

**AUDIT REPORT  
OF THE  
NEBRASKA DEPARTMENT OF  
ADMINISTRATIVE SERVICES**

**JULY 1, 1999 THROUGH JUNE 30, 2000**

# NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

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## NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

### BACKGROUND

The Department of Administrative Services (Department) was created by the 1965 Legislature. The Department coordinates and administers the following divisions: Departmental Administration, Accounting, Budget, State Building, Materiel, Communications, Information Management Services, Personnel, Employee Relations, Transportation Services Bureau, Risk Management, Task Force for Building Renewal, Intergovernmental Data Services, Federal Liaison, Office of the Chief Information Officer, Commission on Local Government Innovation and Restructuring, and the Nebraska Information Systems.

State Statute establishes the Department of Administrative Services to aid the Governor in the execution and administration of the civil administration of the laws of the state. The legislative intent of the Department is to:

- Provide for the development and maintenance of a modern system of budgetary, inventory and financial accounting;
- Provide for development and maintenance of such modern and economical methods and systems for record keeping, accounting, expenditure planning and control as may be possible through timely adoption of modern technological developments;
- Provide for centralized direction of services and service agencies;
- Assure the development and operation of organizational and procedural innovations as may be expected to provide acceptable internal control of the handling and processing of public funds; and
- Focus responsibility for execution of the financial policies of this state on the chief executive and provide assistants having the necessary technical skills for the achievement of that end.

**Departmental Administration** - This division provides central administration for the agency. The director and her staff are funded through this division.

**Accounting Division** - The Accounting Division, reorganized by the Legislature in 1969, operates and maintains the State's centralized accounting and payroll system. Accounting Operations Input ensures the compliance to the budget of accounting and payroll transactions. Accounting Operations Output balances the accounting and payroll systems and reports all accounting activity. The Management Systems and Studies Bureau reviews the internal controls and accounting methods used by State agencies, monitors State Auditor reports to see if changes in methods are needed, and provides agencies with appropriate reports and analysis as are necessary to effectively administer those agencies.

**Budget Division** - The 1969 Legislature reorganized the Budget Division as a result of a survey and recommendations made by the Nebraska Management Analysis Study Committee. The division: assists the Governor in the preparation of the executive budget; prescribes the budget calendar; collects and collates information on actual and intended receipts and expenditure levels; develops performance measures to evaluate actual and projected expenditure levels;

## NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

### **BACKGROUND**

(Continued)

administers the approved budget; prepares a monthly budget report for each State agency; coordinates State agency fiscal plans; develops long-term plans for program budgeting; and studies other States to compare them with Nebraska State agencies.

**State Building Division** - The State Building Division was created by the 1974 Legislature to plan, construct, and administer State facilities. The division ensures State funds are used wisely for construction projects, maintains building inventory and use records, plans future State buildings, and analyzes capital construction requests, programs, preliminary plans, and construction contracts. The division also performs daily maintenance and operation activities of buildings, and works to restore, maintain, enhance, promote, and document the State Capitol. The Security section works to maintain a safe environment for all state employees and visitors in all of its facilities. The Administrative Support section: procures and manages required office space; serves as State leasing agent; provides parking and parking billings; and provides related support to other areas of the division.

**Materiel Division** - The Materiel Division was established by the 1969 Legislature, which gave the division its responsibility as State purchasing agent. The division also provides the following support services to State agencies: Office Supply Bureau, Surplus Property, Print Shop, Central Mail Room, Copy Services, and Recycling.

**Communications Division** - The Division of Communications was established by the Legislature in 1975. The division develops the telecommunications system jointly used by all types of State government entities, consolidates telecommunications owned or used by the State, and coordinates all State government telecommunications. Each year, the division publishes and distributes the Nebraska State Government Directory.

**Information Management Services Division** - The Information Management Services Division first operated as part of the Accounting Office. The 1967 Legislature made it a separate division. The division supplies State and local government entities with several different information services, including application development and maintenance, education and training, online network services, and staff consulting.

**Personnel Division** - The Personnel Division was created in 1967 as the Department of Personnel. The 1992 Legislature merged the department into the Department of Administrative Services. The division: maintains a job classification and pay system for state employees, provides state agencies with qualified job applicants, promulgates and enforces personnel rules and regulations; administers an employee grievance appeal procedure; promulgates and enforces affirmative action rules and regulations; and provides a State-sponsored management training program. In January 2000, the Division became responsible for the Benefits Administration Section, which includes State Employee Benefits Programs such as flexible spending, health and life insurance.

## NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

### BACKGROUND

(Continued)

**Employee Relations Division** - In 1992, the Legislature merged the Department of Personnel into the Department of Administrative Services and created a separate Division of Employee Relations. The chief negotiator, who is appointed by the Governor, administers the division. The duties of the chief negotiator include: negotiating and administering all labor contracts involving agencies subject to the State personnel system; developing and coordinating the State's approach to labor relations by consulting, training, and other activities; coordinating and processing non-organized employee grievance appeals to the State Personnel Board within provisions of the Classified System Personnel Rules and Regulations; and coordinating negotiated grievance procedures.

**Transportation Services Bureau Division** - The Transportation Services Bureau was created by the 1969 Legislature. The bureau provides management, service, and guidance in using privately owned and State-owned vehicles for official travel while monitoring State government transportation needs.

**Risk Management Division** - Risk Management is responsible for identifying and implementing the most economical and effective methods to reduce exposure of the State and its employees to personal injury, property damage, and legal liability. The division administers: the State Tort Claims Act; the State Miscellaneous Claims Act; the State Contract Claims Act; the State Workers' Compensation program; and the State risk management, indemnification, insurance, self-insurance and bonding programs. The Division was responsible for the Benefits Administration through December 1999. Statutory responsibility was transferred as of July 1, 2000.

**Task Force for Building Renewal** - The 1977 Legislature created the Task Force for Building Renewal to identify deferred maintenance projects and create and monitor a preventive maintenance program in State-owned facilities. The task force's main responsibility is to fund projects for deferred maintenance, removal of barriers for people with disabilities, fire/life safety projects, and energy conservation measures within existing State-owned facilities.

**Intergovernmental Data Services Division** - The intergovernmental Data Services Program and Division was established by the 1993 Legislature. The Division was assigned responsibilities for managing the establishment and operation of a statewide county automation network. The program also facilitates the intergovernmental and interagency data management issues. Statutory responsibility for the program was transferred to the IMS Division as of July 1, 2000.

**Federal Liaison Division** - DAS administers a program entitled Federal Liaison. This program provides operational funding for a federal liaison whose primary function is to provide information to the Governor and state agencies regarding Federal legislation and policy developments. For administrative purposes, DAS reflects this program as a unique division.

## NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

### **BACKGROUND**

(Concluded)

**Office of the Chief Information Officer Division** - The Office of the Chief Information Officer, created by the 1998 Legislature, works with State agencies and the Nebraska Information Technology Commission to ensure cost-effective and efficient use of State resources and investments in information technology. The chief information officer is appointed by the Governor and confirmed by the Legislature.

**Commission on Local Government Innovation and Restructuring Division** - The primary objective of the Commission is to facilitate improved local government efficiency and service quality within current local budgetary constraints. As of June 30 2000, state statute provided a sunset for the Commission.

**Nebraska Information Systems Division** - This division was administratively established to manage the implementation of modernized business processes and an Enterprise Resource Planning system. The system, known as the Nebraska Information System (NIS) will provide support for State government accounting, financial management, budget, asset management, inventory control, procurement, payroll, and human resource functions. NIS is scheduled for implementation in fiscal year 2003.



## NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

### **MISSION AND VISION STATEMENTS**

Mission Statement - To provide expertly managed services to our customers that maximize the efficiency of state government.

Vision - To be a value-adding partner with our customers; providing services and strategies that improve the quality and cost effectiveness of public services.

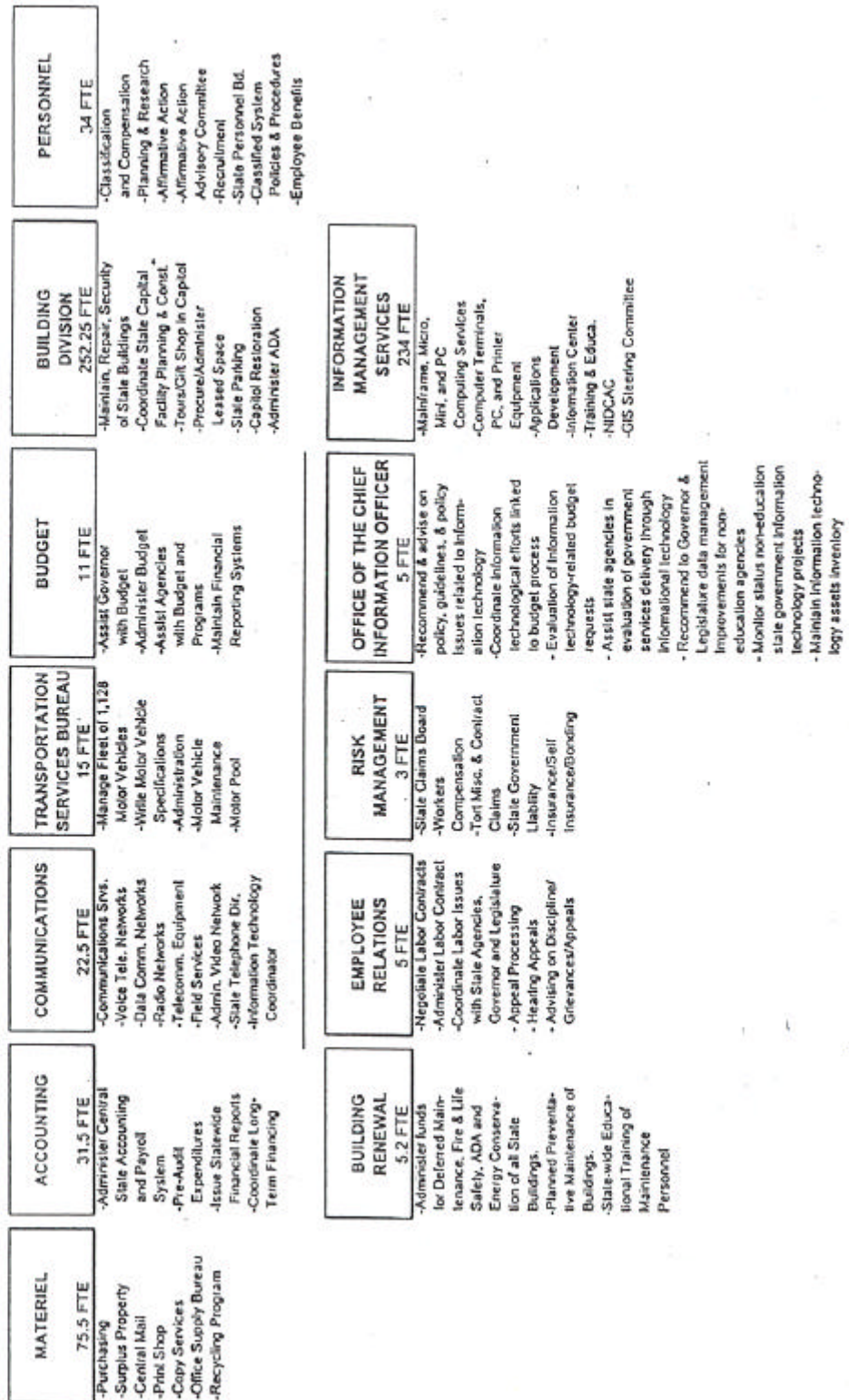
## ORGANIZATIONAL CHART

## ORGANIZATIONAL CHART

## DIRECTOR

8 FTE

- Agency supervision/coordination
- Agency Budget
- Agency Payroll
- Agency Legal



# NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

## SUMMARY OF COMMENTS

During our audit of the Nebraska Department of Administrative Services (DAS), 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.

### I. COMMENTS RELATING TO MORE THAN ONE DIVISION

#### ACCOUNTING AND BUILDING DIVISIONS

1. **Construction Cost Capitalization Policy:** The State of Nebraska has a capitalization policy to capitalize all construction disbursements over \$50,000. However, the State's policy did not cover factors and considerations for when such construction costs should be expensed or capitalized. In addition, there seem to be no policies or procedures in place to record this historical data and ensure supporting documentation is kept for financial reporting purposes.

### II. DIVISIONAL COMMENTS

#### ACCOUNTING DIVISION

2. **Internal Control Review:** The Accounting Division is required by State statute to systematically review the activities of State agencies and departments to determine adequate internal controls exist to assure proper accounting methods are employed. We noted the Accounting Division is not reviewing internal controls as required by statute.
3. **Removal of Authorized Signature Cards:** It is the responsibility of the DAS Accounting Division to maintain control over authorized signature cards to ensure only properly authorized individuals have access to the Nebraska Accounting System (NAS) and the Nebraska Employee Information System (NEIS). We noted authorized signature cards were not removed in a timely manner when employees ceased employment.

#### BUILDING DIVISION

4. **Bidding Process:** The Building Division did not follow the bidding process as required by state statute for a construction project with an estimated cost of \$1.6 million. However, the Building Division management followed other procedures, which they felt were in the best interest of the State under the circumstances.
5. **Original Capitol Furniture:** Neb. Rev. Stat. Section 81-1108.51 requires the Building Division to maintain an inventory of all original Capitol furniture. We noted the Building Division has done little to maintain an inventory of these furnishings since the original list was developed in the early 1980s.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

**SUMMARY OF COMMENTS**  
**(Continued)**

**BUILDING DIVISION** (Concluded)

6. ***Incomplete Project Files:*** In three of six of the Building Division's project files tested, not all of the relevant documentation was maintained.
7. ***Segregation of Duties Over Disbursements:*** During our review of the Building Division's control procedures, we noted a lack of segregation of duties where one individual was capable of handling all phases of a transaction from beginning to end. A lack of segregation of duties increases the risk that errors and irregularities will go undetected.
8. ***Security Charges:*** The Building Division did not have documentation to support the determination of the rates charged to agencies and departments for security services.
9. ***Leased Space Administrative Cost Allocation:*** The Building Division did not allocate their administrative costs relating to leases to all leased space users. Agencies who lease space from the Building Division for State-owned buildings are paying an inequitable amount of the division's administrative costs.
10. ***Payroll Allocation:*** The Division did not have documentation to support payroll cost splits between more than one program or fund, possibly resulting in an over/under statement of program/fund disbursements.
11. ***Storage Space Rental Rates:*** The Building Division did not have documentation to support storage space rental rates. These rates are used to bill agencies for their use of rental space. Without documentation for how these rates are set it is not possible for management to support agencies are being equitably billed for this space.
12. ***Travel Expenses:*** Our review of ten travel reimbursement documents for the Building Division noted coding errors and other documentation issues on three of these documents. Procedures need to be developed to ensure travel documents are properly prepared.

**MATERIEL DIVISION**

13. ***A-87 Retained Earnings Balance:*** OMB Circular A-87 (a federal government requirement) requires internal service funds (funds that provide services to other State agencies) to maintain a working capital reserve as part of retained earnings of no more than 60 days cash expenses for normal operating purposes. We noted an excessive balance of \$1,101,000 in the Materiel Division's internal service funds.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

**SUMMARY OF COMMENTS**  
**(Continued)**

**MATERIEL DIVISION** (Concluded)

14. ***Segregation of Duties Over Receipts:*** We noted segregation of duties over receipts was not adequate in the Surplus Property operations. The approximate dollar amount of monies received by Surplus Property for sales of property for fiscal year 2000 was \$2.5 million. The majority of monies received were checks. The possibility of a loss or misuse of State funds is increased when an adequate segregation of duties over receipts is not in place.
15. ***Segregation of Duties Related to Fixed Assets:*** We noted a lack of segregation of duties related to fixed assets. The possibility of a loss or misuse of State assets and funds is increased when there is a lack of adequate segregation of duties or compensating controls are not in place.
16. ***Allocation of Administrative Charges:*** Documentation to support the establishment and review of common administrative charges to the various functional areas was not provided. There is an increased possibility that costs are not being charged at the appropriate level when a review, and basis to allocate common charges, is not documented.
17. ***Additions to Inventory Listing:*** We noted an excess of \$600,000 in fixed assets purchases were not added to the inventory records in a timely manner (not added within 6 months).
18. ***Supporting Documentation – Disbursements:*** We noted Materiel Division did not have adequate documentation on file for one of seven disbursement documents tested to show their review of the vendor's invoice was complete and the service provided by the vendor was actually received.
19. ***Reconciliation of Inventory:*** During our audit of the Materiel Division-Office Supply Bureau, we noted that the supplies physical inventory count conducted at the end of fiscal year 2000 was not reconciled to the inventory records. In addition, a lack of segregation of duties existed in that the personnel responsible for conducting the physical count also maintained inventory records.

**COMMUNICATIONS DIVISION**

20. ***Capital and Operating Lease Obligations:*** We noted the Communications Division did not have documentation to support lease disclosure requirements in accordance with Generally Accepted Accounting Principles (GAAP).

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

**SUMMARY OF COMMENTS**  
**(Continued)**

**INFORMATION MANAGEMENT SERVICES (IMS) AND INTERGOVERNMENTAL DATA SERVICES (IDS) DIVISIONS**

21. ***Contractual Services:*** We noted the IMS Division entered into contracts for services which were not consistent with sound accounting practices. The contracts did not specifically state time periods for performance, maximum allowable hours, or total dollar amounts.
22. ***Appropriations – State Disbursement Unit:*** We noted in IMS Division information was not available to determine whether the specific restrictions imposed by 1999 Neb. Laws LB 637A, Section 4, which appropriated \$6,773,700 to the Information Management Revolving Fund, were met.
23. ***Fixed Assets:*** The IMS and IDS Divisions did not perform annual physical inventories of their fixed assets as required by state statute. A lack of segregation of duties existed. One of five items tested could not be located, two of the five items tested were not tagged, and items were not identified as “Property of the State of Nebraska” as required by state statute.

**PERSONNEL DIVISION**

24. ***Monitoring of Claims Paid:*** Our review of the claims process by the Personnel Division revealed inadequate controls. Internal monitoring procedures for claims processing could be improved. Furthermore, a Statement of Auditing Standards (SAS) 70 report was not available from the vendor who provides claims processing services to the State.
25. ***State Employees Insurance Fund:*** Our review of the State Employees Insurance Fund revealed the Personnel Division was not in compliance with Neb. Rev. Stat. Section 84-1613, as transactions required by this statute to be processed through this fund were being processed through another fund.
26. ***SOS Administration Charge:*** Our review of the Personnel Division’s Specialized Office Services (SOS) program noted documentation was not available to support the administration fee charged to agencies that use SOS services.
27. ***Segregation of Duties – Fixed Assets:*** The Personnel Division had a lack of segregation of duties over fixed assets. One employee was able to perform all transactions related to the fixed asset process. In addition, items were not added to the fixed asset listing in a timely manner.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

**SUMMARY OF COMMENTS**  
**(Continued)**

**TRANSPORTATION SERVICES BUREAU (TSB)**

28. ***Excessive A-87 Fund Balance:*** Our review of the TSB Division's fund balance revealed the Division was not in compliance with the Office of Management and Budget (OMB) Circular Number A-87 regarding working capital reserves. The circular states: "A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable." As of fiscal year ending June 30, 2000, the division had an excessive fund balance exceeding \$3.6 million, or a reserve of approximately 10 months.

**RISK MANAGEMENT DIVISION**

29. ***Monitoring of Claims Processing:*** Based on our review of the claims process for property, automobile liability, automobile physical damage, and workers' compensation, we believe the Risk Management Division's overall internal controls are inadequate. Furthermore, a Statement of Auditing Standards (SAS) 70 report was not available from the vendor who provides claims processing services to the State. For the fiscal year ending June 30, 2000, the State of Nebraska paid claims of \$925,464 for general claims, and \$8,295,764 for workers' compensation claims.
30. ***Actuarial Study of Workers' Compensation Liability and Workers' Compensation Funding:*** The Risk Management Division did not obtain assistance of an actuarial firm in the calculation of the liability or engage an independent firm to perform a review of the internal calculation to ensure the liability of workers' compensation claims were reported accurately for the State of Nebraska's Comprehensive Annual Financial Report (CAFR). In addition, the funding needs of the workers' compensation fund were not at an appropriate level. The fund borrowed money from other funds during the fiscal year to pay claims. As of June 30, 2000 the workers' compensation fund had an outstanding loan balance of \$1.5 million.
31. ***Duplicate Payment for a Miscellaneous Claim:*** Our review of state claim payments of the Risk Management Division noted the State Claims Board approved, and paid a single miscellaneous claim for \$40,870 twice to the same vendor.
32. ***Tort and Indemnification Claim Payments:*** Our review of Risk Management Division's disbursements noted an error in interest calculation was made, resulting in an overpayment of \$6,781.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

**SUMMARY OF COMMENTS**  
**(Concluded)**

**RISK MANAGEMENT DIVISION**

33. ***Workers' Compensation Assessments:*** Our review of the Risk Management Division's workers' compensation assessments noted no documentation was available to support the calculation of rates charged to individual state agencies for workers' compensation assessments. The Division assessed approximately \$8.9 million in workers' compensation charges to state agencies, boards, and commissions for the fiscal year ended June 30, 2000. Without documentation, the Division could not demonstrate the cost of providing the service had been recovered or the agencies using the service were not being over-charged.
34. ***Insurance Rate Calculation:*** Our review noted the Risk Management Division had no documentation to support the calculation of rates charged to state agencies for insurance coverage.

**TASK FORCE FOR BUILDING RENEWAL**

35. ***Co-op Spending Policy:*** The Task Force's co-op spending policy was not documented. An unwritten policy followed by the Task Force was to consider whether a participating agency should partially fund their projects. Without a written policy, there is a greater possibility of procedures being applied inconsistently.
36. ***Lack of Inspections by Task Force:*** The Task Force's policies and procedures manual required the Task Force to make periodic inspections throughout the duration of a project. The Task Force was also required to make a final inspection to ascertain whether the conditions of the contract had been fulfilled. Our review noted no documentation of inspections were on file as required by policy.
37. ***Depreciation Assessment (LB 1100):*** Our review noted the Task Force had not collected nearly \$75,000 in depreciation assessments from the Department of Correctional Services due to the refusal by the Department of Correctional Services to pay the assessment.

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 ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

I. COMMENTS RELATING TO MORE THAN ONE DIVISION.

ACCOUNTING AND BUILDING DIVISIONS

1. Construction Cost Capitalization Policy

The State of Nebraska has a capitalization policy to capitalize all construction disbursements over \$50,000. However, the State's policy does not cover factors and considerations for when such construction costs should be expensed or capitalized. In addition, there seem to be no policies or procedures in place to record this historical data and ensure supporting documentation is kept for financial reporting purposes.

Good accounting practices (General Accepted Accounting Principles) require a capitalization policy to include what factors are to be considered in determining whether or not a disbursement is to be capitalized or expensed to ensure proper recording of capitalization transactions and the maintenance of capital asset records. In addition, Neb. Rev. Stat. Section 81-1108.15(2)(g) R.S. Supp., 2000 requires the Building Division to "maintain a complete inventory of all state-owned, state-occupied, and vacant sites and structures . . ." Neb. Rev. Stat. Section 81-1110.01 R.R.S. 1999 requires the Accounting Division to "prescribe, coordinate, and administer a centralized, uniform state accounting and payroll system and personnel information system, to establish and enforce accounting policies and procedures . . ."

The statutory responsibility for establishing a policy and maintaining records for capital assets is with the Accounting and Building Divisions. There will need to be a coordinated effort between these two divisions to ensure the proper reporting and recording of transactions in this area.

The reporting of historical costs of buildings in the Comprehensive Annual Financial Report (CAFR) of the State of Nebraska, and for reporting of that information in the individual state agency reports may not be accurate or supportable if policies and procedures are not established.

We recommend the Accounting and Building Divisions work together to establish a written capitalization policy, and to establish responsibility and procedures to ensure records are maintained to support and properly record capitalized transactions for all State agencies.

*Department's Response: The State of Nebraska has a capitalization policy for financial reporting purposes to capitalize all buildings with an original cost exceeding \$50,000. Buildings without historical cost information prior to October 31, 1986, were estimated on appraised values indexed to date of acquisition. All buildings acquired after October 31, 1986, have been valued at historical cost. DAS Accounting Division has reviewed construction projects (including review of all appropriations for construction) each year since 1986. Significant variances from the original cost information agencies have supplied to Building Division for entry into the building database have been investigated and adjustments have been made.*

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

I. COMMENTS RELATING TO MORE THAN ONE DIVISION.

**ACCOUNTING AND BUILDING DIVISIONS** (Concluded)

1. **Construction Cost Capitalization Policy** (Concluded)

*Building Division has adjusted the original cost of buildings when construction projects have changed the square footage of a building. When a construction project has not changed the square footage, Accounting Division has made adjustments to the financial statements for significant additions and improvements and has notified Building Division of the adjustments needed to the original cost on the building database.*

*The Accounting and Building Divisions will be working together to establish a written policy.*

II. DIVISIONAL COMMENTS

**ACCOUNTING DIVISION**

2. **Internal Control Review**

Neb. Rev. Stat. Section 81-1111(4) R.R.S. 1999 states, “the management systems and studies bureau shall be responsible for systematically reviewing on a regular basis activities of state agencies and departments to determine that adequate internal controls exist within all departments and agencies and to assure that proper accounting methods are employed.” This function is the responsibility of the Accounting Division of the Department of Administrative Services (DAS).

DAS Accounting Division is not reviewing State agencies’ internal controls as required by the above State Statute. This was also a comment in our audit conducted in 1996.

Based on discussion with the Accounting Administrator, the division assists agencies with internal control questions when the agency requests their assistance. System control resources of the division are currently directed towards substantive review of disbursements and the audit portion of system review is in preliminary stages.

When this function is not performed by DAS Accounting the controls of State agencies may not be adequate, or as strong as they should be, to ensure accounting transactions are in accordance with DAS accounting policies and the assets of the State are properly safeguarded.

We recommend DAS Accounting Division take the necessary steps to perform the internal control review function as required by State Statute.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

II. DIVISIONAL COMMENTS

**ACCOUNTING DIVISION** (Continued)

2. **Internal Control Review** (Concluded)

*Department's Response: In FY 2000, the Department reorganized the Operational Input Section and is implementing a System Control Section that will include Agency level internal control review.*

3. **Removal of Authorized Signature Cards**

It is the responsibility of the DAS Accounting Division to maintain control over authorized signature cards to ensure only properly authorized individuals have access to the Nebraska Accounting System (NAS) and Nebraska Employee Information System (NEIS), the State's payroll system.

We noted Transportation Services Bureau (TSB) sent a memo dated February 1998 to DAS to have an authorized signature card removed from their files. As of October 2000 the cards were still on file at DAS Accounting, authorizing the individual access to the above systems. Also, we have noted several other instances during our audits of other agencies in the last year where authorized cards have not been removed by DAS Accounting in a timely manner.

Good internal control requires the timely removal of unauthorized signatures to better ensure unauthorized transactions through the NAS and NEIS Systems do not occur.

We recommend memos, letters, and e-mails be promptly forwarded to the appropriate individuals in DAS Accounting, and old authorized signature cards be removed in a timely manner.

*Department's Response: DAS-Accounting has corrected the TSB authorized card and implemented procedures to ensure that memos, letter and e-mails are promptly forwarded to the appropriate individuals in DAS-Accounting so that old authorized signature cards are removed in a timely manner.*

**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION**

**4. Bidding Process**

State agencies, including the Building Division, must follow certain statutes when selecting contractors to perform work for the State. Two such statutes are the following:

- a. Neb. Rev. Stat. Section 72-803(2) R.R.S. 1996. This section of the statutes addresses the selection of a construction contractor. It states, “Buildings and other improvements costing more than forty thousand dollars shall be (a) constructed under the general charge of the department or agency as provided in subsection (1) of this section and (b) let by contract to the lowest responsible bidder after proper advertisement as set forth in subsection (4) of this section.” Subsection (4) outlines specific requirements for the advertising and bidding process.
- b. Neb. Rev. Stat. Section 81-1712(1) R.R.S. 1999. This section of the statutes addresses the selection of an individual or firm to provide professional services. It states, in part, “Public notice shall be given by each agency, in a uniform and consistent manner, when professional services are required to be contracted for a project whose basic construction cost is estimated by the agency to be more than four hundred thousand dollars and for professional services when the estimated fee for such professional services exceeds forty thousand dollars, except in cases of public emergencies so certified by the agency head.”

The State Building Division did not follow the above statutes when contracting for interior work being performed on the State Capitol building tower with a contract price of \$1,647,497. However, the above statutes do not specifically address the selection of a construction manager. The statutes are silent in this regard.

The reason given by Building Division management was time constraints for this project did not allow them to go through the normal bidding process as required by the above statutes. Based on discussion with Building Division management these time constraints evolved based on unexpected circumstances. Our understanding of those circumstances is as follows:

- Masonry construction work was in progress on the outside of the tower of the Capitol building. The noise level of that construction work was higher than expected. This required the agency staff in the tower of the Capitol building to be relocated, with the cost to be paid by the Building Division.
- Building Division management made a decision that since agencies must be relocated it would be financially responsible to do required interior construction work to the Capitol tower while State agencies were not there.

**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION** (Continued)

**4. Bidding Process** (Concluded)

- In order to do this, and get the necessary funding from the Legislature, it was decided by Building Division management (with consultation with a Legislative representative) to forgo the normal bidding process for this project, and select a construction manager based on a firm who had done work in the Capitol building, and who Building Division management felt was best qualified.

Building Division management also indicated to the auditor that some of the contractual work performed by subcontractors was bid out by the construction manager, and the construction manager's bidding process was reviewed by Building Division management.

Based on our discussion with Building Division management, and our review of certain documentation provided to us, we believe the circumstances described to us are accurate and reasonable.

However, it appears that in the process the Building Division did not comply with the bidding and notice requirements of the above statutes.

We recommend the Building Division comply with all State Statutes when selecting contractual services.

*Department's Response: The Building Division has procedures in place to comply with State Statutes when selecting contractual services.*

*State Statute Section 81, Article 17 is identified as the Nebraska Consultants' Competitive Negotiation Act. Section 81-1701 states, "The purpose of sections 81-1701 to 81-1721 is to provide managerial control over competitive negotiations by the state for acquisition of professional architectural, engineering, landscape architecture, or land surveying services." As noted, this particular statute does not specifically address the selection of a construction manager.*

*The construction manager coordinated the completion of the renovation work and the Building Division did not feel that State Section 72-803 applied. However, it is typical of the Division to follow these statutes as a matter of good business practice. Due to the emergency nature of the particular project, the Building Division proceeded as it determined appropriate.*

*The Building Division will continue to review all statutes relating to construction and insure that procedures are in place for appropriate compliance.*

**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION** (Continued)

**5. Original Capitol Furniture**

In the early 1980's the Department of Administrative Services/State Building Division (DAS/SBD) and the Nebraska Legislature saw a need to account for original Capitol furniture. This need arose primarily from the fact there was an exodus of State agencies from the Capitol to the State Office Building. The Legislature, in 1980, passed legislation directing DAS/SBD to account for all original Capitol furniture. This legislation was codified as Neb. Rev. Stat. Sections 81-1108.48 to 81-1108.53 R.R.S. 1999. The purpose (as outlined in section 81-1108.48) was to:

- (1) Provide for identification and classification of all original capitol furniture;
- (2) Provide a central inventory of original capitol furniture;
- (3) Provide for the return of all identified original furniture to the capitol; and
- (4) Provide for distribution and assignment of original capitol furniture.

In addition, section 81-1108.51 states, "The state building division shall establish and maintain an inventory of all original furniture including, but not limited to, its style, type, condition, location, and assignment."

During our discussion with management of the DAS/SBD we understand the following in regards to the division's policies and procedures to meet their statutory requirements:

- a. A list of original capitol furniture was developed by DAS/SBD in the early 1980's as required by State statute.
- b. DAS/SBD has developed a system to return all identified original furniture to the Capitol; however, there is still original capitol furniture outside the Capitol.
- c. The Auditor was unable to determine whether changes had been completed to the originally established inventory listing. It appears that a physical inventory had not been completed since the original listing. Thus, the DAS/SBD is not in compliance with section 81-1108.51, which requires them to maintain an inventory of all original furniture.
- d. With regard to the actual inventory lists, DAS/SBD felt it was in the best interest of the furnishings that the agencies or departments of government within the Capitol, using these furnishings, maintain, review, and submit the unique inventory list annually. Like maintaining a statewide inventory, these original furnishings would be acknowledged by the user, insuring protection from loss, and provide timely report of needed repairs.

**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION** (Continued)

**5. Original Capitol Furniture** (Concluded)

After the database was created, resource restrictions did not allow the strategic plan to develop. DAS/SBD continued to work with Surplus Property to return original furniture to the Capitol as it became available from agencies outside of the Capitol. However, there is no written policy or recent communications between DAS/SBD and State agencies on what responsibilities State agencies have over the original Capitol furniture in their possession.

- e. DAS/SBD acknowledged the almost 20-year-old inventory program for Capitol original furniture is antiquated and only accessible by the Building Division. The division's plan is to develop an inventory program whereby all agencies in the Capital using original furnishings would have access to their original furniture inventory. Progress on this system will move forward in conjunction with the Nebraska Information System (a new accounting and information system now in the planning stage).

We believe, based on our discussions with DAS/SBD management, that the division does not have good controls in place to ensure that all original capitol furniture is accounted for, and they are not in compliance with section 81-1108.51 as they are not maintaining a list of original capitol furniture. No record of a physical inventory being taken of the furnishings was provided. There is no record of communicating with State agencies on their responsibilities to account for, and report original Capitol furnishing information to DAS/SBD. Although no detail test procedures were performed, we believe the risk of loss or misuse of these furnishings is greater when adequate policies and controls are not in place to account for the furnishings on an annual basis. A similar comment was in our fiscal year ending June 30, 1998 audit of the Building Division.

We recommend DAS/SBD develop policies and procedures to annually account for all original Capitol furnishings. The original list, as developed in the 1980's, should be used as a starting point. Communications with State agencies on their responsibilities over these furnishings should be done to ensure their cooperation in completing the physical count. Once an accurate listing has been developed, policies and procedures should be developed and put in place to ensure an accurate listing of original Capitol furnishings is maintained in accordance with Section 81-1108.51.

*Department's Response: The Department will establish a policy and procedure to ensure that original capital furniture is maintained in accordance with statute, and make every effort to comply with appropriate policies and procedures within the existing resources allocated to the Division.*

**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION** (Continued)

**6. Incomplete Project Files**

Three of six project files tested in the Building Division were not complete. The project file for project number 41 was missing documentation for the Performance and Payment Bond, and Attorney General's review letter; the project file for project number 76 was missing documentation for the bid security bonds; and the project file for project number 156/157 was missing the bidding process for the construction manager, and the Attorney General's review letter.

Neb. Rev. Stat. Section 72-803(3),(4) R.R.S. 1999 states "(3) The successful bidder . . . shall furnish a bond for the faithful performance of his or her contract, except that a performance bond shall not be required for any project which has a total cost of forty thousand dollars or less unless the department or agency includes a bond requirement in the specifications for the project. (4) . . . All bids or proposals shall be accompanied by a certified check or by a bid bond in a sum fixed by the department or agency and payable thereto . . . Upon the awarding of the contract or contracts therefor, the Attorney General shall review the contract or contracts to be entered into by the department or agency and the contracting parties."

Neb. Rev. Stat. Section 81-1712(1) R.R.S. 1999 addresses the selection of an individual or firm to provide professional services. It states, in part, "Public notice shall be given by each agency, in a uniform and consistent manner, when professional services are required to be contracted for a project whose basic construction cost is estimated by the agency to be more than four hundred thousand dollars and for professional services when the estimated fee for such professional services exceeds forty thousand dollars, except in cases of public emergencies so certified by the agency head."

We recommend DAS Building Division maintain all relevant documentation in the project files.

*Department's Response: The Department has procedures in place to insure that all relevant documentation is in the project files. There was a miscommunication regarding the Attorney General's review letter required by statute. The Building Division understood that the Attorney General had delegated this review requirement to the internal DAS staff and documentation existed relevant to that understanding.*

*As noted previously, the Division did not feel that the statutes identified applied to Project 156/157, therefore, the documentation requirements for those statutes was not included in the project file.*

**Auditors' Response: Project 156/157 includes the construction manager project in comment number 4. We believe these statutes do apply to this project.**



**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION** (Continued)

**7. Segregation of Duties Over Disbursements**

During our review of disbursement procedures, we noted one individual was capable of handling all phases of a transaction from beginning to end. This individual could both prepare and approve documents.

Good internal control would require a segregation of duties where no one person is capable of handling a transaction from beginning to end. The same person should not have the capability to prepare and also approve transactions. Lack of segregation of duties increases the risk that errors and irregularities will go undetected. The Division had in excess of \$32,000,000 in disbursements for fiscal year 2000.

This was a prior audit comment in our fiscal year 1998 audit of the Division.

We recommend the Division implement procedures to ensure a proper segregation of duties exist, or develop controls to compensate for the lack of segregation of duties.

*Department's Response: The Division has compensating controls over disbursements. The Business Manager reviews the monthly general ledger and posted transactions reports. All lease transactions are reviewed by the Administrative Assistant and matched back to the original lease agreements which are signed by both the agency involved and the Division Administrator*

**Auditors' Response: We did not see documentation of these controls during fiscal year ending June 30, 2000. We will review procedures during our next audit, and determine the adequacy of the controls in place, and that those controls were documented.**

**8. Security Charges**

During our review of security services for which the Building Division charges agencies, we noted the division did not have documentation available to support the charges. The Division may not be recovering the cost to provide the service or agencies using the service may be over-paying.

Sound business practice requires supporting documentation to exist for fees charged to other agencies.

Per discussion with the Building Division Business Manager there is no documentation of the determination of the rates for security services. She has started to review the charges and plans on having them updated and documented in 2001. This was a prior audit comment in our fiscal year ending June 30, 1998 audit of the Building Division.

**COMMENTS AND RECOMMENDATIONS**

**BUILDING DIVISION** (Continued)

**8. Security Charges** (Concluded)

We recommend the division review the rates it charges for security, and annually document the basis for these charges.

*Department's Response: The Division continues to implement procedures to insure that all rates charged have appropriate financial analysis completed. As stated in the comment, the Division Business Manager is in the process of reviewing this particular set of rates.*

**9. Leased Space Administration Allocation**

The State Building Division is responsible for, and administers, building office space for the State of Nebraska. This includes office space that is State-owned, and office space the State leases from outside vendors. The Division pays all costs associated with these buildings, and bills those costs to user agencies. 32% of the office space managed by the Division is lease space from outside vendors.

During our review of the rental rates charged to agencies, we noted leased space is not assessed an administrative cost allocation. The effect of not charging State agencies occupying leased space a share of the Division's administrative expenses is to charge those agencies that occupy state-owned space more expenses than is equitable. This was a prior audit comment in our fiscal year ending June 30, 1998, audit of the Building Division.

We recommend the Division develop procedures to ensure administrative costs are allocated equitably between all agencies.

*Department's Response: The Division will review the cost recovery methodology associated with the lease program and determine the appropriate model to ensure that administrative costs are allocated equitably between all agencies.*

**10. Payroll Allocation**

When an employee works in areas that affect more than one program or fund, that employee's salary costs should be allocated to properly charge payroll costs to each program or fund.

During our review of payroll procedures in the State Building Division, we noted that one employee who had split coding (program/funds) could not be verified to supporting documentation.

When supporting documentation is not available for the split coding there is a higher risk the costs are not being properly allocated between program/funds.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**BUILDING DIVISION** (Continued)

**10. Payroll Allocation** (Concluded)

This was a prior audit comment in our fiscal year 1998 audit of the State Building Division.

We recommend the State Building Division properly document the allocation of all payroll expenses.

*Department's Response: The annual performance evaluation completed for the employee identifies time spent on respective duties. The employee and the supervisor sign this evaluation. The division believes that adequate documentation exist for allocation of payroll expenses.*

**Auditors' Response: No documentation was provided to us during our audit fieldwork. Documentation maintained will be reviewed and its adequacy will be determined during our next audit.**

**11. Storage Space Rental Rates**

The State Building Division is responsible for, and administers, building office space for the State of Nebraska. This includes storage space in those buildings. The Division pays all costs associated with administering these buildings, and bills the costs to the user agencies through established billing rates.

Per discussion with management, the standard for storage space is 50% of the regular rental rate for the building. However, this is not used for all buildings. The agencies in the Nebraska State Office Building (NSOB), for example, are charged 65% of the regular rate for the storage space used by those agencies. The Division determines the rate based upon how the space is heated, whether it can be used as office space, whether the space is cleaned, etc.

During our review of rates charged to agencies, however, they could not provide supporting documentation to support the rates established. Without documentation of how these rates are set it is not possible for management to support that agencies are being equitably billed for this space.

We recommend the Division develop supporting documentation for the billing rates for storage space.

*Department's Response: The Division continues to implement procedures to insure that all rates charged have appropriate financial analysis completed. It should be noted that the Division pays for storage on leased facility space and has determined that storage rates are within industry standards.*

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**BUILDING DIVISION** (Concluded)

**12. Travel Expenses**

Neb. Rev. Stat. Section 81-1174 R.R.S. 1999 states, “Whenever any [state employee] is entitled to be reimbursed for actual expenses incurred . . . in the line of duty, he or she shall be required to present a request for payment or reimbursement each month to the Director of Administrative Services. When reimbursement is requested for mileage . . . the points between which such travel occurred, the times of arrival and departure, and the necessity and purpose of such travel shall be shown on such request.” In addition, the Nebraska Accounting System (NAS) accounting manual section Conc-005(5)(b) allows for reimbursement for meals for one-day travel at the discretion of the agency head. Good internal controls would indicate policies for reimbursement of meals for one-day travel should be in writing.

The NAS manual also establishes the account codes to be used by all state agencies.

During our review of travel expenses of the State Building Division we noted the following:

- In 3 of 10 documents tested the amounts were coded incorrectly. Some meal expenses for these documents were coded to account 4719 (One-day travel) when they should have been coded to account 4711 (Board and Lodging) as travel was for more than one day.
- 1 of 10 documents tested did not include a stop time for one of the days on the document. This document also included a payment for a meal for one-day travel. The Division does not have a written policy on when they will reimburse for meals on one-day travel.
- 2 of 10 documents tested were not completed in accordance with State Statute. Documents included expenses for several months. One of these documents also had the wrong dates written on it.

We recommend the Division implement procedures to ensure expense reimbursements and documentation are in accordance with State Statute, and a written policy be developed on reimbursing employees for meals for one-day travel.

*Department’s Response: No inappropriate reimbursements were made on any of the transactions noted by the audit. Coding errors noted have been corrected. The Department allows one-day travel and is currently updating policies and procedures to clarify that issue. Expense reimbursements spanning multiple months is completed to streamline the reimbursement process. The Department will review the particular statute to determine if the language requiring monthly reimbursements all transactions is appropriate.*

**COMMENTS AND RECOMMENDATIONS**

**MATERIEL DIVISION**

**13. A-87 Retained Earnings Balance**

Office of Management and Budget (OMB) Circular Number A-87 - Cost Principles for State, Local, and Indian Tribal Governments - Attachment C - State/Local-Wide Central Service Cost Allocation Plans, Section G(2) states, "A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable."

OMB Circular A-87 is a federal government requirement. The Materiel Division is primarily funded by internal service funds. As such, it provides service to all State agencies and bills those services to all funds of State Government, which includes State and Federal funds.

We noted that a reconciliation of the retained earnings balance in the General Services Funds, to Federal guidelines, revealed an excessive balance of \$1,101,000. This analysis was prepared on a GAAP basis from the State of Nebraska's Comprehensive Annual Financial Report (CAFR).

We noted the Division was aware of this excessive balance, and was working toward decreasing this balance.

The excessive balance creates the potential for refunding of excessive charges to the Federal government.

We recommend the Materiel Division continue to review and monitor their rate structure, for each functional area, to ensure an appropriate level of working capital reserve. This working capital level should be at a level to provide sufficient working capital, and meet the requirements of OMB Circular A-87.

*Department's Response: The Department will continue to implement financial strategies and work with the federal government to ensure that working capital balances are appropriate.*

**14. Segregation of Duties Over Receipts**

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A good system of internal control should include an adequate segregation of duties so no one individual can handle all phases of a transaction from beginning to end.

We noted segregation of duties over receipts was not adequate in the Surplus Property operations. One person was responsible for opening the mail, establishing initial control over checks, maintaining control over pending receipt files, preparing the general document for deposit, and reconciling the general document to the posted transaction report.

**COMMENTS AND RECOMMENDATIONS**

**MATERIEL DIVISION** (Continued)

**14. Segregation of Duties Over Receipts** (Concluded)

Checks received by this division consisted primarily of payments for the purchase of state surplus property. The Department indicated the majority of the approximately \$2.5 million in receipts received for the fiscal year ending June 30, 2000, were received by the Division in checks.

The possibility of a loss or misuse of State funds is increased when an adequate segregation of duties over receipts is not in place.

We recommend Surplus Property implement procedures to ensure an adequate segregation of duties exists. This would include an independent review of receipts to ensure all monies received are receipted, and deposited.

*Department's Response: The Department will implement procedures to provide increased internal control.*

**15. Segregation of Duties Related to Fixed Assets**

Good internal controls require a segregation of duties related to maintaining fixed asset records or, at a minimum, other personnel should perform an independent review to ensure all items have been accurately added or removed from the listing.

During our audit of the Materiel Division, we noted a lack of segregation of duties related to fixed assets. One employee was responsible for maintaining the fixed asset records, adding and deleting items from the fixed asset inventory listing, ensuring all items were added to the listing, and reviewing the 4800 Exception Report. Furthermore, other personnel did not perform an independent review to ensure all items were added or removed accurately.

The possibility of a loss or misuse of State assets and funds is increased when there is a lack of adequate segregation of duties or a compensating control is not in place.

We recommend the Materiel Division implement procedures to segregate duties related to fixed assets or, at a minimum, establish procedures to provide for an independent review to ensure all items are added or removed accurately.

*Department's Response: Turnover and vacancy staffing issues were experienced in the positions responsible for the fixed assets. The Department has implemented procedures to provide increased internal control prior to the completion of the audit and those procedures were shared with the auditor. An independent review of the 4800 exception report has been implemented.*

**COMMENTS AND RECOMMENDATIONS**

**MATERIEL DIVISION** (Continued)

**16. Allocation of Administrative Charges**

Sound business policy requires a review, and documentation of that review, to support the basis for allocating common administrative charges between various functional areas.

During our audit of the Materiel Division, we were not provided documentation to support the review or to adequately explain how common administrative charges to the various functional areas were established.

There is an increased possibility that costs are not being charged at the appropriate level related to the cost of the services provided to the various functional areas when a review, and basis to allocate common charges, is not documented.

We recommend the Materiel Division document their review, and how common administrative charges to the various functional areas are established, to support charging common administrative costs between various functional areas.

*Department's Response: DAS did provide documentation to support the administrative charges, however the auditor did not concur with the methodology utilized.*

**Auditors' Response: Our comment revolves around documentation. We did not feel documentation provided was adequate.**

**17. Additions to Inventory Listing**

Good internal control requires procedures to properly add fixed assets to the inventory listing in a timely manner.

We noted the following:

- During FY 2000, 27 items totaling \$119,338 were added to the inventory listing six months or later after the purchase dates.
- During FY 2001, 5 items totaling \$517,6745 were added to the inventory listing six months or later after the purchase date of 11/30/2000.

When items are not added to the inventory listing in a timely manner it increases the possibility of loss or misuse of State property. Furthermore, when items are not added in a timely manner it may understate the total amount of fixed assets reported in financial reports for any particular fiscal year.

**COMMENTS AND RECOMMENDATIONS**

**MATERIEL DIVISION** (Continued)

**17. Additions to Inventory Listing** (Concluded)

We recommend the Materiel Division implement procedures to ensure fixed assets are added to the inventory listing in a timely manner.

*Department's Response: Turnover and vacancy staffing issues were experienced in the positions responsible for the fixed assets. The Department implemented procedures to ensure fixed assets are added to the inventory listing in a timely manner prior to the completion of the audit and those procedures were shared with the auditor. The items noted in the audit were added prior to the end of field work.*

**18. Supporting Documentation – Disbursements**

Good internal controls require adequate documentation be maintained on file to support disbursements to vendors, and for subsequent review.

We noted Materiel Division did not have adequate documentation on file for one of seven disbursement documents tested to show their review of the vendor's invoice was complete, and the service provided by the vendor was actually received. The service provided was for photocopier maintenance. The total amount of the invoice was \$111,662.

Division personnel did reproduce documentation to support that payment relating to part of the invoice was proper for payment, however; the Division could not provide documentation to show payment for the entire amount of the invoice was an appropriate charge to be paid by the Division.

A possible loss or misuse of State funds exists when adequate supporting documentation is not maintained on file, and is not available for subsequent review.

We recommend the Materiel Division maintain on file adequate documentation to support payments to vendors, and for subsequent review.

*Department's Response: The document selected for testing was the annual reconciliation of the Xerox maintenance agreement. Materiel Division was able to provide supporting documentation for subsequent review for the total amount paid to the vendor. Procedures have been implemented to confirm that the amount billed is directly attributable to a specific machine on a monthly basis.*



**COMMENTS AND RECOMMENDATIONS**

**MATERIEL DIVISION** (Concluded)

**19. Reconciliation of Inventory**

Good internal controls require a reconciliation of physical inventory counts to inventory records. Good internal controls also require a segregation of duties to be maintained between personnel who conduct a physical count of inventory and personnel who maintain the inventory records.

During our audit of the Materiel Division-Office Supply Bureau storage area, we noted the physical inventory count conducted at fiscal year end June 30, 2000 was not reconciled to the inventory records. In addition, a lack of segregation of duties existed in that the personnel responsible for conducting the physical count also maintained the inventory records.

Supply inventory on hand at fiscal year end June 30, 2000 consisted entirely of forms and other paper supplies. The Department indicated approximately \$690,000 was paid to vendors for items that were sold through the Office Supply Bureau Operations for the fiscal year ended June 30, 2000.

The possibility of loss or misuse of State funds is increased when the physical inventory count is not reconciled to the inventory records and an adequate segregation of duties is not in place.

We recommend the Office Supply Bureau implement procedures to reconcile physical inventory counts to inventory records and segregate duties related to the physical inventory counts.

*Department's Response: Staffing issues were experienced in the positions responsible for the inventory. A new inventory system had to be established and the perpetual system in place was started with a physical inventory in FY 2000. The Department will implement procedures to provide increased internal control, including a reconciliation of physical inventory to the perpetual inventory system.*

**COMMUNICATIONS DIVISION**

**20. Capital and Operating Lease Obligations**

In our audit of the Division of Communication's leases, we noted the Division did not have documentation to support lease disclosure requirements in accordance with Generally Accepted Accounting Principles (GAAP). Our review of leases revealed the following:

- The Division had both capital and operating leases.
- The Division had not analyzed which leases were capital leases or which were operating leases.

**COMMENTS AND RECOMMENDATIONS**

**COMMUNICATIONS DIVISION** (Concluded)

**20. Capital and Operating Lease Obligations** (Concluded)

- The Division had an estimated 500 leases.
- The Division did not maintain records, such as amortization schedules, to support principal and interest amounts that were required to be disclosed for capital leases in accordance with GAAP.

In summary, the Division did not have the lease documentation in a format to support the required financial statement disclosure information for each type of lease.

We also noted when the Division entered into capital leases for certain types of equipment it did not always add that capital item on the State's capital fixed asset records, the StateWide Inventory System (SWIS). The reason given by management for this equipment not being included on the SWIS have been was that the equipment, even though being purchased on a capital lease agreement, may not have been equipment that would have been needed for the term of the lease. In those cases the equipment was returned to the vendor and a new lease was entered into for new equipment. However, the Division had no documented policy to identify to which leases this applied.

Without documentation to support lease disclosure requirements in accordance with Generally Accepted Accounting Principles (GAAP), information required for financial statement disclosure is not readily available. In addition, when there is no policy to identify capital leases in which the Division is to own the equipment, capital assets will be understated and appropriate controls over those capital assets is lost.

We recommend DAS Accounting and Communication Divisions review the Communication Division's records and determine whether the leases of the Communication's Division are capital or operating leases. Once that determination has been made, records should be kept to support the accounting for all leases in accordance with (GAAP). In addition, all equipment purchased through a capital lease, in accordance with GAAP and the Division's policy, should be added to the SWIS upon entering into the lease agreement, as it is an asset of the State at that time.

*Department's Response: DAS-Communications and DAS-Accounting will establish a policy for lease review to determine the appropriate classification and documentation required for financial statement reporting purposes. Based on the established procedures and utilizing existing resources allocated to the Divisions, the Department will make every effort to comply with appropriate procedures and policies to ensure that state resources are safe guarded.*

**COMMENTS AND RECOMMENDATIONS**

**INFORMATION MANAGEMENT SERVICES (IMS) AND INTERGOVERNMENTAL DATA SERVICES (IDS) DIVISIONS**

**21. Contractual Services**

Sound accounting practice requires contracts to be well defined for the services to be provided, to include the total amount to be paid, and to specify the time frame in which the work is to be completed.

The IMS Division hired contractors at specific hourly rates for their services. These contracts for system analysts were open-ended, meaning the contracts did not include defined time periods for performance, maximum allowable hours, or total dollars. The contracts did include hourly rates. The contractors performed in a capacity very similar to employees. They were assigned projects and reported to IMS management. The contracts were based on work orders, which defined the parameters of the projects. Total disbursements for account number 4421 - other contractual services in IMS revolving fund 5656 for fiscal year 2000 were \$18,737,064. Although not all disbursements in this account were for system analyst contractors, a significant portion was.

Based on discussion with management the reasons for using contractors instead of State employees included the difficulty to hire and retain information systems professionals at allowable State salary rates, additional flexibility in staffing levels (when projects were completed employees did not have to be terminated), and restrictions on the number of new state employees because of mandated hiring freezes. However, the Division had no documentation to support these stated reasons.

When an analysis, and documentation of that analysis, has not been performed to determine whether contracts entered into are well defined for the services to be provided, do not identify the total amount to be paid, and do not clearly define the time frame in which the work is to be performed, it is difficult for management of the Division to support they are obtaining contractual services in the best interest of the State of Nebraska.

We recommend the Division establish procedures to determine and document the contractual options which are in the best interest of the State of Nebraska. Options could include hiring employees instead of using contractors or defining projects in more detail, including definite time frames, maximum allowable hours, and dollar amounts.

*Department's Response: During FY 1998, DAS-Personnel Division in conjunction with DAS-Information Management Services Division created a management position paper on retention and recruitment issues related to the information technology workforce for the State of Nebraska. This documented the issues identified to the auditor by Division Management. The*

**COMMENTS AND RECOMMENDATIONS**

**INFORMATION MANAGEMENT SERVICES (IMS) AND INTERGOVERNMENTAL DATA SERVICES (IDS) DIVISIONS** (Continued)

**21. Contractual Services** (Concluded)

*Department has been engaged in dialogue at all levels of state government regarding the utilization of contractors and employees. As documented in the current budget request, DAS has analyzed this issue and is currently pursuing conversion of contractors when it is appropriate to do so.*

*In response to federal requirements, the Department will be changing the method of documentation for contractual staffing engagements. More detailed information will be maintained about individuals that are retained, the purpose of the engagement and the financial terms of the engagement. These changes are underway now and should be completed within 30 days.*

*From a general financial management perspective, both the division and customer organizations impacted by the use of such contractual services are able to budget and manage “year to date” financial matters. The Division provides data on hours worked and the hourly rate charged.*

**22. Appropriations – State Disbursement Unit**

1999 Neb. Laws LB 637A, Section 4 states, “There is hereby appropriated (1) \$6,773,700 from the Information Management Revolving Fund for FY 1999-00 . . . to the Department of Administrative Services, for Program 172, to aid in carrying out the provisions of Legislative Bill 637, Ninety-sixth Legislature, First Session, 1999. No expenditures for permanent and temporary salaries and per diems for state employees shall be made from funds appropriated in this section.”

We noted information was not available to determine whether the specific restrictions of this legislative bill (which is a requirement established by the Legislature which must be met by the Division when disbursing the above appropriations) were met by the Information Management Services (IMS) Division.

Without such information the Division cannot support that it has met the legislative restrictions which it is required to meet.

We recommend procedures be implemented to ensure adequate information is developed and maintained to document legislative bill restrictions are met.

*Department’s Response: The Division will track data/information identified in a legislative bill by using the Job Code/Work Order element of the Division billing system.*

**COMMENTS AND RECOMMENDATIONS**

**INFORMATION MANAGEMENT SERVICES (IMS) AND INTERGOVERNMENTAL DATA SERVICES (IDS) DIVISIONS** (Continued)

**22. Appropriations – State Disbursement Unit** (Concluded)

*It should be noted that the language in the appropriations bill was not intended to prohibit the utilization of the appropriate mix of contractors and state employees to successfully complete the project. The Department has contacted the Legislative Fiscal Office and made them aware of the audit comment relative to their standard language and will work with them to insure that the language is appropriate.*

**23. Fixed Assets**

Neb. Rev. Stat. Section 81-1118.02(1) R.R.S. 1999 states, “Each executive, department, commission or other state agency . . . shall annually make or cause to be made an inventory of all property, including furniture and equipment, belonging to the State of Nebraska and in the possession, custody, or control of any executive, department, commission, or other state agency.” Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties where no individual can handle all aspects of a transaction. Good internal control also includes ensuring fixed asset items are properly tagged and are removed from the fixed asset listing when surplus. Neb. Rev. Stat. 81-1118.02(3) R.R.S. 1999 states, “Each such executive, department, commission, or other state agency shall indelibly tag, mark, or stamp all such property belonging to the State of Nebraska, with the following: Property of the State of Nebraska.”

The IMS Division and the IDS Division use the Statewide Inventory System (SWIS) and the Internal Billing System (IBS) to inventory fixed assets. The SWIS is used to inventory furniture and equipment, and the IBS is used to inventory data processing equipment. We noted the following related to fixed assets:

- No annual physical inventory was completed for fixed assets recorded on the SWIS and the IBS for either division. This was a comment in a prior audit.
- Segregation of duties over fixed assets was not adequate as one individual could handle all aspects of fixed assets transactions for both divisions and both systems. This was a comment in a prior audit.
- One of five items selected on our list to floor test of the IMS IBS fixed assets could not be located as it had been surplus a number of years ago and had not been removed from the listing. Two of five items tested on the IMS SWIS listing were not tagged with the SWIS tag number assigned. Data processing equipment was not tagged “Property of the State of Nebraska.” This was a comment in a prior audit.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**INFORMATION MANAGEMENT SERVICES (IMS) AND INTERGOVERNMENTAL DATA SERVICES (IDS) DIVISIONS** (Concluded)

**23. Fixed Assets** (Concluded)

When the above statutory procedures are not followed, important control procedures over fixed assets are lost, and the chances for the loss or misuse of the Divisions' fixed assets are increased.

We recommend the following:

- An annual physical inventory be completed for both IMS and IDS for both SWIS and IBS.
- An adequate segregation of duties be implemented over both fixed asset systems for both divisions, or alternatively a documented supervisory review of transactions be implemented.
- Fixed assets be promptly deleted from the fixed asset listing when surplus. SWIS items be properly tagged with the assigned tag number. Data processing equipment be tagged "Property of the State of Nebraska."

*Department's Response: The Department will implement procedures to provide increased internal control, including a supervisory review of surplus transactions. An annual physical inventory, insuring all equipment is probably tagged, will be completed as existing resources allow.*

**PERSONNEL DIVISION**

**24. Monitoring of Claims Paid**

Under the terms of an agreement with the Risk Management Division, the Personnel Division assumed the responsibility for the payment of the Medical and Dependent Care claims (Flexible Spending Plan) for the employees of the State of Nebraska for the second half of the fiscal year. For the first half of the fiscal year Risk Management paid these claims. Subsequent to this agreement between the Divisions, the Legislature passed 2000 Neb. Laws LB654. For the fiscal year ending June 30, 2000, the State of Nebraska paid claims of approximately \$ 3,245,000.

Effective July 1, 2000 Neb. Rev. Stat. Section 84-1616 R.S. Supp., 2000 gives the Personnel Division the responsibility to administer the section 125 plan. After a formal request for proposal, the Division selected Application Software Incorporated (ASI) to process all section 125 claims and signed a two-year contract. Good internal control requires procedures to be in place to ensure that claims paid by the State of Nebraska were in accordance with contractual agreements.

**COMMENTS AND RECOMMENDATIONS**

**PERSONNEL DIVISION** (Continued)

**24. Monitoring of Claims Paid** (Continued)

During our audit we obtained an understanding of the control environment over claims processing. We noted the following:

- Per the contract between the State of Nebraska and ASI, it was the responsibility of ASI to obtain all documentation for claims directly from State employees, to review claims to determine whether they were appropriate, to determine that all claims were in accordance with the Internal Revenue Code, and to pay claims. Therefore, ASI executed transactions and maintained the related accountability for those transactions.
- ASI sent a daily e-mail summarizing the claims they had paid to employees. The Personnel Division created a disbursement document for the amount of the claims based on the information contained in the e-mail. Additionally, a report was received via e-mail detailing the amount of claims paid each week. An employee compared the detailed weekly report to the daily e-mails of claims paid; however, this review was not documented.
- Statement of Auditing Standards (SAS) 70, codified as AU Section 324, "Reports on the Processing of Transactions by Service Organizations," provides guidance on what a "Service Organization" is and the type of reports that may be obtained by user agencies (the State of Nebraska and Personnel Division in this case) to gain an understanding of the service organization's control environment. Based on our review, the guidance provided in the SAS 70 is applicable to ASI as they provide services to the State of Nebraska in which they execute transactions, maintain the related accountability, record transactions, and process related data. The SAS also provides guidance to external auditors to provide two types of reports on service organizations such as ASI. It provides guidance on "Reports on Controls Placed in Operation" and "Reports on Controls Placed in Operation and Tests of Operating Effectiveness." Either report would provide Personnel with an external assessment of ASI's internal control processes and procedures over the claims they process for the State of Nebraska. However, the "Report on Controls Placed in Operations and Tests of Operating Effectiveness" would provide more assurance, as its name implies, as it would report on evidence of the service organization control effectiveness.

Based on our review we believe the Division of Personnel's controls over the claims process are inadequate. Internal monitoring procedures for its claims processing as noted above could be improved. In addition, based on inquiry of the Division, ASI does not have either of the SAS 70 reports as noted above.

Without adequate monitoring by Personnel Division and assurance of ASI's claims processing procedures and controls, there is a higher risk that claims are not processed in accordance with Section 125 of the Internal Revenue Code.

**COMMENTS AND RECOMMENDATIONS**

**PERSONNEL DIVISION** (Continued)

**24. Monitoring of Claims Paid** (Concluded)

We recommend that the Personnel Division implement procedures to ensure claims paid by ASI are in accordance with the contract and are proper. Additionally, we recommend the Personnel Division document their review of the weekly report from ASI to ensure disbursements are appropriate. We further recommend the Division obtain a better understanding of the controls ASI has in place to ensure claims are processed in accordance with the contract. We believe the best way to accomplish this is to obtain a SAS 70 report from ASI.

*Department's Response: The Division has implemented procedures to document the review of the weekly report from ASI to ensure disbursements are appropriate. The Department will review the procedures and processes relating to the Flexible Spending Contract Vendor and determine monitoring procedures that provide controls within an appropriate cost / benefit model.*

**25. State Employees Insurance Fund**

Under the terms of an agreement with the Risk Management Division, the Personnel Division assumed the responsibility for the State Employees Insurance Fund. For the first half of the fiscal year the Risk Management Division had the responsibility over this Fund. Subsequent to the agreement between the Divisions, the Legislature passed 2000 Neb. Laws LB 654.

Effective July 1, 2000, Neb. Rev. Stat. Section 84-1613 R.R.S. Supp., 2000 gives the Personnel Division the responsibility over the State Employees Insurance fund. This statute also states all funds appropriated to pay the State's share of the cost of insurance coverage and all payroll deductions made for insurance premiums should be credited to the State Employees Insurance Fund. Furthermore, premium payments to insurance carriers are to be made from the State Employees Insurance Fund.

During the testing of the State's Insurance Plan we noted the amounts appropriated to pay the State's share of the cost of insurance coverage and amounts withheld from State employees for insurance premiums were not credited to the State Employees Insurance Fund. Additionally, premium payments to insurance carriers were not paid from the State Employees Insurance Fund.

During the first half of the fiscal year under audit, amounts withheld from state employees for insurance premiums were transferred from the Imprest Payroll Fund to the Insurance Trust Fund. Payments to insurance carriers were subsequently paid from the Insurance Trust Fund. During the second half of the fiscal year under audit, amounts withheld from State employees remained in the Imprest Payroll Fund and the amounts were subsequently paid to insurance carriers from this fund.



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**PERSONNEL DIVISION** (Continued)

**25. State Employees Insurance Fund** (Concluded)

According to Section 84-1613, amounts should have been transferred to the State Employees Insurance Fund, and then subsequently paid to insurance carriers from the fund.

When funds are not used in accordance with State statute, all legal requirements of the fund are not being met.

We recommend the Division comply with Neb. Rev. Stat. Section 84-1613 or seek legislation to change the language of the statute to correspond to the procedures now in place.

*Department's Response: During the audit period, the Department reviewed procedures to streamline insurance payments and provide efficiencies to the State. The current insurance contracts are fully insured and direct vendor payments create efficiency. The Department will review the identified statute and initiate an appropriate change to ensure compliance.*

**26. SOS Administration Charge**

Sound business practice requires documenting a reasonable basis for rates charged in order to recover costs associated with providing services to agencies.

During our testing of the Specialized Office Services (SOS) program of the Personnel Division, we noted documentation was not available to support the 20% administration fee, set in place when the program began in 1987, which was charged to agencies using SOS services.

The administration fee was based upon operating expenses, FICA, unemployment insurance, and workers' compensation insurance. FICA was a standard deduction rate, and was not determined by the Personnel Division. Documentation was not available to support the determination of the percentage for operating expenses, unemployment insurance, and workers' compensation insurance. The following is the breakdown prepared by Personnel Division of the 20% administration fee: 7.65% - FICA, 1.1% - Unemployment, 2.0% - Workers' compensation, and 9.25% - Operating expenses. Each time the budget is prepared, the fee is reviewed. However, this review is not documented.

When the fee is not reviewed and documented on an annual basis the costs to provide the service may not be recovered, or agencies using the service may be over-paying Personnel Division.

We recommend the Personnel Division implement procedures to document the review of the administration fee on an annual basis.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**PERSONNEL DIVISION** (Concluded)

**26. SOS Administration Charge** (Concluded)

*Department's Response: The SOS program has all direct costs allocated to the operations budget. Procedures are in place to review the administrative fee charged. The Department will continue to review rates and ensure that adequate documentation is available for review.*

**27. Segregation of Duties-Fixed Assets**

Good internal control requires a segregation of duties so no one individual is able to handle all phases of a transaction. If a segregation of duties cannot be achieved, a compensating control must be in place.

During our review of the Personnel Division, we noted one employee was responsible for all functions related to fixed assets. One employee maintained the fixed asset listing, added and deleted items from the fixed asset listing, approved Surplus Property Notification (SPN) forms, ensured all items purchased were added to the inventory, and completed the annual physical inventory. In addition, we noted 58 items totaling \$85,551 were added to the fixed asset listing six months or later after the purchase date.

A possible loss of State Property could occur if one individual is responsible for all phases of the fixed asset process.

We recommend the Personnel Division implement procedures to segregate duties related to fixed assets or, at a minimum, establish procedures to provide for an independent review to ensure all items are added or removed accurately. We further recommend an employee who does not maintain the fixed asset listing complete the annual physical inventory.

*Department's Response: The Department has implemented procedures to provide increased internal control including adequate segregation of duties and an independent review to ensure all items are added or removed accurately.*

**TRANSPORTATION SERVICES BUREAU (TSB)**

**28. Excessive A-87 Fund Balance**

Office of Management and Budget (OMB) Circular Number A-87 - Cost Principles for State, Local, and Indian Tribal Governments - Attachment C - State/Local-Wide Central Service Cost Allocation Plans, Section G(2) states, "A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable."

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**TRANSPORTATION SERVICES BUREAU (TSB)** (Concluded)

**28. Excessive A-87 Fund Balance** (Concluded)

OMB Circular A-87 is a federal government requirement. Transportation Services Bureau Division is funded totally by an internal service fund. As such, it provides service to all State agencies and bills those services to all funds of State Government, which includes State and Federal funds.

During our review of the Transportation Services Bureau (TSB) Division's internal service fund balances we noted the fund balance of their internal service fund (considered an A-87 fund balance) has increased each of the last three fiscal years. We noted the following A-87 balances (which are balances reported in accordance with Generally Accepted Accounting Principles) for the last four fiscal years ending June 30:

<u>Fiscal Year</u>	<u>Excessive Balance</u>	<u>Allowable Reserve</u>
1997	\$ 1,167,000	\$ 667,000
1998	\$ 1,876,000	\$ 680,000
1999	\$ 2,833,000	\$ 661,000
2000	\$ 3,607,000	\$ 712,000

The \$3,607,000 excessive balance is approximately five times higher than allowable. The excessive balance at June 30, 2000 is equal to about 10 months of disbursements. The cash balance was \$3,739,521 at June 30, 1999 and \$2,422,521 at June 30, 2000. There was an outstanding loan of \$500,000 at June 30, 2000, which effectively increases the cash fund balance.

The excessive balance created the potential for refunding of excessive charges to the Federal government.

We recommend the Division continue to review and monitor their rate structure to ensure an appropriate level of working capital reserve. This working capital should be at a level to provide sufficient working capital, and meet the requirements of OMB Circular A-87. Alternatively, the Division may wish to pursue some type of written compromise agreement with federal representatives.

*Department's Response: The Department will continue to implement financial strategies and work with the federal government to ensure that working capital balances are appropriate.*

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION**

**29. Monitoring of Claims Processing**

The Risk Management Division had the responsibility for the payment of the claims for personal and real property, automobile liability, automobile physical damage, crime, general liability, foster parent liability, other ancillary policies (general claims), and for workers' compensation claims for the employees of the State of Nebraska. For the fiscal year ending June 30, 2000 the State of Nebraska paid claims of \$925,494 for general claims, and \$8,295,964 for workers' compensation claims.

Neb. Rev. Stat. Section 81-8,239.01(3)(f) R.S. Supp., 2000 gives the Risk Manager the responsibility and authority to enter into contracts for purchase of insurance or services on behalf of the State of Nebraska. The Risk Manager purchased an insurance program that included claims servicing from Sedgwick Claims Management Services (CMS) to handle claims processing on behalf of the Division of Risk Management (and the State of Nebraska) for general claims coverage prior to fiscal year 2000.

In May 1999, the Risk Manager chose to enter into an interim contract with Sedgwick CMS to process the State of Nebraska workers' compensation claims. After a formal request for proposal and bidding process were completed, a three-year contract was awarded to Sedgwick CMS in October 1999 to process all workers' compensation claims.

During our audit we obtained an understanding of the control environment over claims processing. We noted the following:

- Per the contract between the State of Nebraska and Sedgwick CMS, it was the responsibility of Sedgwick to obtain all documentation for claims directly from State agencies, to review claims to determine whether they were appropriate, to determine that all claims were in accordance with all laws and regulations of the State of Nebraska, and to pay claims. Therefore, Sedgwick CMS executed transactions and maintained the related accountability for those transactions.
- Sedgwick billed Risk Management for claims paid for the benefit of the State. They provided reports to Risk Management on the claims paid, and also provided copies of checks paid for automobile liability, automobile physical damage, and property claims. Based on discussion with the Risk Manager, the reports and copies of checks were reviewed for reasonableness; however, no comparison or reconciliation of these records and checks was made to the billing statement to ensure amounts billed were equal to the amounts paid. In addition, the review noted above was not documented.
- In accordance with internal policy, the Risk Manager approved individual payments of workers' compensation claims exceeding \$5,000 prior to payment. However, the majority of the claims were paid directly by Sedgwick with minimal documentation of the monitoring procedures performed by the Risk Manager.

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION** (Continued)

**29. Monitoring of Claims Processing** (Continued)

Statement of Auditing Standards (SAS) 70, codified as AU Section 324, “Reports on the Processing of Transactions by Service Organizations” provides guidance on what a “Service Organization” is, and the type of reports that may be obtained by user agencies (the State of Nebraska and Risk Management Division in this case) to gain an understanding of the service organization’s control environment. Based on our review, the guidance provided in the SAS 70 is applicable to Sedgwick CMS as they provide services to the State of Nebraska in which they execute transactions and maintain accountability. The SAS also provides guidance to external auditors to provide two types of reports on service organizations such as Sedgwick CMS. It provides guidance on “Reports on Controls Placed in Operation” and “Reports on Controls Placed in Operation and Tests of Operating Effectiveness.” Either report would provide the Risk Management Division with an external assessment of Sedgwick CMS internal control processes and procedures over the claims they process for the State of Nebraska. However, the “Report on Controls Placed in Operations and Tests of Operating Effectiveness” would provide more assurance, as its name implies, as it would report on evidence of the service organization’s control effectiveness.

Based on our review, we believe the Risk Management Division’s overall controls over the claims process for property, automobile liability, automobile physical damage, and workers’ compensation are inadequate. In addition, according to of the Risk Manager, Sedgwick CMS does not have either of the SAS 70 reports as noted above.

Without adequate monitoring by the Risk Management Division and assurance of Sedgwick’s claims processing procedures and controls, there is a higher risk that claims are not processed in accordance with laws and regulations of the State of Nebraska.

We recommend the Division review their internal controls and procedures to determine an appropriate level of control. An appropriate level of control would be those controls at Risk Management and at Sedgwick CMS which ensure all claims are processed and paid in accordance with laws, rules and regulations, and the contract with Sedgwick CMS. Specific procedures at Risk Management should include a review of the reports and copies of checks obtained from Sedgwick with comparison of the copies of the checks and report amounts to amounts billed from Sedgwick, and documentation of that review. We would further recommend obtaining an understanding of the controls Sedgwick CMS has in place to ensure claims are processed in accordance with the contract. We believe the best way to accomplish this is to obtain a SAS 70 report from Sedgwick CMS.

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION** (Continued)

**29. Monitoring of Claims Processing** (Continued)

*Department's Response: As noted in the comment, the DAS-Risk Management Division (RMD) entered into a contract with Sedgwick Claims Management Services (Sedgwick) during FY 2000. The Sedgwick contract has greatly improved the claims processing procedures. Savings were immediately identified through assessing each claimant to determine overpayment and malingering. Communication was greatly increased among claimants, agencies, the Attorney General's Office and the Risk Manager. Claimants were fully advised of what benefits were allowed under the Nebraska Workers' Compensation Act. It is the opinion of the Risk Manager that claims are processed in accordance with pertinent laws and rules and regulations.*

*It is the opinion of DAS-RMD that adequate control procedures are in place at Sedgwick. Sedgwick is certified ISO 9002 compliant, which requires numerous internal audits in addition to yearly external audits. There are many procedures in place which are audited by ISO auditors and can be documented for full compliance against what Sedgwick proposed and what the State of Nebraska is receiving with respect to claims processing. Additionally, insurance carriers who unbundle claim services to Sedgwick also conduct audits annually. DAS-RMD understands that a SAS 70 audit will be completed in May 2001. DAS-RMD will continue to review controls in place at Sedgwick to determine if any additional measures should be completed.*

*RMD believes that the division's overall controls over the claims process are adequate. The Risk Manager and division staff have daily interaction with the Sedgwick claims administrator manager, the adjusters assigned solely to the State, and the claims administrator technology coordinator. The Risk Manager also participates in quarterly claim reviews with the claims administrator staff to discuss the status of claims and litigated files, and to strategize on claim resolution. Each month, the division receives and the Risk Manager reviews, a Claims & Expense Payment Report which lists all claims relating to property, auto, foster care, crime and workers' compensation. This data includes, but is not limited to, claimant's name, date of loss, amounts paid, and future reserves. Also included in the Claims & Expense Payment Report is a Transaction Register, which details every single payment made to various claimants and service providers. The Claims & Expense Payment Report and Transaction Register match each other to reconcile payments and checks made payable to whom and for what file.*

*On a monthly basis, the Risk Manager meets with the DAS Director and DAS Budget Officer to review the previous month's workers' compensation claims payout. The RMD staff, using the loss report provided by the claims administrator, prepares financial documents. Discussion at these meetings includes indemnity and medical payments, large losses over \$10,000, number of claims opened and closed during the month and net change in reserves.*

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION** (Continued)

**29. Monitoring of Claims Processing** (Concluded)

*Every claim filed with the claims administrator is entered into the JURIS system, which is a proprietary software claims and risk information system. The system provides ad hoc reports upon request for such issues as litigated files and large losses. The loss data has been imputed into the system by agency and in some cases by agency and division. The Risk Manager routinely accesses JURIS to investigate claims and payments schedules.*

*The Department will review procedures to determine how to better document the reviews noted above.*

**30. Actuarial Study of Workers' Compensation Liability and Workers' Compensation Funding**

The State of Nebraska is self-insured for certain risks, including workers' compensation claims. The Risk Management Division (RMD) is responsible for the administration of this program. During our review of the workers' compensation claims process and workers' compensation fund for RMD, we noted the following:

- RMD, in conjunction with DAS – Accounting, currently performs an in-house calculation of the estimated liability related to workers' compensation claims (to be used to report the liability for the State of Nebraska's Comprehensive Annual Financial Report (CAFR). The RMD does not currently involve the assistance of an actuarial firm in the calculation of the liability or engage an independent firm to perform a review of the internal calculation and methodology to ensure the liability of workers' compensation claims is reported accurately for the State of Nebraska's CAFR. This has been a prior audit comment.
- RMD primarily uses information (including Claim and Expense reports, and reported reserve amounts) provided by Sedgwick CMS, RMD's claims processor, to determine the funding needs of the workers' compensation fund to pay workers' compensation claims as they become due.

However, the workers' compensation fund funding level was not adequate. RMD borrowed money from other funds of the Department of Administrative Services during fiscal year ending June 30, 2000, to pay claims. As of June 30, 2000, the workers' compensation fund had an outstanding loan balance of \$1.5 million.

Good business practice suggests an actuarial study of the workers' compensation program be performed to ensure the liability for financial reporting is accurate. In addition, good business practice would also require funding levels be at an appropriate level to ensure claims can be paid when due, out of fees received from state agencies to pay those claims.

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION** (Continued)

**30. Actuarial Study of Workers' Compensation Liability and Workers' Compensation Funding** (Concluded)

We recommend the RMD implement procedures whereby the workers' compensation liability calculation is either prepared or reviewed by an outside actuarial firm. In addition, we recommend RMD review their funding levels for the workers' compensation fund to ensure an appropriate level is maintained to pay workers' compensation claims as they become due.

*Department's Response: The Division of Risk Management intends, and has included this intent in its strategic plan to use an actuarial firm upon compilation of three years' loss data. To date, an actuarial study has never been done on the State's workers' compensation system because there were no reserves to verify trends and development loss factors. With the execution of the Sedgwick CMS contract, reserves have been attached to every claim; trends and loss development information is being accumulated so that an actuary can provide the State of Nebraska with adequate loss funding levels.*

*It should be noted that the in-house calculation of the estimated liability related to workers' compensation claims reported in the CAFR has been subject to audit and is materially correct.*

**31. Duplicate Payment for a Miscellaneous Claim**

Good internal controls require procedures be utilized to ensure duplicate payments are not made. During our audit of Risk Management Division, we noted a miscellaneous claim submitted by Federal Express Corporation to the State Claims Board was approved for payment in both 1999 Neb. Laws LB 882 and 2000 Neb. Laws LB 1448. These approvals permitted the issuance of two new warrants to replace one outdated warrant. Warrants not cashed within one year from issuance are considered outdated.

The Department of Revenue issued warrant number 30730017 on March 5, 1997 for \$40,870. Parr Recovery, on behalf of Federal Express Corporation, submitted a miscellaneous claim in 1998 after the warrant expired. The State Claims Board approved the claim and the Legislature approved an appropriation to be made for the claim in LB 882. The Governor approved the bill on May 18, 1999. Warrant number 755302477 was issued on August 16, 1999, and cleared the bank on August 26, 1999.

In January 1999, another miscellaneous claim was submitted to the State Claims Board by Federal Express Corporation for the same expired warrant, number 30730017. The State Claims Board and Legislature each approved the claim. An appropriation was made in LB 1448. The Governor approved the bill on March 30, 2000. Warrant number 856603797 was issued on May 2, 2000, and cleared the bank on June 6, 2000. Therefore, Federal Express received an overpayment of \$40,870.



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

**RISK MANAGEMENT DIVISION** (Continued)

**31. Duplicate Payment for a Miscellaneous Claim** (Concluded)

We recommend the division implement procedures to prevent payments on duplicate claims in the future, and obtain the overpayment from Federal Express Corporation.

*Department's Response: The Department has implemented procedures to insure that duplicate payments do not occur and is actively working with the Federal Express Corporation to obtain the overpayment.*

*The Division of Risk Management considers this duplicate payment an isolated incident attributable to several factors, notably: (1) personnel transition of the Secretary to the State Claims Board, who is responsible for processing these payments; and (2) different claimants on the two claims-Parr Recovery and Federal Express Corporation.*

*It should be noted that this was the only duplicate claim paid of the 349 miscellaneous claims processed in Fiscal Year 2000.*

**32. Tort and Indemnification Claim Payments**

Sound accounting practice and good internal controls require payments be made properly and according to instructions. Our testing of disbursements for the Division of Risk Management noted payments were made in error for tort and indemnification claims during the audit period.

The amount paid for Tort Claim No. 94-347 was \$567,816, instead of \$561,035, resulting in an overpayment of \$6,781. An error in interest calculation on this claim caused the payment error.

We also noted an indemnification claim paid did not properly include the interest owed on the claim at the time of original disbursement. However, the interest due was paid at a later date, correcting the error.

Without adequate procedures in place to recognize these errors, the possibility of the loss or misuse of state funds exists.

We recommend the division implement procedures and controls to ensure all claims are paid properly.

*Department's Response: The Department has current procedures in place to insure that payments are proper and will continue to review these procedures. Interest on claims included in the miscellaneous claims bill is routinely computed to the end of the fiscal year due to the uncertainty of when the bill will pass. This results in the potential for interest calculation errors. The division believes that these two incidents are isolated.*

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION** (Continued)

**33. Workers' Compensation Assessments**

The State of Nebraska is self-insured for workers' compensation coverage. The Risk Management Division is responsible for administering workers' compensation insurance through the workers' compensation claims revolving fund. The Division establishes rates to be charged to state agencies, boards, and commissions. This assessment is to cover the costs of workers' compensation claims paid. During fiscal year ending June 30, 2000, the Division assessed approximately \$ 8.9 million in workers' compensation charges to state agencies, boards, and commissions.

During our audit of the Department of Administrative Services, we were provided some evidence that the rates billed to agencies were analyzed and reviewed, but we were not provided documentation to connect this evidence to the calculation of the actual rates charged to individual State agencies.

Sound accounting practice and good internal controls require documentation be maintained to support business transactions and procedures.

Without documentation it becomes more difficult to support how and why rates were set. The result may be the cost of providing the service may not be recovered, or agencies using the service may be overcharged.

We recommend the division maintain documentation of these rate calculations.

*Department's Response: In conjunction with the overall review of the workers' compensation program, the Department has been reviewing the current rate structure and has documentation of individual agency assessments for the upcoming biennium (FY 2002-FY 2003). This documentation was in place prior to the audit.*

*Additionally, the Risk Manager has documented in the division's strategic plan that there is need to review a rating method using NCCI (National Council on Compensation Insurance) rates for job classifications against PSL. This would provide each agency with an applicable Experience Modifier so that no agency is overcharged/undercharged for its level of workers' compensation assessment.*

**34. Insurance Rate Calculation**

Sound accounting practice requires documentation be maintained to support business transactions and procedures. We noted the Division of Risk Management had no documentation to support the calculation of rates charged to state agencies for insurance coverage.

**COMMENTS AND RECOMMENDATIONS**

**RISK MANAGEMENT DIVISION** (Concluded)

**34. Insurance Rate Calculation** (Concluded)

The Division of Risk Management acts as the State of Nebraska's insurance company, insuring approximately \$1 billion worth of property for the state of Nebraska. The calculation of rates to be charged to state agencies, boards, and commissions for insurance coverage has not been documented. In particular, there is no support for motor vehicle liability, physical damage rates, property insurance rates, and other miscellaneous types of coverage.

Based on discussion with management of the Division, the above rates are reviewed annually in order to determine whether the rates require adjustments. However, this review was not documented. Without proper documentation to support rates and adjustments, it is more difficult to support the rates used are reasonable and equitably charged to user agencies.

We recommend the division document their rate calculations as well as the annual review of rates. Specifically, we recommend documentation include pertinent financial data, an analysis of that financial data by management, and the final approval of the rates to support rates charged are reasonable and equitably charged to all user agencies.

*Department's Response: The feasibility for providing property coverage for the State was based on the insurance marketplace rates of adequacy. In conjunction with the broker, the RMD has established rates using an insurance company methodology. The property/automobile liability rates have been developed using benchmarks on insurance industry rates. Property rates are based on per \$100 of value below insurance company premium computations. Each agency has its total values to use in calculating the property assessment. Automobiles are charged according to type of vehicle, territory of vehicle and limits provided. The Risk Manager has successfully benchmarked the State's internal agency charges against what the insurance industry would have charged and successfully assessed below the marketplace, while continuing to maintain the dollars necessary to fund retentions.*

*Documentation of the established rates was compiled when the State began its brokerage strategy in FY 1996. The division will ensure that all documentation relating to rate methodology will be maintained on an annual basis.*

**TASK FORCE FOR BUILDING RENEWAL**

**35. Co-op Spending Policy**

While testing project files, we observed several projects where the agency was providing 20 percent of the project funding. We noted one project had a participation rate of 10 percent rather than 20 percent.

**COMMENTS AND RECOMMENDATIONS**

**TASK FORCE FOR BUILDING RENEWAL** (Continued)

**35. Co-op Spending Policy** (Concluded)

When discussing this matter with management of the Task Force, a co-op spending policy was explained; however, this policy was not documented. Good internal control, and sound business practice requires that policies be written. Without policies being written there is a greater possibility of procedures being applied inconsistently.

We recommend the Task Force document the co-op spending policy in their policies and procedures manual, generally outlining when co-op spending should be used, and what funding percentage will be applied.

*Department's Response: The Task Force will be drafting a flexible cooperative funding policy to be published in our procedure manual. The concept of cooperative funding was initiated by the Committee on Building Maintenance and endorsed by the Executive Branch in 1991.*

**36. Lack of Inspections by Task Force**

During our review of 10 project files we noted all 10 of the projects did not have inspection documentation on file as required by their policies.

Task Force Policy/Procedures manual, page 4, number 10 states, "The Task Force will make periodic inspections throughout the duration of the project. Before final payment is made on a project, the Task Force will make final inspections wherever possible to ascertain if the conditions of the contract have been fulfilled."

Per discussion with management of the Task Force, they were putting greater reliance on verbal and written reports from consultants and the benefiting agency. Initial inspections were performed on Class I and II maintenance projects. The Task Force received a copy of an Application and Certificate for Payment with each payment request. The consultant/architect signed the Application and Certificate for Payment. The consultant/architect verified through observations that quality work was done according to the contract. The Task Force recommended the final report from the benefiting agency accompany the final payment. This report, when required, was available on those projects tested.

However, this documentation did not meet the requirements of the Task Force's own policies and procedures. In addition, the inspections should have been properly documented according to the manual. This was a prior comment in our fiscal year ending June 30, 1995 audit of the Task Force.

There is a greater possibility for the misuse of state funds when internal policies or procedures are not followed. In addition, projects may not progress as intended, and payments may be made on projects that are not appropriately completed.

**COMMENTS AND RECOMMENDATIONS**

**TASK FORCE FOR BUILDING RENEWAL** (Continued)

**36. Lack of Inspections by Task Force** (Concluded)

We recommend the Task Force conduct inspections while projects are in progress, and conduct a final project inspection as required by their policy/procedure manual. These inspections should be properly documented according to their manual.

*Department's Response: In the revision of the manual, we will delegate project inspection authority to the agency, but will provide specialized inspection upon request. To compensate for the lack of on-site inspection, the Task Force is implementing quarterly project status meetings where all projects are discussed with project managers.*

**37. Depreciation Assessment (LB 1100)**

For one of three LB 1100 (1998 Neb. Laws) projects tested, the depreciation assessment was not collected.

Neb. Rev. Stat. Section 81-188.02(3) R.S. Supp., 2000 states, "The annual depreciation charge for a capital improvement project as defined in subdivisions (1)(a) through (1)(c) of this section shall be computed as two percent of the total project cost of the capital improvement project." Section 81-188.02(4) states, "Depreciation charges shall not be assessed pursuant to this section for capital improvement projects relating to facilities, structures, or buildings exempt pursuant to subsection (5) of section 81-1108.15 . . ."

The Department of Correctional Services (DCS) did not think the depreciation assessment should apply to their project, Corrections Warehouse/Office Acquisition. 2000 Neb. Laws LB 1216, Section 25(5) exempted DCS from the depreciation assessment. 2000 Neb. Laws LB 1216, Section 25(5) became effective March 31, 2000. Prior to March 31, 2000, the depreciation rate applied to the Corrections Warehouse/Office Acquisition. The State Building Division (SBD) Accountant billed DCS. DCS refused to pay the Intrastate Transaction Document (ITD's).

As a result the Task Force did not collect all the fees they were authorized to collect. It appears these fees were due the Task Force.

We recommend the Task Force work with DCS to collect the depreciation assessment for fiscal year ending June 30, 1999, and for the first three-quarters of the fiscal year ending June 30, 2000. If a disagreement continues we recommend the Task Force request the assistance of the Attorney General to settle the dispute.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

COMMENTS AND RECOMMENDATIONS

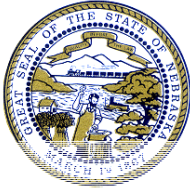
**TASK FORCE FOR BUILDING RENEWAL** (Concluded)

**37. Depreciation Assessment (LB 1100)** (Concluded)

*Department's Response: Legislative Bill 666 was introduced in the current legislative session to resolve this issue. This bill is a priority bill and has an emergency clause to ensure it is immediate enacted if passed by the Legislature. If LB 666 passes, we feel it will clarify this issue and solve the problem.*

STATE OF NEBRASKA  
Auditor of Public Accounts

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NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statements of the Nebraska Department of Administrative Services 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

We did not audit \$1,223,588,113 of a total of \$1,226,847,135 (99.7%) of the disbursements of the Trust and Agency Fund type. The \$1,223,588,113 is the amount of disbursements recorded in the Federal Letter of Credit Fund (Fund 4000). This fund is a common fund with other State agencies. Common funds are funds where State agencies, other than the Department of Administrative Services, record transactions through these funds. The above disbursements were disbursed by other State agencies, and are subject to audit at those agencies.

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 Administrative Services, 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we examined evidence regarding the disbursements recorded in the Federal Letter of Credit Fund of \$1,223,588,113, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Department of Administrative Services 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 February 22, 2001, on our consideration of the Nebraska Department of Administrative Services' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The Report On Compliance And On Internal Control Over Financial Reporting is an integral part of a Government Auditing Standards audit and should be considered in conjunction with the report on the financial statements.

The accompanying combining statements, divisional statements, Schedule of Receipts and Appropriations by Division, Schedule of Disbursements by Division, and the Performance Measure Schedules for the Building Division, Transportation Services Bureau, and the Information Management Services Division are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such statements and schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements, except for that portion marked "unaudited," on which we express no opinion, and, in our opinion, except for the effects of such adjustments, if any, on the statements and schedules as might have been determined to be necessary had we examined evidence regarding the disbursements recorded in the Federal Letter of Credit Fund of \$1,223,588,113, is fairly stated in all material respects in relation to the financial statements taken as a whole.

February 22, 2001

A handwritten signature in dark ink, appearing to read "Don Dunlap CPA". The signature is fluid and cursive, with the "CPA" part written in a slightly more formal, blocky style.

Manager



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINED STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS**  
**ALL FUND TYPES**  
June 30, 2000

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	
<b>Assets</b>						
Cash in State Treasury	\$ -	\$ 3,048,269	\$ 16,183,692	\$ 47,140,030	\$ (18,794,982)	\$ 47,577,009
Investments	-	-	-	-	192,260	192,260
Deposit with Vendors	10,838	10	-	881,009	41,000	932,857
Petty Cash	50	-	-	-	-	50
Total Assets	<u>\$ 10,888</u>	<u>\$ 3,048,279</u>	<u>\$ 16,183,692</u>	<u>\$ 48,021,039</u>	<u>\$ (18,561,722)</u>	<u>\$ 48,702,176</u>
<b>Fund Balances</b>						
Fund Balances:						
Reserved For Postage	\$ 10,838	\$ 10	\$ -	\$ 181,009	\$ -	\$ 191,857
Reserved For Claims	-	-	-	700,000	-	700,000
Reserved For Endowment Principle	-	-	-	-	192,260	192,260
Reserved For Flexible Spending	-	-	-	-	41,000	41,000
Unreserved, Undesignated	50	3,048,269	16,183,692	47,140,030	(18,794,982)	47,577,059
Total Fund Balances (Note 11)	<u>\$ 10,888</u>	<u>\$ 3,048,279</u>	<u>\$ 16,183,692</u>	<u>\$ 48,021,039</u>	<u>\$ (18,561,722)</u>	<u>\$ 48,702,176</u>

See Notes to Financial Statements.

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

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Internal Service	Trust and Agency	
RECEIPTS:						
Appropriations	\$ 9,254,823	\$ -	\$ 14,765,520	\$ -	\$ -	\$ 24,020,343
Taxes	-	2,508,945	8,781,309	-	-	11,290,254
Intergovernmental	-	121,738	-	1,625	1,198,298,562	1,198,421,925
Sales and Charges	464	32,219	-	101,714,874	-	101,747,557
Miscellaneous (Note 1.K.)	1,894,380	402,971	2,593,838	65,799,898	21,240,743	91,931,830
TOTAL RECEIPTS	11,149,667	3,065,873	26,140,667	167,516,397	1,219,539,305	1,427,411,909
DISBURSEMENTS:						
Personal Services	4,445,746	236,207	-	28,879,273	97,767,979	131,329,205
Operating	4,337,245	438,288	3,105,944	129,784,892	94,590,146	232,256,515
Travel	86,665	13,324	2,403	222,445	1,921,045	2,245,882
Capital Outlay	190,229	145,532	19,381,444	13,264,484	4,169,849	37,151,538
Government Aid	194,938	2,548,261	-	-	1,028,398,116	1,031,141,315
TOTAL DISBURSEMENTS	9,254,823	3,381,612	22,489,791	172,151,094	1,226,847,135	1,434,124,455
Excess of Receipts Over (Under) Disbursements	1,894,844	(315,739)	3,650,876	(4,634,697)	(7,307,830)	(6,712,546)
OTHER FINANCING SOURCES (USES):						
Sales of Assets	17,045	3,684,071	-	936,702	-	4,637,818
Operating Transfers In	-	773,199	1,083,827	3,516,202	-	5,373,228
Operating Transfers Out	-	(4,348,219)	-	(1,345,539)	(48,000)	(5,741,758)
Deposits to State General and Capital Projects Fund	(1,911,889)	-	(42,532)	-	-	(1,954,421)
Distributive Activity:						
Ins	3,887	5,436,804	-	2,062,887	4,315,880,297	4,323,383,875
Outs	(3,887)	(6,332,764)	-	(1,949,637)	(4,312,922,585)	(4,321,208,873)
Interfund Loans	-	4,000	-	(4,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,894,844)	(782,909)	1,041,295	3,216,615	2,909,712	4,489,869
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	(1,098,648)	4,692,171	(1,418,082)	(4,398,118)	(2,222,677)
FUND BALANCE, JULY 1, 1999	10,888	4,146,927	11,491,521	49,439,121	(14,163,604)	50,924,853
FUND BALANCE, JUNE 30, 2000	\$ 10,888	\$ 3,048,279	\$ 16,183,692	\$ 48,021,039	\$ (18,561,722)	\$ 48,702,176

See Notes to Financial Statements.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES**  
 BUDGET AND ACTUAL  
 General, Cash, Construction, Federal, and Revolving Funds  
 For the Year Ended June 30, 2000

	GENERAL FUND			CASH FUNDS		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ 10,848,524			\$ -	
Unused Appropriations		<u>(1,593,701)</u>			<u>-</u>	
Net Appropriations		9,254,823			-	
Taxes		-			11,290,254	
Intergovernmental		-			-	
Sales and Charges		464			1,471,817	
Miscellaneous		<u>1,894,380</u>			<u>2,969,638</u>	
TOTAL RECEIPTS		<u>11,149,667</u>			<u>15,731,709</u>	
DISBURSEMENTS:						
Personal Services		4,445,746			413,035	
Operating		4,337,245			5,869,491	
Travel		86,665			15,249	
Capital Outlay		190,229			5,659,678	
Government Aid		<u>194,938</u>			<u>2,548,261</u>	
TOTAL DISBURSEMENTS	<u>10,848,524</u>	<u>9,254,823</u>	<u>1,593,701</u>	<u>33,463,895</u>	<u>14,505,714</u>	<u>18,958,181</u>
Excess of Receipts Over (Under) Disbursements		<u>1,894,844</u>			<u>1,225,995</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		17,045			3,696,849	
Operating Transfers In		-			5,101,924	
Operating Transfers Out		-			(4,313,109)	
Deposit to State General and Construction Funds		(1,911,889)			-	
Distributive Activity:						
Ins		3,887			4,382	
Outs		<u>(3,887)</u>			<u>(6,466)</u>	
TOTAL OTHER FINANCING SOURCES (USES)		<u>(1,894,844)</u>			<u>4,483,580</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		-			5,709,575	
FUND BALANCES, JULY 1, 1999		<u>10,888</u>			<u>15,726,878</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 10,888</u>			<u>\$ 21,436,453</u>	

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES**  
 BUDGET AND ACTUAL  
 General, Cash, Construction, Federal, and Revolving Funds  
 For the Year Ended June 30, 2000

	CONSTRUCTION FUNDS			FEDERAL FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ 22,035,994			\$ -	
Unused Appropriations		<u>(7,270,474)</u>			<u>-</u>	
Net Appropriations		14,765,520			-	
Taxes		-			-	
Intergovernmental		-			121,738	
Sales and Charges		-			-	
Miscellaneous		<u>42,649</u>			<u>-</u>	
TOTAL RECEIPTS		<u>14,808,169</u>			<u>121,738</u>	
DISBURSEMENTS:						
Personal Services		-			-	
Operating		796,725			-	
Travel		656			-	
Capital Outlay		13,968,139			108,514	
Government Aid		-			-	
TOTAL DISBURSEMENTS	<u>22,035,994</u>	<u>14,765,520</u>	<u>7,270,474</u>	<u>121,738</u>	<u>108,514</u>	<u>13,224</u>
Excess of Receipts Over (Under) Disbursements		<u>42,649</u>			<u>13,224</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		-			-	
Operating Transfers In		-			-	
Operating Transfers Out		-			-	
Deposit to State General and Construction Funds		(42,532)			-	
Distributive Activity:						
Ins		-			-	
Outs		<u>-</u>			<u>-</u>	
TOTAL OTHER FINANCING SOURCES (USES)		<u>(42,532)</u>			<u>-</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		117			13,224	
FUND BALANCES, JULY 1, 1999		<u>1,959</u>			<u>-</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 2,076</u>			<u>\$ 13,224</u>	

See Notes to Financial Statements.

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES**  
 BUDGET AND ACTUAL  
 General, Cash, Construction, Federal, and Revolving Funds  
 For the Year Ended June 30, 2000

	REVOLVING FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ -			\$ 32,884,518	
Unused Appropriations		-			(8,864,175)	
Net Appropriations		-			24,020,343	
Taxes		-			11,290,254	
Intergovernmental		1,625			123,363	
Sales and Charges		100,275,276			101,747,557	
Miscellaneous		30,139,457			35,046,124	
TOTAL RECEIPTS		<u>130,416,358</u>			<u>172,227,641</u>	
DISBURSEMENTS:						
Personal Services		28,702,445		38,175,992	33,561,226	4,614,766
Operating		86,029,432		119,146,931	97,032,893	22,114,038
Travel		222,267		445,629	324,837	120,792
Capital Outlay		13,055,129		60,832,758	32,981,689	27,851,069
Government Aid		-		3,822,885	2,743,199	1,079,686
TOTAL DISBURSEMENTS	<u>155,954,044</u>	<u>128,009,273</u>	<u>27,944,771</u>	<u>222,424,195</u>	<u>166,643,844</u>	<u>55,780,351</u>
Excess of Receipts Over (Under) Disbursements		<u>2,407,085</u>			<u>5,583,797</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets		923,924			4,637,818	
Operating Transfers In		92,019			5,193,943	
Operating Transfers Out		(839,330)			(5,152,439)	
Deposit to State General and Construction Funds		-			(1,954,421)	
Distributive Activity:						
Ins		2,010,550			2,018,819	
Outs		(1,942,685)			(1,953,038)	
TOTAL OTHER FINANCING SOURCES (USES)		<u>244,478</u>			<u>2,790,682</u>	
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses		2,651,563			8,374,479	
FUND BALANCES, JULY 1, 1999		<u>28,967,059</u>			<u>44,706,784</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 31,618,622</u>			<u>\$ 53,081,263</u>	

See Notes to Financial Statements.

(Concluded)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

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 Administrative Services are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. **Reporting Entity.** The Nebraska Department of Administrative Services (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 Administrative Services. No component units were identified. The Nebraska Department of Administrative Services 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 and agency fund types, and the accrual basis for proprietary and 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.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

- 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 accounts which records receipts, disbursements, and the fund balance. The fund types 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 and 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 Funds.** Reflect transactions related to resources received and used for the acquisition, construction, or improvement of permanent facilities. The Building Renewal Allocation Fund (Fund 2652) is included in the Capital Projects Fund. Fund 2652 contains \$2.6 million of cigarette tax funding for Information Technology Infrastructure.

**Internal Service Funds.** Reflect transactions used to account for centrally operated services which 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.

**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.

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.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

**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.

**3000 - Construction Funds** - account for the receipts and disbursements associated with the acquisition or construction of capital facilities.

**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.

**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.

**7000 - Distributive Funds** - account for assets held by the State as an agent for individuals, private organizations, other governments, and/or other funds. 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 and Distributive funds. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Governor 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 appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations 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 vote of the Legislature.



**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. The central accounting system maintains this control. A separate publication entitled "Annual Budgetary Report" shows the detail of this 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 ending June 30, 2000, the Legislature passed several deficit appropriation bills which increased the allowable disbursement levels in several of the programs. All State budgetary disbursements for the general, cash, construction, federal, and revolving fund types are made pursuant to the appropriations which 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, construction, and revolving fund appropriations must also be approved by the Legislature as a deficit 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

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 and the Department's Internal Budget 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. Therefore, there are no budgeted amounts shown on the Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual.

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

The Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual are prepared on the cash basis of accounting.

A reconciliation of the budgetary fund classifications versus GAAP fund classifications as of June 30, 2000 follows:

	BUDGETARY FUND BALANCES	FINANCIAL STATEMENT FUND BALANCES				
		PRIMARY GOVERNMENT				
		General	Special Revenue	Capital Projects	Internal Service	Trust and Agency
	Total					
PERSPECTIVE DIFFERENCES:						
Classifications of budgetary fund balances into Financial Statement fund structure:						
General	\$ 10,888	\$ 10,888	\$ -	\$ -	\$ -	\$ -
Cash	21,436,453	-	1,492,258	16,181,616	3,762,579	-
Construction	2,076	-	-	2,076	-	-
Federal	13,224	-	13,224	-	-	-
Revolving	31,618,622	-	174	-	31,618,448	-
Budgetary fund balances classified into Financial Statement fund structure	<u>\$ 53,081,263</u>	10,888	1,505,656	16,183,692	35,381,027	-
Entity Difference:						
Record funds not budgeted		-	1,542,623	-	12,640,012	(18,561,722)
Financial Statement Fund Balances, June 30, 2000		<u>\$ 10,888</u>	<u>\$ 3,048,279</u>	<u>\$16,183,692</u>	<u>\$ 48,021,039</u>	<u>\$(18,561,722)</u>

**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 (GFAAG) for financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). On cash basis statements the GFAAG is not required and is not shown on the Department's financial statements as the Department has governmental and proprietary fund fixed assets. Under GAAP, proprietary fund assets are not recorded in the GFAAG but are capitalized in those funds. As such, proprietary fund assets are not recorded in the GFAAG. The records of the Department did not easily facilitate identifying the assets that should have been recorded in the GFAAG, and those that belonged to proprietary funds. However, all fixed assets of the Department are disclosed in footnote 8. 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 or estimated cost by the Department. Generally, equipment which has a cost in excess of \$300 at the date of acquisition and has an expected useful life of two or more years is capitalized.

Assets which would be recorded in the general fixed assets account group, if the financial statements were prepared in accordance with GAAP, are not depreciated. Proprietary fund fixed assets reported in accordance with GAAP would be capitalized and 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.

For buildings, the estimate of historical cost was based on appraised values as of October 31, 1986, indexed to dates of acquisition. All buildings acquired after October 31, 1986 have been valued at historical cost.

- 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 a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Department, except for the Contribution Fund 7654, Imprest Payroll Fund 7655, and Building Division Federal Fund 4653, were designated for investment during fiscal year 2000.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

- G. Investments.** Investments as reported on the Combined Statement of Assets and Fund Balances Arising From Cash Transactions, All Fund Types are stated at fair value. The investments include the Long-Term Investments of the J. J. Soukup Trust Fund, which are restricted because the fund must be maintained intact and only the income can be used to fund the activity.
- H. Distributive Activity.** Distributive Activity transactions are 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. For more detailed information on the distributive activity of the Department see footnote 6.
- I. Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.
- J. 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 otherwise be reported in the Long Term Debt Account Group are not reported since they do not represent balances arising from Cash Transactions.
- K. Receipts.** The major account titles and descriptions as established by the Department of Administrative Accounting Division 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. On the Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget to Actual the amount spent is net appropriations.

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

**Taxes.** Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. The amount of \$11,290,254 reported on the Combined Statement represents cigarette taxes statutorily allocated to the Department for construction and infrastructure technology projects.

**Intergovernmental.** Receipts from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements. The intergovernmental receipts of the Department of \$1,198,421,925 reported on the Combined Statement primarily is money flowing through the Federal Letter of Credit fund 4000. The Department is responsible for drawing down funds from the federal government to be disbursed by other State agencies. The Department does not authorize disbursements of these funds.

**Sales and Charges.** Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various fees. The divisions of the Department primarily provide services to other State agencies, which are billed to those State agencies. The \$101,747,557 reported on the Combined Statement primarily is the billing to these State agencies for services rendered.

**Miscellaneous.** Receipts from sources not covered by other major categories. The Department has \$91,931,830 of miscellaneous receipts reported on the Combined Statement. Following is a summary of the significant miscellaneous receipts for the Department:

Division	Amount	Description
Accounting	\$ 1,879,946	Prior over-funding refund. This money represents retirement forfeitures. Amounts are deposited to the State General Fund
		Federal Fund Miscellaneous Adjustments
	18,157,417	
Building	23,778,355	Building and Space Rental Revenue
Personnel and Risk Management	3,063,362	Contributions from employees for Flexible Spending Plan
Transportation Service Bureau	4,390,796	Rental income for vehicle use

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Division	Amount	Description
Personnel and Risk Management	34,648,872	Contributions from State Employees for insurance coverage
Task Force	1,806,904	Depreciation Surcharge
All divisions	<u>4,206,178</u>	Other miscellaneous receipts
Total	<u>\$ 91,931,830</u>	

**L. Disbursements.** The major account titles and descriptions as established by the Department of Administrative Accounting Division 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.

**M. Fund Balance Reservations.** Reservations of fund balances are established to identify the existence of assets that have been legally segregated for specific purposes. Reservations of fund balances are also established for assets which are not current in nature. The Department has the following fund balance reservations:

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

1. Reserved for postage - \$191,857 is on deposit with vendor with the Materiel Division mailroom and is not available for any other purpose.
2. Reserved for Claims - \$700,000 is on deposit with an outside vendor who processes claims for the State and is not available for any other purpose.
3. Reserved for Endowment Principal - \$192,260 is the fund balance of the J.J. Soukup Trust Fund (Fund 6891). The balance is available for purposes of the trust and is not available for any other purpose.
4. Reserved for Flexible Spending - \$41,000 is on deposit with an outside vendor who processes payments to individuals for their flexible spending plans, and is not available for any other purpose.

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., 2000 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 Departments 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 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.

	Fair Value
Corporate Bonds – (Category 1)	\$ 184,690
Mutual Fund – (Not Categorized)	7,570
Total Investments	\$ 192,260

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**4. Contingencies and Commitments**

**Risk Management.** The Department is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. 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 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 was insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, and uninsured and underinsured motorists liability with various limits and deductibles. State Agencies owning their own vehicles have the option to purchase coverage for physical damage to their vehicles.
2. The Department of Administrative Services maintains health care and life insurance for eligible State employees.
3. Crime coverage, with a limit of \$1 million for each loss, and 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. Newly-acquired properties are covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company. The perils of flood and earthquake are covered up to \$9,000,000.
5. State Agencies have the option to purchase building contents and inland marine coverage. The DAS divisions purchasing inland marine coverage were the Building Division, Employee Relations, Task Force for Building Renewal and Intergovernmental Data Services. The DAS divisions purchasing building content coverage were the Building Division, Materiel Division, Information Management Services and Transportation Services Bureau.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Compensation Insurance Trust Fund through a combination of employee and State contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments to each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or 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 Administrative Services' financial statements.



**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

**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 judgment against the Department would have to be processed through the State Claims Board and be approved by the Legislature.

**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 by 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 completion of twelve months of service within a five-year period, except any individual appointed by the Governor may elect to not 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, when an employee reaches the age of 55, or at retirement.

For the Fiscal Year Ended June 30, 2000, employees contributed \$980,647 and the Department contributed \$1,529,810.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Distributive Activity**

The Department had \$4,323,383,875 in Distributive Activity (D/A) IN, and \$4,321,208,873 in D/A OUT for the audit period consisting of the following significant amounts:

FUND TYPE	FUND NUMBER	D/A IN	D/A OUT	EXPLANATION
Special Revenue	6651	\$ 5,426,198	\$ 6,099,664	Master lease activity.
Internal Service	5658	\$ 2,007,040	\$ 1,920,500	This activity was the recording of the sale of surplus property and the payment of the proceeds to State agencies.
Trust and Agency	7655	\$ 4,315,574,767	\$ 4,312,617,063	This fund is the payroll imprest fund. Activity IN was the amount transferred from the paying fund and the Activity OUT was the payment of payroll to employees and payments to vendors for payroll withholdings.

7. **Operating Transfers**

The Department had Operating Transfers In of \$5,373,228 and Operating Transfers Out of \$5,741,758. The Operating Transfers In and Out were not equal because certain transfer transactions were transactions between the Department and other State agencies. Generally, transfers are authorized by State Statute.

8. **Fixed Assets**

Fixed assets are not recorded on the Department's cash basis financial statements. However, the following indicates the level of fixed assets for which the Department is responsible.

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
Land	\$ 2,869,115	\$ -	\$ -	\$ 2,869,115
Buildings	102,511,370	567,326	1,043,636	102,035,060
Equipment	64,736,653	7,973,101	6,640,354	66,069,400
Construction in Progress	4,081,618	7,938,801	553,247	11,467,172
Total Fixed Assets	<u>\$ 174,198,756</u>	<u>\$ 16,479,228</u>	<u>\$ 8,237,237</u>	<u>\$ 182,440,747</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. **Fixed Assets (Concluded)**

The above amounts include the fixed assets of governmental funds and internal service funds at June 30, 2000. For further disclosure on the fixed asset accounting policies followed by the Department on the cash basis see footnote 1.E.

The Department reported \$37,151,538 in capital outlay on their Combined Statement of Receipts, Disbursements, and Changes in Fund Balance. The amount of additions reported on the fixed asset records and as noted above was \$16,479,228. Following is a reconciliation between the two amounts:

• Total Capital Outlay reported on the Financial Statements:	\$	37,151,538
Less:		
• Software, Improvement to Buildings and land, and maintenance accounts recorded as capital outlay but not recorded on the fixed assets records		(15,639,156)
• Installment lease transactions		(4,113,540)
• 4000 fund capital outlay in which the capital outlay disbursements were made by other State agencies, and recorded on their fixed asset records		(4,169,849)
• Other Capital outlay accounts not recorded on the fixed asset records		(1,362,442)
Add:		
• Cost of Norfolk Veteran's home purchased by the Department, but recorded on the fixed asset records of another State agency		2,951,319
• Other		1,661,358
Total recorded on fixed asset records	\$	<u>16,479,228</u>

9. **Bonds Payable**

The State created the Nebraska State Building Corporation (NSBC) to finance the purchase of a building used by the State (and Department) 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, 2000 were collateralized by the revenues of the NSBC, which consisted primarily of building rental paid by the State. Outstanding bonds payable under GAAP would be reported in the General Long-Term Debt Account Group. On the cash basis the payable is not reported on the Combined Statement of Assets and Fund Balances Arising From Cash Transactions, All Fund Types of the Department as the payable does not arise from cash transactions.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

9. **Bonds Payable (Concluded)**

Bond Payable	Date Issued	Maturity Dates	Interest Rates	Balance June 30, 2000
NSBSC issue	1992	1992-2009	5.65%-6.50%	\$ 5,185,000

**Debt Service Requirements To Maturity**

Year	Principal	Interest	Total
2001	\$ 385,000	\$ 317,755	\$ 702,755
2002	415,000	295,133	710,133
2003	440,000	270,455	710,455
2004	465,000	243,712	708,712
2005	495,000	214,826	709,826
Thereafter	2,985,000	520,073	3,505,073
Total	<u>\$ 5,185,000</u>	<u>\$ 1,861,954</u>	<u>\$ 7,046,954</u>

10. **Lease Commitments**

**Capital and Operating Leases.** The Department leased office facilities and equipment under both capital and operating leases. The following schedules for capital leases and operating leases includes all leases for the Department except the leases for the Communications Division. See the paragraph following the schedules for disclosure information on the Communication Division 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 for the Department as of June 30, 2000 were as follows:

Year	Amount
2001	\$ 3,769,566
2002	2,355,241
2003	1,164,312
2004	597,166
2005	382,665
Thereafter	<u>4,957,019</u>
Total Minimum Payments	13,225,969
Less: Interest and Executory Costs	<u>(2,929,169)</u>
Present Value of Net Minimum Payments	<u>\$ 10,296,800</u>

A majority of the Department's operating leases are on a month-to-month basis with a 30-day cancellation clause. The Department's true future legal obligation for these particular leases is the first month of each year subsequent to the fiscal year end. As a

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**10. Lease Commitments (Concluded)**

result, the future minimum lease payments pertaining to noncancelable operating leases as of June 30, 2000 include only \$844,273 of future lease payments even though the Department's normal business practice is to pay on the leases for the entire fiscal year. The Department's costs for the noncancelable operating leases were \$7,146,980 for the year ended June 30, 2000 and the Department would expect to incur similar costs in future years.

Communications Division Leases

The Communications Division leased equipment and communication lines. The leases varied in length, terms, and requirements. The Division had approximately 500 leases. The Division provided much of the equipment and lines, based on requests and changing needs of the various State agencies. Even though the equipment leased was often under a capital lease, the equipment could have been returned to the vendor, and a new lease agreement signed for the new equipment before the old lease expired. This circumstance arose when an agency's equipment needs changed, or because of changes in technology the equipment became obsolete. The Division also had operating leases, primarily for communication lines.

For the fiscal year ending June 30, 2000, the Division disbursed \$500,000, which included both principal and interest payments, for capital leases. The Division management estimated the lease obligations to be in this range for the next two to five years, including increases for inflation.

Contractual Commitment – Thermal Service Agreement

The Department of Administrative Services – State Building Division (SBD) entered into a Thermal Service Agreement with District Energy Corporation (DEC) on August 4, 1998. This agreement provided for thermal steam services for the Nebraska State Capitol, the State Office Building, and the Nebraska Governor's Mansion. Related to this agreement was an annual payment of \$346,000 to provide for the payment of debt service and coverage on DEC indebtedness for the project. This payment was billable annually and payable on July 15 in each year during the term of the Agreement. The agreement remains in effect for a period of 20 years from its date or until all debt associated with the facility has been paid, whichever is longer.

**11. Negative Fund Balance**

The Federal Fund is an Agency Fund of the Department. The Department receives money through the Federal Letter of Credit Drawdown Fund (Fund 4000) for redistribution to other State agencies. The purpose of this fund is to record the federal

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

11. **Negative Fund Balance (Concluded)**

drawdown of grant funds from the federal government as funds are needed by the State agencies, and to record the disbursement of these funds by the various State agencies as they are made. The negative fund balance of \$18,561,722 in the Trust and Agency Fund Type is due entirely to the \$23,206,673 negative fund balance of Fund 4000. The time delay between the time the disbursement of the funds are made by the various State agencies and the reimbursement received from the federal government through the Federal Letter of Credit is the reason for the negative fund balance. The negative fund balance will be funded by future drawdowns from the federal government.

12. **Interfund Transactions**

Following is a schedule of interfund outstanding loan transactions at year end. Interfund loan transactions were authorized by State Statute.

	Division Number	Fund Number	Amount	Date	Loan Balance June 30, 2000
1. Loan (To/From)	11/6	5892/5653	\$ 500,000	April, 2000	\$ 500,000
2. Loan To/From	11/5	5892/5651	\$ 500,000	June, 2000	\$ 500,000
3. Loan To/From	11/10	5892/5657	\$ 500,000	June, 2000	\$ 500,000
Total Loans Outstanding June 30, 2000					<u>\$ 1,500,000</u>

13. **Commission On Local Government Innovation Division**

The funding authority for this division ceased to exist on July 1, 2000. The unexpended fund balance as of June 30, 2000, of the Local Government Innovation Fund (Fund 2666) will be transferred to the Department of Administrative Services Cash Fund (Fund 2650).

14. **Transfer of Funds between Divisions**

Legislation was passed (2000 Neb. Laws LB 654) to transfer the fund balance and the responsibility for the following funds from the Risk Management Division to the State Personnel Administration Division of the Department: Fund 2801-Health and Life Benefits Administration Fund; Fund 6801 - Flexible Spending Fund; Fund 6892-State Employees' Insurance Fund; and Fund 6893 - Insurance Trust Fund. LB 654 required the funds to be transferred effective July 1, 2000. However, through a contractual agreement dated November 1999 the transfer was completed prior to July 1, 2000.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES

NOTES TO FINANCIAL STATEMENTS

(Continued)

15. **Full Accountability of the General Fund, and the State Building Fund (3300) and State Capital Construction Fund (3800)**

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

**General Fund**

Beginning (Reappropriated) Balance July 1, 1999	\$ 757,112
New Appropriations	10,091,412
Total Appropriations	<u>10,848,524</u>
Disbursements	<u>(9,254,823)</u>
Ending (Appropriations) Balance June 30, 2000	<u>\$ 1,593,701</u>

**State Building Fund (3300) and  
State Capital Construction Fund (3800)**

Beginning (Reappropriated) Balance July 1, 1999	\$ 14,933,126
New Appropriations	7,102,868
Total Appropriations	<u>22,035,994</u>
Disbursements	<u>(14,765,520)</u>
Ending (Appropriations) Balance June 30, 2000	<u>\$ 7,270,474</u>

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

	Resource Recycling Fund 2654	Vacant Building Fund 2656	Omaha Public Events Facility Fund 2658	Local Government Innovation Fund 2666	Health and Life Benefits Administration Fund 2801	Building Division Federal Fund 4653	Washington Consultant Revolving Fund 5664	Master Lease Trust Fund 6651	Total Special Revenue Funds
<b><u>Assets</u></b>									
Cash in State Treasury	\$ 216,603	\$ 256,646	\$ 654,512	\$ 298,586	\$ 65,901	\$ 13,224	\$ 174	\$ 1,542,623	\$ 3,048,269
Deposit with Vendors	10	-	-	-	-	-	-	-	10
Total Assets	<u>\$ 216,613</u>	<u>\$ 256,646</u>	<u>\$ 654,512</u>	<u>\$ 298,586</u>	<u>\$ 65,901</u>	<u>\$ 13,224</u>	<u>\$ 174</u>	<u>\$ 1,542,623</u>	<u>\$ 3,048,279</u>
<b><u>Fund Balances and Other Credits</u></b>									
Fund Balances:									
Reserved For Postage	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10
Unreserved, Undesignated	<u>216,603</u>	<u>256,646</u>	<u>654,512</u>	<u>298,586</u>	<u>65,901</u>	<u>13,224</u>	<u>174</u>	<u>1,542,623</u>	<u>3,048,269</u>
Total Fund Balances	<u>\$ 216,613</u>	<u>\$ 256,646</u>	<u>\$ 654,512</u>	<u>\$ 298,586</u>	<u>\$ 65,901</u>	<u>\$ 13,224</u>	<u>\$ 174</u>	<u>\$ 1,542,623</u>	<u>\$ 3,048,279</u>



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

	Accounting Division Fund 2651	Resource Recycling Fund 2654	DAS Social Security Benefit Fund 2655	Vacant Building Fund 2656	Omaha Public Events Facility Fund 2658	Local Government Innovation Fund 2666	Health and Life Benefits Administration Fund 2801	Building Division Federal Fund 4653	Washington Consultant Revolving Fund 5664	Master Lease Trust Fund 6651	Contribution Fund 7654	Total Special Revenue Funds
RECEIPTS:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,508,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,508,945
Intergovernmental	-	-	-	-	-	-	-	121,738	-	-	-	121,738
Sales and Charges	280	31,288	-	-	-	-	651	-	-	-	-	32,219
Miscellaneous	17,201	46,016	304	200,453	14,424	16,673	15,879	-	2	92,019	-	402,971
TOTAL RECEIPTS	17,481	77,304	304	200,453	2,523,369	16,673	16,530	121,738	2	92,019	-	3,065,873
DISBURSEMENTS:												
Personal Services	8,107	5,458	-	-	-	59,353	163,289	-	-	-	-	236,207
Operating	106,454	4,641	-	82,741	-	54,823	189,629	-	-	-	-	438,288
Travel	-	1,014	-	-	-	9,870	2,440	-	-	-	-	13,324
Capital Outlay	-	533	-	31,247	-	-	5,238	108,514	-	-	-	145,532
Government Aid	-	-	-	-	2,504,866	43,395	-	-	-	-	-	2,548,261
TOTAL DISBURSEMENTS	114,561	11,646	-	113,988	2,504,866	167,441	360,596	108,514	-	-	-	3,381,612
Excess of Receipts Over (Under) Disbursements	(97,080)	65,658	304	86,465	18,503	(150,768)	(344,066)	13,224	2	92,019	-	(315,739)
OTHER FINANCING SOURCES (USES):												
Sales of Assets	-	-	-	3,684,071	-	-	-	-	-	-	-	3,684,071
Operating Transfers In	-	-	8,995	-	-	300,000	464,204	-	-	-	-	773,199
Operating Transfers Out	(217,036)	-	(12,304)	(3,903,859)	-	-	(123,000)	-	-	(92,020)	-	(4,348,219)
Distributive Activity:												
Ins	-	-	-	-	-	-	-	-	-	5,426,198	10,606	5,436,804
Outs	-	-	-	-	-	-	-	-	-	(6,099,664)	(233,100)	(6,332,764)
Interfund Loans	-	-	-	4,000	-	-	-	-	-	-	-	4,000
TOTAL OTHER FINANCING SOURCES (USES)	(217,036)	-	(3,309)	(215,788)	-	300,000	341,204	-	-	(765,486)	(222,494)	(782,909)
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(314,116)	65,658	(3,005)	(129,323)	18,503	149,232	(2,862)	13,224	2	(673,467)	(222,494)	(1,098,648)
FUND BALANCE, JULY 1, 1999	314,116	150,955	3,005	385,969	636,009	149,354	68,763	-	172	2,216,090	222,494	4,146,927
FUND BALANCE, JUNE 30, 2000	\$ -	\$ 216,613	\$ -	\$ 256,646	\$ 654,512	\$ 298,586	\$ 65,901	\$ 13,224	\$ 174	\$ 1,542,623	\$ -	\$ 3,048,279

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**ALL CAPITAL PROJECT FUNDS**

June 30, 2000

	Building Renewal Fund 2652	State Building Renewal Assessment Fund 2667	University Building Renewal Assessment Fund 2668	State College Building Renewal Assessment Fund 2669	State Fair Building Fund 3202	<b>Total Capital Project Funds</b>
<hr/> <b>Assets</b> <hr/>						
Cash in State Treasury	<u>\$ 14,325,534</u>	<u>\$ 1,690,389</u>	<u>\$ 132,540</u>	<u>\$ 33,153</u>	<u>\$ 2,076</u>	<u>\$ 16,183,692</u>
Total Assets	<u><u>\$ 14,325,534</u></u>	<u><u>\$ 1,690,389</u></u>	<u><u>\$ 132,540</u></u>	<u><u>\$ 33,153</u></u>	<u><u>\$ 2,076</u></u>	<u><u>\$ 16,183,692</u></u>
 <hr/> <b>Fund Balances</b> <hr/>						
Fund Balances:						
Unreserved, Undesignated	<u>\$ 14,325,534</u>	<u>\$ 1,690,389</u>	<u>\$ 132,540</u>	<u>\$ 33,153</u>	<u>\$ 2,076</u>	<u>\$ 16,183,692</u>
Total Fund Balances	<u><u>\$ 14,325,534</u></u>	<u><u>\$ 1,690,389</u></u>	<u><u>\$ 132,540</u></u>	<u><u>\$ 33,153</u></u>	<u><u>\$ 2,076</u></u>	<u><u>\$ 16,183,692</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**All CAPITAL PROJECT FUNDS**  
For the Fiscal Year Ended June 30, 2000

	Building Renewal Fund 2652	State Building Renewal Assessment Fund 2667	University Building Renewal Assessment Fund 2668	State College Building Renewal Assessment Fund 2669	State Fair Building Fund 3202	State Building Fund 3300	State Capital Construction Fund 3800	<b>Total Capital Projects Funds</b>
RECEIPTS:								
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,322,099	\$ 443,421	\$ 14,765,520
Taxes	8,781,309	-	-	-	-	-	-	8,781,309
Miscellaneous	<u>695,107</u>	<u>1,690,389</u>	<u>132,540</u>	<u>33,153</u>	<u>117</u>	<u>37,743</u>	<u>4,789</u>	<u>2,593,838</u>
TOTAL RECEIPTS	<u>9,476,416</u>	<u>1,690,389</u>	<u>132,540</u>	<u>33,153</u>	<u>117</u>	<u>14,359,842</u>	<u>448,210</u>	<u>26,140,667</u>
DISBURSEMENTS:								
Operating	2,309,219	-	-	-	-	732,029	64,696	3,105,944
Travel	1,747	-	-	-	-	656	-	2,403
Capital Outlay	<u>5,413,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,589,414</u>	<u>378,725</u>	<u>19,381,444</u>
TOTAL DISBURSEMENTS	<u>7,724,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,322,099</u>	<u>443,421</u>	<u>22,489,791</u>
Excess of Receipts Over (Under) Disbursements	<u>1,752,145</u>	<u>1,690,389</u>	<u>132,540</u>	<u>33,153</u>	<u>117</u>	<u>37,743</u>	<u>4,789</u>	<u>3,650,876</u>
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	1,083,827	-	-	-	-	-	-	1,083,827
Deposits to State Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,743)</u>	<u>(4,789)</u>	<u>(42,532)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,083,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,743)</u>	<u>(4,789)</u>	<u>1,041,295</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	2,835,972	1,690,389	132,540	33,153	117	-	-	4,692,171
FUND BALANCE, JULY 1, 1999	<u>11,489,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,959</u>	<u>-</u>	<u>-</u>	<u>11,491,521</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$ 14,325,534</u></u>	<u><u>\$ 1,690,389</u></u>	<u><u>\$ 132,540</u></u>	<u><u>\$ 33,153</u></u>	<u><u>\$ 2,076</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,183,692</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**ALL INTERNAL SERVICE FUNDS**  
June 30, 2000

	Capitol Restoration Fund 2650	Telecom Fund 2653	Information Technology Infrastructure Fund 2665	Tort Claims Fund 2891	Miscellaneous Claims Fund 2892	Risk Management Administration Fund 2893	Administration Revolving Fund 5165	State Building Revolving Fund 5650	Materiel Revolving Fund 5651
<b><u>Assets</u></b>									
Cash in State Treasury	\$ 24,703	\$ 952,171	\$ 2,602,842	\$ 171,578	\$ 3	\$ 10,838	\$ 301,003	\$ 2,559,861	\$ 3,788,908
Deposit with Vendors	<u>6</u>	<u>438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>175,246</u>
Total Assets	<u><u>\$ 24,709</u></u>	<u><u>\$ 952,609</u></u>	<u><u>\$ 2,602,842</u></u>	<u><u>\$ 171,578</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 10,838</u></u>	<u><u>\$ 301,003</u></u>	<u><u>\$ 2,560,260</u></u>	<u><u>\$ 3,964,154</u></u>
<b><u>Fund Balances</u></b>									
Fund Balances:									
Reserved For Postage	\$ 6	\$ 438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399	\$ 175,246
Reserved for Claims	-	-	-	-	-	-	-	-	-
Unreserved, Undesignated	<u>24,703</u>	<u>952,171</u>	<u>2,602,842</u>	<u>171,578</u>	<u>3</u>	<u>10,838</u>	<u>301,003</u>	<u>2,559,861</u>	<u>3,788,908</u>
Total Fund Balances	<u><u>\$ 24,709</u></u>	<u><u>\$ 952,609</u></u>	<u><u>\$ 2,602,842</u></u>	<u><u>\$ 171,578</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 10,838</u></u>	<u><u>\$ 301,003</u></u>	<u><u>\$ 2,560,260</u></u>	<u><u>\$ 3,964,154</u></u>

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**ALL INTERNAL SERVICE FUNDS**

June 30, 2000

	Intergovern- mental Data Fund 5652	Telecom Revolving Fund 5653	Central Stores Fund 5654	Parking Fund 5655	Central Data Processing Revolving Fund 5656	Transportation Service Fund 5657	Surplus Property Fund 5658	Accounting Division Revolving Fund 5665	Temporary Employee Pool Fund 5801
<b>Assets</b>									
Cash in State Treasury	\$ 881,204	\$ 4,732,033	\$ 725,083	\$ 2,232,178	\$ 8,959,192	\$ 2,422,521	\$ 1,081,641	\$ 1,011,249	\$ 195,429
Deposit with Vendors	54	1,546	1,462	30	801	170	352	505	-
Total Assets	<u>\$ 881,258</u>	<u>\$ 4,733,579</u>	<u>\$ 726,545</u>	<u>\$ 2,232,208</u>	<u>\$ 8,959,993</u>	<u>\$ 2,422,691</u>	<u>\$ 1,081,993</u>	<u>\$ 1,011,754</u>	<u>\$ 195,429</u>
<b>Fund Balances</b>									
Fund Balances:									
Reserved For Postage	\$ 54	\$ 1,546	\$ 1,462	\$ 30	\$ 801	\$ 170	\$ 352	\$ 505	\$ -
Reserved for Claims	-	-	-	-	-	-	-	-	-
Unreserved, Undesignated	881,204	4,732,033	725,083	2,232,178	8,959,192	2,422,521	1,081,641	1,011,249	195,429
Total Fund Balances	<u>\$ 881,258</u>	<u>\$ 4,733,579</u>	<u>\$ 726,545</u>	<u>\$ 2,232,208</u>	<u>\$ 8,959,993</u>	<u>\$ 2,422,691</u>	<u>\$ 1,081,993</u>	<u>\$ 1,011,754</u>	<u>\$ 195,429</u>

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**ALL INTERNAL SERVICE FUNDS**

June 30, 2000

	Employee Recognition Fund 5802	Training Revolving Fund 5803	Personnel Revolving Fund 5804	State Insurance Fund 5891	Workers Compensation Claims Fund 5892	Joslyn Castle Trust Fund 6652	State Employees' Insurance Fund 6892	Insurance Trust Fund 6893	<b>Total Internal Service Funds</b>
<b><u>Assets</u></b>									
Cash in State Treasury	\$ 6,059	\$ 105,205	\$ 163,590	\$ 1,108,157	\$ 464,570	\$ 22,269	\$ 11,671,805	\$ 945,938	\$ 47,140,030
Deposit with Vendors	-	-	-	-	700,000	-	-	-	881,009
Total Assets	<u>\$ 6,059</u>	<u>\$ 105,205</u>	<u>\$ 163,590</u>	<u>\$ 1,108,157</u>	<u>\$ 1,164,570</u>	<u>\$ 22,269</u>	<u>\$ 11,671,805</u>	<u>\$ 945,938</u>	<u>\$ 48,021,039</u>
<b><u>Fund Balances</u></b>									
Fund Balances:									
Reserved For Postage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,009
Reserved for Claims	-	-	-	-	700,000	-	-	-	700,000
Unreserved, Undesignated	<u>6,059</u>	<u>105,205</u>	<u>163,590</u>	<u>1,108,157</u>	<u>464,570</u>	<u>22,269</u>	<u>11,671,805</u>	<u>945,938</u>	<u>47,140,030</u>
Total Fund Balances	<u>\$ 6,059</u>	<u>\$ 105,205</u>	<u>\$ 163,590</u>	<u>\$ 1,108,157</u>	<u>\$ 1,164,570</u>	<u>\$ 22,269</u>	<u>\$ 11,671,805</u>	<u>\$ 945,938</u>	<u>\$ 48,021,039</u>

(Concluded)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended June 30, 2000

	Capitol Restoration Fund 2650	Telecom Fund 2653	Information Technology Infrastructure Fund 2665	Tort Claims Fund 2891	Miscellaneous Claims Fund 2892	Risk Management Administration Fund 2893	Administration Revolving Fund 5165
RECEIPTS:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Charges	36,301	1,385,045	16,365	-	-	1,887	490,959
Miscellaneous	10,899	63,922	17,415	11,518	41	3,704	25,121
TOTAL RECEIPTS	47,200	1,448,967	33,780	11,518	41	5,591	516,080
DISBURSEMENTS:							
Personal Services	12,456	164,287	-	-	-	85	346,631
Operating	36,508	1,969,346	153,539	850,801	72,967	38,823	61,019
Travel	41	45	-	-	-	92	4,236
Capital Outlay	50,428	158,927	-	-	-	-	9,777
TOTAL DISBURSEMENTS	99,433	2,292,605	153,539	850,801	72,967	39,000	421,663
Excess of Receipts Over (Under) Disbursements	(52,233)	(843,638)	(119,759)	(839,283)	(72,926)	(33,409)	94,417
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	12,778	-	-	-	-
Operating Transfers In	-	-	2,383,121	755,810	72,967	33,000	-
Operating Transfers Out	-	(23,200)	-	-	(710)	(33,000)	-
Distributive Activity:							
Ins	4,382	-	-	-	-	-	-
Outs	(6,466)	-	-	-	-	-	-
Interfund Loans	(4,000)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(6,084)	(23,200)	2,395,899	755,810	72,257	-	-
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(58,317)	(866,838)	2,276,140	(83,473)	(669)	(33,409)	94,417
FUND BALANCE, JULY 1, 1999	83,026	1,819,447	326,702	255,051	672	44,247	206,586
FUND BALANCE, JUNE 30, 2000	\$ 24,709	\$ 952,609	\$ 2,602,842	\$ 171,578	\$ 3	\$ 10,838	\$ 301,003

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended June 30, 2000

	State Building Revolving Fund 5650	Material Revolving Fund 5651	Intergovern- mental Data Fund 5652	Telecom Revolving Fund 5653	Central Stores Fund 5654	Parking Fund 5655	Central Data Processing Revolving Fund 5656
RECEIPTS:							
Intergovernmental	\$ 1,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Charges	731,005	11,655,858	2,338,992	17,395,996	2,994,193	1,161	46,408,911
Miscellaneous	22,880,836	274,023	50,744	245,016	33,650	1,304,927	321,621
TOTAL RECEIPTS	23,613,466	11,929,881	2,389,736	17,641,012	3,027,843	1,306,088	46,730,532
DISBURSEMENTS:							
Personal Services	7,029,660	1,720,598	162,346	836,971	116,910	28,838	12,504,478
Operating	13,847,657	8,587,376	1,401,983	13,370,068	2,833,149	552,019	29,762,815
Travel	61,065	15,484	6,047	18,041	307	112	103,487
Capital Outlay	962,878	1,407,947	851,076	450,676	25,203	929,402	4,322,872
TOTAL DISBURSEMENTS	21,901,260	11,731,405	2,421,452	14,675,756	2,975,569	1,510,371	46,693,652
Excess of Receipts Over (Under) Disbursements	1,712,206	198,476	(31,716)	2,965,256	52,274	(204,283)	36,880
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	3,809	-	3,681	-	-	46,544
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	(839,330)	-	-	-	-	-	-
Distributive Activity:							
Ins	860	-	-	-	-	2,650	-
Outs	(19,485)	-	-	-	-	(2,700)	-
Interfund Loans	-	(500,000)	-	(500,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(857,955)	(496,191)	-	(496,319)	-	(50)	46,544
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	854,251	(297,715)	(31,716)	2,468,937	52,274	(204,333)	83,424
FUND BALANCE, JULY 1, 1999	1,706,009	4,261,869	912,974	2,264,642	674,271	2,436,541	8,876,569
FUND BALANCE, JUNE 30, 2000	\$ 2,560,260	\$ 3,964,154	\$ 881,258	\$ 4,733,579	\$ 726,545	\$ 2,232,208	\$ 8,959,993

(Continued)



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended June 30, 2000

	Transportation Service Fund 5657	Surplus Property Fund 5658	Accounting Division Revolving Fund 5665	Temporary Employee Pool Fund 5801	Employee Recognition Fund 5802	Training Revolving Fund 5803	Personnel Revolving Fund 5804
RECEIPTS:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Charges	27,262	189,668	1,762,103	4,591,418	19,979	112,774	642,133
Miscellaneous	4,626,116	41,558	85,836	9,919	381	8,455	6,202
TOTAL RECEIPTS	4,653,378	231,226	1,847,939	4,601,337	20,360	121,229	648,335
DISBURSEMENTS:							
Personal Services	419,963	145,914	876,994	4,373,275	-	4,060	-
Operating	1,883,680	51,749	755,793	196,422	17,562	147,912	630,672
Travel	2,256	386	7,478	563	1,702	135	-
Capital Outlay	4,034,111	8,227	29,108	22,255	-	201	-
TOTAL DISBURSEMENTS	6,340,010	206,276	1,669,373	4,592,515	19,264	152,308	630,672
Excess of Receipts Over (Under) Disbursements	(1,686,632)	24,950	178,566	8,822	1,096	(31,079)	17,663
OTHER FINANCING SOURCES (USES):							
Sales of Assets	869,632	-	258	-	-	-	-
Operating Transfers In	-	-	92,019	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
Distributive Activity:							
Ins	-	2,007,040	-	-	-	-	-
Outs	-	(1,920,500)	-	-	-	-	-
Interfund Loans	(500,000)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	369,632	86,540	92,277	-	-	-	-
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(1,317,000)	111,490	270,843	8,822	1,096	(31,079)	17,663
FUND BALANCE, JULY 1, 1999	3,739,691	970,503	740,911	186,607	4,963	136,284	145,927
FUND BALANCE, JUNE 30, 2000	\$ 2,422,691	\$ 1,081,993	\$ 1,011,754	\$ 195,429	\$ 6,059	\$ 105,205	\$ 163,590

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended June 30, 2000

	State Insurance Fund 5891	Workers Compensation Claims Fund 5892	Joslyn Castle Trust Fund 6652	State Employees' Insurance Fund 6892	Insurance Trust Fund 6893	Total Internal Service Funds
RECEIPTS:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625
Sales and Charges	1,987,276	8,925,588	-	-	-	101,714,874
Miscellaneous	111,864	113,186	1,252	225,520	35,326,172	65,799,898
TOTAL RECEIPTS	<u>2,099,140</u>	<u>9,038,774</u>	<u>1,252</u>	<u>225,520</u>	<u>35,326,172</u>	<u>167,516,397</u>
DISBURSEMENTS:						
Personal Services	88,338	47,469	-	-	-	28,879,273
Operating	2,178,877	9,750,679	-	1,936	40,631,540	129,784,892
Travel	968	-	-	-	-	222,445
Capital Outlay	1,396	-	-	-	-	13,264,484
TOTAL DISBURSEMENTS	<u>2,269,579</u>	<u>9,798,148</u>	<u>-</u>	<u>1,936</u>	<u>40,631,540</u>	<u>172,151,094</u>
Excess of Receipts Over (Under) Disbursements	<u>(170,439)</u>	<u>(759,374)</u>	<u>1,252</u>	<u>223,584</u>	<u>(5,305,368)</u>	<u>(4,634,697)</u>
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	-	-	936,702
Operating Transfers In	-	-	-	179,285	-	3,516,202
Operating Transfers Out	-	-	-	(449,299)	-	(1,345,539)
Distributive Activity:						
Ins	-	-	-	47,955	-	2,062,887
Outs	-	-	-	(486)	-	(1,949,637)
Interfund Loans	-	1,500,000	-	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>(222,545)</u>	<u>-</u>	<u>3,216,615</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>(170,439)</u>	<u>740,626</u>	<u>1,252</u>	<u>1,039</u>	<u>(5,305,368)</u>	<u>(1,418,082)</u>
FUND BALANCE, JULY 1, 1999	<u>1,278,596</u>	<u>423,944</u>	<u>21,017</u>	<u>11,670,766</u>	<u>6,251,306</u>	<u>49,439,121</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 1,108,157</u>	<u>\$ 1,164,570</u>	<u>\$ 22,269</u>	<u>\$ 11,671,805</u>	<u>\$ 945,938</u>	<u>\$ 48,021,039</u>

(Concluded)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**ALL TRUST AND AGENCY FUNDS**

June 30, 2000

	Trust Fund	Agency Funds				Total
	J.J. Soukup Trust Fund 6891	Federal Fund 4000	Flexible Spending Fund 6801	Imprest Payroll Fund 7655	State Employee Assistance Fund 7801	Trust and Agency Funds
<b>Assets</b>						
Cash in State Treasury	\$ -	\$ (23,206,673)	\$ 295,555	\$ 4,115,993	\$ 143	\$ (18,794,982)
Investments	192,260	-	-	-	-	192,260
Deposit with Vendors	-	-	41,000	-	-	41,000
Total Assets	<u>\$ 192,260</u>	<u>\$ (23,206,673)</u>	<u>\$ 336,555</u>	<u>\$ 4,115,993</u>	<u>\$ 143</u>	<u>\$ (18,561,722)</u>
<b>Fund Balances</b>						
Fund Balances:						
Reserved For Flexible Spending	\$ -	\$ -	\$ 41,000	\$ -	\$ -	\$ 41,000
Reserved for Endowment Principle	192,260	-	-	-	-	192,260
Unreserved, Undesignated	-	(23,206,673)	295,555	4,115,993	143	(18,794,982)
Total Fund Balances	<u>\$ 192,260</u>	<u>\$ (23,206,673)</u>	<u>\$ 336,555</u>	<u>\$ 4,115,993</u>	<u>\$ 143</u>	<u>\$ (18,561,722)</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL TRUST AND AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2000

	Trust Fund	Agency Funds				Total
	J.J. Soukup Trust Fund 6891	Federal Fund 4000	Flexible Spending Fund 6801	Imprest Payroll Fund 7655	State Employee Assistance Fund 7801	Trust and Agency Funds
RECEIPTS:						
Intergovernmental	\$ -	\$1,198,298,562	\$ -	\$ -	\$ -	\$1,198,298,562
Miscellaneous	(7,042)	18,157,417	3,090,368	-	-	21,240,743
TOTAL RECEIPTS	(7,042)	1,216,455,979	3,090,368	-	-	1,219,539,305
DISBURSEMENTS:						
Personal Services	-	97,767,979	-	-	-	97,767,979
Operating	13,197	91,331,124	3,245,825	-	-	94,590,146
Travel	-	1,921,045	-	-	-	1,921,045
Capital Outlay	-	4,169,849	-	-	-	4,169,849
Government Aid	-	1,028,398,116	-	-	-	1,028,398,116
TOTAL DISBURSEMENTS	13,197	1,223,588,113	3,245,825	-	-	1,226,847,135
Excess of Receipts (Under) Disbursements	(20,239)	(7,132,134)	(155,457)	-	-	(7,307,830)
OTHER FINANCING SOURCES (USES):						
Operating Transfers Out	-	-	(48,000)	-	-	(48,000)
Distributive Activity:						
Ins	-	-	-	4,315,574,767	305,530	4,315,880,297
Outs	-	-	-	(4,312,617,063)	(305,522)	(4,312,922,585)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(48,000)	2,957,704	8	2,909,712
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(20,239)	(7,132,134)	(203,457)	2,957,704	8	(4,398,118)
FUND BALANCE, JULY 1, 1999	212,499	(16,074,539)	540,012	1,158,289	135	(14,163,604)
FUND BALANCE, JUNE 30, 2000	\$ 192,260	\$ (23,206,673)	\$ 336,555	\$ 4,115,993	\$ 143	\$ (18,561,722)

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

	General Fund 1000	Administration Revolving Fund 5165	Washington Consultant Revolving Fund 5664	<b>Total Funds</b>
RECEIPTS:				
Appropriations	\$ 153,301	\$ -	\$ -	\$ 153,301
Sales and Charges	-	490,959	-	490,959
Miscellaneous	-	25,121	2	25,123
TOTAL RECEIPTS	<u>153,301</u>	<u>516,080</u>	<u>2</u>	<u>669,383</u>
DISBURSEMENTS:				
Personal Services	-	346,631	-	346,631
Operating	148,450	61,019	-	209,469
Travel	685	4,236	-	4,921
Capital Outlay	4,166	9,777	-	13,943
TOTAL DISBURSEMENTS	<u>153,301</u>	<u>421,663</u>	<u>-</u>	<u>574,964</u>
Excess of Receipts Over Disbursements	-	94,417	2	94,419
FUND BALANCE, JULY 1, 1999	<u>45</u>	<u>206,586</u>	<u>172</u>	<u>206,803</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 45</u>	<u>\$ 301,003</u>	<u>\$ 174</u>	<u>\$ 301,222</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ACCOUNTING DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Accounting Division Cash Fund 2651	DAS Social Security Benefit Cash Fund 2655	Federal Fund 4000	Accounting Division Revolving Fund 5665	Master Lease Trust Fund 6651	Contribution Fund 7654	Imprest Payroll Fund 7655	Total Funds
RECEIPTS:									
Appropriations	\$ 278,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,706
Intergovernmental	-	-	-	1,198,298,562	-	-	-	-	1,198,298,562
Sales and Charges	447	280	-	-	1,762,103	-	-	-	1,762,830
Miscellaneous	<u>1,892,561</u>	<u>17,201</u>	<u>304</u>	<u>18,157,417</u>	<u>85,836</u>	<u>92,019</u>	<u>-</u>	<u>-</u>	<u>20,245,338</u>
TOTAL RECEIPTS	<u>2,171,714</u>	<u>17,481</u>	<u>304</u>	<u>1,216,455,979</u>	<u>1,847,939</u>	<u>92,019</u>	<u>-</u>	<u>-</u>	<u>1,220,585,436</u>
DISBURSEMENTS:									
Personal Services	255,524	8,107	-	97,767,979	876,994	-	-	-	98,908,604
Operating	23,182	106,454	-	91,331,124	755,793	-	-	-	92,216,553
Travel	-	-	-	1,921,045	7,478	-	-	-	1,928,523
Capital Outlay	-	-	-	4,169,849	29,108	-	-	-	4,198,957
Government Aid	-	-	-	<u>1,028,398,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,398,116</u>
TOTAL DISBURSEMENTS	<u>278,706</u>	<u>114,561</u>	<u>-</u>	<u>1,223,588,113</u>	<u>1,669,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,225,650,753</u>
Excess of Receipts Over (Under) Disbursements	<u>1,893,008</u>	<u>(97,080)</u>	<u>304</u>	<u>(7,132,134)</u>	<u>178,566</u>	<u>92,019</u>	<u>-</u>	<u>-</u>	<u>(5,065,317)</u>
OTHER FINANCING SOURCES (USES):									
Sales of Assets		-	-	-	258	-	-	-	258
Operating Transfers In		-	8,995	-	92,019	-	-	-	101,014
Operating Transfers Out		(217,036)	(12,304)	-	-	(92,020)	-	-	(321,360)
Deposits to State General Fund	(1,893,008)	-	-	-	-	-	-	-	(1,893,008)
Distributive Activity:									
Ins	3,887	-	-	-	-	5,426,198	10,606	4,315,574,767	4,321,015,458
Outs	<u>(3,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,099,664)</u>	<u>(233,100)</u>	<u>(4,312,617,063)</u>	<u>(4,318,953,714)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,893,008)</u>	<u>(217,036)</u>	<u>(3,309)</u>	<u>-</u>	<u>92,277</u>	<u>(765,486)</u>	<u>(222,494)</u>	<u>2,957,704</u>	<u>(51,352)</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	(314,116)	(3,005)	(7,132,134)	270,843	(673,467)	(222,494)	2,957,704	(5,116,669)
FUND BALANCE, JULY 1, 1999	<u>60</u>	<u>314,116</u>	<u>3,005</u>	<u>(16,074,539)</u>	<u>740,911</u>	<u>2,216,090</u>	<u>222,494</u>	<u>1,158,289</u>	<u>(11,419,574)</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,206,673)</u>	<u>\$ 1,011,754</u>	<u>\$ 1,542,623</u>	<u>\$ -</u>	<u>\$ 4,115,993</u>	<u>\$ (16,536,243)</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**BUDGET DIVISION**

For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Omaha Public Events Facility Fund 2658	Total Funds
RECEIPTS:			
Appropriations	\$ 770,823	\$ -	\$ 770,823
Taxes	-	2,508,945	2,508,945
Miscellaneous	347	14,424	14,771
TOTAL RECEIPTS	<u>771,170</u>	<u>2,523,369</u>	<u>3,294,539</u>
DISBURSEMENTS:			
Personal Services	645,447	-	645,447
Operating	114,196	-	114,196
Travel	10,157	-	10,157
Capital Outlay	1,023	-	1,023
Government Aid	-	2,504,866	2,504,866
TOTAL DISBURSEMENTS	<u>770,823</u>	<u>2,504,866</u>	<u>3,275,689</u>
Excess of Receipts Over Disbursements	<u>347</u>	<u>18,503</u>	<u>18,850</u>
OTHER FINANCING (USES):			
Deposits to State General Fund	<u>(347)</u>	<u>-</u>	<u>(347)</u>
TOTAL OTHER FINANCING (USES)	<u>(347)</u>	<u>-</u>	<u>(347)</u>
Excess of Receipts Over Disbursements and Other Financing Uses	-	18,503	18,503
FUND BALANCE, JULY 1, 1999	<u>70</u>	<u>636,009</u>	<u>636,079</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$ 70</u></u>	<u><u>\$ 654,512</u></u>	<u><u>\$ 654,582</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**STATE BUILDING DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Capitol Restoration Fund 2650	Vacant Building Fund 2656	State Fair Building Fund 3202	State Building Fund 3300	State Capital Construction Fund 3800
RECEIPTS:						
Appropriations	\$ 3,635,064	\$ -	\$ -	\$ -	\$ 4,631,764	\$ 135,196
Intergovernmental	-	-	-	-	-	-
Sales and Charges	8	36,301	-	-	-	-
Miscellaneous	1,139	10,899	200,453	117	-	4,789
TOTAL RECEIPTS	<u>3,636,211</u>	<u>47,200</u>	<u>200,453</u>	<u>117</u>	<u>4,631,764</u>	<u>139,985</u>
DISBURSEMENTS:						
Personal Services	1,313,166	12,456	-	-	-	-
Operating	2,245,013	36,508	82,741	-	629,329	60,291
Travel	5,548	41	-	-	56	-
Capital Outlay	<u>71,337</u>	<u>50,428</u>	<u>31,247</u>	<u>-</u>	<u>4,002,379</u>	<u>74,905</u>
TOTAL DISBURSEMENTS	<u>3,635,064</u>	<u>99,433</u>	<u>113,988</u>	<u>-</u>	<u>4,631,764</u>	<u>135,196</u>
Excess of Receipts Over (Under) Disbursements	<u>1,147</u>	<u>(52,233)</u>	<u>86,465</u>	<u>117</u>	<u>-</u>	<u>4,789</u>
OTHER FINANCING SOURCES (USES):						
Sales of Assets	12,757	-	3,684,071	-	-	-
Operating Transfers Out	-	-	(3,903,859)	-	-	-
Deposits to State General and Construction Fund	(13,904)	-	-	-	-	(4,789)
Distributive Activity:						
Ins	-	4,382	-	-	-	-
Outs	-	(6,466)	-	-	-	-
Interfund Loans	<u>-</u>	<u>(4,000)</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,147)</u>	<u>(6,084)</u>	<u>(215,788)</u>	<u>-</u>	<u>-</u>	<u>(4,789)</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>-</u>	<u>(58,317)</u>	<u>(129,323)</u>	<u>117</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JULY 1, 1999	<u>273</u>	<u>83,026</u>	<u>385,969</u>	<u>1,959</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 273</u>	<u>\$ 24,709</u>	<u>\$ 256,646</u>	<u>\$ 2,076</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**STATE BUILDING DIVISION**  
For the Fiscal Year Ended June 30, 2000

	Building Division Federal Fund 4653	State Building Revolving Fund 5650	Parking Fund 5655	Joslyn Castle Trust Fund 6652	<b>Total Funds</b>
RECEIPTS:					
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ 8,402,024
Intergovernmental	121,738	1,625	-	-	123,363
Sales and Charges	-	731,005	1,161	-	768,475
Miscellaneous	-	22,880,836	1,304,927	1,252	24,404,412
<b>TOTAL RECEIPTS</b>	<b>121,738</b>	<b>23,613,466</b>	<b>1,306,088</b>	<b>1,252</b>	<b>33,698,274</b>
DISBURSEMENTS:					
Personal Services	-	7,029,660	28,838	-	8,384,120
Operating	-	13,847,657	552,019	-	17,453,558
Travel	-	61,065	112	-	66,822
Capital Outlay	108,514	962,878	929,402	-	6,231,090
<b>TOTAL DISBURSEMENTS</b>	<b>108,514</b>	<b>21,901,260</b>	<b>1,510,371</b>	<b>-</b>	<b>32,135,590</b>
Excess of Receipts Over (Under) Disbursements	13,224	1,712,206	(204,283)	1,252	1,562,684
OTHER FINANCING SOURCES (USES):					
Sales of Assets	-	-	-	-	3,696,828
Operating Transfers Out	-	(839,330)	-	-	(4,743,189)
Deposits to State General and Construction Fund	-	-	-	-	(18,693)
Distributive Activity:					
Ins	-	860	2,650	-	7,892
Outs	-	(19,485)	(2,700)	-	(28,651)
Interfund Loans	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(857,955)</b>	<b>(50)</b>	<b>-</b>	<b>(1,085,813)</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	13,224	854,251	(204,333)	1,252	476,871
FUND BALANCE, JULY 1, 1999	-	1,706,009	2,436,541	21,017	4,634,794
FUND BALANCE, JUNE 30, 2000	\$ 13,224	\$ 2,560,260	\$ 2,232,208	\$ 22,269	\$ 5,111,665

(Concluded)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**MATERIEL DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Resource Recycling Fund 2654	Materiel Revolving Fund 5651	Central Stores Fund 5654	Surplus Property Fund 5658	Total Funds
RECEIPTS:						
Appropriations	\$ 433,242	\$ -	\$ -	\$ -	\$ -	\$ 433,242
Sales and Charges	-	31,288	11,655,858	2,994,193	189,668	14,871,007
Miscellaneous	13	46,016	274,023	33,650	41,558	395,260
TOTAL RECEIPTS	<u>433,255</u>	<u>77,304</u>	<u>11,929,881</u>	<u>3,027,843</u>	<u>231,226</u>	<u>15,699,509</u>
DISBURSEMENTS:						
Personal Services	320,081	5,458	1,720,598	116,910	145,914	2,308,961
Operating	91,747	4,641	8,587,376	2,833,149	51,749	11,568,662
Travel	550	1,014	15,484	307	386	17,741
Capital Outlay	20,864	533	1,407,947	25,203	8,227	1,462,774
TOTAL DISBURSEMENTS	<u>433,242</u>	<u>11,646</u>	<u>11,731,405</u>	<u>2,975,569</u>	<u>206,276</u>	<u>15,358,138</u>
Excess of Receipts Over (Under) Disbursements	<u>13</u>	<u>65,658</u>	<u>198,476</u>	<u>52,274</u>	<u>24,950</u>	<u>341,371</u>
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	3,809	-	-	3,809
Deposits to State General Fund	(13)	-	-	-	-	(13)
Distributive Activity:						
Ins	-	-	-	-	2,007,040	2,007,040
Outs	-	-	-	-	(1,920,500)	(1,920,500)
Interfund Loans	-	-	(500,000)	-	-	(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13)</u>	<u>-</u>	<u>(496,191)</u>	<u>-</u>	<u>86,540</u>	<u>(409,664)</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	65,658	(297,715)	52,274	111,490	(68,293)
FUND BALANCE, JULY 1, 1999	<u>3,580</u>	<u>150,955</u>	<u>4,261,869</u>	<u>674,271</u>	<u>970,503</u>	<u>6,061,178</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 3,580</u>	<u>\$ 216,613</u>	<u>\$ 3,964,154</u>	<u>\$ 726,545</u>	<u>\$ 1,081,993</u>	<u>\$ 5,992,885</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**COMMUNICATIONS DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Telecom Cash Fund 2653	Telecom Revolving Fund 5653	Total Funds
<b>RECEIPTS:</b>				
Appropriations	\$ 263,118	\$ -	\$ -	\$ 263,118
Sales and Charges	-	1,385,045	17,395,996	18,781,041
Miscellaneous	-	63,922	245,016	308,938
<b>TOTAL RECEIPTS</b>	<b>263,118</b>	<b>1,448,967</b>	<b>17,641,012</b>	<b>19,353,097</b>
<b>DISBURSEMENTS:</b>				
Personal Services	-	164,287	836,971	1,001,258
Operating	242,812	1,969,346	13,370,068	15,582,226
Travel	20,306	45	18,041	38,392
Capital Outlay	-	158,927	450,676	609,603
<b>TOTAL DISBURSEMENTS</b>	<b>263,118</b>	<b>2,292,605</b>	<b>14,675,756</b>	<b>17,231,479</b>
Excess of Receipts Over (Under) Disbursements	-	(843,638)	2,965,256	2,121,618
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of Assets	-	-	3,681	3,681
Operating Transfers Out	-	(23,200)	-	(23,200)
Interfund Loans	-	-	(500,000)	(500,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(23,200)</b>	<b>(496,319)</b>	<b>(519,519)</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	(866,838)	2,468,937	1,602,099
<b>FUND BALANCE, JULY 1, 1999</b>	<b>-</b>	<b>1,819,447</b>	<b>2,264,642</b>	<b>4,084,089</b>
<b>FUND BALANCE, JUNE 30, 2000</b>	<b>\$ -</b>	<b>\$ 952,609</b>	<b>\$ 4,733,579</b>	<b>\$ 5,686,188</b>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**INFORMATION MANAGEMENT SERVICES DIVISION**  
For the Fiscal Year Ended June 30, 2000

	Building Renewal Fund 2652	Information Technology Infrastructure Fund 2665	Central Data Processing Revolving Fund 5656	<b>Total Funds</b>
RECEIPTS:				
Taxes	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
Sales and Charges	-	16,365	46,408,911	46,425,276
Miscellaneous	-	17,415	321,621	339,036
TOTAL RECEIPTS	<u>2,600,000</u>	<u>33,780</u>	<u>46,730,532</u>	<u>49,364,312</u>
DISBURSEMENTS:				
Personal Services	-	-	12,504,478	12,504,478
Operating	1,948,560	153,539	29,762,815	31,864,914
Travel	-	-	103,487	103,487
Capital Outlay	-	-	4,322,872	4,322,872
TOTAL DISBURSEMENTS	<u>1,948,560</u>	<u>153,539</u>	<u>46,693,652</u>	<u>48,795,751</u>
Excess of Receipts Over (Under) Disbursements	<u>651,440</u>	<u>(119,759)</u>	<u>36,880</u>	<u>568,561</u>
OTHER FINANCING SOURCES:				
Sales of Assets	-	12,778	46,544	59,322
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>12,778</u>	<u>46,544</u>	<u>59,322</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements	651,440	(106,981)	83,424	627,883
FUND BALANCE, JULY 1, 1999	<u>-</u>	<u>326,702</u>	<u>8,876,569</u>	<u>9,203,271</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 651,440</u>	<u>\$ 219,721</u>	<u>\$ 8,959,993</u>	<u>\$ 9,831,154</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**PERSONNEL ADMINISTRATION DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Health and Life Benefits Administration Fund 2801	Temporary Employee Pool Fund 5801	Employee Recognition Fund 5802	Training Revolving Fund 5803	Personnel Revolving Fund 5804
RECEIPTS:						
Appropriations	\$ 1,355,350	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Charges	7	-	4,591,418	19,979	112,774	642,133
Miscellaneous	320	499	9,919	381	8,455	6,202
TOTAL RECEIPTS	<u>1,355,677</u>	<u>499</u>	<u>4,601,337</u>	<u>20,360</u>	<u>121,229</u>	<u>648,335</u>
DISBURSEMENTS:						
Personal Services	1,088,195	26	4,373,275	-	4,060	-
Operating	237,651	68,030	196,422	17,562	147,912	630,672
Travel	9,812	960	563	1,702	135	-
Capital Outlay	19,692	2,081	22,255	-	201	-
TOTAL DISBURSEMENTS	<u>1,355,350</u>	<u>71,097</u>	<u>4,592,515</u>	<u>19,264</u>	<u>152,308</u>	<u>630,672</u>
Excess of Receipts Over (Under) Disbursements	<u>327</u>	<u>(70,598)</u>	<u>8,822</u>	<u>1,096</u>	<u>(31,079)</u>	<u>17,663</u>
OTHER FINANCING SOURCES (USES):						
Sales of Assets	757	-	-	-	-	-
Operating Transfers In	-	48,000	-	-	-	-
Operating Transfers Out	-	(123,000)	-	-	-	-
Deposits to State General Fund	(1,084)	-	-	-	-	-
Distributive Activity:						
Ins	-	-	-	-	-	-
Outs	-	-	-	-	-	-
Adjustment to reflex transfer of funds to Personal Div. from the Risk Management Div.	-	142,736	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(327)</u>	<u>67,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	(2,862)	8,822	1,096	(31,079)	17,663
FUND BALANCE, JULY 1, 1999	<u>6,298</u>	<u>68,763</u>	<u>186,607</u>	<u>4,963</u>	<u>136,284</u>	<u>145,927</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 6,298</u>	<u>\$ 65,901</u>	<u>\$ 195,429</u>	<u>\$ 6,059</u>	<u>\$ 105,205</u>	<u>\$ 163,590</u>

(Continued)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**PERSONNEL ADMINISTRATION DIVISION**  
For the Fiscal Year Ended June 30, 2000

	Flexible Spending Fund 6801	State Employees' Insurance Fund 6892	Insurance Trust Fund 6893	State Employee Assistance Fund 7801	<b>Total Funds</b>
<b>RECEIPTS:</b>					
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ 1,355,350
Sales and Charges	-	-	-	-	5,366,311
Miscellaneous	<u>1,585,040</u>	<u>-</u>	<u>24,840</u>	<u>-</u>	<u>1,635,656</u>
<b>TOTAL RECEIPTS</b>	<u>1,585,040</u>	<u>-</u>	<u>24,840</u>	<u>-</u>	<u>8,357,317</u>
<b>DISBURSEMENTS:</b>					
Personal Services	-	-	-	-	5,465,556
Operating	1,477,165	-	16,046	-	2,791,460
Travel	-	-	-	-	13,172
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,229</u>
<b>TOTAL DISBURSEMENTS</b>	<u>1,477,165</u>	<u>-</u>	<u>16,046</u>	<u>-</u>	<u>8,314,417</u>
Excess of Receipts Over (Under) Disbursements	<u>107,875</u>	<u>-</u>	<u>8,794</u>	<u>-</u>	<u>42,900</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sales of Assets	-	-	-	-	757
Operating Transfers In	-	23,190	-	-	71,190
Operating Transfers Out	-	-	-	-	(123,000)
Deposits to State General Fund	-	-	-	-	(1,084)
Distributive Activity:					
Ins	-	-	-	305,530	305,530
Outs	-	-	-	(305,522)	(305,522)
Adjustment to reflex transfer of funds to Personal Div. from the Risk Management Div.	<u>(311,332)</u>	<u>(22,151)</u>	<u>(5,314,162)</u>	<u>-</u>	<u>(5,504,909)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(311,332)</u>	<u>1,039</u>	<u>(5,314,162)</u>	<u>8</u>	<u>(5,557,038)</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(203,457)	1,039	(5,305,368)	8	(5,514,138)
<b>FUND BALANCE, JULY 1, 1999</b>	<u>540,012</u>	<u>11,670,766</u>	<u>6,251,306</u>	<u>135</u>	<u>19,011,061</u>
<b>FUND BALANCE, JUNE 30, 2000</b>	<u>\$ 336,555</u>	<u>\$ 11,671,805</u>	<u>\$ 945,938</u>	<u>\$ 143</u>	<u>\$ 13,496,923</u>

(Concluded)

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**EMPLOYEE RELATIONS DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000
RECEIPTS:	
Appropriations	\$ 241,841
TOTAL RECEIPTS	<u>241,841</u>
DISBURSEMENTS:	
Personal Services	198,046
Operating	40,866
Travel	1,842
Capital Outlay	1,087
TOTAL DISBURSEMENTS	<u>241,841</u>
Excess of Receipts Over (Under) Disbursements	<u>-</u>
OTHER FINANCING SOURCES (USES):	
Sales of Assets	136
Deposits to State General Fund	<u>(136)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-  -
FUND BALANCE, JULY 1, 1999	<u>141</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$ 141</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**TRANSPORTATION SERVICES DIVISION**  
For the Fiscal Year Ended June 30, 2000

	Transportation Service <u>Fund 5657</u>
RECEIPTS:	
Sales and Charges	\$ 27,262
Miscellaneous	<u>4,626,116</u>
TOTAL RECEIPTS	<u>4,653,378</u>
DISBURSEMENTS:	
Personal Services	419,963
Operating	1,883,680
Travel	2,256
Capital Outlay	<u>4,034,111</u>
TOTAL DISBURSEMENTS	<u>6,340,010</u>
Excess of Receipts (Under) Disbursements	<u>(1,686,632)</u>
OTHER FINANCING SOURCES (USES):	
Sales of Assets	869,632
Interfund Loan	<u>(500,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>369,632</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(1,317,000)
FUND BALANCE, JULY 1, 1999	<u>3,739,691</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$ 2,422,691</u></u>



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**RISK MANAGEMENT DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Health and Life Benefits Administration Fund 2801	Tort Claims Fund 2891	Miscellaneous Claims Fund 2892	Risk Management Administration Fund 2893	State Insurance Fund 5891	Workers Compensation Claims Fund 5892	Flexible Spending Fund 6801	J. J. Soukup Trust Fund 6891	State Employees' Insurance Fund 6892	Insurance Trust Fund 6893	Total Funds
RECEIPTS:												
Appropriations	\$ 1,084,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,084,904
Sales and Charges	2	651	-	-	1,887	1,987,276	8,925,588	-	-	-	-	10,915,404
Miscellaneous	-	15,380	11,518	41	3,704	111,864	113,186	1,505,328	(7,042)	225,520	35,301,332	37,280,831
<b>TOTAL RECEIPTS</b>	<b>1,084,906</b>	<b>16,031</b>	<b>11,518</b>	<b>41</b>	<b>5,591</b>	<b>2,099,140</b>	<b>9,038,774</b>	<b>1,505,328</b>	<b>(7,042)</b>	<b>225,520</b>	<b>35,301,332</b>	<b>49,281,139</b>
DISBURSEMENTS:												
Personal Services	52,703	163,263	-	-	85	88,338	47,469	-	-	-	-	351,858
Operating	1,032,201	121,599	850,801	72,967	38,823	2,178,877	9,750,679	1,768,660	13,197	1,936	40,615,494	56,445,234
Travel	-	1,480	-	-	92	968	-	-	-	-	-	2,540
Capital Outlay	-	3,157	-	-	-	1,396	-	-	-	-	-	4,553
<b>TOTAL DISBURSEMENTS</b>	<b>1,084,904</b>	<b>289,499</b>	<b>850,801</b>	<b>72,967</b>	<b>39,000</b>	<b>2,269,579</b>	<b>9,798,148</b>	<b>1,768,660</b>	<b>13,197</b>	<b>1,936</b>	<b>40,615,494</b>	<b>56,804,185</b>
Excess of Receipts Over (Under) Disbursements	2	(273,468)	(839,283)	(72,926)	(33,409)	(170,439)	(759,374)	(263,332)	(20,239)	223,584	(5,314,162)	(7,523,046)
OTHER FINANCING SOURCES (USES):												
Sales of Assets	1,441	-	-	-	-	-	-	-	-	-	-	1,441
Operating Transfers In	-	416,204	755,810	72,967	33,000	-	-	-	-	156,095	-	1,434,076
Operating Transfers Out	-	-	-	(710)	(33,000)	-	-	(48,000)	-	(449,299)	-	(531,009)
Deposits to State General Fund	(1,443)	-	-	-	-	-	-	-	-	-	-	(1,443)
Distributive Activity:												
Ins	-	-	-	-	-	-	-	-	-	47,955	-	47,955
Outs	-	-	-	-	-	-	-	-	-	(486)	-	(486)
Interfund Loans	-	-	-	-	-	-	1,500,000	-	-	-	-	1,500,000
Adjustment to reflex transfer of funds from the Risk Management Div. to the Personal Div.	-	(142,736)	-	-	-	-	-	311,332	-	22,151	5,314,162	5,504,909
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2)</b>	<b>273,468</b>	<b>755,810</b>	<b>72,257</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>	<b>263,332</b>	<b>-</b>	<b>(223,584)</b>	<b>5,314,162</b>	<b>7,955,443</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	-	-	(83,473)	(669)	(33,409)	(170,439)	740,626	-	(20,239)	-	-	432,397
<b>FUND BALANCE, JULY 1, 1999</b>	<b>263</b>	<b>-</b>	<b>255,051</b>	<b>672</b>	<b>44,247</b>	<b>1,278,596</b>	<b>423,944</b>	<b>-</b>	<b>212,499</b>	<b>-</b>	<b>-</b>	<b>2,215,272</b>
<b>FUND BALANCE, JUNE 30, 2000</b>	<b>\$ 263</b>	<b>\$ -</b>	<b>\$ 171,578</b>	<b>\$ 3</b>	<b>\$ 10,838</b>	<b>\$ 1,108,157</b>	<b>\$ 1,164,570</b>	<b>\$ -</b>	<b>\$ 192,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,647,669</b>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**TASK FORCE FOR BUILDING RENEWAL DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Building Renewal Fund 2652	State Building Renewal Assessment Fund 2667	University Building Renewal Assessment Fund 2668	State College Building Renewal Assessment Fund 2669	State Building Fund 3300	State Capital Construction Fund 3800	Total Funds
RECEIPTS:								
Appropriations	\$ 295,796	\$ -	\$ -	\$ -	\$ -	\$ 9,690,335	\$ 308,225	\$ 10,294,356
Taxes	-	6,181,309	-	-	-	-	-	6,181,309
Miscellaneous		695,107	1,690,389	132,540	33,153	37,743	-	2,588,932
TOTAL RECEIPTS	<u>295,796</u>	<u>6,876,416</u>	<u>1,690,389</u>	<u>132,540</u>	<u>33,153</u>	<u>9,728,078</u>	<u>308,225</u>	<u>19,064,597</u>
DISBURSEMENTS:								
Personal Services	224,458	-	-	-	-	-	-	224,458
Operating	56,640	360,659	-	-	-	102,700	4,405	524,404
Travel	13,642	1,747	-	-	-	600	-	15,989
Capital Outlay	1,056	5,413,305	-	-	-	9,587,035	303,820	15,305,216
TOTAL DISBURSEMENTS	<u>295,796</u>	<u>5,775,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,690,335</u>	<u>308,225</u>	<u>16,070,067</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>1,100,705</u>	<u>1,690,389</u>	<u>132,540</u>	<u>33,153</u>	<u>37,743</u>	<u>-</u>	<u>2,994,530</u>
OTHER FINANCING SOURCES (USES):								
Sales of Assets	1,954	-	-	-	-	-	-	1,954
Operating Transfers In	-	1,083,827	-	-	-	-	-	1,083,827
Deposits to State General Fund	(1,954)	-	-	-	-	(37,743)	-	(39,697)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,083,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,743)</u>	<u>-</u>	<u>1,046,084</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>-</u>	<u>2,184,532</u>	<u>1,690,389</u>	<u>132,540</u>	<u>33,153</u>	<u>-</u>	<u>-</u>	<u>4,040,614</u>
FUND BALANCE, JULY 1, 1999	<u>158</u>	<u>11,489,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,489,720</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 158</u>	<u>\$ 13,674,094</u>	<u>\$ 1,690,389</u>	<u>\$ 132,540</u>	<u>\$ 33,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,530,334</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**INTERGOVERNMENTAL DATA SERVICES DIVISION**  
For the Fiscal Year Ended June 30, 2000

	General Fund 1000	Intergovern- mental Data Fund 5652	Total Funds
RECEIPTS:			
Appropriations	\$ 5,260	\$ -	\$ 5,260
Sales and Charges	-	2,338,992	2,338,992
Miscellaneous	-	50,744	50,744
TOTAL RECEIPTS	<u>5,260</u>	<u>2,389,736</u>	<u>2,394,996</u>
DISBURSEMENTS:			
Personal Services	-	162,346	162,346
Operating	461	1,401,983	1,402,444
Travel	4,799	6,047	10,846
Capital Outlay	-	851,076	851,076
TOTAL DISBURSEMENTS	<u>5,260</u>	<u>2,421,452</u>	<u>2,426,712</u>
Excess of Receipts (Under) Disbursements	-	(31,716)	(31,716)
FUND BALANCE, JULY 1, 1999	<u>-</u>	<u>912,974</u>	<u>912,974</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ -</u>	<u>\$ 881,258</u>	<u>\$ 881,258</u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCE**  
**FEDERAL LIAISON DIVISION**  
For the Fiscal Year Ended June 30, 2000

	<u>General Fund 1000</u>
RECEIPTS:	
Appropriations	<u>\$         4,261</u>
TOTAL RECEIPTS	<u>                 4,261</u>
DISBURSEMENTS:	
Operating	22
Travel	<u>         4,239</u>
TOTAL DISBURSEMENTS	<u>                 4,261</u>
Excess of Receipts Over (Under) Disbursements	-
FUND BALANCE, JULY 1, 1999	<u>-</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$                 -</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCE**  
**CHIEF INFORMATION OFFICER DIVISION**  
For the Fiscal Year Ended June 30, 2000

	<u>General Fund 1000</u>
RECEIPTS:	
Appropriations	<u>\$ 733,157</u>
TOTAL RECEIPTS	<u>733,157</u>
DISBURSEMENTS:	
Personal Services	348,126
Operating	104,004
Travel	15,085
Capital Outlay	71,004
Government Aid	<u>194,938</u>
TOTAL DISBURSEMENTS	<u>733,157</u>
Excess of Receipts Over (Under) Disbursements	-
FUND BALANCE, JULY 1, 1999	<u>-</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$ -</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCE**  
**COMMISSION ON LOCAL GOVERNMENT INNOVATION DIVISION**  
For the Fiscal Year Ended June 30, 2000

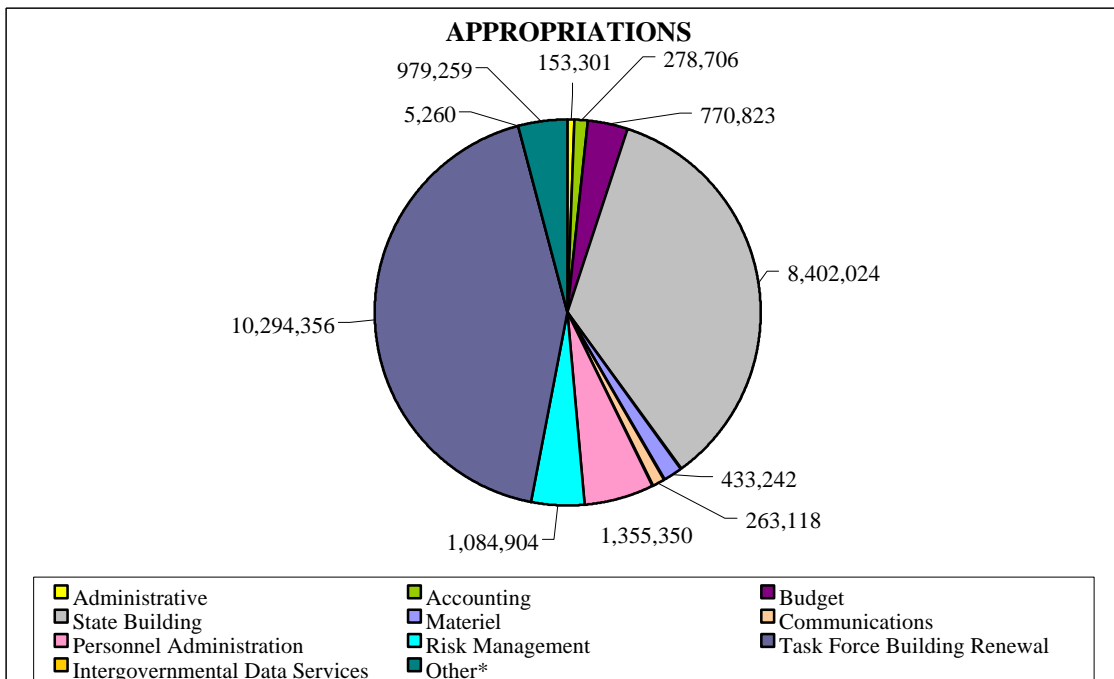
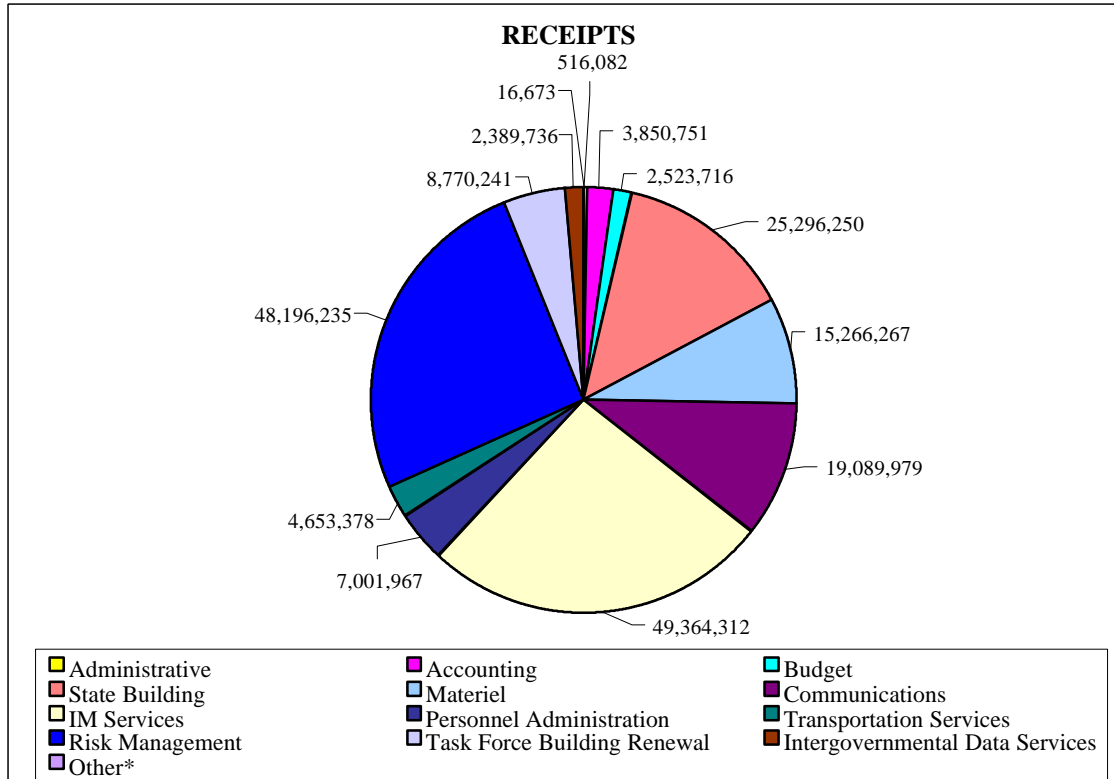
	Local Government Innovation Fund 2666
	<u>                    </u>
RECEIPTS:	
Miscellaneous	\$ 16,673
TOTAL RECEIPTS	<u>16,673</u>
 DISBURSEMENTS:	
Personal Services	59,353
Operating	54,823
Travel	9,870
Government Aid	<u>43,395</u>
TOTAL DISBURSEMENTS	<u>167,441</u>
 Excess of Receipts (Under) Disbursements	<u>(150,768)</u>
 OTHER FINANCING SOURCES:	
Operating Transfers In	<u>300,000</u>
TOTAL OTHER FINANCING SOURCES	<u>300,000</u>
 Excess of Receipts and Other Financing Sources Over Disbursements	 149,232
 FUND BALANCE, JULY 1, 1999	 <u>149,354</u>
 FUND BALANCE, JUNE 30, 2000	 <u><u>\$ 298,586</u></u>

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCE**  
**NEBRASKA INFORMATION SYSTEMS DIVISION**  
For the Fiscal Year Ended June 30, 2000

	Information Technology Infrastructure <u>Fund 2665</u>
RECEIPTS	\$ -
DISBURSEMENTS	-
OTHER FINANCING SOURCES :	
Operating Transfers In	<u>2,383,121</u>
TOTAL OTHER FINANCING SOURCES	<u>2,383,121</u>
Excess of Receipts and Other Financing Sources Over Disbursements	2,383,121
FUND BALANCE, JULY 1, 1999	<u>-</u>
FUND BALANCE, JUNE 30, 2000	<u><u>\$ 2,383,121</u></u>

See Notes to Financial Statements.

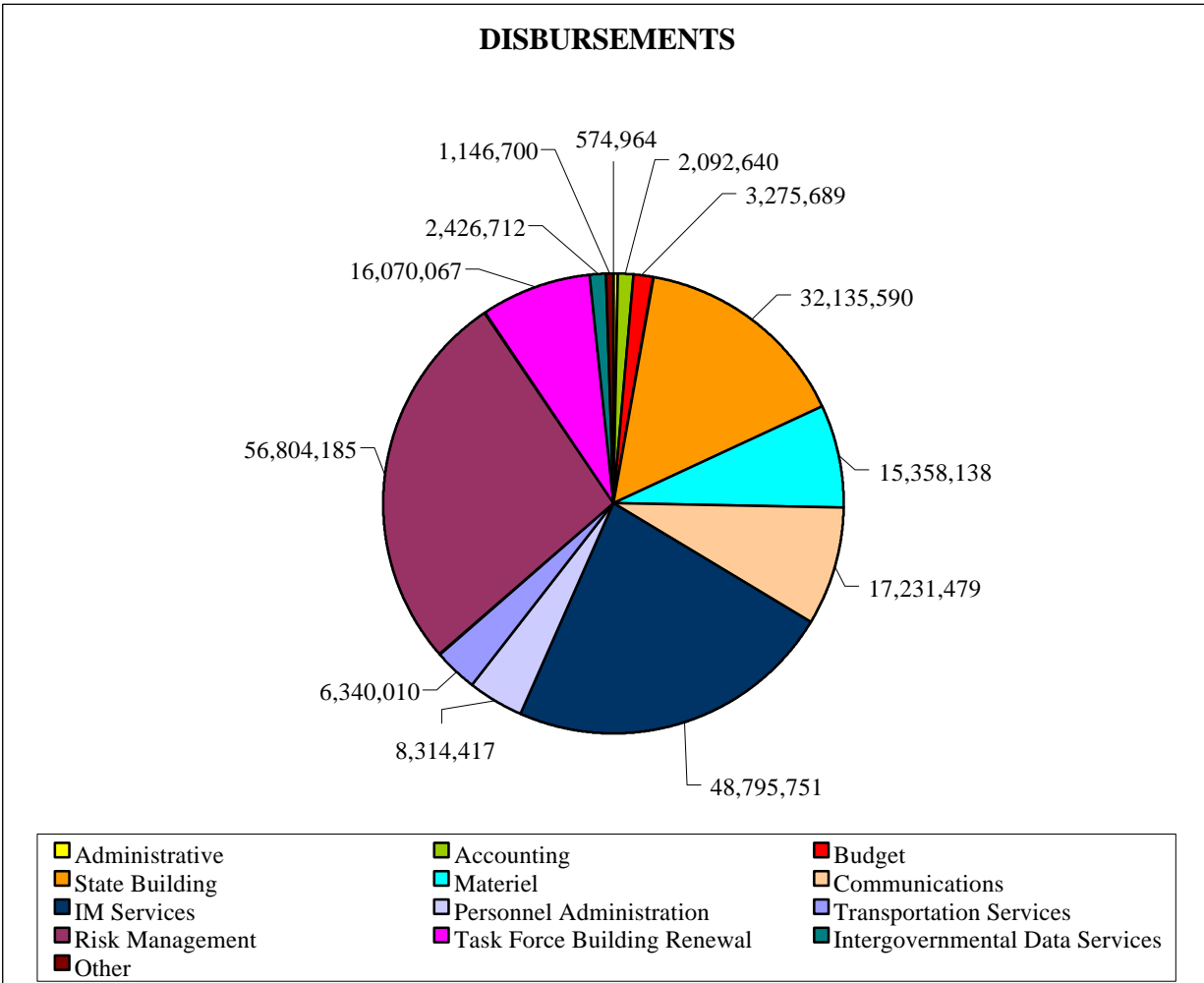
**NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES**  
**SCHEDULE OF RECEIPTS AND APPROPRIATIONS BY DIVISION**  
For the Fiscal Year Ended June 30, 2000



\* Other - Employee Relations, Federal Liaison, Chief Information Officer, and Commission of Local Government Innovation.



**NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES**  
**SCHEDULE OF DISBURSEMENTS BY DIVISION**  
For the Fiscal Year Ended June 30, 2000



\* Other - Employee Relations, Federal Liaison, Chief Information Officer, and Commisison of Local Government Innovation.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES - BUILDING DIVISION  
**SCHEDULE OF TOTAL SQUARE FOOTAGE, TOTAL REVENUE, AND TOTAL DISBURSEMENTS**  
**STATE OWNED AND LEASED SPACE**  
 FOR FISCAL YEARS ENDING JUNE 30, 1998, 1999, AND 2000  
**UNAUDITED**

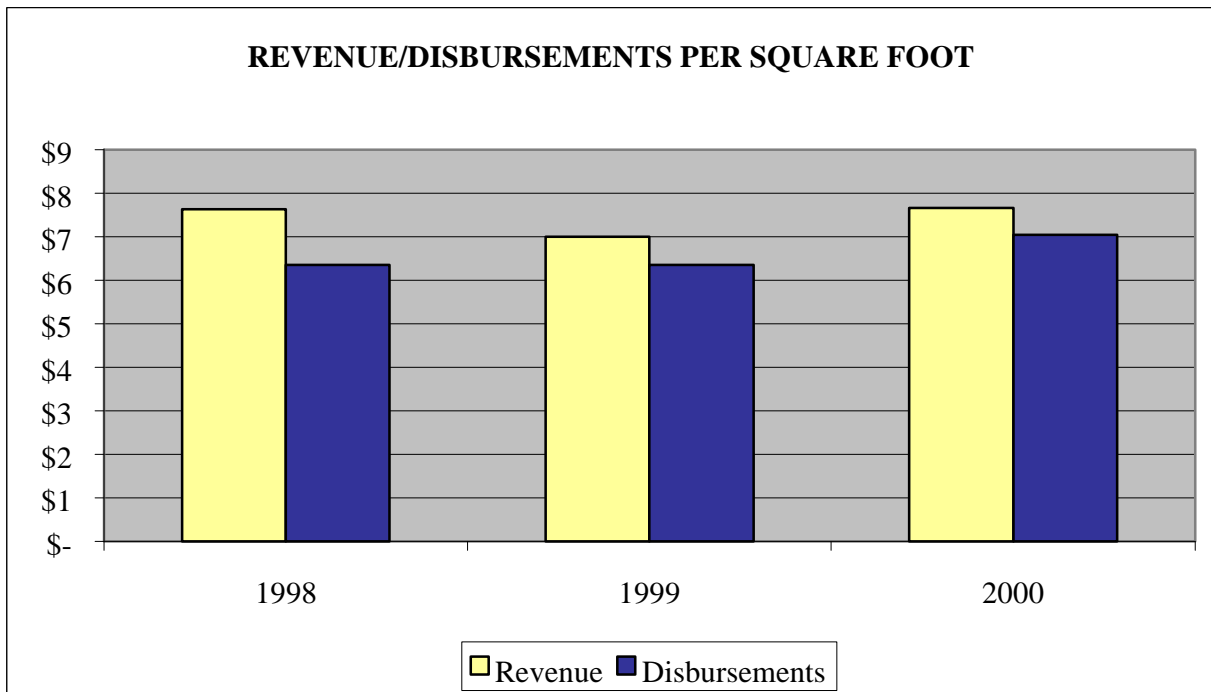
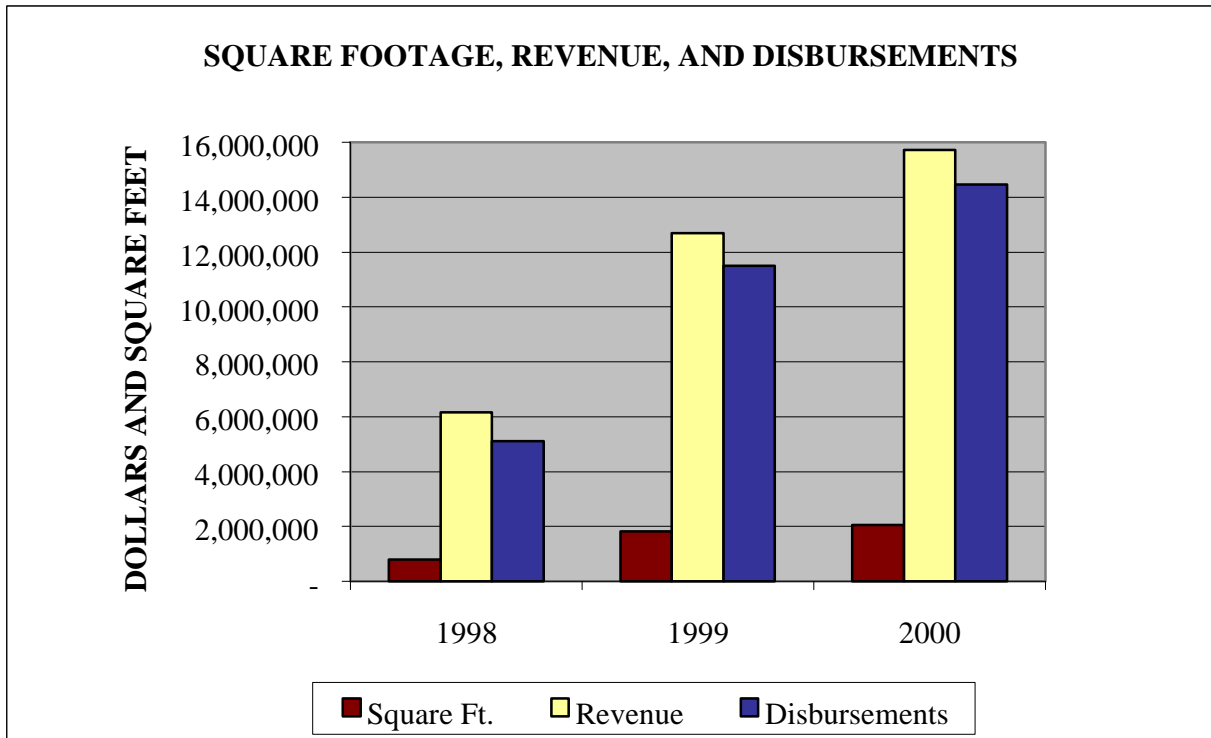
**SPACE ALLOCATION - STATE-OWNED**

Location	1998			1999			2000		
	Total Square Ft.	Total Revenue	Total Disbursements	Total Square Ft.	Total Revenue	Total Disbursements	Total Square Ft.	Total Revenue	Total Disbursements
Nebraska State Office Building -Lincoln	376,759	\$ 2,242,488	\$ 1,482,744	374,714	\$ 2,285,120	\$ 1,519,958	374,451	\$ 2,241,435	\$ 1,826,531
CDP/PS Facility - Lincoln	87,023	1,156,036	1,103,291	87,023	1,177,791	974,421	87,023	1,509,519	1,225,914
TSBC - Lincoln	40,075	156,025	76,583	40,532	167,440	79,057	40,532	230,161	118,124
State Lab Facility	35,411	362,963	290,091	29,738	312,249	355,636	32,468	441,565	375,440
Ferguson Mansion - Lincoln	6,550	40,937	33,545	6,550	42,575	35,143	6,550	61,439	48,021
Whitehall Campus - Lincoln	69,461	312,574	315,763	69,461	347,305	311,795	66,345	501,979	395,836
Governor's Mansion (5) (6)	9,815	-	285,000	9,815	-	-	9,815	-	-
Nebraska State Capitol Space (5) (6)	201,124	-	1,876,176	327,830	-	2,003,197	323,113	-	3,271,134
Total State-Owned - Lincoln	826,218	\$ 4,271,023	\$ 5,463,192	945,663	\$ 4,332,480	\$ 5,279,208	940,297	\$ 4,986,098	\$ 7,260,999
Income/Cost per square foot excluding Capitol and Governor's Mansion (5)	-	\$ 6.94	\$ 5.37	-	\$ 7.13	\$ 5.39	-	\$ 8.21	\$ 6.57
Downtown State Office Building - Omaha	128,145	1,249,654	1,047,322	127,995	1,279,950	1,059,675	128,085	1,402,531	1,092,028
Joslyn Castle Annex - Omaha	2,225	21,385	-	2,225	22,250	-	2,225	22,250	-
Joslyn Castle Carriage House - Omaha	5,058	44,584	154,185	5,058	45,897	142,997	5,058	45,897	100,624
Total State-Owned - Omaha	135,428	\$ 1,315,623	\$ 1,201,507	135,278	\$ 1,348,097	\$ 1,202,672	135,368	\$ 1,470,678	\$ 1,192,652
Revenue/Disbursements per square foot	-	\$ 9.71	\$ 8.87	-	\$ 9.97	\$ 8.89	-	\$ 10.86	\$ 8.81
Craft State Office Building - North Platte	24,773	\$ 300,949	\$ 358,012	24,653	\$ 305,538	\$ 286,731	24,653	\$ 314,095	\$ 258,748
Panhandle Office Complex - Scottsbluff	15,029	190,405	214,665	15,985	206,732	220,515	16,307	253,236	233,504
Kearney Armory	11,385	33,454	12,694	11,385	33,454	11,076	11,385	26,378	13,716
Beatrice State Developmental Center	-	-	-	424,268	3,053,225	3,144,365	380,521	3,079,000	3,296,812
Norfolk Regional Center	-	-	-	-	-	-	123,267	896,285	890,922
Hastings Regional Center	-	-	-	264,493	1,730,466	1,715,370	283,289	1,885,279	1,883,666
YDC - Kearney	-	-	-	-	-	-	130,364	628,279	623,911
Troop "B" Headquarters - Norfolk	-	-	-	-	-	-	7,840	44,086	34,111
Troop "D" Headquarters - North Platte	4,000	42,000	26,815	4,000	44,000	37,150	10,832	54,320	41,523
Western Nebraska Veterans' Home	-	-	-	64,658	364,175	390,998	64,658	435,622	424,839
Grand Island Veterans' Home	-	-	-	257,722	1,262,580	1,217,222	216,165	1,433,410	1,363,075
Norfolk Veterans' Home	-	-	-	-	-	146	42,268	226,432	227,285
Total State-Owned - Other	55,187	\$ 566,808	\$ 612,186	1,067,164	\$ 7,000,170	\$ 7,023,574	1,311,549	\$ 9,276,422	\$ 9,292,112

<b>SPACE ALLOCATION - STATE-OWNED</b>	<b>1998</b>			<b>1999</b>			<b>2000</b>		
	<b>Total Square Ft.</b>	<b>Total Revenue</b>	<b>Total Disbursements</b>	<b>Total Square Ft.</b>	<b>Total Revenue</b>	<b>Total Disbursements</b>	<b>Total Square Ft.</b>	<b>Total Revenue</b>	<b>Total Disbursements</b>
Revenue/Disbursements per square foot	-	\$ 10.27	\$ 11.09	-	\$ 6.56	\$ 6.58	-	\$ 7.07	\$ 7.08
<b>TOTAL - STATE-OWNED (7)</b>									
excluding Capitol and Governor's Mansion (5)	<u>805,894</u>	<u>\$ 6,153,454</u>	<u>\$ 5,115,709</u>	<u>1,811,090</u>	<u>\$ 12,680,748</u>	<u>\$ 11,502,256</u>	<u>2,054,286</u>	<u>\$ 15,733,198</u>	<u>\$ 14,474,630</u>
Revenue/Disbursements per square foot	-	7.63	6.34	-	\$ 7.00	\$ 6.35	-	\$ 7.66	\$ 7.05
<b>SPACE ALLOCATION - LEASED</b>									
<b>TOTAL - LEASED(8)</b>	<u>1,082,222</u>	<u>\$ 5,919,345</u>	<u>\$ 6,047,266</u>	<u>908,421</u>	<u>\$ 6,467,598</u>	<u>\$ 6,529,007</u>	<u>957,816</u>	<u>\$ 7,143,403</u>	<u>\$ 6,901,927</u>
Revenue/Disbursements per square foot	-	\$ 5.47	\$ 5.59	-	\$ 7.12	\$ 7.19	-	\$ 7.46	\$ 7.21
<b>TOTAL SPACE ALLOCATION</b>	<u>1,888,116</u>	<u>\$ 12,072,799</u>	<u>\$ 11,162,975</u>	<u>2,719,511</u>	<u>\$ 19,148,346</u>	<u>\$ 18,031,264</u>	<u>3,012,102</u>	<u>\$ 22,876,601</u>	<u>\$ 21,376,557</u>
Percentage - State-Owned	42.68%	50.97%		66.60%	66.22%		68.20%	68.77%	
Percentage - Leased	57.32%	49.03%		33.40%	33.78%		31.80%	31.23%	

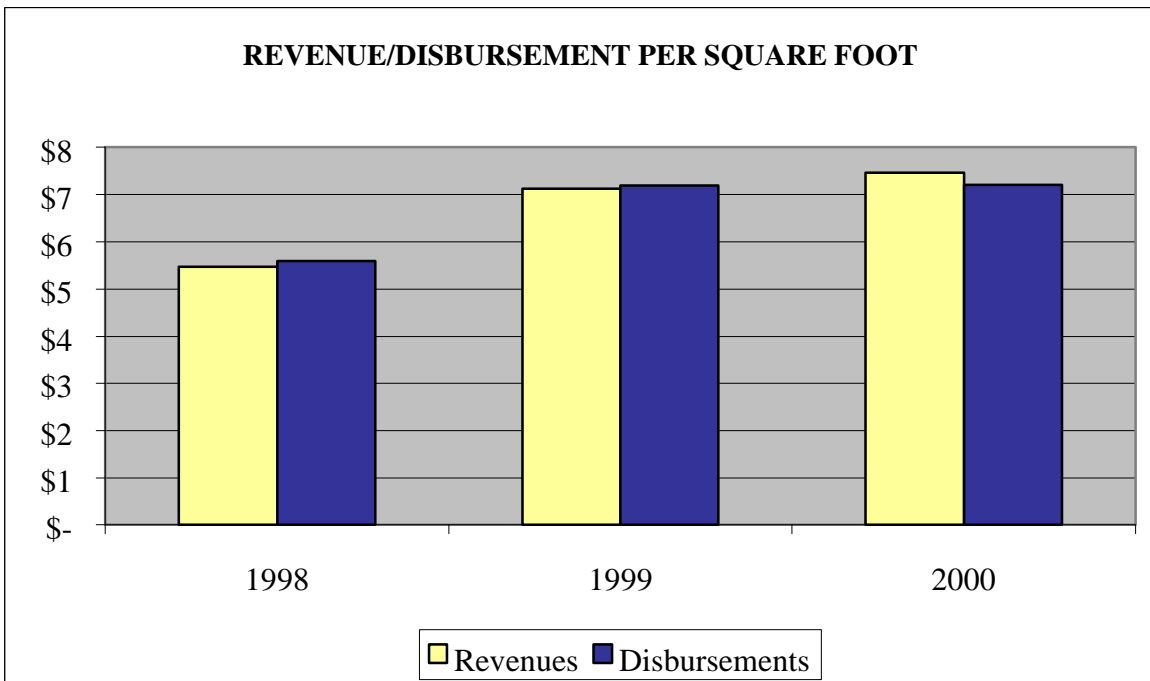
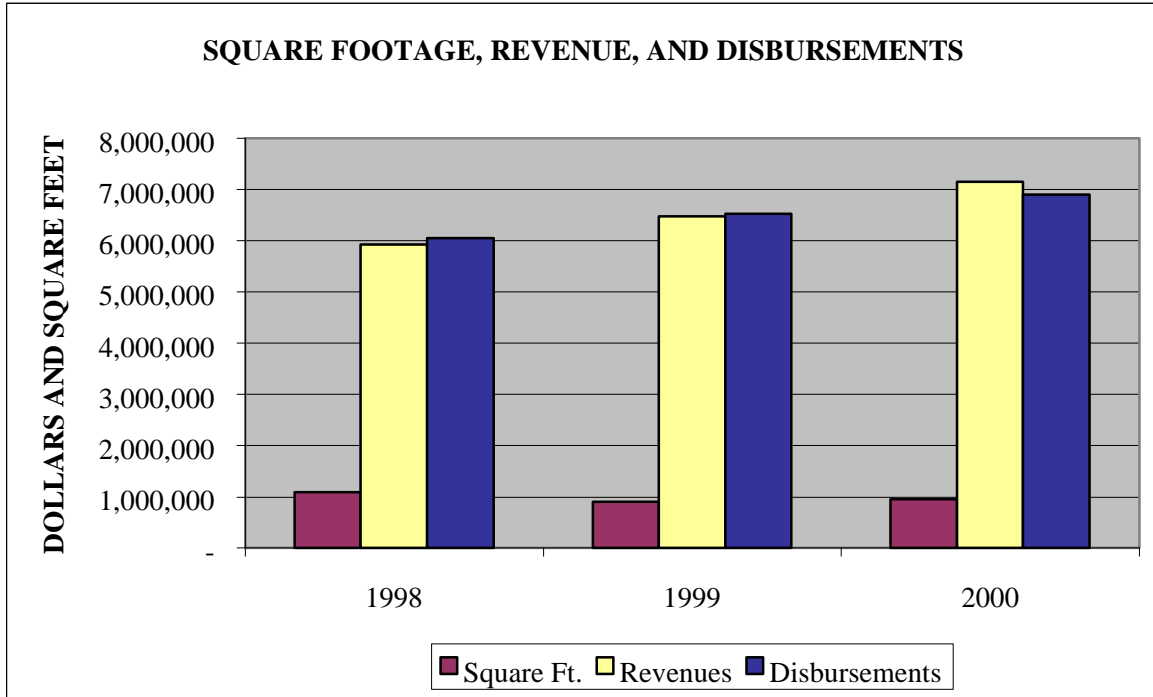
- (1) Total square feet may change when agencies relocate and their office space is remeasured. It can also vary depending on how the measurements are obtained.
- (2) Total disbursements does not include administrative costs. It only includes direct costs such as payroll, operating disbursements, and fixed asset disbursements charged to the specific sub-program.
- (3) Revenue amounts were obtained from the Division's internal space allocation spreadsheets for the State-owned space. These numbers were based upon the Lease agreement in effect as of June 30 of each year, and DO NOT represents actual receipts.
- (4) Total disbursements obtained from the Nebraska Accounting System (NAS).
- (5) The agencies in the State Capitol and Governor's Mansion were not charged rent. The disbursements are paid from General Fund 1000. Square footages and disbursements were excluded from cost/income per square foot and total space allocation.
- (6) Square footage based on occupied square feet.
- (7) State-owned space is buildings owned by the State, and the Building Division leases the space to State agencies.
- (8) Leased space is buildings in which the Building Division must purchase space from an outside vendor, and then leases the space out to State agencies.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES - BUILDING DIVISION  
**SCHEDULE OF SQUARE FOOTAGE, REVENUE, AND DISBURSEMENTS, AND  
 REVENUE/DISBURSEMENTS PER SQUARE FOOT FOR STATE OWNED SPACE**  
 For Fiscal Years Ending June 30, 1998, 1999, and 2000  
 UNAUDITED



Note: See details and notes on pages 105 and 106.

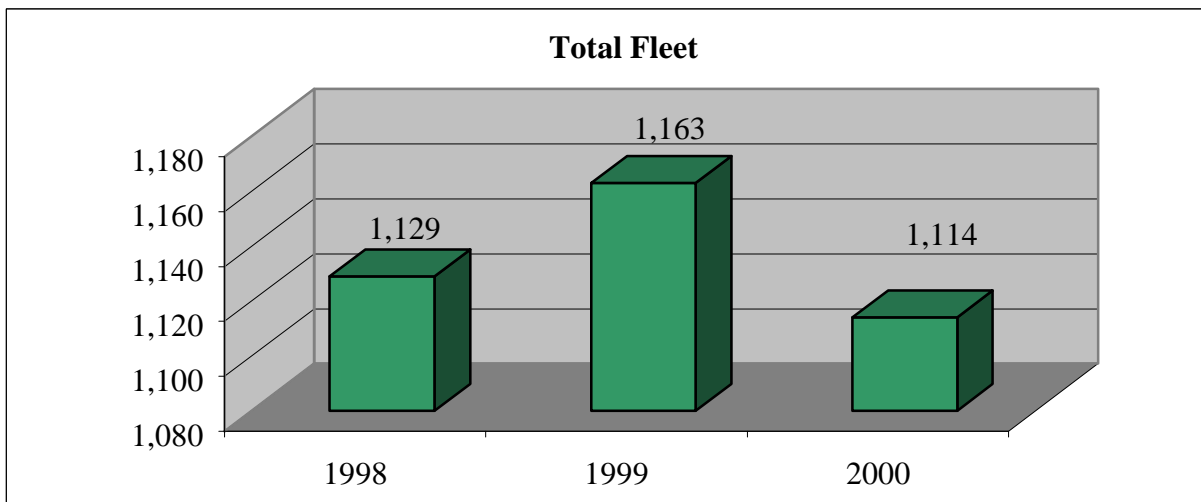
NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES - BUILDING DIVISION  
**SCHEDULE OF SQUARE FOOTAGE, REVENUE, AND DISBURSEMENTS, AND  
 REVENUE/DISBURSEMENTS PER SQUARE FOOT FOR STATE LEASED SPACE**  
 For Fiscal Years Ending June 30, 1998, 1999, and 2000  
 UNAUDITED



Note: See details and notes on pages 105 and 106.

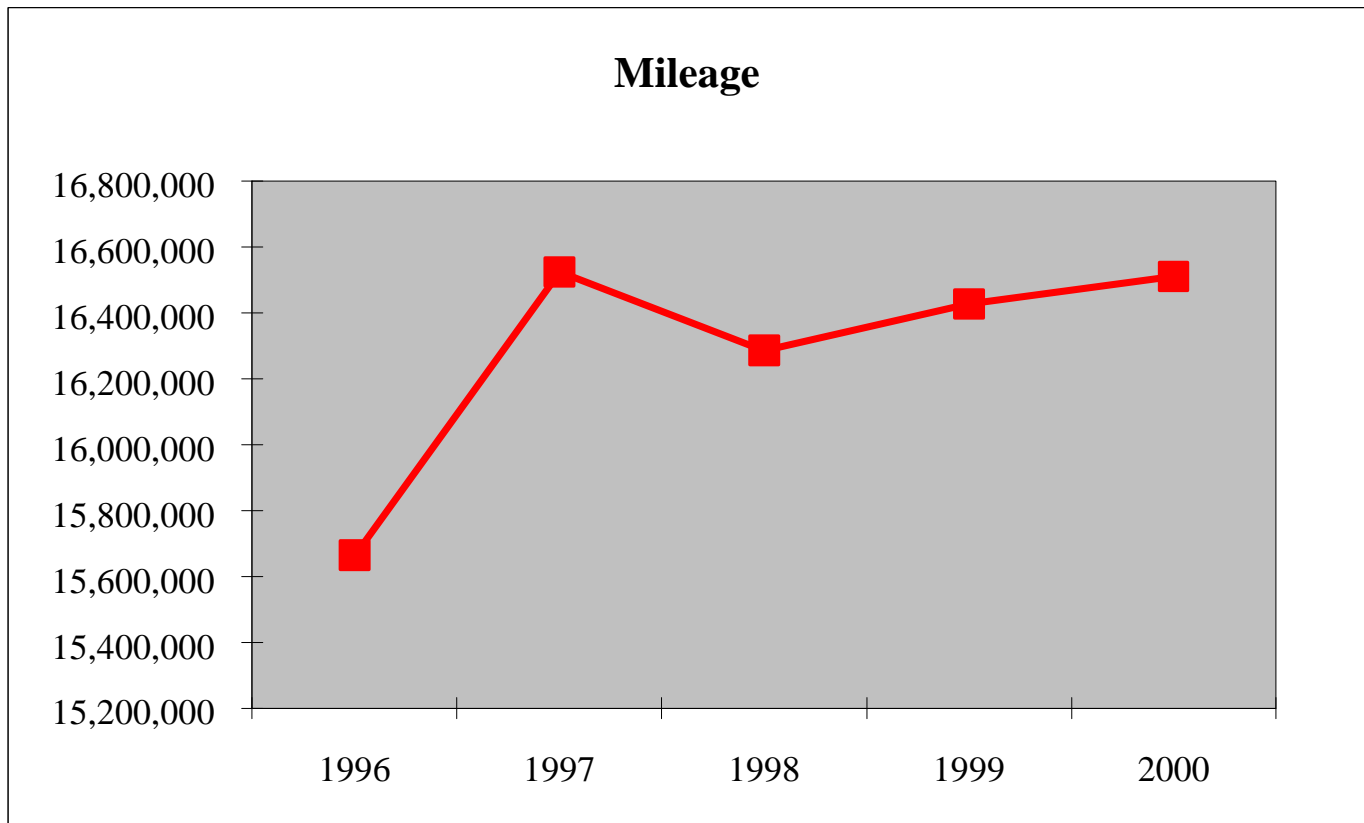
NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
TRANSPORTATION SERVICES BUREAU DIVISION  
**SCHEDULE - NUMBER OF VEHICLES**  
For Fiscal Years Ending June 30, 1998, 1999 and 2000  
UNAUDITED

Vehicle Type	FISCAL YEAR 1998			FISCAL YEAR 1999			FISCAL YEAR 2000		
	Permanently Assigned	Motor Pools	Total Fleet	Permanently Assigned	Motor Pools	Total Fleet	Permanently Assigned	Motor Pools	Total Fleet
COMPACT	355	42	397	379	54	433	344	43	387
INTERMEDIATE SEDAN	322	63	385	306	61	367	297	65	362
INTERMEDIATE WAGON	16	4	20	15	3	18	19	3	22
FULL SIZE WAGON	57	8	65	46	6	52	4	1	5
APVs	-	-	-	-	-	-	33	8	41
MINI VANS PASSENGER	61	7	68	71	9	80	47	11	58
MINI VANS 4X4	-	-	-	-	-	-	2	-	2
MINI VANS CARGO	-	-	-	-	-	-	16	-	16
1-TON CARGO VAN	-	-	-	-	-	-	4	-	4
PICKUP 1/2 TON	60	6	66	68	8	76	19	-	19
PICKUP 4X4	28	-	28	27	11	38	7	-	7
PICKUP 3/4 TON	-	-	-	-	1	1	3	-	3
PICKUP CLUB CAB	-	-	-	-	-	-	-	-	-
SUBURBAN/CARRYALL	13	1	14	5	3	8	6	1	7
SUBURBAN 4X4s	10	-	10	18	-	18	16	-	16
15-PASSENGER VAN	68	2	70	50	16	66	68	2	70
OTHER 4X4s	4	2	6	5	1	6	7	1	8
PICKUP 1/2T W/TOPPERS	-	-	-	-	-	-	46	6	52
4X4 W/TOPPERS	-	-	-	-	-	-	31	-	31
3/4T W/TOPPERS	-	-	-	-	-	-	2	-	2
TCCP W/TOPPERS	-	-	-	-	-	-	2	-	2
<b>TOTAL</b>	<b>994</b>	<b>135</b>	<b>1,129</b>	<b>990</b>	<b>173</b>	<b>1,163</b>	<b>973</b>	<b>141</b>	<b>1,114</b>



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
TRANSPORTATION SERVICES BUREAU DIVISION  
**SCHEDULE-TOTAL VEHICLE MILEAGE**  
For Fiscal Years Ending June 30, 1996, 1997, 1998, 1999, and 2000  
UNAUDITED

FISCAL YEAR 1996	FISCAL YEAR 1997	FISCAL YEAR 1998	FISCAL YEAR 1999	FISCAL YEAR 2000
15,664,708	16,524,000	16,285,951	16,426,964	16,510,263



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
TRANSPORTATION SERVICES BUREAU DIVISION  
**SCHEDULE-MILEAGE RATES**  
For Fiscal Years 1997, 1998, 1999, 2000 and 2001  
UNAUDITED

	FISCAL YEAR 1997	FISCAL YEAR 1998	FISCAL YEAR 1999	FISCAL YEAR 2000	FISCAL YEAR 2001
COMPACT	\$0.13	\$0.13	\$0.13	\$0.14	\$0.14
INTERMEDIATE SEDAN	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14
INTERMEDIATE WAGON	\$0.14	\$0.14	\$0.14	\$0.15	\$0.16
FULL SIZE WAGON	\$0.15	\$0.15	\$0.15	\$0.16	\$0.16
APVs*	-	-	-	\$0.16	\$0.16
MINI VANS PASSENGER	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
MINI VANS 4X4*	-	-	-	\$0.17	\$0.17
MINI VANS CARGO*	-	-	-	\$0.16	\$0.16
1-TON CARGO VAN*	-	-	-	\$0.17	\$0.17
PICKUP 1/2 TON	\$0.15	\$0.15	\$0.15	\$0.16	\$0.17
PICKUP 4X4	\$0.17	\$0.17	\$0.17	\$0.18	\$0.18
PICKUP 3/4 TON*	-	-	-	\$0.19	\$0.20
PICKUP CLUB CAB*	-	-	-	\$0.19	\$0.20
SUBURBAN/CARRYALL	\$0.17	\$0.18	\$0.18	\$0.18	\$0.18
SUBURBAN 4X4s	\$0.18	\$0.18	\$0.18	\$0.19	\$0.20
15-PASSENGER VAN	\$0.18	\$0.16	\$0.16	\$0.17	\$0.18
OTHER 4X4s	\$0.17	\$0.18	\$0.18	\$0.20	\$0.20
PICKUP 1/2T W/TOPPERS*	-	-	-	\$0.16	\$0.17
4X4 W/TOPPERS*	-	-	-	\$0.18	\$0.18
3/4T W/TOPPERS*	-	-	-	\$0.19	\$0.20
CCPU W/TOPPERS*	-	-	-	\$0.19	\$0.20
1 TON*	-	-	-	-	\$0.22

\* New categories starting July 1, 1999 and July 1, 2000. These vehicles were previously included under different headings.

NOTE: Overhead expenses include the labor in agency's shop.

Total Mileage Rate = Operational Cost + Overhead Cost.

Operational Cost = Cost of Gas + Maintenance Cost.

Overhead Cost = Direct Labor + Administrative Costs + Insurance.



NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
TRANSPORTATION SERVICES BUREAU DIVISION  
**SCHEDULE-MONTHLY LEASE RATES**  
For Fiscal Years 1997, 1998, 1999, 2000 and 2001  
UNAUDITED

	FISCAL YEAR 1997	FISCAL YEAR 1998	FISCAL YEAR 1999	FISCAL YEAR 2000	FISCAL YEAR 2001
COMPACT	\$160	\$160	\$160	\$160	\$165
INTERMEDIATE SEDAN	\$170	\$170	\$170	\$165	\$175
INTERMEDIATE WAGON	\$180	\$180	\$190	\$205	\$205
FULL SIZE WAGON	\$210	\$210	\$210	\$200	\$205
APVs*	-	-	-	\$205	\$220
MINI VANS PASSENGER	\$225	\$225	\$230	\$240	\$240
MINI VANS 4X4*	-	-	-	\$275	\$290
MINI VANS CARGO*	-	-	-	\$240	\$240
1-TON CARGO VAN*	-	-	-	\$260	\$260
PICKUP 1/2 TON	\$180	\$180	\$180	\$180	\$195
PICKUP 4X4	\$205	\$205	\$215	\$235	\$245
PICKUP 3/4 TON*	-	-	-	\$255	\$255
PICKUP CLUB CAB*	-	-	-	\$280	\$280
SUBURBAN/CARRYALL	\$300	\$300	\$300	\$300	\$320
SUBURBAN 4X4s	\$325	\$325	\$325	\$350	\$380
15-PASSENGER VAN	\$270	\$280	\$270	\$260	\$280
OTHER 4X4s	-	-	\$300	\$340	\$340
PICKUP 1/2T W/TOPPERS*	-	-	-	\$195	\$205
4X4 W/TOPPERS*	-	-	-	\$250	\$260
3/4T W/TOPPERS*	-	-	-	\$270	\$270
CCPU W/TOPPERS*	-	-	-	\$295	\$295
1 TON*	-	-	-	-	\$305

\* New Categories starting July 1, 1999 and July 1, 2000. These vehicles were previously included under different headings.

Note: The total monthly cost includes the monthly lease rate plus the mileage cost.

NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
TRANSPORTATION SERVICES BUREAU DIVISION  
**SCHEDULE-DAILY RENTAL RATES**  
For Fiscal Years 1997, 1998, 1999, 2000 and 2001  
UNAUDITED

	FISCAL YEAR 1997	FISCAL YEAR 1998	FISCAL YEAR 1999	FISCAL YEAR 2000	FISCAL YEAR 2001
COMPACT	\$11.00	\$11.00	\$9.00	\$9.50	\$9.50
INTERMEDIATE SEDAN	\$12.50	\$12.00	\$9.50	\$10.00	\$10.50
INTERMEDIATE WAGON	\$13.00	\$12.50	\$11.50	\$10.00	\$11.00
FULL SIZE WAGON	\$15.00	\$15.00	\$11.50	\$10.00	\$10.00
APVs*	-	-	-	\$10.00	\$11.00
MINI VANS PASSENGER	\$15.00	\$15.00	\$14.50	\$12.00	\$12.50
MINI VANS 4X4*	-	-	-	\$13.50	\$14.50
MINI VANS CARGO*	-	-	-	\$12.00	\$12.50
1-TON CARGO VAN*	-	-	-	\$13.00	\$14.00
PICKUP 1/2 TON	\$12.50	\$12.50	\$10.00	\$9.00	\$9.50
PICKUP 4X4	\$14.00	\$14.00	\$13.00	\$11.50	\$12.50
PICKUP 3/4 TON*	-	-	-	\$12.50	\$14.00
PICKUP CLUB CAB*	-	-	-	\$14.00	\$15.00
SUBURBAN/CARRYALL	\$20.00	\$20.00	\$16.00	\$15.00	\$15.50
SUBURBAN 4X4s	\$22.00	\$22.00	\$19.00	\$17.00	\$18.50
15-PASSENGER VAN	\$17.50	\$17.50	\$15.00	\$13.00	\$14.00
OTHER 4X4s	-	-	-	\$16.50	\$18.50
PICKUP 1/2T W/TOPPERS*	-	-	-	\$9.00	\$9.50
4X4 W/TOPPERS*	-	-	-	\$11.50	\$12.50
3/4T W/TOPPERS*	-	-	-	\$12.50	\$14.00
TCCP W/TOPPERS*	-	-	-	\$14.00	\$15.00

\* New categories starting July 1, 1999. These vehicles were previously under different headings.

Note: 1/2 day rates were 60% to 65% of the daily rate depending on the vehicle type.

Note: The total daily cost includes the daily rental rate plus the mileage cost.

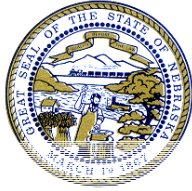
NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
INFORMATION MANAGEMENT SERVICES DIVISION  
**SCHEDULE OF BILLING RATES**  
FOR THE FISCAL YEARS ENDING 1996, 1997, 1998, 1999, AND 2000  
**UNAUDITED**

COST CENTER	DEBIT CODE	RATES				
		FY 96	FY 97	FY 98	FY 99	FY 00
02 NETWORK	20 ACCESS	\$ 11.00	\$ 11.00	\$ -	\$ -	\$ -
12 CICS	34 CICS CPU SECOND	0.35	0.32	0.64	0.79	0.45
20 OS/390 COMPUTER	5 MVS CPU SECOND	0.09	0.08	0.1875	0.12	0.125
21 PRINTING SERVICE	11 1-PART	0.79	0.68	0.83	0.85	0.90
25 PRODUCTION CONTROL	13 SET-UP	2.70	2.70	1.50	2.00	2.15
25 PRODUCTION CONTROL	15 JOB OUTPUT	0.70	0.70	0.35	0.45	0.46
30 VM/CMS COMPUTER	53 VM PRIME CPU SECOND	0.55	0.50	0.39	0.46	0.30
50 APPLICATIONS DEVELOPMENT	142 AAA HOUR	45.00	40.00	47.00	49.00	-
50 APPLICATIONS DEVELOPMENT	144 AA HOUR	49.00	44.00	51.00	52.00	54.00
50 APPLICATIONS DEVELOPMENT	146 SR. AA HOUR	55.00	50.00	57.00	63.00	66.00
50 APPLICATIONS DEVELOPMENT	148 LEAD AA HOUR	63.00	57.00	64.00	70.00	73.00
83 DIRECT ACCESS STORAGE	14 CYLINDER	0.46	0.44	0.33	0.27	0.25
86 TAPE STORAGE	12 MOUNT	2.95	3.45	3.55	3.70	3.70
02 NETWORK	22 LAN SEGMENT	-	-	260.00	360.00	450.00
02 NETWORK	26 FFT	-	-	9.00	11.00	11.00
02 NETWORK	27 SNA COMPUTER	-	-	75.00	100.00	150.00

Note: Only selected cost centers and debit codes are shown.

STATE OF NEBRASKA  
Auditor of Public Accounts

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**NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
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 Administrative Services as of and for the year ended June 30, 2000, and have issued our report thereon dated February 22, 2001. The report notes the financial statements were prepared on the basis of cash receipts and disbursements, and were modified to emphasize that the financial statements present only the funds of the Nebraska Department of Administrative Services. Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

We did not audit \$1,223,588,113 of a total of \$1,226,847,135 (99.7%) of the disbursements of the Trust and Agency Fund type. The \$1,223,588,113 is the amount of disbursements recorded in the Federal Letter of Credit Fund (Fund 4000). This fund is a common fund with other State agencies. Common funds are funds where State agencies, other than the Department of Administrative Services, record transactions through these funds. The above disbursements were disbursed by other State agencies, and were subject to audit at those agencies.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska Department of Administrative Service'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 were required to be reported under Government Auditing Standards. We also noted certain immaterial instances of

noncompliance that we have reported to management of the Nebraska Department of Administrative Services in the Comments Section of this report as Comment Number 1 (Construction Cost Capitalization Policy), Comment Number 2 (Internal Control Review), Comment Number 4 (Bidding Process), Comment Number 5 (Original Capitol Furniture), Comment Number 6 (Incomplete Project Files), Comment Number 12 (Travel Expenses), Comment Number 13 (A-87 Retained Earnings Balance), Comment Number 22 (Appropriations – State Disbursement Unit), Comment Number 23 (Fixed Assets), Comment Number 24 (Monitoring of Claims Paid), Comment Number 25 (State Employees Insurance Fund), Comment Number 28 (Excessive A-87 Fund Balance), Comment Number 36 (Lack of Inspections by Task Force), and Comment Number 37 (Depreciation Assessment (LB1100)).

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Department of Administrative Service'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 Administrative Service's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Comments Section of the report as Comment Number 24 (Monitoring of Claims Paid) and Comment Number 29 (Monitoring of Claims Processing).

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 that none of the reportable conditions described above is a material weakness. We also noted other matters involving internal control over financial reporting that we have reported to management of the Nebraska Department of Administrative Services in the Comments Section of the report as Comment Number 2 (Internal Control Review), Comment Number 3 (Removal of Authorized Signature Cards), Comment Number 7 (Segregation of Duties Over Disbursements), Comment Number 14 (Segregation of Duties Over Receipts), Comment Number 15 (Segregation of Duties Related to Fixed Assets), Comment Number 17 (Additions to Inventory Listing), Comment Number 18 (Supporting Documentation – Disbursements), Comment Number 19 (Reconciliation of Inventory), Comment Number 23 (Fixed Assets), Comment Number 27 (Segregation of Duties – Fixed Assets), Comment Number 31 (Duplicate Payment for a Miscellaneous Claim), Comment Number 32 (Tort and Indemnification Claim Payments), Comment Number 33 (Workers' Compensation Assessments), and Comment Number 35 (Co-op Spending Policy).

This report is intended solely for the information and use of the Department, 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.

February 22, 2001

A handwritten signature in dark ink, reading "Don Dunlap CPA". The signature is written in a cursive, flowing style.

Manager