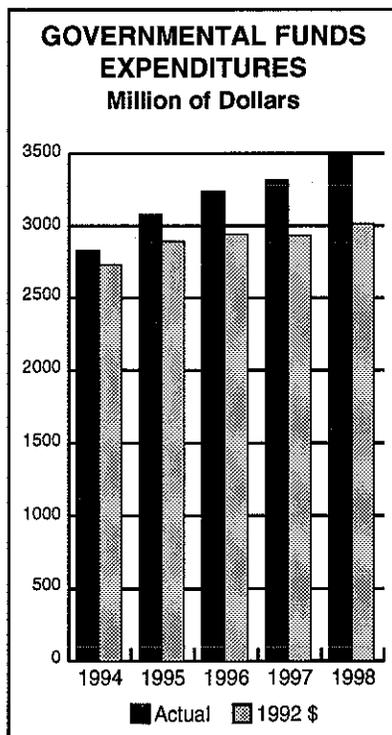
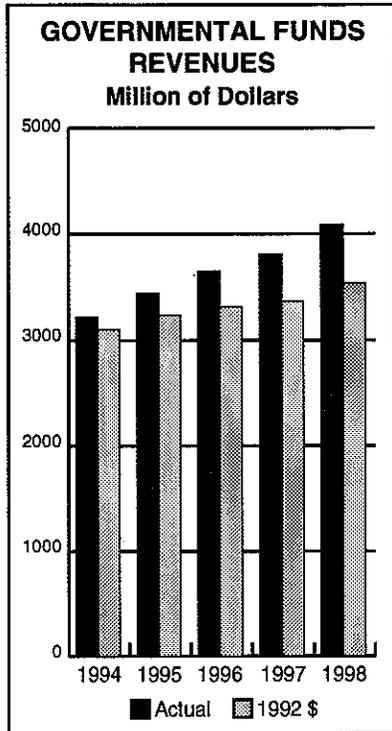
## General Fixed Assets

The general fixed assets of the state are those fixed assets used in performance of general governmental functions. They do not include infrastructure (roads, bridges, flood control projects, etc.) or fixed assets of proprietary funds and the colleges and universities.

At June 30, 1998, the general fixed assets of the state amounted to \$526.9 million. This amount represents the valuation of general fixed assets in accordance with GAAP and the state's capitalization policy as described in Note 1 of the Notes to the Financial Statements.

## AUDITS

The firm of KPMG Peat Marwick LLP has audited the general purpose financial statements and their report is included in the Financial Section of this report. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the General Accounting Office's *Government Auditing Standards*. The required reports on internal control and compliance with laws and



regulations are included as part of the statewide Single Audit report, which is issued under a separate cover.

The audits described above were designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nebraska for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to rigorous program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Nebraska has received a Certificate of Achievement for the last seven consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

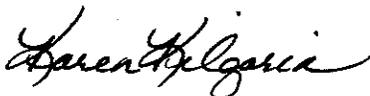
## **CONCLUSION**

This report continues our commitment to comprehensive disclosure of the state's financial condition. We are committed to issuing reports that are informative and meet governmental accounting standards. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and results of operations.

The 1998 Comprehensive Annual Financial Report represents our commitment to this goal. We wish to express our appreciation to the Department of Administrative Services accounting staff and the budget and accounting staff throughout state government for their assistance in the preparation of this report.

Your comments and suggestions are welcome.

Respectfully submitted,

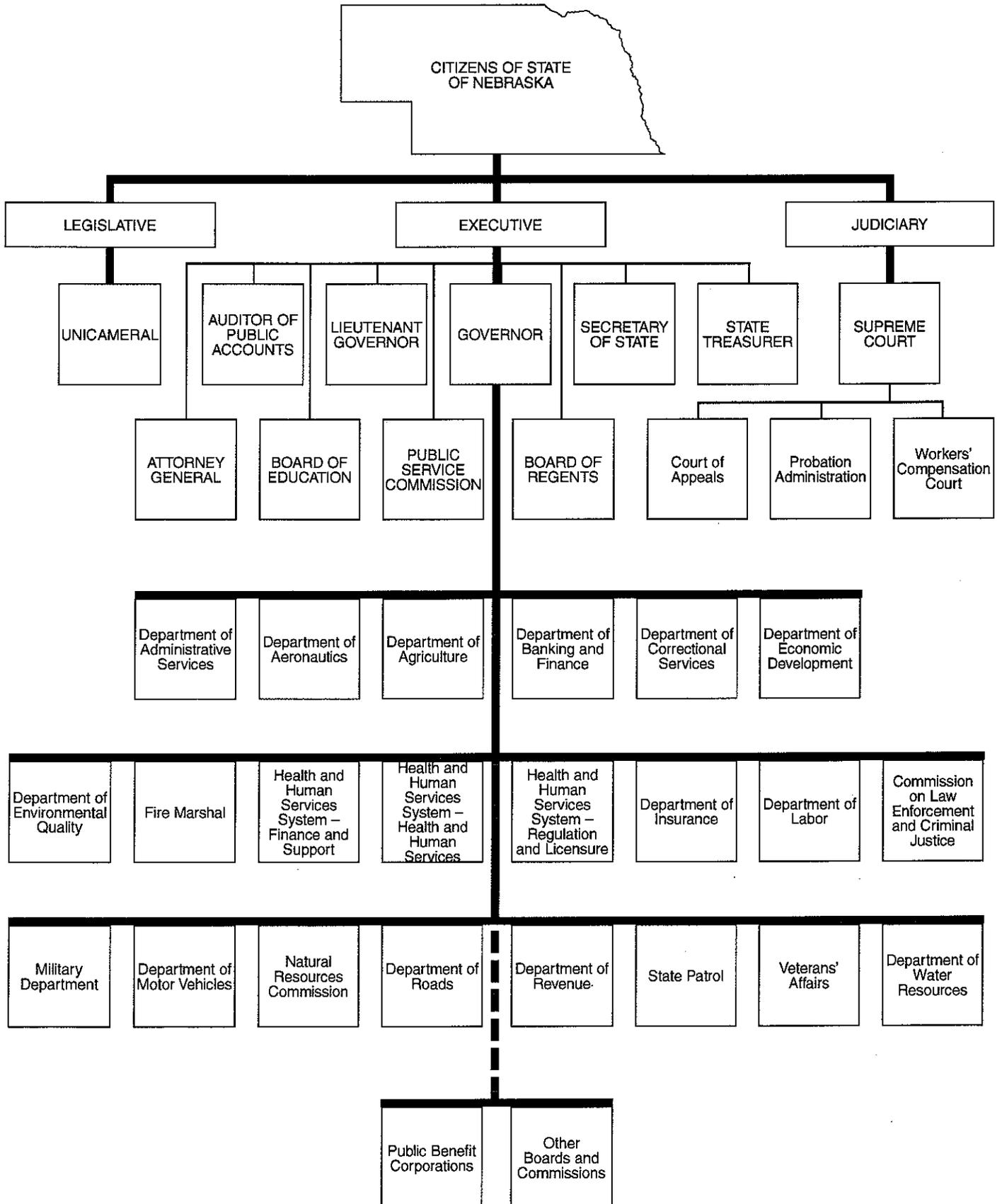


Karen Kilgarin  
Director, Department of  
Administrative Services



Weslie Mohling  
Acting Accounting  
Administrator

# ORGANIZATION CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Nebraska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1997

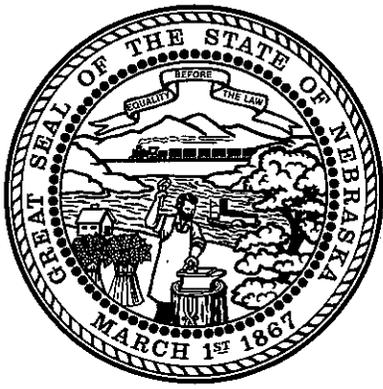
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Douglas R. Ellsworth*  
President

*Jeffrey L. Esser*  
Executive Director





# FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

The Honorable Governor,  
Members of the Legislature and  
Citizens of the State of Nebraska:

We have audited the accompanying general purpose financial statements of the State of Nebraska as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the State of Nebraska's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Chadron State College, Peru State College, Wayne State College, the Nebraska State Lottery enterprise fund, and the State and County Employees' Retirement Plans, which represent 6.0 percent of the total assets and total revenues and other additions of the discretely presented component units; 20.6 percent and 99.0 percent, respectively, of the total assets and total operating revenues of the enterprise fund type; and 16.1 percent and 13.9 percent, respectively, of the total plan net assets and additions to plan net assets of the pension trust fund type. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for Chadron State College, Peru State College, Wayne State College, the Nebraska State Lottery enterprise fund, and the State and County Employees Retirement Plans, is based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The State of Nebraska has included such disclosures in Note 14. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the State of Nebraska's disclosures with respect to the Year 2000 issue made in Note 14. Further, we do not provide assurance that the State of Nebraska is, or will be successful in whole or in part, or that parties with which the State of Nebraska does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Nebraska as of June 30, 1998, and the results of its operations, the cash flows of its proprietary fund types and nonexpendable trust funds, and the changes in plan net assets of its pension trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 12 to the general purpose financial statements, during 1998, the State of Nebraska implemented Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* and the Colleges and Universities Component Units implemented Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 25, 1998, on our consideration of the State of Nebraska's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of State of Nebraska taken as a whole. The combining and individual fund statements within the financial section as listed in the foregoing table of contents, which are also the responsibility of the management of the State of Nebraska, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Nebraska. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*KPMG Peat Marwick LLP*

November 25, 1998  
Lincoln, Nebraska



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# GENERAL PURPOSE FINANCIAL STATEMENTS

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# COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1998

(Dollars in Thousands)

## GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b>ASSETS AND OTHER DEBITS:</b>			
Cash and Cash Equivalents	\$ 191,170	\$ 252,726	\$ 10,844
Cash on Deposit with Fiscal Agents	-	13,416	-
Investments	372,651	208,439	-
Invested Securities Lending Collateral	141,672	75,511	-
Investment in Joint Venture	-	-	-
Receivables, net of allowance			
Taxes	182,335	36,297	-
Due from Federal Government	-	135,916	-
Loans	33	89,987	-
Other	7,518	30,924	124
Due from Other Funds	4,021	10,212	843
Due from Primary Government	-	-	-
Inventories	-	31,431	-
Prepaid Items	58	104	-
Property, Plant, and Equipment, net	-	-	-
Other	326	545	-
Amount Available for Debt Service	-	-	-
Amount to be Provided For Debt Service	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 899,784</u>	<u>\$ 885,508</u>	<u>\$ 11,811</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 26,107	\$ 99,205	\$ 2,710
Tax Refunds Payable	199,214	4,956	-
Due to Other Governments	169	10,398	-
Deposits	701	10,873	-
Due to Other Funds	49,632	18,490	100
Due to Component Units	17,811	-	-
Obligations under Securities Lending	141,672	75,511	-
Claims Payable	51,386	60,812	-
Bonds Payable	-	-	-
Capital Lease Obligations	-	-	-
Obligations under Other Financing Arrangements	-	-	-
Accrued Compensated Absences	-	-	-
Deferred Revenue	2,051	21,247	-
Other	-	446	-
TOTAL LIABILITIES	<u>488,743</u>	<u>301,938</u>	<u>2,810</u>
<b>FUND EQUITY AND OTHER CREDITS:</b>			
Investment in Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings:			
Reserved	-	-	-
Unreserved	-	-	-
Fund Balances:			
Reserved for:			
Long-Term Receivables	33	89,987	-
Inventories and Prepaid Items	58	12,407	-
Debt Service	-	12,317	-
Unemployment Compensation Benefits	-	-	-
Deferred Compensation Benefits	-	-	-
Endowment Principal	-	-	-
Pension Benefits	-	-	-
Unreserved:			
Designated for Colleges and Universities	-	-	-
Designated for Cash Shortages	145,700	-	-
Undesignated	265,250	468,859	9,001
TOTAL FUND EQUITY AND OTHER CREDITS	<u>411,041</u>	<u>583,570</u>	<u>9,001</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 899,784</u>	<u>\$ 885,508</u>	<u>\$ 11,811</u>

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

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT	COLLEGES AND UNIVERSITIES
\$ 12,658	\$ 53,619	\$ 303,111	\$ -	\$ -	\$ 824,128	\$ 209,634
-	-	-	-	-	13,416	92,892
58,634	-	4,985,297	-	-	5,625,021	59,199
1,182	-	205,726	-	-	424,091	-
-	-	-	-	-	-	114,545
-	-	-	-	-	218,632	-
-	-	-	-	-	135,916	-
-	-	-	-	-	90,020	34,055
4,274	1,261	45,985	-	-	90,086	87,962
-	32,840	28,705	-	-	76,621	28,127
-	-	-	-	-	-	17,811
-	1,750	-	-	-	33,181	11,038
157	988	2	-	-	1,309	2,936
104	19,370	-	526,936	-	546,410	1,192,766
2,973	-	6,016	-	-	9,860	238
-	-	-	-	12,317	12,317	-
-	-	-	-	89,937	89,937	-
<u>\$ 79,982</u>	<u>\$ 109,828</u>	<u>\$ 5,574,842</u>	<u>\$ 526,936</u>	<u>\$ 102,254</u>	<u>\$ 8,190,945</u>	<u>\$ 1,851,203</u>
\$ 6,813	\$ 7,489	\$ 11,513	\$ -	\$ -	\$ 153,837	\$ 92,221
-	-	-	-	-	204,170	-
-	-	37,132	-	-	47,699	-
-	672	975	-	-	13,221	2,757
1,011	2,475	4,913	-	-	76,621	28,127
-	-	-	-	-	17,811	-
1,182	-	205,726	-	-	424,091	-
25,441	28,594	5,775	-	1,807	173,815	-
-	-	-	-	7,715	7,715	89,820
-	7,431	-	-	7,142	14,573	10,649
-	-	-	-	13,415	13,415	-
79	2,702	130	-	72,175	75,086	26,605
324	182	-	-	-	23,804	19,867
-	-	14,522	-	-	14,968	-
<u>34,850</u>	<u>49,545</u>	<u>280,686</u>	<u>-</u>	<u>102,254</u>	<u>1,260,826</u>	<u>270,046</u>
-	-	-	526,936	-	526,936	1,273,373
-	2,109	-	-	-	2,109	-
2,973	-	-	-	-	2,973	-
42,159	58,174	-	-	-	100,333	-
-	-	-	-	-	90,020	-
-	-	-	-	-	12,465	-
-	-	-	-	-	12,317	-
-	-	223,929	-	-	223,929	-
-	-	102,041	-	-	102,041	-
-	-	286,031	-	-	286,031	-
-	-	4,653,038	-	-	4,653,038	-
-	-	-	-	-	-	307,784
-	-	-	-	-	145,700	-
-	-	29,117	-	-	772,227	-
<u>45,132</u>	<u>60,283</u>	<u>5,294,156</u>	<u>526,936</u>	<u>-</u>	<u>6,930,119</u>	<u>1,581,157</u>
<u>\$ 79,982</u>	<u>\$ 109,828</u>	<u>\$ 5,574,842</u>	<u>\$ 526,936</u>	<u>\$ 102,254</u>	<u>\$ 8,190,945</u>	<u>\$ 1,851,203</u>

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State of Nebraska

# COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	EXPENDABLE TRUST	
<b>REVENUES:</b>					
Taxes	\$ 2,023,104	\$ 421,303	\$ 9,163	\$ 32,492	\$ 2,486,062
Federal Grants and Contracts	142	1,263,762	42	-	1,263,946
Licenses, Fees and Permits	17,400	128,728	-	-	146,128
Charges for Services	7,067	61,567	-	7,226	75,860
Participant Contributions	-	-	-	6,957	6,957
Investment Income	44,876	31,835	606	29,629	106,946
Rents and Royalties	20	9,578	-	338	9,936
Other	10,183	58,382	6	1,073	69,644
<b>TOTAL REVENUES</b>	<u>2,102,792</u>	<u>1,975,155</u>	<u>9,817</u>	<u>77,715</u>	<u>4,165,479</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	79,655	12,843	-	886	93,384
Conservation of Natural Resources	23,943	49,694	-	-	73,637
Culture – Recreation	4,861	16,450	-	-	21,311
Economic Development and Assistance	5,467	65,773	-	-	71,240
Education	658,522	166,072	-	707	825,301
Health and Social Services	572,937	894,742	-	5,114	1,472,793
Public Safety	108,257	62,540	-	-	170,797
Regulation of Business and Professions	3,352	39,015	-	-	42,367
Transportation	580	600,170	-	-	600,750
Unemployment Claims	-	-	-	44,970	44,970
Deferred Compensation Benefits	-	-	-	4,815	4,815
Intergovernmental	91,397	3,444	-	-	94,841
Capital Projects	-	-	18,404	-	18,404
Debt Service:					
Principal	-	2,155	215	-	2,370
Interest	-	1,005	92	-	1,097
<b>TOTAL EXPENDITURES</b>	<u>1,548,971</u>	<u>1,913,903</u>	<u>18,711</u>	<u>56,492</u>	<u>3,538,077</u>
Excess of Revenues Over (Under)					
Expenditures	<u>553,821</u>	<u>61,252</u>	<u>(8,894)</u>	<u>21,223</u>	<u>627,402</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	13,875	62,663	28,270	-	104,808
Operating Transfers Out	(36,145)	(47,676)	(1,814)	(453)	(86,088)
Operating Transfers to Component Units	(374,057)	(100)	(18,246)	-	(392,403)
Proceeds from Other Financing Arrangements	-	2,445	-	-	2,445
Proceeds from Capital Leases	524	33	-	-	557
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(395,803)</u>	<u>17,365</u>	<u>8,210</u>	<u>(453)</u>	<u>(370,681)</u>
Excess of Revenues and Other Sources Over					
(Under) Expenditures and Other Uses	158,018	78,617	(684)	20,770	256,721
<b>FUND BALANCES, JULY 1, AS RESTATED</b>					
Residual Equity Transfers	252,707	505,269	9,685	313,368	1,081,029
	316	(316)	-	-	-
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 411,041</u>	<u>\$ 583,570</u>	<u>\$ 9,001</u>	<u>\$ 334,138</u>	<u>\$ 1,337,750</u>

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

State of Nebraska

**COMBINED STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL, CASH, CONSTRUCTION, FEDERAL  
AND REVOLVING FUNDS**

For the Year Ended June 30, 1998

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
(Dollars in Thousands)			
<b>REVENUES:</b>			
Taxes	\$ 1,912,847	\$ 2,024,463	\$111,616
Federal Grants and Contracts	157	157	-
Sales and Charges	25,175	25,175	-
Other	45,189	45,189	-
<b>TOTAL REVENUES</b>	<u>1,983,368</u>	<u>2,094,984</u>	<u>111,616</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	76,786	70,892	5,894
Conservation of Natural Resources	32,754	24,038	8,716
Culture – Recreation	5,318	4,835	483
Economic Development and Assistance	8,851	5,349	3,502
Education	1,035,404	1,018,591	16,813
Health and Social Services	612,517	569,685	42,832
Public Safety	127,481	105,935	21,546
Regulation of Business and Professions	3,857	3,390	467
Transportation	666	573	93
Intergovernmental	102,007	100,676	1,331
Capital Projects	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,005,641</u>	<u>1,903,964</u>	<u>101,677</u>
Excess of Revenues Over (Under) Expenditures	<u>(22,273)</u>	<u>191,020</u>	<u>213,293</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	15,267	15,267	-
Operating Transfers Out	(132,258)	(132,258)	-
Other	353	353	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(116,638)</u>	<u>(116,638)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(138,911)</u>	<u>74,382</u>	<u>213,293</u>
<b>FUND BALANCES, JULY 1</b>	<u>355,357</u>	<u>355,357</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 216,446</u>	<u>\$ 429,739</u>	<u>\$213,293</u>

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

CASH RESERVE AND CASH FUNDS			CONSTRUCTION FUNDS			FEDERAL FUNDS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 64,209	\$ 64,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
184,813	184,813	-	-	-	-	1,228,097	1,228,097	-
324,298	324,298	-	-	-	-	15,852	15,852	-
67,892	67,892	-	487	487	-	16,520	16,520	-
<u>641,212</u>	<u>641,212</u>	<u>-</u>	<u>487</u>	<u>487</u>	<u>-</u>	<u>1,260,469</u>	<u>1,260,469</u>	<u>-</u>
41,964	29,622	12,342	-	-	-	1,485	1,044	441
71,123	36,214	34,909	-	-	-	45,789	17,399	28,390
19,466	15,384	4,082	-	-	-	1,132	1,025	107
19,046	9,006	10,040	-	-	-	68,527	58,230	10,297
549,492	274,806	274,686	21,011	16,442	4,569	332,520	306,229	26,291
48,974	37,908	11,066	-	-	-	898,167	833,270	64,897
28,165	18,549	9,616	-	-	-	58,316	45,230	13,086
66,070	40,938	25,132	-	-	-	998	829	169
508,398	439,544	68,854	-	-	-	211	82	129
3,639	2,790	849	-	-	-	-	-	-
2,835	2,835	-	46,752	17,896	28,856	380	47	333
<u>1,359,172</u>	<u>907,596</u>	<u>451,576</u>	<u>67,763</u>	<u>34,338</u>	<u>33,425</u>	<u>1,407,525</u>	<u>1,263,385</u>	<u>144,140</u>
<u>(717,960)</u>	<u>(266,384)</u>	<u>451,576</u>	<u>(67,276)</u>	<u>(33,851)</u>	<u>33,425</u>	<u>(147,056)</u>	<u>(2,916)</u>	<u>144,140</u>
761,901	761,901	-	28,791	28,791	-	1,171	1,171	-
(392,766)	(392,766)	-	(961)	(961)	-	(1,276)	(1,276)	-
(16,385)	(16,385)	-	-	-	-	54	54	-
<u>352,750</u>	<u>352,750</u>	<u>-</u>	<u>27,830</u>	<u>27,830</u>	<u>-</u>	<u>(51)</u>	<u>(51)</u>	<u>-</u>
(365,210)	86,366	451,576	(39,446)	(6,021)	33,425	(147,107)	(2,967)	144,140
550,785	550,785	-	10,940	10,940	-	6,592	6,592	-
<u>\$ 185,575</u>	<u>\$ 637,151</u>	<u>\$ 451,576</u>	<u>\$ (28,506)</u>	<u>\$ 4,919</u>	<u>\$33,425</u>	<u>\$ (140,515)</u>	<u>\$ 3,625</u>	<u>\$ 144,140</u>

This statement continued on next page.

State of Nebraska

**COMBINED STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL, CASH, CONSTRUCTION, FEDERAL  
AND REVOLVING FUNDS (Continued)**

For the Year Ended June 30, 1998

(Dollars in Thousands)	REVOLVING FUNDS		
	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Federal Grants and Contracts	314	314	-
Sales and Charges	330,828	330,828	-
Other	47,214	47,214	-
<b>TOTAL REVENUES</b>	<b>378,356</b>	<b>378,356</b>	<b>-</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	123,449	108,225	15,224
Conservation of Natural Resources	-	-	-
Culture - Recreation	-	-	-
Economic Development and Assistance	1,126	316	810
Education	299,819	270,097	29,722
Health and Social Services	-	-	-
Public Safety	12,580	9,123	3,457
Regulation of Business and Professions	-	-	-
Transportation	-	-	-
Intergovernmental	-	-	-
Capital Projects	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>436,974</b>	<b>387,761</b>	<b>49,213</b>
Excess of Revenues Over (Under) Expenditures	(58,618)	(9,405)	49,213
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	7,806	7,806	-
Operating Transfers Out	(7,013)	(7,013)	-
Other	135	135	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>928</b>	<b>928</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(57,690)	(8,477)	49,213
<b>FUND BALANCES, JULY 1</b>	<b>90,960</b>	<b>90,960</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 33,270</b>	<b>\$ 82,483</b>	<b>\$ 49,213</b>

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

State of Nebraska

**COMBINED STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN RETAINED  
EARNINGS/FUND BALANCES – ALL PROPRIETARY  
FUND TYPES AND NONEXPENDABLE TRUST FUNDS**

For the Year Ended June 30, 1998

(Dollars in Thousands)	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL	NONEXPENDABLE	
		SERVICE	TRUST	
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 74,533	\$ 178,544	\$ -	\$ 253,077
Investment Income	-	-	48,587	48,587
Rents and Royalties	-	-	22,016	22,016
Other	-	1,076	4,696	5,772
<b>TOTAL OPERATING REVENUES</b>	<b>74,533</b>	<b>179,620</b>	<b>75,299</b>	<b>329,452</b>
<b>OPERATING EXPENSES:</b>				
Personal Services	1,088	24,940	1,265	27,293
Services and Supplies	15,299	79,631	2,462	97,392
Financial Assistance	-	-	1,304	1,304
Intergovernmental	-	-	25,699	25,699
Lottery Prizes	39,376	-	-	39,376
Insurance Claims	3,508	72,880	-	76,388
Depreciation	51	7,788	-	7,839
<b>TOTAL OPERATING EXPENSES</b>	<b>59,322</b>	<b>185,239</b>	<b>30,730</b>	<b>275,291</b>
Operating Income (Loss)	15,211	(5,619)	44,569	54,161
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	9,700	3,129	-	12,829
Gain (Loss) on Sale of Fixed Assets	-	149	-	149
Other	-	(352)	-	(352)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>9,700</b>	<b>2,926</b>	<b>-</b>	<b>12,626</b>
Income (Loss) Before Operating Transfers	24,911	(2,693)	44,569	66,787
<b>OPERATING TRANSFERS:</b>				
Operating Transfers In	-	-	171	171
Operating Transfers Out	(18,455)	-	(436)	(18,891)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(18,455)</b>	<b>-</b>	<b>(265)</b>	<b>(18,720)</b>
Net Income (Loss)	6,456	(2,693)	44,304	48,067
<b>RETAINED EARNINGS/FUND BALANCES, JULY 1, AS RESTATED</b>	<b>38,676</b>	<b>60,867</b>	<b>262,676</b>	<b>362,219</b>
<b>RETAINED EARNINGS/FUND BALANCES, JUNE 30</b>	<b>\$ 45,132</b>	<b>\$ 58,174</b>	<b>\$ 306,980</b>	<b>\$ 410,286</b>

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

State of Nebraska

# COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 74,998	\$ 6,873	\$ 26,683	\$ 108,554
Cash Received from Interfund Charges	-	169,681	-	169,681
Cash Paid to Employees	(1,081)	(24,180)	(1,265)	(26,526)
Cash Paid to Suppliers	(13,191)	(62,327)	(2,315)	(77,833)
Cash Paid for Financial Assistance	-	-	(1,304)	(1,304)
Cash Paid for Intergovernmental	-	-	(25,699)	(25,699)
Cash Paid for Lottery Prizes	(39,655)	-	-	(39,655)
Cash Paid for Insurance Claims	(1,977)	(74,102)	-	(76,079)
Cash Paid for Interfund Services	(3,323)	(13,981)	(105)	(17,409)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>15,771</u>	<u>1,964</u>	<u>(4,005)</u>	<u>13,730</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfers In	-	-	1,054	1,054
Operating Transfers Out	(18,740)	-	(471)	(19,211)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(18,740)</u>	<u>-</u>	<u>583</u>	<u>(18,157)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(33)	(5,362)	-	(5,395)
Proceeds from Sale of Fixed Assets	-	1,447	-	1,447
Principal Paid on Capital Leases	-	(5,501)	-	(5,501)
Interest Paid on Capital Leases	-	(385)	-	(385)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(33)</u>	<u>(9,801)</u>	<u>-</u>	<u>(9,834)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Investment Securities	(380,168)	-	(831,281)	(1,211,449)
Proceeds from Sale of Investment Securities	380,580	-	828,099	1,208,679
Interest and Dividend Income	4,969	3,193	9,651	17,813
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>5,381</u>	<u>3,193</u>	<u>6,469</u>	<u>15,043</u>
NET INCREASE (DECREASE) IN CASH	2,379	(4,644)	3,047	782
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>10,279</u>	<u>58,263</u>	<u>14,993</u>	<u>83,535</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 12,658</u>	<u>\$ 53,619</u>	<u>\$ 18,040</u>	<u>\$ 84,317</u>

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

State of Nebraska

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
AND NONEXPENDABLE TRUST FUNDS (Continued)**

For the Year Ended June 30, 1998

(Dollars in Thousands)	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>				
<b>FLAWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	<u>\$ 15,211</u>	<u>\$ (5,619)</u>	<u>\$ 44,569</u>	<u>\$ 54,161</u>
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	51	7,788	-	7,839
Investment Income	-	-	(48,587)	(48,587)
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	576	(100)	(29)	447
(Increase) Decrease in Due from Other Funds	-	(2,249)	-	(2,249)
(Increase) Decrease in Inventories	-	(92)	-	(92)
(Increase) Decrease in Prepaid Expenses	53	24	-	77
(Increase) Decrease in Other Assets	(340)	-	-	(340)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,168)	1,802	47	681
Increase (Decrease) in Deposits	-	-	(4)	(4)
Increase (Decrease) in Due to Other Funds	(32)	1,968	(1)	1,935
Increase (Decrease) in Claims Payable	1,531	(1,222)	-	309
Increase (Decrease) in Deferred Revenue	(111)	(336)	-	(447)
Total Adjustments	<u>560</u>	<u>7,583</u>	<u>(48,574)</u>	<u>(40,431)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 15,771</u></u>	<u><u>\$ 1,964</u></u>	<u><u>\$ (4,005)</u></u>	<u><u>\$ 13,730</u></u>

**NONCASH TRANSACTIONS** (dollars in thousands):

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Internal Service Funds acquired fixed assets through capital leases of \$3,163.

**RECONCILIATION OF CASH AND CASH EQUIVALENTS:**

Total Trust and Agency	\$ 303,111
Less: Expendable Trust	230,028
Pension Trust	13,222
Agency	41,821
<b>NONEXPENDABLE TRUST</b>	<u><u>\$ 18,040</u></u>

State of Nebraska  
**STATEMENT OF PLAN NET ASSETS**  
**PENSION TRUST FUNDS**  
 June 30, 1998

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 5	\$ 3	\$ 13,116	\$ 63	\$ 35	\$ 13,222
Investments	614,760	142,136	3,584,417	79,080	177,169	4,597,562
Invested Securities Lending Collateral	20,020	5,211	165,412	3,649	8,176	202,468
Receivables:						
Contributions	678	529	8,138	46	-	9,391
Interest and Dividends	728	168	19,644	432	967	21,939
Other	-	-	38	-	-	38
Total Receivables	1,406	697	27,820	478	967	31,368
Due from Other Funds	-	-	13,834	123	601	14,558
Prepaid Items	-	-	-	-	2	2
<b>TOTAL ASSETS</b>	<b>636,191</b>	<b>148,047</b>	<b>3,804,599</b>	<b>83,393</b>	<b>186,950</b>	<b>4,859,180</b>
<b>LIABILITIES:</b>						
Accounts Payable and Accrued Liabilities	284	73	3,142	6	14	3,519
Due to Other Funds	-	-	25	-	-	25
Obligations under Securities Lending	20,020	5,211	165,412	3,649	8,176	202,468
Accrued Compensated Absences	16	9	98	3	4	130
<b>TOTAL LIABILITIES</b>	<b>20,320</b>	<b>5,293</b>	<b>168,677</b>	<b>3,658</b>	<b>8,194</b>	<b>206,142</b>
<b>FUND BALANCES RESERVED FOR PENSION BENEFITS</b>	<b>\$ 615,871</b>	<b>\$ 142,754</b>	<b>\$ 3,635,922</b>	<b>\$ 79,735</b>	<b>\$ 178,756</b>	<b>\$ 4,653,038</b>

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

## State of Nebraska

# STATEMENT OF CHANGES IN PLAN NET ASSETS

## PENSION TRUST FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
<b>ADDITIONS:</b>						
Contributions:						
Member Contributions	\$ 15,081	\$ 4,802	\$ 64,498	\$ 595	\$ 1,543	\$ 86,519
State Contributions	22,635	-	13,774	72	1,891	38,372
Political Subdivision Contributions	-	6,832	64,854	-	-	71,686
Court Fees	-	-	-	445	-	445
<b>Total Contributions</b>	<b>37,716</b>	<b>11,634</b>	<b>143,126</b>	<b>1,112</b>	<b>3,434</b>	<b>197,022</b>
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	60,029	15,201	493,352	11,150	24,889	604,621
Interest and Dividend Income	-	-	92,077	2,064	4,599	98,740
Securities Lending Income	541	141	19,987	441	988	22,098
<b>Total Investment Income</b>	<b>60,570</b>	<b>15,342</b>	<b>605,416</b>	<b>13,655</b>	<b>30,476</b>	<b>725,459</b>
Investment Expenses	-	-	8,240	185	415	8,840
Securities Lending Expenses	518	135	18,950	418	937	20,958
<b>Total Investment Expense</b>	<b>518</b>	<b>135</b>	<b>27,190</b>	<b>603</b>	<b>1,352</b>	<b>29,798</b>
<b>Net Investment Income</b>	<b>60,052</b>	<b>15,207</b>	<b>578,226</b>	<b>13,052</b>	<b>29,124</b>	<b>695,661</b>
Other Additions	-	-	237	-	-	237
<b>TOTAL ADDITIONS</b>	<b>97,768</b>	<b>26,841</b>	<b>721,589</b>	<b>14,164</b>	<b>32,558</b>	<b>892,920</b>
<b>DEDUCTIONS:</b>						
Benefits	44,819	10,413	73,696	2,620	5,620	137,168
Refunds	-	-	11,069	-	274	11,343
Administrative Expenses	448	238	1,328	31	87	2,132
<b>TOTAL DEDUCTIONS</b>	<b>45,267</b>	<b>10,651</b>	<b>86,093</b>	<b>2,651</b>	<b>5,981</b>	<b>150,643</b>
<b>Net Increase</b>	<b>52,501</b>	<b>16,190</b>	<b>635,496</b>	<b>11,513</b>	<b>26,577</b>	<b>742,277</b>
<b>FUND BALANCES RESERVED FOR PENSION BENEFITS:</b>						
<b>BEGINNING OF YEAR, AS RESTATED</b>	<b>563,370</b>	<b>126,564</b>	<b>3,000,426</b>	<b>68,222</b>	<b>152,179</b>	<b>3,910,761</b>
<b>END OF YEAR</b>	<b>\$ 615,871</b>	<b>\$ 142,754</b>	<b>\$ 3,635,922</b>	<b>\$ 79,735</b>	<b>\$ 178,756</b>	<b>\$ 4,653,038</b>

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

State of Nebraska  
**COMBINING BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COLLEGE AND UNIVERSITY FUNDS**

June 30, 1998

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 201,078	\$ 8,556	\$ 209,634
Cash on Deposit with Fiscal Agents	84,306	8,586	92,892
Investments	59,199	-	59,199
Investment in Joint Venture	114,545	-	114,545
Receivables, net of allowance			
Loans	31,276	2,779	34,055
Other	87,480	482	87,962
Due from Other Funds	28,028	99	28,127
Due from Primary Government	17,399	412	17,811
Inventories	10,966	72	11,038
Prepaid Expenses	2,774	162	2,936
Property, Plant, and Equipment	1,102,998	89,768	1,192,766
Other Assets	-	238	238
TOTAL ASSETS	<u>\$ 1,740,049</u>	<u>\$ 111,154</u>	<u>\$ 1,851,203</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 87,200	\$ 5,021	\$ 92,221
Deposits Held in Custody	2,479	278	2,757
Due to Other Funds	28,028	99	28,127
Bonds Payable	78,560	11,260	89,820
Capital Lease Obligations	10,577	72	10,649
Accrued Compensated Absences	26,605	-	26,605
Deferred Revenue	19,746	121	19,867
TOTAL LIABILITIES	<u>253,195</u>	<u>16,851</u>	<u>270,046</u>
<b>FUND BALANCES:</b>			
Unrestricted	120,223	4,118	124,341
Restricted	91,343	1,234	92,577
Federal Loan Programs Refundable	30,455	2,278	32,733
Quasi Endowment Designated	29,432	-	29,432
Trusteed Insurance Programs	20,488	-	20,488
Retirement of Indebtedness	-	8,213	8,213
Net Investment in Plant	1,194,913	78,460	1,273,373
TOTAL FUND BALANCES	<u>1,486,854</u>	<u>94,303</u>	<u>1,581,157</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,740,049</u>	<u>\$ 111,154</u>	<u>\$ 1,851,203</u>

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

State of Nebraska

# COMBINING STATEMENT OF CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNITS COLLEGE AND UNIVERSITY FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
<b>REVENUES AND OTHER ADDITIONS:</b>			
Current Funds Revenues	\$ 416,047	\$ 27,056	\$ 443,103
Federal Grants and Contracts – Restricted	134,770	8,641	143,411
State Grants and Contracts – Restricted	9,284	42	9,326
Local Grants and Contracts – Restricted	2,690	1,687	4,377
Private Gifts, Grants and Contracts – Restricted	105,700	-	105,700
Investment Income – Restricted	7,036	631	7,667
Increase in Fair Value of Investments	8,711	-	8,711
Interest on Loans Receivable	619	59	678
U.S. Government Advances	931	-	931
Expended for Plant Facilities	123,797	4,064	127,861
Retirement of Indebtedness	46,540	7,545	54,085
Retirement of Capitalized Lease Obligations	1,977	-	1,977
Proceeds from Revenue Bonds, net of discount	21,575	6,470	28,045
Other Sources	1,511	209	1,720
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<u>881,188</u>	<u>56,404</u>	<u>937,592</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>			
Educational and General Expenditures	801,826	55,577	857,403
Auxiliary Operations Expenditures	127,732	7,555	135,287
Indirect Costs Recovered	13,055	61	13,116
Loan Cancellations, Write-offs, and Allowances	374	107	481
Administrative and Collection Costs	599	48	647
Expended for Plant Facilities	96,615	2,758	99,373
Decrease in Fair Value of Investments	7	-	7
Increase in Capital Lease Obligations	2,730	-	2,730
Retirement of Indebtedness	46,540	7,545	54,085
Interest on Indebtedness	3,973	820	4,793
Disposals and Other Reductions of Plant Facilities	43,889	1,342	45,231
Bond and Lease Financial Expenditures	-	148	148
Issuance of Bonds Payable, net of discount	21,575	6,470	28,045
Other Deductions	3,621	530	4,151
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<u>1,162,536</u>	<u>82,961</u>	<u>1,245,497</u>
<b>TRANSFERS AMONG FUNDS:</b>			
Operating Transfers from Primary Government	362,101	30,302	392,403
<b>TOTAL TRANSFERS</b>	<u>362,101</u>	<u>30,302</u>	<u>392,403</u>
Net Revenue University Hospital	8,744	-	8,744
<b>Net Increase (Decrease) for the Year</b>	<u>89,497</u>	<u>3,745</u>	<u>93,242</u>
<b>FUND BALANCES, JULY 1, AS RESTATED</b>	<u>1,397,357</u>	<u>90,558</u>	<u>1,487,915</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 1,486,854</u>	<u>\$ 94,303</u>	<u>\$ 1,581,157</u>

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

State of Nebraska

**COMBINING STATEMENT OF CURRENT FUNDS  
REVENUES, EXPENDITURES AND OTHER CHANGES  
DISCRETELY PRESENTED COMPONENT UNITS  
COLLEGE AND UNIVERSITY FUNDS**

For the Year Ended June 30, 1998

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
<b>REVENUES:</b>			
Educational and General:			
Tuition and Fees	\$ 123,779	\$ 16,391	\$ 140,170
Federal Appropriations	5,905	-	5,905
Federal Grants and Contracts	135,111	8,638	143,749
State Grants and Contracts	10,372	151	10,523
Local Grants and Contracts	2,565	1,164	3,729
Private Gifts, Grants and Contracts	57,492	5	57,497
Endowment Income	3,276	-	3,276
Sales and Services of Educational Activities	32,376	-	32,376
Sales and Services of Health Care Entities	61,408	-	61,408
Sales and Services of Auxiliary Operations	121,493	10,357	131,850
Additions to Trusteed Insurance Funds	43,372	-	43,372
Other	13,590	523	14,113
<b>TOTAL REVENUES</b>	<b>610,739</b>	<b>37,229</b>	<b>647,968</b>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>			
Educational and General:			
Instruction	243,080	21,661	264,741
Research	119,464	165	119,629
Public Services	66,714	646	67,360
Academic Support	62,082	5,218	67,300
Student Services	16,503	4,769	21,272
Institutional Support	52,671	8,164	60,835
Operation and Maintenance of Plant	44,625	5,376	50,001
Health Care Entities	58,368	-	58,368
Scholarships and Fellowships	90,977	9,577	100,554
Claims Paid From Trusteed Insurance Funds	47,075	-	47,075
<b>TOTAL EDUCATIONAL AND GENERAL EXPENDITURES</b>	<b>801,559</b>	<b>55,576</b>	<b>857,135</b>
Auxiliary Operations	127,732	7,555	135,287
Mandatory Transfers, net	5,995	2,752	8,747
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<b>935,286</b>	<b>65,883</b>	<b>1,001,169</b>
<b>OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):</b>			
Excess of Restricted Receipts Over			
Transfers to Revenue	7,742	175	7,917
Operating Transfers from Primary Government	342,498	28,902	371,400
Nonmandatory Transfers, net	4,057	-	4,057
Net Revenue University Hospital	8,744	-	8,744
<b>TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)</b>	<b>363,041</b>	<b>29,077</b>	<b>392,118</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ 38,494</b>	<b>\$ 423</b>	<b>\$ 38,917</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

## 1. Summary of Significant Accounting Policies

**A. Basis of Presentation.** The accompanying general purpose financial statements of the State of Nebraska (the "State") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the Colleges and Universities, which are included as discretely presented component units, are based on the American Institute of Certified Public Accountants (AICPA) College Audit Guide model.

The general purpose financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of the Department of Administrative Services. Additional data has been derived from audited financial statements of certain entities and from reports prescribed by the Accounting Administrator and prepared by various State agencies and departments based on independent or subsidiary accounting systems maintained by them.

**B. Reporting Entity.** In determining its financial reporting entity, the State has considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the State, or the significance of their relationship with the State are such that exclusion would be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State 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 State.

As required by generally accepted accounting principles, these financial statements present the State of Nebraska (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Complete financial statements of the individual component units that issue separate financial statements as noted below, can be obtained from their respective administrative offices.

**Blended Component Units.** The following component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State.

They are reported as part of the State and blended into the appropriate funds.

**Nebraska Educational Telecommunications Facilities Corporation.** The Nebraska Educational Telecommunications Facilities Corporation (NETFC) is a nonprofit corporation formed by the State in 1991 to acquire access to a space satellite to be used by the Nebraska Educational Telecommunications Commission, a State agency. The eleven members of the Board of Commissioners of the Nebraska Educational Telecommunications Commission are appointed by the Governor and serve as the Board of Directors of the NETFC. Even though it is legally separate, the NETFC is reported as if it were part of the primary government because it provides services entirely to the primary government. It is blended into a Special Revenue Fund and the Account Groups.

**Nebraska State Building Corporation.** The Nebraska State Building Corporation (NSBC) is a nonprofit corporation formed by the State in 1987 to finance the acquisition of property to be used by the State. Even though it is legally separate, the NSBC is reported as if it were part of the primary government because it provides services almost entirely to the primary government. It is blended into a Special Revenue Fund and the Account Groups.

**Discretely Presented Component Units.** The following component units are entities that are legally separate from the State, but are financially accountable to the State, or their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and governed by separate boards.

**Nebraska State Colleges.** The Board of Trustees of the Nebraska State Colleges governs Chadron State College, Peru State College and Wayne State College. The Board of Trustees is also the Board of Directors of the Nebraska State Colleges Facilities Corporation, a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the State Colleges. The Board of Trustees consists of the Commissioner of Education and six members appointed by the Governor. Audit reports have been issued under separate cover.

**University of Nebraska.** The University of Nebraska consists of the following campuses:

University of Nebraska – Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney, and University of Nebraska Medical Center. The University of Nebraska is governed by an elected eight-member Board of Regents. The Board of Regents is also the Board of Directors of the University of Nebraska Facilities Corporation, a nonprofit corporation organized by the Board of Regents in 1930 to finance buildings and hold them in trust for the University of Nebraska. Audit reports have been issued under separate cover.

The colleges and universities are funded through State appropriations, tuition, federal grants, and private donations and grants.

**Related Organizations.** The State's officials are responsible for appointing members of boards of other organizations, but the State's accountability for these organizations does not extend beyond making these appointments. The Governor appoints the boards of the following organizations: Nebraska Educational Facilities Authority, Nebraska Investment Finance Authority, Research and Development Authority, and Wyuka Cemetery.

**C. Fund Structure.** The State's accounts are maintained in accordance with the principles of fund accounting to insure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording cash and other financial resources, together with liabilities and residual equities or balances, and changes therein. In the general purpose financial statements, however, funds that have similar characteristics have been combined into generic fund types as required by GAAP. These generic fund types differ from the State's budgetary funds that are described in Note 2. A brief description of these fund types and account groups used by the State and the categories into which they are grouped follows:

**Governmental Funds.** Transactions related to resources received and used for those services traditionally provided by a state government. Governmental funds include:

**General Fund.** Reflects transactions related to resources received and used for those services traditionally provided by a state government, 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 Fund.** Reflects transactions related to resources received and used for the acquisition, construction, or improvement of permanent facilities.

**Proprietary Funds.** Transactions related to activities similar to those found in the private sector. Proprietary funds include:

**Enterprise Funds.** Reflect transactions used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

**Internal Service Funds.** Reflect transactions used to account for centrally operated services and centrally procured commodities that are provided to other State departments and agencies and other governmental units of the State. The services and commodities are charged to recipient agencies on a cost reimbursement basis.

**Fiduciary Funds.** Transactions related to assets held by the State in a trust or agency capacity. The State's fiduciary funds include Pension Trust, Nonexpendable Trust, Expendable Trust, and Agency funds as follows:

**Pension Trust Funds.** Reflect the transactions, assets, liabilities, and fund equities of State retirement systems.

**Nonexpendable Trust Funds.** Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal must be maintained intact and whose income is used to fund the activity.

**Expendable Trust Funds.** Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal and income may be used to fund the activity.

**Agency Funds.** Reflect amounts held by the State for others.

**Account Groups.** The Account Groups are maintained to account for general long-term debt and fixed assets not accounted for in other funds of the State.

**General Fixed Assets Account Group.** Used to account for general fixed assets of the State exclusive of assets held by the proprietary funds and component units.

**General Long-Term Debt Account Group.** Used to account for long-term obligations of the State including bonds payable, obligations

under lease purchase agreements, claims, obligations under other financing arrangements, and compensated absences exclusive of liabilities of the proprietary funds, certain trust funds, and component units.

**College and University Funds.** The Component Units include College and University Funds that are legally separate from the State but are considered part of the reporting entity. The College and University Funds reflect transactions related to resources received and used in the operation of the State's institutions of higher education and related medical teaching hospital. The College and University Funds include:

Current Funds, which account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds that may be utilized in accordance with externally restricted purposes.

Loan, Endowment, and Agency funds which account for assets in which the colleges and universities act in a fiduciary capacity.

Plant Funds that account for institutional property acquisition, renewal, replacement, and debt service.

**D. Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

All governmental fund types, expendable trust funds, and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the

amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include taxpayer-assessed tax revenues, unemployment compensation taxes, federal grants-in-aid, charges for services, and investment income. All other taxes are recognized when received. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenue, to which the State does not yet have legal entitlement, are not recognized as revenue until the related expenditures are incurred. Generally, the State considers a one-year availability period for revenue recognition.

Expenditures are recorded when the related fund liability is incurred. Exceptions to the modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness which are recognized when due.

Proprietary fund types, pension trust funds, and nonexpendable trust funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Lottery Fund instant ticket revenue is recognized when tickets are sold to the retailer and on-line revenue is recognized after the drawing is completed for the respective wagers. Lottery Fund prize expense is recognized in the same period that ticket revenue is recognized based on the predetermined prize structure for each game.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The College and University Funds are reported on the accrual basis of accounting except that depreciation related to plant fund assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominately conducted.

**E. Cash and Cash Equivalents.** In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements, and U.S. treasury bills having original maturities (remaining time to

maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 1998, approximated market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

**F. Cash on Deposit with Fiscal Agents.** Assets held by the trustees for the Nebraska Educational Telecommunications Facilities Corporation, the Nebraska State Building Corporation, the State Revolving Fund, and the Master Lease Purchase Program are reflected as cash on deposit with fiscal agents. Proceeds of College and University Revenue Bond issuances held in interest bearing accounts, awaiting disbursement, are also recorded as cash on deposit with fiscal agents in the Component Units column.

**G. Investments.** Investments as reported on the combined balance sheet include long-term investments. Law or other legal instruments may restrict these investments. All investments of the primary government and its component units are stated at fair value based on quoted market prices.

**H. Receivables.** Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.

**I. Inventories.** Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Governmental Fund inventories are recorded as expenditures when purchased, with the exception of the Highway and Health and Social Services, Special Revenue Funds. The Highway Fund and the Health and Social Services Fund inventories are valued at average cost. Proprietary Funds' and College and University Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market.

Food stamps and commodities on hand at June 30, 1998 are reflected as inventories, offset by a like amount of deferred revenue, in the Federal Special Revenue Fund. Food stamp inventory is reported at face value and commodities are reported at fair values established by the federal government at the date received. The amounts of food stamps and commodities distributed during the year, which approximated \$69,263,000 and \$8,501,000, respectively, are reflected as revenues and expenditures of the Special Revenue Funds.

**J. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are valued at cost where historical records are available and at

estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

At June 30, 1998, buildings were valued at \$303,770,000. Of this total, \$208,286,000 was valued at estimated historical cost and \$95,484,000 was valued at actual historical cost. The estimate of historical cost is based on appraised values as of October 31, 1986, indexed to date of acquisition. All buildings acquired after October 31, 1986, have been valued at historical cost.

Fixed assets do not include infrastructure such as highways, bridges and lighting systems, as these assets are immovable and of value only to the government. Art objects, collections of historical material and other artifacts, although considered valuable are not assigned a value for financial statement purposes. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Generally, equipment that has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. Substantially all initial building costs, land and land improvements costing in excess of \$50,000 are capitalized. Building improvements and renovations in excess of \$50,000 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement.

Assets in the General Fixed Assets Account Group and the College and University Funds are not depreciated. Depreciation of machinery, equipment and buildings in the proprietary fund types is recorded using the straight-line method.

In proprietary funds the following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	3-10 years

**K. Compensated Employee Absences.** All permanent employees earn sick and annual leave. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave.

State employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual leave cannot exceed 35 days at the end of a calendar year. It is the State's policy to liquidate unpaid annual leave at June 30 from future sources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize annual leave when it is paid. A long-term liability of \$38,791,000 for the accumulated annual leave in governmental and expendable trust funds has been recorded in the

General Long-Term Debt Account Group as of June 30, 1998.

Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 180 days. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55, at which time, the State is liable for 25 percent of the employee's accumulated sick leave. It is the State's policy to liquidate vested sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize sick leave when it is paid. A long-term liability of \$30,999,000 for accumulated sick leave expected to be paid as termination payments in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 1998.

Some State agencies permit employees to accumulate compensatory leave rather than paying overtime. It is the State's policy to liquidate compensatory leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize compensatory leave when it is paid. A long-term liability of \$2,385,000 for the vested portion of the accumulated compensatory leave in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 1998.

All proprietary and similar trust funds recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

The College and University Funds recognize the expense and accrued liability when sick and vacation leave is earned.

**L. Fund Equity Reserves.** Reservations of fund balance are established to identify the existence of assets that are not available for subsequent year appropriations (i.e., prepaid items and inventories) or have been legally segregated for specific purposes. Assets of legally restricted budgetary funds are an example of this type of reservation. Reservations of fund balance are also established for assets that are not current in nature, such as long-term loans receivable. Reservations of retained earnings are established for assets that are legally restricted for specific purposes and therefore not available to fund current operations. The Enterprise Fund has reserved retained earnings for long-term deposits with the Multi-State Lottery.

**M. Interfund Transactions.** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimburse-

ments to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Totals - Memorandum Only.** 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.

**O. Use of Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## 2. Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, all State agencies, including colleges and universities, must submit their budget requests for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, subprograms, and activities. The Governor reviews the agency requests, establishes priorities, and presents the Legislature with one or more pieces of legislation covering the biennium. The Legislature holds hearings on the Governor's proposed budget, adopts changes and presents final legislation to the Governor. The Governor can either: a) approve the appropriation 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 majority of the Legislature.

The approved appropriations set spending limits by fund type for programs within each agency. These limits may include up to five budgetary fund types. Thus, the legal level of control is fund type within program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the Department of Administrative Services, Accounting Division.

Appropriations are made for each fiscal year of the biennium; balances at the end of the first fiscal year are carried over into the second fiscal year, unless directed otherwise by the Legislature. For most appropriations, balances lapse at the end of the biennium.

The budgetary fund types used by the State differ from the generic fund types presented in the general purpose financial statements. The budgetary funds, which are listed below, are generally segregated by revenue sources. Of these seven fund types, only the first five are subject to the spending limits set by the appropriations bills.

**General Fund.** To account for activities funded by general tax dollars, primarily sales and income taxes.

**Cash Reserve and Cash Funds.** To account for financial resources used as a reserve for the General Fund if the General Fund balance should become inadequate to meet current obligations, to account for the financing of goods or services provided by a State agency to individuals or entities outside State government on a cost-reimbursement basis, and to account for the revenues and expenditures related to highway construction.

**Construction Funds.** To account for financial resources to be used for the acquisition or construction of major capital facilities.

**Federal Funds.** To account for the financial resources related to the receipt and disbursement of funds generated from the federal government as a result of grants and contracts except for federal highway monies accounted for in the Cash Funds.

**Revolving Funds.** To account for the financing of goods or services provided by one State agency to another State agency on a cost-reimbursement basis.

**Trust Funds.** To account for assets held in a trustee capacity.

**Distributive Funds.** To account for assets held as an agent for individuals, private organizations, and other governments and/or other funds.

The accompanying general purpose financial statements were prepared by converting budgetary fund data into the fund format required by GAAP. The Cash Basis of accounting is used for all budgetary fund types.

All State budgetary expenditures for the general, cash, construction, federal and revolving fund types are made pursuant to appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may allocate appropriations between object of expenditure accounts, except that personal service

expenditures that exceed limitations contained in the appropriations bill require Legislative amendment. Any changes in appropriations are made through an annual deficit bill or other legislation. Appropriations from the federal fund type are considered to be estimated and the Legislature has approved an administrative procedure for changing them. During fiscal year 1998, the Legislature passed a deficit appropriation bill that increased the allowable expenditure level in several of the programs.

The State utilizes encumbrance accounting to account for purchase orders, contracts, and other expenditure 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 general purpose financial statements except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of a biennium are lapsed and reappropriated in the first year of the next biennium. In addition, the State Budget Administrator is required by law to review all encumbrances at the end of each biennium. The effect of the State's current procedures is to include in the budget columns of the Combined Statement of Revenues, Expenditures 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 State's intention to honor the encumbrances at the end of a biennium. The expenditure columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 1998, there were no budgetary funds in which expenditures exceeded appropriations.

Revenues are not budgeted for any funds except for the General Fund tax revenues. For financial reporting purposes, the budget columns for revenues on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual are reflected as being equal to actual revenues for all other revenue categories.

There are no annual budgets prepared for Trust and Distributive Funds and as a result, no budgetary comparisons are presented.

A reconciliation of the budgetary versus GAAP fund equities as of June 30, 1998, follows:

GENERAL PURPOSE FINANCIAL STATEMENT FUND EQUITIES

(Dollars in Thousands)	BUDGETARY FUND EQUITIES TOTAL	PRIMARY GOVERNMENT					COMPONENT UNITS	
		GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	COLLEGES AND UNIVERSITIES
<b>PERSPECTIVE DIFFERENCES:</b>								
Classification of budgetary fund equities into Financial Statement fund structure:								
General	\$ 429,739	\$ 429,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	637,151	132,584	391,259	6,568	708	4,352	5,085	96,595
Construction	4,919	-	-	4,326	-	-	-	593
Federal	3,625	-	4,433	35	-	-	-	(843)
Revolving	82,483	-	2,889	-	-	24,591	-	55,003
Budgetary fund equities classified into general purpose financial statement fund structure	<u>\$ 1,157,917</u>	562,323	398,581	10,929	708	28,943	5,085	151,348
<b>BASIS DIFFERENCES:</b>								
Record amount due Colleges and Universities								
		(17,811)	-	-	-	-	-	17,811
Record fixed assets								
		-	-	-	104	19,370	-	1,192,766
Record taxes receivable								
		182,335	36,297	-	-	-	-	-
Record tax refund liability								
		(199,214)	(4,956)	-	-	-	-	-
Record amount due pensions								
		(14,194)	-	-	-	-	-	-
Record claims payable								
		(51,386)	(60,812)	-	-	(28,594)	-	-
Record capitalized lease obligations								
		-	-	-	-	(7,431)	-	(10,649)
Record other net accrued receivables, liabilities and inventories								
		(51,012)	155,083	(1,928)	-	24,863	-	152,464
Record deferred federal revenue								
		-	(21,087)	-	-	-	-	-
Other								
		-	2,375	-	-	-	-	-
<b>ENTITY DIFFERENCES:</b>								
Record funds not budgeted								
		-	78,089	-	44,320	23,132	4,982,932	77,417
Record entities not included in the accounting system								
		-	-	-	-	-	306,139	-
GAAP fund equities, June 30, 1998								
		<u>\$ 411,041</u>	<u>\$ 583,570</u>	<u>\$ 9,001</u>	<u>\$ 45,132</u>	<u>\$ 60,283</u>	<u>\$ 5,294,156</u>	<u>\$ 1,581,157</u>

3. Cash and Cash Equivalents and Investments

**Cash and Cash Equivalents.** "Cash and Cash Equivalents" as reported on the combined balance sheet 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 that maintains a short-term investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

**Investments.** "Investments" as reported on the combined balance sheet include long-term investments. "Investments" are under the control of the State

Treasurer or other administrative bodies as determined by law.

4. Deposits and Investments Portfolio

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 1998, combined balance sheet. All securities purchased or held must either be in the custody of the State or deposited with an agent in the State's name.

**Deposits.** At June 30, 1998, the carrying amounts of the Primary Government's deposits were \$35,935,000 and the bank balances were \$120,464,000. All bank balances were covered by federal depository insurance or by collateral held by the State's agent in the State's name.

# State of Nebraska

State Statutes require that the aggregate amount of collateral securities deposited by a bank with the State Treasurer shall be at least one hundred two percent of the amount of public funds deposited in that bank, less the amount insured by the Federal Deposit Insurance Corporation. During the year the amount of public funds deposited with a bank occasionally exceeded the amount of collateral required by statute. The State Treasurer had compensating balance agreements with various banks totaling \$15,308,000 at June 30, 1998.

At June 30, 1998, the carrying amounts of the Component Units' deposits were \$14,519,000 and the bank balances were \$14,920,000. Of the bank balances, \$1,252,000 was covered by federal depository insurance or by collateral held by the Component Units' agent in the Component Units' name, \$15,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Component Units' name and \$13,653,000 was not collateralized.

**Investments.** State Statute Section 72-1246 authorizes the State Investment Officer to invest the State's funds in accordance with the prudent person rule. The State Investment Officer may not buy on margin, buy call options, or buy put options. Certain State entities are also allowed by statute to invest in real estate and other investments.

The State's investments are categorized to give an indication of the level of custodial risk assumed by the State at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the State's name.

The Pension Trust Funds own approximately 66 percent of the investments that are in Category 1.

## INVESTMENTS – PRIMARY GOVERNMENT AT JUNE 30, 1998

(Dollars in Thousands)	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
U.S. Government Securities				
Not on Securities Loan	\$ 1,589,793	\$ 1,841	\$ -	\$ 1,591,634
On Securities Loan	13,205			13,205
Corporate Bonds	522,315	-	-	522,315
Equity Securities				
Not on Securities Loan	1,688,625	-	-	1,688,625
On Securities Loan	843			843
Commercial Paper	348,408	-	-	348,408
Municipal Bonds	7,670	-	-	7,670
	<u>\$ 4,170,859</u>	<u>\$ 1,841</u>	<u>\$ -</u>	4,172,700
Pooled Investment Contracts				732,307
Investment in U.S. Treasury				
Investment Pool				199,299
Investments held by Broker-Dealers				
Under Securities Loans				
U.S. Government Securities				204,954
Corporate Bonds				44,440
Equity Securities				163,430
Securities Lending Short-term Collateral				
Investment Pool				424,091
Mutual Funds				1,104,615
Less: Component Unit Investment				
in State Investment Pool				(195,115)
Total Investments				<u>\$ 6,850,721</u>

# State of Nebraska

A reconciliation of deposits and investments for the Primary Government to the Combined Balance Sheet at June 30, 1998, is as follows (dollars in thousands):

**Disclosure Regarding Deposits and Investments:**

Total Investments	\$ 6,850,721
Carrying amount of Deposits	<u>35,935</u>
Total	<u>\$ 6,886,656</u>

**Combined Balance Sheet:**

Cash and Cash Equivalents	\$ 824,128
Cash on Deposit with Fiscal Agents	13,416
Investments	5,625,021
Invested Securities Lending Collateral	<u>424,091</u>
Total	<u>\$ 6,886,656</u>

**Securities Lending Transactions.** State Statute Section 72-1247, authorizes the State Investment Officer to participate in securities lending transactions, where securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's custodial bank administers the securities lending program and receives cash, United States government or government agency obligations, or convertible bonds at least equal in value to the market value of the loaned securities as collateral for securities of the type on loan at year-end. Securities lent at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial risk; securities lent for securities collateral are classified according to the category for the collateral. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. The

collateral securities can not be pledged or sold by the State unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year.

Either the State or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had average durations of 50 and 64 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. There is no loss indemnification provided to the State by the contract with the custodian.

A reconciliation of deposits and investments for the Component Units to the Combined Balance Sheet at June 30, 1998, is as follows (dollars in thousands):

**Disclosure Regarding Deposits and Investments:**

Total Investments	\$ 347,206
Carrying amount of Deposits	<u>14,519</u>
Total	<u>\$ 361,725</u>

**Combined Balance Sheet:**

Cash and Cash Equivalents	\$ 209,634
Cash on Deposit with Fiscal Agents	92,892
Investments	<u>59,199</u>
Total	<u>\$ 361,725</u>

**INVESTMENTS – COMPONENT UNITS AT JUNE 30, 1998**

(Dollars in Thousands)	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
Repurchase Agreements	\$ 4,187	\$ -	\$ -	\$ 4,187
U.S. Government Securities	-	-	61,497	61,497
Corporate Bonds	-	-	13,800	13,800
Equity Securities	-	-	<u>36,405</u>	<u>36,405</u>
	<u>\$ 4,187</u>	<u>\$ -</u>	<u>\$ 111,702</u>	115,889
Mutual Funds				35,562
Real Estate				640
Investment in State Investment Pool				<u>195,115</u>
Total Investments				<u>\$ 347,206</u>

**5. Due To/From Other Funds**

Due To/From Other Funds at June 30, 1998, consists of the following (dollars in thousands):

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General	\$ 4,021	\$ 49,632
Special Revenue:		
Licensing and Regulation	27	5,075
Highway Fund	895	1,440
Economic Development	245	47
Airport Development	67	8
Game and Parks	894	206
Energy Conservation	43	3
Federal Fund	38	8,361
Health and Social Services	726	86
Other Special Revenue	7,277	3,264
	<u>10,212</u>	<u>18,490</u>
Capital Projects	843	100
Enterprise:		
Lottery	-	1,000
Excess Liability	-	11
	<u>-</u>	<u>1,011</u>
Internal Service:		
Correctional Services	1,060	17
Buildings and Grounds	183	1,342
General Services	1,242	874
Communications	1,604	24
Central Data Processing	5,182	51
Transportation Services	1,993	85
Risk Management	20,793	7
Accounting Services	-	58
Other Internal Service	783	17
	<u>32,840</u>	<u>2,475</u>
Expendable Trust:		
Canteen and Welfare	-	5
Escheat Trust	1,391	2
Other	-	2
	<u>1,391</u>	<u>9</u>
Nonexpendable Trust:		
Aeronautics Trust	-	44
Permanent School Fund	-	1,394
	<u>-</u>	<u>1,438</u>
Pension Trust:		
School Retirement	13,834	25
Judges Retirement	123	-
State Patrol Retirement	601	-
	<u>14,558</u>	<u>25</u>
Agency:		
Payroll Withholding Fund	12,756	3,441
<b>TOTALS</b>	<u>\$ 76,621</u>	<u>\$ 76,621</u>

**6. Fixed Assets**

The general fixed assets of the State are those fixed assets used in performance of general governmental functions. They do not include fixed assets of proprietary funds and the component units.

The following is a summary of changes in the general fixed assets account group during the fiscal year (dollars in thousands):

	BALANCE JULY 1, 1997 (AS RESTATED)			BALANCE JUNE 30, 1998
	ADDITIONS	DELETIONS		
Land	\$ 35,854	\$ 2,508	\$ 34	\$ 38,328
Buildings	269,322	35,230	782	303,770
Equipment	173,024	15,364	8,252	180,136
Construction in Progress	12,277	13,176	20,751	4,702
	<u>\$ 490,477</u>	<u>\$ 66,278</u>	<u>\$ 29,819</u>	<u>\$ 526,936</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 1998 (dollars in thousands):

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	PENSION TRUST FUNDS
Machinery and equipment	\$ 387	\$ 56,908	\$ 18
Buildings	-	4,642	-
Total	<u>387</u>	<u>61,550</u>	<u>18</u>
Less: accumulated depreciation	<u>(283)</u>	<u>(42,180)</u>	<u>(18)</u>
Net fixed assets	<u>\$ 104</u>	<u>\$ 19,370</u>	<u>\$ -</u>

The following is a summary of component unit fixed assets at June 30, 1998 (dollars in thousands):

Land and Land Improvements	\$ 93,368
Buildings and Other Improvements	690,694
Equipment and Library Books	277,491
Construction in Progress	131,213
	<u>\$ 1,192,766</u>

**7. Bonds Payable**

Article XIII of the State's Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the Constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 1998, there was no outstanding debt for either of these purposes.

The State created the Nebraska Educational Telecommunications Facilities Corporation (NETFC) for the purpose of acquiring access to a space satellite. In May 1991, the NETFC issued \$7,180,000 of lease revenue bonds to acquire access for eight years. The NETFC is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The obligations outstanding at June 30, 1998, are collateralized by the revenues of the NETFC, which consist primarily of the rentals paid by the State, and satellite failure insurance in the event of the loss of uplink and downlink capabilities. Outstanding bonds

payable are reported in the General Long-Term Debt Account Group.

The State created the Nebraska State Building Corporation (NSBC) to finance the purchase of a building used by the State for its data processing and general services operations. In September 1987, the NSBC issued \$7,700,000 of lease revenue bonds to finance the purchase of the building. In June 1992, the NSBC issued \$7,645,000 of lease revenue bonds to refund the 1987 bonds. The NSBC is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The obligations outstanding at June 30, 1998 are collateralized by the revenues of the NSBC, which consist primarily of building rental paid by the State. Outstanding bonds payable are reported in the General Long-Term Debt Account Group.

The Colleges and Universities issue bonds for various purposes including student housing, parking facilities and special event centers. Net revenues from student housing and dining facilities, special student fees and parking facilities fees are pledged to secure the appropriate issues. Outstanding bonds payable are reported in the College and University Funds.

All outstanding bond issues of the University of Nebraska Facilities Corporation and the Nebraska State College Facilities Corporation are general obligations of these corporations. They are separate legal entities that are not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The obligations outstanding at June 30, 1998 are collateralized by a special allocation of a portion of the State cigarette tax. Outstanding bonds payable are reported in the College and University Funds.

(Dollars in Thousands)

BONDS PAYABLE	DATES ISSUED	MATURITY DATES	INTEREST RATES	BALANCE JUNE 30, 1998
<b>PRIMARY GOVERNMENT</b>				
Nebraska Educational Telecommunications Facilities Corporation Issue	1991	1991-1999	6.35%-6.50%	\$ 1,820
Nebraska State Building Corporation Issue	1992	1992-2009	5.35%-6.50%	5,895
Primary Government Total				<u>\$ 7,715</u>
<b>COMPONENT UNITS</b>				
Colleges and Universities Revenue Bonds	1966-1996	1966-2016	3.50%-7.38%	\$ 65,995
University of Nebraska Facilities Corporation Issues	1996-1997	1996-2009	4.15%-5.00%	23,825
Component Units Total				<u>\$ 89,820</u>

**PRIMARY GOVERNMENT  
DEBT SERVICE REQUIREMENTS TO MATURITY**

(Dollars in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL
1999	\$ 2,165	\$ 459	\$ 2,624
2000	365	339	704
2001	385	318	703
2002	415	295	710
2003	440	270	710
Thereafter	3,945	979	4,924
Total	<u>\$ 7,715</u>	<u>\$ 2,660</u>	<u>\$ 10,375</u>

**COMPONENT UNITS  
DEBT SERVICE REQUIREMENTS TO MATURITY**

(Dollars in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL
1999	\$ 4,755	\$ 4,570	\$ 9,325
2000	5,000	4,358	9,358
2001	6,520	4,053	10,573
2002	5,065	3,752	8,817
2003	5,115	3,526	8,641
Thereafter	63,365	20,857	84,222
Total	<u>\$ 89,820</u>	<u>\$ 41,116</u>	<u>\$ 130,936</u>

Changes in Primary Government bonds payable for fiscal year 1998 are summarized below (dollars in thousands):

Balance at July 1, 1997	\$ 8,990
Bonds Retired	(1,275)
Balance at June 30, 1998	<u>\$ 7,715</u>

Changes in bonds payable for Component Units for fiscal year 1998 are summarized below (dollars in thousands):

Balance at July 1, 1997	\$ 115,860
New Bonds Issued:	
Colleges and Universities	6,470
University of Nebraska Facilities Corporation	21,575
Bonds Retired	(54,085)
Balance at June 30, 1998	<u>\$ 89,820</u>

**Bond Defeasances – Component Units**

In 1993, the University of Nebraska Facilities Corporation issued \$45,570,000 of Refunding Bonds, dated July 15, 1993, to defease outstanding 1990 bonds. In conjunction with the defeasance, the 1990 bonds maturing on or after January 1, 2001, are scheduled to be called for redemption on July 1, 2000, at a price of

# State of Nebraska

101 percent of the principal amount plus accrued interest. As a result, the 1990 bonds are considered defeased and the liability for these bonds have been removed from bonds payable. At June 30, 1998, \$32,493,000 of 1990 bonds are outstanding.

On September 30, 1997, the University of Nebraska Facilities Corporation deposited \$34,764,000 into an irrevocable trust with an escrow agent. The proceeds combined with other available funds in the bond accounts and interest earnings will be sufficient to provide for all future debt service payments on the 1993 Series Refunding Bonds. The escrow agent will pay the principal and interest due on the 1993 bonds prior to July 1, 2005 and the outstanding bonds on July 1, 2005 will be redeemed at a price equal to the principal amount plus accrued interest. As a result, the 1993 bonds are considered defeased and the liability for these bonds have been removed from bonds payable. At June 30, 1998, \$37,520,000 of 1993 bonds are outstanding.

On September 23, 1997, Wayne State College issued \$6,470,000 of Student Fees and Facilities Refunding Bonds. The proceeds from the bonds were applied to the current refunding of 1992 bonds and the advance refunding of 1993 bonds, and to pay the cost of issuance on the 1997 Series Bonds. The 1992 bonds were redeemed on September 23, 1997 and the 1993 bonds were redeemed on May 15, 1998. The refunding resulted in lower cash flow requirements of approximately \$760,000. The net present value savings resulting from the refundings approximated \$273,000.

## 8. Lease Commitments

**Capital and Operating Leases.** The State leases land, office facilities, equipment, and other assets under both capital and operating leases. Although the lease terms may vary, all leases are subject to annual appropriation by the Legislature.

The minimum annual lease payments for operating leases as of June 30, 1998 are as follows (dollars in thousands):

OPERATING LEASES		
YEAR	PRIMARY GOVERNMENT	COMPONENT UNITS
1999	\$ 1,091	\$ 3,909
2000	127	3,909
2001	127	3,906
2002	127	6,126
2003	127	3,904
Thereafter	70	33,034
Total	<u>\$ 1,669</u>	<u>\$ 54,788</u>

Primary Government operating lease payments for the year ended June 30, 1998 totaled \$6,141,000.

The minimum annual lease payments and the present value of future minimum payments for capital leases as of June 30, 1998 are as follows (dollars in thousands):

YEAR	CAPITAL LEASES		
	PRIMARY GOVERNMENT		COMPONENT UNITS
	INTERNAL SERVICE FUNDS	GENERAL LONG-TERM DEBT ACCOUNT GROUP	COLLEGE AND UNIVERSITY FUNDS
1999	\$ 4,173	\$ 1,723	\$ 2,576
2000	2,243	1,360	2,485
2001	1,210	716	2,243
2002	233	438	1,966
2003	20	375	759
Thereafter	-	5,669	3,153
Total Minimum Payments	7,879	10,281	13,182
Less: interest and executory costs	448	3,139	2,533
Present value of net minimum payments	<u>\$ 7,431</u>	<u>\$ 7,142</u>	<u>\$ 10,649</u>

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 1998 (dollars in thousands):

	PRIMARY GOVERNMENT		COMPONENT UNITS
	INTERNAL SERVICE FUNDS	GENERAL FIXED ASSET ACCOUNT GROUP	COLLEGE AND UNIVERSITY FUNDS
Buildings	\$ -	\$ 4,565	\$ 4,430
Equipment	17,694	4,456	12,842
Less: accumulated depreciation	(11,763)	-	-
Carrying value	<u>\$ 5,931</u>	<u>\$ 9,021</u>	<u>\$ 17,272</u>

**Lessor Transactions.** The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 1998, the State owned approximately 1.5 million acres of land that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of \$23,103,000 were received under these and other lease agreements for the year ended June 30, 1998.

**9. General Long-Term Debt**

The following is a summary of changes in the general long-term debt account group during the fiscal year (dollars in thousands):

	BALANCE JULY 1, 1997		BALANCE JUNE 30, 1998	
	BALANCE	ADDITIONS	DELETIONS	BALANCE
Bonds Payable \$	8,990	\$ -	\$ 1,275	\$ 7,715
Capital Lease Obligations	7,670	557	1,085	7,142
Claims Payable	1,187	2,243	1,623	1,807
Obligations Under Other Financing Arrangements	12,065	2,445	1,095	13,415
Compensated Absences	70,288	1,887	-	72,175
<b>Totals</b>	<b>\$ 100,200</b>	<b>\$ 7,132</b>	<b>\$ 5,078</b>	<b>\$ 102,254</b>

The additions in compensated absences represent a net increase. "Claims Payable" consists of the long-term portion of Medicaid claims.

**10. Obligations Under Other Financing Arrangements**

The State has entered into special financing arrangements with certain public benefit corporations and municipalities for the purpose of lease/purchasing fixed assets and to fund certain grant programs. Under these arrangements, the State enters into an agreement with a public benefit corporation or municipality to issue debt and construct or purchase a fixed asset or capitalize a loan program. Money is appropriated from special revenue sources other than State tax receipts to pay the debt service. This arrangement does not violate the constitutional restrictions on the incurrence of debt since debt service is being paid from user fees and not general tax revenues.

Between 1991 and 1998, the State entered into arrangements with the Nebraska Investment Finance Authority to capitalize a loan program to local units of government for wastewater treatment facilities.

The State has a contractual arrangement with the City of Grand Island, Nebraska, which financed the construction of the Nebraska Law Enforcement Training Center in Grand Island. This facility is operated by the State and provides law enforcement training for state and local law enforcement personnel. This contractual arrangement provides for the payment of rentals sufficient to cover the related bond debt service and for passage of title to the State after the bonds have been paid.

Changes in these financing arrangements for the year were as follows (dollars in thousands):

	BALANCE JULY 1, 1997			BALANCE JUNE 30, 1998	
	ADDITIONS	DELETIONS	BALANCE	ADDITIONS	DELETIONS
Nebraska Investment Finance Authority	\$ 2,445	\$ 880	\$ 10,300		
City of Grand Island	-	215	1,765		
<b>Totals</b>	<b>\$ 2,445</b>	<b>\$ 1,095</b>	<b>\$ 12,065</b>		

A summary of the future minimum contractual obligations including interest at rates from 4.00 percent to 6.80 percent is as follows (dollars in thousands):

YEAR	PRINCIPAL	INTEREST	TOTAL
1999	\$ 1,390	\$ 617	\$ 2,007
2000	1,760	559	2,319
2001	1,855	493	2,348
2002	1,935	421	2,356
2003	1,545	342	1,887
Thereafter	4,930	811	5,741
<b>Total</b>	<b>\$ 13,415</b>	<b>\$ 3,243</b>	<b>\$ 16,658</b>

**11. Contributed Capital**

Changes in Internal Service Fund contributed capital accounts during the year were as follows:

(Dollars in Thousands)

	CONTRIBUTED CAPITAL, JULY 1, 1997		CONTRIBUTED CAPITAL, JUNE 30, 1998	
	CONTRIBUTIONS	CONTRIBUTIONS	CONTRIBUTIONS	CONTRIBUTIONS
Correctional Services	\$ 205	\$ -	\$ 205	
Central Data Processing	1,824	-	1,824	
Risk Management	21	-	21	
Accounting Services	59	-	59	
<b>Total</b>	<b>\$ 2,109</b>	<b>\$ -</b>	<b>\$ 2,109</b>	

**12. Accounting Changes**

GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was implemented during fiscal year 1998. The statement requires Section 457 deferred compensation plans to be reported as an expendable trust fund when the sponsoring government is acting in a fiduciary capacity. The Deferred Compensation Fund had been reported in an agency fund in previous years.

The threshold for capitalizing property, plant and equipment was increased from \$1,000 to \$5,000 as of

July 1, 1997. The beginning balances were restated to reflect this change in accounting policy. The beginning equipment balance of the General Fixed Asset Account Group was reduced by \$48,298,000 as a result of this restatement.

As of June 30, 1997, certain fund balances were restated as follows:

PRIMARY GOVERNMENT RESTATEMENT OF BEGINNING FUND EQUITY (Dollars in Thousands)			
	EXPENDABLE TRUST	INTERNAL SERVICE	PENSION TRUST
Fund Equity as of June 30, 1997, previously reported	\$ 227,508	\$ 62,144	\$ 3,910,783
Implementation of GASB Statement 32	85,860	-	-
Change in accounting policy	-	(1,277)	(22)
Fund Equity as of June 30, 1997, as restated	<u>\$ 313,368</u>	<u>\$ 60,867</u>	<u>\$ 3,910,761</u>

The Colleges and Universities implemented GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" during fiscal year 1998. The statement requires investments to be reported at fair value rather than at cost. The beginning fund balance was increased by \$14,549,000 as a result of this restatement.

### 13. Pension Plans

#### Plans Administered by the Public Employees Retirement Board

The Public Employees Retirement Board, which consists of seven members, was created in 1971 to administer the Nebraska retirement plans then in existence. Those plans were the School, State Employees', Judges' and State Patrol plans. In October of 1973, the Public Employees Retirement Board assumed the administration of the Nebraska Counties Retirement System. The plans have been created in accordance with Internal Revenue Code, Sections 401(a) and 414(h). Contribution and benefit provisions are established by State law and may only be amended by the State Legislature.

The Board prepares separate reports for the defined contribution plans and for the defined benefit plans. Copies of these reports that include financial statements and required supplementary information for the plans may be obtained by writing to Public Employees Retirement Systems, P.O. Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

**Basis of Accounting.** The financial statements of the plans are prepared using the accrual basis of accounting, and are included as pension trust funds in the accompanying general purpose financial statements. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Plan Description and Funding Policy.** By State law, there is to be an equitable allocation of expenses among the retirement systems administered by the Board, and all expenses shall be provided from the investment income earned by the various retirement funds. Following is a summary of each of these plans:

**State Employees' Retirement.** This plan became effective January 1, 1964, and is a single-employer defined contribution plan established to provide benefits at retirement to general employees of the State. The amounts presented in the accompanying general purpose financial statements for the State Employees' Retirement System are for the fiscal year ended December 31, 1997.

Participation in the plan is required on reaching the age of 30 and completion of two years of continuous service. Each member contributes 3.6 percent of their compensation until \$864 has been paid and 4.8 percent of pay for the rest of the calendar year. The State matches a member's contribution at a rate of 156 percent.

As of December 31, 1997, there were 13,165 active members and 1,570 inactive members. Members contributed \$15,081,000 and the State contributed \$22,635,000 during the year ended December 31, 1997, which was equal to required contributions.

**County Employees' Retirement.** In 1973, the State Legislature brought the County Employees' Retirement System under the administration of the Board. The amounts presented in the accompanying general purpose financial statements for the County Employees' Retirement System are for the fiscal year ended December 31, 1997.

The plan is a multiple-employer defined contribution plan that covers employees of 91 of the 93 counties. Participation in the plan is required of all employees working 20 or more hours per week upon the completion of one year of continuous service and of all elected officials. County employees and elected officials contribute four percent and commissioned law enforcement personnel (for participating counties with an excess of 85,000 inhabitants) contribute six percent of their total compensation. The counties contribute six percent and eight percent, respectively. The State is not required to contribute to this plan.

As of December 31, 1997, there were 6,038 active members and 864 inactive members. Members contributed \$4,802,000 and counties contributed \$6,832,000 during the year ended December 31, 1997, which were equal to required contributions.

**School Retirement.** The School Retirement System is a cost-sharing multiple-employer defined benefit pension plan with 701 participating school districts. All regular public school employees in Nebraska, other than those who have their own retirement plan, are members of the system. The benefits are based on both service and contributions.

The State's contribution is based on an annual actuarial valuation. The employees' contribution is 7.25 percent of their total pay and the school district's contribution is 101 percent of the employees' contribution.

**Judges' Retirement.** The Judges' Retirement System is a single-employer defined benefit pension system. The membership includes judges and associate judges employed by the State for the Supreme Court, Court of Appeals, District Court, Workers' Compensation Court, County Court, and Juvenile Court. Benefits are based on both service and final average salary. Benefits vest when the judge takes office.

Members' contributions, a portion of court fees collected, and the State's contribution, which is based on an annual actuarial valuation, fund the plan. The judges contribute six percent of their salary.

**State Patrol Retirement.** The State Patrol Retirement System is a single-employer defined benefit pension system for officers of the patrol. The benefits are based on a percentage of the final

average salary multiplied by years of service, not to exceed 75 percent of the average salary. Participation is mandated upon employment.

Members are required to contribute eleven percent of their annual pay, which is matched by the State Patrol. The State's contribution is based on an annual actuarial valuation.

The following schedule presents the primary actuarial assumptions used in the most recent actuarial reports for the single-employer defined benefit contribution plans:

	JUDGES' RETIREMENT	STATE PATROL RETIREMENT
Actuarial Valuation Date	6/30/98	6/30/98
Actuarial Cost Method	Frozen	Frozen
Entry Age	Entry Age	Entry Age
Amortization Method	Level Amount Closed	Level Amount Closed
Amortization Period	25 Years	13 Years
Mortality	1971 Group Annuity Table	1983 Group Annuity Table
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return **	8.0%	8.0%
Projected Salary Increases **	5.0%	Graded 7.0% to 4.5%
** Includes assumed inflation of 3.8% per year.		

The following table provides the schedules of funding progress for the single-employer defined benefit contribution plans:

**UNAUDITED REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS**

(Dollars in Thousands)

	(a) Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a-b) Excess of Assets over AAL	(a/b) Funded Ratio	(c) Covered Payroll	((a-b)/c) Excess as a Percentage of Covered Payroll
<b>Judges'</b>							
	6/30/98	\$ 67,542	\$ 67,542	\$ -	100.0 %	\$ 12,729	- %
	6/30/97	60,668	60,668	-	100.0	12,176	-
	6/30/96	56,060	56,060	-	100.0	11,616	-
<b>State Patrol</b>							
	6/30/98	\$ 150,958	\$ 108,661	\$ 42,297	138.9 %	\$ 13,995	302.2 %
	6/30/97	134,722	100,797	33,925	133.7	13,768	246.4
	6/30/96	123,349	110,302	13,047	111.8	13,905	93.8

**THREE-YEAR TREND INFORMATION**  
(Dollars in Thousands)

YEAR ENDED JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
<b>School</b>			
1998	\$ 6,438	100%	\$ -
1997	6,659	100	-
1996	7,129	100	-
<b>Judges'</b>			
1998	\$ -	100%	\$ -
1997	-	100	-
1996	122	100	-
<b>State Patrol</b>			
1998	\$ 1,505	100%	\$ -
1997	1,519	100	-
1996	1,340	100	-

**Other Plans**

**Department of Labor, Division of Employment Security Retirement Plan.** As of July 1, 1997, the date of the most recent actuarial valuation, there were 212 current or former employees of the Nebraska Department of Labor, Employment Security Division (Federal Special Revenue Fund) who were participants (189 active; 23 inactive) in a defined benefit retirement plan administered by the Principal Financial Group (plan carrier). The plan is fully funded through participants' contributions and special federal revenues from the U.S. Department of Labor, Employment and Training Administration and is accounted as a non-contributing plan (no State General Fund Revenues).

The plan includes only employees hired by the Nebraska Department of Labor, Employment Security Division prior to July 1, 1984. Employees becoming eligible for retirement plan participation subsequent to that date are covered by the State Employees' Retirement plan.

The employees' contribution rate to the defined benefit plan is set by the Commissioner of Labor at somewhere between zero and seven percent of earnings each year based on an annual review of the financial condition of the plan as presented by the insurance company's actuaries. The employer contribution is based on an annual Actuarial Valuation Report and includes contributions for prior service. Retirement benefits are based on a percentage formula that includes the employee's salary and years of credited service.

The July 1, 1997, net present value of assets available for benefits was \$66,454,000 which exceeded the present value of future retirement benefits by \$2,951,000. The average assumed rate of return used in determining the actuarial value of accumulated plan benefits was 7.5 percent.

The Nebraska Department of Labor's required and actual current year employer contributions were \$0. The total personal services for the Division of Employment was \$14,651,000. The total payroll for the active participants in this plan was \$6,488,000.

**Component Units.** The Teachers Insurance and Annuity Association (TIAA-CREF), a privately administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees of the State Colleges and Universities. Under the plan, eligible employees contribute 2 percent to 6 percent of monthly earnings and the institutions match the employees' contributions plus an additional 1 percent to 2.5 percent of earnings. Participation in the plan is required upon reaching the age of 30 with one year of continuous service. Voluntary participation is permitted upon reaching the age of 25 and two years of continuous service. The plan benefits are fully vested at the date of contribution. The State assumes no liability for the plan other than payment of contributions.

The total payroll for the State Colleges and Universities for fiscal year 1998 was \$564,540,000 of which \$429,976,000 was covered by the plan. The institutions' contributions were \$30,760,000 or 7.15 percent of covered payroll and the employees' contributions were \$22,331,000 or 5.19 percent of covered payroll.

**14. Contingencies and Commitments**

**Grants and Contracts.** The State participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State.

All State agencies including institutions of higher education are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or institution is a recipient of federal grants, contracts, or other sponsored agreements. Certain agencies or institutions may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the State.

**Litigation.** The State is named as a party in legal proceedings that occur in the normal course of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from

alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of State and Federal laws.

It is not possible at the present time to estimate ultimate outcome or liability, if any, of the State for all these proceedings. However, approximately \$10,000,000 is included in claims payable for judgements that have been rendered against the State as of June 30, 1998. It is the State's opinion that the ultimate liability for these and other proceedings is not expected to have a material adverse effect on the State's financial position.

**Construction Commitments.** At June 30, 1998, the State had contractual commitments of approximately \$278,140,000 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows (dollars in thousands):

Federal funds	\$ 91,670
State funds	175,265
Local funds	11,205
	<u>\$ 278,140</u>

At June 30, 1998, the Colleges and Universities had contracted for the construction of several facilities that are estimated to cost \$206,682,000. The approximate remaining costs to complete these facilities were \$79,024,000, which will be financed as follows (dollars in thousands):

State appropriations	\$ 10,664
Federal funds	243
University funds	33,883
Private gifts, grants and contracts	29,352
Bond funds	4,882
	<u>\$ 79,024</u>

**Year 2000 Issues.** Many computer-based financial, information and operational systems may not be able to properly interpret and apply some dates before and following December 31, 1999 (commonly referred to as the Year 2000 problem). If not corrected, malfunction of these systems could adversely impact information processing and system operations. The State recognized this problem prior to 1995 and has been working on a resolution of the issue since that time. A formal plan was developed and has been revised and expanded, as additional information has become available.

The State's computer systems have been evaluated. If necessary, they have been repaired and tested or are being replaced. The statewide accounting and payroll systems have been evaluated, repaired and tested for the ability to process transactions in the Year 2000 and beyond. Other agency specific applications that operate on the State's mainframe computer system have also been evaluated and all will be operational by December 31, 1998. Inventory, evaluation, repair and testing of the State's embedded systems are the

responsibility of each department or agency that owns those systems.

The State has budgeted \$20,500,000 for the evaluation, repair and/or replacement of its mainframe systems. As of June 30, 1998, 56 percent of the work has been completed. Another 29 percent is in various stages of completion. Approximately 15 percent of the planned work remains to be started and completed.

**Statutory Issue.** Subsequent to year end, the Attorney General's Office issued an opinion that a collection fee imposed by the State Treasurer on certain budgetary cash funds may be applicable to cash funds that had not previously been assessed the collection fee. The State Treasurer transfers the collection fee from the cash funds to the General Fund. The cash funds are generally reflected in the Special Revenue Fund Type. As a result, the General Fund may have additional amounts due from the Special Revenue Fund. The financial impact of this opinion has not yet been determined.

## 15. Risk Management

Through the Department of Administrative Services, Division of Risk Management, the State maintains an insurance and self-insurance program. Workers' compensation, employee liability and general liability under State law are self-insured. The Colleges and Universities are self-insured for a portion of their comprehensive general and hospital professional liability and property losses. Motor vehicle liability is insured for the first \$1 million of exposure per accident and employee dishonesty is bonded for the first \$1 million annually with a \$10,000 retention per incident. Settled claims have not exceeded this commercial insurance coverage in any of the past three years. The State retains the full risk for all real and personal property damage. The Division of Risk Management also maintains health care and life insurance for covered State employees. These activities are reported in the Risk Management Internal Service Fund.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The balance of claims liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claims liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the years ended June 30, 1998, and 1997, were as follows (dollars in thousands):

	Fiscal Year	
	1998	1997
Beginning Balance	\$ 29,816	\$ 28,075
Current Year Claims and Changes in Estimates	72,880	75,431
Claim Payments	74,102	73,690
Ending Balance	<u>\$ 28,594</u>	<u>\$ 29,816</u>

### 16. Segment Information

The State maintains two enterprise funds. The Lottery Fund accounts for all receipts and expenses from the operations of the State Lottery. The Excess Liability Fund accounts for liability insurance coverage provided to health care providers.

Segment information for the fiscal year ended June 30, 1998, is as follows (dollars in thousands):

	LOTTERY	EXCESS LIABILITY
Operating Revenue	\$ 73,820	\$ 713
Operating Expenses:		
Depreciation	51	-
Other	54,884	4,387
Operating Income	18,885	(3,674)
Operating Transfers Out	(18,455)	-
Nonoperating Revenues	930	8,770
Net Income (Loss)	<u>\$ 1,360</u>	<u>\$ 5,096</u>
Current Assets	\$ 13,421	\$ 3,668
Current Liabilities	6,900	3,376
Net Working Capital	<u>\$ 6,521</u>	<u>\$ 292</u>
Total Assets	\$ 16,498	\$ 63,484
Total Liabilities	7,667	27,183
Retained Earnings	<u>\$ 8,831</u>	<u>\$ 36,301</u>
Long-Term Liabilities	<u>\$ 767</u>	<u>\$ 23,807</u>
Property, Plant and Equipment, Additions	<u>\$ 33</u>	<u>\$ -</u>

There were no operating grants, entitlements, tax or shared revenues, or capital contributions during 1998.

### 17. Joint Venture

On October 1, 1997, the Board of Regents of the University of Nebraska and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement forming the Nebraska Health System (NHS), a Nebraska nonprofit corporation. NHS is governed by a Board of Directors comprised of six members appointed by Clarkson and six members appointed by the Board of Regents. Upon dissolution of NHS, the University and Clarkson will share equally in the remaining assets. Because the University has an ongoing financial interest in NHS, the University is accounting for the joint venture using the equity method. Contributions to the joint venture by the University included cash, temporary investments, accounts receivable, investment reserves, equipment and debt resulting in a total initial investment of approximately \$114,300,000. The University has recorded a fifty percent equity in earnings of NHS for the nine months ended June 30, 1998 totaling approximately \$223,000. Beginning in fiscal year 1999, to the extent that sufficient funds are available as determined by the NHS Board of Directors, the University will receive annual capital contributions of \$6,000,000.

In connection with the Joint Operating Agreement, the Board of Regents also entered into an Academic Affiliation Agreement for Education and Research with NHS. In accordance with this agreement, the University will receive fifty percent of net revenues from the operations of NHS over 4.5 percent.

Separate financial statements of NHS can be obtained from the Nebraska Health System, 42<sup>nd</sup> Street and Dewey Avenue, Omaha NE 68105.

### 18. Subsequent Event

On July 15, 1997, the University of Nebraska issued \$80,190,000 of revenue bonds to pay the cost of certain deferred maintenance projects. Principal and interest payments will be paid from existing balances in University of Nebraska funds, tuition increases and State appropriations.

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# COMBINING AND INDIVIDUAL FUND STATEMENTS

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## SPECIAL REVENUE FUNDS

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Specific revenues that are legally restricted to expenditure for particular activities are accounted for in Special Revenue Funds. A brief description of each fund follows.

**Licensing and Regulation.** This fund accounts for all activities of agencies, boards, and commissions whose primary function is licensing individuals and regulating industry and professions. This includes a diverse group of professions such as abstracters, medical professions, barbers, engineers, architects and accountants.

**Highway Fund.** This fund accounts for the activities of the Department of Motor Vehicles and the Department of Roads in relation to gas taxes and other highway user fees.

**Economic Development.** This fund accounts for activities to develop and promote the growth of industry, agriculture, commerce and tourism, and utilization of resources within Nebraska.

**Airport Development.** This fund accounts for the activities relating to aircraft fuels tax, which is administered by the Department of Aeronautics for the support and maintenance of public airports.

**Game and Parks.** This fund accounts for the activities related to the Nebraska Game and Parks Commission, which is responsible for the development and preservation of the fish and wildlife resources of Nebraska, and operation and administration of the State park system.

**Energy Conservation.** This fund accounts for activities relating to the oil and gas severance taxes as well as energy conservation and development activities. The State Energy Office is responsible for providing technical assistance on energy conservation and development, distributing funds for the school weatherization program, and administering and distributing federal funds provided to the State in the area of energy efficiency.

**Federal Fund.** This fund accounts for substantially all federal monies received by the State, except those received by the Highway Fund and the Colleges and Universities.

**Health and Social Services.** This fund accounts for activities of agencies, boards, and commissions relating to health care and social services.

**Other Special Revenue.** This fund accounts for various other revenues that must be used for specific purposes.

State of Nebraska  
**COMBINING BALANCE SHEET**  
**ALL SPECIAL REVENUE FUNDS**  
 June 30, 1998

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 25,578	\$ 93,638	\$ 21,366
Cash on Deposit with Fiscal Agents	-	-	-
Investments	29,820	74,716	19,719
Invested Securities Lending Collateral	10,449	28,404	7,496
Receivables, net of allowance			
Taxes	137	35,983	-
Due from Federal Government	135	15,512	-
Loans	-	-	181
Other	1,863	14,418	1,167
Due from Other Funds	27	895	245
Inventories	-	10,948	-
Prepaid Items	34	3	-
Other	14	-	510
<b>TOTAL ASSETS</b>	<b>\$ 68,057</b>	<b>\$ 274,517</b>	<b>\$ 50,684</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 2,329	\$ 55,564	\$ 95
Tax Refunds Payable	-	4,956	-
Due to Other Governments	107	10,291	-
Deposits	1,934	407	510
Due to Other Funds	5,075	1,440	47
Obligations under Securities Lending	10,449	28,404	7,496
Claims Payable	-	-	-
Deferred Revenue	-	-	-
Other	-	130	-
<b>TOTAL LIABILITIES</b>	<b>19,894</b>	<b>101,192</b>	<b>8,148</b>
<b>FUND BALANCES:</b>			
Reserved for:			
Long-Term Receivables	-	-	181
Inventories and Prepaid Items	34	10,951	-
Debt Service	-	-	-
Unreserved	48,129	162,374	42,355
<b>TOTAL FUND BALANCES</b>	<b>48,163</b>	<b>173,325</b>	<b>42,536</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 68,057</b>	<b>\$ 274,517</b>	<b>\$ 50,684</b>

AIRPORT DEVELOPMENT	GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	OTHER SPECIAL REVENUE	TOTALS
\$ 5,502	\$ 22,653	\$ 8,412	\$ 8,753	\$ 23,108	\$ 43,716	\$ 252,726
-	-	-	-	-	13,416	13,416
-	18,086	-	2,907	20,829	42,362	208,439
-	6,876	-	-	7,919	14,367	75,511
152	-	-	-	-	25	36,297
125	478	-	119,390	276	-	135,916
3,120	-	18,741	2,706	1,797	63,442	89,987
93	485	105	7,537	4,032	1,224	30,924
67	894	43	38	726	7,277	10,212
-	-	-	19,128	1,355	-	31,431
-	40	-	13	10	4	104
4	-	5	-	-	12	545
<u>\$ 9,063</u>	<u>\$ 49,512</u>	<u>\$ 27,306</u>	<u>\$ 160,472</u>	<u>\$ 60,052</u>	<u>\$ 185,845</u>	<u>\$ 885,508</u>
\$ 395	\$ 2,237	\$ 106	\$ 32,971	\$ 1,688	\$ 3,820	\$ 99,205
-	-	-	-	-	-	4,956
-	-	-	-	-	-	10,398
-	-	-	7,407	431	184	10,873
8	206	3	8,361	86	3,264	18,490
-	6,876	-	-	7,919	14,367	75,511
-	-	-	60,812	-	-	60,812
-	160	-	21,087	-	-	21,247
-	-	-	-	312	4	446
<u>403</u>	<u>9,479</u>	<u>109</u>	<u>130,638</u>	<u>10,436</u>	<u>21,639</u>	<u>301,938</u>
3,120	-	18,741	2,706	1,797	63,442	89,987
-	40	-	13	1,365	4	12,407
-	-	-	-	-	12,317	12,317
<u>5,540</u>	<u>39,993</u>	<u>8,456</u>	<u>27,115</u>	<u>46,454</u>	<u>88,443</u>	<u>468,859</u>
<u>8,660</u>	<u>40,033</u>	<u>27,197</u>	<u>29,834</u>	<u>49,616</u>	<u>164,206</u>	<u>583,570</u>
<u>\$ 9,063</u>	<u>\$ 49,512</u>	<u>\$ 27,306</u>	<u>\$ 160,472</u>	<u>\$ 60,052</u>	<u>\$ 185,845</u>	<u>\$ 885,508</u>

State of Nebraska

# COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT
<b>REVENUES:</b>			
Taxes	\$ 15,294	\$ 368,226	\$ 18,518
Federal Grants and Contracts	197	138,517	4
Licenses, Fees and Permits	38,252	55,216	-
Charges for Services	1,700	10,252	128
Investment Income	3,819	9,831	3,246
Rents and Royalties	-	377	-
Other	1,679	3,266	128
<b>TOTAL REVENUES</b>	<b>60,941</b>	<b>585,685</b>	<b>22,024</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	-
Conservation of Natural Resources	-	-	-
Culture - Recreation	-	-	-
Economic Development and Assistance	-	-	8,881
Education	-	-	-
Health and Social Services	-	-	-
Public Safety	-	-	-
Regulation of Business and Professions	37,587	-	-
Transportation	-	583,276	-
Intergovernmental	-	-	-
Debt Service	-	-	-
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>37,587</b>	<b>583,276</b>	<b>8,881</b>
Excess of Revenues Over (Under) Expenditures	23,354	2,409	13,143
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	2,011	24,011	7,000
Operating Transfers Out	(14,081)	(5,073)	(24,042)
Operating Transfers to Component Units	-	-	-
Proceeds from Other Financing Arrangements	-	-	-
Proceeds from Capital Leases	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(12,070)</b>	<b>18,938</b>	<b>(17,042)</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	11,284	21,347	(3,899)
<b>FUND BALANCES, JULY 1</b>	<b>36,879</b>	<b>151,978</b>	<b>46,435</b>
Residual Equity Transfers	-	-	-
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 48,163</b>	<b>\$ 173,325</b>	<b>\$ 42,536</b>

AIRPORT DEVELOPMENT	GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	OTHER SPECIAL REVENUE	TOTALS
\$ 1,646	\$ 1,309	\$ 300	\$ -	\$ 3,427	\$ 12,583	\$ 421,303
13,496	6,054	-	1,103,986	393	1,115	1,263,762
-	15,539	-	-	1,451	18,270	128,728
273	3,090	20	11,309	28,291	6,504	61,567
297	2,601	463	1,428	1,602	8,548	31,835
705	5,942	-	19	278	2,257	9,578
62	1,392	271	13,794	33,436	4,354	58,382
<u>16,479</u>	<u>35,927</u>	<u>1,054</u>	<u>1,130,536</u>	<u>68,878</u>	<u>53,631</u>	<u>1,975,155</u>
-	-	-	1,036	-	11,807	12,843
-	22,332	719	12,446	-	14,197	49,694
-	14,704	-	1,004	-	742	16,450
-	-	-	56,064	-	828	65,773
-	-	-	151,704	-	14,368	166,072
-	-	-	855,958	38,672	112	894,742
-	-	-	44,064	-	18,476	62,540
-	-	-	866	-	562	39,015
16,894	-	-	-	-	-	600,170
-	-	-	-	-	3,444	3,444
-	-	-	-	-	2,155	2,155
-	-	-	-	-	1,005	1,005
<u>16,894</u>	<u>37,036</u>	<u>719</u>	<u>1,123,142</u>	<u>38,672</u>	<u>67,696</u>	<u>1,913,903</u>
<u>(415)</u>	<u>(1,109)</u>	<u>335</u>	<u>7,394</u>	<u>30,206</u>	<u>(14,065)</u>	<u>61,252</u>
436	9,185	-	-	904	19,116	62,663
-	-	-	(3,879)	(557)	(44)	(47,676)
-	-	-	-	-	(100)	(100)
-	-	-	-	-	2,445	2,445
-	-	-	-	33	-	33
<u>436</u>	<u>9,185</u>	<u>-</u>	<u>(3,879)</u>	<u>380</u>	<u>21,417</u>	<u>17,365</u>
21	8,076	335	3,515	30,586	7,352	78,617
8,639	31,957	26,862	26,319	19,030	157,170	505,269
-	-	-	-	-	(316)	(316)
<u>\$ 8,660</u>	<u>\$ 40,033</u>	<u>\$ 27,197</u>	<u>\$ 29,834</u>	<u>\$ 49,616</u>	<u>\$ 164,206</u>	<u>\$ 583,570</u>



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# ENTERPRISE FUNDS

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Enterprise Funds are maintained to account for operations that are financed and operated in a manner similar to private business enterprises—where the costs of providing goods and services to the general public are financed primarily through user charges.

**Lottery Fund.** This fund accounts for all receipts and expenses from the operations of the State Lottery.

**Excess Liability Fund.** This fund accounts for the activity resulting from implementation of the Nebraska Hospital-Medical Liability Act. Revenues are primarily insurance premiums from certain health care providers and a surcharge levied on all health care providers in Nebraska. Expenses from the fund are used to pay judgments against the insured health care provider.

State of Nebraska  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**

June 30, 1998

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 9,770	\$ 2,888	\$ 12,658
Receivables, net of allowance	3,494	780	4,274
Prepaid Items	157	-	157
TOTAL CURRENT ASSETS	<u>13,421</u>	<u>3,668</u>	<u>17,089</u>
RESTRICTED ASSETS:			
Long-Term Deposits	<u>2,973</u>	-	<u>2,973</u>
NONCURRENT ASSETS:			
Long-Term Investments	-	58,634	58,634
Invested Securities Lending Collateral	-	1,182	1,182
Property, Plant and Equipment, net	<u>104</u>	-	<u>104</u>
TOTAL NONCURRENT ASSETS	<u>104</u>	<u>59,816</u>	<u>59,920</u>
TOTAL ASSETS	<u>\$ 16,498</u>	<u>\$ 63,484</u>	<u>\$ 79,982</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 5,900	\$ 225	\$ 6,125
Due to Other Funds	1,000	11	1,011
Claims Payable	-	2,816	2,816
Deferred Revenue	<u>-</u>	<u>324</u>	<u>324</u>
TOTAL CURRENT LIABILITIES	<u>6,900</u>	<u>3,376</u>	<u>10,276</u>
NONCURRENT LIABILITIES:			
Accrued Compensated Absences	79	-	79
Contractual Obligations	688	-	688
Obligations under Securities Lending	-	1,182	1,182
Claims Payable	<u>-</u>	<u>22,625</u>	<u>22,625</u>
TOTAL NONCURRENT LIABILITIES	<u>767</u>	<u>23,807</u>	<u>24,574</u>
TOTAL LIABILITIES	<u>7,667</u>	<u>27,183</u>	<u>34,850</u>
RETAINED EARNINGS:			
Reserved for Lottery Prizes	2,973	-	2,973
Unreserved	<u>5,858</u>	<u>36,301</u>	<u>42,159</u>
TOTAL RETAINED EARNINGS	<u>8,831</u>	<u>36,301</u>	<u>45,132</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 16,498</u>	<u>\$ 63,484</u>	<u>\$ 79,982</u>

State of Nebraska

# COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 73,820	\$ 713	\$ 74,533
TOTAL OPERATING REVENUES	<u>73,820</u>	<u>713</u>	<u>74,533</u>
<b>OPERATING EXPENSES:</b>			
Personal Services	1,088	-	1,088
Services and Supplies	14,420	879	15,299
Lottery Prizes	39,376	-	39,376
Insurance Claims	-	3,508	3,508
Depreciation	51	-	51
TOTAL OPERATING EXPENSES	<u>54,935</u>	<u>4,387</u>	<u>59,322</u>
Operating Income (Loss)	<u>18,885</u>	<u>(3,674)</u>	<u>15,211</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income	930	8,770	9,700
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>930</u>	<u>8,770</u>	<u>9,700</u>
Income (Loss) Before Operating Transfers	<u>19,815</u>	<u>5,096</u>	<u>24,911</u>
<b>OPERATING TRANSFERS:</b>			
Operating Transfers Out	<u>(18,455)</u>	<u>-</u>	<u>(18,455)</u>
Net Income (Loss)	1,360	5,096	6,456
<b>RETAINED EARNINGS, JULY 1</b>	<u>7,471</u>	<u>31,205</u>	<u>38,676</u>
<b>RETAINED EARNINGS, JUNE 30</b>	<u>\$ 8,831</u>	<u>\$ 36,301</u>	<u>\$ 45,132</u>

State of Nebraska

# COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 74,396	\$ 602	\$ 74,998
Cash Paid to Employees	(1,081)	-	(1,081)
Cash Paid to Suppliers	(12,721)	(470)	(13,191)
Cash Paid for Lottery Prizes	(39,655)	-	(39,655)
Cash Paid for Insurance Claims	-	(1,977)	(1,977)
Cash Paid for Interfund Services	(3,111)	(212)	(3,323)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>17,828</u>	<u>(2,057)</u>	<u>15,771</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating Transfers Out	(18,740)	-	(18,740)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(18,740)</u>	<u>-</u>	<u>(18,740)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING:</b>			
Acquisition and Construction of Capital Assets	(33)	-	(33)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(33)</u>	<u>-</u>	<u>(33)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Investment Securities	-	(380,168)	(380,168)
Proceeds from Sale of Investment Securities	-	380,580	380,580
Interest and Dividend Income	833	4,136	4,969
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>833</u>	<u>4,548</u>	<u>5,381</u>
NET INCREASE (DECREASE) IN CASH	(112)	2,491	2,379
CASH AND CASH EQUIVALENTS, JULY 1	<u>9,882</u>	<u>397</u>	<u>10,279</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 9,770</u>	<u>\$ 2,888</u>	<u>\$ 12,658</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	<u>\$ 18,885</u>	<u>\$ (3,674)</u>	<u>\$ 15,211</u>
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	51	-	51
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	576	-	576
(Increase) Decrease in Prepaid Expenses	53	-	53
(Increase) Decrease in Other Assets	(340)	-	(340)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,393)	225	(1,168)
Increase (Decrease) in Due to Other Funds	(4)	(28)	(32)
Increase (Decrease) in Claims Payable	-	1,531	1,531
Increase (Decrease) in Deferred Revenue	-	(111)	(111)
Total adjustments	<u>(1,057)</u>	<u>1,617</u>	<u>560</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 17,828</u>	<u>\$ (2,057)</u>	<u>\$ 15,771</u>

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# INTERNAL SERVICE FUNDS

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Internal Service Funds are used to account for the operations of State agencies that provide goods and services to other departments or agencies within State government on a cost-reimbursement basis. The State has the following internal service funds:

**Correctional Services.** The activities of Cornhusker State Industries in the Department of Correctional Services are accounted for in this fund.

**Buildings and Grounds.** The activities of the Department of Administrative Services, Building Division, for space rental, office and storage, and operating the parking areas are accounted for in this fund.

**General Services.** This fund accounts for the operations of central services provided by the Department of Administrative Services, Materiel Division. These operations are the central mailroom, printing, central stores, purchasing services, surplus State property, and other miscellaneous office services.

**Communications.** This fund accounts for the activities of the central communications network maintained by the Department of Administrative Services, Communications Division.

**Information Management Services.** The central data processing operations maintained by the Department of Administrative Services, Information Management Services Division, are accounted for in this fund.

**Transportation Services Bureau.** This fund accounts for the operations of the central motor pool, which is under the Department of Administrative Services, Transportation Services Bureau.

**Risk Management.** The activities of the Department of Administrative Services, Division of Risk Management, which include workers' compensation and general liability claims, and of the State Employees Insurance Fund, which include life and health insurance programs, are accounted for in this fund.

**Accounting Services.** The accounting operations maintained by the Department of Administrative Services, Accounting Division, are accounted for in this fund.

**Other Internal Service Funds.** This fund accounts for the micrographics services and warehousing of records by the Records Management Division of the Secretary of State, the activities of the Investment Council, and the temporary employee pool maintained by the Department of Administrative Services, Division of State Personnel.

State of Nebraska  
**COMBINING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
 June 30, 1998

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 1,991	\$ 3,093	\$ 5,763	\$ 3,731
Receivables, net of allowance				
Accounts	99	-	29	497
Accrued Interest	19	44	68	48
Due from Other Funds	1,060	183	1,242	1,604
Inventories	1,405	-	340	-
Prepaid Items	-	526	345	-
TOTAL CURRENT ASSETS	<u>4,574</u>	<u>3,846</u>	<u>7,787</u>	<u>5,880</u>
Property, Plant and Equipment, net	4,609	589	1,565	721
TOTAL ASSETS	<u>\$ 9,183</u>	<u>\$ 4,435</u>	<u>\$ 9,352</u>	<u>\$ 6,601</u>
<b>LIABILITIES AND FUND EQUITY</b>				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 246	\$ 547	\$ 673	\$ 1,387
Deposits	-	-	672	-
Due to Other Funds	17	1,342	874	24
Claims Payable	-	-	-	-
Capital Lease Obligations	-	160	-	-
Deferred Revenue	-	-	-	182
TOTAL CURRENT LIABILITIES	<u>263</u>	<u>2,049</u>	<u>2,219</u>	<u>1,593</u>
NONCURRENT LIABILITIES:				
Capital Lease Obligations	-	354	-	-
Accrued Compensated Absences	187	569	178	146
Claims Payable	-	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>187</u>	<u>923</u>	<u>178</u>	<u>146</u>
TOTAL LIABILITIES	<u>450</u>	<u>2,972</u>	<u>2,397</u>	<u>1,739</u>
FUND EQUITY:				
Contributed Capital	205	-	-	-
Retained Earnings	8,528	1,463	6,955	4,862
TOTAL FUND EQUITY	<u>8,733</u>	<u>1,463</u>	<u>6,955</u>	<u>4,862</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 9,183</u>	<u>\$ 4,435</u>	<u>\$ 9,352</u>	<u>\$ 6,601</u>

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 7,836	\$ 2,328	\$ 27,116	\$ 777	\$ 984	\$ 53,619
31	19	3	-	2	680
69	29	284	10	10	581
5,182	1,993	20,793	-	783	32,840
-	5	-	-	-	1,750
-	-	-	-	117	988
<u>13,118</u>	<u>4,374</u>	<u>48,196</u>	<u>787</u>	<u>1,896</u>	<u>90,458</u>
<u>5,573</u>	<u>5,957</u>	<u>-</u>	<u>12</u>	<u>344</u>	<u>19,370</u>
<u>\$ 18,691</u>	<u>\$ 10,331</u>	<u>\$ 48,196</u>	<u>\$ 799</u>	<u>\$ 2,240</u>	<u>\$ 109,828</u>
\$ 2,564	\$ 95	\$ 1,493	\$ 63	\$ 421	\$ 7,489
-	-	-	-	-	672
51	85	7	58	17	2,475
-	-	7,536	-	-	7,536
3,558	-	-	-	185	3,903
-	-	-	-	-	182
<u>6,173</u>	<u>180</u>	<u>9,036</u>	<u>121</u>	<u>623</u>	<u>22,257</u>
3,000	-	-	-	174	3,528
1,278	39	18	167	120	2,702
-	-	21,058	-	-	21,058
<u>4,278</u>	<u>39</u>	<u>21,076</u>	<u>167</u>	<u>294</u>	<u>27,288</u>
<u>10,451</u>	<u>219</u>	<u>30,112</u>	<u>288</u>	<u>917</u>	<u>49,545</u>
1,824	-	21	59	-	2,109
<u>6,416</u>	<u>10,112</u>	<u>18,063</u>	<u>452</u>	<u>1,323</u>	<u>58,174</u>
<u>8,240</u>	<u>10,112</u>	<u>18,084</u>	<u>511</u>	<u>1,323</u>	<u>60,283</u>
<u>\$ 18,691</u>	<u>\$ 10,331</u>	<u>\$ 48,196</u>	<u>\$ 799</u>	<u>\$ 2,240</u>	<u>\$ 109,828</u>

State of Nebraska

# COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 6,971	\$ 15,914	\$ 12,395	\$ 17,106
Other	7	411	12	-
TOTAL OPERATING REVENUES	<u>6,978</u>	<u>16,325</u>	<u>12,407</u>	<u>17,106</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	1,790	4,126	1,866	1,131
Services and Supplies	4,392	12,806	10,346	15,610
Insurance Claims	-	-	-	-
Depreciation	138	183	568	382
TOTAL OPERATING EXPENSES	<u>6,320</u>	<u>17,115</u>	<u>12,780</u>	<u>17,123</u>
Operating Income (Loss)	<u>658</u>	<u>(790)</u>	<u>(373)</u>	<u>(17)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Income	180	147	259	214
Gain (Loss) on Sale of Fixed Assets	2	3	(6)	(19)
Other	-	(29)	-	-
TOTAL NONOPERATING REVENUES, NET	<u>182</u>	<u>121</u>	<u>253</u>	<u>195</u>
Net Income (Loss)	840	(669)	(120)	178
<b>RETAINED EARNINGS, JULY 1, AS RESTATED</b>	<u>7,688</u>	<u>2,132</u>	<u>7,075</u>	<u>4,684</u>
<b>RETAINED EARNINGS, JUNE 30</b>	<u>\$ 8,528</u>	<u>\$ 1,463</u>	<u>\$ 6,955</u>	<u>\$ 4,862</u>

<b>INFORMATION MANAGEMENT SERVICES</b>	<b>TRANSPORTATION SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>ACCOUNTING SERVICES</b>	<b>OTHER INTERNAL SERVICE</b>	<b>TOTALS</b>
\$ 44,027	\$ 4,291	\$ 68,264	\$ 1,789	\$ 7,787	\$ 178,544
<u>68</u>	<u>51</u>	<u>32</u>	<u>22</u>	<u>473</u>	<u>1,076</u>
<u>44,095</u>	<u>4,342</u>	<u>68,296</u>	<u>1,811</u>	<u>8,260</u>	<u>179,620</u>
9,441	469	244	891	4,982	24,940
28,885	1,826	1,652	1,192	2,922	79,631
-	-	72,880	-	-	72,880
<u>4,555</u>	<u>1,771</u>	<u>-</u>	<u>5</u>	<u>186</u>	<u>7,788</u>
<u>42,881</u>	<u>4,066</u>	<u>74,776</u>	<u>2,088</u>	<u>8,090</u>	<u>185,239</u>
1,214	276	(6,480)	(277)	170	(5,619)
274	172	1,477	362	44	3,129
(138)	306	-	-	1	149
<u>(339)</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(352)</u>
<u>(203)</u>	<u>511</u>	<u>1,477</u>	<u>362</u>	<u>28</u>	<u>2,926</u>
1,011	787	(5,003)	85	198	(2,693)
5,405	9,325	23,066	367	1,125	60,867
<u>\$ 6,416</u>	<u>\$ 10,112</u>	<u>\$ 18,063</u>	<u>\$ 452</u>	<u>\$ 1,323</u>	<u>\$ 58,174</u>

State of Nebraska

# COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 515	\$ 701	\$ 146	\$ 1,414
Cash Received from Interfund Charges	6,575	15,671	12,108	14,627
Cash Paid to Employees	(1,767)	(3,843)	(1,896)	(1,101)
Cash Paid to Suppliers	(3,974)	(9,807)	(8,397)	(14,755)
Cash Paid for Insurance Claims	-	-	-	-
Cash Paid for Interfund Services	(686)	(1,553)	(923)	(547)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>663</u>	<u>1,169</u>	<u>1,038</u>	<u>(362)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(2,696)	-	(465)	(164)
Proceeds from Sale of Fixed Assets	5	2	9	3
Principal Paid on Capital Leases	-	(151)	-	-
Interest Paid on Capital Leases	-	(29)	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,691)</u>	<u>(178)</u>	<u>(456)</u>	<u>(161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	206	128	242	208
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>206</u>	<u>128</u>	<u>242</u>	<u>208</u>
NET INCREASE (DECREASE) IN CASH	(1,822)	1,119	824	(315)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>3,813</u>	<u>1,974</u>	<u>4,939</u>	<u>4,046</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 1,991</u>	<u>\$ 3,093</u>	<u>\$ 5,763</u>	<u>\$ 3,731</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 658	\$ (790)	\$ (373)	\$ (17)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	138	183	568	382
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	86	-	(6)	(191)
(Increase) Decrease in Due from Other Funds	26	47	(147)	(538)
(Increase) Decrease in Inventories	(220)	-	128	-
(Increase) Decrease in Prepaid Expenses	-	13	7	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(26)	471	43	326
Increase (Decrease) in Due to Other Funds	1	1,245	818	12
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	-	(336)
Total Adjustments	<u>5</u>	<u>1,959</u>	<u>1,411</u>	<u>(345)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 663</u>	<u>\$ 1,169</u>	<u>\$ 1,038</u>	<u>\$ (362)</u>

**NONCASH TRANSACTIONS** (dollars in thousands):

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Information Management Services and Other Internal Service Funds acquired fixed assets through capital leases of \$3,068 and \$95, respectively.

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 754	\$ 2	\$ 505	\$ -	\$ 2,836	\$ 6,873
43,674	2,755	67,790	1,811	4,670	169,681
(9,102)	(488)	(234)	(875)	(4,874)	(24,180)
(22,801)	(627)	(326)	(170)	(1,470)	(62,327)
-	-	(74,102)	-	-	(74,102)
<u>(6,790)</u>	<u>(1,152)</u>	<u>(321)</u>	<u>(1,025)</u>	<u>(984)</u>	<u>(13,981)</u>
<u>5,735</u>	<u>490</u>	<u>(6,688)</u>	<u>(259)</u>	<u>178</u>	<u>1,964</u>
-	(2,037)	-	-	-	(5,362)
770	628	-	-	30	1,447
(5,217)	-	-	-	(133)	(5,501)
<u>(339)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(385)</u>
<u>(4,786)</u>	<u>(1,409)</u>	<u>-</u>	<u>-</u>	<u>(120)</u>	<u>(9,801)</u>
<u>267</u>	<u>178</u>	<u>1,561</u>	<u>359</u>	<u>44</u>	<u>3,193</u>
<u>267</u>	<u>178</u>	<u>1,561</u>	<u>359</u>	<u>44</u>	<u>3,193</u>
1,216	(741)	(5,127)	100	102	(4,644)
<u>6,620</u>	<u>3,069</u>	<u>32,243</u>	<u>677</u>	<u>882</u>	<u>58,263</u>
<u>\$ 7,836</u>	<u>\$ 2,328</u>	<u>\$ 27,116</u>	<u>\$ 777</u>	<u>\$ 984</u>	<u>\$ 53,619</u>
<u>\$ 1,214</u>	<u>\$ 276</u>	<u>\$ (6,480)</u>	<u>\$ (277)</u>	<u>\$ 170</u>	<u>\$ (5,619)</u>
4,555	1,771	-	5	186	7,788
(4)	10	4	-	1	(100)
337	(1,595)	(5)	-	(374)	(2,249)
-	-	-	-	-	(92)
-	-	-	-	4	24
(252)	(3)	1,023	35	185	1,802
(115)	31	(8)	(22)	6	1,968
-	-	(1,222)	-	-	(1,222)
-	-	-	-	-	(336)
<u>4,521</u>	<u>214</u>	<u>(208)</u>	<u>18</u>	<u>8</u>	<u>7,583</u>
<u>\$ 5,735</u>	<u>\$ 490</u>	<u>\$ (6,688)</u>	<u>\$ (259)</u>	<u>\$ 178</u>	<u>\$ 1,964</u>

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# TRUST AND AGENCY FUNDS

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Trust and agency funds are used to account for assets held by the State of Nebraska in a fiduciary capacity. The State has the following trust and agency funds:

## EXPENDABLE TRUST FUNDS

**Unemployment Compensation Fund.** This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

**Deferred Compensation Fund.** This fund accounts for activities in the State's deferred compensation plan organized in accordance with Section 457 of the Internal Revenue Code.

**Second Injury Fund.** This fund accounts for assessments from insurance carriers and self-insurers. Compensation payments are made to employees on the basis of combined disabilities, part of which were pre-existing at the time of employment.

**Vocational Rehabilitation Fund.** This fund provides rehabilitation services to employees to restore the employee to gainful employment. Funding comes from assessments to insurance companies and self-insurers.

**Canteen and Welfare Fund.** This fund provides general entertainment at correctional facilities for youth and adult offenders. Revenues are from vending sales, projects, donations and gifts.

**Escheat Trust Fund.** This fund makes payments to rightful owners for financial assets turned over to the State Treasurer because the assets were left unclaimed at corporations, business associations, banking and financial organizations, insurance companies, utilities and public authorities. If the rightful owners cannot be located, excess funds are transferred to the Permanent School Fund.

**Other Expendable Trust Funds.** Amos Trust, Agriculture and University Land Lease, Public Service Commission Trust Account, and Miscellaneous Expendable Trust.

## NONEXPENDABLE TRUST FUNDS

**Aeronautics Trust Fund.** This fund receives proceeds from the sale of state-owned airfields. Investment income is used to pay for expenses of the Department of Aeronautics.

**Nebraska Veterans' Aid Fund.** This fund accounts for the investment activity of a General Fund contribution made in a prior year. Earnings on the investment are used to provide emergency financial assistance to eligible veterans and dependents.

**Permanent School Fund.** This fund receives proceeds from any sale of the school lands held in trust for public education, payments for easements and rights-of-way over these lands, royalties and severance taxes paid on oil, gas and minerals produced from this lands, escheats, unclaimed property and other items provided by law. The net income earned on this fund is distributed annually to the K – 12 public schools by the Commissioner of Education as provided by law.

**Permanent Endowment Fund.** This fund receives the proceeds of sales of land and investments endowed to the University by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income on these funds is used for support and maintenance of the University.

**Agriculture Endowment Fund.** This fund receives the proceeds of sales of land and investments endowed to the University Agriculture College by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income from this fund is used for support and maintenance of the Agriculture College.

**Other Nonexpendable Trust Funds.** Normal School Endowment, J.J. Soukup, and Miscellaneous Nonexpendable Trust.

**PENSION TRUST FUNDS**

State Employees' Retirement, County Employees' Retirement, Judges' Retirement, State Patrol Retirement, and School Retirement Systems.

**AGENCY FUNDS**

**Local Government Fund.** This fund receives money for redistribution to counties and other political subdivisions.

**Payroll Withholding Fund.** This fund receives all payroll funds needed to pay employees, the Federal Government, other State agencies, and payroll vendors.

**Other Agency Funds.** Ohio College Library Service, Severance Tax Fund, Court Ordered Settlement, County Court Trust Funds, the Department of Correctional Services Inmate Trust Funds, and the Department of Public Institutions Trust Funds.



State of Nebraska

**COMBINING BALANCE SHEET  
ALL TRUST AND AGENCY FUNDS**

June 30, 1998

(Dollars in Thousands)	EXPENDABLE TRUST	NONEXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTALS
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 230,028	\$ 18,040	\$ 13,222	\$ 41,821	\$ 303,111
Investments	102,031	285,704	4,597,562	-	4,985,297
Invested Securities Lending Collateral	-	3,258	202,468	-	205,726
Loans, Accounts and Other Receivables, net	12,203	2,048	31,368	366	45,985
Due from Other Funds	1,391	-	14,558	12,756	28,705
Prepaid Expenses	-	-	2	-	2
Other	3,016	3,000	-	-	6,016
TOTAL ASSETS	<u>\$ 348,669</u>	<u>\$ 312,050</u>	<u>\$ 4,859,180</u>	<u>\$ 54,943</u>	<u>\$ 5,574,842</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts Payable and Accrued Liabilities	\$ 7,817	\$ 177	\$ 3,519	\$ -	\$ 11,513
Due to Other Governments	-	-	-	37,132	37,132
Deposits	778	197	-	-	975
Due to Other Funds	9	1,438	25	3,441	4,913
Obligations under Securities Lending	-	3,258	202,468	-	205,726
Claims Payable	5,775	-	-	-	5,775
Accrued Compensated Absences	-	-	130	-	130
Other	152	-	-	14,370	14,522
TOTAL LIABILITIES	<u>14,531</u>	<u>5,070</u>	<u>206,142</u>	<u>54,943</u>	<u>280,686</u>
<b>FUND BALANCES:</b>					
Reserved For:					
Unemployment Compensation Benefits	223,929	-	-	-	223,929
Deferred Compensation Benefits	102,041	-	-	-	102,041
Endowment Principal	-	286,031	-	-	286,031
Pension Benefits	-	-	4,653,038	-	4,653,038
Unreserved	8,168	20,949	-	-	29,117
TOTAL FUND BALANCES	<u>334,138</u>	<u>306,980</u>	<u>4,653,038</u>	<u>-</u>	<u>5,294,156</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 348,669</u>	<u>\$ 312,050</u>	<u>\$ 4,859,180</u>	<u>\$ 54,943</u>	<u>\$ 5,574,842</u>

State of Nebraska  
**COMBINING BALANCE SHEET**  
**EXPENDABLE TRUST FUNDS**

June 30, 1998

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	DEFERRED COMPENSATION	SECOND INJURY
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 218,967	\$ 15	\$ 1,388
Investments	-	102,031	-
Other Receivables, net of allowance	12,056	-	18
Due from Other Funds	-	-	-
Other	-	-	-
TOTAL ASSETS	<u>\$ 231,023</u>	<u>\$ 102,046</u>	<u>\$ 1,406</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 1,199	\$ -	\$ -
Deposits	13	5	-
Due to Other Funds	-	-	-
Claims Payable	5,775	-	-
Other	107	-	-
TOTAL LIABILITIES	<u>7,094</u>	<u>5</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Reserved for:			
Unemployment Compensation Benefits	223,929	-	-
Deferred Compensation Benefits	-	102,041	-
Unreserved	-	-	1,406
TOTAL FUND BALANCES	<u>223,929</u>	<u>102,041</u>	<u>1,406</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 231,023</u>	<u>\$ 102,046</u>	<u>\$ 1,406</u>

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
\$ 4,060	\$ 1,828	\$ 2,697	\$ 1,073	\$ 230,028
-	-	-	-	102,031
51	24	34	20	12,203
-	-	1,391	-	1,391
-	-	2,256	760	3,016
<u>\$ 4,111</u>	<u>\$ 1,852</u>	<u>\$ 6,378</u>	<u>\$ 1,853</u>	<u>\$ 348,669</u>
\$ -	\$ 211	\$ 6,376	\$ 31	\$ 7,817
-	-	-	760	778
-	5	2	2	9
-	-	-	-	5,775
-	45	-	-	152
<u>-</u>	<u>261</u>	<u>6,378</u>	<u>793</u>	<u>14,531</u>
-	-	-	-	223,929
-	-	-	-	102,041
4,111	1,591	-	1,060	8,168
<u>4,111</u>	<u>1,591</u>	<u>-</u>	<u>1,060</u>	<u>334,138</u>
<u>\$ 4,111</u>	<u>\$ 1,852</u>	<u>\$ 6,378</u>	<u>\$ 1,853</u>	<u>\$ 348,669</u>

State of Nebraska

# COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	DEFERRED COMPENSATION	SECOND INJURY
<b>REVENUES:</b>			
Unemployment Taxes	\$ 32,492	\$ -	\$ -
Charges for Services	-	-	-
Participant Contributions	-	6,957	-
Investment Income	14,729	14,430	96
Rents and Royalties	-	-	-
Escheat Revenue	-	-	-
Donations	-	-	-
Other	-	62	-
TOTAL REVENUES	<u>47,221</u>	<u>21,449</u>	<u>96</u>
<b>EXPENDITURES:</b>			
General Government	-	453	-
Education	-	-	-
Health and Social Services	-	-	533
Unemployment Claims	44,970	-	-
Deferred Compensation Benefits	-	4,815	-
TOTAL EXPENDITURES	<u>44,970</u>	<u>5,268</u>	<u>533</u>
Excess of Revenues Over (Under) Expenditures	<u>2,251</u>	<u>16,181</u>	<u>(437)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers Out	-	-	(31)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(31)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,251	16,181	(468)
<b>FUND BALANCES, JULY 1, AS RESTATED</b>	<u>221,678</u>	<u>85,860</u>	<u>1,874</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 223,929</u>	<u>\$ 102,041</u>	<u>\$ 1,406</u>

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 32,492
3,639	3,587	-	-	7,226
-	-	-	-	6,957
89	107	121	57	29,629
-	8	-	330	338
-	-	483	-	483
-	139	-	276	415
-	43	-	70	175
<u>3,728</u>	<u>3,884</u>	<u>604</u>	<u>733</u>	<u>77,715</u>
-	-	433	-	886
-	-	-	707	707
771	3,810	-	-	5,114
-	-	-	-	44,970
-	-	-	-	4,815
<u>771</u>	<u>3,810</u>	<u>433</u>	<u>707</u>	<u>56,492</u>
<u>2,957</u>	<u>74</u>	<u>171</u>	<u>26</u>	<u>21,223</u>
<u>(251)</u>	<u>-</u>	<u>(171)</u>	<u>-</u>	<u>(453)</u>
<u>(251)</u>	<u>-</u>	<u>(171)</u>	<u>-</u>	<u>(453)</u>
2,706	74	-	26	20,770
1,405	1,517	-	1,034	313,368
<u>\$ 4,111</u>	<u>\$ 1,591</u>	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ 334,138</u>

State of Nebraska  
**COMBINING BALANCE SHEET**  
**NONEXPENDABLE TRUST FUNDS**  
 June 30, 1998

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 86	\$ 2,041
Investments	6,677	27,600
Invested Securities Lending Collateral	658	252
Other Receivables, net of allowance	74	185
Other	-	-
TOTAL ASSETS	<u>\$ 7,495</u>	<u>\$ 30,078</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
Deposits	-	-
Due to Other Funds	44	-
Obligations under Securities Lending	658	252
TOTAL LIABILITIES	<u>702</u>	<u>252</u>
<b>FUND BALANCES:</b>		
Reserved for Endowment Principal	6,793	27,600
Unreserved	-	2,226
TOTAL FUND BALANCES	<u>6,793</u>	<u>29,826</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,495</u>	<u>\$ 30,078</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 15,553	\$ 51	\$ 57	\$ 252	\$ 18,040
248,589	757	1,665	416	285,704
2,287	7	15	39	3,258
1,765	5	10	9	2,048
3,000	-	-	-	3,000
<u>\$ 271,194</u>	<u>\$ 820</u>	<u>\$ 1,747</u>	<u>\$ 716</u>	<u>\$ 312,050</u>
\$ 154	\$ 6	\$ 14	\$ 3	\$ 177
47	-	-	150	197
1,394	-	-	-	1,438
2,287	7	15	39	3,258
<u>3,882</u>	<u>13</u>	<u>29</u>	<u>192</u>	<u>5,070</u>
248,589	807	1,718	524	286,031
18,723	-	-	-	20,949
<u>267,312</u>	<u>807</u>	<u>1,718</u>	<u>524</u>	<u>306,980</u>
<u>\$ 271,194</u>	<u>\$ 820</u>	<u>\$ 1,747</u>	<u>\$ 716</u>	<u>\$ 312,050</u>

State of Nebraska

**COMBINING STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN FUND BALANCES  
NONEXPENDABLE TRUST FUNDS**

For the Year Ended June 30, 1998

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
<b>OPERATING REVENUES:</b>		
Investment Income	\$ 905	\$ 4,946
Rents and Royalties	-	-
Other	-	2
TOTAL OPERATING REVENUES	<u>905</u>	<u>4,948</u>
<b>OPERATING EXPENSES:</b>		
Personal Services	-	-
Services and Supplies	207	95
Financial Assistance	-	1,304
Intergovernmental	-	-
TOTAL OPERATING EXPENSES	<u>207</u>	<u>1,399</u>
Operating Income	698	3,549
<b>OPERATING TRANSFERS:</b>		
Operating Transfers In	-	-
Operating Transfers Out	<u>(436)</u>	<u>-</u>
Net Income	262	3,549
<b>FUND BALANCES, JULY 1</b>	<u>6,531</u>	<u>26,277</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 6,793</u>	<u>\$ 29,826</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 42,217	\$ 135	\$ 294	\$ 90	\$ 48,587
22,016	-	-	-	22,016
4,644	-	-	50	4,696
<u>68,877</u>	<u>135</u>	<u>294</u>	<u>140</u>	<u>75,299</u>
1,265	-	-	-	1,265
2,046	26	57	31	2,462
-	-	-	-	1,304
<u>25,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,699</u>
<u>29,010</u>	<u>26</u>	<u>57</u>	<u>31</u>	<u>30,730</u>
39,867	109	237	109	44,569
171	-	-	-	171
-	-	-	-	(436)
<u>40,038</u>	<u>109</u>	<u>237</u>	<u>109</u>	<u>44,304</u>
<u>227,274</u>	<u>698</u>	<u>1,481</u>	<u>415</u>	<u>262,676</u>
<u>\$ 267,312</u>	<u>\$ 807</u>	<u>\$ 1,718</u>	<u>\$ 524</u>	<u>\$ 306,980</u>

State of Nebraska

# COMBINING STATEMENT OF CASH FLOWS NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1998

(Dollars in Thousands)	AERONAUTICS TRUST	NEBRASKA VETERANS AID
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ -	\$ 2
Cash Paid to Employees	-	-
Cash Paid to Suppliers	(207)	(95)
Cash Paid for Financial Assistance	-	(1,304)
Cash Paid for Intergovernmental	-	-
Cash Paid for Interfund Services	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(207)</u>	<u>(1,397)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers In	-	-
Operating Transfers Out	(471)	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(471)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investment Securities	(706)	(80,997)
Proceeds from Sale of Investment Securities	703	81,290
Interest and Dividend Income	725	904
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>722</u>	<u>1,197</u>
NET INCREASE (DECREASE) IN CASH	44	(200)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>42</u>	<u>2,241</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 86</u>	<u>\$ 2,041</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income	\$ 698	\$ 3,549
Adjustments to reconcile operating income to net cash flows from operating activities:		
Investment Income	(905)	(4,946)
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	-	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	-	-
Increase (Decrease) in Deposits	-	-
Increase (Decrease) in Due to Other Funds	-	-
Total Adjustments	<u>(905)</u>	<u>(4,946)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (207)</u>	<u>\$ (1,397)</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 26,631	\$ -	\$ -	\$ 50	\$ 26,683
(1,265)	-	-	-	(1,265)
(1,889)	(29)	(63)	(32)	(2,315)
-	-	-	-	(1,304)
(25,699)	-	-	-	(25,699)
(105)	-	-	-	(105)
<u>(2,327)</u>	<u>(29)</u>	<u>(63)</u>	<u>18</u>	<u>(4,005)</u>
1,054	-	-	-	1,054
-	-	-	-	(471)
<u>1,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583</u>
(741,557)	(2,223)	(4,886)	(912)	(831,281)
738,107	2,232	4,903	864	828,099
7,905	23	50	44	9,651
<u>4,455</u>	<u>32</u>	<u>67</u>	<u>(4)</u>	<u>6,469</u>
3,182	3	4	14	3,047
<u>12,371</u>	<u>48</u>	<u>53</u>	<u>238</u>	<u>14,993</u>
<u>\$ 15,553</u>	<u>\$ 51</u>	<u>\$ 57</u>	<u>\$ 252</u>	<u>\$ 18,040</u>
\$ 39,867	\$ 109	\$ 237	\$ 109	\$ 44,569
(42,217)	(135)	(294)	(90)	(48,587)
(29)	-	-	-	(29)
57	(3)	(6)	(1)	47
(4)	-	-	-	(4)
(1)	-	-	-	(1)
<u>(42,194)</u>	<u>(138)</u>	<u>(300)</u>	<u>(91)</u>	<u>(48,574)</u>
<u>\$ (2,327)</u>	<u>\$ (29)</u>	<u>\$ (63)</u>	<u>\$ 18</u>	<u>\$ (4,005)</u>

State of Nebraska

# COMBINING STATEMENT OF PLAN NET ASSETS PENSION TRUST FUNDS

June 30, 1998

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 5	\$ 3	\$ 13,116	\$ 63	\$ 35	\$ 13,222
Investments	614,760	142,136	3,584,417	79,080	177,169	4,597,562
Invested Securities Lending Collateral	20,020	5,211	165,412	3,649	8,176	202,468
Receivables:						
Contributions	678	529	8,138	46	-	9,391
Interest and Dividends	728	168	19,644	432	967	21,939
Other	-	-	38	-	-	38
Total Receivables	<u>1,406</u>	<u>697</u>	<u>27,820</u>	<u>478</u>	<u>967</u>	<u>31,368</u>
Due from Other Funds	-	-	13,834	123	601	14,558
Prepaid Items	-	-	-	-	2	2
TOTAL ASSETS	<u>636,191</u>	<u>148,047</u>	<u>3,804,599</u>	<u>83,393</u>	<u>186,950</u>	<u>4,859,180</u>
<b>LIABILITIES:</b>						
Accounts Payable and Accrued Liabilities	284	73	3,142	6	14	3,519
Due to Other Funds	-	-	25	-	-	25
Obligations under Securities Lending	20,020	5,211	165,412	3,649	8,176	202,468
Accrued Compensated Absences	<u>16</u>	<u>9</u>	<u>98</u>	<u>3</u>	<u>4</u>	<u>130</u>
TOTAL LIABILITIES	<u>20,320</u>	<u>5,293</u>	<u>168,677</u>	<u>3,658</u>	<u>8,194</u>	<u>206,142</u>
<b>FUND BALANCES RESERVED FOR PENSION BENEFITS</b>	<u>\$ 615,871</u>	<u>\$ 142,754</u>	<u>\$ 3,635,922</u>	<u>\$ 79,735</u>	<u>\$ 178,756</u>	<u>\$ 4,653,038</u>

State of Nebraska  
**COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS**  
 For the Year Ended June 30, 1998

(Dollars in Thousands)	BALANCE JULY 1, 1997	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 1998
<b>LOCAL GOVERNMENT FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 39,155	\$ 214,038	\$ 211,950	\$ 41,243
Other Receivables, net of allowance	300	1,818	1,802	316
<b>TOTAL ASSETS</b>	<u>\$ 39,455</u>	<u>\$ 215,856</u>	<u>\$ 213,752</u>	<u>\$ 41,559</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 39,455</u>	<u>\$ 215,856</u>	<u>\$ 213,752</u>	<u>\$ 41,559</u>
<b>PAYROLL WITHHOLDING FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ (2,257)	\$ 304,078	\$ 315,563	\$ (13,742)
Due from Other Funds	5,809	1,223,016	1,216,069	12,756
<b>TOTAL ASSETS</b>	<u>\$ 3,552</u>	<u>\$ 1,527,094</u>	<u>\$ 1,531,632</u>	<u>\$ (986)</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 55	\$ 269,910	\$ 274,392	\$ (4,427)
Employee Withholding and State Contributions	-	1,216,069	1,216,069	-
Due to Other Funds	3,497	41,115	41,171	3,441
<b>TOTAL LIABILITIES</b>	<u>\$ 3,552</u>	<u>\$ 1,527,094</u>	<u>\$ 1,531,632</u>	<u>\$ (986)</u>
<b>OTHER FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,320	\$ 73,555	\$ 70,555	\$ 14,320
Other Receivables, net of allowance	67	381	398	50
<b>TOTAL ASSETS</b>	<u>\$ 11,387</u>	<u>\$ 73,936</u>	<u>\$ 70,953</u>	<u>\$ 14,370</u>
<b>LIABILITIES</b>				
Other	<u>\$ 11,387</u>	<u>\$ 73,936</u>	<u>\$ 70,953</u>	<u>\$ 14,370</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 48,218	\$ 591,671	\$ 598,068	\$ 41,821
Other Receivables, net of allowance	367	2,199	2,200	366
Due from Other Funds	5,809	1,223,016	1,216,069	12,756
<b>TOTAL ASSETS</b>	<u>\$ 54,394</u>	<u>\$ 1,816,886</u>	<u>\$ 1,816,337</u>	<u>\$ 54,943</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 39,510	\$ 485,766	\$ 488,144	\$ 37,132
Employee Withholding and State Contributions	-	1,216,069	1,216,069	-
Due to Other Funds	3,497	41,115	41,171	3,441
Other	11,387	73,936	70,953	14,370
<b>TOTAL LIABILITIES</b>	<u>\$ 54,394</u>	<u>\$ 1,816,886</u>	<u>\$ 1,816,337</u>	<u>\$ 54,943</u>



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# GENERAL FIXED ASSETS ACCOUNT GROUP

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The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for used by the State, other than those accounted for in proprietary funds, fiduciary funds, and College and University funds.

State of Nebraska

## SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 1998

(Dollars in Thousands)

FUNCTION	LAND	BUILDINGS	EQUIPMENT	TOTALS
General Government	\$ 2,395	\$ 64,095	\$ 1,438	\$ 67,928
Conservation of Natural Resources	32,353	24,158	18,002	74,513
Culture – Recreation	1,510	5,644	140	7,294
Economic Development and Assistance	146	15,873	641	16,660
Education	-	23,709	34,202	57,911
Health and Social Services	77	44,986	9,233	54,296
Public Safety	1,068	97,200	21,423	119,691
Regulation of Business and Professions	-	86	2,580	2,666
Transportation	779	28,019	92,477	121,275
TOTAL BY FUNCTION	<u>\$ 38,328</u>	<u>\$ 303,770</u>	<u>\$ 180,136</u>	522,234
Construction in progress				4,702
TOTAL GENERAL FIXED ASSETS				<u>\$ 526,936</u>

State of Nebraska

## SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Year Ended June 30, 1998

(Dollars in Thousands)

FUNCTION	BALANCE JULY 1, 1997	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1998
General Government	\$ 63,884	\$ 4,268	\$ 224	\$ 67,928
Conservation of Natural Resources	69,622	5,559	668	74,513
Culture – Recreation	7,278	17	1	7,294
Economic Development and Assistance	16,653	13	6	16,660
Education	43,617	14,753	459	57,911
Health and Social Services	52,035	2,481	220	54,296
Public Safety	105,970	15,666	1,945	119,691
Regulation of Business and Professions	2,441	417	192	2,666
Transportation	116,700	9,928	5,353	121,275
TOTAL BY FUNCTION	478,200	53,102	9,068	522,234
Construction in progress	12,277	13,176	20,751	4,702
TOTAL GENERAL FIXED ASSETS	<u>\$ 490,477</u>	<u>\$ 66,278</u>	<u>\$ 29,819</u>	<u>\$ 526,936</u>

State of Nebraska

# SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

June 30, 1998

(Dollars in Thousands)

**GENERAL FIXED ASSETS:**

Land	\$ 38,328
Buildings	303,770
Equipment	180,136
Construction In Progress	4,702
TOTAL GENERAL FIXED ASSETS	<u>\$ 526,936</u>

**INVESTMENT IN GENERAL FIXED ASSETS:**

General Fund	\$ 164,384
Special Revenue Funds	165,615
Capital Projects Funds	76,490
Trust and Agency Funds	924
Donations	8,155
Original Inventory – Source Uncertain	111,368
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 526,936</u>





## STATISTICAL SECTION

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The Statistical Section presents comparative data for the past ten years, and other pertinent information involving taxes, revenues, expenditures, demographic data and other miscellaneous statistics.

The statistical data is presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit. Economic data is presented to allow a broader understanding of the economic and social environment in which State government operates.

State of Nebraska  
**TEN YEAR SCHEDULE OF REVENUES AND  
EXPENDITURES – ALL GOVERNMENTAL  
FUND TYPES**

1989 – 1998

(Dollars in Thousands)

	1989	1990	1991	1992
<b>REVENUES:</b>				
Taxes:				
Income	\$ 554,724	\$ 564,782	\$ 688,359	\$ 758,832
Sales and Use	488,813	500,234	616,577	664,202
Petroleum	175,251	212,136	218,767	221,485
Excise	64,061	71,448	72,622	73,105
Business and Franchise	36,648	28,406	28,344	35,799
Other	7,335	7,697	8,743	5,325
Total Taxes	<u>1,326,832</u>	<u>1,384,703</u>	<u>1,633,412</u>	<u>1,758,748</u>
Federal Grants and Contracts	607,896	674,529	716,595	828,356
Licenses, Fees and Permits	89,550	94,195	97,177	100,340
Charges for Services	42,485	42,843	42,895	44,440
Investment Income	46,094	56,192	47,007	36,396
Rents and Royalties	4,052	4,107	4,708	6,870
Other	16,357	15,146	14,748	18,597
TOTAL REVENUES	<u>\$ 2,133,266</u>	<u>\$ 2,271,715</u>	<u>\$ 2,556,542</u>	<u>\$ 2,793,747</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	\$ 58,848	\$ 60,363	\$ 64,280	\$ 69,351
Conservation of Natural Resources	47,504	58,545	57,774	51,027
Culture – Recreation	4,120	4,606	12,974	13,755
Economic Development and Assistance	53,347	52,603	55,921	54,401
Education	323,947	377,268	572,174	628,539
Health and Social Services	609,432	679,019	780,718	891,526
Public Safety	85,573	96,316	109,616	120,773
Regulation of Business and Professions	18,361	21,089	31,651	38,100
Transportation	398,752	431,968	454,116	477,160
Intergovernmental	98,919	214,836	99,874	157,538
Capital Projects	4,060	6,263	7,698	4,639
Debt Service	1,083	1,029	-	1,201
TOTAL EXPENDITURES	<u>\$ 1,703,946</u>	<u>\$ 2,003,905</u>	<u>\$ 2,246,796</u>	<u>\$ 2,508,010</u>

**SOURCE:** Department of Administrative Services, Accounting Division.  
Nebraska Comprehensive Annual Financial Report

1993	1994	1995	1996	1997	1998
\$ 780,823	\$ 835,934	\$ 867,037	\$ 947,508	\$ 1,075,095	\$ 1,121,849
653,455	746,429	774,012	824,590	857,684	910,437
227,228	247,134	255,278	240,605	266,852	269,761
77,693	92,912	93,822	99,007	93,715	94,557
35,591	44,140	42,786	32,435	33,195	31,486
19,782	17,980	13,616	16,097	22,679	25,480
<u>1,794,572</u>	<u>1,984,529</u>	<u>2,046,551</u>	<u>2,160,242</u>	<u>2,349,220</u>	<u>2,453,570</u>
859,581	978,526	1,112,819	1,191,748	1,130,846	1,263,946
106,958	123,279	131,832	138,288	145,598	146,128
47,965	62,069	69,008	75,372	73,571	68,634
24,320	24,100	34,091	41,187	56,258	77,317
6,265	7,212	7,787	7,934	9,015	9,598
27,331	35,737	39,478	37,553	44,453	68,571
<u>\$ 2,866,992</u>	<u>\$ 3,215,452</u>	<u>\$ 3,441,566</u>	<u>\$ 3,652,324</u>	<u>\$ 3,808,961</u>	<u>\$ 4,087,764</u>
\$ 70,275	\$ 72,535	\$ 77,080	\$ 74,523	\$ 94,022	\$ 92,498
55,860	58,582	62,144	66,495	67,638	73,637
14,501	14,912	17,309	17,714	20,094	21,311
55,684	54,401	59,904	64,202	68,133	71,240
653,332	684,364	740,086	765,638	798,440	824,594
967,959	1,101,264	1,241,041	1,331,763	1,341,460	1,467,679
109,404	155,750	166,367	152,065	152,321	170,797
40,647	44,290	46,508	49,458	44,464	42,367
511,154	543,010	569,731	622,521	622,525	600,750
124,316	93,941	90,287	87,286	91,544	94,841
10,552	3,886	3,234	4,288	11,899	18,404
1,221	2,413	2,579	2,814	3,298	3,467
<u>\$ 2,614,905</u>	<u>\$ 2,829,348</u>	<u>\$ 3,076,270</u>	<u>\$ 3,238,767</u>	<u>\$ 3,315,838</u>	<u>\$ 3,481,585</u>

# SCHEDULE OF BUDGETARY FUND CONVERSION TABLE

For the Year Ended June 30, 1998

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
General	General	State Treasurer	Funds 1000, 1100
Special Revenue	Licensing and Regulation	Secretary of State	Funds 2091, 2092
		Department of Agriculture	Funds 2075, 2076, 2079, 2080, 2081, 2082, 2085, 2087, 2088, 2089, 2178, 2181, 2182, 2187, 2188
		Department of Education	Funds 2131, 2139, 2148
		Public Service Commission	Funds 2140, 2141, 2142, 2143, 2144, 2145
		Department of Revenue	Funds 2159, 2162, 2164, 2166, 2167, 2169, 2170, 2176, 2431
		Department of Banking and Finance	Funds 2191, 2192
		Health and Human Services System	Funds 2263, 2800
		Fire Marshall	Fund 2211
		Department of Insurance	Funds 2221, 6223
		Department of Labor	Funds 2230, 2231, 2234, 2235, 2236, 2237
		Electrical Board	Fund 2121
		Racing Commission	Funds 2361, 2362, 2363, 2364
		Brand Committee	Fund 2391
		Motor Vehicle Industry Licensing Board	Fund 2401
		Real Estate Commission	Fund 2411
		Board of Barber Examiners	Fund 2451
		Real Estate Appraiser Board	Fund 2531
		Oil & Gas Conservation Commission	Fund 2571
		Board of Examiners for Professional Engineers and Architects	Fund 2581
		Board of Examiners for Land Surveyors	Fund 2621
		Board of Public Accountancy	Fund 2631
		Abstracters Board of Examiners	Fund 2661
		Board of Examiners for Landscape Architects	Fund 2731
		Power Review Board	Fund 2741
		Department of Environmental Quality	Funds 2833, 2835, 2838, 2841, 2842, 2843, 2844, 2845, 2847, 2849
	Highway	State Treasurer	Funds 6124, 6245, 6246
		Department of Revenue	Fund 7162
		Department of Motor Vehicles	Funds 2243, 2244, 7241
		Department of Roads	Funds 2270, 2271, 2671, 2672, 6271, 7757
	Economic Development	Department of Agriculture	Funds 2083, 2084, 2180, 2184
		Wheat Development, Utilization, and Marketing Board	Fund 2950
		Oil & Gas Conservation Commission	Fund 6571
		Gasohol Committee	Funds 2160, 2601, 2602
		Department of Economic Development	Funds 2074, 2183, 2186, 2331, 2721, 2723, 2724, 2727
		Dry Bean Development	Fund 2860
		Corn Development, Utilization, and Marketing Board	Fund 2189
		Branch Railway	Funds 2901, 5901
		Soybean Development, Utilization, and Marketing Board	Fund 2086
		Grain Sorghum Development, Utilization, and Marketing Board	Fund 2190

# SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1998

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS	
Special Revenue (Cont'd.)	Airport Development	State Treasurer	Fund 7759	
		Department of Aeronautics	Fund 2171	
	Game and Parks	Game and Parks Commission	Funds 2328, 2329, 2332, 2333, 2334, 2335 2336, 2337, 2338, 2339, 2341	
		Economic Development	Fund 2725	
	Energy Conservation	Governor's Office	Funds 2812, 2813, 6811	
		Department of Administrative Services	Fund 2654	
	Federal	Legislative Council	Governor's Office	Fund 4030
			Governor's Office	Funds 4443, 4811
			Supreme Court	Fund 4050
			Attorney General	Fund 4111
			Department of Education	Funds 4134, 4144, 4148
			Department of Revenue	Fund 4161
			Department of Agriculture	Funds 4182, 4183, 4184, 4185, 4186, 4190, 4191, 4192, 4193, 4195, 4197
			Health and Human Services System	Funds 4202, 4205, 4207, 4260, 4261 4264, 4268, 4711, 4810, 4812
			Fire Marshal	Fund 4121
			Department of Labor	Funds 4231, 4232, 4233, 4235, 4236
			Department of Motor Vehicles	Funds 4242, 4792
			Department of Roads	Funds 4272, 4273
			Military Department	Funds 4311, 4312, 4313, 4316, 4326
		Game and Parks Commission	Funds 4332, 4333	
		Workers' Compensation Court	Fund 4371	
		Commission on the Status of Women	Fund 4381	
		Department of Correctional Services	Funds 4252, 4813	
		Postsecondary Education	Fund 4481	
		Historical Society	Funds 4541, 4542	
		Natural Resources Commission	Fund 4552	
		Oil & Gas Conservation Commission	Fund 4571	
		Gasohol Commission	Fund 4601	
		State Patrol	Fund 4641	
		Department of Administrative Services	Funds 4000, 4651, 4652, 4653	
		Equal Opportunity Commission	Funds 4671, 4673, 4674	
		Arts Council	Fund 4691	
		Department of Economic Development	Funds 4081, 4721, 4722, 4723, 4724, 4728, 4729, 4730	
	Health and Social Services	Commission on Law Enforcement and Criminal Justice		Fund 4781
			Department of Environmental Quality	Funds 4840, 4841, 4842, 4843, 4844, 4845
		Commission on Deaf and Hard of Hearing		Fund 4820
			Commission on Public Advocacy	Fund 4941
		Health and Human Services System		Funds 2175, 2206, 2208, 2252, 2253 2254, 2255, 2260, 2261, 2265, 2711, 6262, 6263, 6264, 6812, 6840, 6841, 7261, 7262, 7263
			Foster Care Review Board	Fund 2701
			Commission on Deaf and Hard of Hearing	Fund 2821

# SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1998

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Other Special Revenue	Legislative Council	Funds 2030, 2031, 2033
		Governor's Office	Funds 2040, 2041, 5040, 6041
		Supreme Court	Funds 2051, 2052, 2053, 2054, 2055
		Secretary of State	Funds 2094, 2095, 2611
		Auditor of Public Accounts	Fund 2101
		Attorney General	Funds 2111, 2112, 5111
		State Treasurer	Funds 2126, 2127, 2128, 2129, 7999
		Department of Education	Funds 2130, 2132, 2133, 2135, 2136, 2137, 2147, 2149, 5132
		Department of Revenue	Funds 2155, 2157, 2158, 2161, 2163, 2165, 2168, 5161, 5162, 6163
		Department of Agriculture	Funds 2078, 2179, 5181
		Fire Marshal	Funds 2122, 2123, 2125
		Department of Labor	Fund 2232, 2233
		Department of Motor Vehicles	Funds 2134, 2242, 2245
		Department of Veterans' Affairs	Fund 2281
		Department of Water Resources	Fund 2687
		Military Department	Funds 2311, 2312
		Board of Educational Lands and Funds	Funds 2321, 2323
		Library Commission	Funds 2340, 4345, 6834
		Liquor Control Commission	Fund 2350
		Workers' Compensation Court	Funds 2371, 2372, 2373
		Commission on the Status of Women	Fund 2381
		Department of Correctional Services	Fund 2469
		Educational Telecommunications Commission	Funds 2471, 2472, 6472
		Coordinating Commission for Postsecondary Education	Funds 2481, 6481
		Board of Trustees of the State Colleges	Funds 3247, 3248, 3249
		University of Nebraska	Funds 3252, 3254
		Historical Society	Funds 2541, 2561, 3259, 6181, 6542, 6543
		Natural Resources Commission	Funds 2551, 2552, 2553, 2554, 2660
		State Patrol	Funds 2641, 2643, 2644, 2645, 2646
		Department of Administrative Services	Funds 2651, 2655, 2656, 2658, 2666, 2801, 5165, 5664, 5802, 5803, 5804, 6651, 7654
		Commission on Mexican-Americans	Fund 2681
		Arts Council	Funds 2690, 6691
		Department of Economic Development	Fund 2330
		Commission on Indian Affairs	Fund 2722
		Commission on Law Enforcement and Criminal Justice	Funds 2780, 2781, 2782, 2783
		Department of Environmental Quality	Funds 2834, 2836, 2837, 2839, 2840, 2846, 2848, 6845, 6846, 6847
		Commission for Technical Community Colleges	Fund 2831
		Accountability and Disclosure Commission	Funds 2871, 2872
		Tax Equalization and Review Commission	Fund 2931
		Commission on Public Advocacy	Funds 2941, 2942

# SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1998

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS	
Capital Projects	Capital Projects	State Treasurer	Funds 3300, 3800	
		Health and Human Services System	Funds 2251, 4251	
		Department of Correctional Services	Fund 3246	
		Educational Telecommunications Commission	Fund 4471	
		Department of Administrative Services	Funds 2652, 3202	
		Commission on Law Enforcement and Criminal Justice	Fund 3278	
Enterprise	Lottery	Department of Revenue	Funds 2156, 6161, 6162	
	Excess Liability	State Treasurer	Fund 6222	
Internal Service	Correctional Services	Department of Correctional Services	Fund 5251	
	Buildings and Grounds	Department of Administrative Services	Funds 2650, 5650, 5655, 6652	
	General Services	Department of Administrative Services	Funds 5651, 5654, 5658	
	Communications	Department of Administrative Services	Funds 2653, 5653	
	Information Management	Department of Administrative Services	Funds 2665, 5652, 5656	
	Transportation Services	Department of Administrative Services	Fund 5657	
	Risk Management	Department of Administrative Services	Funds 2891, 2892, 2893, 5659, 5891 5892, 6892, 6893	
	Accounting Services	Department of Administrative Services	Fund 5665	
	Other Internal Service	Secretary of State	Secretary of State	Funds 2093, 5090
		Department of Correctional Services	Department of Correctional Services	Fund 5270
Department of Administrative Services		Department of Administrative Services	Fund 5801	
Investment Council		Investment Council	Fund 2751	
Expendable Trust	Amos Trust	State Treasurer	Fund 6130	
	Unemployment Compensation	Department of Labor	Funds 6231, 6232, 7231	
	Deferred Compensation	Public Employees Retirement Board	Funds 2854, 7653	
	Ag & Univ Land Lease	Board of Educational Lands and Funds	Fund 6332	
	Second Injury	Workers' Compensation Court	Fund 6371	
	Vocational Rehabilitation	Workers' Compensation Court	Fund 6372	
	Canteen & Welfare	Health and Human Services System	Health and Human Services System	Funds 6803, 6805, 6810, 6820, 6822, 6823, 6825, 6830
		Department of Correctional Services	Department of Correctional Services	Funds 6251, 6252
	Escheat Trust	State Treasurer	Funds 2120, 6128	
	PSC Trust Account	Public Service Commission	Fund 6142	
	Miscellaneous Trust	Department of Education	Department of Education	Fund 6131
		Health and Human Services System	Health and Human Services System	Fund 6826
		Department of Correctional Services	Department of Correctional Services	Funds 6253, 6461, 6464, 6465
Educational Telecommunications Commission		Educational Telecommunications Commission	Fund 6471	
State Historical Society		State Historical Society	Fund 6541	
State Treasurer		State Treasurer	Funds 6122, 6126	
Nonexpendable Trust	Miscellaneous	State Treasurer	Funds 6122, 6126	
	Aeronautics Trust	Department of Aeronautics	Fund 6170	
	Normal School Endowment	Board of Educational Lands and Funds	Fund 6328	
	Veterans Aid	Board of Educational Lands and Funds	Fund 6333	
		Department of Veterans' Affairs	Fund 6320	
	Permanent School	Department of Education	Fund 6136	
		Board of Educational Lands and Funds	Funds 2322, 6334	
	Permanent University	Board of Educational Lands and Funds	Fund 6335	
	Agriculture Endowment	Board of Educational Lands and Funds	Fund 6513	
	J.J. Soukup	Office of Risk Management	Fund 6891	
	Insurance Investment Income	State Treasurer	Fund 6123	

# SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1998

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Pension Trust	State Employees Retirement	Public Employees Retirement Board	Funds 2855, 6853
	County Employees Retirement	Public Employees Retirement Board	Funds 2856, 6854
	School Retirement	Public Employees Retirement Board	Funds 2851, 6325, 6330, 6336, 6337, 6850, 6851, 6858, 6859
	Judges Retirement	Public Employees Retirement Board	Funds 2853, 6323, 6857
	State Patrol Retirement	Public Employees Retirement Board	Funds 2852, 6327, 6856
Agency	Local Government	State Treasurer	Funds 6125, 7121, 7122, 7163, 7752, 7764
		Department of Education	Funds 7131, 7132, 7133
		Department of Insurance	Fund 6224
	Ohio College Library	Library Commission	Fund 7341
	Short-Term Investment Pool	Investment Council	Fund 7750
	Payroll Withholding	Department of Administrative Services	Funds 6801, 7655, 7801
	Severance Tax	State Treasurer	Fund 7761
	Court Ordered Settlement	Attorney General	Fund 6111
		Department of Banking and Finance	Fund 6191
		Department of Motor Vehicles	Fund 6241
Higher Education	Higher Education	Health and Human Services System	Fund 7263
		State Colleges	Funds 2501, 2503, 2504, 2505, 2506, 2507, 2508, 4504, 4900, 4920, 4930, 5501, 5503, 5504, 5505, 6494, 6501, 6503, 6504, 6505, 6506, 6507
		University of Nebraska	Funds 2502, 2511, 2512, 2514, 2515, 2520, 2521, 2522, 2523, 2525, 3250, 3251, 4512, 4513, 4514, 4515, 4517, 4518, 4910, 5502, 5511, 5514, 5515, 5519, 6502, 6512, 6514, 6515, 6519, 6520, 6521, 6551, 6552, 6553, 6656
Public Benefit Corporation	University of Nebraska Facilities Corporation	University of Nebraska	Funds 6509, 6510, 6511, 6516, 6517, 6518
	Nebraska State Colleges Facilities Corporation	State Colleges	Funds 6491, 6493, 6495

State of Nebraska

# REVENUE BOND COVERAGE COLLEGES AND UNIVERSITIES

1989 – 1998

(Dollars in Thousands)

FISCAL YEAR	DEDICATED REVENUES	RELATED EXPENSES	NET REVENUES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT	COVERAGE RATIO
1989	\$ 31,197	\$ 25,094	\$ 6,103	\$ 4,158	1.47
1990	34,691	26,811	7,880	4,294	1.84
1991	36,342	28,727	7,615	4,380	1.74
1992	38,633	29,922	8,711	5,572	1.56
1993	40,167	31,082	9,085	5,747	1.58
1994	45,730	36,743	8,987	5,694	1.58
1995	49,059	38,680	10,379	5,825	1.78
1996	52,928	43,464	9,464	6,084	1.56
1997	54,029	44,652	9,377	7,175	1.31
1998	56,878	46,176	10,702	7,736	1.38

SOURCE: University of Nebraska and State Colleges.

State of Nebraska

# COMPARATIVE POPULATION GROWTH NEBRASKA AND UNITED STATES

1940 – 1997 (As of July 1)

YEAR	NEBRASKA	PERCENT CHANGE	UNITED STATES	PERCENT CHANGE
1940	1,315,834		132,122,446	
1950	1,325,510	0.74 %	152,271,417	15.25 %
1960	1,411,921	6.52	180,671,158	18.65
1970	1,485,333	5.20	205,052,174	13.49
1971	1,508,000	1.53	207,661,000	1.27
1972	1,528,000	1.33	209,896,000	1.08
1973	1,533,000	0.33	211,909,000	0.96
1974	1,537,000	0.26	213,854,000	0.92
1975	1,544,000	0.46	215,973,000	0.99
1976	1,552,000	0.52	218,035,000	0.95
1977	1,555,000	0.19	220,239,000	1.01
1978	1,565,000	0.64	222,585,000	1.07
1979	1,574,000	0.58	225,055,000	1.11
1980	1,569,825	(0.27)	227,224,681	0.96
1981	1,577,000	0.46	229,466,000	0.99
1982	1,586,000	0.57	231,664,000	0.96
1983	1,597,000	0.69	233,792,000	0.92
1984	1,605,000	0.50	235,825,000	0.87
1985	1,606,000	0.06	237,924,000	0.89
1986	1,598,000	(0.50)	240,133,000	0.93
1987	1,594,000	(0.25)	242,289,000	0.90
1988	1,602,000	0.50	244,499,000	0.91
1989	1,611,000	0.56	246,819,000	0.95
1990	1,578,417	(2.02)	249,439,545	1.06
1991	1,591,000	0.80	252,124,000	1.08
1992	1,603,000	0.75	255,002,000	1.14
1993	1,613,000	0.62	257,753,000	1.08
1994	1,623,000	0.62	260,292,000	0.99
1995	1,636,000	0.80	262,761,000	0.95
1996	1,649,000	0.79	265,179,000	0.92
1997	1,657,000	0.49	267,636,000	0.93
1940-1997		25.93 %		102.57 %

SOURCE: U.S. Bureau of the Census

# COMPARATIVE UNEMPLOYMENT NEBRASKA AND UNITED STATES

1950 - 1997

YEAR	TOTAL LABOR FORCE	TOTAL EMPLOYMENT	UNEMPLOYMENT	NEBRASKA UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNITED STATES UNEMPLOYMENT AS PERCENT OF LABOR FORCE
1950	608,500	590,600	17,900	2.9%	5.2%
1960	630,200	613,000	17,200	2.7	5.5
1970(a)	631,700	612,300	19,400	3.1	4.9
1971	644,000	620,500	23,500	3.6	5.9
1972	666,300	643,800	22,500	3.4	5.6
1973	688,900	666,200	22,700	3.3	4.9
1974	719,500	688,600	30,900	4.3	5.6
1975	706,000	663,200	42,800	6.1	8.5
1976	717,100	680,900	36,200	5.0	7.7
1977(b)	750,000	722,000	28,000	3.7	7.1
1978	772,000	749,000	23,000	3.0	6.1
1979	771,000	747,000	24,000	3.1	5.8
1980	763,000	732,000	31,000	4.1	7.1
1981	777,000	745,000	32,000	4.1	7.6
1982	789,000	741,000	48,000	6.1	9.7
1983	791,000	746,000	45,000	5.7	9.6
1984	796,000	761,000	35,000	4.4	7.5
1985	806,000	762,000	44,000	5.5	7.2
1986	813,000	772,000	41,000	5.0	7.0
1987	812,000	772,000	40,000	4.9	6.2
1988	818,000	789,000	29,000	3.5	5.5
1989	812,000	787,000	25,000	3.1	5.3
1990	814,489	796,352	18,137	2.2	5.5
1991	835,206	812,074	23,132	2.8	6.7
1992	838,477	813,076	25,401	3.0	7.4
1993	858,400	835,581	22,819	2.7	6.8
1994	880,245	854,975	25,270	2.9	6.1
1995	898,113	874,357	23,756	2.6	5.6
1996	910,674	884,004	26,670	2.9	5.7
1997	906,256	882,615	23,641	2.6	5.3

(a) Data for 1970 and later are based on a Labor Force concept rather than the Work Force used previously, and are not strictly comparable with data for previous years.

(b) Data for 1977 and later are not comparable to prior years because of changes in the method of estimating the labor force.

**SOURCE:** Nebraska Statistics - 1950-1983 Nebraska Statistical Handbook, Nebraska Department of Economic Development;  
1984-1997 Nebraska Department of Labor, Labor Market Information

United States Unemployment - January 1997 Employment and Earnings, U.S. Department of Labor, Bureau of Labor Statistics.

State of Nebraska

## TOTAL PERSONAL AND PER CAPITA INCOME NEBRASKA, UNITED STATES AND THE PLAINS

1988 – 1997

YEAR	NEBRASKA		UNITED STATES		PLAINS (a)	
	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
1988	\$ 24,421	\$ 15,538	\$ 4,160,730	\$ 17,015	\$ 276,575	\$ 15,772
1989	25,888	16,438	4,474,014	18,127	297,009	16,880
1990	27,858	19,624	4,774,005	19,142	315,716	17,849
1991	28,729	18,051	4,963,545	19,689	327,448	18,399
1992	30,812	19,210	5,260,922	20,631	349,261	19,475
1993	31,785	19,710	5,469,485	21,220	358,347	19,810
1994	33,029	20,356	5,741,050	22,056	380,442	20,876
1995	34,489	21,078	6,060,138	23,063	398,029	21,686
1996	37,741	22,891	6,408,990	24,169	426,307	23,083
1997	39,195	23,656	6,770,709	25,298	447,560	24,100

(a) States included in the Plains are Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

State of Nebraska

## TEN LARGEST PRIVATE EMPLOYERS

1997

NAME OF COMPANY	RANK
low a Beef Processors, Inc.	1
Union Pacific Railroad Co.	2
First Data Resources	3
Alegent Health, Inc.	4
Werner Enterprises	5
ConAgra, Inc.	6
Mutual of Omaha	7
Wal-Mart	8
Burlington Northern Railroad	9
Nebraska Methodist Health System	10

SOURCE: Nebraska Department of Economic Development, Research Division

## State of Nebraska

**TRANSPORTATION RELATED STATISTICS**

1988 - 1997

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>STATE HIGHWAY MILEAGE BY SURFACE TYPE (a)</b>										
<b>RURAL</b>										
Gravel	92	92	79	79	74	74	74	51	44	44
Asphalt, Bitumen	7,713	7,759	7,774	7,801	7,786	7,794	7,794	7,834	7,849	7,819
Concrete, Brick	1,562	1,517	1,514	1,485	1,484	1,453	1,449	1,445	1,455	1,487
<b>TOTAL RURAL</b>	<b>9,367</b>	<b>9,368</b>	<b>9,367</b>	<b>9,365</b>	<b>9,344</b>	<b>9,321</b>	<b>9,317</b>	<b>9,330</b>	<b>9,348</b>	<b>9,350</b>
<b>MUNICIPAL</b>										
Asphalt, Bitumen	321	321	321	325	331	342	347	353	351	344
Concrete, Brick	258	259	260	261	274	281	279	277	270	276
<b>TOTAL MUNICIPAL</b>	<b>579</b>	<b>580</b>	<b>581</b>	<b>586</b>	<b>605</b>	<b>623</b>	<b>626</b>	<b>630</b>	<b>621</b>	<b>620</b>
<b>TOTAL RURAL AND MUNICIPAL</b>	<b>9,946</b>	<b>9,948</b>	<b>9,948</b>	<b>9,951</b>	<b>9,949</b>	<b>9,944</b>	<b>9,943</b>	<b>9,960</b>	<b>9,969</b>	<b>9,970</b>
<b>MILES OF CONSTRUCTION ON STATE HIGHWAYS (a)</b>										
Rural	429	430	493	414	340	469	376	625	624	541
Municipal	19	17	26	23	16	24	29	34	23	30
<b>TOTAL RURAL AND MUNICIPAL</b>	<b>448</b>	<b>447</b>	<b>519</b>	<b>437</b>	<b>356</b>	<b>493</b>	<b>405</b>	<b>659</b>	<b>647</b>	<b>571</b>
<b>MOTOR VEHICLE REGISTRATIONS (b)</b>										
Automobiles	882,451	901,633	917,722	838,803	895,461	940,667	955,138	956,100	977,252	981,372
Trucks										
Farm	145,460	145,749	147,982	128,969	140,095	149,403	148,664	148,181	148,051	149,471
Other	239,560	245,664	273,065	247,831	269,195	288,608	272,685	279,781	282,717	293,413
Motorcycles	29,088	23,560	22,375	20,264	19,582	18,882	19,084	18,696	18,094	18,441
All Other	224,954	243,514	275,003	266,178	296,302	301,757	264,965	290,287	277,320	283,090
<b>TOTAL</b>	<b>1,521,513</b>	<b>1,560,120</b>	<b>1,636,147</b>	<b>1,502,045</b>	<b>1,620,635</b>	<b>1,699,317</b>	<b>1,660,536</b>	<b>1,693,045</b>	<b>1,703,434</b>	<b>1,725,787</b>

SOURCE: (a) Nebraska Department of Roads.

(b) Nebraska Department of Motor Vehicles.

State of Nebraska

# NEBRASKA CASH RECEIPTS FROM FARM MARKETING AND GOVERNMENT PAYMENTS

1988 – 1997

(Dollars in Millions)

## CASH RECEIPTS FROM FARM MARKETINGS

YEAR	CROPS	LIVESTOCK AND LIVESTOCK PRODUCTS	TOTAL CROPS AND LIVESTOCK	GOVERNMENT PAYMENTS	TOTAL
1988	\$ 2,410.7	\$ 5,390.3	\$ 7,801.0	\$ 1,091.5	\$ 8,892.5
1989	3,078.7	5,646.0	8,724.7	542.3	9,267.0
1990	2,637.9	6,076.2	8,714.1	624.6	9,338.7
1991	3,064.9	5,933.3	8,998.2	490.7	9,488.9
1992	3,009.6	5,675.7	8,685.3	478.7	9,164.0
1993	3,025.2	5,846.3	8,871.5	806.3	9,677.8
1994	3,111.1	5,404.7	8,515.8	348.2	8,864.0
1995	3,850.2	5,190.5	9,040.7	507.3	9,548.0
1996	3,933.3	5,277.5	9,210.8	388.8	9,599.6
1997	4,550.2	5,542.0	10,092.2	454.6	10,546.8

SOURCE: Economic Research Service, U.S. Department of Agriculture.

State of Nebraska

# NEBRASKA HOUSING UNITS AUTHORIZED FOR CONSTRUCTION

1988 – 1997

YEAR	HOUSING UNITS AUTHORIZED	PERCENT CHANGE
1988	5,739	19.07 %
1989	6,040	5.24
1990	6,750	11.75
1991	6,235	(7.63)
1992	6,745	8.18
1993	7,751	14.91
1994	7,877	1.63
1995	8,164	3.64
1996	10,091	23.60
1997	10,580	4.85

SOURCE: U.S. Dept. of Commerce, Bureau of the Census, Current Construction Reports, Housing Units Authorized by Building Permits

State of Nebraska

**MOTOR FUELS NET TAXABLE GALLONS**

1988 – 1997

YEAR	IMPORTING DEALERS	DIESEL FUELS	GASOHOL	TOTAL	PERCENT CHANGE
1988	522,029,163	188,052,766	250,165,089	960,247,018	4.29 %
1989	508,839,046	191,620,212	263,372,940	963,832,198	0.37
1990	474,744,464	189,772,081	291,658,752	956,175,297	(0.79)
1991	401,151,347	184,069,676	338,655,895	923,876,918	(3.38)
1992	396,493,898	207,628,838	360,390,088	964,512,824	4.40
1993	502,952,626	222,520,682	278,733,437	1,004,206,745	4.12
1994	525,261,561	228,490,205	230,802,731	984,554,497	(1.96)
1995	587,503,297	248,461,579	238,027,521	1,073,992,397	9.08
1996	636,785,443	255,896,982	183,903,344	1,076,585,769	0.24
1997	629,887,065	286,076,075	206,250,862	1,122,214,002	4.24

SOURCE: Nebraska Department of Revenue Annual Report.

State of Nebraska

**BANK DEMAND AND TIME DEPOSITS**

1988 – 1997

(Dollars in Millions)

YEAR	DEMAND DEPOSITS	TIME DEPOSITS	TOTAL DEPOSITS	PERCENT CHANGE
1988	\$ 2,567	\$ 12,506	\$ 15,073	3.73 %
1989	2,680	13,393	16,073	6.63
1990	2,806	14,828	17,634	9.71
1991	2,901	15,682	18,583	5.38
1992	3,174	16,441	19,615	5.55
1993	3,220	17,641	20,861	6.35
1994	3,245	17,414	20,659	(0.97)
1995	3,505	19,051	22,556	9.18
1996	3,712	19,551	23,263	3.13
1997	3,255	18,351	21,606	(7.12)

NOTE: This data represents balances at December 31.

SOURCE: Federal Deposit Insurance Corporation.

State of Nebraska

**PUBLIC AND STATE OPERATED ENROLLMENT  
PREKINDERGARTEN – GRADE 12**

1987/88 – 1997/98

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
1987 – 1988	24,733	65,954	58,480	58,122	60,811	268,100
1988 – 1989	24,292	67,372	60,680	58,471	58,567	269,382
1989 – 1990	24,491	67,117	62,962	59,412	56,407	270,389
1990 – 1991	24,559	66,933	65,380	60,832	55,826	273,530
1991 – 1992	24,702	66,877	67,366	63,261	56,766	278,972
1992 – 1993	24,667	66,313	67,139	65,603	58,157	281,879
1993 – 1994	24,600	65,258	67,374	68,270	58,957	284,459
1994 – 1995	25,304	64,171	67,092	69,186	60,680	286,433
1995 – 1996	25,779	64,010	66,957	68,796	62,842	288,384
1996 – 1997	25,599	64,800	66,058	69,937	65,023	291,417
1997 – 1998	25,543	65,014	64,721	70,452	66,389	292,119

SOURCE: Statistics and Facts About Nebraska Schools, Nebraska Department of Education.

State of Nebraska

**PUBLIC HIGHER EDUCATION INSTITUTIONS  
TOTAL FALL HEADCOUNT ENROLLMENT**

1988 – 1997

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>COLLEGES AND UNIVERSITIES:</b>										
Chadron State College	2,450	2,881	3,065	3,413	3,190	3,021	3,189	3,063	2,905	2,939
Kearney State College (1)	9,094	9,745	9,899							
Peru State College	1,441	1,496	1,526	1,558	1,527	1,601	1,665	1,754	1,774	1,814
Wayne State College	2,874	3,324	3,512	3,925	3,761	3,765	3,886	3,868	3,828	3,839
University of Nebraska										
Lincoln (2)	23,985	24,168	24,598	24,803	24,752	24,695	24,089	24,573	24,189	23,104
Omaha	14,985	15,475	15,811	15,986	16,227	15,897	15,051	14,691	14,474	13,710
Kearney				8,573	8,374	8,045	7,584	7,620	7,680	7,133
Medical Center	2,279	2,405	2,444	2,631	2,759	2,703	2,778	2,770	2,718	2,618
TOTAL COLLEGES AND UNIVERSITIES	<u>57,108</u>	<u>59,494</u>	<u>60,855</u>	<u>60,889</u>	<u>60,590</u>	<u>59,727</u>	<u>58,242</u>	<u>58,339</u>	<u>57,568</u>	<u>55,157</u>
<b>COMMUNITY COLLEGES</b>										
Central CC (3)	4,383	4,426	4,214	4,463	4,885	4,686	5,011	5,839	6,476	6,743
Metropolitan CC	6,629	7,383	8,520	9,573	10,301	10,978	10,686	10,666	10,759	11,213
Mid-Plains CC	2,905	3,020	2,891	2,880	3,055	3,337	2,934	2,528	2,925	2,825
Northeast CC	2,687	2,205	2,815	3,172	3,257	3,408	3,612	3,413	4,235	4,573
Southeast CC	5,861	6,226	6,317	5,839	6,002	5,777	6,647	6,240	7,041	7,080
Western CC	2,508	2,364	1,940	2,182	2,248	2,591	2,311	2,291	1,898	2,008
TOTAL COMMUNITY COLLEGES	<u>24,973</u>	<u>25,624</u>	<u>26,697</u>	<u>28,109</u>	<u>29,748</u>	<u>30,777</u>	<u>31,201</u>	<u>30,977</u>	<u>33,334</u>	<u>34,442</u>
TOTAL ALL INSTITUTIONS	<u>82,081</u>	<u>85,118</u>	<u>87,552</u>	<u>88,998</u>	<u>90,338</u>	<u>90,504</u>	<u>89,443</u>	<u>89,316</u>	<u>90,902</u>	<u>89,599</u>

NOTE: (1) Kearney State College became the University of Nebraska at Kearney in 1991.

(2) University of Nebraska-Lincoln count includes NCTA-Curtis for all years.

(3) Central CC reporting under continuous enrollment practice abandoned in 1996. Enrollment numbers have been retroactively changed to the reporting practice consistent with that of the other Community Colleges.

SOURCE: Nebraska Coordinating Commission for Postsecondary Education

State of Nebraska

# MISCELLANEOUS STATISTICS

June 30, 1998

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Date Entered Union	March 1, 1867 (37th State)
Form of Government	Legislative – Executive – Judicial
Land Area	77,355 square miles (16th largest in U.S.)
Elevation	840 to 5,424 feet above sea level
Capital	Lincoln
Largest City	Omaha
Origin of Name	From Oto Indian word "Nebrathka" meaning "flat water"
Nickname	Cornhusker State (from method of harvesting or "husking" corn by hand)
Recreation:	
Fish Hatcheries	5
State Parks	8
Historical Parks	10
Recreation and Wildlife Management Areas	251
State Police Protection:	
Number of Troops	6
Number of Patrolmen	409

**SOURCE:** Nebraska Blue Book, 1996-97.

