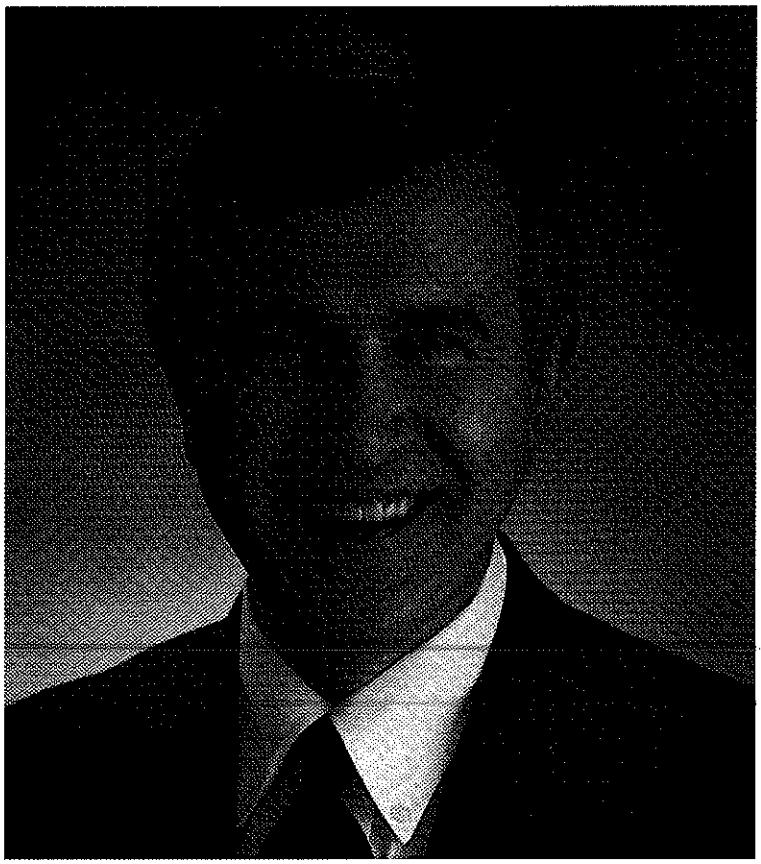
State of Nebraska

Comprehensive Annual Financial Report

Year Ended June 30, 1999



Mike Johanns
Governor

Department of Administrative Services

Lori McClurg
Director

Gary Pavel
Accounting Administrator

State of Nebraska

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 1999

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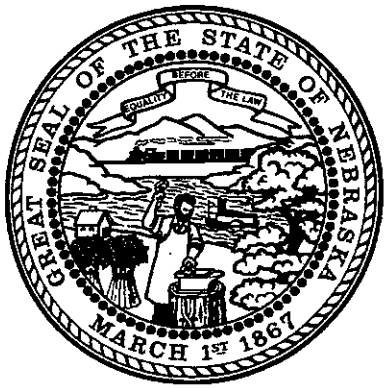
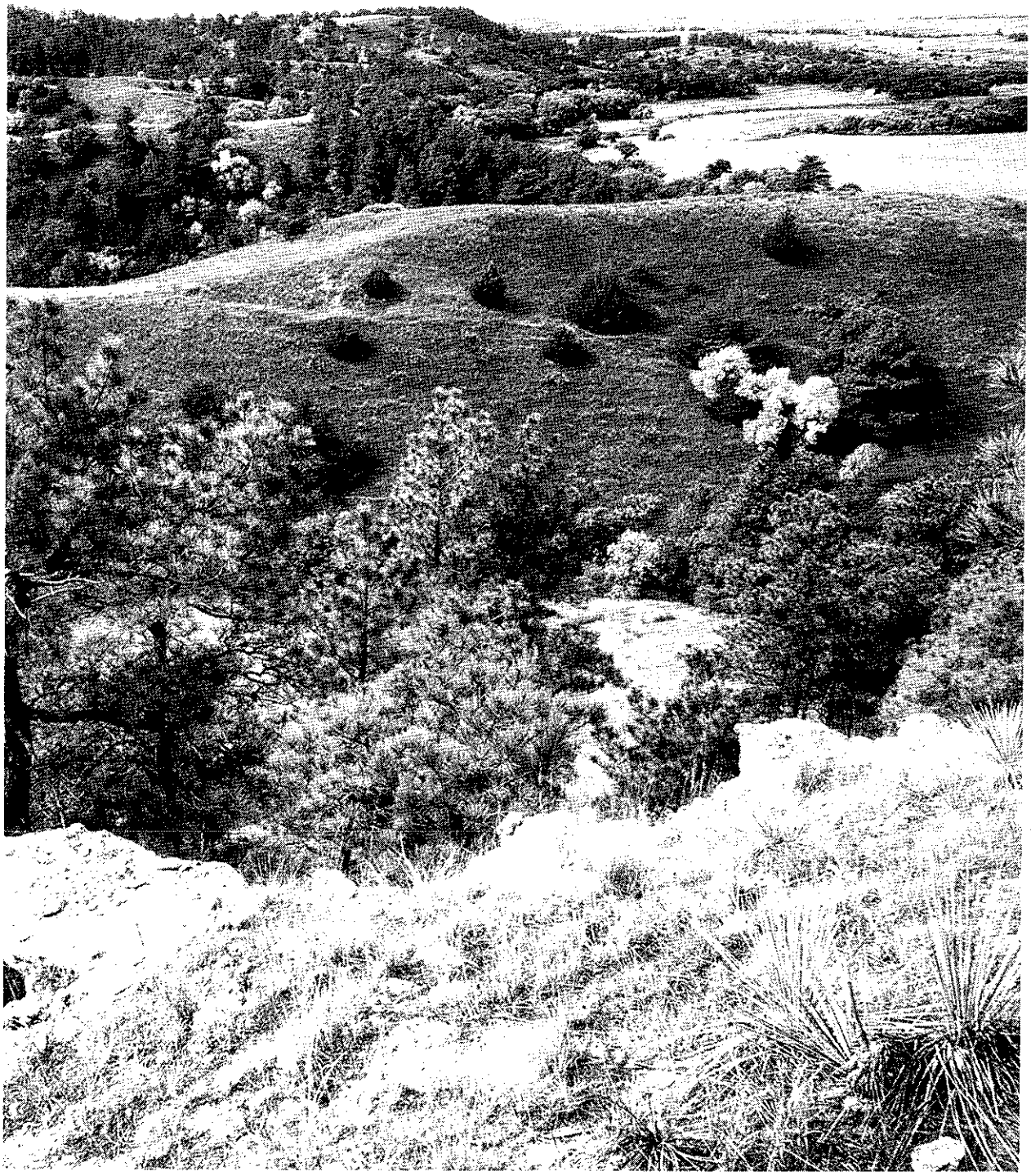


INTRODUCTORY SECTION



STATE OF NEBRASKA

OFFICE OF THE GOVERNOR
P.O. Box 94848
Lincoln, Nebraska 68509-4848
Phone: (402) 471-2244

Mike Johanns
Governor

December 14, 1999

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 1999.

This report demonstrates the fiscal control and integrity which has 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 property tax relief, education and technology infrastructure. 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 1998 report submitted to the Government Finance Officers Association was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting for the eighth consecutive year. I am confident the 1999 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,

Mike Johanns
Governor

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State of Nebraska

SELECTED STATE OFFICIALS

EXECUTIVE

Mike Johanns
Governor

David I. Maurstad
Lieutenant Governor

Donald B. Stenberg
Attorney General

Kate Witek
Auditor of Public Accounts

Scott Moore
Secretary of State

David Heineman
State Treasurer

JUDICIAL

John V. Hendry
Chief Justice
Supreme Court of Nebraska (7 Judges)

LEGISLATIVE

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

STATE OF NEBRASKA

Mike Johanns
Governor

DEPARTMENT OF ADMINISTRATIVE SERVICES
Lori McClurg
Director
Suite 1315, State Capitol
Lincoln, Nebraska 68509-4664
Phone (402) 471-2331

December 13, 1999

The Honorable Mike Johanns, 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, 1999. 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 $2.342 billion during the fiscal year ending June 30, 2000, a 10.3 percent increase over 1999 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 were ahead of projections by $16.0 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 2000 to $2.33 billion (up 4.3 percent from 1999). The total biennium appropriation is projected to result in a June 30, 2001, reserve amount of $204.3 million or 4.2 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 1999 and 2000 calls for solid economic advances by the Nebraska economy. The Bureau's latest report for December 1999 predicts that employment, personal income and retail sales will all continue to show positive growth.

Employment grew at a rate of 2.1 percent in 1998. The 1999 and 2000 growth rates are expected to average around 1.9 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 1998, reflecting strength in wages and salaries. Gains are expected to be about 5 percent for 1999 and 2000. 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 1998. The result was an increase of over 6 percent from 1997. In response to continued strength in the Nebraska economy, retail sales should continue growing over five percent for 1999 and 2000.

	1995	1996	1997	1998	1999	2000
Employment:						
Annual Totals	816,367	851,515	872,145	890,144	907,083	924,141
Growth Rates	2.5%	2.2%	2.4%	2.1%	1.9%	1.9%
Non-farm Personal Income:						
Annual Totals (in millions $)	33,238	35,280	37,588	39,514	41,475	43,571
Growth Rates	5.8%	6.1%	6.5%	5.1%	5.0%	5.1%
Net Taxable Retail Sales Growth Rates:						
Total	4.2%	6.2%	5.7%	6.7%	5.7%	5.1%
Motor Vehicle Sales	3.8%	9.8%	6.6%	9.6%	7.0%	4.8%
Non-motor Vehicle Sales	4.3%	5.7%	5.6%	6.3%	5.5%	5.2%

MAJOR INITIATIVES

Property Tax Relief

The Relief to Property Taxpayers Act provided $30.0 million of increased state aid to the Community Colleges for fiscal year 2000. It is expected that property taxes for those programs will be reduced by the same amount. The Act also included $35.0 million in credits to property taxpayers in fiscal year 2001 and $35.0 million in increased aid to schools in fiscal year 2002.

An additional piece of legislation was enacted that increases the number of individuals eligible for homestead exemption. This legislation also increases the amount of property tax relief by changing the definition of disability and adjusting income limitations to qualify for a homestead exemption.

Education

Several pieces of legislation were enacted to provide funding for public education. These include stabilizing state aid to education, increasing General Fund appropriations for special education, funding salary increases at the University of Nebraska and State Colleges, and providing funding for technology infrastructure improvements for public schools through Educational Service Units.

Public Safety

Legislation was enacted to provide funding for settlement of wage contract impasse with the law enforcement bargaining unit and provides resources to aid in recruitment and retention of law enforcement professionals and correctional officers. Other legislation provides staffing and startup costs for new correctional facilities and increases penalties for certain criminal offences.

Health and Human Services

Several pieces of legislation were enacted to enhance health care and child support services provided to citizens of the state. This legislation included creating a child support disbursement unit to implement a centralized collection and disbursement unit for child support payments, as required by federal law, and enhanced services for juveniles, elderly, child welfare and mental health patients.

Technology Infrastructure

Legislation was enacted to provide funding to replace current satellite space for Nebraska Educational Telecommunications Commission and to digitize the signal to comply with federal requirements. Additional legislation provides funding to hire a project manager to perform the critical design review to replace the state's human resource and financial management information systems.

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 $4.42 billion for the fiscal year ending June 30, 1999, an increase of 5.40 percent over revenues for the fiscal year ending June 30, 1998.

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, 1999, the following tax rates were in effect:

TYPE	PERCENT	DATE OF LAST CHANGE
Sales and Use Tax	4.5%	July 1, 1998
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 $88 for 1999. The credit is phased out as federal adjusted gross income increases for higher income taxpayers.

Revenue from various sources for fiscal year 1999 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 1998	PERCENT OF INCREASE (DECREASE)
Income Tax	$ 1,199,499	27.12%	$ 77,650	6.92 %
Sales and Use Tax	868,620	19.64	(41,817)	(4.59)%
Petroleum Tax	266,419	6.02	(3,342)	(1.24)%
Other Taxes	159,128	3.60	7,605	5.02 %
Federal Grants and Contracts	1,400,439	31.67	136,493	10.80 %
Licenses, Fees and Permits	154,352	3.49	8,224	5.63 %
Charges for Services	75,343	1.70	6,709	9.78 %
Investment Income	55,877	1.26	(21,440)	(27.73)%
Rents and Royalties	10,249	0.23	651	6.78 %
Other	109,442	2.47	40,871	59.60 %
Total Revenues	4,299,368	97.22	211,604	5.18 %
Other Financing Sources	122,820	2.78	15,010	13.92 %
Total Revenues and Other Financing Sources	$ 4,422,188	100.00%	$ 226,614	5.40 %

Changes in revenues are highlighted by:

- Income taxes increased by $77.7 million or 6.92 percent. This increase is primarily attributable to increases in personal income during 1998 and 1999.

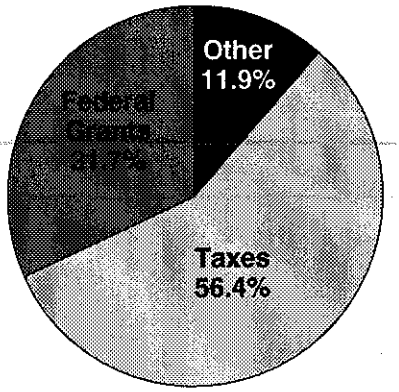
- Sales and use taxes decreased by $41.8 million or 4.59 percent. This is due to the legislature reducing the sales tax rate by .5 percent during fiscal year 1999.

- Federal Grants and Contracts increased by $136.5 million or 10.80 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.

- Investment income decreased by $21.4 million or 27.73 percent. This decrease is mainly attributed to a decrease in the average cash balances for the year.

- Other revenues increased by $40.9 million or 59.60 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 – 1999



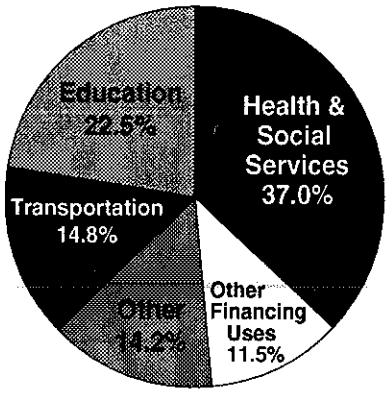
Expenditures and other financing uses for general government activities totaled $4.45 billion for the fiscal year ending June 30, 1999, representing a 12.33 percent increase from 1998. General government expenditures by function for fiscal year 1999 and the amount and percentage of increases and decreases 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 1998	PERCENT OF INCREASE (DECREASE)
Current:				
General Government	$ 95,547	2.15%	$ 3,049	3.30 %
Conservation of Natural Resources	82,049	1.84	8,412	11.42 %
Culture – Recreation	22,588	0.51	1,277	5.99 %
Economic Development and Assistance	74,672	1.68	3,432	4.82 %
Education	1,001,664	22.52	177,070	21.47 %
Health and Social Services	1,645,380	36.99	177,701	12.11 %
Public Safety	177,519	3.99	6,722	3.94 %
Regulation of Business and Professions	42,930	0.97	563	1.33 %
Transportation	658,429	14.80	57,679	9.60 %
Intergovernmental	107,443	2.42	12,602	13.29 %
Capital Projects	23,177	0.52	4,773	25.93 %
Debt Service	5,897	0.13	2,430	70.09 %
Total Expenditures	3,937,295	88.52	455,710	13.09 %
Other Financing Uses	510,407	11.48	32,369	6.77 %
Total Expenditures and Other Financing Uses	$ 4,447,702	100.00%	$ 488,079	12.33 %

Changes in expenditures were highlighted by:

- Education increased $177.1 million or 21.47 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 $177.7 million or 12.11 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.
- Transportation increased $57.7 million or 9.60 percent. This increase is attributable to an accelerated program for highway construction.
- Capital Projects expenditures increased $4.8 million or 25.93 percent mainly due to construction of new correctional facilities.

EXPENDITURES – 1999



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.

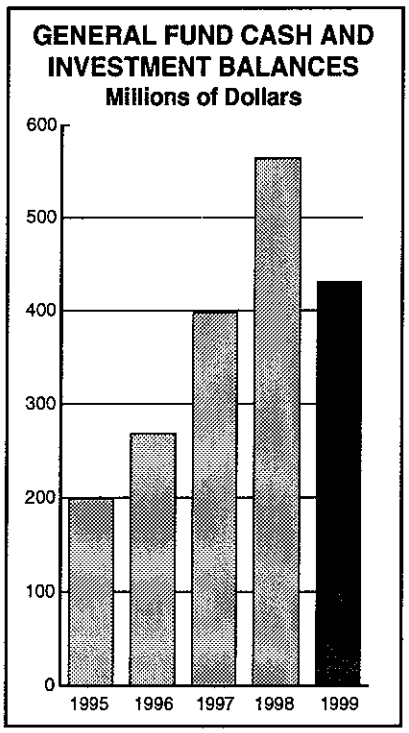
General Fund Balance

The fund balance of the general fund decreased by $132.5 million to a total of $278.5 million at June 30, 1999. The cash and investment balance of the General Fund was $430.7 million. Current cash flow projections place the June 30, 2000, 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 $72.4 million of operating revenues and $18.2 million of income before transfers for fiscal year 1999. 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 $32.4 million at June 30, 1999.

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 $193.9 million for fiscal year 1999. These funds ended the year with total retained earnings of $57.0 million.



Retirement Systems

Total net assets of the state's pension trust funds reached $5.2 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.

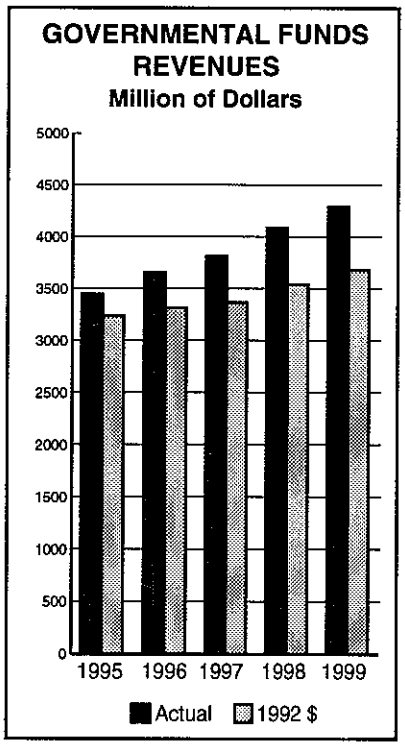
Debt Administration

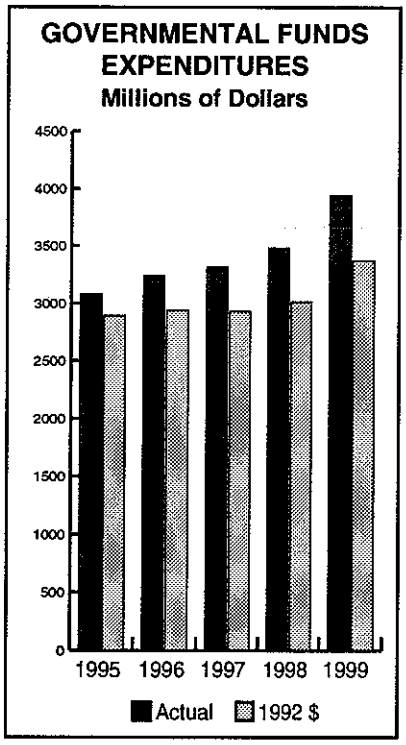
Article XIII of the State Constitution prohibits the state from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 1999, 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 $5.6 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, 1999, $60.6 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, 1999, these authorities had $104.1 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 14 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, 1999, there was $1,377.1 million invested in the STIP and MTIP. This was invested as follows: 57.2 percent in government securities; 24.2 percent in corporate bonds; 9.4 percent in commercial paper; 4.7 percent in money market funds, and 4.5 percent in certificates of deposit. For the fiscal year ending June 30, 1999, the average daily balance of $1,412.6 million returned $81.5 million, a 5.77 percent yield. This yield represents a decrease of .11 percent from 1998.

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, 1999, the general fixed assets of the state amounted to $550.9 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 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 report on internal control and compliance with laws and regulations is included as

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

The audit described above was 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, 1998. 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 eight 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 1999 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.

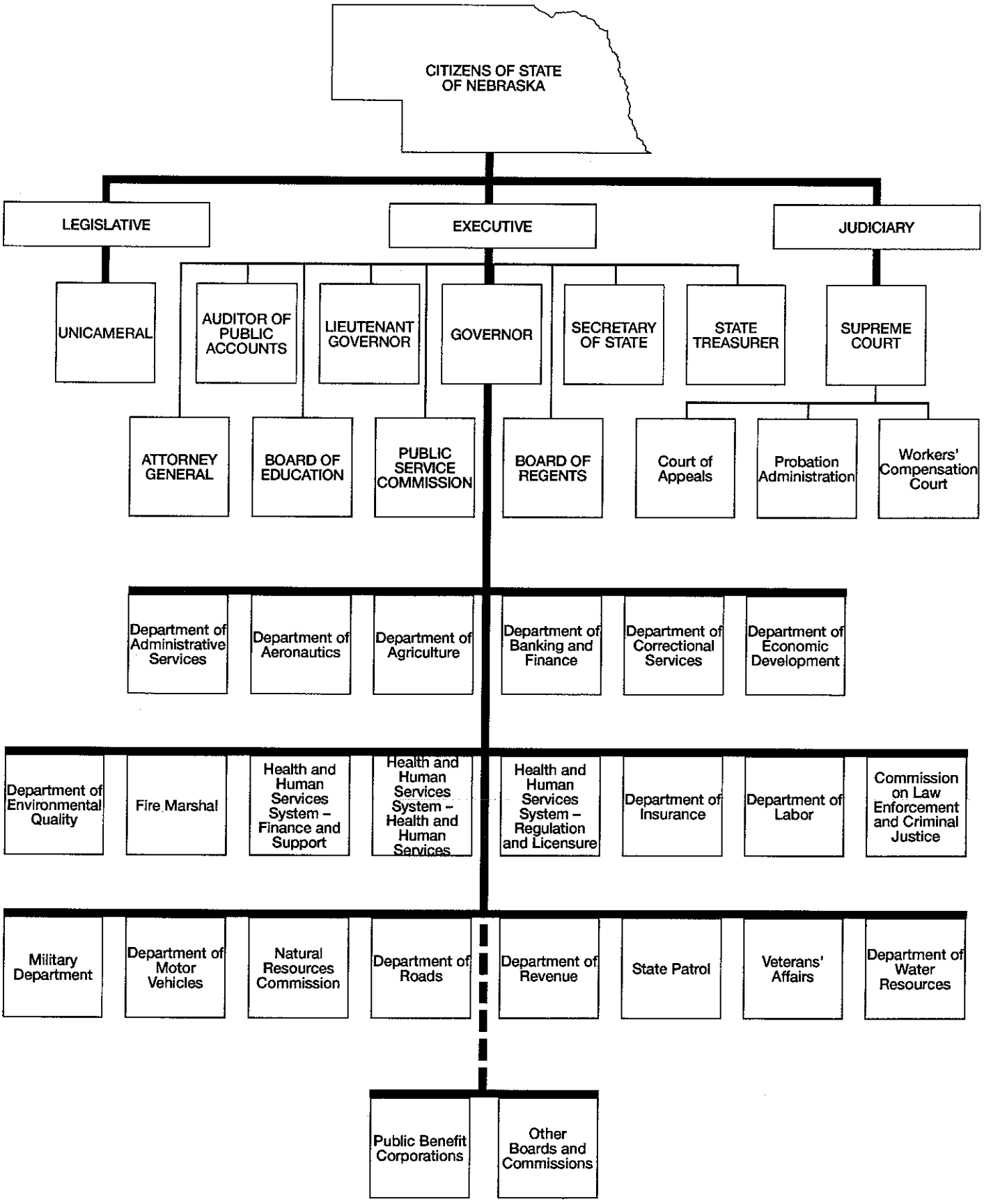
Your comments and suggestions are welcome.

Respectfully submitted,

Lori McClurg
Director, Department of
Administrative Services

State of Nebraska

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

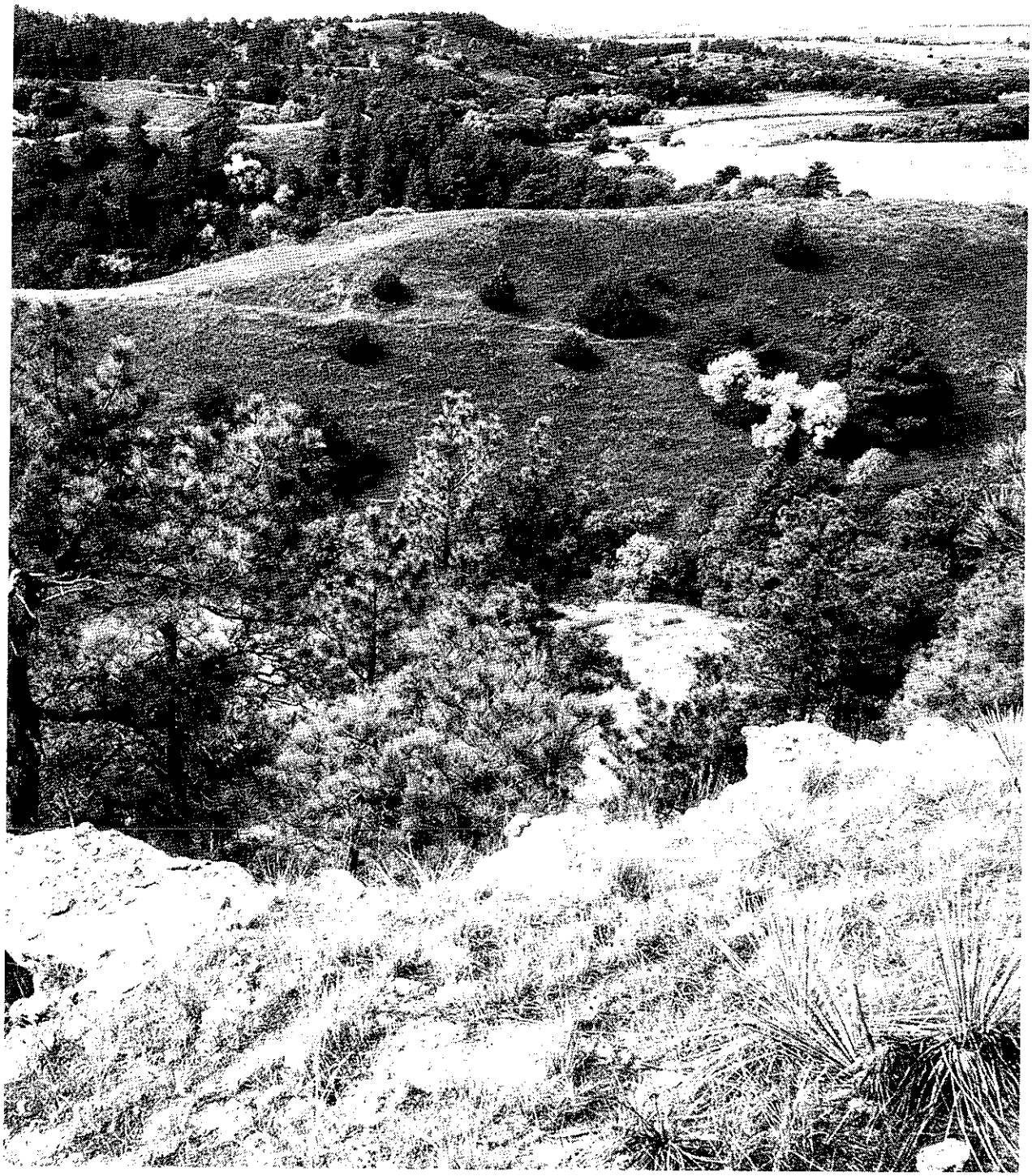
State of Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.

President

Executive Director



FINANCIAL SECTION

KPMG

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, 1999, 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 the University of Nebraska, 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 all of the discretely presented component units; 25.0 percent and 99.1 percent, respectively, of the total assets and total operating revenues of the enterprise fund type; and 15.5 percent and 19.3 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 the University of Nebraska, 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.

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.

In our opinion, 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, 1999, 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.

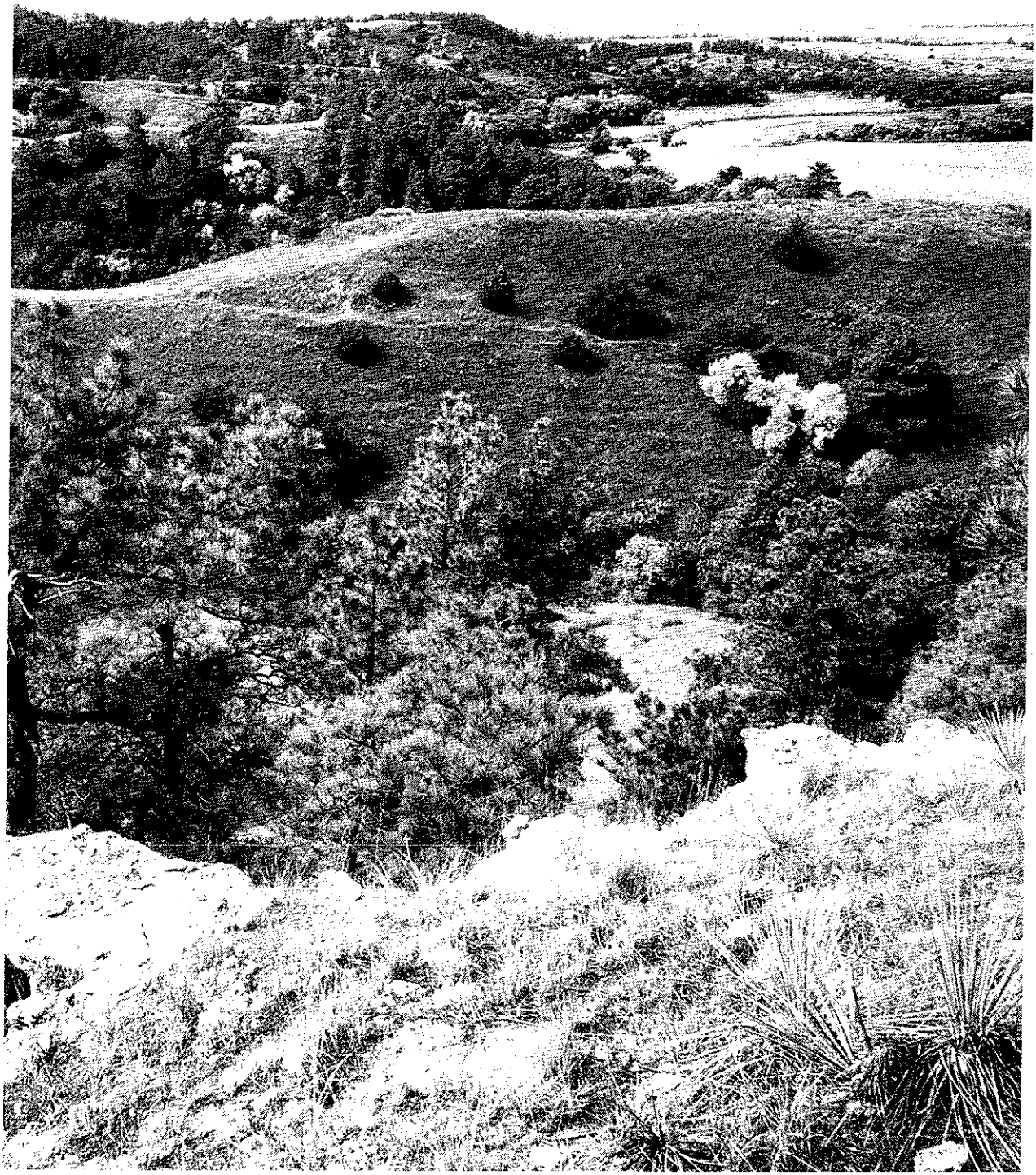
The schedules of funding progress and employer contributions and the year 2000 supplementary information on pages 53 and 56 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules of funding progress and employer contributions certain limited procedures prescribed by professional standards, which consisted principally of inquires of management regarding the methods of measurement and presentation of the schedules. We were unable to apply certain of these limited procedures to the year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the State of Nebraska is or will become year 2000 compliant, that the State of Nebraska's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of Nebraska does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 1999, 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 and schedules 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 LLP

December 10, 1999
Lincoln, Nebraska



GENERAL PURPOSE FINANCIAL STATEMENTS

State of Nebraska

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

June 30, 1999

(Dollars in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS:			
Cash and Cash Equivalents	$ 23,448	$ 201,428	$ 13,055
Cash on Deposit with Fiscal Agents	-	12,411	-
Investments	407,261	316,245	-
Invested Securities Lending Collateral	159,004	117,265	-
Investment in Joint Venture	-	-	-
Receivables, net of allowance			
Taxes	183,940	37,252	-
Due from Federal Government	-	162,792	-
Loans	33	95,728	-
Other	11,094	43,436	174
Due from Other Funds	3,932	5,848	3,149
Due from Primary Government	-	-	-
Inventories	-	31,719	-
Prepaid Items	82	189	-
Property, Plant, and Equipment, net	-	-	-
Other	341	537	-
Amount Available for Debt Service	-	-	-
Amount to be Provided For Debt Service	-	-	-
TOTAL ASSETS AND OTHER DEBITS	$ 789,135	$ 1,024,850	$ 16,378
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 28,644	$ 93,171	$ 8,553
Tax Refunds Payable	200,879	4,372	-
Due to Other Governments	288	9,099	-
Deposits	1,370	13,042	-
Due to Other Funds	44,058	10,867	-
Due to Component Units	15,628	-	-
Obligations under Securities Lending	159,004	117,265	-
Claims Payable	58,048	64,492	-
Bonds Payable	-	-	-
Capital Lease Obligations	-	-	-
Obligations under Other Financing Arrangements	-	-	-
Accrued Compensated Absences	-	-	-
Deferred Revenue	2,740	20,287	-
Other	-	458	-
TOTAL LIABILITIES	510,659	333,053	8,553
FUND EQUITY AND OTHER CREDITS:			
Investment in Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings:			
Reserved	-	-	-
Unreserved	-	-	-
Fund Balances:			
Reserved for:			
Long-Term Receivables	33	95,728	-
Inventories and Prepaid Items	82	13,458	-
Debt Service	-	11,205	-
Unemployment Compensation Benefits	-	-	-
Deferred Compensation Benefits	-	-	-
Endowment Principal	-	-	-
Pension Benefits	-	-	-
Unreserved:			
Designated for Colleges and Universities	-	-	-
Designated for Cash Shortages	145,700	-	-
Undesignated	132,661	571,406	7,825
TOTAL FUND EQUITY AND OTHER CREDITS	278,476	691,797	7,825
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	$ 789,135	$ 1,024,850	$ 16,378

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
$ 13,812	$ 52,731	$ 310,175	$ -	$ -	$ 614,649	$ 230,060
-	-	-	-	-	12,411	151,074
57,316	-	5,547,798	-	-	6,328,620	65,473
143	-	201,079	-	-	477,491	-
-	-	-	-	-	-	128,920
-	-	-	-	-	221,192	-
-	-	-	-	-	162,792	-
-	-	-	-	-	95,761	34,792
4,772	1,277	38,129	-	-	98,882	91,666
-	31,994	20,049	-	-	64,972	13,092
-	-	-	-	-	-	15,628
-	1,517	-	-	-	33,236	9,094
165	1,212	3	-	-	1,651	3,079
114	20,924	-	550,946	-	571,984	1,173,286
2,891	-	5,756	-	-	9,525	216
-	-	-	-	11,205	11,205	-
-	-	-	-	92,454	92,454	-
$ 79,213	$ 109,655	$ 6,122,989	$ 550,946	$ 103,659	$ 8,796,825	$ 1,916,380
$ 9,266	$ 7,653	$ 12,958	$ -	$ -	$ 160,245	$ 85,355
-	-	-	-	-	205,251	-
-	-	42,515	-	-	51,902	-
-	672	930	-	-	16,014	3,165
1,527	1,104	7,416	-	-	64,972	13,092
-	-	-	-	-	15,628	-
143	-	201,079	-	-	477,491	-
26,500	30,463	6,309	-	1,754	187,566	-
-	-	-	-	5,550	5,550	164,700
-	7,001	-	-	5,810	12,811	9,804
-	-	-	-	10,700	10,700	-
97	3,456	140	-	79,845	83,538	32,622
333	176	-	-	-	23,536	21,553
-	-	19,025	-	-	19,483	-
37,866	50,525	290,372	-	103,659	1,334,687	330,291
-	-	-	550,946	-	550,946	1,243,291
-	2,109	-	-	-	2,109	-
2,891	-	-	-	-	2,891	-
38,456	57,021	-	-	-	95,477	-
-	-	-	-	-	95,761	-
-	-	-	-	-	13,540	-
-	-	-	-	-	11,205	-
-	-	215,216	-	-	215,216	-
-	-	116,978	-	-	116,978	-
-	-	322,679	-	-	322,679	-
-	-	5,153,564	-	-	5,153,564	-
-	-	-	-	-	-	342,798
-	-	-	-	-	145,700	-
-	-	24,180	-	-	736,072	-
41,347	59,130	5,832,617	550,946	-	7,462,138	1,586,089
$ 79,213	$ 109,655	$ 6,122,989	$ 550,946	$ 103,659	$ 8,796,825	$ 1,916,380

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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, 1999

(Dollars in Thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTALS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	EXPENDABLE TRUST	(MEMORANDUM ONLY)
REVENUES:					
Taxes	$ 2,050,179	$ 434,383	$ 9,104	$ 28,353	$ 2,522,019
Federal Grants and Contracts	195	1,399,974	270	-	1,400,439
Licenses, Fees and Permits	18,175	136,177	-	-	154,352
Charges for Services	2,492	72,851	-	3,892	79,235
Participant Contributions	-	-	-	5,867	5,867
Investment Income	28,076	27,124	677	29,221	85,098
Rents and Royalties	95	10,154	-	356	10,605
Other	11,752	97,690	-	2,344	111,786
TOTAL REVENUES	2,110,964	2,178,353	10,051	70,033	4,369,401
EXPENDITURES:					
Current:					
General Government	81,728	13,819	-	1,369	96,916
Conservation of Natural Resources	27,970	54,079	-	-	82,049
Culture – Recreation	5,313	17,275	-	-	22,588
Economic Development and Assistance	6,573	68,099	-	-	74,672
Education	817,520	184,144	-	757	1,002,421
Health and Social Services	665,857	979,523	-	5,833	1,651,213
Public Safety	118,401	59,118	-	-	177,519
Regulation of Business and Professions	3,510	39,420	-	-	42,930
Transportation	667	657,762	-	-	658,429
Unemployment Claims	-	-	-	51,195	51,195
Deferred Compensation Benefits	-	-	-	5,248	5,248
Intergovernmental	95,389	12,054	-	-	107,443
Capital Projects	-	-	23,177	-	23,177
Debt Service:					
Principal	-	3,330	1,550	-	4,880
Interest	-	934	83	-	1,017
TOTAL EXPENDITURES	1,822,928	2,089,557	24,810	64,402	4,001,697
Excess of Revenues Over (Under) Expenditures	288,036	88,796	(14,759)	5,631	367,704
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	12,895	75,648	34,222	-	122,765
Operating Transfers Out	(48,740)	(56,272)	(1,081)	(996)	(107,089)
Operating Transfers to Component Units	(384,756)	-	(19,558)	-	(404,314)
Proceeds from Capital Leases	-	55	-	-	55
TOTAL OTHER FINANCING SOURCES (USES)	(420,601)	19,431	13,583	(996)	(388,583)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(132,565)	108,227	(1,176)	4,635	(20,879)
FUND BALANCES, JULY 1	411,041	583,570	9,001	334,138	1,337,750
FUND BALANCES, JUNE 30	$ 278,476	$ 691,797	$ 7,825	$ 338,773	$ 1,316,871

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, 1999

(Dollars in Thousands)	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Taxes	$ 2,028,391	$ 2,049,350	$ 20,959
Federal Grants and Contracts	265	265	-
Sales and Charges	20,552	20,552	-
Other	44,358	44,358	-
TOTAL REVENUES	2,093,566	2,114,525	20,959
EXPENDITURES:			
Current:			
General Government	82,752	76,143	6,609
Conservation of Natural Resources	39,104	27,351	11,753
Culture – Recreation	5,623	5,425	198
Economic Development and Assistance	10,865	6,612	4,253
Education	1,206,507	1,189,135	17,372
Health and Social Services	671,797	666,158	5,639
Public Safety	141,492	120,264	21,228
Regulation of Business and Professions	3,826	3,510	316
Transportation	728	674	54
Intergovernmental	107,892	105,470	2,422
Capital Projects	-	-	-
TOTAL EXPENDITURES	2,270,586	2,200,742	69,844
Excess of Revenues Over (Under) Expenditures	(177,020)	(86,217)	90,803
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	110,229	110,229	-
Operating Transfers Out	(162,552)	(162,552)	-
Other	154	154	-
TOTAL OTHER FINANCING SOURCES (USES)	(52,169)	(52,169)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(229,189)	(138,386)	90,803
FUND BALANCES, JULY 1	429,739	429,739	-
FUND BALANCES, JUNE 30	$ 200,550	$ 291,353	$ 90,803

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
$ 73,571	$ 73,571	$ -	$ -	$ -	$ -	$ -	$ -	$ -
206,503	206,503	-	-	-	-	1,353,531	1,353,531	-
281,537	281,537	-	-	-	-	15,892	15,892	-
77,112	77,112	-	192	192	-	21,895	21,895	-
638,723	638,723	-	192	192	-	1,391,318	1,391,318	-
47,043	30,172	16,871	-	-	-	1,597	1,205	392
82,423	37,480	44,943	-	-	-	63,441	22,341	41,100
21,000	16,069	4,931	-	-	-	1,153	926	227
26,228	10,964	15,264	-	-	-	70,785	57,311	13,474
335,129	213,363	121,766	22,553	14,652	7,901	373,497	326,292	47,205
84,034	37,590	46,444	-	-	-	1,023,287	941,983	81,304
31,653	20,903	10,750	-	-	-	54,343	41,015	13,328
74,708	43,152	31,556	-	-	-	956	826	130
567,637	512,960	54,677	-	-	-	130	48	82
3,750	3,711	39	-	-	-	-	-	-
17,813	4,418	13,395	75,591	19,964	55,627	735	270	465
1,291,418	930,782	360,636	98,144	34,616	63,528	1,589,924	1,392,217	197,707
(652,695)	(292,059)	360,636	(97,952)	(34,424)	63,528	(198,606)	(899)	197,707
809,253	809,253	-	32,275	32,275	-	1,411	1,411	-
(450,151)	(450,151)	-	(485)	(485)	-	(1,439)	(1,439)	-
3,670	3,670	-	-	-	-	(122)	(122)	-
362,772	362,772	-	31,790	31,790	-	(150)	(150)	-
(289,923)	70,713	360,636	(66,162)	(2,634)	63,528	(198,756)	(1,049)	197,707
637,151	637,151	-	4,919	4,919	-	3,625	3,625	-
$ 347,228	$ 707,864	$ 360,636	$ (61,243)	$ 2,285	$63,528	$ (195,131)	$ 2,576	$ 197,707

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, 1999

(Dollars in Thousands)	REVOLVING FUNDS		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Taxes	$ -	$ -	$ -
Federal Grants and Contracts	309	309	-
Sales and Charges	359,268	359,268	-
Other	61,024	61,024	-
TOTAL REVENUES	420,601	420,601	-
EXPENDITURES:			
Current:			
General Government	148,375	123,370	25,005
Conservation of Natural Resources	-	-	-
Culture – Recreation	-	-	-
Economic Development and Assistance	2,140	367	1,773
Education	351,672	274,612	77,060
Health and Social Services	-	-	-
Public Safety	9,025	6,807	2,218
Regulation of Business and Professions	-	-	-
Transportation	-	-	-
Intergovernmental	-	-	-
Capital Projects	-	-	-
TOTAL EXPENDITURES	511,212	405,156	106,056
Excess of Revenues Over (Under) Expenditures	(90,611)	15,445	106,056
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	8,885	8,885	-
Operating Transfers Out	(6,847)	(6,847)	-
Other	1,130	1,130	-
TOTAL OTHER FINANCING SOURCES (USES)	3,168	3,168	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(87,443)	18,613	106,056
FUND BALANCES, JULY 1	82,483	82,483	-
FUND BALANCES, JUNE 30	$ (4,960)	$ 101,096	$ 106,056

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, 1999

(Dollars in Thousands)	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
OPERATING REVENUES:				
Charges for Services	$ 72,996	$ 192,576	$ -	$ 265,572
Investment Income	-	-	37,645	37,645
Rents and Royalties	-	-	21,705	21,705
Other	-	1,298	6,541	7,839
TOTAL OPERATING REVENUES	72,996	193,874	65,891	332,761
OPERATING EXPENSES:				
Personal Services	1,130	29,650	1,314	32,094
Services and Supplies	15,592	82,991	2,051	100,634
Financial Assistance	-	-	1,326	1,326
Intergovernmental	-	-	28,099	28,099
Lottery Prizes	38,809	-	-	38,809
Insurance Claims	6,350	78,153	-	84,503
Depreciation	53	9,174	-	9,227
TOTAL OPERATING EXPENSES	61,934	199,968	32,790	294,692
Operating Income (Loss)	11,062	(6,094)	33,101	38,069
NONOPERATING REVENUES (EXPENSES):				
Investment Income	3,242	2,596	-	5,838
Gain (Loss) on Sale of Fixed Assets	-	401	-	401
Other	-	(270)	-	(270)
TOTAL NONOPERATING REVENUES (EXPENSES)	3,242	2,727	-	5,969
Income (Loss) Before Operating Transfers	14,304	(3,367)	33,101	44,038
OPERATING TRANSFERS:				
Operating Transfers In	-	2,214	709	2,923
Operating Transfers Out	(18,089)	-	(510)	(18,599)
TOTAL OPERATING TRANSFERS	(18,089)	2,214	199	(15,676)
Net Income (Loss)	(3,785)	(1,153)	33,300	28,362
RETAINED EARNINGS/FUND BALANCES, JULY 1	45,132	58,174	306,980	410,286
RETAINED EARNINGS/FUND BALANCES, JUNE 30	$ 41,347	$ 57,021	$ 340,280	$ 438,648

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, 1999

(Dollars in Thousands)	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	(MEMORANDUM ONLY)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 72,443	$ 8,049	$ 28,323	$ 108,815
Cash Received from Interfund Charges	-	186,107	20	186,127
Cash Paid to Employees	(1,153)	(29,766)	(1,314)	(32,233)
Cash Paid to Suppliers	(12,332)	(68,774)	(1,953)	(83,059)
Cash Paid for Financial Assistance	-	-	(1,326)	(1,326)
Cash Paid for Intergovernmental	-	-	(28,099)	(28,099)
Cash Paid for Lottery Prizes	(37,808)	-	-	(37,808)
Cash Paid for Insurance Claims	(5,291)	(76,284)	-	(81,575)
Cash Paid for Interfund Services	(1,684)	(13,998)	(101)	(15,783)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14,175	5,334	(4,450)	15,059
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers In	-	-	2,086	2,086
Operating Transfers Out	(17,582)	-	(516)	(18,098)
General Fund Transfer	-	2,214	-	2,214
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(17,582)	2,214	1,570	(13,798)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(63)	(6,978)	-	(7,041)
Proceeds from Sale of Fixed Assets	-	988	-	988
Principal Paid on Capital Leases	-	(4,701)	-	(4,701)
Interest Paid on Capital Leases	-	(304)	-	(304)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(63)	(10,995)	-	(11,058)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	(134,439)	-	(350,883)	(485,322)
Proceeds from Sale of Investment Securities	134,037	-	341,121	475,158
Interest and Dividend Income	5,026	2,559	10,883	18,468
NET CASH FLOWS FROM INVESTING ACTIVITIES	4,624	2,559	1,121	8,304
NET INCREASE (DECREASE) IN CASH	1,154	(888)	(1,759)	(1,493)
CASH AND CASH EQUIVALENTS, JULY 1	12,658	53,619	18,040	84,317
CASH AND CASH EQUIVALENTS, JUNE 30	$ 13,812	$ 52,731	$ 16,281	$ 82,824

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, 1999

(Dollars in Thousands)	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 11,062	$ (6,094)	$ 33,101	$ 38,069
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	53	9,174	-	9,227
Investment Income	-	-	(37,645)	(37,645)
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(562)	21	30	(511)
(Increase) Decrease in Due from Other Funds	-	846	(8)	838
(Increase) Decrease in Inventories	-	233	-	233
(Increase) Decrease in Prepaid Expenses	(8)	(224)	-	(232)
(Increase) Decrease in Other Assets	82	-	-	82
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,471	886	(26)	3,331
Increase (Decrease) in Deposits	-	-	97	97
Increase (Decrease) in Due to Other Funds	9	(1,371)	1	(1,361)
Increase (Decrease) in Claims Payable	1,059	1,869	-	2,928
Increase (Decrease) in Deferred Revenue	9	(6)	-	3
Total Adjustments	3,113	11,428	(37,551)	(23,010)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 14,175	$ 5,334	$ (4,450)	$ 15,059

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 $4,271.

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Total Trust and Agency	$ 310,175
Less: Expendable Trust	220,832
Pension Trust	9,436
Agency	63,626
NONEXPENDABLE TRUST	$ 16,281

State of Nebraska

STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS

June 30, 1999

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ASSETS:						
Cash and Cash Equivalents	$ 11	$ 8	$ 8,855	$ 203	$ 359	$ 9,436
Investments	669,705	157,743	4,004,072	85,059	191,885	5,108,464
Invested Securities Lending Collateral	-	-	186,168	3,955	8,922	199,045
Receivables:						
Contributions	908	427	5,762	41	-	7,138
Interest and Dividends	164	75	16,649	356	801	18,045
Other	-	-	43	-	-	43
Total Receivables	1,072	502	22,454	397	801	25,226
Due from Other Funds	-	-	14,037	127	1,222	15,386
Prepaid Items	-	-	3	-	-	3
TOTAL ASSETS	670,788	158,253	4,235,589	89,741	203,189	5,357,560
LIABILITIES:						
Accounts Payable and Accrued Liabilities	248	71	4,368	31	66	4,784
Due to Other Funds	3	-	24	-	-	27
Obligations under Securities Lending	-	-	186,168	3,955	8,922	199,045
Accrued Compensated Absences	14	8	111	3	4	140
TOTAL LIABILITIES	265	79	190,671	3,989	8,992	203,996
FUND BALANCES RESERVED FOR PENSION BENEFITS	$ 670,523	$ 158,174	$ 4,044,918	$ 85,752	$ 194,197	$ 5,153,564

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, 1999

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ADDITIONS:						
Contributions:						
Member Contributions	$ 16,081	$ 4,605	$ 65,592	$ 656	$ 1,947	$ 88,881
State Contributions	25,053	-	13,969	72	2,294	41,388
Political Subdivision Contributions	-	6,519	65,901	-	-	72,420
Court Fees	-	-	-	443	-	443
Total Contributions	41,134	11,124	145,462	1,171	4,241	203,132
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	62,575	14,904	271,168	5,786	13,027	367,460
Interest and Dividend Income	-	-	106,666	2,306	5,184	114,156
Securities Lending Income	813	221	8,734	186	419	10,373
Total Investment Income	63,388	15,125	386,568	8,278	18,630	491,989
Investment Expenses	-	-	11,495	248	557	12,300
Securities Lending Expenses	762	207	7,981	170	382	9,502
Total Investment Expense	762	207	19,476	418	939	21,802
Net Investment Income	62,626	14,918	367,092	7,860	17,691	470,187
Other Additions	-	-	145	-	-	145
TOTAL ADDITIONS	103,760	26,042	512,699	9,031	21,932	673,464
DEDUCTIONS:						
Benefits	48,687	10,408	89,888	2,946	6,141	158,070
Refunds	-	-	12,336	34	312	12,682
Administrative Expenses	421	214	1,479	34	38	2,186
TOTAL DEDUCTIONS	49,108	10,622	103,703	3,014	6,491	172,938
Net Increase	54,652	15,420	408,996	6,017	15,441	500,526
FUND BALANCES RESERVED FOR PENSION BENEFITS:						
BEGINNING OF YEAR	615,871	142,754	3,635,922	79,735	178,756	4,653,038
END OF YEAR	$ 670,523	$ 158,174	$ 4,044,918	$ 85,752	$ 194,197	$ 5,153,564

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, 1999

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
ASSETS:			
Cash and Cash Equivalents	$ 221,102	$ 8,958	$ 230,060
Cash on Deposit with Fiscal Agents	142,157	8,917	151,074
Investments	65,473	-	65,473
Investment in Joint Venture	128,920	-	128,920
Receivables, net of allowance			
Loans	31,977	2,815	34,792
Other	91,130	536	91,666
Due from Other Funds	12,994	98	13,092
Due from Primary Government	14,518	1,110	15,628
Inventories	9,009	85	9,094
Prepaid Expenses	2,946	133	3,079
Property, Plant, and Equipment	1,076,270	97,016	1,173,286
Other Assets	-	216	216
TOTAL ASSETS	$ 1,796,496	$ 119,884	$ 1,916,380
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 80,261	$ 5,094	$ 85,355
Deposits Held in Custody	2,895	270	3,165
Due to Other Funds	12,994	98	13,092
Bonds Payable	154,490	10,210	164,700
Capital Lease Obligations	9,517	287	9,804
Accrued Compensated Absences	32,622	-	32,622
Deferred Revenue	21,397	156	21,553
TOTAL LIABILITIES	314,176	16,115	330,291
FUND BALANCES:			
Unrestricted	146,385	4,386	150,771
Restricted	100,363	1,159	101,522
Federal Loan Programs Refundable	29,917	2,354	32,271
Quasi Endowment Designated	31,772	-	31,772
Trusteed Insurance Programs	17,350	-	17,350
Retirement of Indebtedness	-	9,112	9,112
Net Investment in Plant	1,156,533	86,758	1,243,291
TOTAL FUND BALANCES	1,482,320	103,769	1,586,089
TOTAL LIABILITIES AND FUND BALANCES	$ 1,796,496	$ 119,884	$ 1,916,380

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, 1999

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
REVENUES AND OTHER ADDITIONS:			
Current Funds Revenues	$ 440,263	$ 26,592	$ 466,855
Federal Grants and Contracts – Restricted	147,782	9,040	156,822
State Grants and Contracts – Restricted	9,135	78	9,213
Local Grants and Contracts – Restricted	2,603	1,526	4,129
Private Gifts, Grants and Contracts – Restricted	117,583	-	117,583
Investment Income – Restricted	9,534	529	10,063
Increase in Fair Value of Investments	3,929	-	3,929
Interest on Loans Receivable	647	60	707
U.S. Government Advances	801	-	801
Expended for Plant Facilities	74,463	7,687	82,150
Retirement of Indebtedness	6,575	1,050	7,625
Retirement of Capitalized Lease Obligations	2,196	-	2,196
Proceeds from Revenue Bonds, net of discount	82,505	-	82,505
Other Sources	285	805	1,090
TOTAL REVENUES AND OTHER ADDITIONS	898,301	47,367	945,668
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	860,482	56,757	917,239
Auxiliary Operations Expenditures	122,905	7,724	130,629
Indirect Costs Recovered	15,361	23	15,384
Loan Cancellations, Write-offs, and Allowances	468	74	542
Administrative and Collection Costs	537	24	561
Expended for Plant Facilities	69,526	7,291	76,817
Decrease in Fair Value of Investments	227	-	227
Increase in Capital Lease Obligations	1,136	-	1,136
Retirement of Indebtedness	6,575	1,050	7,625
Interest on Indebtedness	7,425	549	7,974
Disposals and Other Reductions of Plant Facilities	102,510	335	102,845
Bond and Lease Financial Expenditures	-	23	23
Issuance of Bonds Payable, net of discount	82,505	-	82,505
Other Deductions	1,542	1	1,543
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,271,199	73,851	1,345,050
TRANSFERS:			
Operating Transfers from Primary Government	368,364	35,950	404,314
TOTAL TRANSFERS	368,364	35,950	404,314
Net Increase (Decrease) for the Year	(4,534)	9,466	4,932
FUND BALANCES, JULY 1	1,486,854	94,303	1,581,157
FUND BALANCES, JUNE 30	$ 1,482,320	$ 103,769	$ 1,586,089

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, 1999

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
REVENUES:			
Educational and General:			
Tuition and Fees	$ 132,330	$ 16,219	$ 148,549
Federal Appropriations	6,095	-	6,095
Federal Grants and Contracts	144,383	9,148	153,531
State Grants and Contracts	10,171	175	10,346
Local Grants and Contracts	2,530	1,173	3,703
Private Gifts, Grants and Contracts	80,446	-	80,446
Endowment Income	3,549	-	3,549
Sales and Services of Educational Activities	32,824	-	32,824
Sales and Services of Health Care Entities	77,921	-	77,921
Sales and Services of Auxiliary Operations	118,847	10,013	128,860
Additions to Trusteed Insurance Funds	38,679	-	38,679
Other	17,092	513	17,605
TOTAL REVENUES	664,867	37,241	702,108
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and General:			
Instruction	267,895	21,270	289,165
Research	124,458	142	124,600
Public Services	71,251	645	71,896
Academic Support	68,073	5,380	73,453
Student Services	17,884	5,163	23,047
Institutional Support	64,041	9,017	73,058
Operation and Maintenance of Plant	42,618	4,908	47,526
Health Care Entities	63,770	-	63,770
Scholarships and Fellowships	97,203	10,232	107,435
Claims Paid From Trusteed Insurance Funds	43,289	-	43,289
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	860,482	56,757	917,239
Auxiliary Operations	122,905	7,724	130,629
Mandatory Transfers, net	7,561	2,533	10,094
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	990,948	67,014	1,057,962
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
Excess of Restricted Receipts Over Transfers to Revenue	6,607	10	6,617
Operating Transfers from Primary Government	356,676	30,041	386,717
Nonmandatory Transfers, net	(7,610)	-	(7,610)
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	355,673	30,051	385,724
NET INCREASE (DECREASE) IN FUND BALANCES	$ 29,592	$ 278	$ 29,870

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

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 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 State because it provides services entirely to the State. The NETFC bonds were paid off during fiscal year 1999.

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 State because it provides services almost entirely to the State. It is reflected in 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 State 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, 1999, 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 State 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, 1999 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 $74,379,000 and $6,729,000, 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, 1999, buildings were valued at $308,227,000. Of this total, $207,883,000 was valued at estimated historical cost and $100,394,000 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 $43,017,000 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, 1999.

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 $34,450,000 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, 1999.

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 $2,378,000 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, 1999.

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 reimbursements 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 1999, 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, 1999, 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, 1999, follows:

(Dollars in Thousands)	BUDGETARY FUND EQUITIES TOTAL	GENERAL PURPOSE FINANCIAL STATEMENT FUND EQUITIES: PRIMARY GOVERNMENT: GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	COMPONENT UNITS: COLLEGES AND UNIVERSITIES
PERSPECTIVE DIFFERENCES:								
Classification of budgetary fund equities into Financial Statement fund structure:								
General	$ 291,353	$ 291,353	$ -	$ -	$ -	$ -	$ -	$ -
Cash	707,864	146,908	443,602	11,490	1,323	2,912	7,260	94,369
Construction	2,285	-	-	1,657	-	-	-	628
Federal	2,576	-	5,987	37	-	-	-	(3,448)
Revolving	101,096	-	3,302	-	-	30,451	-	67,343
Budgetary fund equities classified into general purpose financial statement fund structure	$ 1,105,174	438,261	452,891	13,184	1,323	33,363	7,260	158,892
BASIS DIFFERENCES:								
Record amount due Colleges and Universities		(15,628)	-	-	-	-	-	15,628
Record fixed assets		-	-	-	114	20,924	-	1,173,286
Record taxes receivable		183,940	37,253	-	-	-	-	-
Record tax refund liability		(200,879)	(4,372)	-	-	-	-	-
Record amount due pensions		(14,408)	-	-	-	-	-	-
Record claims payable		(58,048)	(64,492)	-	-	(30,463)	-	-
Record capitalized lease obligations		-	-	-	-	(7,001)	-	(9,804)
Record other net accrued receivables, liabilities and inventories		(54,762)	211,750	(5,359)	-	24,455	-	151,568
Record deferred federal revenue		-	(20,134)	-	-	-	-	-
Other		-	1,700	-	-	-	-	-
ENTITY DIFFERENCES:								
Record funds not budgeted		-	76,402	-	39,910	17,852	5,517,500	96,519
Record entities not included in the accounting system		-	799	-	-	-	307,857	-
GAAP fund equities, June 30, 1999		$ 278,476	$ 691,797	$ 7,825	$ 41,347	$ 59,130	$ 5,832,617	$ 1,586,089

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, 1999, 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, 1999, the carrying amounts of the Primary Government's deposits were $31,971,000 and the bank balances were $114,588,000. All bank balances were covered by federal depository insurance or by collateral held by the State's agent in the State's name.

State 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 $15,315,000 at June 30, 1999.

At June 30, 1999, the carrying amounts of the Component Units' deposits were $14,422,000 and the bank balances were $15,456,000. Of the bank balances, $1,482,000 was covered by federal depository insurance or by collateral held by the Component Units' agent in the Component Units' name, $314,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Component Units' name and $13,660,000 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, 1999

(Dollars in Thousands)	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
U.S. Government Securities	$ 1,487,812	$ 1,171	$ -	$ 1,488,983
Corporate Bonds	828,177	-	-	828,177
Equity Securities				
Not on Securities Loan	1,509,840	-	-	1,509,840
On Securities Loan	204			204
Commercial Paper	129,140	-	-	129,140
Municipal Bonds	10,432	-	-	10,432
	$ 3,965,605	$ 1,171	$ -	3,966,776
UNCATEGORIZED:				
Pooled Investment Contracts				960,184
Investment in U.S. Treasury Investment Pool				187,709
Investments held by Broker-Dealers Under Securities Loans				
U.S. Government Securities				303,704
Corporate Bonds				8,070
Equity Securities				155,755
Securities Lending Short-term Collateral Investment Pool				477,491
Mutual Funds				1,557,149
Less: Component Unit Investment in State Investment Pool				(215,638)
Total Investments				$ 7,401,200

A reconciliation of deposits and investments for the Primary Government to the Combined Balance Sheet at June 30, 1999, is as follows (dollars in thousands):

Disclosure Regarding Deposits and Investments:

Total Investments	$ 7,401,200
Carrying amount of Deposits	31,971
Total	$ 7,433,171

Combined Balance Sheet:

Cash and Cash Equivalents	$ 614,649
Cash on Deposit with Fiscal Agents	12,411
Investments	6,328,620
Invested Securities Lending Collateral	477,491
Total	$ 7,433,171

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 61 and 76 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, 1999, is as follows (dollars in thousands):

Disclosure Regarding Deposits and Investments:

Total Investments	$ 432,185
Carrying amount of Deposits	14,422
Total	$ 446,607

Combined Balance Sheet:

Cash and Cash Equivalents	$ 230,060
Cash on Deposit with Fiscal Agents	151,074
Investments	65,473
Total	$ 446,607

INVESTMENTS – COMPONENT UNITS AT JUNE 30, 1999

(Dollars in Thousands)	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
U.S. Government Securities	$ -	$ -	$ 114,464	$ 114,464
Corporate Bonds	-	-	13,757	13,757
Equity Securities	-	-	40,573	40,573
	$ -	$ -	$ 168,794	168,794
UNCATEGORIZED:				
Mutual Funds				47,113
Real Estate				640
Investment in State Investment Pool				215,638
Total Investments				$ 432,185

5. Due To/From Other Funds

Due To/From Other Funds at June 30, 1999, consists of the following (dollars in thousands):

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General	$ 3,932	$ 44,058
Special Revenue:		
Licensing and Regulation	27	992
Highway Fund	493	991
Economic Development	245	69
Airport Development	54	7
Game and Parks	840	81
Energy Conservation	18	2
Federal Fund	98	4,894
Health and Social Services	467	117
Other Special Revenue	3,606	3,714
	5,848	10,867
Capital Projects	3,149	-
Enterprise:		
Lottery	-	1,514
Excess Liability	-	13
	-	1,527
Internal Service:		
Correctional Services	396	14
Buildings and Grounds	222	63
General Services	1,294	768
Communications	1,600	22
Information Management Services	6,298	56
Transportation Services	762	105
Risk Management	20,788	6
Accounting Services	-	57
Other Internal Service	634	13
	31,994	1,104
Expendable Trust:		
Canteen and Welfare	-	6
Escheat Trust	2,768	2
Other	-	2
	2,768	10
Nonexpendable Trust:		
Aeronautics Trust	-	38
Permanent School Fund	8	2,772
	8	2,810
Pension Trust:		
State Employees Retirement	-	3
School Retirement	14,037	24
Judges Retirement	127	-
State Patrol Retirement	1,222	-
	15,386	27
Agency:		
Payroll Withholding Fund	1,887	4,569
TOTALS	$ 64,972	$ 64,972

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, 1998	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1999
Land	$ 38,328	$ 859	$ -	$ 39,187
Buildings	303,770	5,414	957	308,227
Equipment	180,136	18,575	11,918	186,793
Construction in Progress	4,702	14,006	1,969	16,739
	$ 526,936	$ 38,854	$ 14,844	$ 550,946

The following is a summary of proprietary fund-type fixed assets at June 30, 1999 (dollars in thousands):

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	PENSION TRUST FUNDS
Machinery and equipment	$ 450	$ 61,058	$ 18
Buildings	-	5,076	-
Total	450	66,134	18
Less: accumulated depreciation	(336)	(45,210)	(18)
Net fixed assets	$ 114	$ 20,924	$ -

The following is a summary of component unit fixed assets at June 30, 1999 (dollars in thousands):

Land and Land Improvements	$ 102,489
Buildings and Other Improvements	840,615
Equipment and Library Books	198,181
Construction in Progress	32,001
	$ 1,173,286

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, 1999, 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 NETFC bonds were retired during fiscal year 1999.

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, 1999 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, 1999 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, 1999
PRIMARY GOVERNMENT				
Nebraska State Building Corporation Issue	1992	1992-2009	5.50%-6.50%	$ 5,550
Primary Government Total				$ 5,550
COMPONENT UNITS				
Colleges and Universities Revenue Bonds	1966-1997	1966-2016	4.15%-7.38%	$ 60,620
University of Nebraska Facilities Corporation Issues	1997-1998	1997-2009	3.75%-5.25%	104,080
Component Units Total				$ 164,700

PRIMARY GOVERNMENT
DEBT SERVICE REQUIREMENTS TO MATURITY
(Dollars in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL
2000	$ 365	$ 339	$ 704
2001	385	318	703
2002	415	295	710
2003	440	270	710
2004	465	244	709
Thereafter	3,430	735	4,165
Total	$ 5,500	$ 2,201	$ 7,701

COMPONENT UNITS
DEBT SERVICE REQUIREMENTS TO MATURITY
(Dollars in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL
2000	$ 4,755	$ 8,093	$ 12,848
2001	10,040	7,776	17,816
2002	11,180	7,280	18,460
2003	11,450	6,753	18,203
2004	12,160	6,203	18,363
Thereafter	115,115	28,782	143,897
Total	$ 164,700	$ 64,887	$ 229,587

Changes in Primary Government bonds payable for fiscal year 1999 are summarized below (dollars in thousands):

Balance at July 1, 1998	$ 7,715
Bonds Retired	(2,165)
Balance at June 30, 1999	$ 5,550

Changes in bonds payable for Component Units for fiscal year 1999 are summarized below (dollars in thousands):

Balance at July 1, 1998	$ 89,820
New Bonds Issued:	
University of Nebraska Facilities Corporation	82,505
Bonds Retired	(7,625)
Balance at June 30, 1999	$ 164,700

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 101 percent of the principal amount plus accrued interest. As a result, the 1990 bonds are considered defeased and the liability for these bonds has been removed from bonds payable. At June 30, 1999, $30,528,000 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 to defease 1993 Series Bonds. 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 to be defeased and the liability for these bonds has been removed from bonds payable. At June 30, 1999, $35,485,000 of 1993 bonds are outstanding.

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 and the present value of future minimum payments for capital leases as of June 30, 1999 are as follows (dollars in thousands):

	PRIMARY GOVERNMENT		COMPONENT UNITS
YEAR	INTERNAL SERVICE FUNDS	GENERAL LONG-TERM DEBT ACCOUNT GROUP	COLLEGE AND UNIVERSITY FUNDS
2000	$ 3,849	$ 1,379	$ 2,993
2001	2,121	736	2,699
2002	1,012	454	2,294
2003	225	375	779
2004	206	377	724
Thereafter	-	5,292	2,368
Total Minimum Payments	7,413	8,613	11,857
Less: interest and executory costs	412	2,803	2,053
Present value of net minimum payments	$ 7,001	$ 5,810	$ 9,804

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, 1999 (dollars in thousands):

	PRIMARY GOVERNMENT		COMPONENT UNITS
	INTERNAL SERVICE FUNDS	GENERAL FIXED ASSET ACCOUNT GROUP	COLLEGE AND UNIVERSITY FUNDS
Buildings	$ -	$ 4,565	$ 4,335
Equipment	15,380	4,511	10,415
Less: accumulated depreciation	(9,165)	-	-
Carrying value	$ 6,215	$ 9,076	$ 14,750

The minimum annual lease payments for operating leases as of June 30, 1999 are as follows (dollars in thousands):

YEAR	PRIMARY GOVERNMENT	COMPONENT UNITS
2000	$ 927	$ 4,006
2001	121	4,003
2002	121	4,003
2003	121	4,001
2004	121	4,006
Thereafter	67	29,856
Total	$ 1,478	$ 49,875

Primary Government operating lease payments for the year ended June 30, 1999 totaled $6,283,000.

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, 1999, 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 $22,787,000 were received under these and other lease agreements for the year ended June 30, 1999.

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, 1998	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1999
Bonds Payable	$ 7,715	$ -	$ 2,165	$ 5,550
Capital Lease Obligations	7,142	55	1,387	5,810
Claims Payable	1,807	1,462	1,515	1,754
Obligations Under Other Financing Arrangements	13,415	-	2,715	10,700
Compensated Absences	72,175	7,670	-	79,845
Totals	$ 102,254	$ 9,187	$ 7,782	$ 103,659

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 had 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 contractual arrangement ended during fiscal year 1999.

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

	BALANCE JULY 1, 1998	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1999
Nebraska Investment Finance Authority	$ 11,865	$ -	$ 1,165	$ 10,700
City of Grand Island	1,550	-	1,550	-
Totals	$ 13,415	$ -	$ 2,715	$ 10,700

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
2000	$ 1,525	$ 490	$ 2,015
2001	1,610	437	2,047
2002	1,670	379	2,049
2003	1,265	316	1,581
2004	1,190	248	1,438
Thereafter	3,440	554	3,994
Total	$ 10,700	$ 2,424	$ 13,124

11. Contributed Capital

Internal Service Fund contributed capital at June 30, 1999 consisted of the following (dollars in thousands):

Correctional Services	$ 205
Information Management Services	1,824
Risk Management	21
Accounting Services	59
Total	$ 2,109

There were no changes in contributed capital balances during the year.

12. 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, 1998.

Participation in the plan is required for all permanent full-time employees upon reaching the age of 30 and completion of 24 months of continuous service. Prior to August 1, 1998, each member contributed 3.6 percent of their compensation until $864 had been paid and 4.8 percent of pay for the rest of the calendar year. Beginning August 1, 1998, each member contributes 4.33 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, 1998, there were 13,025 active members and 1,438 inactive members. Members contributed $16,081,000 and the State contributed $25,053,000 during the year ended December 31, 1998, 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, 1998.

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 12 months 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, 1998, there were 6,071 active members and 810 inactive members. Members contributed $4,605,000 and counties contributed $6,519,000 during the year ended December 31, 1998, 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	6/30/99	6/30/99
Actuarial Cost Method	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level Amount Closed	Level Amount Closed
Amortization Period	25 Years	14 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)

	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
Judges'							
	6/30/99	$ 75,522	$ 75,522	$ -	100.0 %	$ 13,463	- %
	6/30/98	67,542	67,542	-	100.0	12,729	-
	6/30/97	60,668	60,668	-	100.0	12,176	-
State Patrol							
	6/30/99	$ 171,124	$ 162,223	$ 8,901	105.5 %	$ 14,987	59.4 %
	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

THREE-YEAR TREND INFORMATION
(Dollars in Thousands)

YEAR ENDED JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
School			
1999	$ 20,548	100%	$ -
1998	13,511	100	-
1997	13,271	100	-
Judges'			
1999	$ -	- %	$ -
1998	-	-	-
1997	-	-	-
State Patrol			
1999	$ 2,190	100%	$ -
1998	1,715	100	-
1997	1,729	100	-

Other Plans

Department of Labor, Division of Employment Security Retirement Plan. As of July 1, 1998, the date of the most recent actuarial valuation, there were 205 current or former employees of the Nebraska Department of Labor, Employment Security Division (Federal Special Revenue Fund) who were participants (182 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, 1998, net present value of assets available for benefits was $65,670,000 which exceeded the present value of future retirement benefits by $4,950,000. 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 $15,069,000. The total payroll for the active participants in this plan was $6,479,000.

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 1.25 percent to 2.5 percent of earnings. Participation in the plan is required upon reaching the age of 30 with two years 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 1999 was $514,403,000 of which $388,770,000 was covered by the plan. The institutions'

contributions were $28,313,000 or 7.28 percent of covered payroll and the employees' contributions were $20,497,000 or 5.27 percent of covered payroll.

13. 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. 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.

The State has been named, at an increased level during the past year, as a party in legal proceedings that occur outside of the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the State for all these proceedings. The effects of this litigation will be reflected in future years as the uncertainties regarding the litigation are resolved.

Construction Commitments. At June 30, 1999, the State had contractual commitments of approximately $419,721,000 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows (dollars in thousands):

Federal funds	$ 101,972
State funds	311,541
Local funds	6,208
	$ 419,721

At June 30, 1999, the Colleges and Universities had contracted for the construction of several facilities that are estimated to cost $155,743,000. The approximate remaining costs to complete these facilities were $62,047,000, which will be financed as follows (dollars in thousands):

State appropriations	$ 9,195
University funds	9,432
Private gifts, grants and contracts	41,643
Bond funds	1,777
	$ 62,047

14. 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, 1999, and 1998, were as follows (dollars in thousands):

	Fiscal Year 1999	1998
Beginning Balance	$ 28,594	$ 29,816
Current Year Claims and Changes in Estimates	78,153	72,880
Claim Payments	76,284	74,102
Ending Balance	$ 30,463	$ 28,594

15. 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, 1999, is as follows (dollars in thousands):

	LOTTERY	EXCESS LIABILITY
Operating Revenue	$ 72,356	$ 640
Operating Expenses:		
Depreciation	53	-
Other	55,093	6,788
Operating Income	17,210	(6,148)
Operating Transfers Out	(18,089)	-
Nonoperating Revenues	979	2,263
Net Income (Loss)	$ 100	$ (3,885)
Current Assets	$ 16,793	$ 1,956
Current Liabilities	10,770	4,798
Net Working Capital	$ 6,023	$ (2,842)
Total Assets	$ 19,798	$ 59,415
Total Liabilities	10,867	26,999
Retained Earnings	$ 8,931	$ 32,416
Long-Term Liabilities	$ 97	$ 22,201
Property, Plant and Equipment, Additions	$ 63	$ -

There were no operating grants, entitlements, tax or shared revenues, or capital contributions during 1999.

16. 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 also entered into an operating lease arrangement with NHS for the lease of certain healthcare facilities. The University has recorded a fifty percent equity in earnings of NHS for the year ended June 30, 1999 totaling approximately $9,120,000. In addition, 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. No distribution was received during the fiscal year ended June 30, 1999.

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 over 4.5 percent of the net revenues retained by NHS. As of June 30, 1999, no additional revenues were received as net revenues of NHS did not exceed 4.5 percent.

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

17. Subsequent Events

On July 15, 1999, the Nebraska State Colleges Facilities Corporation issued $6,845,000 of bonds to be apportioned to the Nebraska State Colleges. Bond debt service requirements are to be paid from a state appropriation, and a capital improvement fee collected by each of the colleges. Bond proceeds will be used for capital improvements.

On October 1, 1999, the University of Nebraska Board of Regents approved several actions relating to various construction projects. The Board of Regents accepted a gift from the University Foundation which includes the Security Mutual Life Insurance Company and Coastal Mart properties and partial funding to renovate and develop the Security Mutual property for use by the University of Nebraska-Lincoln campus. The commitment for the renovation includes $3,200,000 from the Foundation and $2,900,000 to be funded by the University through cash funds and rentals received on the Coastal Mart property. The Board of Regents also approved a new chemical engineering facility at the University of Nebraska-Lincoln. A contract for the construction of this project has not been selected, however, the estimated project cost is $24,000,000. The University has also entered into an interlocal agreement with the City of Lincoln, NEBCO, and the Railroad Transportation Safety District for the construction of a baseball and softball complex to be constructed on City owned property. The estimated project cost is approximately $29,500,000 from which the University athletic department would contribute $10,600,000 available from private donations.

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 following stages have been identified as necessary to implement a year 2000 compliant system:

Awareness stage – encompasses establishing a budget and project plan for dealing with the year 2000 issue.

Assessment stage – when the organization begins the actual process of identifying all of its systems and individual components of the systems. An organization may decide to review all system components for year 2000 compliance or, through a risk analysis, identify only mission critical systems and equipment to check for compliance.

Remediation stage – when the organization actually makes changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems, or switching to compliant systems. During this stage, decisions are made on how to make the systems or processes year 2000 compliant, and the required system changes are made.

Validation/Testing stage – when the organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and retested.

The State's computer systems have been evaluated. If necessary, they have been repaired and tested or were 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, repaired and tested or were replaced. 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, 1999, all of the State's mission critical mainframe systems have completed all of the stages identified as necessary to implement a year 2000 compliant system.

Management believes that the State has the correct plan in place and that the State will be able to process date and/or date-related information correctly prior to, during, and after January 1, 2000. However, because of the unprecedented nature of the year 2000 issue, its effect and the success of the related remediation efforts cannot be fully determinable until the year 2000 and thereafter. Consequently, management cannot guarantee that the State is or will be year 2000 ready, that the State's remediation efforts will be successful in whole or in part, or that parties with whom the State does business will be year 2000 ready.

SPECIAL REVENUE FUNDS

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.

State Building Corporation. This fund accounts for the activities of a blended component unit.

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, 1999

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
ASSETS:				
Cash and Cash Equivalents	$ 21,217	$ 53,055	$ 12,036	$ 5,382
Cash on Deposit with Fiscal Agents	-	-	-	-
Investments	49,201	79,660	23,514	-
Invested Securities Lending Collateral	18,571	31,101	9,180	-
Receivables, net of allowance				
Taxes	114	36,959	-	138
Due from Federal Government	15	13,251	-	-
Loans	-	-	154	2,953
Other	2,547	17,277	1,224	101
Due from Other Funds	27	493	245	54
Inventories	-	11,932	-	-
Prepaid Items	34	9	-	-
Other	15	-	505	4
TOTAL ASSETS	$ 91,741	$ 243,737	$ 46,858	$ 8,632
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 887	$ 41,048	$ 337	$ 920
Tax Refunds Payable	-	4,372	-	-
Due to Other Governments	97	8,753	-	-
Deposits	1,763	453	505	-
Due to Other Funds	992	991	69	7
Obligations under Securities Lending	18,571	31,101	9,180	-
Claims Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Other	-	120	-	-
TOTAL LIABILITIES	22,310	86,838	10,091	927
FUND BALANCES:				
Reserved for:				
Long-Term Receivables	-	-	154	2,953
Inventories and Prepaid Items	34	11,941	-	-
Debt Service	-	-	-	-
Unreserved	69,397	144,958	36,613	4,752
TOTAL FUND BALANCES	69,431	156,899	36,767	7,705
TOTAL LIABILITIES AND FUND BALANCES	$ 91,741	$ 243,737	$ 46,858	$ 8,632

GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	STATE BUILDING CORPORATION	OTHER SPECIAL REVENUE	TOTALS
$ 17,935	$ 10,534	$ 13,356	$ 38,065	$ -	$ 29,848	$ 201,428
-	-	-	-	799	11,612	12,411
27,678	-	2,774	66,242	-	67,176	316,245
10,806	-	-	25,862	-	21,745	117,265
-	-	-	-	-	41	37,252
492	-	149,034	-	-	-	162,792
-	17,091	3,652	1,936	-	69,942	95,728
627	146	13,577	6,261	-	1,676	43,436
840	18	98	467	-	3,606	5,848
-	-	18,450	1,337	-	-	31,719
89	-	16	14	-	27	189
-	3	-	-	-	10	537
$ 58,467	$ 27,792	$ 200,957	$ 140,184	$ 799	$ 205,683	$ 1,024,850
$ 4,216	$ 37	$ 39,590	$ 3,499	$ -	$ 2,637	$ 93,171
-	-	-	-	-	-	4,372
-	-	-	-	-	249	9,099
-	-	9,936	366	-	19	13,042
81	2	4,894	117	-	3,714	10,867
10,806	-	-	25,862	-	21,745	117,265
-	-	64,492	-	-	-	64,492
153	-	20,134	-	-	-	20,287
5	-	-	330	-	3	458
15,261	39	139,046	30,174	-	28,367	333,053
-	17,091	3,652	1,936	-	69,942	95,728
89	-	16	1,351	-	27	13,458
-	-	-	-	799	10,406	11,205
43,117	10,662	58,243	106,723	-	96,941	571,406
43,206	27,753	61,911	110,010	799	177,316	691,797
$ 58,467	$ 27,792	$ 200,957	$ 140,184	$ 799	$ 205,683	$ 1,024,850

State of Nebraska

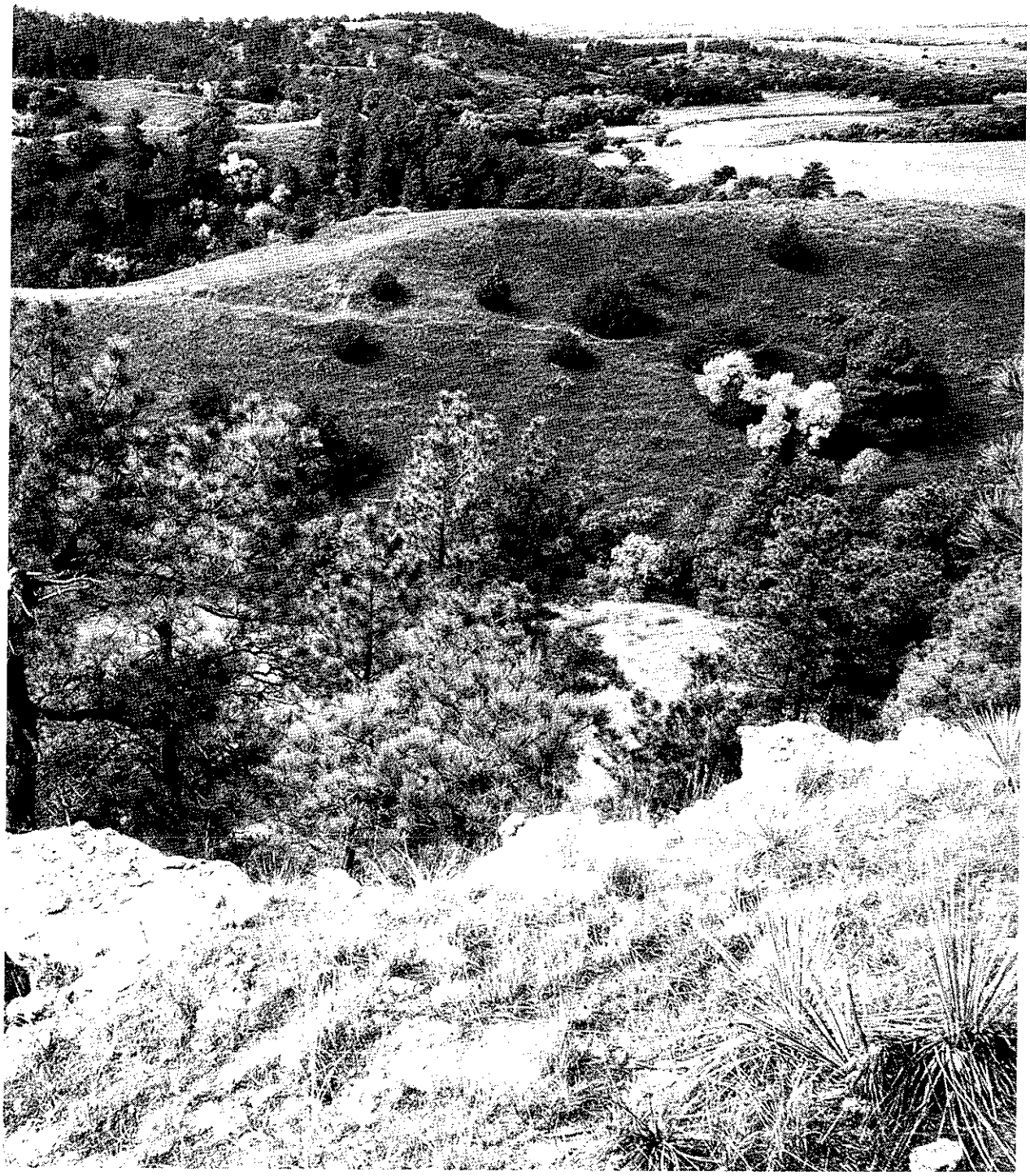
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS

For the Year Ended June 30, 1999

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
REVENUES:				
Taxes	$ 18,829	$ 362,857	$ 23,087	$ 1,660
Federal Grants and Contracts	128	155,402	12	11,111
Licenses, Fees and Permits	39,352	60,243	-	-
Charges for Services	2,330	14,507	216	203
Investment Income	3,607	6,244	2,259	325
Rents and Royalties	-	270	-	681
Other	1,820	4,749	310	65
TOTAL REVENUES	66,066	604,272	25,884	14,045
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	-	-	10,557	-
Education	-	-	-	-
Health and Social Services	-	-	-	-
Public Safety	-	-	-	-
Regulation of Business and Professions	37,460	-	-	-
Transportation	-	642,252	-	15,510
Intergovernmental	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	37,460	642,252	10,557	15,510
Excess of Revenues Over (Under) Expenditures	28,606	(37,980)	15,327	(1,465)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	2,313	28,038	7,000	510
Operating Transfers Out	(9,651)	(6,484)	(28,096)	-
Operating Transfers to Component Units	-	-	-	-
Proceeds from Other Financing Arrangements	-	-	-	-
Proceeds from Capital Leases	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,338)	21,554	(21,096)	510
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	21,268	(16,426)	(5,769)	(955)
FUND BALANCES, JULY 1	48,163	173,325	42,536	8,660
FUND BALANCES, JUNE 30	$ 69,431	$ 156,899	$ 36,767	$ 7,705

GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	STATE BUILDING CORPORATION	OTHER SPECIAL REVENUE	TOTALS
$ 1,301	$ 300	$ -	$ 3,402	$ -	$ 22,947	$ 434,383
7,326	-	1,223,961	59	-	1,975	1,399,974
16,840	-	82	1,104	-	18,556	136,177
3,427	21	12,260	27,553	-	12,334	72,851
2,256	538	1,293	4,352	52	6,198	27,124
6,554	-	46	324	643	1,636	10,154
1,007	114	19,496	62,867	-	7,262	97,690
38,711	973	1,257,138	99,661	695	70,908	2,178,353
-	-	1,217	-	2	12,600	13,819
29,553	417	13,413	-	-	10,696	54,079
15,054	-	926	-	-	1,295	17,275
-	-	55,872	-	-	1,670	68,099
-	-	167,152	-	-	16,992	184,144
-	-	939,175	40,066	-	282	979,523
-	-	38,526	-	-	20,592	59,118
-	-	802	-	-	1,158	39,420
-	-	-	-	-	-	657,762
-	-	-	-	-	12,054	12,054
-	-	-	-	345	2,985	3,330
-	-	-	-	358	576	934
44,607	417	1,217,083	40,066	705	80,900	2,089,557
(5,896)	556	40,055	59,595	(10)	(9,992)	88,796
9,069	-	-	861	-	27,857	75,648
-	-	(8,014)	(62)	-	(3,965)	(56,272)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	36	-	-	19	55
9,069	-	(7,978)	799	-	23,911	19,431
3,173	556	32,077	60,394	(10)	13,919	108,227
40,033	27,197	29,834	49,616	809	163,397	583,570
$ 43,206	$ 27,753	$ 61,911	$ 110,010	$ 799	$ 177,316	$ 691,797



ENTERPRISE FUNDS

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, 1999

(Dollars in Thousands)	LOTTERY	EXCESS LIABILITY	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 12,442	$ 1,370	$ 13,812
Receivables, net of allowance	4,186	586	4,772
Prepaid Items	165	-	165
TOTAL CURRENT ASSETS	16,793	1,956	18,749
RESTRICTED ASSETS:			
Long-Term Deposits	2,891	-	2,891
NONCURRENT ASSETS:			
Long-Term Investments	-	57,316	57,316
Invested Securities Lending Collateral	-	143	143
Property, Plant and Equipment, net	114	-	114
TOTAL NONCURRENT ASSETS	114	57,459	57,573
TOTAL ASSETS	$ 19,798	$ 59,415	$ 79,213
LIABILITIES AND RETAINED EARNINGS			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 9,256	$ 10	$ 9,266
Due to Other Funds	1,514	13	1,527
Claims Payable	-	4,442	4,442
Deferred Revenue	-	333	333
TOTAL CURRENT LIABILITIES	10,770	4,798	15,568
NONCURRENT LIABILITIES:			
Accrued Compensated Absences	97	-	97
Obligations under Securities Lending	-	143	143
Claims Payable	-	22,058	22,058
TOTAL NONCURRENT LIABILITIES	97	22,201	22,298
TOTAL LIABILITIES	10,867	26,999	37,866
RETAINED EARNINGS:			
Reserved for Lottery Prizes	2,891	-	2,891
Unreserved	6,040	32,416	38,456
TOTAL RETAINED EARNINGS	8,931	32,416	41,347
TOTAL LIABILITIES AND RETAINED EARNINGS	$ 19,798	$ 59,415	$ 79,213

State of Nebraska

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

For the Year Ended June 30, 1999

(Dollars in Thousands)	LOTTERY	EXCESS LIABILITY	TOTALS
OPERATING REVENUES:			
Charges for Services	$ 72,356	$ 640	$ 72,996
TOTAL OPERATING REVENUES	72,356	640	72,996
OPERATING EXPENSES:			
Personal Services	1,130	-	1,130
Services and Supplies	15,154	438	15,592
Lottery Prizes	38,809	-	38,809
Insurance Claims	-	6,350	6,350
Depreciation	53	-	53
TOTAL OPERATING EXPENSES	55,146	6,788	61,934
Operating Income (Loss)	17,210	(6,148)	11,062
NONOPERATING REVENUES (EXPENSES):			
Investment Income	979	2,263	3,242
TOTAL NONOPERATING REVENUES (EXPENSES)	979	2,263	3,242
Income (Loss) Before Operating Transfers	18,189	(3,885)	14,304
OPERATING TRANSFERS:			
Operating Transfers Out	(18,089)	-	(18,089)
Net Income (Loss)	100	(3,885)	(3,785)
RETAINED EARNINGS, JULY 1	8,831	36,301	45,132
RETAINED EARNINGS, JUNE 30	$ 8,931	$ 32,416	$ 41,347

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

For the Year Ended June 30, 1999

(Dollars in Thousands)	LOTTERY	EXCESS LIABILITY	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 71,794	$ 649	$ 72,443
Cash Paid to Employees	(1,153)	-	(1,153)
Cash Paid to Suppliers	(11,861)	(471)	(12,332)
Cash Paid for Lottery Prizes	(37,808)	-	(37,808)
Cash Paid for Insurance Claims	-	(5,291)	(5,291)
Cash Paid for Interfund Services	(1,504)	(180)	(1,684)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19,468	(5,293)	14,175
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers Out	(17,582)	-	(17,582)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(17,582)	-	(17,582)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING:			
Acquisition and Construction of Capital Assets	(63)	-	(63)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(63)	-	(63)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Securities	-	(134,439)	(134,439)
Proceeds from Sale of Investment Securities	-	134,037	134,037
Interest and Dividend Income	849	4,177	5,026
NET CASH FLOWS FROM INVESTING ACTIVITIES	849	3,775	4,624
NET INCREASE (DECREASE) IN CASH	2,672	(1,518)	1,154
CASH AND CASH EQUIVALENTS, JULY 1	9,770	2,888	12,658
CASH AND CASH EQUIVALENTS, JUNE 30	$ 12,442	$ 1,370	$ 13,812
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	$ 17,210	$ (6,148)	$ 11,062
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	53	-	53
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(562)	-	(562)
(Increase) Decrease in Prepaid Expenses	(8)	-	(8)
(Increase) Decrease in Other Assets	82	-	82
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,686	(215)	2,471
Increase (Decrease) in Due to Other Funds	7	2	9
Increase (Decrease) in Claims Payable	-	1,059	1,059
Increase (Decrease) in Deferred Revenue	-	9	9
Total adjustments	2,258	855	3,113
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 19,468	$ (5,293)	$ 14,175

INTERNAL SERVICE FUNDS

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, 1999

(Dollars in Thousands)	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	$ 3,278	$ 4,198	$ 5,861	$ 4,049
Receivables, net of allowance				
Accounts	203	9	22	367
Accrued Interest	48	65	81	47
Due from Other Funds	396	222	1,294	1,600
Inventories	1,292	-	220	-
Prepaid Items	-	672	428	-
TOTAL CURRENT ASSETS	5,217	5,166	7,906	6,063
Property, Plant and Equipment, net	4,904	470	2,042	592
TOTAL ASSETS	$ 10,121	$ 5,636	$ 9,948	$ 6,655
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 220	$ 571	$ 402	$ 1,523
Deposits	-	-	672	-
Due to Other Funds	14	63	768	22
Claims Payable	-	-	-	-
Capital Lease Obligations	-	151	-	-
Deferred Revenue	-	-	-	176
TOTAL CURRENT LIABILITIES	234	785	1,842	1,721
NONCURRENT LIABILITIES:				
Capital Lease Obligations	-	203	-	-
Accrued Compensated Absences	235	858	255	103
Claims Payable	-	-	-	-
TOTAL NONCURRENT LIABILITIES	235	1,061	255	103
TOTAL LIABILITIES	469	1,846	2,097	1,824
FUND EQUITY:				
Contributed Capital	205	-	-	-
Retained Earnings	9,447	3,790	7,851	4,831
TOTAL FUND EQUITY	9,652	3,790	7,851	4,831
TOTAL LIABILITIES AND FUND EQUITY	$ 10,121	$ 5,636	$ 9,948	$ 6,655

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
$ 10,060	$ 3,705	$ 19,751	$ 732	$ 1,097	$ 52,731
31	25	-	-	2	659
76	46	233	12	10	618
6,298	762	20,788	-	634	31,994
-	5	-	-	-	1,517
-	-	-	-	112	1,212
16,465	4,543	40,772	744	1,855	88,731
5,952	6,785	-	8	171	20,924
$ 22,417	$ 11,328	$ 40,772	$ 752	$ 2,026	$ 109,655
$ 3,191	$ 150	$ 1,336	$ 38	$ 222	$ 7,653
-	-	-	-	-	672
56	105	6	57	13	1,104
-	-	8,448	-	-	8,448
3,310	-	-	-	156	3,617
-	-	-	-	-	176
6,557	255	9,790	95	391	21,670
3,163	-	-	-	18	3,384
1,641	40	5	152	167	3,456
-	-	22,015	-	-	22,015
4,804	40	22,020	152	185	28,855
11,361	295	31,810	247	576	50,525
1,824	-	21	59	-	2,109
9,232	11,033	8,941	446	1,450	57,021
11,056	11,033	8,962	505	1,450	59,130
$ 22,417	$ 11,328	$ 40,772	$ 752	$ 2,026	$ 109,655

State of Nebraska

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

For the Year Ended June 30, 1999

(Dollars in Thousands)	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
OPERATING REVENUES:				
Charges for Services	$ 7,377	$ 20,279	$ 13,809	$ 16,644
Other	2	210	42	-
TOTAL OPERATING REVENUES	7,379	20,489	13,851	16,644
OPERATING EXPENSES:				
Personal Services	2,005	6,265	1,963	913
Services and Supplies	4,401	14,074	10,478	15,662
Insurance Claims	-	-	-	-
Depreciation	240	183	759	303
TOTAL OPERATING EXPENSES	6,646	20,522	13,200	16,878
Operating Income (Loss)	733	(33)	651	(234)
NONOPERATING REVENUES (EXPENSES):				
Investment Income	163	179	274	201
Gain (Loss) on Sale of Fixed Assets	23	(10)	(29)	2
Other	-	(23)	-	-
TOTAL NONOPERATING REVENUES, NET	186	146	245	203
Income (Loss) Before Operating Transfers	919	113	896	(31)
OPERATING TRANSFERS:				
Operating Transfers In	-	2,214	-	-
Net Income (Loss)	919	2,327	896	(31)
RETAINED EARNINGS, JULY 1	8,528	1,463	6,955	4,862
RETAINED EARNINGS, JUNE 30	$ 9,447	$ 3,790	$ 7,851	$ 4,831

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
$ 50,526	$ 4,314	$ 69,918	$ 1,811	$ 7,898	$ 192,576
96	45	247	19	637	1,298
50,622	4,359	70,165	1,830	8,535	193,874
11,735	442	199	812	5,316	29,650
30,452	1,703	2,087	1,192	2,942	82,991
-	-	78,153	-	-	78,153
5,695	1,809	-	4	181	9,174
47,882	3,954	80,439	2,008	8,439	199,968
2,740	405	(10,274)	(178)	96	(6,094)
308	102	1,152	172	45	2,596
35	380	-	-	-	401
(267)	34	-	-	(14)	(270)
76	516	1,152	172	31	2,727
2,816	921	(9,122)	(6)	127	(3,367)
-	-	-	-	-	2,214
2,816	921	(9,122)	(6)	127	(1,153)
6,416	10,112	18,063	452	1,323	58,174
$ 9,232	$ 11,033	$ 8,941	$ 446	$ 1,450	$ 57,021

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1999

(Dollars in Thousands)	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 616	$ 538	$ 122	$ 1,320
Cash Received from Interfund Charges	7,323	19,903	13,684	15,452
Cash Paid to Employees	(2,022)	(6,118)	(1,947)	(987)
Cash Paid to Suppliers	(3,419)	(13,686)	(10,241)	(14,727)
Cash Paid for Insurance Claims	-	-	-	-
Cash Paid for Interfund Services	(833)	(1,647)	(513)	(713)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,665	(1,010)	1,105	345
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
General Fund Transfer	-	2,214	-	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	2,214	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(535)	(79)	(1,281)	(231)
Proceeds from Sale of Fixed Assets	23	5	13	2
Principal Paid on Capital Leases	-	(160)	-	-
Interest Paid on Capital Leases	-	(23)	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(512)	(257)	(1,268)	(229)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment Income	134	158	261	202
NET CASH FLOWS FROM INVESTING ACTIVITIES	134	158	261	202
NET INCREASE (DECREASE) IN CASH	1,287	1,105	98	318
CASH AND CASH EQUIVALENTS, JULY 1	1,991	3,093	5,763	3,731
CASH AND CASH EQUIVALENTS, JUNE 30	$ 3,278	$ 4,198	$ 5,861	$ 4,049
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 733	$ (33)	$ 651	$ (234)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	240	183	759	303
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(104)	(9)	7	130
(Increase) Decrease in Due from Other Funds	664	(39)	(52)	4
(Increase) Decrease in Inventories	113	-	120	-
(Increase) Decrease in Prepaid Expenses	-	(146)	(83)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	22	313	(191)	150
Increase (Decrease) in Due to Other Funds	(3)	(1,279)	(106)	(2)
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	-	(6)
Total Adjustments	932	(977)	454	579
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 1,665	$ (1,010)	$ 1,105	$ 345

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 acquired $4,271 of fixed assets through capital leases.

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
$ 646	$ 3	$ 541	$ 6	$ 4,257	$ 8,049
48,860	5,581	69,632	1,824	3,848	186,107
(11,719)	(457)	(217)	(855)	(5,444)	(29,766)
(21,987)	(710)	(2,040)	(263)	(1,701)	(68,774)
-	-	(76,284)	-	-	(76,284)
(7,486)	(994)	(200)	(927)	(685)	(13,998)
8,314	3,423	(8,568)	(215)	275	5,334
-	-	-	-	-	2,214
-	-	-	-	-	2,214
(1,803)	(3,041)	-	-	(8)	(6,978)
35	910	-	-	-	988
(4,356)	-	-	-	(185)	(4,701)
(267)	-	-	-	(14)	(304)
(6,391)	(2,131)	-	-	(207)	(10,995)
301	85	1,203	170	45	2,559
301	85	1,203	170	45	2,559
2,224	1,377	(7,365)	(45)	113	(888)
7,836	2,328	27,116	777	984	53,619
$10,060	$ 3,705	$ 19,751	$ 732	$ 1,097	$ 52,731
$ 2,740	$ 405	$ (10,274)	$ (178)	$ 96	$ (6,094)
5,695	1,809	-	4	181	9,174
-	(6)	3	-	-	21
(1,116)	1,231	5	-	149	846
-	-	-	-	-	233
-	-	-	-	5	(224)
990	(36)	(170)	(40)	(152)	886
5	20	(1)	(1)	(4)	(1,371)
-	-	1,869	-	-	1,869
-	-	-	-	-	(6)
5,574	3,018	1,706	(37)	179	11,428
$ 8,314	$ 3,423	$ (8,568)	$ (215)	$ 275	$ 5,334

TRUST AND AGENCY FUNDS

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

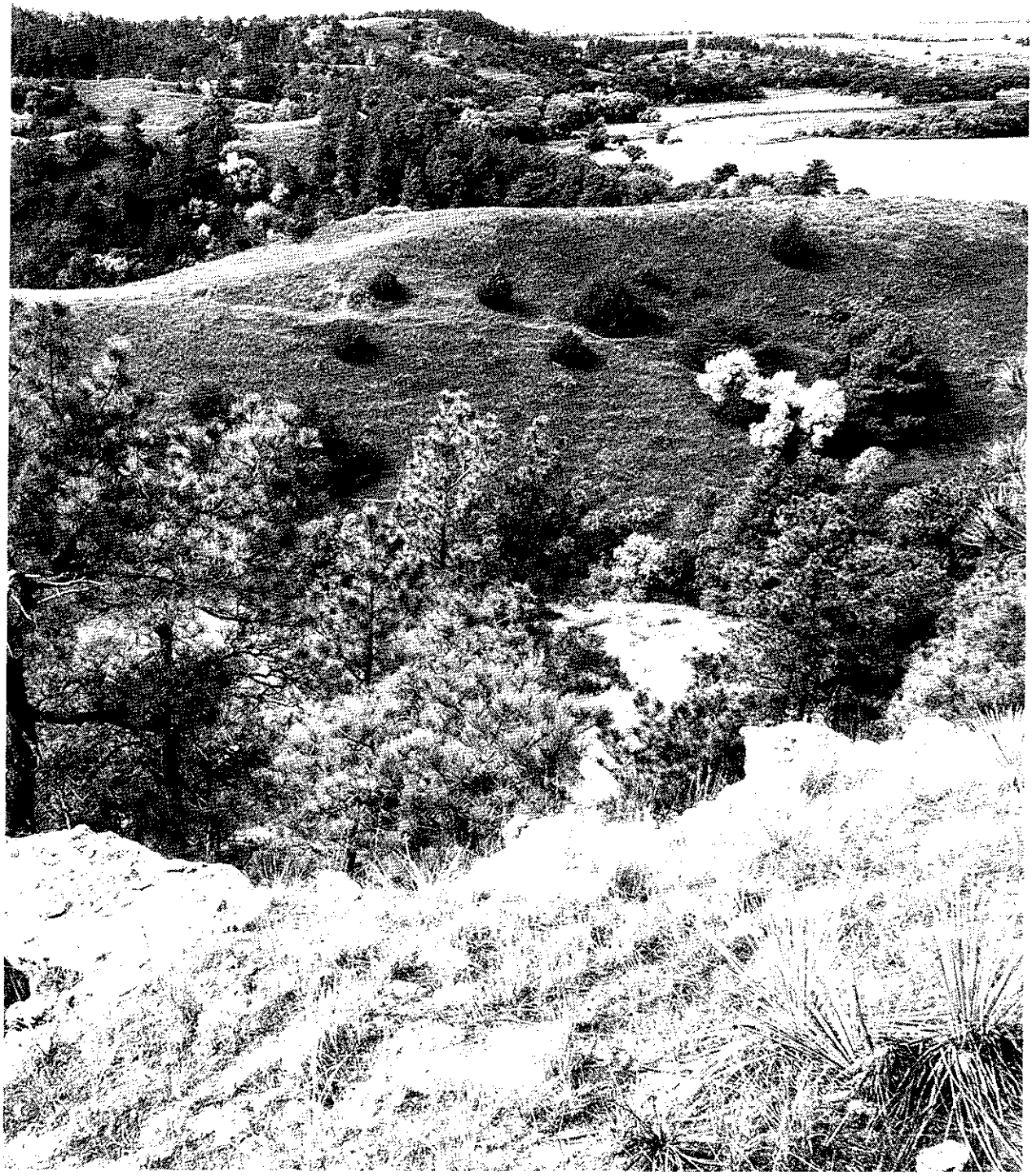
State Employees' Retirement, County Employees' Retirement, Judges' Retirement, State Patrol Retirement, and School Retirement Systems.

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, 1999

(Dollars in Thousands)	EXPENDABLE TRUST	NONEXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTALS
ASSETS:					
Cash and Cash Equivalents	$ 220,832	$ 16,281	$ 9,436	$ 63,626	$ 310,175
Investments	116,967	322,367	5,108,464	-	5,547,798
Invested Securities Lending Collateral	-	2,034	199,045	-	201,079
Loans, Accounts and Other Receivables, net	10,581	1,879	25,226	443	38,129
Due from Other Funds	2,768	8	15,386	1,887	20,049
Prepaid Expenses	-	-	3	-	3
Other	2,756	3,000	-	-	5,756
TOTAL ASSETS	$ 353,904	$ 345,569	$ 5,357,560	$ 65,956	$ 6,122,989
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable and Accrued Liabilities	$ 8,023	$ 151	$ 4,784	$ -	$ 12,958
Due to Other Governments	-	-	-	42,515	42,515
Deposits	636	294	-	-	930
Due to Other Funds	10	2,810	27	4,569	7,416
Obligations under Securities Lending	-	2,034	199,045	-	201,079
Claims Payable	6,309	-	-	-	6,309
Accrued Compensated Absences	-	-	140	-	140
Other	153	-	-	18,872	19,025
TOTAL LIABILITIES	15,131	5,289	203,996	65,956	290,372
FUND BALANCES:					
Reserved For:					
Unemployment Compensation Benefits	215,216	-	-	-	215,216
Deferred Compensation Benefits	116,978	-	-	-	116,978
Endowment Principal	-	322,679	-	-	322,679
Pension Benefits	-	-	5,153,564	-	5,153,564
Unreserved	6,579	17,601	-	-	24,180
TOTAL FUND BALANCES	338,773	340,280	5,153,564	-	5,832,617
TOTAL LIABILITIES AND FUND BALANCES	$ 353,904	$ 345,569	$ 5,357,560	$ 65,956	$ 6,122,989

State of Nebraska

COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS

June 30, 1999

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	DEFERRED COMPENSATION	SECOND INJURY
ASSETS:			
Cash and Cash Equivalents	$ 211,803	$ 17	$ 621
Investments	-	116,967	-
Other Receivables, net of allowance	10,450	-	9
Due from Other Funds	-	-	-
Other	-	-	-
TOTAL ASSETS	$ 222,253	$ 116,984	$ 630
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 602	$ -	$ -
Deposits	18	6	-
Due to Other Funds	-	-	-
Claims Payable	6,309	-	-
Other	108	-	-
TOTAL LIABILITIES	7,037	6	-
FUND BALANCES:			
Reserved for:			
Unemployment Compensation Benefits	215,216	-	-
Deferred Compensation Benefits	-	116,978	-
Unreserved	-	-	630
TOTAL FUND BALANCES	215,216	116,978	630
TOTAL LIABILITIES AND FUND BALANCES	$ 222,253	$ 116,984	$ 630

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
$ 3,119	$ 1,829	$ 2,283	$ 1,160	$ 220,832
-	-	-	-	116,967
44	25	34	19	10,581
-	-	2,768	-	2,768
-	-	2,144	612	2,756
$ 3,163	$ 1,854	$ 7,229	$ 1,791	$ 353,904
$ -	$ 163	$ 7,227	$ 31	$ 8,023
-	-	-	612	636
-	6	2	2	10
-	-	-	-	6,309
-	45	-	-	153
-	214	7,229	645	15,131
-	-	-	-	215,216
-	-	-	-	116,978
3,163	1,640	-	1,146	6,579
3,163	1,640	-	1,146	338,773
$ 3,163	$ 1,854	$ 7,229	$ 1,791	$ 353,904

State of Nebraska

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

For the Year Ended June 30, 1999

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	DEFERRED COMPENSATION	SECOND INJURY
REVENUES:			
Unemployment Taxes	$ 28,353	$ -	$ -
Charges for Services	-	-	-
Participant Contributions	-	5,867	-
Investment Income	14,256	14,400	58
Rents and Royalties	-	-	-
Escheat Revenue	-	-	-
Donations	-	-	-
Other	-	52	-
TOTAL REVENUES	42,609	20,319	58
EXPENDITURES:			
General Government	127	134	-
Education	-	-	-
Health and Social Services	-	-	803
Unemployment Claims	51,195	-	-
Deferred Compensation Benefits	-	5,248	-
TOTAL EXPENDITURES	51,322	5,382	803
Excess of Revenues Over (Under) Expenditures	(8,713)	14,937	(745)
OTHER FINANCING SOURCES (USES):			
Operating Transfers Out	-	-	(31)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(31)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(8,713)	14,937	(776)
FUND BALANCES, JULY 1	223,929	102,041	1,406
FUND BALANCES, JUNE 30	$ 215,216	$ 116,978	$ 630

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
$ -	$ -	$ -	$ -	$ 28,353
-	3,892	-	-	3,892
-	-	-	-	5,867
208	103	127	69	29,221
-	6	-	350	356
-	-	946	-	946
-	125	-	286	411
-	52	-	883	987
208	4,178	1,073	1,588	70,033
-	-	405	703	1,369
-	-	-	757	757
901	4,129	-	-	5,833
-	-	-	-	51,195
-	-	-	-	5,248
901	4,129	405	1,460	64,402
(693)	49	668	128	5,631
(255)	-	(668)	(42)	(996)
(255)	-	(668)	(42)	(996)
(948)	49	-	86	4,635
4,111	1,591	-	1,060	334,138
$ 3,163	$ 1,640	$ -	$ 1,146	$ 338,773

State of Nebraska

COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS

June 30, 1999

(Dollars in Thousands)	AERONAUTICS TRUST	NEBRASKA VETERANS AID
ASSETS:		
Cash and Cash Equivalents	$ 38	$ 1,805
Investments	6,252	30,076
Invested Securities Lending Collateral	1,674	34
Other Receivables, net of allowance	81	166
Due from Other Funds	-	-
Other	-	-
TOTAL ASSETS	$ 8,045	$ 32,081
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	$ -	$ -
Deposits	-	-
Due to Other Funds	38	-
Obligations under Securities Lending	1,674	34
TOTAL LIABILITIES	1,712	34
FUND BALANCES:		
Reserved for Endowment Principal	6,333	30,076
Unreserved	-	1,971
TOTAL FUND BALANCES	6,333	32,047
TOTAL LIABILITIES AND FUND BALANCES	$ 8,045	$ 32,081

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
$ 13,983	$ 53	$ 60	$ 342	$ 16,281
282,983	826	1,814	416	322,367
324	-	2	-	2,034
1,607	5	9	11	1,879
8	-	-	-	8
3,000	-	-	-	3,000
$ 301,905	$ 884	$ 1,885	$ 769	$ 345,569
$ 127	$ 7	$ 15	$ 2	$ 151
69	-	-	225	294
2,772	-	-	-	2,810
324	-	2	-	2,034
3,292	7	17	227	5,289
282,983	877	1,868	542	322,679
15,630	-	-	-	17,601
298,613	877	1,868	542	340,280
$ 301,905	$ 884	$ 1,885	$ 769	$ 345,569

State of Nebraska

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

For the Year Ended June 30, 1999

(Dollars in Thousands)	AERONAUTICS TRUST	NEBRASKA VETERANS AID
OPERATING REVENUES:		
Investment Income	$ 130	$ 3,608
Rents and Royalties	-	-
Other	-	6
TOTAL OPERATING REVENUES	130	3,614
OPERATING EXPENSES:		
Personal Services	-	-
Services and Supplies	80	67
Financial Assistance	-	1,326
Intergovernmental	-	-
TOTAL OPERATING EXPENSES	80	1,393
Operating Income	50	2,221
OPERATING TRANSFERS:		
Operating Transfers In	-	-
Operating Transfers Out	(510)	-
Net Income	(460)	2,221
FUND BALANCES, JULY 1	6,793	29,826
FUND BALANCES, JUNE 30	$ 6,333	$ 32,047

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
$ 33,555	$ 99	$ 214	$ 39	$ 37,645
21,705	-	-	-	21,705
6,535	-	-	-	6,541
61,795	99	214	39	65,891
1,314	-	-	-	1,314
1,790	29	64	21	2,051
-	-	-	-	1,326
28,099	-	-	-	28,099
31,203	29	64	21	32,790
30,592	70	150	18	33,101
709	-	-	-	709
-	-	-	-	(510)
31,301	70	150	18	33,300
267,312	807	1,718	524	306,980
$ 298,613	$ 877	$ 1,868	$ 542	$ 340,280

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 1999

(Dollars in Thousands)	AERONAUTICS TRUST	NEBRASKA VETERANS AID
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ -	$ 6
Cash Received from Interfund Charges	-	-
Cash Paid to Employees	-	-
Cash Paid to Suppliers	(80)	(67)
Cash Paid for Financial Assistance	-	(1,326)
Cash Paid for Intergovernmental	-	-
Cash Paid for Interfund Services	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(80)	(1,387)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In	-	-
Operating Transfers Out	(516)	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(516)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(5,194)	(31,828)
Proceeds from Sale of Investment Securities	5,192	31,985
Interest and Dividend Income	550	994
NET CASH FLOWS FROM INVESTING ACTIVITIES	548	1,151
NET INCREASE (DECREASE) IN CASH	(48)	(236)
CASH AND CASH EQUIVALENTS, JULY 1	86	2,041
CASH AND CASH EQUIVALENTS, JUNE 30	$ 38	$ 1,805
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	$ 50	$ 2,221
Adjustments to reconcile operating income to net cash flows from operating activities:		
Investment Income	(130)	(3,608)
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Due from Other Funds	-	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	-	-
Increase (Decrease) in Deposits	-	-
Increase (Decrease) in Due to Other Funds	-	-
Total Adjustments	(130)	(3,608)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (80)	$ (1,387)

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
$ 28,242	$ -	$ -	$ 75	$ 28,323
20	-	-	-	20
(1,314)	-	-	-	(1,314)
(1,693)	(28)	(63)	(22)	(1,953)
-	-	-	-	(1,326)
(28,099)	-	-	-	(28,099)
(101)	-	-	-	(101)
(2,945)	(28)	(63)	53	(4,450)
2,086	-	-	-	2,086
-	-	-	-	(516)
2,086	-	-	-	1,570
(310,829)	(873)	(1,920)	(239)	(350,883)
300,900	876	1,930	238	341,121
9,218	27	56	38	10,883
(711)	30	66	37	1,121
(1,570)	2	3	90	(1,759)
15,553	51	57	252	18,040
$ 13,983	$ 53	$ 60	$ 342	$ 16,281
$ 30,592	$ 70	$ 150	$ 18	$ 33,101
(33,555)	(99)	(214)	(39)	(37,645)
30	-	-	-	30
(8)	-	-	-	(8)
(27)	1	1	(1)	(26)
22	-	-	75	97
1	-	-	-	1
(33,537)	(98)	(213)	35	(37,551)
$ (2,945)	$ (28)	$ (63)	$ 53	$ (4,450)

State of Nebraska

COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS

June 30, 1999

(Dollars in Thousands)

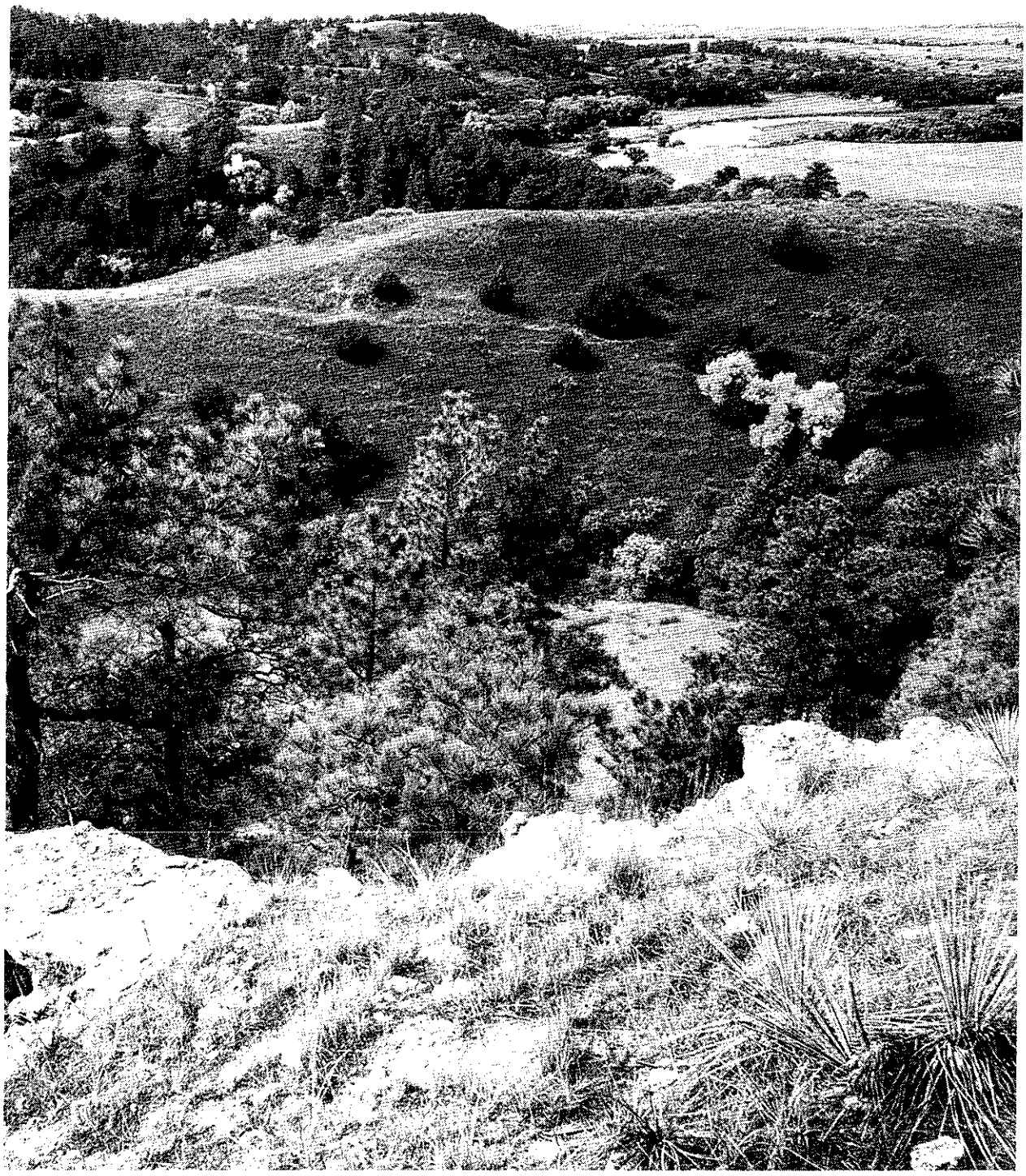
	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ASSETS:						
Cash and Cash Equivalents	$ 11	$ 8	$ 8,855	$ 203	$ 359	$ 9,436
Investments	669,705	157,743	4,004,072	85,059	191,885	5,108,464
Invested Securities Lending Collateral	-	-	186,168	3,955	8,922	199,045
Receivables:						
Contributions	908	427	5,762	41	-	7,138
Interest and Dividends	164	75	16,649	356	801	18,045
Other	-	-	43	-	-	43
Total Receivables	1,072	502	22,454	397	801	25,226
Due from Other Funds	-	-	14,037	127	1,222	15,386
Prepaid Items	-	-	3	-	-	3
TOTAL ASSETS	670,788	158,253	4,235,589	89,741	203,189	5,357,560
LIABILITIES:						
Accounts Payable and Accrued Liabilities	248	71	4,368	31	66	4,784
Due to Other Funds	3	-	24	-	-	27
Obligations under Securities Lending	-	-	186,168	3,955	8,922	199,045
Accrued Compensated Absences	14	8	111	3	4	140
TOTAL LIABILITIES	265	79	190,671	3,989	8,992	203,996
FUND BALANCES RESERVED FOR PENSION BENEFITS	$ 670,523	$ 158,174	$ 4,044,918	$ 85,752	$ 194,197	$ 5,153,564

State of Nebraska

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the Year Ended June 30, 1999

(Dollars in Thousands)	BALANCE JULY 1, 1998	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 1999
LOCAL GOVERNMENT FUND				
ASSETS				
Cash and Cash Equivalents	$ 41,243	$ 249,962	$ 248,092	$ 43,113
Other Receivables, net of allowance	316	1,457	1,401	372
TOTAL ASSETS	$ 41,559	$ 251,419	$ 249,493	$ 43,485
LIABILITIES				
Due to Other Governments	$ 41,559	$ 251,419	$ 249,493	$ 43,485
PAYROLL WITHHOLDING FUND				
ASSETS				
Cash and Cash Equivalents	$ (13,742)	$ 305,773	$ 290,319	$ 1,712
Due from Other Funds	12,756	1,211,435	1,222,304	1,887
TOTAL ASSETS	$ (986)	$ 1,517,208	$ 1,512,623	$ 3,599
LIABILITIES				
Due to Other Governments	$ (4,427)	$ 265,083	$ 261,626	$ (970)
Employee Withholding and State Contributions	-	1,211,435	1,211,435	-
Due to Other Funds	3,441	40,690	39,562	4,569
TOTAL LIABILITIES	$ (986)	$ 1,517,208	$ 1,512,623	$ 3,599
OTHER FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 14,320	$ 103,842	$ 99,361	$ 18,801
Other Receivables, net of allowance	50	302	281	71
TOTAL ASSETS	$ 14,370	$ 104,144	$ 99,642	$ 18,872
LIABILITIES				
Other	$ 14,370	$ 104,144	$ 99,642	$ 18,872
TOTALS – ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 41,821	$ 659,577	$ 637,772	$ 63,626
Other Receivables, net of allowance	366	1,759	1,682	443
Due from Other Funds	12,756	1,211,435	1,222,304	1,887
TOTAL ASSETS	$ 54,943	$ 1,872,771	$ 1,861,758	$ 65,956
LIABILITIES				
Due to Other Governments	$ 37,132	$ 516,502	$ 511,119	$ 42,515
Employee Withholding and State Contributions	-	1,211,435	1,211,435	-
Due to Other Funds	3,441	40,690	39,562	4,569
Other	14,370	104,144	99,642	18,872
TOTAL LIABILITIES	$ 54,943	$ 1,872,771	$ 1,861,758	$ 65,956



GENERAL FIXED ASSETS ACCOUNT GROUP

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, 1999

(Dollars in Thousands)

FUNCTION	LAND	BUILDINGS	EQUIPMENT	TOTALS
General Government	$ 2,395	$ 63,760	$ 1,496	$ 67,651
Conservation of Natural Resources	32,890	25,464	19,802	78,156
Culture – Recreation	1,510	5,644	164	7,318
Economic Development and Assistance	146	16,248	1,363	17,757
Education	-	26,716	30,214	56,930
Health and Social Services	77	44,976	9,433	54,486
Public Safety	1,388	97,128	23,322	121,838
Regulation of Business and Professions	-	86	2,796	2,882
Transportation	781	28,205	98,203	127,189
TOTAL BY FUNCTION	$ 39,187	$ 308,227	$ 186,793	534,207
Construction in progress				16,739
TOTAL GENERAL FIXED ASSETS				$ 550,946

State of Nebraska

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Year Ended June 30, 1999

(Dollars in Thousands) FUNCTION	BALANCE JULY 1, 1998	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1999
General Government	$ 67,928	$ 242	$ 519	$ 67,651
Conservation of Natural Resources	74,513	4,204	561	78,156
Culture – Recreation	7,294	24	-	7,318
Economic Development and Assistance	16,660	1,168	71	17,757
Education	57,911	4,306	5,287	56,930
Health and Social Services	54,296	851	661	54,486
Public Safety	119,691	3,944	1,797	121,838
Regulation of Business and Professions	2,666	562	346	2,882
Transportation	121,275	9,547	3,633	127,189
TOTAL BY FUNCTION	522,234	24,848	12,875	534,207
Construction in progress	4,702	14,006	1,969	16,739
TOTAL GENERAL FIXED ASSETS	$ 526,936	$ 38,854	$ 14,844	$ 550,946

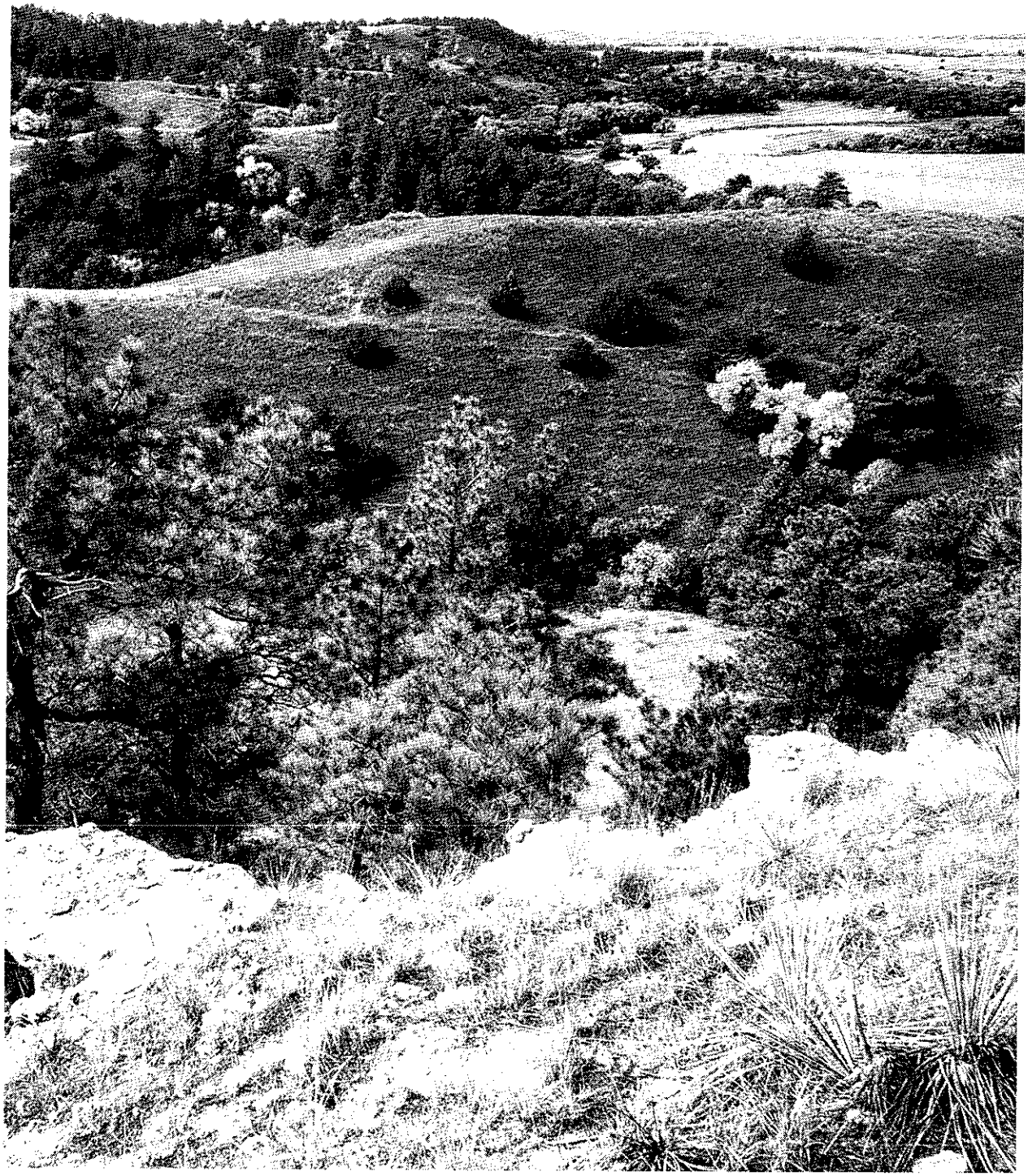
State of Nebraska

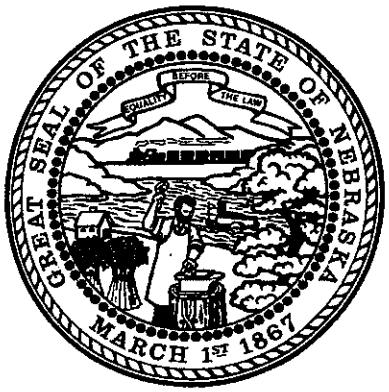
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

June 30, 1999

(Dollars in Thousands)

GENERAL FIXED ASSETS:	
Land	$ 39,187
Buildings	308,227
Equipment	186,793
Construction In Progress	16,739
TOTAL GENERAL FIXED ASSETS	$ 550,946
INVESTMENT IN GENERAL FIXED ASSETS:	
General Fund	$ 166,219
Special Revenue Funds	175,599
Capital Projects Funds	91,030
Trust and Agency Funds	1,003
Donations	8,518
Original Inventory – Source Uncertain	108,577
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	$ 550,946





STATISTICAL SECTION

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

1990 – 1999

(Dollars in Thousands)

	1990	1991	1992	1993
REVENUES:				
Taxes:				
Income	$ 564,782	$ 688,359	$ 758,832	$ 780,823
Sales and Use	500,234	616,577	664,202	653,455
Petroleum	212,136	218,767	221,485	227,228
Excise	71,448	72,622	73,105	77,693
Business and Franchise	28,406	28,344	35,799	35,591
Other	7,697	8,743	5,325	19,782
Total Taxes	1,384,703	1,633,412	1,758,748	1,794,572
Federal Grants and Contracts	674,529	716,595	828,356	859,581
Licenses, Fees and Permits	94,195	97,177	100,340	106,958
Charges for Services	42,843	42,895	44,440	47,965
Investment Income	56,192	47,007	36,396	24,320
Rents and Royalties	4,107	4,708	6,870	6,265
Other	15,146	14,748	18,597	27,331
TOTAL REVENUES	$ 2,271,715	$ 2,556,542	$ 2,793,747	$ 2,866,992
EXPENDITURES:				
Current:				
General Government	$ 60,363	$ 64,280	$ 69,351	$ 70,275
Conservation of Natural Resources	58,545	57,774	51,027	55,860
Culture – Recreation	4,606	12,974	13,755	14,501
Economic Development and Assistance	52,603	55,921	54,401	55,684
Education	377,268	572,174	628,539	653,332
Health and Social Services	679,019	780,718	891,526	967,959
Public Safety	96,316	109,616	120,773	109,404
Regulation of Business and Professions	21,089	31,651	38,100	40,647
Transportation	431,968	454,116	477,160	511,154
Intergovernmental	214,836	99,874	157,538	124,316
Capital Projects	6,263	7,698	4,639	10,552
Debt Service	1,029	-	1,201	1,221
TOTAL EXPENDITURES	$ 2,003,905	$ 2,246,796	$ 2,508,010	$ 2,614,905

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

1994	1995	1996	1997	1998	1999
$ 835,934	$ 867,037	$ 947,508	$ 1,075,095	$ 1,121,849	$ 1,199,499
746,429	774,012	824,590	857,684	910,437	868,620
247,134	255,278	240,605	266,852	269,761	266,419
92,912	93,822	99,007	93,715	94,557	94,142
44,140	42,786	32,435	33,195	31,486	40,396
17,980	13,616	16,097	22,679	25,480	24,590
1,984,529	2,046,551	2,160,242	2,349,220	2,453,570	2,493,666
978,526	1,112,819	1,191,748	1,130,846	1,263,946	1,400,439
123,279	131,832	138,288	145,598	146,128	154,352
62,069	69,008	75,372	73,571	68,634	75,343
24,100	34,091	41,187	56,258	77,317	55,877
7,212	7,787	7,934	9,015	9,598	10,249
35,737	39,478	37,553	44,453	68,571	109,442
$ 3,215,452	$ 3,441,566	$ 3,652,324	$ 3,808,961	$ 4,087,764	$ 4,299,368
$ 72,535	$ 77,080	$ 74,523	$ 94,022	$ 92,498	$ 95,547
58,582	62,144	66,495	67,638	73,637	82,049
14,912	17,309	17,714	20,094	21,311	22,588
54,401	59,904	64,202	68,133	71,240	74,672
684,364	740,086	765,638	798,440	824,594	1,001,664
1,101,264	1,241,041	1,331,763	1,341,460	1,467,679	1,645,380
155,750	166,367	152,065	152,321	170,797	177,519
44,290	46,508	49,458	44,464	42,367	42,930
543,010	569,731	622,521	622,525	600,750	658,429
93,941	90,287	87,286	91,544	94,841	107,443
3,886	3,234	4,288	11,899	18,404	23,177
2,413	2,579	2,814	3,298	3,467	5,897
$ 2,829,348	$ 3,076,270	$ 3,238,767	$ 3,315,838	$ 3,481,585	$ 3,937,295

State of Nebraska

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE

For the Year Ended June 30, 1999

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, 2146, 2169, 2170, 2176, 2431
		Department of Revenue	Funds 2159, 2162, 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, 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 Geologists	Fund 2591
		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, 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
		Dairy Industry Development Board	Fund 2610
		Oil & Gas Conservation Commission	Fund 6571
		Ethanol Board	Funds 2160, 2602
		Department of Economic Development	Funds 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
		Grain Sorghum Development, Utilization, and Marketing Board	Fund 2190
		Rural Development Commission	Fund 2074

State of Nebraska

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1999

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	Fund 4030
		Governor's Office	Fund 4811
		Supreme Court	Fund 4050
		Attorney General	Fund 4111
		Department of Education	Funds 4134, 4148
		Board of Pardons	Fund 4151
		Department of Revenue	Fund 4161
		Department of Agriculture	Funds 4182, 4183, 4184, 4185, 4186, 4190, 4192, 4193, 4195, 4197
		Health and Human Services System	Funds 4202, 4205, 4207, 4260, 4261, 4264, 4268, 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
		Department of Water Resources	Fund 4291
		Military Department	Funds 4311, 4312, 4313, 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
		Ethanol Board	Fund 4601
		State Patrol	Fund 4641
		Department of Administrative Services	Funds 4000, 4653
		Equal Opportunity Commission	Funds 4671, 4673, 4674
		Arts Council	Fund 4691
		Department of Economic Development	Funds 4721, 4722, 4723, 4724, 4728, 4729, 4730
		Commission on Law Enforcement and Criminal Justice	Funds 4781, 4782
		Department of Environmental Quality	Funds 4840, 4841, 4842, 4843, 4844, 4845
		Commission on Deaf and Hard of Hearing	Fund 4820
		Commission on Public Advocacy	Funds 4941, 4942
		Rural Development Commission	Fund 4081
	Health and Social Services	Health and Human Services System	Funds 2175, 2206, 2208, 2252, 2253, 2254, 2255, 2260, 2261, 2262, 2264, 2265, 2266, 6262, 6263, 6264, 6812, 6840, 6841, 7261, 7262, 7263
		Foster Care Review Board	Fund 2701
		Commission on Deaf and Hard of Hearing	Fund 2821

State of Nebraska

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1999

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Other Special Revenue	Legislative Council	Funds 2030, 2033
		Governor's Office	Funds 2040, 2041, 5040, 6041
		Supreme Court	Funds 2051, 2052, 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, 6692, 7999
		Department of Education	Funds 2130, 2132, 2133, 2135, 2136, 2137, 2138, 2147, 2149, 5132
		Department of Revenue	Funds 2155, 2157, 2158, 2161, 2163, 2165, 2168, 5162, 6163
		Department of Agriculture	Funds 2078, 2179, 2195, 5181
		Fire Marshal	Funds 2122, 2123, 2125
		Department of Labor	Fund 2232
		Department of Motor Vehicles	Funds 2134, 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	Fund 2373
		Commission on the Status of Women	Fund 2381
		Department of Correctional Services	Funds 2469, 5461
		Educational Telecommunications Commission	Funds 2471, 2472, 6472
		Coordinating Commission for Postsecondary Education	Funds 2481, 6481
		Historical Society	Funds 2541, 2561, 6181, 6542
		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, 2692, 6691
		Commission on Indian Affairs	Fund 2722
		Commission on Law Enforcement and Criminal Justice	Funds 2780, 2781, 2782, 2783
		Commission for Technical Community Colleges	Fund 2831
		Department of Environmental Quality	Funds 2834, 2836, 2837, 2839, 2840, 2846, 2848, 2863, 6845, 6846, 6847, 6848
		Accountability and Disclosure Commission	Funds 2871, 2872
		Tax Equalization and Review Commission	Fund 2931
		Commission on Public Advocacy	Funds 2941, 2942
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, 2667, 2668, 2669, 3202
		Commission on Law Enforcement and Criminal Justice	Fund 3278

State of Nebraska

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1999

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
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, 5891, 5892, 6892, 6893
	Accounting Services	Department of Administrative Services	Fund 5665
	Other Internal Service	Secretary of State	Funds 2093, 5090
		Department of Correctional Services	Fund 5270
		Department of Administrative Services	Fund 5801
		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	Funds 6803, 6805, 6810, 6820, 6822, 6823, 6825, 6830
		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	Fund 6131
		Health and Human Services System	Fund 6826
		Department of Correctional Services	Funds 6253, 6461, 6464, 6465
		Educational Telecommunications Commission	Fund 6471
		State Historical Society	Fund 6541
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
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

State of Nebraska

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 1999

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
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
		Health and Human Services System	Fund 7263
Higher Education	Higher Education	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, 6518, 6522
	Nebraska State Colleges Facilities Corporation	State Colleges	Funds 6491, 6493, 6495

State of Nebraska

REVENUE BOND COVERAGE
COLLEGES AND UNIVERSITIES

1990 – 1999

(Dollars in Thousands)

FISCAL YEAR	DEDICATED REVENUES	RELATED EXPENSES	NET REVENUES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT	COVERAGE RATIO
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
1999	48,965	38,267	10,698	8,072	1.33

SOURCE: University of Nebraska and State Colleges.

State of Nebraska

COMPARATIVE POPULATION GROWTH NEBRASKA AND UNITED STATES

1940 – 1998 (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
1998	1,663,000	0.36	270,299,000	1.00
1940-1998		26.38 %		104.58 %

SOURCE: U.S. Bureau of the Census

State of Nebraska

COMPARATIVE UNEMPLOYMENT NEBRASKA AND UNITED STATES

1950 – 1998

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
1998	916,440	891,709	24,731	2.7	4.5

(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; 1984-1998 Nebraska Department of Labor, Labor Market Information

United States Unemployment – January 1998 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

1989 – 1998

	NEBRASKA		UNITED STATES		PLAINS (a)	
YEAR	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
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
1998	41,212	24,754	7,158,176	26,412	469,721	25,051

(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

1998

NAME OF COMPANY	RANK
Iowa 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

1989 – 1998

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
STATE HIGHWAY MILEAGE BY SURFACE TYPE (a)										
RURAL										
Gravel	92	79	79	74	74	74	51	44	44	44
Asphalt, Bitumen	7,759	7,774	7,801	7,786	7,794	7,794	7,834	7,849	7,819	7,841
Concrete, Brick	1,517	1,514	1,485	1,484	1,453	1,449	1,445	1,455	1,487	1,453
TOTAL RURAL	9,368	9,367	9,365	9,344	9,321	9,317	9,330	9,348	9,350	9,338
MUNICIPAL										
Asphalt, Bitumen	321	321	325	331	342	347	353	351	344	350
Concrete, Brick	259	260	261	274	281	279	277	270	276	279
TOTAL MUNICIPAL	580	581	586	605	623	626	630	621	620	629
TOTAL RURAL AND MUNICIPAL	9,948	9,948	9,951	9,949	9,944	9,943	9,960	9,969	9,970	9,967
MILES OF CONSTRUCTION ON STATE HIGHWAYS (a)										
Rural	430	493	414	340	469	376	625	624	541	487
Municipal	17	26	23	16	24	29	34	23	30	25
TOTAL RURAL AND MUNICIPAL	447	519	437	356	493	405	659	647	571	512
MOTOR VEHICLE REGISTRATIONS (b)										
Automobiles	901,633	917,722	838,803	895,461	940,667	955,138	956,100	977,252	981,372	1,011,801
Trucks										
Farm	145,749	147,982	128,969	140,095	149,403	148,664	148,181	148,051	149,471	148,433
Other	245,664	273,065	247,831	269,195	288,608	272,685	279,781	282,717	293,413	308,661
Motorcycles	23,560	22,375	20,264	19,582	18,882	19,084	18,696	18,094	18,441	19,344
All Other	243,514	275,003	266,178	296,302	301,757	264,965	290,287	277,320	283,090	290,589
TOTAL	1,560,120	1,636,147	1,502,045	1,620,635	1,699,317	1,660,536	1,693,045	1,703,434	1,725,787	1,778,828

SOURCE: (a) Nebraska Department of Roads.
(b) Nebraska Department of Motor Vehicles.

State of Nebraska

NEBRASKA CASH RECEIPTS FROM FARM MARKETING AND GOVERNMENT PAYMENTS

1989 – 1998

(Dollars in Millions)

	CASH RECEIPTS FROM FARM MARKETINGS				
YEAR	CROPS	LIVESTOCK AND LIVESTOCK PRODUCTS	TOTAL CROPS AND LIVESTOCK	GOVERNMENT PAYMENTS	TOTAL
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	3,018.3	5,853.0	8,871.3	806.3	9,677.6
1994	3,101.8	5,398.9	8,500.7	348.2	8,848.9
1995	3,837.0	5,146.1	8,983.1	507.3	9,490.4
1996	3,922.7	5,318.7	9,241.4	388.8	9,630.2
1997	4,295.0	5,508.3	9,803.3	454.6	10,257.9
1998	3,724.5	5,123.5	8,848.0	797.4	9,645.4

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

State of Nebraska

NEBRASKA HOUSING UNITS AUTHORIZED FOR CONSTRUCTION

1989 – 1998

YEAR	HOUSING UNITS AUTHORIZED	PERCENT CHANGE
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	9,880	(2.09)
1998	9,560	(3.24)

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

1989 – 1998

YEAR	IMPORTING DEALERS	DIESEL FUELS	GASOHOL	TOTAL	PERCENT CHANGE
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	286,107,488	206,250,862	1,122,245,415	4.24
1998	661,061,910	316,724,293	189,956,805	1,167,743,008	4.05

SOURCE: Nebraska Department of Revenue Annual Report.

State of Nebraska

BANK DEMAND AND TIME DEPOSITS

1989 – 1998

(Dollars in Millions)

YEAR	DEMAND DEPOSITS	TIME DEPOSITS	TOTAL DEPOSITS	PERCENT CHANGE
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	3,175	16,440	19,615	5.55
1993	3,221	17,655	20,876	6.43
1994	3,246	17,413	20,659	(1.04)
1995	3,506	19,051	22,557	9.19
1996	3,713	19,546	23,259	3.11
1997	3,293	18,313	21,606	(7.11)
1998	3,440	19,601	23,041	6.64

NOTE: This data represents balances at December 31.

SOURCE: Federal Deposit Insurance Corporation.

State of Nebraska

PUBLIC AND STATE OPERATED ENROLLMENT PREKINDERGARTEN – GRADE 12

1988/89 – 1998/99

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
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
1998 – 1999	25,740	64,664	64,256	69,991	66,485	291,136

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

State of Nebraska

PUBLIC HIGHER EDUCATION INSTITUTIONS TOTAL FALL HEADCOUNT ENROLLMENT

1989 – 1998

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
COLLEGES AND UNIVERSITIES:										
Chadron State College	2,881	3,065	3,413	3,190	3,021	3,189	3,063	2,905	2,931	2,809
Kearney State College (1)	9,745	9,899								
Peru State College	1,496	1,526	1,558	1,527	1,601	1,665	1,754	1,774	1,807	1,695
Wayne State College	3,324	3,512	3,925	3,761	3,765	3,886	3,868	3,828	3,839	3,835
University of Nebraska										
Lincoln (2)	24,168	24,598	24,803	24,752	24,695	24,089	24,578	24,189	23,104	22,669
Omaha	15,475	15,811	15,986	16,227	15,899	15,051	14,691	14,474	13,710	13,274
Kearney			8,573	8,374	8,045	7,584	7,620	7,680	7,133	6,849
Medical Center	2,405	2,444	2,631	2,759	2,703	2,778	2,770	2,718	2,618	2,599
TOTAL COLLEGES AND UNIVERSITIES	59,494	60,855	60,889	60,590	59,729	58,242	58,344	57,568	55,142	53,730
COMMUNITY COLLEGES										
Central CC (3)	4,426	4,214	4,463	4,885	4,686	5,011	5,839	6,476	6,743	7,474
Metropolitan CC	7,383	8,520	9,573	10,301	10,978	10,686	10,666	10,759	11,213	11,583
Mid-Plains CC	3,020	2,891	2,880	3,055	3,337	2,934	2,528	2,925	2,694	2,487
Northeast CC	2,205	2,815	3,172	3,257	3,408	3,612	3,413	4,235	4,440	4,754
Southeast CC	6,226	6,317	5,839	6,002	5,777	6,647	6,240	7,041	6,951	7,122
Western CC	2,364	1,940	2,182	2,248	2,591	2,308	2,291	1,960	2,008	1,704
TOTAL COMMUNITY COLLEGES	25,624	26,697	28,109	29,748	30,777	31,198	30,977	33,396	34,049	35,124
TOTAL ALL INSTITUTIONS	85,118	87,552	88,998	90,338	90,506	89,440	89,321	90,964	89,191	88,854

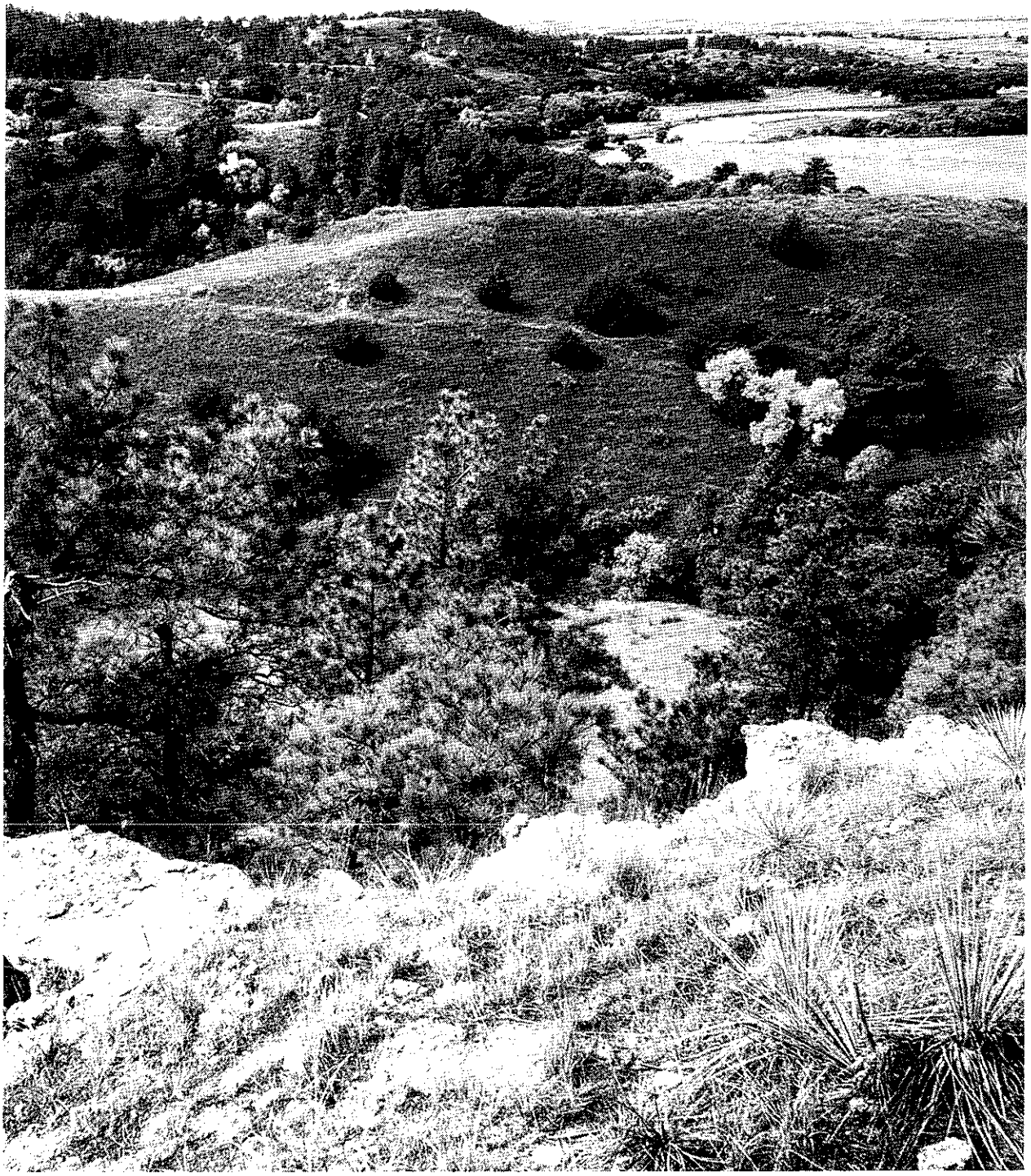
NOTE: (1) Kearney State College became the University of Nebraska at Kearney in 1991.
(2) University of Nebraska-Lincoln count includes NCTA-Curtis for all years.
(3) Central CC reporting under continuous enrollment practice abandoned in 1996. Enrollment numbers have been retroactively changed to the reporting practice consistent with that of the other Community Colleges.

SOURCE: Nebraska Coordinating Commission for Postsecondary Education

State of Nebraska

MISCELLANEOUS STATISTICS

June 30, 1999

Date Entered Union	March 1, 1867 (37th State)
Form of Government	Legislative – Executive – Judicial
Land Area	77,358 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	312
State Police Protection:	
Number of Troops	6
Number of Patrolmen	415

SOURCE: Nebraska Blue Book, 1998-99.