

**AUDIT REPORT
OF THE
NEBRASKA STATE HISTORICAL SOCIETY**

JULY 1, 2001 THROUGH JUNE 30, 2002

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NEBRASKA STATE HISTORICAL SOCIETY

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NEBRASKA STATE HISTORICAL SOCIETY

BACKGROUND

The Nebraska State Historical Society was founded in 1878 to encourage historical research and inquiry, spread historical information, especially within the State of Nebraska, and to embrace alike aboriginal and modern history. In 1883, the Society was designated a State institution and began receiving financial support from the Legislature. Historical activities, though constantly expanding and evolving over the decades, have continued uninterrupted.

The Society is the designated repository for public records, documents, and historical information. The responsibilities of the Society include administration of the Museum of Nebraska History and seven historic sites; provision of a Research Library and the State Archives; and administration of the State's Historic Preservation; Hall of Fame, Highway Salvage and Historical Marker programs.

The Society museum in Lincoln was first located in the University of Nebraska Library in 1893, then the State Capitol in 1934. Two key dates mark the Society's increased capability to carry out its mission. In 1953, the Society moved to a newly constructed building and in 1983 the Museum of Nebraska History opened in its separate, expanded quarters apart from Society headquarters. LB 1236, enacted by the Legislature on July 17, 1994, changed the status of the Society from a State institution to a State agency.

The Society administers the following State Historic Sites:

- Fort Robinson Museum, Crawford
- George W. Norris House, McCook
- Neligh Mills, Neligh
- Thomas P. Kennard House, Nebraska Statehood Memorial, Lincoln
- John G. Neihardt Center, Bancroft
- Willa Cather Historical Center, Red Cloud
- Chimney Rock Visitor Center, Bayard

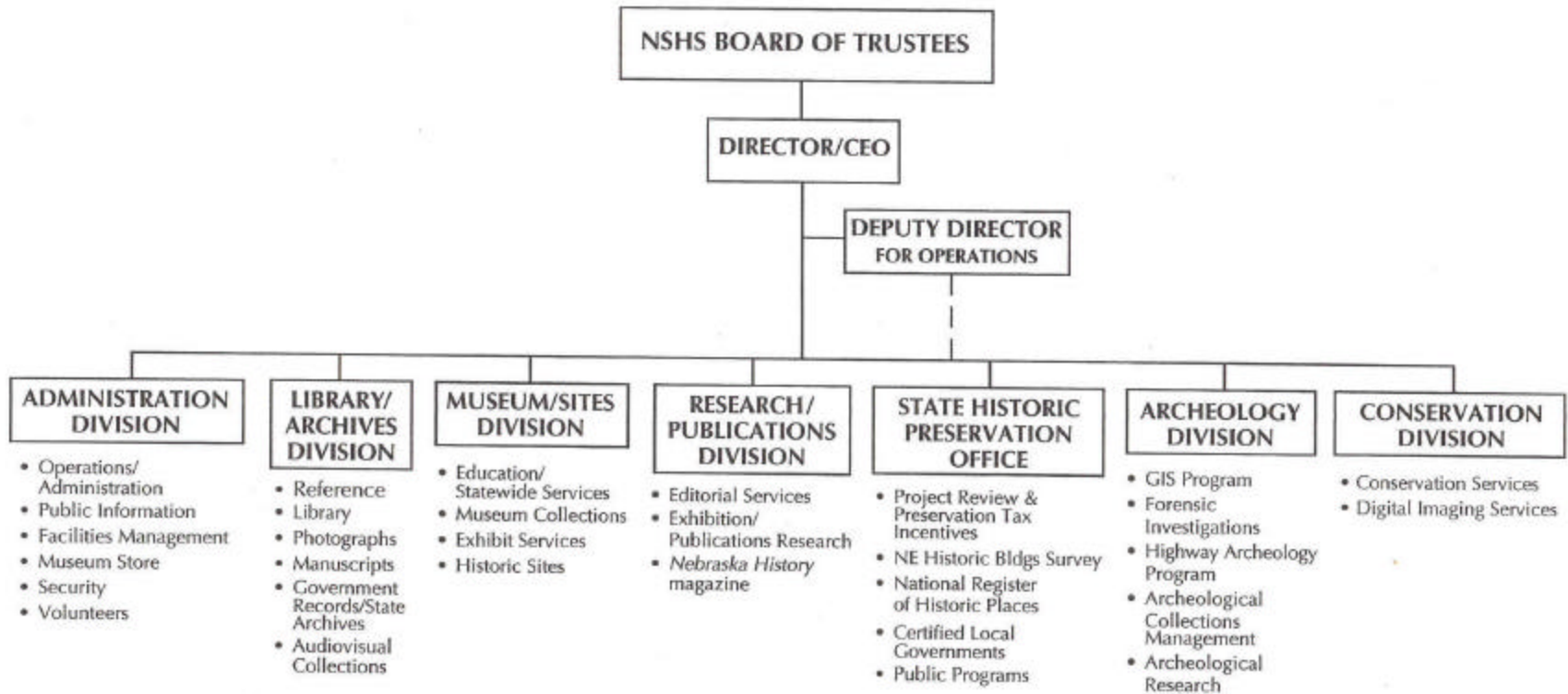
The Historical Society has 2,829 members. The Board of Trustees, which provides direction, consists of 15 members. Twelve members are elected by the Historical Society membership and three members, one from each congressional district, are appointed by the Governor.

MISSION STATEMENT

The mission of the Nebraska State Historical Society is to safeguard and interpret Nebraska's past and make it accessible in ways that enrich present and future generations. The Society is the primary institution with responsibility to collect, preserve, research and interpret artifacts, documents and published materials related to Nebraska's heritage. As an agency of State government, the Society holds all its current and future collections in trust for the State.

NEBRASKA STATE HISTORICAL SOCIETY

ORGANIZATIONAL CHART



NEBRASKA STATE HISTORICAL SOCIETY

SUMMARY OF COMMENTS

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

1. ***Documentation for Employees Working on Federal Award:*** A semiannual certification for employees working on the Historic Preservation grant was not prepared and documentation was not available to support the number of hours employees worked on the American Bounty Grant.
2. ***Lease Proceeds Deposited into Private Funds:*** Neb. Rev. Stat. Section 84-710 R.R.S. 1999 established the Society's Private Funds to include proceeds of exhibitions, membership contributions, and receipts from miscellaneous sales. The Society inappropriately deposited approximately \$330,000 in proceeds from a lease-purchase agreement into the Private Funds. The Society's use of outside counsel was not approved by the Attorney General or the Governor as required by statute.
3. ***Approval of Office Space Lease:*** The Society entered into a lease agreement for office space outside of the State Capitol without the written approval of the Director of the Department of Administrative Services as required by statute.

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 Society 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. 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 STATE HISTORICAL SOCIETY

COMMENTS AND RECOMMENDATIONS

1. Documentation for Employees Working on Federal Award

The Office of Management and Budget (OMB) Circular A-87 requires employees working on federal grants to maintain certain documentation. For employees that worked solely on a federal award, a semiannual certification must be prepared documenting the employee's work for the period and must be signed by the employee or supervisory official. Employees working on a federal award and other nonfederal activities must sign and document actual hours worked on the federal award at least monthly.

During our audit we noted the following:

- Three employees who worked solely on a federal award did not have semiannual certifications on file. Instead, an annual certification dated February 25, 2002 was prepared noting that these employees worked solely on historic preservation activities.
- Two employees who worked part time on a federal award were selected and tested for compliance with OMB Circular A-87. Timesheets were kept for the two employees during the period tested, but there was no documentation stating that the number of hours the employees worked on the American Bounty grant. After our request, a memo stating the number of hours spent per pay period (bi-weekly) on the federal award was prepared and signed by the employees and the supervisor. Sixteen employees worked on the American Bounty grant during the fiscal year for a total of \$76,421 in personal services.

The Society did not comply with federal requirements.

We recommend the Society implement procedures to ensure compliance with OMB Circular A-87, including documentation of actual hours worked on a federal award for employees working part time on a federal award and semiannual certifications for employees working solely on a federal award.

Society's Response: The Nebraska State Historical Society (NSHS) appropriately charged costs to the two federal awards in this comment. The charges assessed were appropriate and correct. The auditor's recommendation to provide at least monthly time records and provide semiannual certifications is noted. NSHS will take steps to ensure we comply with this OMB Circular A-87 time record and certification requirement.

2. Lease Proceeds Deposited into Private Funds

Neb. Rev. Stat. Section 84-710 R.R.S. 1999 states, "It shall be unlawful for any executive department, state institution, board or officer . . . to receive any fees, proceeds from the sale of any public property, or any money belonging to the state or due for any service rendered by virtue of state authority without

NEBRASKA STATE HISTORICAL SOCIETY

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Lease Proceeds Deposited into Private Funds** (Concluded)

paying the same into the state treasury . . . The provisions of this section and section 84-711 shall not apply to money received as proceeds of any fair, exposition, or exhibition held by any state board or society or of membership contributions to or receipts from miscellaneous sales by the Nebraska State Historical Society.” Neb. Rev. Stat. Section 84-205 R.R.S. 1999 requires written authorization from the Governor or Attorney General for the use of special attorneys.

The Society entered into a lease-purchase agreement to finance the construction costs necessary to occupy the third floor and lower level of the Lincoln Children’s Museum. The proceeds of approximately \$330,000 from the agreement were deposited into the Society’s Private Funds. The payments to repay the lease are paid from the State General Fund. The Society received a legal opinion from outside counsel stating the agreement was in compliance with the debt limitation requirements of Article XIII, Section 1 of the Nebraska Constitution. However, the use of outside legal counsel was not approved by the Attorney General or the Governor.

This results in non-compliance with State statutes as well as a loss of accountability over the disbursement of the proceeds.

We recommend the Society comply with and maintain documentation to support their compliance with Neb. Rev. Stat. Sections 84-710 and 84-205 R.R.S. 1999.

Society’s Response: See response after Comment Number 3.

3. **Approval of Office Space Lease**

Neb. Rev. Stat. Section 81-1108.22 R.R.S. 1999 requires agencies that desire to rent office space outside of the State Capitol to submit a request to the Director of the Department of Administrative Services. Section 81-1108.22 also requires the lease to be approved by the Department of Administrative Services Director and a copy of the lease to be kept on file by the State Building Division.

The Society entered into a lease with the Lincoln Children’s Museum for office space on the third floor and storage space in the lower level of the Museum. There was no documentation available to show the Department of Administrative Services Director had approved the lease. The Society paid \$8,900 per month for rent during fiscal year 2002. The Society did not comply with State statutes.

We recommend the Society comply with and maintain documentation to support compliance with Neb. Rev. Stat. Section 81-1108.22 R.R.S. 1999.

NEBRASKA STATE HISTORICAL SOCIETY

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Approval of Office Space Lease** (Concluded)

Society's Response: The Nebraska State Historical Society (NSHS) has statutory authority to acquire and lease real estate as necessary to meet programmatic and operating objectives and needs. The decision to lease space in the Lincoln Children's Museum (LCM) building was made only after careful consideration, detailed discussion and upon the recommendation of the state budget office, DAS building division and the Nebraska legislature. The appropriations committee and the legislature approved the LCM lease arrangement and appropriation that the Governor signed. The state appropriation included funds to repay the debt incurred by the City of Lincoln to remodel the office space. NSHS believes the funds in question were utilized in full compliance with all applicable statutes and rules as recommended by the budget office, legislative fiscal office and DAS building division, all of whom helped develop and participated in the decision to utilize debt financing and lease the space in question. The NSHS board of trustees also approved both the concept and the lease itself.

NSHS makes every effort to adhere to all statutes and rules as they pertain to the Society. We believe the Society's use of the funds in question was appropriate, efficient, and wise. We were told by the DAS building division that they could not have negotiated a more favorable lease/debt financing management. We believe we fully met our legal and fiduciary responsibilities to the state and people of Nebraska.

Auditors' Response: We reiterate what we noted in our comments. That is, documentation was not provided to the auditor to support the participation of the budget office, legislative fiscal office, and DAS Building Division in the accounting for and approval of debt financing and office space lease.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

NEBRASKA STATE HISTORICAL SOCIETY

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

INDEPENDENT AUDITORS' REPORT

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
marya@mail.state.ne.us

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
dmcyer@mail.state.ne.us

Mark Avery, CPA
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Robert Hotz, JD
Legal Counsel
robhotz@mail.state.ne.us

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nebraska State Historical Society (Society), as of and for the year ended June 30, 2002, which collectively comprise the Society's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Society's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nebraska State Historical Society Private Funds, which represent 33 percent and 7 percent, respectively, of the total assets and receipts of the governmental funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Nebraska State Historical Society Private Funds, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 our audit provides a reasonable basis for our opinions.

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 of the Nebraska State Historical Society, are intended to present the cash balances and changes in cash balances of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Nebraska State Historical Society. They do not purport to, and do not, present fairly the cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Nebraska as of June 30, 2002, and its changes in cash balances for the year then ended in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of the Nebraska State Historical Society, as of June 30, 2002, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2003, on our consideration of the Nebraska State Historical Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Society's basic financial statements. The combining nonmajor fund financial statements, schedules, Management's Discussion and Analysis, and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules, except for that portion marked "unaudited" on which we express no opinion, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Management's Discussion and Analysis, and budgetary comparison information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

June 24, 2003


Assistant Deputy Auditor

NEBRASKA STATE HISTORICAL SOCIETY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nebraska State Historical Society's financial report presents a narrative overview and analysis of the financial activities of the Nebraska State Historical Society for the fiscal year ended June 30, 2002. Please read it in conjunction with the Society's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Nebraska State Historical Society's basic financial statements. The Society's basic financial statements have three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements.

Agency-Wide Financial Statements. The Statement of Net Assets Arising from Cash Transactions and the Statement of Activities – Cash Basis provide a broad overview of the Society's overall financial status. Over time, increases or decreases in the Society's net assets are one indicator of whether its financial health is improving or deteriorating. The Society's financial statements are prepared on the cash basis of accounting and do not include capital assets, accounts receivable and payable, or long-term debt activity, which would need to be considered to assess the financial health of the Society. Nonfinancial factors also need to be considered to assess the overall health of the Society. Agency-wide financial statements divide the Society into three kinds of activities:

Governmental activities – The Society's basic services are included here. These activities are generally financed through taxes, charges for services, and Federal grants.

Business-type activities – Activities financed by fees charged to external parties for goods or services would be included here. The Society had no business-type activities for fiscal year ended June 30, 2002.

Component units – No component units for the Society were identified. However, the financial statements include the Society's Private Funds. Neb. Rev. Stat. Section 84-710 R.R.S. 1999 states that sections 84-710 and 84-711 do not apply to the Private Funds of the Society. These funds are not deposited into the State accounting system but are used to assist the Society in fulfilling its mission. An annual audit of the Private Funds was performed by an independent certified public accountant.

Fund Financial Statements. Fund financial statements focus on the individual parts of the Society, reporting the Society's operations in more detail than the agency-wide statements by providing information about the Society's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental funds statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

NEBRASKA STATE HISTORICAL SOCIETY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The proprietary fund statements offer financial information about the activities the government operates like businesses. The Society currently has no proprietary funds.

Fiduciary fund statements provide information about financial relationships in which the Society acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not included on the agency-wide statements.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the agency-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

Supplementary Information. This Management Discussion and Analysis and the Budgetary Comparison Schedule represent financial information which provides users of this report with additional data that supplements the agency-wide statements, fund financial statements, and notes. This report also includes optional financial information such as combining statements for non-major funds (which are shown in the fund financial statements in a single column), and schedules of visitors by historic site and disbursements by program. This information is provided to address certain specific needs of various users of the report.

BASIS OF ACCOUNTING

The Nebraska State Historical Society's financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment, and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

FINANCIAL ANALYSIS OF THE SOCIETY AS A WHOLE

Changes in Net Assets

For the fiscal year ended June 30, 2002, net assets of the Society (current assets resulting from cash basis transactions) decreased forty-six percent.

NEBRASKA STATE HISTORICAL SOCIETY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

	Governmental Activities		% Change
	2002	2001	
Restricted	\$ 60,728	\$ 24,601	147%
Unrestricted	241,057	536,131	-55%
Total Net Assets	<u>\$ 301,785</u>	<u>\$ 560,732</u>	<u>-46%</u>

Governmental Activities

Receipts for the Society's governmental activities decreased two percent, while expenses increased seven percent.

ENTITIES CHANGES IN NET ASSETS

	Governmental Activities		% Change
	2002	2001	
RECEIPTS:			
Program Receipts:			
Charges for Services	\$ 844,650	\$ 1,252,161	-33%
Operating Grants & Contributions	916,333	641,170	43%
General Receipts:			
Appropriations	4,189,511	4,212,108	-1%
Investment Interest	5,919	4,236	40%
Donations & Contributions not restricted to specific programs	125,227	107,925	16%
Total Receipts	<u>6,081,640</u>	<u>6,217,600</u>	<u>-2%</u>
DISBURSEMENTS:			
Culture - Recreation	6,303,924	5,842,512	8%
Capital Projects	134,239	166,307	-19%
Total Disbursements	<u>6,438,163</u>	<u>6,008,819</u>	<u>7%</u>
Excess (Deficiency) before Other Financing Sources and Uses	(356,523)	208,781	-271%
OTHER FINANCING SOURCES & USES	97,576	107,451	-9%
Increase (Decrease) in Net Assets	<u>(258,947)</u>	<u>316,232</u>	<u>-182%</u>
Beginning Net Assets July 1	<u>560,732</u>	<u>244,500</u>	<u>129%</u>
Ending Net Assets June 30	<u>\$ 301,785</u>	<u>\$ 560,732</u>	<u>-46%</u>

NEBRASKA STATE HISTORICAL SOCIETY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Program Receipts category, Charges for Services, decreased as a result of the Lincoln Children's Museum Project. In the fiscal year ending June 30, 2001, the Society's Private Funds received \$334,734 in Net Proceeds to finance the renovation of the third floor and lower level of the Children's Museum for the Historical Society to use as office and storage space. The proceeds were received in fiscal year 2001 and spent in fiscal year 2002.

FINANCIAL ANALYSIS OF THE SOCIETY'S FUNDS

As noted earlier, the Nebraska State Historical Society uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Certain funds experienced noteworthy changes from the prior year and are highlighted as follows: the receipts for the Society's Private Funds decreased significantly and disbursements increased due to the Lincoln Children's Museum Project.

GENERAL FUND BUDGETARY HIGHLIGHTS

No significant differences were noted between the original and final budget amounts, or between final budget amounts and actual budget results for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

As noted earlier, the financial statements are presented on the cash basis of accounting and therefore do not include capital assets or long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No conditions were noted that would be expected to have a significant effect on the financial position or results of operations of the Nebraska State Historical Society.

NEBRASKA STATE HISTORICAL SOCIETY
STATEMENT OF NET ASSETS
ARISING FROM CASH TRANSACTIONS
June 30, 2002

	GOVERNMENTAL ACTIVITIES TOTAL (Memorandum Only)
Assets	
Cash in State Treasury	\$ 199,839
Cash in Bank	99,936
Petty Cash	740
Deposit with Vendors	1,270
Total Assets	\$ 301,785
Net Assets	
Restricted for:	
Research and Historical Preservation Grants	\$ 59,321
Nebraska Hall of Fame	1,407
Unrestricted	241,057
Total Net Assets	\$ 301,785

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

NEBRASKA STATE HISTORICAL SOCIETY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Fiscal Year Ended June 30, 2002

	Governmental Activities TOTAL (Memorandum Only)	FUNCTION	
		Culture - Recreation	Capital Projects
Disbursements:			
Personal Services	\$ 3,831,227	\$ 3,831,227	\$ -
Operating	1,860,881	1,799,733	61,148
Travel	87,873	87,873	-
Capital Asset Purchases	637,782	564,691	73,091
Government Aid	20,400	20,400	-
Total Disbursements	6,438,163	6,303,924	134,239
 Program Receipts:			
Charges for Services	844,650	844,650	-
Operating Grants & Contributions	916,333	916,333	-
Net Program Receipts (Disbursements)	(4,677,180)	(4,542,941)	(134,239)
 General Receipts and Other Financing Sources & Uses:			
Appropriations	4,189,511		
Unrestricted Investment Interest	5,919		
Donations & Contributions not restricted to specific programs	125,227		
Other Financing Sources & Uses	97,576		
Total General Receipts and Other Financing Sources & Uses	4,418,233		
 Change in Net Assets	(258,947)		
 Net Assets July 1, 2001	560,732		
 Net Assets June 30, 2002	\$ 301,785		

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

NEBRASKA STATE HISTORICAL SOCIETY
STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
June 30, 2002

	Major Funds				Other Funds	Total Governmental Funds (Memorandum Only)
	State General Fund 1000	Historical Society Cash Fund 2541	Historical Preservation Admin. Fund 4542	Nebraska State Historical Society Private Funds	Nonmajor Funds	
Assets						
Cash in State Treasury	\$ -	\$ 97,289	\$ 32,117	\$ -	\$ 70,433	\$ 199,839
Cash in Bank	-	-	-	99,936	-	99,936
Petty Cash	-	740	-	-	-	740
Deposit with Vendors	1,270	-	-	-	-	1,270
Total Assets	\$ 1,270	\$ 98,029	\$ 32,117	\$ 99,936	\$ 70,433	\$ 301,785
Fund Balances						
Reserved for:						
Postage	\$ 1,270	\$ -	\$ -	\$ -	\$ -	\$ 1,270
Sales Tax	-	-	-	2,083	-	2,083
Unreserved	-	98,029	32,117	97,853	-	227,999
Unreserved, Reported in Nonmajor Special Revenue Funds	-	-	-	-	70,433	70,433
Total Fund Balances	\$ 1,270	\$ 98,029	\$ 32,117	\$ 99,936	\$ 70,433	\$ 301,785

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

NEBRASKA STATE HISTORICAL SOCIETY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2002

	Major Funds		
	State General Fund 1000	Historical Society Cash Fund 2541	Historical Preservation Admin. Fund 4542
RECEIPTS:			
Appropriations	\$ 4,055,272	\$ -	\$ -
Federal Grants & Contracts	-	10,779	508,658
Sales & Charges	-	520,945	-
Miscellaneous:			
Investment Interest	-	2,160	1,429
Donations & Contributions	-	22	-
Other Miscellaneous	292	43,969	180
TOTAL RECEIPTS	<u>4,055,564</u>	<u>577,875</u>	<u>510,267</u>
DISBURSEMENTS BY FUNCTION:			
Culture - Recreation	4,055,272	613,495	498,394
Capital Projects	-	-	-
TOTAL DISBURSEMENTS	<u>4,055,272</u>	<u>613,495</u>	<u>498,394</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>292</u>	<u>(35,620)</u>	<u>11,873</u>
OTHER FINANCING SOURCES (USES):			
Sales of Assets	2	-	-
Deposits to General Fund	(294)	-	-
Operating Transfers In	-	39,732	-
Operating Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(292)</u>	<u>39,732</u>	<u>-</u>
Net Change in Fund Balances	-	4,112	11,873
FUND BALANCES, JULY 1, 2001	<u>1,270</u>	<u>93,917</u>	<u>20,244</u>
FUND BALANCES, JUNE 30, 2002	<u>\$ 1,270</u>	<u>\$ 98,029</u>	<u>\$ 32,117</u>

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

Nebraska State Historical Society Private Funds	Other Funds Total Nonmajor Funds	Total Governmental Funds (Memorandum Only)
\$ -	\$ 134,239	\$ 4,189,511
-	368,573	888,010
178,223	-	699,168
1,697	2,950	8,236
151,211	-	151,233
92,411	8,630	145,482
423,542	514,392	6,081,640
770,306	366,457	6,303,924
-	134,239	134,239
770,306	500,696	6,438,163
(346,764)	13,696	(356,523)
-	-	2
-	-	(294)
134,425	-	174,157
(76,289)	-	(76,289)
58,136	-	97,576
(288,628)	13,696	(258,947)
388,564	56,737	560,732
\$ 99,936	\$ 70,433	\$ 301,785

NEBRASKA STATE HISTORICAL SOCIETY
STATEMENT OF FIDUCIARY NET ASSETS
ARISING FROM CASH TRANSACTIONS

Fiduciary Fund

June 30, 2002

	Private-Purpose Trust Funds
Assets	
Cash in State Treasury	\$ 2,586
Liabilities	
	-
Net Assets	
Held in trust for:	
Acquisition, Preservation, or Restoration of Society Collections	2,586
Total Net Assets	\$ 2,586

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

NEBRASKA STATE HISTORICAL SOCIETY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND

For the Fiscal Year Ended June 30, 2002

	Private-Purpose Trust Funds
ADDITIONS:	
Contributions	\$ 10,913
Investment Income	832
Miscellaneous	150
Total Additions	11,895
DEDUCTIONS:	
Operating	24,913
Refund	4,087
Total Deductions	29,000
Change in Net Assets Held in Trust	(17,105)
Net Assets July 1, 2001	19,691
Net Assets June 30, 2002	\$ 2,586

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

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2002

1. **Summary of Significant Accounting Policies**

The accounting policies of the Nebraska State Historical Society are on the basis of accounting as described in the Nebraska Accounting System Manual.

A. Reporting Entity

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

These financial statements present the Nebraska State Historical Society. No component units were identified. The financial statements include the Private Funds of the Society. Neb. Rev. Stat. Section 84-710 R.R.S. 1999, states that the provisions of Sections 84-710 and 84-711 regarding fees, money due the State and payment to the State Treasurer, "shall not apply to money received as proceeds of any fair, exposition, or exhibition held by any state board or society or of membership contributions to or receipts from miscellaneous sales by the Nebraska State Historical Society." The Society's Private Funds Policy states, "Private funds, including membership dues, sales receipts, and miscellaneous contributions are used to assist the Society in fulfilling its mission and statutory responsibilities by supporting Society activities for which no other source of funding is available." An annual audit of the Society's Private Funds was conducted by an independent certified public accountant. The audit report of the Society's Private Funds can be obtained from the Society's administrative office. The Nebraska State Historical Society is part of the primary government for the State of Nebraska's reporting entity.

B. Basis of Presentation

Agency-wide Financial Statements. The Statement of Net Assets Arising from Cash Transactions and Statement of Activities - Cash Basis display information about the activities of the Society and are in the format of government-wide statements as required by

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Governmental Accounting Standards Board (GASB) Statement Number 34. These statements include all the financial activities of the Society, except for fiduciary activities. Internal activities in these statements have not been eliminated. Governmental generally accepted accounting principles (GAAP) would require internal activity to be eliminated to minimize double counting. The Society reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General receipts include all other receipts properly not included as program receipts. The Society reported the following general receipts: Appropriations, which are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

Fund Financial Statements. The fund financial statements provide information about the Society's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The Society uses only governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Society reports the following major governmental funds:

General Fund. This is the Society's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Historical Society Cash Fund. This fund is used to account for all amounts received by the Society for services rendered. Neb. Rev. Stat. Section 82-108.02 R.R.S. 1999 created the fund and states the fund is for the general purposes of the Society.

Historical Preservation Administration Fund. This fund is used to account for funds made available by the Federal government for the administration of the Historical Preservation Program.

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Nebraska State Historical Society Private Funds. The Private Funds of the Society account for membership dues, contributions, and grants that are used for the benefit of the Society. Costs of publishing books, purchases and sales of publications, and merchandise of historical interest are also accounted for through the Private Funds.

The Society reports the following other fund:

Private-Purpose Trust Fund: Neb. Rev. Stat. Section 82-101.02 R.R.S 1999, created the Nebraska State Historical Society Collections Trust Fund and states “The fund is to be used in accordance with appropriate museum and archival standards, exclusively for the acquisition, preservation, or restoration of the Society’s collections.”

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the Society are maintained and the Agency-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets Arising From Cash Transactions and the Statement of Activities-Cash Basis. Revenues are recognized when received and expenditures are recognized when paid for all funds of the Society. This differs from governmental generally accepted accounting principles (GAAP), which require the Agency-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used as described above. This differs from governmental generally accepted accounting principles (GAAP), which require governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State of Nebraska considers revenues to be available

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Assets

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 Society were designated for investment during fiscal year 2002.

Inventories. Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets was not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. All permanent employees working for the Society earn sick and annual leave. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide and fiduciary fund financial statements, and would be recorded in accordance with the State of Nebraska policy which is to recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Restricted Net Assets. When both restricted and unrestricted resources are available for use, it is the Society's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

E. 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, such as postage and sales tax.

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 because interfund balances and transactions have not been eliminated.

3. **Contingencies and Commitments**

Risk Management. The Society 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 Society, 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:

- A. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage, and uninsured and underinsured motorists with various limits and deductibles. State agencies have the option to purchase coverage for physical damage to vehicles.
- B. The DAS-Personnel Division maintains health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

- D. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 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 \$10,000,000.
- E. State agencies have the option to purchase building contents and inland marine coverage. The Society has purchased an inland marine policy to cover all material loaned to the Society on a temporary basis. The policy provides a total of \$120,000 blanket limit of insurance and a maximum of \$30,000 per item with a \$1,000 deductible.

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 on 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 State Historical Society's financial statements.

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

4. **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. Prior to April 18, 2002, membership in the Plan was mandatory for all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service. Full time employee is defined as an employee who is employed to work one-half or more of the regularly scheduled hours during each pay period. Voluntary membership is permitted for all permanent full-time or permanent part-time employees upon reaching age twenty and

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **State Employees Retirement Plan (Plan) (Concluded)**

completion of twelve months of permanent service within a five-year period. Any individual appointed by the Governor may elect to not become a member of the Plan. Legislative Bill 687 (2002), effective April 18, 2002, stated all permanent full-time employees shall begin participation in the plan upon completion of twelve continuous months of service.

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 pay a sum equal to 4.8% of their monthly compensation for the remainder of such calendar year. The Society matches the employee's contribution at a rate of 156%.

The employee's account is fully vested. The employer's account is vested 100% after five years participation in the system (prior to April 18, 2002) or at retirement. Legislative Bill 687 (2002), effective April 18, 2002, changed the vesting requirement to a total of three years of participation in the system, which includes the twelve-month eligibility period or credit for participation in another governmental plan prior to actual contribution to the Plan.

For the fiscal year ended June 30, 2002, employees contributed \$118,983 and the Society contributed \$185,613.

5. **Transfers**

Operating Transfers In includes \$134,425 transferred from the Nebraska State Historical Society Foundation to the Nebraska State Historical Society's Private Funds. Operating Transfers Out includes \$36,556 transferred to the Nebraska State Historical Society Foundation from the Nebraska State Historical Society Private Funds. The Nebraska State Historical Society Foundation is a legally separate entity that provides support to the Society.

6. **Lease Purchase Agreement**

In May 2001, the Society entered into an agreement with Smith Hayes Financial Corporation to finance the construction costs for the Society to occupy the third floor and lower level of the Lincoln Children's Museum. A summary of the future minimum contractual obligations including interest, as of June 30, 2002, is as follows:

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Lease Purchase Agreement (Concluded)**

Fiscal Year	Principal	Interest	Total
2003	\$ 28,639	\$ 14,361	\$ 43,000
2004	30,001	12,999	43,000
2005	31,428	11,572	43,000
2006	32,922	10,078	43,000
2007	34,488	8,512	43,000
Thereafter (2008-2011)	155,149	16,851	172,000

7. **GASB 34**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. The State of Nebraska implemented the Statement for the fiscal year ending June 30, 2002.

The Society implemented GASB 34 by presenting its financial statements in a format as required by GASB 34. However, as explained in Note 1.C. the Society’s financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Previous period financial statements of the Society were also prepared on the cash basis of accounting; therefore, these financial statements, even though in a different format, are comparable to previous period financial statements of the Society.

NEBRASKA STATE HISTORICAL SOCIETY
SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE OF DISBURSEMENTS BY PROGRAM
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2002

PROGRAM:	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
542 - Branch Museums	\$ 689,375	\$ 689,375	\$ 643,207	\$ 46,168
647 - Skeletal Remains	11,686	14,686	13,265	1,421
648 - Nebraska State Historical Society	3,701,777	3,540,083	3,398,800	141,283
TOTAL DISBURSEMENTS	<u>\$ 4,402,838</u>	<u>\$ 4,244,144</u>	<u>\$ 4,055,272</u>	<u>\$ 188,872</u>

See Notes to Supplementary Information

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2002

BUDGETARY COMPARISON SCHEDULE

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the general fund, and for each major special revenue fund that has a legally adopted annual budget. For each program, the Legislature appropriated the Society's legally adopted annual budget amount. The Society's budgetary comparison schedule includes the general fund. A budgetary comparison could not be shown for the Historical Society Cash Fund and the Historical Preservation Administration Fund because the Legislature does not make appropriations at this level, nor do the records of the State provide this information. The Nebraska State Historical Society Private Funds are not budgeted because the funds are not required to be recorded on the State Accounting System.

GAAP also requires the budgetary comparison schedule to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as signed into law or otherwise legally authorized.

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 Society and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and presents the 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.

The approved appropriations 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. As a result, the budgetary comparison schedule only reports total disbursements *by program*.

NEBRASKA STATE HISTORICAL SOCIETY

NOTES TO SUPPLEMENTARY INFORMATION

(Continued)

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.

All State budgetary disbursements for the general fund, Historical Society Cash Fund, and Historical Society Preservation Administration Fund 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 objects 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 appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from the Society's Historical Preservation Administration Fund may be increased to the extent receipts of the fund exceed the original budget estimate.

Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budgetary Comparison Schedule.

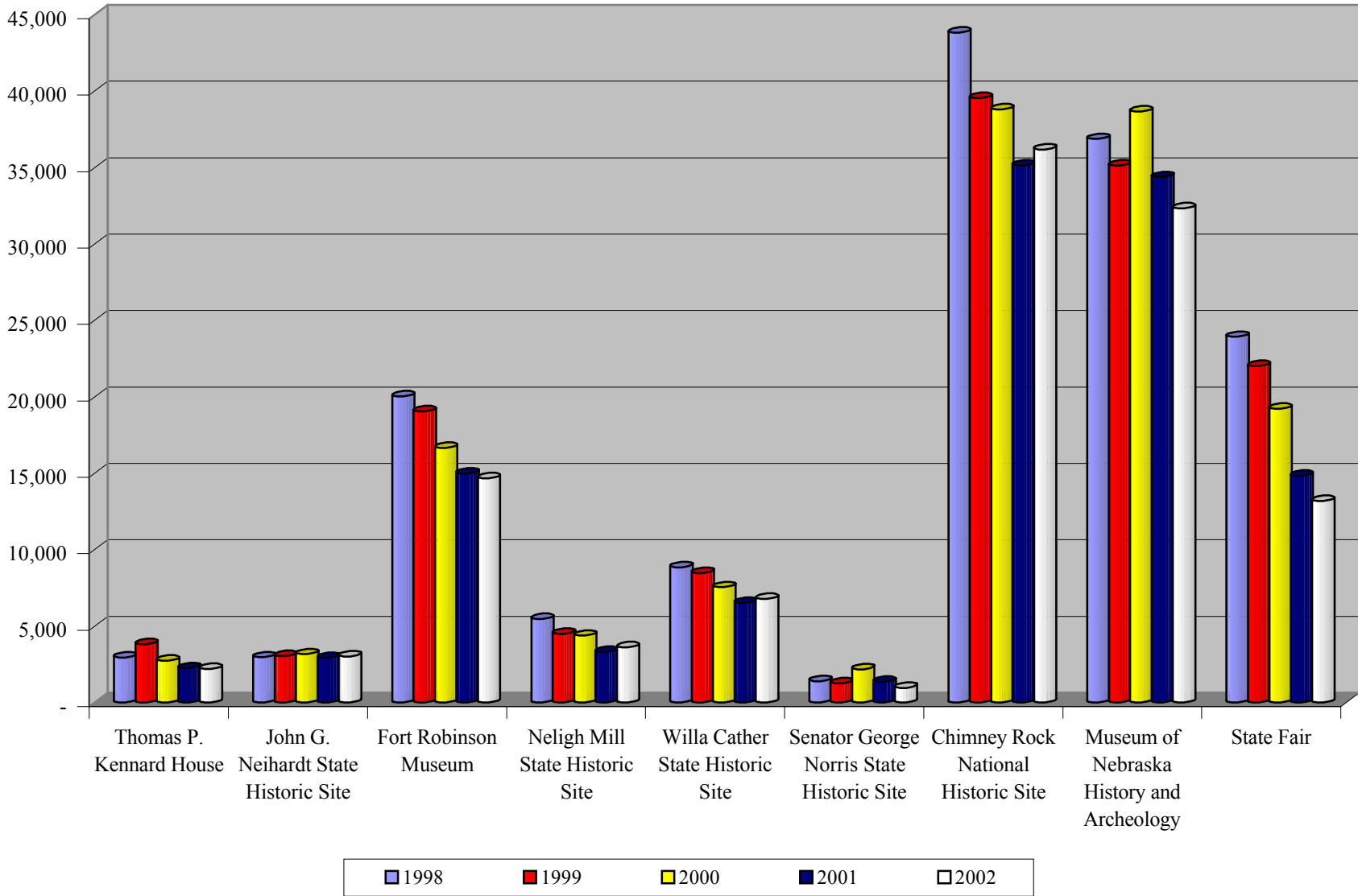
NEBRASKA STATE HISTORICAL SOCIETY
COMBINING STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2002

	Special Revenue						Total Nonmajor Governmental Funds
	Historical Landmark Cash Fund 2561	Historical Preservation Grants Fund 4541	Hall of Fame Trust Fund 6181	Library Archives 6542	Cheyenne Outbreak Barrack Fund 6543	Bridge Book Sale 6544	
Assets							
Cash in State Treasury	\$ 8,123	\$ 27,204	\$ 1,407	\$ 80	\$ 22,001	\$ 11,618	\$ 70,433
Total Assets	<u>\$ 8,123</u>	<u>\$ 27,204</u>	<u>\$ 1,407</u>	<u>\$ 80</u>	<u>\$ 22,001</u>	<u>\$ 11,618</u>	<u>\$ 70,433</u>
Fund Balances							
Unreserved, Reported in Nonmajor Special Revenue Funds	\$ 8,123	\$ 27,204	\$ 1,407	\$ 80	\$ 22,001	\$ 11,618	\$ 70,433
Total Fund Balances	<u>\$ 8,123</u>	<u>\$ 27,204</u>	<u>\$ 1,407</u>	<u>\$ 80</u>	<u>\$ 22,001</u>	<u>\$ 11,618</u>	<u>\$ 70,433</u>

NEBRASKA STATE HISTORICAL SOCIETY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Historical Landmark Cash Fund 2561	Historical Preservation Grants Fund 4541	Hall of Fame Trust Fund 6181	Library Archives 6542	Cheyenne Outbreak Barrack Fund 6543	Bridge Book Sale 6544	Capital Projects Fund 3300	
RECEIPTS:								
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,239	\$ 134,239
Federal Grants & Contracts	-	368,573	-	-	-	-	-	368,573
Miscellaneous:								
Investment Interest	388	818	70	4	1,093	577	-	2,950
Other Miscellaneous	8,630	-	-	-	-	-	-	8,630
TOTAL RECEIPTS	<u>9,018</u>	<u>369,391</u>	<u>70</u>	<u>4</u>	<u>1,093</u>	<u>577</u>	<u>134,239</u>	<u>514,392</u>
DISBURSEMENTS BY FUNCTION:								
Culture - Recreation	21,250	345,207	-	-	-	-	-	366,457
Capital Projects	-	-	-	-	-	-	134,239	134,239
TOTAL DISBURSEMENTS	<u>21,250</u>	<u>345,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,239</u>	<u>500,696</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(12,232)	24,184	70	4	1,093	577	-	13,696
FUND BALANCES, JULY 1, 2001	<u>20,355</u>	<u>3,020</u>	<u>1,337</u>	<u>76</u>	<u>20,908</u>	<u>11,041</u>	<u>-</u>	<u>56,737</u>
FUND BALANCES, JUNE 30, 2002	<u>\$ 8,123</u>	<u>\$ 27,204</u>	<u>\$ 1,407</u>	<u>\$ 80</u>	<u>\$ 22,001</u>	<u>\$ 11,618</u>	<u>\$ -</u>	<u>\$ 70,433</u>

NEBRASKA STATE HISTORICAL SOCIETY
SCHEDULE OF VISITORS BY HISTORIC SITE
 Fiscal Years Ending June 30, 1998 through 2002
 UNAUDITED

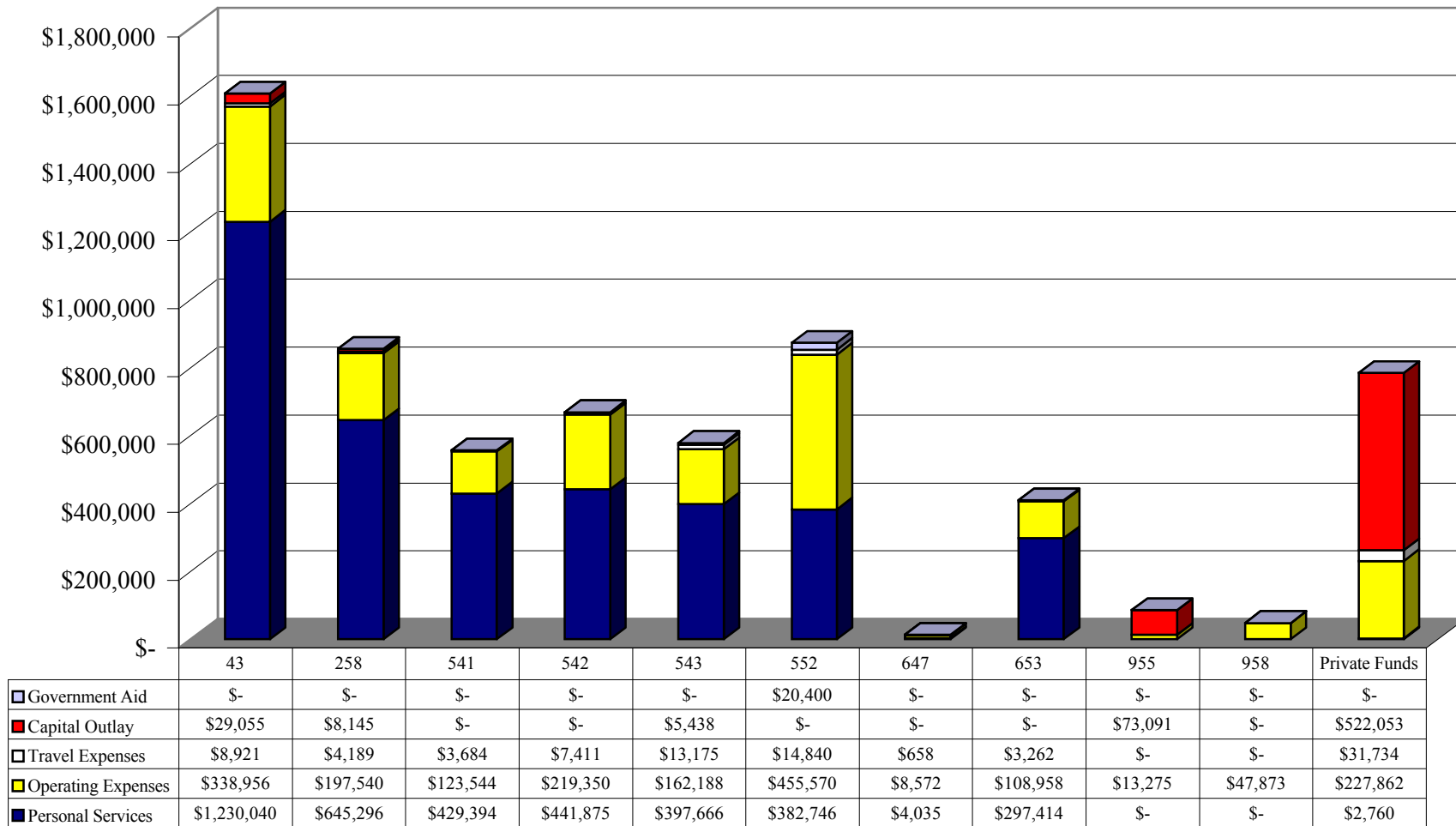


NEBRASKA STATE HISTORICAL SOCIETY
SCHEDULE OF VISITORS BY HISTORIC SITE
(CONTINUED)

For the Fiscal Years Ending June 30, 1998 through 2002
 UNAUDITED

	1998	1999	2000	2001	2002
Thomas P. Kennard House	2,948	3,804	2,728	2,247	2,184
John G. Neihardt State Historic Site	2,951	3,032	3,157	2,916	3,007
Fort Robinson Museum	20,011	19,041	16,642	14,968	14,659
Neligh Mill State Historic Site	5,451	4,492	4,364	3,302	3,604
Willa Cather State Historic Site	8,839	8,464	7,534	6,508	6,766
Senator George Norris State Historic Site	1,397	1,254	2,164	1,346	950
Chimney Rock National Historic Site	43,813	39,532	38,792	35,129	36,179
Museum of Nebraska History and Archeology	36,859	35,117	38,651	34,368	32,318
State Fair	23,917	22,000	19,211	14,829	13,175
Total	<u>146,186</u>	<u>136,736</u>	<u>133,243</u>	<u>115,613</u>	<u>112,842</u>

NEBRASKA STATE HISTORICAL SOCIETY
SCHEDULE OF DISBURSEMENTS BY PROGRAM
For the Fiscal Year Ended June 30, 2002



43 = Department Administration
543 = Archeology
955 = Cheyenne Barracks

258 = Library/Archives
552 = Historical Preservation
958 = Headquarters Renovation

541 = Museum Operation
647 = Skeletal Remains

542 = Branch Museums
653 = Ford Conservation Center

NOTE: The Private Funds were audited by an independent Certified Public Accountant; Disbursements were obtained from the fiscal year 2002 audit report. Program 632 (Hall of Fame Commission) is not included in the chart. Total disbursements for the program were \$296.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

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

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
marya@mail.state.ne.us

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
dmeyer@mail.state.ne.us

Mark Avery, CPA
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Robert Hotz, JD
Legal Counsel
robhotz@mail.state.ne.us

We have audited the financial statements of the Nebraska State Historical Society as of and for the year ended June 30, 2002, and have issued our report thereon dated June 24, 2003. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska State Historical Society. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska State Historical Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to management of the Nebraska State Historical Society in the Comments Section of this report as Comment Number 1 (Documentation for Employees Working on Federal Award), Comment Number 2 (Lease Proceeds Deposited into Private Funds), and Comment Number 3 (Approval of Office Space Lease).


Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska State Historical Society'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

June 24, 2003


Assistant Deputy Auditor