

**AUDIT REPORT
OF THE
NEBRASKA DEPARTMENT OF AGRICULTURE
JULY 1, 1999 THROUGH JUNE 30, 2000**

NEBRASKA DEPARTMENT OF AGRICULTURE

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1 - 2
Mission Statement	2
Organizational Chart	3
Comments Section	
Summary of Comments	4
Comments and Recommendations	5 - 8
Financial Section	
Independent Auditors' Report	9 - 10
Financial Statements:	
Combined Statement of Assets, Fund Balances and Other Credits Arising from Cash Transactions – All Fund Types and General Fixed Assets Account Group	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances	14
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - General, Cash, Federal, and Revolving Funds	15 - 17
Notes to Financial Statements	18 - 28
Combining Statements and Schedules:	
Combining Statement of Assets, and Fund Balances Arising from Cash Transactions – All Special Revenue Funds	29 - 33
Combining Statement of Receipts, Disbursements and Changes in Fund Balances – Special Revenue Funds	34 - 38
Schedules of Service Efforts and Accomplishments:	
Disbursements by Program	39
Disbursements by Major Account Category	40
Program 56 Weights & Measures	41
Program 57 Dairy & Food	42
Program 61 Agricultural Laboratories	43
Program 63 Animal Industry	44
Program 333 Bureau of Plant Industry	45
Government Auditing Standards Section	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	46 - 47

NEBRASKA DEPARTMENT OF AGRICULTURE

BACKGROUND

The Department of Agriculture was created in 1919 to regulate and protect the livestock and crop production industries in Nebraska. The Department works as an advocate for agriculture and also collects and compiles agricultural statistics. The Director of the Department is appointed by and serves at the pleasure of the Governor.

The following is a brief description of the Programs of the Department.

Program 27 Administration – Provides overall supervision and guidance for the Department. Administrative support is provided by budget, finance and personnel, and data and word processing services. Other subprogram activities include agriculture promotion; farm mediation service; beginning farmer; agricultural product grading/inspections; value-added grants; animal damage control; marketing news; agricultural statistics; and revolving fund services performed for the commodity boards.

Program 56 Weights and Measures – Inspects commodities sold for content accuracy, as well as inspecting accuracy of the devices on which commodities are weighed or measured. The package inspection program includes checking prepackaged commodities to verify information stated on the label in terms of weight, measure, or count. The division also checks all commercial scales and gas pumps in the State for accuracy. Inspections are conducted in supermarkets, warehouses, packing plants, feed mills, gas stations, and many other locations.

Program 57 Bureau of Dairies and Foods – Ensures sanitation in the production, sale, and distribution of food products, milk, and milk products. Inspections of restaurants, taverns, bakeries, grocery stores, meat markets, bottling plants, and other establishments involved in the production, distribution, or sale of food products. Performs inspections at dairy farms and at facilities involved in processing, handling, packaging, or selling milk products.

Program 61 Agricultural Laboratories – Assists the regulatory divisions of the Department to test and analyze collected samples. The division is comprised of four separate laboratories: Feed, Fertilizer, and Ag Lime; Seed and Livestock Disease Control; Residue; and Food and Dairy. Chemical, physical, and microbiological testing is performed to assure the quality of samples submitted.

Program 63 Bureau of Animal Industry – Responsible for protecting the health of Nebraska's livestock and poultry industries through prevention, suppression, control, and eradication of diseases transmissible among livestock. Monitors the health of animals imported and exported from the State. Regulates animal health and sanitation requirements of auction markets, livestock dealers, rendering plants, and pet feed manufacturing facilities through licensing and inspection.

NEBRASKA DEPARTMENT OF AGRICULTURE

BACKGROUND

(Concluded)

Program 333 Bureau of Plant Industry – Responsible for regulating, inspecting, and licensing feed, fertilizer, ag lime, pesticides, nursery stock, apiaries, and seed companies. The Bureau of Plant Industry is responsible for surveying, controlling, and eradicating insects and plant diseases found in Nebraska, and preventing foreign insects and plant diseases from entering the State. The Bureau also regulates the control of noxious weeds. This program administers the Buffer Strip Act passed during the 1998 legislative session. The Act provides incentives to landowners to establish buffer strips on land to help reduce the levels of sediment, crop materials, and other chemicals that are being introduced into surface water resources.

Program 382 Potato Development – Develops and promotes the production and marketing of potatoes, and provides information and assistance to Nebraska farmers involved in potato production. Research and development projects are funded by a check-off of up to 2 cents per hundred pounds of potatoes shipped. The current check-off is \$0.0075.

Program 385 Agricultural Statistics – A cooperative program between the Department and the National Agricultural Statistics Service of the U.S. Department of Agriculture to collect, analyze, and distribute agricultural statistical information.

Program 387 Poultry and Egg Development – Develops and promotes the production, marketing, and utilization of poultry and eggs. Activities are funded by a fee of up to 5 cents per thirty dozen eggs sold, and a fee of up to 3 cents per turkey sold. The current check-off is 3 cents per thirty dozen eggs sold or imported into the State, and 1½ cents per turkey hen and 2 cents per turkey tom.

Program 564 Agricultural Development – Supports the agricultural industry in Nebraska through the sponsorship of various seminars, workshops, and meetings, including the Nebraska Agricultural Youth Institute and Urban Youth Farm Tour. Conducts exhibits at the State Fair and Husker Harvest Days. Federal funds utilized in this program were obtained through a Rural Rehabilitation grant.

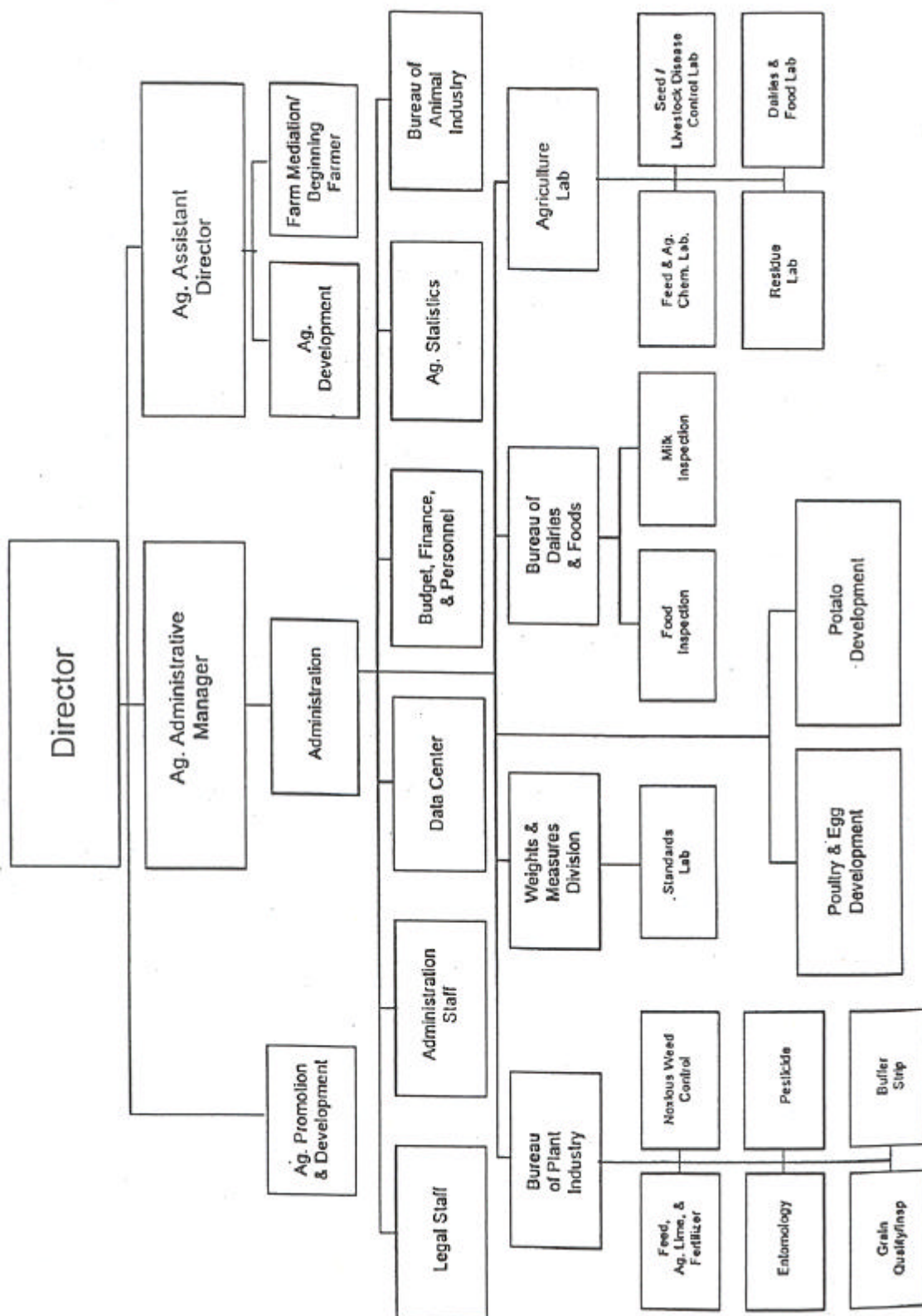
MISSION STATEMENT

The Department mission is...

“to regulate industries, as prescribed by statute; and to encourage and promote the interests of agriculture through advocacy and education.”

NEBRASKA DEPARTMENT OF AGRICULTURE

ORGANIZATIONAL CHART



NEBRASKA DEPARTMENT OF AGRICULTURE

SUMMARY OF COMMENTS

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

1. ***Excessive Cash Fund Balances:*** The Department had six cash funds with balances at June 30, 2000 which appeared excessive. The total fund balances for these six funds was \$2,570,800. Disbursements for the year were \$1,569,380.
2. ***Allocation of Costs:*** The Department did not have adequate supporting documentation to ensure the allocation of costs to various funds and programs were reasonable.
3. ***Commodity Board Billings:*** Documentation was not on file to support charges to commodity boards reflected the actual costs incurred.
4. ***License Fees (Bureau of Animal Industry):*** License fees did not adequately support the administrative costs of the Bureau as recommended by the Legislature's 1997 Program Evaluation Committee Review Report.
5. ***Lack of Segregation of Duties (Receivables):*** Controls were not adequate to ensure adjustments to accounts receivable records were proper.

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

Draft copies of this report were furnished to the Department to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the Department declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time but will be verified in the next audit.

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

NEBRASKA DEPARTMENT OF AGRICULTURE

COMMENTS AND RECOMMENDATIONS

1. Excessive Cash Fund Balances

Good fiscal policy requires fund balances be periodically reviewed. Programs which are supported by both General Funds and Cash Funds should be monitored to determine whether the amount of funds provided by the General Fund is appropriate.

The Department has 23 separate cash funds. Of these 23 cash funds, 12 funds had balances greater than \$50,000. Six of these funds had cash balances at June 30, 2000 which appeared excessive.

Cash Fund	June 30, Balance	Fiscal Year Disbursements
Noxious Weed	\$ 490,598	\$ 255,502
Weed & Insect Book	\$ 150,317	\$ 5,345
Commercial Feed Adm.	\$ 626,599	\$ 438,277
Fertilizers & Soil Cond.	\$ 411,800	\$ 242,885
Weights & Measures Adm.	\$ 808,506	\$ 613,859
Liming Materials	\$ 82,980	\$ 13,512

The above funds were utilized by Programs 56, 61 and 333, these programs were also supported by General Fund appropriations.

Program	General Fund Appropriations Expended for Fiscal Year
56 Weights & Measures	\$ 650,168
61 Agricultural Laboratories	\$ 990,574
333 Bureau of Plant Industry	\$ 391,859

We also noted the Pesticide Administrative, and Buffer Strip Incentive cash funds had balances more than the fiscal year disbursements, however due to the purposes of these funds the Department appeared to be adequately monitoring these fund balances. The Potato Development cash fund also had a fund balance that exceeded disbursements; as a result the Department reduced the check-off rate in March 1999.

Excessive fund balances may indicate that fees were too high, administrative costs were not properly charged, or that General Fund support was too high (which could indicate an opportunity to reduce taxpayer support).

We recommend the Department utilize cash funds to pay costs until the balances are at an acceptable level. After the balances have been reduced the Department could return to the funding allocations currently used.

NEBRASKA DEPARTMENT OF AGRICULTURE

COMMENTS AND RECOMMENDATIONS

1. **Excessive Cash Fund Balances** (Concluded)

Department's Response: the audit point does not identify what is an acceptable level cash balance. The Department has many cash funds with funding mixes which were established in working with industry user groups and legislators in setting various types of fees. The fees are set based on a 5- to 10- year plan to avoid unnecessary legislative action every few years to adjust fees.

The Department is very cognizant in utilizing various cash funds as intended by statute. By following the agreed funding mix, and as a result of changes in industry and other factors, the cash fund balances have fluctuated.

Relative to the Noxious Weed Cash Fund, the Department does recognize this balance is excessive. The Department had, as part of our FY2002 and FY2003 biennium budget request, proposed a plan which would reduce the cash fund balance.

The Weed and Insect Book Cash Fund is a 100% - cash funded activity in which the proceeds from the sale of the book are utilized for development and republication costs. This fund will cycle as the Department replenishes the purchase of these books on a three- to five-year cycle. Sales volume of these two books determine when new purchases will be made.

The commercial Feed, Fertilizer, and Liming Materials Cash Fund has generated greater revenues than were originally projected due to the amount of consumption of these various commodities. The program is approximately 80% cash funded currently. The Department is in the process of scheduling a rulemaking hearing which would temporarily reduce fees and lower the cash fund balances.

The Weights and Measures Administrative Cash Fund was set based upon an 8-to 10- year plan which, at the time, reflected various assumptions for inflationary factors of cost. The usage of the cash funds very stringently follow the guidelines for the funding mix which was established working with the industry and the legislature. Due to the less-than-anticipated inflationary factor, the useful life of the current fees being assessed will extend an additional five or so years. The cash flow projections indicate expenditures for the next several years will exceed revenues generated.

2. **Allocation of Costs**

Good internal controls require adequate supporting documentation to ensure costs are correctly allocated and expenses are paid by the funds and programs in the proportion benefited. In addition, various Department funds have certain State and federal requirements regarding use which must be adhered to. Neb. Rev. Stat. Sections 2-10,117; 2-1808; 2-2627; 2-3110; 2-3413; 2-3521; 2-3812; 2-3814; 2-3911; 2-3930; 2-4324; 2-5106; 54-857; 54-1172; 54-2408; 81-201.05;

NEBRASKA DEPARTMENT OF AGRICULTURE

COMMENTS AND RECOMMENDATIONS

2. Allocation of Costs (Continued)

81-2, 147.11; 81-2, 162.27; 81-2, 164.03; 81-2, 237; 81-2,291; 89-1,100 create and establish various cash funds of the Department and require each fund be used only for the purposes established.

When separate funds are supported by separate groups of fee payers, one group of fee payers could shoulder the burden of higher fees should the Department over-allocate expenses to the fund supported by that group. Fiscal accountability for each fund is significantly diminished without adequate support for expenses charged to each fund.

We noted the following:

- ❖ The Department has a data processing support unit. The Department did not have documentation to support the allocation of costs for the Data Center. Data Center costs for the fiscal year were \$301,783 and were allocated to various funds and divisions.
- ❖ Documentation was not adequate to support the allocation of Program 61-Agricultural Laboratory expenses. During our testing we noted a \$38,000 equipment purchase payment was split equally between Fund 2081-Commercial Feed Administration and Fund 2181-Pure Milk, however there was no documentation to support these funds utilized the equipment in the same proportion as charged. We also noted payment for a \$19,814 minivan was split among Fund 2081, Fund 2181, Fund 2082-Fertilizers and Soil Conditioners, Fund 2089-Pure Food, and Fund 2178-Seed Administrative. Again, there was no documentation to support the allocation of costs was reasonable. Total costs for the Laboratory for the fiscal year were as follows:

	<u>Fund</u>	<u>Disbursements</u>
1000	General Fund	\$ 990,574
2079	Pesticide Admin	\$ 5,664
2081	Commercial Feed	\$ 181,336
2082	Fertilizers & Soil Cond.	\$ 76,956
2084	NE Ag Prod. Mktg.	\$ 1,309
2085	Soil & Plant Analysis	\$ 927
2088	Mftg. Milk	\$ 4,386
2089	Pure Food	\$ 57,109
2178	Seed Administrative	\$ 89,834
2181	Pure Milk	\$ 155,546
4000s	Federal Funds	\$ 116,842

- ❖ Documentation was not adequate to support the allocation of phone billings between Program 564-Agricultural Development and Program 27-Department Administration.

NEBRASKA DEPARTMENT OF AGRICULTURE

COMMENTS AND RECOMMENDATIONS

2. Allocation of Costs (Concluded)

Without a clear method and support for charging costs associated with more than one activity, costs may be allocated inappropriately, and various funding sources may support more or less than their share of costs.

We recommend the Department document and support the basis for allocating costs to ensure funds are properly charged.

Department's Response: The Department will attempt to document and support the basis for allocating funds charged. In response to the data processing support unit, the Department has stringently followed the fundamental concept that was agreed upon by the executive and legislative branches to equally split data processing central support costs amongst six programs. The only adjustment in the last 10+ years in allocating costs has been due to legislation and program changes, and increases in administration's program 027's cost allocation and reduction in the laboratory program 061's central support costs. The Department has chosen this reasonable allocation based on historical factors which avoid utilizing staff time and an inordinate amount of money creating detailed cost allocation plans to support our allocation basis. All divisions affected do receive services and support from the central units. The amount of support does fluctuate over various periods of time, but in the long run, reasonably supports the allocation utilized.

Relative to the agriculture laboratory expenses (program 061), there is no correct cost allocation for many of the expenditures incurred by the laboratory. Many pieces of capital outlay-type items are cross utilized amongst many different activities. The Department could utilize historical utilization to base future costs on, but there are always shifts and changes in technology, which does affect this allocation.

The Department cannot conclude an easy remedy for this audit point, but is optimistic the future of a new Nebraska Information System (NIS) will go a long way in providing more detailed documentation to support the basis for cost allocations without spending inordinate amounts of dollars in tracking minimal-type costs.

3. Commodity Board Billings

Neb. Rev. Stat. Section 81-201.03, R.R.S. 1996 allows the Department of Agriculture to provide services such as accounting and auditing for other Boards and Commissions. Section 81-201.04, R.R.S. 1996 requires the Department to develop a system of equitable billings and charges for such services which shall reflect, as nearly as may be practical, the actual costs incurred.

The Department provides services for several separate commodity boards and commissions, and bills them for costs incurred by the Department. Some of the costs, such as personnel expenses,

NEBRASKA DEPARTMENT OF AGRICULTURE

COMMENTS AND RECOMMENDATIONS

3. **Commodity Board Billings** (Concluded)

are allocated to the various commodity boards based on percentages established by the Department's Budget, Financing, and Personnel. Documentation to support the percentages used to allocate costs to the commodity boards was not on file.

Without documentation it could not be determined whether all costs were recovered or reasonably allocated.

We recommend the Department develop and maintain documentation for allocation of costs incurred to reflect actual costs, as nearly as practical.

The Department's Response: The Department does have a basis for allocating the majority of costs related to the commodity board billings which has been consistently applied and approved through presentations to the various commodity groups. We recognize a weakness in tracking personnel time to the various allocations utilized. We are not aware of any cheap, cost effective way of determining how this cost allocation can be documented. Much of it is based on experience and what we believe is a reasonable allocation based on time elements spent on each area. As previously mentioned, it is our hope that an improved NIS accounting system will allow for a more detailed documented process.

4. **License Fees (Bureau of Animal Industry)**

The Bureau collects license fees, ranging from \$1 to \$300, for livestock auction markets and livestock markets, and from weighmasters, livestock dealers, and pet food and rendering plants. The Legislature's June 1997 Program Evaluation Committee Review Report noted license fees did not adequately support the administrative costs of the Bureau.

In six quarterly reports to the Legislature, the Department of Agriculture stated they were in the process of forming a task force of industry and department personnel to review all statutes, regulations, and fees. The final report (January 5, 1999) stated letters were being sent to representatives of numerous livestock and livestock-related groups, and noted the process was in motion and would continue into the future as detailed.

During this audit, we were informed the Bureau did not form a task force because no responses were received to the letter. No recommendations have been made to adjust fees to increase revenue. During fiscal year 2000, the Bureau collected \$39,220 in license fees. Program 27, Department Administration, allocated \$153,748 in administrative costs to the Bureau.

We recommend the Department analyze the license fees to determine whether Statutory changes should be recommended to increase any of the fees.

NEBRASKA DEPARTMENT OF AGRICULTURE

COMMENTS AND RECOMMENDATIONS

4. **License Fees (Bureau of Animal Industry)** (Concluded)

Department's Response: The Department of Agriculture openly communicated with the Legislative Evaluation Committee on their review of many activities undertaken by the Department. As a result of this legislative review, the Department is in the process of making several major updates to the statutes in our Bureau of Animal Industry. We agree there has been a lack of interest in looking at the license fees which are potentially outdated. It is the Department's intent to continue to look at this process and provide information for necessary adjustments. Relative to the administrative costs of \$153,748 versus a \$39,220 in license fees generated, based on the funding mix concept and the industry fees paid direct and not reflected through the state's accounting system, we believe the administrative costs are being fairly allocated.

5. **Lack of Segregation of Duties (Receivables)**

During our review of the receipt procedures for Weights and Measures Division, we noted the person maintaining the accounts receivable records made adjustments to accounts receivable balances. These adjustments were not periodically reviewed, or approved, by someone independent of the receipting process.

Good internal control includes proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

The lack of segregation of duties over adjustments to accounts receivable records increases the possibility of the loss or misuse of State funds.

This was also a comment in the prior audit of Program 56 (Weights & Measures). At that time the Department responded that procedures would be implemented to periodically review the adjustments to the accounts receivable records by someone independent of the receipting and data entry process. The procedures were to be documented and added to the regular procedures for the receipts process for the Weights and Measures Division.

We recommend the management of the Weights & Measures Division periodically review and approve all adjustments made to the accounts receivable system. We also recommend these reviews be documented.

Department's Response: In our Weights and Measures Division, We do have a system of checks and balances in place in which the computer serves a major role. To improve the process, the Department will make a concerted effort to do a better job of documenting the review processes.

STATE OF NEBRASKA
Auditor of Public Accounts



Kate Witek
State Auditor
kwitek05@nol.org

P.O. Box 98917
Suite 2303, State Capitol
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301

NEBRASKA DEPARTMENT OF AGRICULTURE

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the Nebraska Department of Agriculture as of and for the fiscal year ended June 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Department of Agriculture as of June 30, 2000, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2000, on our consideration of the Nebraska Department of Agriculture's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

October 20, 2000

Pat Reding, CPA
Manager

NEBRASKA DEPARTMENT OF AGRICULTURE
**COMBINED STATEMENT OF ASSETS, FUND BALANCES
AND OTHER CREDITS ARISING FROM CASH TRANSACTIONS**
ALL FUND TYPES AND GENERAL FIXED ASSETS ACCOUNT GROUP
June 30, 2000

	<u>Governmental Fund Types</u>		<u>Account Group</u>	Totals
			General	(Memorandum
	<u>General</u>	<u>Special</u>	<u>Fixed</u>	<u>Only</u>)
<u>Assets</u>		<u>Revenue</u>	<u>Assets</u>	
Cash in State Treasury	\$ -	\$ 5,607,528	\$ -	\$ 5,607,528
Deposit with Vendors	11,018	12,536	-	23,554
Petty Cash	-	200	-	200
Investments	-	2,699,277	-	2,699,277
Property, Plant, and Equipment	-	-	3,934,536	3,934,536
Total Assets	<u>\$ 11,018</u>	<u>\$ 8,319,541</u>	<u>\$ 3,934,536</u>	<u>\$ 12,265,095</u>
<u>Fund Balances and Other Credits</u>				
Other Credits,				
Investment in Fixed Assets	\$ -	\$ -	\$ 3,934,536	\$ 3,934,536
Fund Balances:				
Reserved For Vendor Deposits	11,018	12,536	-	23,554
Unreserved, Undesignated	-	8,307,005	-	8,307,005
Total Fund Balances and Other Credits	<u>\$ 11,018</u>	<u>\$ 8,319,541</u>	<u>\$ 3,934,536</u>	<u>\$ 12,265,095</u>

See Notes to Financial Statements.

NEBRASKA DEPARTMENT OF AGRICULTURE
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
For the Fiscal Year Ended June 30, 2000

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
RECEIPTS:				
Appropriations	\$ 5,813,224	\$ -	\$ -	\$ 5,813,224
Taxes	-	8,003,273	-	8,003,273
Intergovernmental	-	1,182,040	-	1,182,040
Sales and Charges	-	3,524,141	-	3,524,141
Miscellaneous	4,017	1,072,360	20,300	1,096,677
TOTAL RECEIPTS	5,817,241	13,781,814	20,300	19,619,355
DISBURSEMENTS:				
Personal Services	3,924,917	3,176,301	-	7,101,218
Operating	1,315,242	2,446,806	-	3,762,048
Travel	465,603	213,324	-	678,927
Capital Outlay	107,462	428,631	-	536,093
Government Aid	-	26,457	-	26,457
TOTAL DISBURSEMENTS	5,813,224	6,291,519	-	12,104,743
Excess of Receipts Over (Under) Disbursements	4,017	7,490,295	20,300	7,514,612
OTHER FINANCING SOURCES (USES):				
Sales of Assets	2,521			2,521
Net Distributive Activity	21	(48)	-	(27)
Transfers In	-	35,557	-	35,557
Deposits to General Fund	(6,559)	-	-	(6,559)
Adjustments to Fund Balance	(1,821)	-	-	(1,821)
Deposits to Other Agencies (Note 9)	-	(7,072,968)	(20,300)	(7,093,268)
TOTAL OTHER FINANCING SOURCES (USES)	(5,838)	(7,037,459)	(20,300)	(7,063,597)
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(1,821)	452,836	-	451,015
FUND BALANCE, JULY 1, 1999	12,839	7,866,705	-	7,879,544
FUND BALANCE, JUNE 30, 2000	<u>\$ 11,018</u>	<u>\$ 8,319,541</u>	<u>\$ -</u>	<u>\$ 8,330,559</u>

See Notes to Financial Statements.

NEBRASKA DEPARTMENT OF AGRICULTURE
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2000

	GENERAL FUND			CASH FUNDS		
	ACTUAL	VARIANCE		ACTUAL	VARIANCE	
	(BUDGETARY	FAVORABLE		(BUDGETARY	FAVORABLE	
	BUDGET	BASES)	(UNFAVORABLE)	BUDGET	BASES)	(UNFAVORABLE)
RECEIPTS:						
Appropriations	\$ 5,813,224					
Taxes	-			\$ 8,003,273		
Intergovernmental	-			141,780		
Sales and Charges	-			3,168,664		
Miscellaneous	4,017			894,582		
TOTAL RECEIPTS	5,817,241			12,208,299		
DISBURSEMENTS:						
Personal Services	3,924,917			2,253,551		
Operating	1,315,242			1,831,326		
Travel	465,603			173,928		
Capital Outlay	107,462			327,077		
Government Aid	-					
TOTAL DISBURSEMENTS	\$ 6,058,603	5,813,224	\$ 245,379	\$ 5,306,921	4,585,882	\$ 721,039
Excess of Receipts Over (Under) Disbursements	4,017			7,622,417		
OTHER FINANCING SOURCES (USES):						
Sale of Assets	2,521			-		
Deposits to General Fund	(6,559)			-		
Deposits to Other Agencies	-			(7,072,968)		
Net Distributive Activity	21			(48)		
Transfers In	-			-		
Adjustments to Fund Balance	(1,821)			-		
TOTAL OTHER FINANCING SOURCES (USES)	(5,838)			(7,073,016)		
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(1,821)			549,401		
FUND BALANCES, JULY 1, 1999	12,839			4,753,910		
FUND BALANCES, JUNE 30, 2000	\$ 11,018			\$ 5,303,311		

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2000

	FEDERAL FUNDS			REVOLVING FUND		
		ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)		ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET			BUDGET		
RECEIPTS:						
Appropriations		\$ -			\$ -	
Taxes		-			-	
Intergovernmental		1,025,260			15,000	
Sales and Charges		1,300			354,177	
Miscellaneous		175,063			2,715	
TOTAL RECEIPTS		<u>1,201,623</u>			<u>371,892</u>	
DISBURSEMENTS:						
Personal Services		614,338			308,412	
Operating		523,949			91,531	
Travel		37,469			1,927	
Capital Outlay		58,286			43,268	
Government Aid		26,457			-	
TOTAL DISBURSEMENTS	<u>\$ 1,687,800</u>	<u>1,260,499</u>	<u>\$ 427,301</u>	<u>\$ 482,290</u>	<u>445,138</u>	<u>\$ 37,152</u>
Excess of Receipts Over (Under) Disbursements		<u>(58,876)</u>			<u>(73,246)</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		-			-	
Deposits to General Fund		-			-	
Deposits to Other Agencies		-			-	
Net Distributive Activity		-			-	
Transfers In		-			35,557	
Adjustments to Fund Balance		-			-	
TOTAL OTHER FINANCING SOURCES (USES)		<u>-</u>			<u>35,557</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		(58,876)			(37,689)	
FUND BALANCES, JULY 1, 1999		<u>3,065,392</u>			<u>47,403</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 3,006,516</u>			<u>\$ 9,714</u>	

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2000

	TOTAL (Memorandum Only)		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Appropriations		\$ 5,813,224	
Taxes		8,003,273	
Intergovernmental		1,182,040	
Sales and Charges		3,524,141	
Miscellaneous		<u>1,076,377</u>	
TOTAL RECEIPTS		<u>19,599,055</u>	
DISBURSEMENTS:			
Personal Services	\$ 7,857,772	7,101,218	\$ 756,554
Operating	4,623,412	3,762,048	861,364
Travel	830,597	678,927	151,670
Capital Outlay	223,833	536,093	(312,260)
Government Aid	-	26,457	(26,457)
TOTAL DISBURSEMENTS	<u>13,535,614</u>	<u>12,104,743</u>	<u>1,430,871</u>
Excess of Receipts Over (Under) Disbursements		<u>7,494,312</u>	
OTHER FINANCING SOURCES (USES):			
Sale of Assets		2,521	
Deposits to General Fund		(6,559)	
Deposits to Other Agencies		(7,072,968)	
Net Distributive Activity		(27)	
Transfers In		35,557	
Adjustments to Fund Balance		<u>(1,821)</u>	
TOTAL OTHER FINANCING SOURCES (USES)		<u>(7,043,297)</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		451,015	
FUND BALANCES, JULY 1, 1999		<u>7,879,544</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 8,330,559</u>	

See Notes to Financial Statements.

(Concluded)

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2000

1. **Summary of Significant Accounting Policies**

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

- A. **Reporting Entity.** The Nebraska Department of Agriculture (the Department) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Department is exempt from State and Federal income taxes. The financial statements include all funds of the Department. The Department has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Department, or the significance of their relationship with the Department are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Department 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 Department.

These financial statements present the Nebraska Department of Agriculture. No component units were identified. The Nebraska Department of Agriculture is part of the primary government for the State of Nebraska's reporting entity.

- B. **Basis of Accounting.** The accounting records of the Department are maintained and the Department's financial statements were prepared on the basis of cash receipts and disbursements. Under this method, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP) which requires the use of the modified accrual basis for governmental fund types and the accrual basis for nonexpendable trust fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred. Under the accrual basis of accounting revenues are recognized when earned and expenditures are recognized when the liability is incurred.
- C. **Fund Accounting.** The accounts and records of the Department are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

accounts which record receipts, disbursements, and the fund balance. The fixed asset account group is a financial reporting device designed to provide accountability over fixed assets. The fund types and account group presented on the financial statements are those required by GAAP and include:

General Fund. Reflects transactions related to resources received and used for those general operating services traditionally provided by state government 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.

Trust and Agency Funds. Reflect transactions related to assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

General Fixed Assets Account Group. Used to account for general fixed assets of the Department.

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

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

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

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

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

5000 - Revolving Funds - account for the operation of state agencies which provide goods and services to other departments or agencies within state government.

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

6000 - Trust Funds - account for assets held by the State in a trustee capacity. Disbursements are made in accordance with the terms of the trust. No appropriation control is established for this fund type.

- D. Budgetary Process.** The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Department and all other State agencies must submit their budget request for the biennium beginning the following July 1. There are no annual budgets prepared for Trust funds. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium. The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and submits the revised appropriation bill to the Governor for signature. 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 appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency/program, the Legislature may provide funding from one 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 usually made for each year of the biennium with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium. During fiscal year 2000, the Legislature passed a deficit appropriation bill which increased the allowable disbursement level in program 27, Administration.

All State budgetary disbursements for the general, cash, federal, and revolving fund types are made pursuant to the appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major object of expenditure accounts except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total general, cash, and revolving fund appropriations must also be approved by the Legislature as a deficit

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

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

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first year of the next biennium. The effect of the Department's current procedure is to include in the budget columns, Total Disbursements line, of the Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Department's intention to honor the encumbrances at the end of a biennium. The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 2000, there were no budgetary funds in which disbursements exceeded appropriations.

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

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

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

There is no difference between the fund balance of the Budgetary Statement and the Financial Statement. The cash, federal and revolving funds on the Budgetary Statement are appropriately classified as special revenue funds for Financial Statement purpose.

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

- E. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 2000, have been recorded at cost by the Department. Generally, equipment which has a cost in excess of \$100 at the date of acquisition and has an expected useful life of two or more years is capitalized.

Assets in the general fixed assets account group are not depreciated. Fixed assets do not include infrastructure such as roads and bridges, as these assets are immovable and of value only to the government. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

- F. Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer on a daily basis based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether or not a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Department were designated for investment during fiscal year 2000.
- G. Investments.** Investments are long-term. Law or other legal instruments may restrict these investments. All investments are reported on the cash basis. The earnings and changes in value of the investment incurred during the month are not recorded on the accounting system until the following month. Thus, for the fiscal year ended June 30, 2000, the earnings and changes in value of the investment would not have been recorded in the accounting system until July 2000. This is different than how investments would be recorded in accordance with GAAP. Under GAAP, investments would be stated at fair market value.
- H. Adjustments to Fund Balance.** Adjustments to Fund Balance transactions would be those recorded directly to a fund's asset or equity accounts rather than through a receipt or disbursement account.

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

- I. Net Distributive Activity.** Net Distributive Activity transactions would be those recorded directly to a fund's liability accounts rather than through a receipt or disbursement account. These transactions represent funds received by the Department which are owed to some individual, organization, or other government agency or are deposits which will be returned on completion of some specified requirement.
- J. Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.
- K. Compensated Absences.** All permanent employees working for the Department earn sick and annual leave and are allowed to accumulate compensatory leave rather than being paid overtime. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under GAAP the vested portion of the employee's compensated absences is recorded in the Long Term Debt Account Group for governmental funds (and amounts related to proprietary funds and non-expendable trust funds would be reflected separately in those funds). Under the 'receipts and disbursements basis of accounting' the balances which would be reported in the Long Term Debt Account Group are not reported as they do not represent balances arising from Cash Transactions.
- L. Receipts.** The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Department are:

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

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

Intergovernmental. Receipts from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

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

Miscellaneous. Receipts from sources not covered by other major categories.

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

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

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

N. Fund Balance Reservations. Reservations of fund balance are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balance are also established for assets which are not current in nature, such as deposits with vendors.

2. **Totals**

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

3. **Investments**

Neb. Rev. Stat. Section 72-1247 R.S. Supp., 1998 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. The Department's investments are categorized to give an indication of the level of custodial risk assumed by the Department at year-end. Category 1 includes investments that are

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Investments (Concluded)**

insured, registered, or for which the securities are held by the State or its agent in the State's name. The investments of the Department are either categorized as Category 1 or not categorized as required by Governmental Accounting Standards Statement number 3.

Government Agency Obligations	\$ 977,202
U.S. Treasury Obligations	<u>1,428,960</u>
Total Category 1	2,406,162
Investments (Not Categorized)	
Mutual Funds	300,872
Pooled Cash Investments	<u>5,744</u>
Total Investments	<u>\$ 2,712,778</u>

Neb. Rev. Stat. Section 72-1247, R.S. Supp., 1998, 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 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. At year-end, there was no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amount borrowers owed the State. The collateral securities cannot be pledged or sold unless the borrower defaults. There are no restrictions on the amount of securities that can be pledged or sold 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.

Generally, either the State or the borrowers can terminate securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools. Because loans were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. There is no loss indemnification provided to the State by the contract with the custodian. At June 30, 2000, there was \$1,221,975 on securities loan.

4. **Contingencies and Commitments**

Risk Management. The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and health care insurance. The Department, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability and workers compensation. The State has chosen to purchase insurance for:

1. Motor vehicle liability which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage and uninsured and underinsured motorists with various limits and deductibles.
2. Health care insurance for employees selecting certain coverage options. All health care insurance was purchased.
3. Crime coverage with a limit of \$1 million for each loss with a \$10,000 retention per incident.
4. Real and personal property on a blanket basis for losses up to \$250,000,000 with a self-insured retention of \$100,000 per loss occurrence. The perils of Flood and Earthquake are covered up to \$9,000,000. Newly acquired properties are only covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Risk Management Internal Service Fund through a combination of employee and State contributions. Worker's compensation is also funded in the Risk Management Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Department of Agriculture's financial statements.

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

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **State Employees' Retirement Plan (Plan)**

The Plan is a single-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the State Employees Retirement Act and may be amended through legislative action. In the defined contribution plan, retirement benefits depend on total contributions, investment earnings, and the investment options selected. Membership in the Plan is required of all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service and voluntary participation is permitted for all permanent full-time or part-time employees upon reaching age twenty and twelve months of service within a five-year period, except any individual appointed by the Governor may elect not to become a member of the Plan.

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

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

For the Fiscal Year Ended June 30, 2000, employees contributed \$238,584 and the Department contributed \$372,192.

6. **Fixed Assets**

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

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
Equipment	\$ 3,592,237	\$ 515,169	\$ 172,870	\$ 3,934,536

7. **Rural Rehabilitation Fund Loan**

The Department entered into an agreement to loan \$100,000 of rural rehabilitation funds to the Rural Investment Corporation for working capital. This is a non-profit Nebraska corporation which will establish a secondary market for purchasing farmland loans of low income, first-time farm buyers. The loan is for a period of 5.5 years with a simple interest rate of 6.50%. Payments are due annually of \$20,000 principal plus interest. The final payment is due January 1, 2004.

NEBRASKA DEPARTMENT OF AGRICULTURE

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. **Full Accountability of the General Fund**

Only the cash transactions are reported on the financial statements for this fund. They do not show appropriations. To show the full accountability over this fund the following schedules reflect appropriations. Appropriations do not represent cash transactions.

General Fund	
Beginning (Reappropriated) Balance July 1, 1999	\$ 64,483
New Appropriations	5,994,121
Total Appropriations	<u>6,058,604</u>
Disbursements	(5,813,224)
Ending (Appropriations) Balance June 30, 2000	<u>\$ 245,380</u>

9. **Deposits to Other Agencies**

Fund 6334 – the Permanent School Fund is a Non-Expendable Trust Fund. This fund is a common fund which is shared with several other State agencies in the Nebraska Accounting System. All amounts contributed to this fund by participating State agencies are reflected in fund balances of the fund's custodial agency – the Nebraska Board of Educational Lands and Funds.

Neb. Rev. Stat. Section 60-1415(2), R.R.S. 1998, requires all administrative fines collected by the Board to be credited to the Permanent School Fund. Fines collected are presented in the non-expendable trust fund as Receipts – Miscellaneous and Other Financing Sources (Uses) – Deposits to Other Agencies.

Fund 2602 – the Ethanol Production Incentive Cash Fund. This fund collects an excise tax on corn and grain sorghum per Neb. Rev. Stat. Section 66-1345.01, R.S. Supp. 2000. The Department of Agriculture collects the tax. The fund is presented in the financial statements of the Ethanol Board.

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 SPECIAL REVENUE FUNDS
 June 30, 2000

	Noxious Weed Fund 2075	Tractor Permit Fund 2076	Weed & Insect Book Fund 2078	Pesticide Administrative Fund 2079	Liming Materials Fund 2080	Commercial Feed Admin. Fund 2081	Fertilizers & Soil Cond. Fund 2082
Assets							
Cash in State Treasury	\$ 490,593	\$ 168	\$ 149,297	\$ 1,581,541	\$ 82,980	\$ 625,919	\$ 411,750
Deposit with Vendors	5	-	1,020	2,075	-	605	50
Petty Cash	-	-	-	-	-	75	-
Investments	-	-	-	-	-	-	-
Total Assets	<u>\$ 490,598</u>	<u>\$ 168</u>	<u>\$ 150,317</u>	<u>\$ 1,583,616</u>	<u>\$ 82,980</u>	<u>\$ 626,599</u>	<u>\$ 411,800</u>
Fund Balances							
Fund Balances:							
Reserved for Vendor Deposits	\$ 5	\$ -	\$ 1,020	\$ 2,075	\$ -	\$ 605	\$ 50
Unreserved, Undesignated	<u>490,593</u>	<u>168</u>	<u>149,297</u>	<u>1,581,541</u>	<u>82,980</u>	<u>625,994</u>	<u>411,750</u>
Total Fund Balances	<u>\$ 490,598</u>	<u>\$ 168</u>	<u>\$ 150,317</u>	<u>\$ 1,583,616</u>	<u>\$ 82,980</u>	<u>\$ 626,599</u>	<u>\$ 411,800</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
SPECIAL REVENUE FUNDS
June 30, 2000

	Poultry & Egg Dev. Mktg. Fund 2083	NE Agriculture Prod. Mktg. Fund 2084	Soil & Plant Analysis Fund 2085	State Apiary Cash Fund 2087	Manufacturing Milk Cash Fund 2088	Pure Food Cash Fund 2089	Seed Administrative Fund 2178
<u>Assets</u>							
Cash in State Treasury	\$ 70,026	\$ 18,035	\$ 1,269	\$ 2,037	\$ 180	\$ 15,287	\$ 11,867
Deposit with Vendors	344	180	85	-	-	1,155	351
Petty Cash	-	-	-	-	-	50	-
Investments	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 70,370</u>	<u>\$ 18,215</u>	<u>\$ 1,354</u>	<u>\$ 2,037</u>	<u>\$ 180</u>	<u>\$ 16,492</u>	<u>\$ 12,218</u>
<u>Fund Balances</u>							
Fund Balances:							
Reserved for Vendor Deposits	\$ 344	\$ 180	\$ 85	\$ -	\$ -	\$ 1,155	\$ 351
Unreserved, Undesignated	<u>70,026</u>	<u>18,035</u>	<u>1,269</u>	<u>2,037</u>	<u>180</u>	<u>15,337</u>	<u>11,867</u>
Total Fund Balances	<u>\$ 70,370</u>	<u>\$ 18,215</u>	<u>\$ 1,354</u>	<u>\$ 2,037</u>	<u>\$ 180</u>	<u>\$ 16,492</u>	<u>\$ 12,218</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 SPECIAL REVENUE FUNDS
 June 30, 2000

	Plant Protection & Plant Pest Fund 2179	Ag. Product Marketing Info Fund 2180	Pure Milk Fund 2181	Livestock Auction Mrkt. Fund 2182	Neb. Potato Development Fund 2184	Domesticated Cervine Fund 2185	Weights & Measure Admin. Fund 2187
Assets							
Cash in State Treasury	\$ 103,469	\$ 39,999	\$ 192,233	\$ 27,236	\$ 106,853	\$ 10,704	\$ 808,360
Deposit with Vendors	130	10	25	60	267	-	71
Petty Cash	-	-	-	-	-	-	75
Investments	-	-	-	-	-	-	-
Total Assets	<u>\$ 103,599</u>	<u>\$ 40,009</u>	<u>\$ 192,258</u>	<u>\$ 27,296</u>	<u>\$ 107,120</u>	<u>\$ 10,704</u>	<u>\$ 808,506</u>
Fund Balances							
Fund Balances:							
Reserved for Vendor Deposits	\$ 130	\$ 10	\$ 25	\$ 60	\$ 267	\$ -	\$ 71
Unreserved, Undesignated	<u>103,469</u>	<u>39,999</u>	<u>192,233</u>	<u>27,236</u>	<u>106,853</u>	<u>10,704</u>	<u>808,435</u>
Total Fund Balances	<u>\$ 103,599</u>	<u>\$ 40,009</u>	<u>\$ 192,258</u>	<u>\$ 27,296</u>	<u>\$ 107,120</u>	<u>\$ 10,704</u>	<u>\$ 808,506</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 SPECIAL REVENUE FUNDS
 June 30, 2000

	Graded Egg Fund 2188	Buffer Strip Incentive Fund 2195	Ag. Loan Mediation Fund 4182	FDA Partnership Fund 4183	FDA Sulfamethazine Fund 4184	Ag Development Fund 4185	Pesticide FIFRA Fund 4186
Assets							
Cash in State Treasury	\$ 5,674	\$ 541,201	\$ 2,269	\$ 21	\$ 4,919	\$ 136,214	\$ 416
Deposit with Vendors	-	-	-	-	-	251	-
Petty Cash	-	-	-	-	-	-	-
Investments	-	-	-	-	-	2,699,277	-
Total Assets	<u>\$ 5,674</u>	<u>\$ 541,201</u>	<u>\$ 2,269</u>	<u>\$ 21</u>	<u>\$ 4,919</u>	<u>\$ 2,835,742</u>	<u>\$ 416</u>
Fund Balances							
Fund Balances:							
Reserved for Vendor Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251	\$ -
Unreserved, Undesignated	<u>5,674</u>	<u>541,201</u>	<u>2,269</u>	<u>21</u>	<u>4,919</u>	<u>2,835,491</u>	<u>416</u>
Total Fund Balances	<u>\$ 5,674</u>	<u>\$ 541,201</u>	<u>\$ 2,269</u>	<u>\$ 21</u>	<u>\$ 4,919</u>	<u>\$ 2,835,742</u>	<u>\$ 416</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
 SPECIAL REVENUE FUNDS
 June 30, 2000

	Food Grain Inspection Fund 4190	Fed. Medicated Feed Fund 4192	Aphis Receiving Fund 4193	Entomology Survey Fund 4195	Export Mktg. Ed. Dev. Fund 4197	Mgmt. Services Exp. Fund 5181	Totals Special Revenue Funds
Assets							
Cash in State Treasury	\$ 11,319	\$ 29,845	\$ 62,763	\$ 11,933	\$ 47,268	\$ 3,883	\$ 5,607,528
Deposit with Vendors	-	20	-	1	-	5,831	12,536
Petty Cash	-	-	-	-	-	-	200
Investments	-	-	-	-	-	-	2,699,277
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 11,319</u>	<u>\$ 29,865</u>	<u>\$ 62,763</u>	<u>\$ 11,934</u>	<u>\$ 47,268</u>	<u>\$ 9,714</u>	<u>\$ 8,319,541</u>
Fund Balances							
Fund Balances:							
Reserved for Vendor Deposits	\$ -	\$ 20	\$ -	\$ 1	\$ -	\$ 5,831	\$ 12,536
Unreserved, Undesignated	<u>11,319</u>	<u>29,845</u>	<u>62,763</u>	<u>11,933</u>	<u>47,268</u>	<u>3,883</u>	<u>8,307,005</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 11,319</u>	<u>\$ 29,865</u>	<u>\$ 62,763</u>	<u>\$ 11,934</u>	<u>\$ 47,268</u>	<u>\$ 9,714</u>	<u>\$ 8,319,541</u>

See Notes to Financial Statements.

(Concluded)

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Noxious Weed Fund 2075	Tractor Permit Fund 2076	Weed & Insect Book Fund 2078	Pesticide Administrative Fund 2079	Liming Materials Fund 2080	Commercial Feed Admin Fund 2081	Fertilizers & Soil Cond. Fund 2082
RECEIPTS:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 25,061	\$ 543,552	\$ 240,547
Intergovernmental	-	-	-	102,530	-	-	-
Sales and Charges	263,543	4,100	42,568	29,803	1,065	28,620	19,142
Miscellaneous	33,201	38	7,276	403,156	4,171	38,526	32,010
TOTAL RECEIPTS	<u>296,744</u>	<u>4,138</u>	<u>49,844</u>	<u>535,489</u>	<u>30,297</u>	<u>610,698</u>	<u>291,699</u>
DISBURSEMENTS:							
Personal Services	166,654	3,916	1,427	127,184	10,190	312,109	178,232
Operating	63,772	5	3,918	314,286	2,669	55,024	27,844
Travel	24,842	92	-	4,568	653	23,195	13,315
Capital Outlay	234	-	-	12,286	-	47,949	23,494
Government Aid	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>255,502</u>	<u>4,013</u>	<u>5,345</u>	<u>458,324</u>	<u>13,512</u>	<u>438,277</u>	<u>242,885</u>
Excess of Receipts Over (Under)							
Disbursements	<u>41,242</u>	<u>125</u>	<u>44,499</u>	<u>77,165</u>	<u>16,785</u>	<u>172,421</u>	<u>48,814</u>
OTHER FINANCING SOURCES (USES):							
Net Distributive Activity	-	-	(51)	-	-	3	-
Deposits to Other Agencies	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Excess of Receipts and Other Financing							
Sources Over (Under) Disbursements							
and Other Financing Uses	<u>41,242</u>	<u>125</u>	<u>44,448</u>	<u>77,165</u>	<u>16,785</u>	<u>172,424</u>	<u>48,814</u>
FUND BALANCE, JULY 1, 1999	<u>449,356</u>	<u>43</u>	<u>105,869</u>	<u>1,506,451</u>	<u>66,195</u>	<u>454,175</u>	<u>362,986</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 490,598</u>	<u>\$ 168</u>	<u>\$ 150,317</u>	<u>\$ 1,583,616</u>	<u>\$ 82,980</u>	<u>\$ 626,599</u>	<u>\$ 411,800</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Poultry & Egg Dev. Mktg. Fund 2083	NE Agriculture Prod. Mktg. Fund 2084	Soil & Plant Analysis Fund 2085	State Apiary Cash Fund 2087	Manufacturing Milk Cash Fund 2088	Pure Food Cash Fund 2089	Seed Administrative Fund 2178
RECEIPTS:							
Taxes	\$ 152,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	39,250	-	-	-	-	-	-
Sales and Charges	-	5,098	1,200	11,708	6,225	537,900	93,092
Miscellaneous	23,825	85,820	66	425	212	14,466	2,342
TOTAL RECEIPTS	<u>215,471</u>	<u>90,918</u>	<u>1,266</u>	<u>12,133</u>	<u>6,437</u>	<u>552,366</u>	<u>95,434</u>
DISBURSEMENTS:							
Personal Services	84,973	94	-	9,333	1,474	421,003	70,069
Operating	112,898	87,864	272	408	4,777	60,573	17,891
Travel	3,723	6,301	655	2,188	18	39,806	323
Capital Outlay	4,467	-	-	-	-	23,772	10,140
Government Aid	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>206,061</u>	<u>94,259</u>	<u>927</u>	<u>11,929</u>	<u>6,269</u>	<u>545,154</u>	<u>98,423</u>
Excess of Receipts Over (Under)							
Disbursements	<u>9,410</u>	<u>(3,341)</u>	<u>339</u>	<u>204</u>	<u>168</u>	<u>7,212</u>	<u>(2,989)</u>
OTHER FINANCING SOURCES (USES):							
Net Distributive Activity	-	-	-	-	-	-	-
Deposits to Other Agencies	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	9,410	(3,341)	339	204	168	7,212	(2,989)
FUND BALANCE, JULY 1, 1999	<u>60,960</u>	<u>21,556</u>	<u>1,015</u>	<u>1,833</u>	<u>12</u>	<u>9,280</u>	<u>15,207</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 70,370</u>	<u>\$ 18,215</u>	<u>\$ 1,354</u>	<u>\$ 2,037</u>	<u>\$ 180</u>	<u>\$ 16,492</u>	<u>\$ 12,218</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Plant Protection & Plant Pest Fund 2179	Ag. Product Marketing Info Fund 2180	Pure Milk Fund 2181	Livestock Auction Mrkt. Fund 2182	Neb. Potato Development Fund 2184	Domesticated Cervine Fund 2185	Weights & Measure Admin. Fund 2187
RECEIPTS:							
Taxes	\$ -	\$ (68,299)	\$ -	\$ -	\$ 51,706	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Sales and Charges	166,951	1,310	353,890	531,625	-	12,455	530,661
Miscellaneous	5,011	102,782	14,705	3,368	8,605	81	64,265
TOTAL RECEIPTS	<u>171,962</u>	<u>35,793</u>	<u>368,595</u>	<u>534,993</u>	<u>60,311</u>	<u>12,536</u>	<u>594,926</u>
DISBURSEMENTS:							
Personal Services	112,697	-	336,851	23,858	15,069	520	373,563
Operating	17,788	41	28,633	512,151	54,096	1,312	62,710
Travel	11,262	-	24,538	1,218	40	-	17,191
Capital Outlay	7,891	-	36,449	-	-	-	160,395
Government Aid	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>149,638</u>	<u>41</u>	<u>426,471</u>	<u>537,227</u>	<u>69,205</u>	<u>1,832</u>	<u>613,859</u>
Excess of Receipts Over (Under)							
Disbursements	<u>22,324</u>	<u>35,752</u>	<u>(57,876)</u>	<u>(2,234)</u>	<u>(8,894)</u>	<u>10,704</u>	<u>(18,933)</u>
OTHER FINANCING SOURCES (USES):							
Net Distributive Activity	-	-	-	-	-	-	-
Deposits to Other Agencies	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts and Other Financing							
Sources Over (Under) Disbursements							
and Other Financing Uses	22,324	35,752	(57,876)	(2,234)	(8,894)	10,704	(18,933)
FUND BALANCE, JULY 1, 1999	<u>81,275</u>	<u>4,257</u>	<u>250,134</u>	<u>29,530</u>	<u>116,014</u>		<u>827,439</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 103,599</u>	<u>\$ 40,009</u>	<u>\$ 192,258</u>	<u>\$ 27,296</u>	<u>\$ 107,120</u>	<u>\$ 10,704</u>	<u>\$ 808,506</u>

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF AGRICULTURE
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Graded Egg Fund 2188	Buffer Strip Incentive Fund 2195	Ethanol Prod. Incentive Fund 2602	Ag. Loan Mediation Fund 4182	FDA Partnership Fund 4183	FDA Sulfamethazine Fund 4184	Ag Development Fund 4185	Pesticide FIFRA Fund 4186
RECEIPTS:								
Taxes	\$ -	\$ -	\$ 7,058,310	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-		89,167	3,525	6,366	-	641,390
Sales and Charges	623	527,085		-	-	-	1,300	-
Miscellaneous	313	35,260	14,658	978	72	211	140,949	647
TOTAL RECEIPTS	936	562,345	7,072,968	90,145	3,597	6,577	142,249	642,037
DISBURSEMENTS:								
Personal Services	-	4,335		14,817	5,008	2,485	66,094	379,451
Operating	-	402,394		102,524	-	969	131,131	196,405
Travel	-	-		2,904	848	2,032	4,286	14,308
Capital Outlay	-	-		-	-	-	-	58,286
Government Aid	-	-		-	-	-	-	-
TOTAL DISBURSEMENTS	-	406,729	-	120,245	5,856	5,486	201,511	648,450
Excess of Receipts Over (Under) Disbursements	936	155,616	7,072,968	(30,100)	(2,259)	1,091	(59,262)	(6,413)
OTHER FINANCING SOURCES (USES):								
Net Distributive Activity	-	-	-	-	-	-	-	-
Deposits to Other Agencies	-	-	(7,072,968)	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(7,072,968)	-	-	-	-	-
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	936	155,616	-	(30,100)	(2,259)	1,091	(59,262)	(6,413)
FUND BALANCE, JULY 1, 1999	4,738	385,585		32,369	2,280	3,828	2,895,004	6,829
FUND BALANCE, JUNE 30, 2000	\$ 5,674	\$ 541,201	\$ -	\$ 2,269	\$ 21	\$ 4,919	\$ 2,835,742	\$ 416

See Notes to Financial Statements.

(Continued)

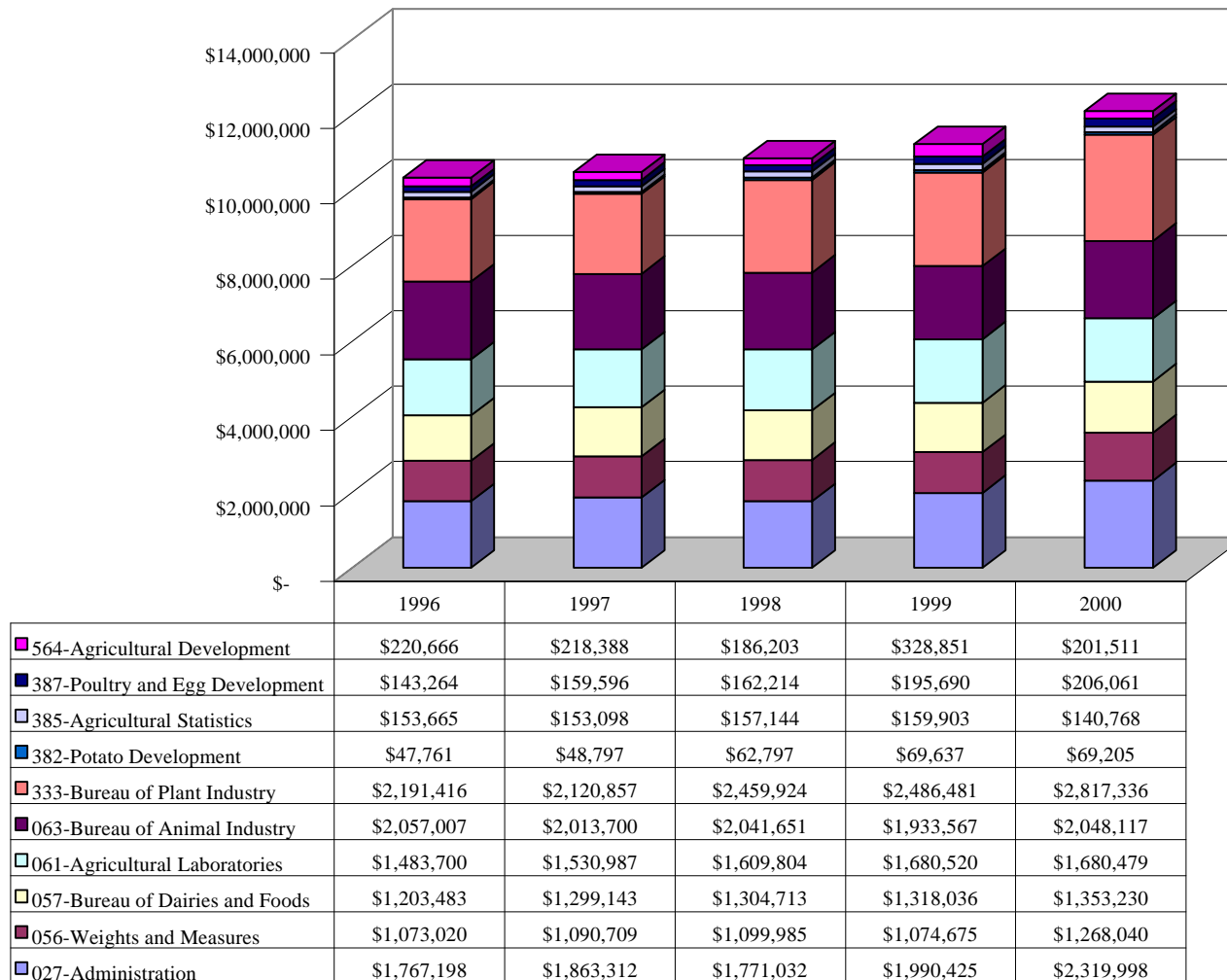
NEBRASKA DEPARTMENT OF AGRICULTURE
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES**
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000

	Food Grain Inspection Fund 4190	Fed. Medicated Feed Fund 4192	Aphis Receiving Fund 4193	Entomology Survey Fund 4195	Export Mktg. Ed. Dev. Fund 4197	Mgmt. Services Exp. Fund 5181	Total Special Revenue Funds
RECEIPTS:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,003,273
Intergovernmental	20,974	58,341	96,872	37,274	71,351	15,000	1,182,040
Sales and Charges	-	-	-	-	-	354,177	3,524,141
Miscellaneous	642	890	5,636	385	24,653	2,715	1,072,360
TOTAL RECEIPTS	21,616	59,231	102,508	37,659	96,004	371,892	13,781,814
DISBURSEMENTS:							
Personal Services	10,442	34,583	74,787	26,671	-	308,412	3,176,301
Operating	982	3,882	58,418	7,680	21,958	91,531	2,446,806
Travel	1,011	1,359	439	598	9,684	1,927	213,324
Capital Outlay	-	-	-	-	-	43,268	428,631
Government Aid	-	-	-	-	26,457	-	26,457
TOTAL DISBURSEMENTS	12,435	39,824	133,644	34,949	58,099	445,138	6,291,519
Excess of Receipts Over (Under) Disbursements	9,181	19,407	(31,136)	2,710	37,905	(73,246)	7,490,295
OTHER FINANCING SOURCES (USES):							
Net Distributive Activity	-	-	-	-	-	-	(48)
Deposits to Other Agencies	-	-	-	-	-	-	(7,072,968)
Transfers In	-	-	-	-	-	35,557	35,557
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	35,557	(7,037,459)
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	9,181	19,407	(31,136)	2,710	37,905	(37,689)	452,836
FUND BALANCE, JULY 1, 1999	2,138	10,458	93,899	9,224	9,363	47,403	7,866,705
FUND BALANCE, JUNE 30, 2000	\$ 11,319	\$ 29,865	\$ 62,763	\$ 11,934	\$ 47,268	\$ 9,714	\$ 8,319,541

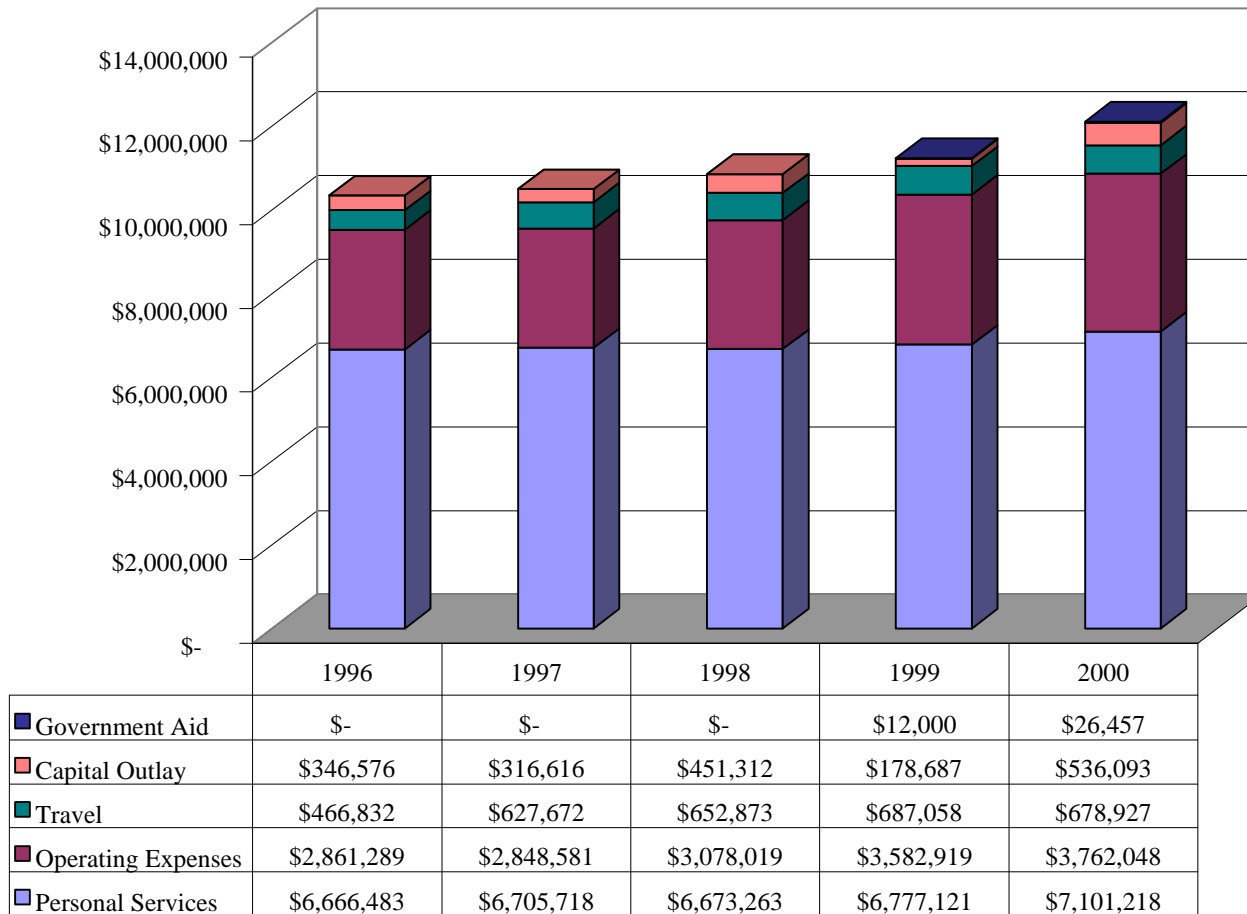
See Notes to Financial Statements.

(Concluded)

NEBRASKA DEPARTMENT OF AGRICULTURE
DISBURSEMENTS BY PROGRAM
Fiscal Years 1996-2000

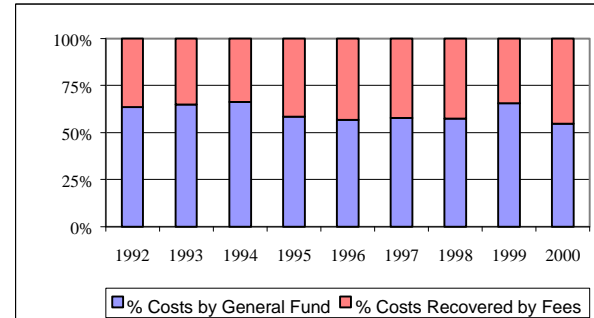
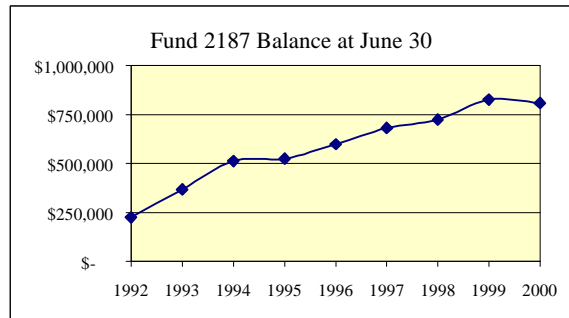


NEBRASKA DEPARTMENT OF AGRICULTURE
DISBURSEMENTS BY MAJOR ACCOUNT CATEGORY
 Fiscal Years 1996-2000



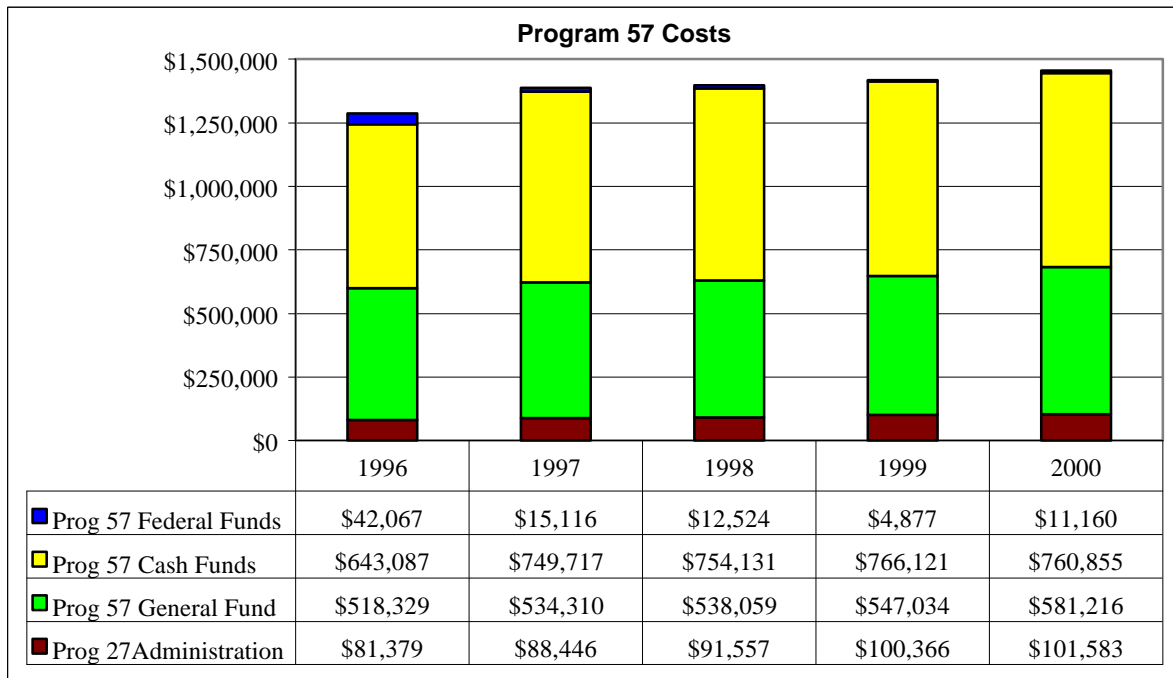
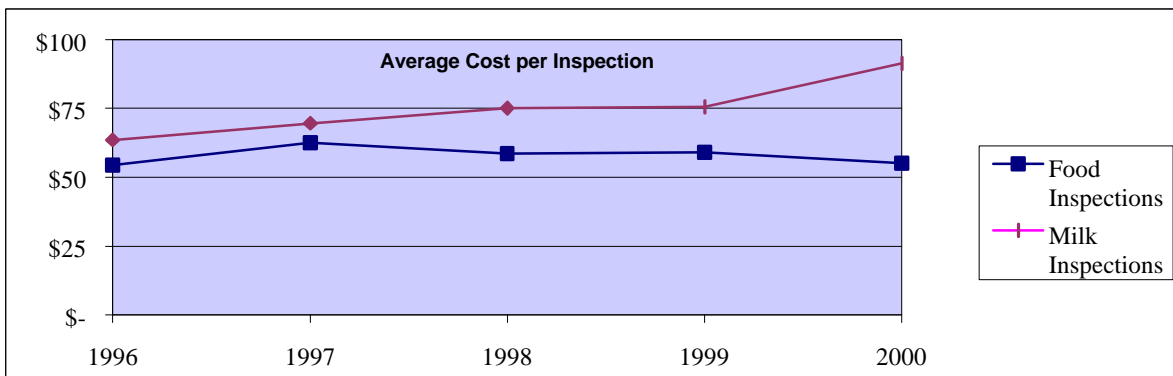
NEBRASKA DEPARTMENT OF AGRICULTURE
PROGRAM 56 WEIGHTS AND MEASURES
Fiscal Years 1992-2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Scales & Measuring Devices									
Devices Registered	31,248	31,319	30,543	30,555	30,809	32,044	31,991	32,323	32,644
Inspections	35,041	32,295	33,348	33,493	33,525	33,566	35,095	34,325	38,023
Compliance Rate	89.38%	91.70%	90.40%	91.00%	90.10%	88.50%	92.52%	92.04%	92.25%
Inspection Costs	\$762,443	\$745,255	\$798,833	\$847,982	\$864,757	\$882,043	\$877,810	\$890,986	\$1,059,086
Cost per Inspection	\$21.76	\$23.08	\$23.95	\$25.32	\$25.79	\$26.28	\$25.01	\$25.96	\$27.85
Packaged Commodities									
Packages Inspected	76,744	74,660	67,914	68,792	46,499	49,189	49,697	43,865	49,936
Percent Rejected	11.63%	5.77%	11.20%	13.38%	14.11%	11.81%	11.00%	13.54%	8.85%
Inspection Costs	\$197,112	\$250,576	\$185,196	\$211,338	\$177,464	\$183,225	\$192,690	\$166,815	\$213,089
Cost per Inspection	\$2.57	\$3.36	\$2.73	\$3.07	\$3.82	\$3.72	\$3.88	\$3.80	\$4.27
Certification of Standards									
Calibrations	3,851	3,613	2,916	3,311	3,604	3,904	3,812	3,881	4,109
Laboratory Costs	\$71,105	\$70,086	\$74,649	\$169,300	\$103,357	\$99,696	\$106,674	\$98,708	\$91,054
Cost per Calibration	\$18.46	\$19.40	\$25.60	\$51.13	\$28.68	\$25.54	\$27.98	\$25.43	\$22.16
Program Costs									
Program 27 Administration	\$61,836	\$68,656	\$68,509	\$70,298	\$72,557	\$74,256	\$77,190	\$81,835	\$95,189
General Fund	593,755	621,871	632,075	647,482	575,073	597,453	599,878	606,806	650,168
Cash Funds	375,069	375,390	358,094	510,840	497,948	493,256	500,107	467,869	617,871
	<u>\$ 1,030,660</u>	<u>\$ 1,065,917</u>	<u>\$ 1,058,678</u>	<u>\$ 1,228,620</u>	<u>\$ 1,145,578</u>	<u>\$ 1,164,965</u>	<u>\$ 1,177,175</u>	<u>\$ 1,156,510</u>	<u>\$ 1,363,228</u>
% Costs Recovered by Fees	36.39%	35.22%	33.82%	41.58%	43.47%	42.34%	42.48%	40.46%	45.32%
% Costs by General Fund	63.61%	64.78%	66.18%	58.42%	56.53%	57.66%	57.52%	59.54%	54.68%
Fund 2076 Balance at June 30	\$ 1,096	\$ 1,133	\$ 584	\$ 2,567	\$ 2,470	\$ 224	\$ 130	\$ 43	\$ 168
Fund 2187 Balance at June 30	\$ 226,084	\$ 368,246	\$ 513,200	\$ 524,749	\$ 599,206	\$ 681,315	\$ 724,761	\$ 827,439	\$ 808,506



NEBRASKA DEPARTMENT OF AGRICULTURE
PROGRAM 57 - DAIRY & FOOD
Fiscal Years Ended June 30, 1996 through June 30, 2000

	1996	1997	1998	1999	2000
Food Establishments					
Licenses Issued	8,977	8,940	8,907	8,943	8,977
Inspections	14,928	13,940	14,995	15,315	17,197
Inspection Costs	\$ 811,904	\$ 871,314	\$ 879,896	\$ 905,488	\$ 946,623
Average Cost per Inspection	\$ 54.39	\$ 62.50	\$ 58.68	\$ 59.12	\$ 55.05
Milk					
Permits Issued	1,302	1,174	1,073	1,025	990
Inspections	7,437	7,408	6,877	6,780	5,560
Inspection Costs	\$ 472,962	\$ 516,275	\$ 516,375	\$ 512,914	\$ 508,191
Average Cost per Inspection	\$ 63.60	\$ 69.69	\$ 75.09	\$ 75.65	\$ 91.40



% General Funded 47% 45% 45% 46% 47%

Note: This chart depicts Program 57 expenditures by fund type and Program 27 administration costs related to Program 57.

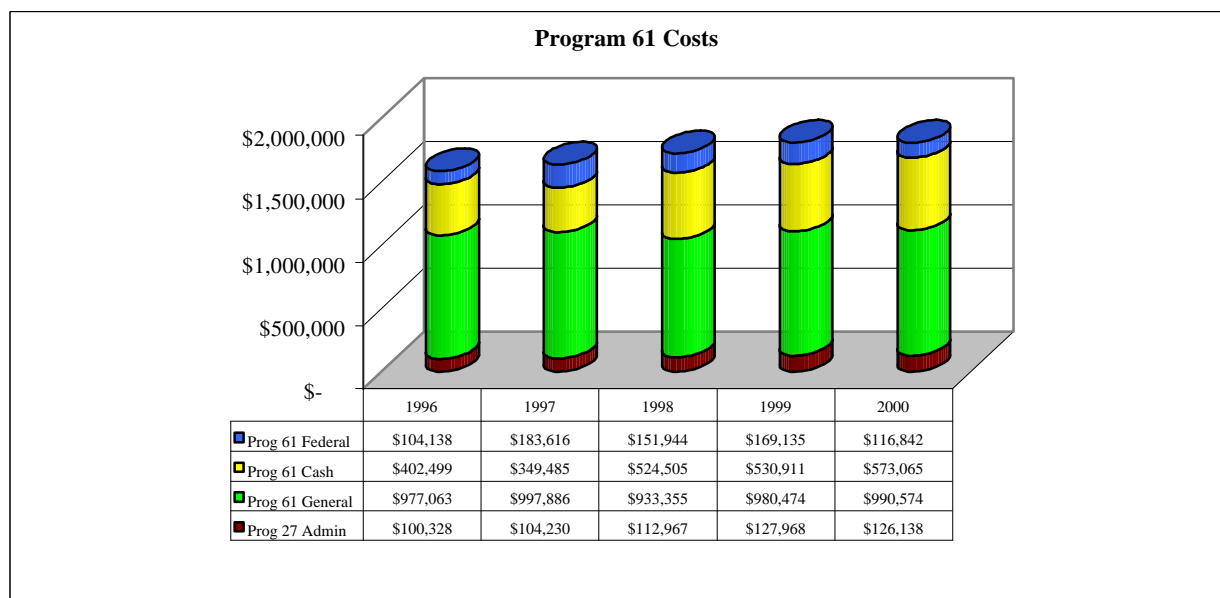
NEBRASKA DEPARTMENT OF AGRICULTURE
PROGRAM 61 - AGRICULTURAL LABORATORIES
Fiscal Years Ended June 30, 1996 through June 30, 2000

	1996	1997	1998	1999	2000
Samples Analyzed					
Livestock Disease	910,913	973,568	874,312	133,548	287,234
Dairy & Food	9,699	8,643	6,921	8,229	7,599
Feed, Fertilizer, & Lime	3,638	3,870	3,736	4,114	4,255
Seeds	4,103	3,483	3,645	3,459	2,927
Residue	-	-	285	275	274
Total	928,353	989,564	888,899	149,625	302,289

Determinations					
Livestock Disease	916,389	977,771	906,801	855,737	295,051
Dairy & Food	41,975	41,493	33,912	33,917	34,290
Feed, Fertilizer, & Lime	19,820	22,132	22,581	21,907	19,761
Seeds	9,820	9,160	9,870	8,977	7,279
Residue	-	-	353	450	579
Total	988,004	1,050,556	973,517	920,988	356,960

Laboratory Costs					
Livestock Disease	314,844	318,600	329,350	334,715	218,981
Dairy & Food	476,020	485,121	530,972	532,370	527,636
Feed, Fertilizer, & Lime	523,190	419,817	495,280	471,739	516,297
Seeds	224,127	258,842	259,613	242,169	276,945
Residue	45,847	152,837	107,556	227,496	266,767
Total	\$ 1,584,028	\$ 1,635,217	\$ 1,722,771	\$ 1,808,489	\$ 1,806,626

Average Cost per Determination					
Livestock Disease	\$ 0.34	\$ 0.33	\$ 0.36	\$ 0.39	\$ 0.74
Dairy & Food	\$ 11.34	\$ 11.69	\$ 15.66	\$ 15.70	\$ 15.39
Feed, Fertilizer, & Lime	\$ 26.40	\$ 18.97	\$ 21.93	\$ 21.53	\$ 26.13
Seeds	\$ 22.82	\$ 28.26	\$ 26.30	\$ 26.98	\$ 38.05
Residue	\$ -	\$ -	\$ 304.69	\$ 505.55	\$ 460.74

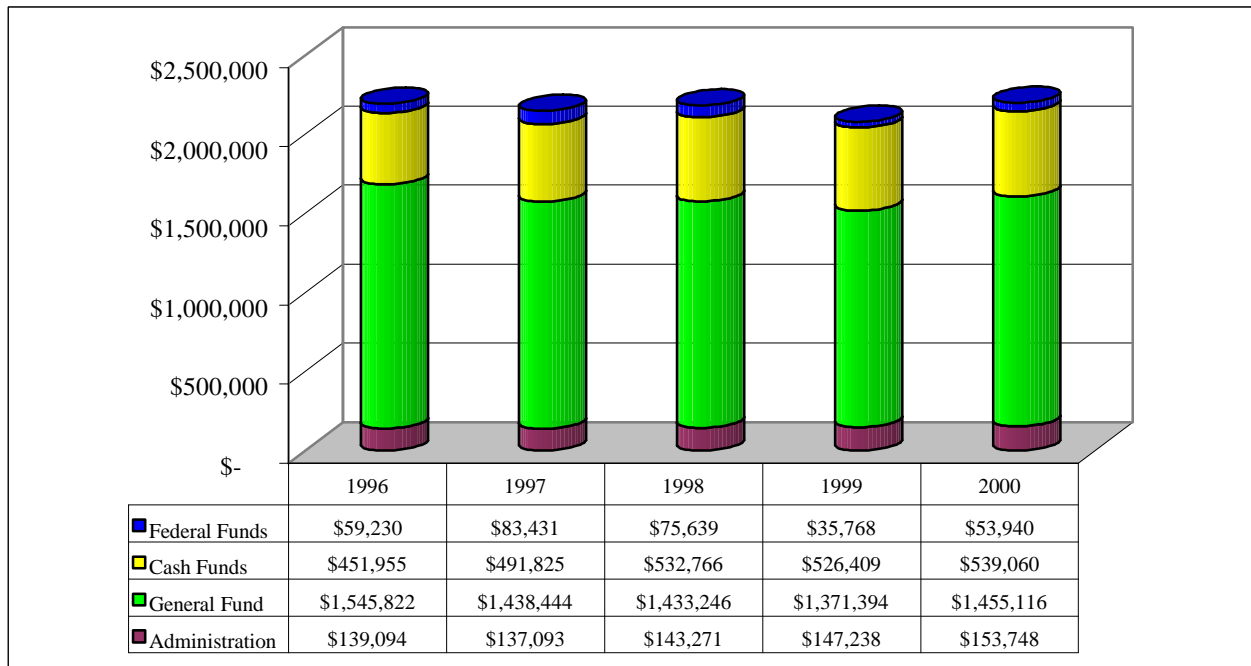
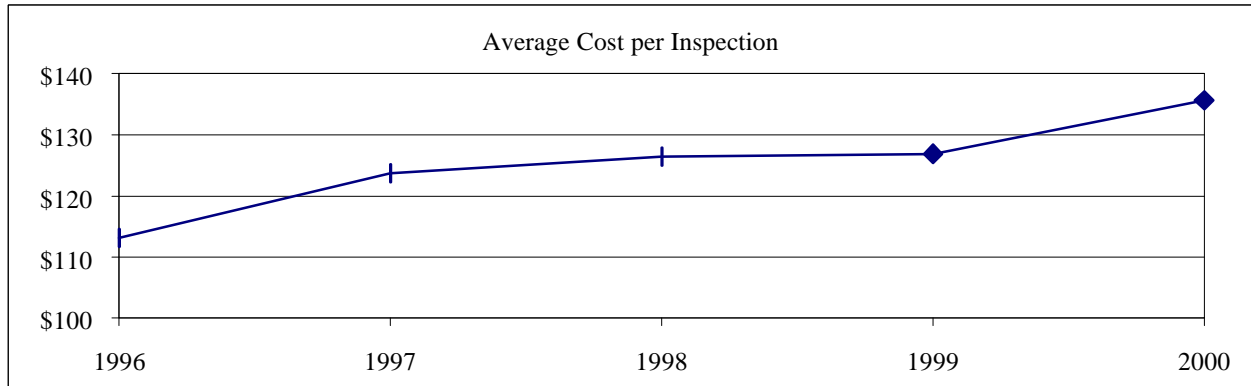


% General Fund 68% 67% 61% 61% 62%

Note: This chart depicts Program 61 expenditures by fund type and Program 27 administration costs related to Program 61.

NEBRASKA DEPARTMENT OF AGRICULTURE
PROGRAM 63 - ANIMAL INDUSTRY
Fiscal Years Ended June 30, 1996 through June 30, 2000

	1996	1997	1998	1999	2000
Inspections	13,872	12,603	11,937	11,688	11,755
Inspection Costs	\$ 1,568,921	\$ 1,558,777	\$ 1,509,341	\$ 1,482,841	\$ 1,594,167
Avg Cost per Inspection	\$ 113.10	\$ 123.68	\$ 126.44	\$ 126.87	\$ 135.62



% General Funded 77% 73% 72% 73% 73%

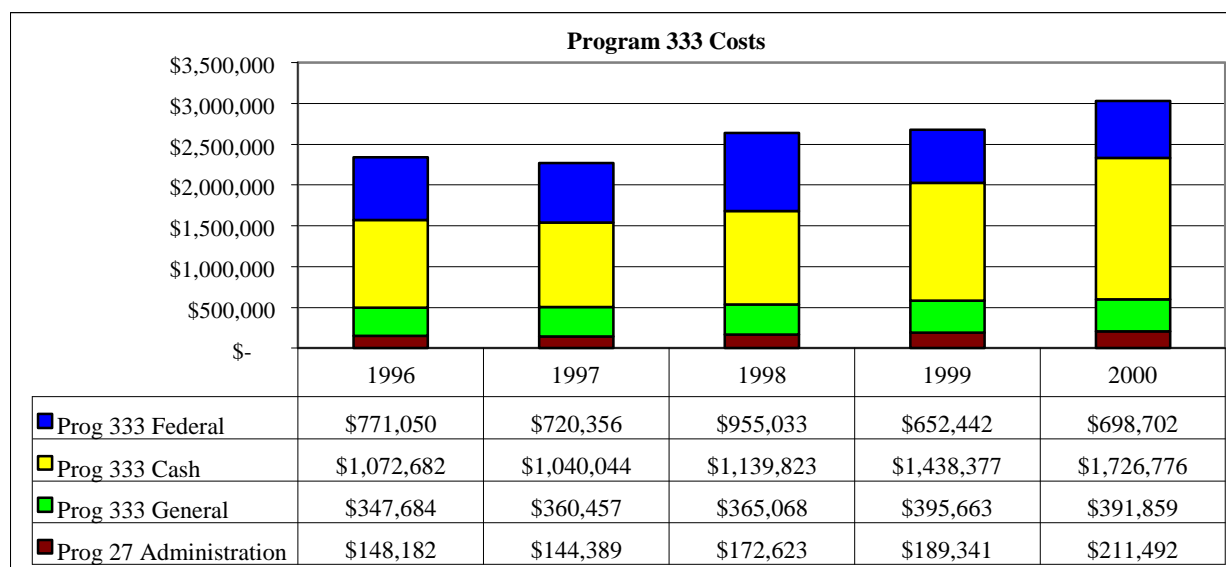
Note: This chart depicts Program 63 expenditures by fund type and Program 27 administration costs related to Program 63.

NEBRASKA DEPARTMENT OF AGRICULTURE
PROGRAM 333 - BUREAU OF PLANT INDUSTRY
SERVICE EFFORTS & ACCOMPLISHMENTS
Fiscal Years Ended June 30, 1996 through June 30, 2000

	1996	1997	1998	1999	2000
Inspections					
Grain Quality	90	100	102	129	159
Feed & Fertilizer	9,327	7,888	7,313	8,120	8,734
Pesticides	1,083	1,878	1,393	1,589	1,244
Entomology	6,255	5,039	5,280	6,660	4,078
Apiary	240	3	64	188	213
Noxious Weed	1,297	1,354	3,497	3,825	4,135
Total	18,292	16,262	17,649	20,511	18,563

Inspection Costs					
Grain Quality	\$ 43,901	\$ 35,286	\$ 52,174	\$ 59,772	\$ 60,503
Feed & Fertilizer	485,656	515,483	528,326	529,829	532,897
Pesticides	940,843	922,758	1,257,217	1,148,802	1,148,639
Entomology	252,836	251,857	261,941	303,891	297,688
Apiary	45,967	46,102	40,707	13,269	30,244
Noxious Weed	434,212	442,318	485,188	466,983	515,849
Total	\$ 2,203,415	\$ 2,213,804	\$ 2,625,553	\$ 2,522,546	\$ 2,585,820
Weed Book	135,183	50,988	6,785	5,709	5,689
Insect	-	454	209	176	57
Buffer Strip	-	-	-	147,392	437,261
Total Program Costs	\$ 2,338,598	\$ 2,265,246	\$ 2,632,547	\$ 2,675,823	\$ 3,028,827

Average Cost per Inspection					
Grain Quality	\$ 488	\$ 353	\$ 512	\$ 463	\$ 381
Feed & Fertilizer	\$ 52	\$ 65	\$ 72	\$ 65	\$ 61
Pesticides	\$ 869	\$ 491	\$ 903	\$ 723	\$ 923
Entomology	\$ 40	\$ 50	\$ 50	\$ 46	\$ 73
Apiary	\$ 192	\$ 15,367	\$ 636	\$ 71	\$ 142
Noxious Weed	\$ 335	\$ 327	\$ 139	\$ 122	\$ 125



% General Funded 21% 22% 21% 22% 20%

Note: This chart depicts Program 333 expenditures by fund type and Program 27 administration costs related to Program 333.

STATE OF NEBRASKA
Auditor of Public Accounts



Kate Witek
State Auditor
kwitek05@nol.org

P.O. Box 98917
Suite 2303, State Capitol
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301

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

We have audited the financial statements of the Nebraska Department of Agriculture as of and for the year ended June 30, 2000, and have issued our report thereon dated October 20, 2000. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska Department of Agriculture. 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.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska Department of Agriculture's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of the Nebraska Department of Agriculture in the Comments Section of this report as Comment Number 2 (Allocation of Costs), and Comment Number 3 (Commodity Board Billings).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Department of Agriculture's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal

control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Nebraska Department of Agriculture's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A Reportable condition is described in the Comments Section of the report as Comment Number 2 (Allocation of Costs).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted another matter involving internal control over financial reporting that we have reported to management of the Nebraska Department of Agriculture in the Comments Section of the report as Comment Number 5 (Lack of Segregation of Duties (Receivables)).

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

Pat Reding, CPA
Manager

October 20, 2000