

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF ROADS
JULY 1, 2003 THROUGH JUNE 30, 2004**

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Issued on May 20, 2005

NEBRASKA DEPARTMENT OF ROADS

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NEBRASKA DEPARTMENT OF ROADS

BACKGROUND

The Department of Roads (Department) is responsible for the construction and maintenance of Nebraska's roads and highways. The Department is also involved in the planning of transportation in the State and in assisting rural and urban public transportation systems. Highway maintenance and construction operations are administered from eight district offices located in Omaha, Lincoln, Norfolk, North Platte, Grand Island, Bridgeport, McCook, and Ainsworth.

The Director-State Engineer is the Department's chief executive officer. The Director's responsibilities include:

- Implementing objectives established by the Legislature and the Governor consistent with an integrated State highway system;
- Recommending short and long range highway needs and revenue needs; and
- Communicating policies and programs to the public, Governor, and Legislature.

The Department's remaining responsibilities are divided among two deputy directors and eight field districts. The two deputy directors and eight field district engineers report to the Director.

Responsibilities include: highway planning, mass transit administration, highway safety, risk management, computer systems, human resources, material purchases and supplies, administration of county Federal aid highway programs, the State recreational road program, transportation technology program, six-year highway construction program, highway location studies, environmental evaluations, highway functional studies, roadway design, bridge design, traffic engineering and right-of-way acquisitions, highway construction, highway maintenance, materials and research, and ensuring appropriate technical advances in maintenance and construction methods are incorporated.

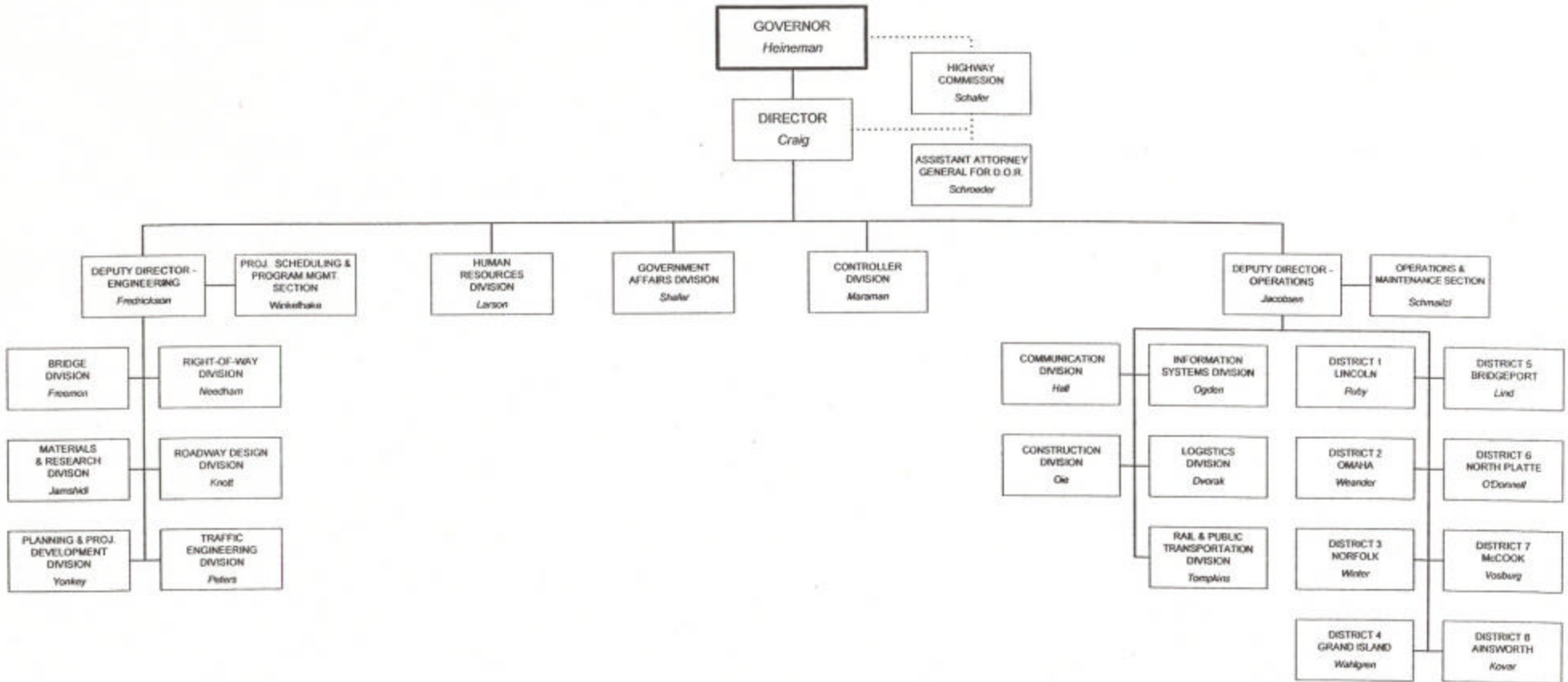
The State Highway Commission (Commission) was created by the Legislature to advise the Director on policies to carry out the Department's duties and responsibilities. The Governor, with legislative approval, appoints Commission members to six-year terms. Members represent Nebraska's eight highway commission districts, with the Director-State Engineer serving as an ex officio member. Commission members are paid \$20 a day while conducting Commission business. The Commission holds public hearings throughout the State to advise the public of Department policies, activities, and future highway construction projects.

MISSION STATEMENT

We provide and maintain, in cooperation with public and private organizations, a safe, reliable, affordable, environmentally compatible and coordinated statewide transportation system for the movement of people and goods.

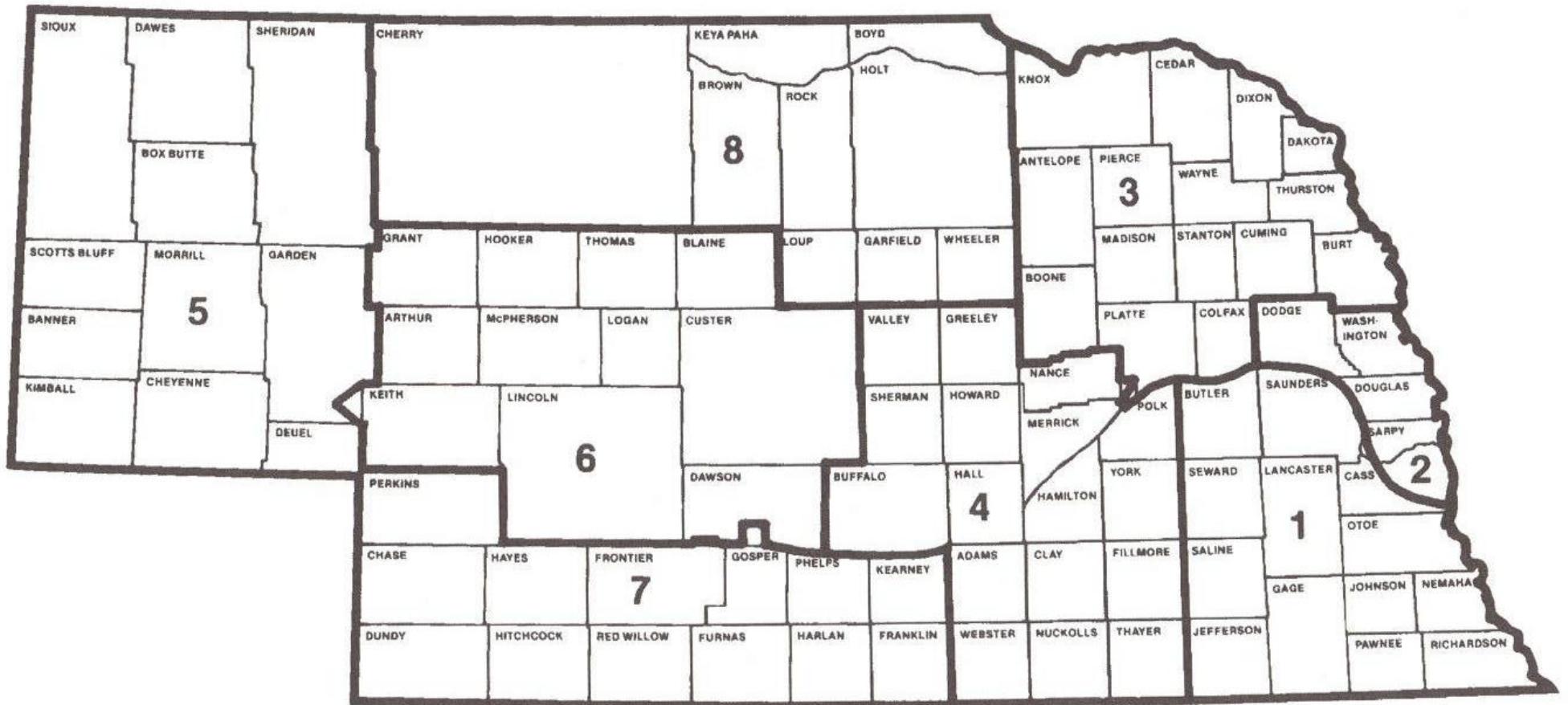
NEBRASKA DEPARTMENT OF ROADS

ORGANIZATIONAL CHART



NEBRASKA DEPARTMENT OF ROADS

FIELD DISTRICTS AND STATE HIGHWAY COMMISSION DISTRICTS



Source: Nebraska Department of Roads

NEBRASKA DEPARTMENT OF ROADS

EXIT CONFERENCE

An exit conference was held April 26, 2005, with the Department to discuss the results of our examination. Those in attendance for the Nebraska Department of Roads were:

NAME	TITLE
Steve Maraman	Finance Administrator
John Schulte	Accounting Manager

NEBRASKA DEPARTMENT OF ROADS

SUMMARY OF COMMENTS

During our examination of the Nebraska Department of Roads, we noted certain matters involving the internal control over financial reporting and other operational matters which are presented here.

1. **Reconciliation of Systems:** Reconciliation procedures between the Department's system and the State accounting system should be improved.
2. **Allocation of Funds for Road Purposes:** Highway allocation match requirements were not adequately monitored.
3. **Employee Recognition:** Employee recognition expenses were not in accordance with State regulations.
4. **Travel Expenses:** Travel expenses tested had costs which appeared unreasonable or were not in accordance with State policy.
5. **Interest Paid to Contractors:** During fiscal year 2004, the Department paid \$101,770 to contractors because of delays in making final contract payments. Interest was paid for more than 100 days for 7 of 24 projects tested.
6. **Construction Contract Controls:** Controls over change orders on construction projects could be improved.
7. **State Property Damage:** Procedures were not adequate to ensure costs were accurate and charged in a timely manner.
8. **Control Over Receipts:** There was a lack of segregation of duties over receipts in the Highway Safety Division.
9. **Vehicle and Equipment Usage Logs:** Vehicle usage was not adequately recorded and variances were not adequately investigated.
10. **Allocation of Costs:** Documentation to support distribution of real property costs was not adequate.
11. **Nebraska Information System and Accounting Procedures:** Significant concerns or areas where improvement to the Nebraska Information System (NIS) is needed to ensure NIS integrity and operation efficiency were noted.

NEBRASKA DEPARTMENT OF ROADS

SUMMARY OF COMMENTS

(Continued)

The following items were noted during the 2004 Comprehensive Annual Financial Report (CAFR) audit:

- 12. *System Development Methodology:*** Written standards have not been established for System development.
- 13. *Program Maintenance and Development Authorization:*** The current program maintenance and development procedure does not include written user and other management approval of new system or program changes.
- 14. *No Business Continuity Plan:*** While the Department is documenting a disaster recovery plan, currently, there is no plan to recover from a significant incident. Divisions, including the IS area, do not have documented plans on how to recover from a different location.
- 15. *Service Level Agreement with IMS:*** No formal service level agreements appear to exist between the Department and the Information Management Services (IMS), which provides the majority of the Department's computer operations.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature as 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 examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

1. Reconciliation of Systems

The Nebraska Information System (NIS) is the official accounting system for the State of Nebraska. The Department also utilized an internal accounting system. Good internal control requires procedures to ensure transactions are accurately reflected in the official State system.

The Department performs various reconciliation procedures between NIS and their system. We reviewed the Department's work and also performed limited reconciliation procedures. Our limited procedures detected that a \$2,712,684 journal entry by the Department in May 2004 failed to post on NIS. Further review also noted the unposted document was not for the correct amount and that another journal entry had changed an entry by \$1,061,467 when the original entry on NIS was only for \$849,174. As a result, operating expenses were understated and capital outlay was overstated by \$2,248,243. The financial schedule has been adjusted for these items. A similar finding was noted in our prior audits.

Without adequate and timely reconciliation procedures, there is an increased risk for loss or errors to occur.

We recommend the Department review and strengthen reconciliation procedures of the Department's system to NIS.

Department's Response: Reconciliation of our internal accounting systems to the Nebraska Information System (NIS) is important and we are making every attempt to do so.

With the development of the NIS over the last two to three years, we, as well as all agencies are in the process of learning the intricacies of this new system and the reconciliation process has not been easy.

We will continue to improve our understanding of the NIS and our procedures are being improved to achieve complete reconciliation.

2. Allocation of Funds for Road Purposes

Neb. Rev. Stat. Section 39-2508 R.R.S. 2004 states, "The Department of Roads shall compute the amount allocated to each county . . . and transmit such information to the local governing board and the State Treasurer, who shall disburse funds accordingly." Neb. Rev. Stat. Section 39-2509 R.R.S. 2004 requires each county for each year to match the second one-half of the amount allocated on the basis of one dollar for each two dollars it receives. Each county which, during the preceding fiscal year, failed to provide the minimum match required shall forfeit one dollar for each dollar it failed to provide locally. The forfeited funds are to be distributed to cities with the county or other counties as provided in Statute.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Allocation of Funds for Road Purposes** (Concluded)

We reviewed the matching requirement for two counties for the fiscal year ended June 30, 2004, and noted that per the financial report submitted that one county tested failed to meet their match requirement by \$407,639. The fiscal year 2005 distribution was not adjusted to reflect the forfeit required. We further noted the matching requirement for the county was not met in fiscal year 2002 by \$141,475 and fiscal year 2003 by \$832,336 and no forfeit was required. After our office discussed the matter with the Department, the county provided additional information which indicated the match had been met for 2004. However, the Department should have procedures in place to monitor requirements and ensure adequate documentation is on file.

Lack of adequate procedures to ensure matching requirements are met increases the risk of noncompliance with State Statute and local subdivisions and their constituents may not be treated equitably.

We recommend the Department implement procedures to ensure matching requirements are met. We further recommend the Department forfeit funds and distribute forfeited funds per State Statute.

Department's Response: We agree with the recommendation to implement procedures to ensure matching requirements are met and we are currently taking steps toward that effort.

We disagree with the interpretation of the state statutes made by the Auditor of Public Accounts concerning the forfeiture of funds for failure to meet the match requirements. State Statute 39-2509 states: "shall be required to match with any available funds." It is our opinion that all cities and counties have met the match requirement from funds that are available to them. As a result, all funds are distributed in accordance with state statute.

APA's Response: State statutes do not allow a county match of funds to carry over to the next year. Paragraph (1) of Neb. Rev. Stat. Section 39-2509 provides, "Each county or municipal county shall be entitled to one-half of the amount allocated to it each year under sections 39-2507 and 39-2508 with no requirement for providing funds locally, but shall be required to match the second one-half on the basis of one dollar for each two dollars it receives with any available funds" (Emphasis Added). In statutory interpretation, each word in a statute is assumed to have a purpose and to be given its plain and ordinary meaning. We believe, in context, the reasonable interpretation of the statute is that each year requires a match.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

3. Employee Recognition

Neb. Rev. Stat. Section 81-1307(7) R.R.S. 1999 requires the Director of the Department of Administrative Services (DAS) Personnel Division to administer an employee recognition program for State employees. State Personnel Rules and Regulations Chapter 16.001 states, "With the approval of the DAS State Personnel Director, agencies may implement Employee Recognition programs." The Nebraska Department of Roads approved Rewards and Recognition policy states, "In accordance with the agreement between our agency and the Department of Administrative Services, authorization for food must be obtained prior to purchasing." DAS Accounting Manual AM 005, Section 22, states that expenses while not in travel status, ". . . are only allowable under State Statute 81-1174 for attendance at official functions, conferences or hearings . . ." and "The disbursement document description must state whether this is an official function, conference or hearing."

In September 2003, the Department held an employee rewards and recognition ceremony in Omaha. A District Engineer meeting was also held at the same hotel. The Department also stated that a rewards and recognition statewide meeting was held the following day; however, no minutes, meeting times, or list of attendees was included. The amount paid to the hotel was \$9,159 and included \$688 for space and equipment; \$3,245 for food, beverages, and meals; and \$5,226 for lodging. We noted the following:

- The Department's approved Employee Recognition Program does not have any authorization for hotel lodging. In addition, 24 employees who stayed in the hotel were not honored at the recognition ceremony and did not attend the District Engineer meeting. No approval form or reason was on file for the stay of these employees. The Department stated the employees were members of the rewards and recognition panel.
- A luncheon was provided at the recognition ceremony where 26 people were honored. The Department paid for 150 lunches including the honorees, 24 guests of the honorees, 29 staff from the District Engineer meeting, and 7 staff who reimbursed the Department. No documentation was included with the disbursement to support the additional 64 lunches provided. The Department indicated the individuals were members of the rewards and recognition panel. Cost of the meal was \$15 per person.
- Food expenses were not preauthorized by DAS and were not included on the employee recognition expenses reported to State Personnel.

Noncompliance with State guidelines increases the risk for misuse of State funds.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Employee Recognition** (Concluded)

We recommend the Department implement procedures to ensure employee recognition expenses are reasonable, necessary, and in accordance with State requirements.

Department's Response: In conjunction with our Rewards and Recognition ceremony, held in Omaha, NE., on September 17, 2013, was a day-long meeting with Division Heads, District Engineers, Deputies and the Director, held on September 16, and continued into the morning of September 17. In addition, our Rewards and Recognition Panel held a meeting the following morning, September 18, at the same location.

Most of the concerns raised by the auditor center on the recognition ceremony and the expenses associated with this event. The Department's Rewards and Recognition Program, which was approved by the Department of Administrative Services, allows the Department of Roads to honor selected employees and one guest each at an annual ceremony, where a meal is served.

All other expense reimbursements associated with this event and adjacent meetings are covered by the state's travel reimbursement policy.

The Department makes every effort to comply with the state rules and regulations governing the reimbursement of eligible travel related expenses and the approved Employee Recognition Program. In our opinion, we complied with these rules, with minor exceptions. We could have done a better job of identifying those individuals attending one or more of the events that took place on September 16, 17 and 18 and we could have better documented the travel status.

We agree with the auditor that prior approval for the expenditures was not sought in advance from the Dept. of Administrative Services. However, that lack of action was based on an email received from DAS that instructed us to report that information after the fact.

The auditor comments that no minutes for the Recognition Panel meeting were attached to the payment document. Such documentation is not required by current state reporting rules. However, an agenda for the meeting did exist.

The auditor makes an incomplete observation concerning the number of meals reimbursed. The Department collected \$420 for 28 meals served to additional guests and employees not in a travel status.

The Department will strive in the future to better document compliance with existing state rules and regulations, but it is our opinion that the expenditures associated with the Rewards and Recognition ceremony and management meetings were entirely appropriate and legal.

COMMENTS AND RECOMMENDATIONS

(Continued)

4. Travel Expenses

Neb. Rev. Stat. Section 81-1174 R.S.Supp., 2003 regarding travel reimbursements states, “Each request shall be fully itemized, including when, where, and why the expense was incurred and the actual amount involved . . . the necessity and purpose of such travel shall be shown on such request . . . The statement of expenses shall be duly verified and supported by receipts.” It is State Accounting policy that a person generally must be more than 60 miles from his or her workplace in order to be eligible for lodging. There may be reasons to pay for lodging for distances less than 60 miles; however, in those instances the reason must be clearly stated on the disbursement document.”

Good internal control requires procedures to ensure all reimbursements are reasonable and necessary expenses and that adequate supporting documentation be maintained.

We tested nine travel expense documents (six employees and three vendors) and noted the following:

- The Department paid for 80 meals for the Snow Roadeo, but only 67 people attended. The cost for these additional 13 meals was \$81.
- Three documents exceeded Federal guidelines for lodging and there was no documentation to support the reasons.
- One reimbursement did not have documentation to support the need for car rental. The employee rented a car in San Antonio and drove a total of 31 miles incurring rental charges of \$327 and parking charges of \$92.
- One employee had mileage reimbursement which appeared excessive. The employee traveled round trip from Lincoln to Kearney and claimed 350 miles, map mileage is 266 miles.
- One invoice for an airline flight did not include the dates and destination of the flight.
- Three employees stayed in a hotel when their headquarter city was less than 60 miles from the conference. The disbursement document did not clearly state the reason lodging was necessary. The amount totaled \$306.

Noncompliance with State guidelines increases the risk of misuse of funds. A similar finding was noted in the prior audit.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

4. **Travel Expenses** (Continued)

We recommend the Department implement procedures to ensure disbursements are reasonable, necessary, and in accordance with State guidelines.

Department's Response: The audit report specifically noted six travel events. It is our opinion that the information included in the audit report is incomplete and our response to each event is as follows:

- *The "Snow Roadeo", a training/skills testing event for our highway maintenance employees responsible for plowing and removing snow, was held in North Platte. Eighty employees were scheduled to attend and a meal count of 80 was guaranteed to the food vendor. Due to various circumstances, only 67 employees were able to attend. Since the number of meals was guaranteed at 80, that's the amount we were committed to pay. This information was not reported on the payment document. The Department will better document such circumstances in the future.*
- *Lodging expenses are reimbursed at actual cost, as per state requirements. Current state rules governing reimbursement for lodging expenses do not require explanations, or documentation why our lodging expenses exceed GSA rates. GSA rates are simply guidelines and we believe they should be treated as such. The Department of Roads asks our employees to seek government rates for lodging and they are obtained when possible. We believe sufficient documentation exists to verify the rates charged.*
- *One Department employee unfamiliar with out of state travel incurred expenses for a rental car (approved in advance), car insurance and parking fees. The expenses associated with this travel were the result of inexperience in out of state travel and this event will not be repeated.*
- *Our agency policy is to reimburse employees, who use their own vehicle when on state business, for actual miles driven. The most direct route from origin to destination does not always occur, resulting from work related activities that require a more circuitous route. We will continue to review mileage reimbursements and strive to improve the documentation required for variances that deviate from the most direct route.*
- *As a general rule, flight origin and destination is included as an attachment to employee reimbursements. While the employee did receive such a document, he failed to attach it to the expense reimbursement and it has since been destroyed. We will ensure that such documentation is attached with all future expense reimbursements.*

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

4. **Travel Expenses** (Concluded)

Department's Response, Concluded:

- *Employees are occasionally asked to attend state-wide conferences that are held close to their headquarters' city. In such circumstances, when it has been determined to be beneficial to the agency, the affected employee is asked to seek approval to stay at the conference facility. This request is usually made by the employee's supervisor. In the situation noted in this audit report, approval was given. However, in the opinion of the auditor, an adequate explanation of the benefit to the state was not provided.*

We will attempt to ensure that adequate documentation that indicates the benefit to the state is attached to all reimbursement documents.

The Department of Roads continually strives to improve the processes we follow to ensure that only appropriate, accurate and adequately documented costs are reimbursed to our employees and vendors. Consistent with this approach, we will review these processes to determine where required improvements can be made.

5. **Interest Paid to Contractors**

Neb. Rev. Stat. Section 39-1349 R.R.S. 2004 requires the Department to pay contractors interest on any amounts retained and on the final amount due to contractors if not paid within sixty days after the work has been completed. Good business practice necessitates timely payments in order to avoid the payment of interest.

During fiscal year 2004, the Department paid \$101,770 to contractors because of delays in making final contract payments. Interest was paid for more than 100 days for 7 of 24 projects tested. Four of these payments were for 104 to 114 days interest, the other three included 279, 397, and 462 days interest paid.

We recommend the Department implement procedures to ensure final contract payments are made in a timely manner.

Department's Response: The Department continues to improve our payment system to minimize the interest paid to contractors. Recently, our Construction Division has realigned duties to insure a more thorough review of all payments to contractors. This change should result in a faster final payment process that will reduce, but not entirely eliminate, interest payment amounts.

COMMENTS AND RECOMMENDATIONS

(Continued)

6. Construction Contract Controls

Good internal control requires procedures designed to safeguard assets, establish proper segregation of duties, and ensure contract provisions are adhered to. Contract change orders on construction projects should not be prepared and approved by the same individual. Good internal control also requires the preparer and the approver be adequately documented.

We noted the following:

- Change orders for less than \$50,000 are prepared by the project manager and approved by the district engineer/district construction engineer; however, the preparer of the document is not indicated on the form.
- The site manager computer program utilized by the Department allows change orders to be prepared by the district engineer/district construction engineer; therefore, if the change order is less than \$50,000, the same person who prepared the change order can also approve the change and approve the contract estimates for payment.
- Change orders and contract estimates have preprinted signature title lines for approval. Often the individual with the preprinted title does not sign and another individual signs and indicates “for.” The title of the individual signing the form is not indicated and it is often difficult to determine who actually signed the document.

Inadequate controls increase the possibility for loss or misuse of State funds.

We recommend the Department implement procedures to ensure contract change orders and contract estimates are properly prepared, approved, and documented.

Department’s Response: Prior to this audit, the Department implemented improvements in this area. We have issued instructions requiring at least two signatures on every change order/supplemental agreement or time extension document, including those prepared in the Lincoln office. As a result, all change orders, even those less than \$50,000 will have been reviewed and signed by at least two individuals having such authority.

7. State Property Damage

The purpose of the State Property Damage Program within the Highway Safety Division is to identify and document the physical damage done to the State’s highways as a result of accidents or vandalism, to determine the Department’s costs to fix the damage and restore the driving conditions to the required

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

7. **State Property Damage** (Concluded)

level of safety, and to collect the repair costs from the responsible individuals. During the fiscal year ended June 30, 2004, the Department collected \$595,191 in property damages.

Good business practices require that up-to-date information be used in cost calculation and be billed in a timely manner.

We tested five property damage cases reported in 2004 and 2005. Four of five cases had exceptions as noted below:

- Two cases were not billed in a timely manner. For one case the damage report was dated June 2004, however, the invoice was not sent until November 2004. In the other case, the damage report was dated March 2004 and an invoice was not sent until September 2004. The invoices totaled \$38,781 and \$3,911, respectively.
- In one case the wrong material additive rate was used, 7% instead of the required 4%, and not all the materials could be traced to crew cards. The total overcharge for materials was \$86.
- In four cases the equipment rate did not reasonably agree to the equipment rate listing, in one of these the equipment could not be traced to crew cards, and in two cases equipment on crew cards was not used in the calculation of costs. Total shortage for equipment was \$2,136.
- In two cases the hours on the crew cards were not used in the calculation of costs and in one case the wrong wage rate was used to calculate costs. Total shortage for labor was \$520.

These weaknesses were also noted in the prior audit. Without adequately ensuring that costs charged are accurate, there is an increased risk for loss of State funds.

We recommend the Department ensure costs charged are accurate and billed in a timely manner. We also recommend the Department implement procedures to ensure billing rates are uniformly calculated.

Department's Response: Prior to this audit, the Department formed an internal work team to review the current State Property Damage process and to make recommendations for its improvement, addressing the same issues noted in this audit report. Based on the team's recommendations, improvements will be implemented that should address the issues cited in the audit report.

COMMENTS AND RECOMMENDATIONS

(Continued)

8. Control Over Receipts

Good internal control over receipts requires that one individual not have the authority to perform all aspects of the receipting process. Good controls require the duties be segregated or an independent individual review the transactions processed.

We noted the Highway Safety Division has one individual responsible for establishing initial control over receipts, recording the receipt document, mailing requested reports, reconciling receipts, and delivering receipts to the Controller Division for deposit. This was also noted in our prior audit report. The Highway Safety Division receipted \$34,084 in fiscal year 2004.

Although the funds received by the Highway Safety Division are not significant sources of revenue for the Department, we feel the Department has sufficient personnel to adequately segregate these duties.

Lack of segregation of duties increases the possibility of loss or misuse of State funds.

We recommend the Department have separate individuals involved in the processing of Highway Safety receipts to ensure an adequate segregation of duties.

Department's Response: A review of the Highway Safety receipting process was recently conducted, prior to this audit report. As a result, procedural changes were recommended and implemented, that resulted in at least two people being involved in the receipting and deposit process. We believe these changes should address the issues raised by the auditor.

9. Vehicle and Equipment Usage Logs

Good internal controls require vehicle and equipment usage be properly recorded and charged to the correct division and program using the vehicle.

Equipment usage was recorded on timesheets and crew cards and not on detailed vehicle logs. While the timesheets and crew cards indicated when the vehicle was used, by whom the vehicle was used, and the distance the vehicle was driven, the timesheets and crew cards did not record the points between which the vehicles were used, the time of day the usage occurred, and the purpose of the travel. This has been a finding in our prior audits.

Our current review of vehicle usage noted the following:

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

9. Vehicle and Equipment Usage Logs (Concluded)

- The Department physically records the vehicle odometer readings only once a year; therefore, variances are only reviewed once a year.
- Most vehicles had understated mileage. Of the 2,039 vehicles at June 2004, eight vehicles mileage per recorded usage agreed to the odometer reading; 406 vehicles had over-reported usage totaling 753,350 miles; 1,625 vehicles under-reported usage totaling 3,248,183 miles.
- The Department requests explanations for all variances; however, only variances over 10,000 miles are reviewed and followed up on.
- Twenty-three of forty-two vehicles with variances over 10,000 miles did not have a reasonable explanation for the variance. Six of these had no explanations. Some of the explanations included: not reporting miles, “has no idea,” and “flukey thing.”

Our current and prior examinations have noted significant usage variances and clearly indicate the Department’s present procedures are not adequate to control vehicle usage and prevent fraud, waste, or abuse.

We recommend the Department implement procedures to ensure vehicle usage is properly recorded on timesheets and crew cards. We further recommend the Department strengthen procedures to ensure adequate explanations are received and to investigate variances.

Department’s Response: While the Department annually reviews reported vehicle mileage and conducts physical mileage observations on all of its vehicles, we recognize that variances between these two analytical tools do exist. An internal review, conducted by Department staff, has indicated internal vehicle mileage reporting rules were inadvertently deleted. The Department will review its vehicle mileage reporting and review process and recommendations for improving this process will be implemented.

10. Allocation of Costs

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

10. Allocation of Costs (Concluded)

The Department charges costs for real property operations, such as utilities, to Service and Support Program. Monthly a journal entry is prepared to allocate the costs to the appropriate program. The allocation for April 2004 was \$491,537. The Department allocated the costs based on square footage for each program; however, the documentation to support the square footage was not adequate to verify the allocation was accurate.

Inadequate supporting documentation increases the risk for errors to occur.

We recommend the Department maintain adequate documentation to support distribution of costs to programs.

Department's Response: The Department periodically reviews the basis for the distribution of real property costs. Costs associated with real property are distributed to various programs that reflect the activities performed within the confines of the physical spaces. While these functions rarely change, confirmation of those activities associated with the physical space they occupy should be done on a periodic basis. The Department will continue to conduct these reviews and better document the basis for real property cost allocations.

11. Nebraska Information System and Accounting Procedures

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Without adequate training, written procedures, and controls, there is a risk that employees may unintentionally corrupt critical data and that errors could occur and go undetected.

During the fiscal year ended June 30, 2003, the State of Nebraska implemented significant components of a new information system called the Nebraska Information System (NIS). Three major components were the Payroll, Fixed Asset, and Financial components, which went live during the fiscal year ended June 30, 2003. During the fiscal year ended June 30, 2004, the Procurement and Employee Self-Service components were partially implemented. NIS affects all Nebraska State agencies.

A consultant hired by the Auditor of Public Accounts (APA) with expertise in studying large computer systems performed a study of NIS processes and controls prior to June 30, 2003. The APA also performed a preliminary examination of internal controls as of June 30, 2003, at all State agencies in July and August of 2003. In addition, while performing examination procedures the APA obtained a further understanding of NIS.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

11. Nebraska Information System and Accounting Procedures (Continued)

From these studies and examinations, the APA has identified concerns and areas where improvement to NIS is needed. During the fiscal year ended June 30, 2004, the Department of Administrative Services (DAS) Accounting Division addressed some areas of concern previously reported. However, the following are the more significant concerns or areas where improvement is still needed to ensure NIS integrity and operational efficiency:

- a. The reconciliation between the State Treasurer's actual bank statements and records, the Nebraska Accounting System (NAS-the previous accounting system before NIS), NIS accounting records, and the related disposition of reconciling items was not completed for November 2002 through December 2003 in a timely manner. Subsequent to December 2003, the DAS Accounting Division performed some reconciliation procedures. As of July 2004, the June 30, 2003, reconciliation indicates an unknown variance between the bank records and the accounting records of \$3,654,783, with the bank being short compared to the accounting records.

During the fiscal year ended June 30, 2004, DAS Accounting Division began performing a daily reconciliation of activity recorded on NIS compared to the activity recorded in the bank on a limited test basis. For those days tested, the activity recorded on NIS can be reconciled to the activity in the bank. The monthly reconciliations for the months of July 2003 through February 2004 for the fiscal year ended June 30, 2004, have been performed and indicate fluctuations in the variance amounts. The latest monthly reconciliation performed, February 2004, indicates an unknown variance between the bank records and the accounting records of \$5,112,201, with the bank being short compared to the accounting records. This variance was provided to us by DAS Accounting Division and its accuracy has not been verified by the APA.

Although some reconciliation procedures have been performed (daily reconciliation of activity going through NIS to the activity recorded through the bank), the monthly reconciliation for the months March 2004 through June 2004 are still in the preliminary stages and are not complete as of July 2004. Complete and timely reconciliation procedures between bank records and accounting records provide control over cash and accurate financial information. The reconciliation procedures should be completed timely and on at least a monthly basis to ensure all financial information is correct in NIS.

- b. During the early implementation months of NIS, DAS Accounting Division did not have a comprehensive written NIS policy and procedures manual available for users. During the fiscal year ended June 30, 2004, DAS Accounting Division made progress in this area and significant policies and procedures can be found by users on the DAS Accounting Division website.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

11. Nebraska Information System and Accounting Procedures (Continued)

However, the APA, after reviewing the old accounting procedures manual, did note some procedures still being performed under those policies that have not been incorporated as NIS policies. We recommend DAS Accounting Division continue to update their NIS policies and procedures to include all policies and procedures in place to help ensure consistent and accurate accounting of the State's financial transactions.

- c. During the early implementation of NIS it was determined the NIS Payroll application was not allocating salaries and benefits appropriately to salaried employees who incur hours that are distributed across multiple business units. This would apply to many State agencies' funds, programs, and grants. During the fiscal year ended June 30, 2004, agencies developed "work around" solutions to this problem, however, there has been no system change to resolve this problem. The "work around" solutions can be very time consuming. We recommend DAS Accounting Division consider obtaining a system change to allocate salaries and benefits appropriately for salaried employees who incur hours that are distributed across multiple business units.
- d. During the first year of NIS implementation an outside consultant noted a detailed analysis had not been performed to determine whether users received adequate training to enable them to appropriately perform their job functions. The APA is not aware of any detailed analysis of user training conducted by the DAS Accounting Division during the fiscal year ended June 30, 2004, but does acknowledge a significant training effort by the DAS Accounting Division during this period. We recommend the DAS Accounting Division continue their training efforts as well as identifying user training needs.
- e. Since the implementation of NIS, DAS Accounting Division has not updated their records retention and disposition schedule with the Records Management Division of the Secretary of State. The records retention schedule on file with the Secretary of State covers the records under the old accounting system and was last updated in 1986.

Neb. Rev. Stat. Section 84-1207 R.R.S. 1999 states the head of any State agency shall make, and submit to the State Records Administrator schedules proposing the length of time each record series warrants retention for administrative, legal, historical or fiscal purposes, after it has been made in or received by the agency, and lists of records in the custody or under the control of the agency which are not needed in the transaction of current business, and do not possess sufficient administrative, legal, historical or fiscal value to warrant their further retention.

NEBRASKA DEPARTMENT OF ROADS

COMMENTS AND RECOMMENDATIONS

(Continued)

11. Nebraska Information System and Accounting Procedures (Continued)

Since many of the records (and their titles) are significantly different under NIS than they were under the old accounting system we do not believe the DAS Accounting Division is in compliance with the above statute with the current retention schedule on file with the Secretary of State. In addition, for legal purposes and for good business practices we believe a comprehensive DAS Accounting Division records retention schedule is imperative. We recommend the DAS Accounting Division work with the Secretary of State to develop a comprehensive records retention schedule for all records they maintain.

- f. The payroll component is not designed to promote an effective segregation of duties. We recommend the DAS Accounting Division consider implementing the compensating control as identified in the k. section of this comment.
- g. During the first year of NIS implementation an outside consultant noted access to sensitive General Accounting functions had been provided to individuals who may not require such access as a part of their job responsibilities. Based on our inquiries, DAS Accounting Division management noted, "All critical function access rights have been secured down to the appropriate high level matrix codes." We could not verify the accuracy of this statement as requested information and documentation have not been provided to us.
- h. During the first year of NIS implementation an outside consultant noted the State had not documented or formalized comprehensive information security procedures for NIS. Based on our inquiries, DAS Accounting Division management noted, "The NIS CNC's and the NIS Security team have developed a comprehensive security policy." We could not verify the accuracy of this statement as requested information and documentation have not been provided to us.
- i. During the first year of NIS implementation an outside consultant noted the State had not implemented a formal, comprehensive business continuity or disaster recovery plan that comprehends both NIS and its supporting infrastructure. Based on our inquiries, DAS Accounting Division management noted, "We have now contracted with an outside vendor for business continuity planning." Documentation provided to us by DAS management indicates the State has a disaster recovery plan, however, it is not complete and the business continuity plan is in the draft stage but has not yet been tested. We recommend the State continue to implement formal, comprehensive business continuity and disaster recovery plans.
- j. The APA reviewed certain data in the NIS address book in July 2004. We noted the following related vendor information:

COMMENTS AND RECOMMENDATIONS

(Continued)

11. Nebraska Information System and Accounting Procedures (Concluded)

1. Duplicate Name and Address – Our review noted a total of 4,435 duplicate records. However, all have different address book numbers.
2. Duplicate Bank Information – 4,118 vendors had duplicate bank information.
3. Vendors with no Federal Tax Identification Number (FTIN) in NIS and Vendors with an FTIN of 000000000 – 3,789 vendors either had no FTIN or an FTIN with all zeros. The vendors with zeros as their FTIN were all PW (welfare) vendor types. Out of the 3,789 records 3,408 had no FTIN at all.

When duplicate records are in the NIS address book database there is a greater risk of duplicate payments being made and not being detected and queries of the database for vendor information may not be complete because the queries may not include all vendor information. In addition, when the database does not include FTIN numbers for all vendors there is a greater risk of payments to a fictitious vendor. DAS Accounting Division should correct the database for duplicate records and ensure all vendors included in the database have an FTIN.

- k. DAS Accounting Division payroll procedures require each State agency to certify its payroll for each pay period to ensure payroll is processed accurately and completely. This certification is to be in writing, either through an email or letter to the DAS Accounting Administrator. In our review of the final payroll notification and certification procedures processed in July 2003 and May of 2004 and discussion with DAS Accounting Division personnel, the certification procedures were not always performed. Our review also noted that the DAS Accounting Division did not have a policy on the information that should be included in the written certification. We noted during our testing, when there was a certification, there was no consistency in the information provided by State agencies.

DAS Accounting Division should establish a policy on detailing the information to be included in the certification, should ensure all State agencies consistently follow this policy, and ensure all payroll expenditures are certified.

The issues identified above are the responsibility of the DAS Accounting Division and NIS Functional Team as they relate directly to NIS; however, they directly affect all Nebraska State agencies' financial information and must be disclosed in this report. The results of the consultant's study of NIS were communicated in a separate report to DAS, who is responsible for NIS. Letters to each State agency communicated the results of the APA's preliminary examination of internal controls at the State agency level. Additional concerns identified by the APA were communicated to the appropriate State officials.

COMMENTS AND RECOMMENDATIONS

(Continued)

The following items were noted during the 2004 Comprehensive Annual Financial Report (CAFR) audit:

12. System Development Methodology

System development standards, including documentation standards, at the Department are currently informal. Although the IT cabinet performs such functions as authorizing and prioritizing large system development projects, written standards have not been established for:

- Requirement definition
- Cost/benefit analysis
- Conceptual design
 - Make/buy decision
 - Software package evaluation and selection
- Detail design
- Software development, programming, and conversion planning
- Implementation
- Unit testing
- System testing
- Acceptance testing and documentation standards
- Production change control procedures
- Post-implementation review

The use of formalized standards, when properly designed and implemented, helps ensure that:

- Controls within each program are suitably designed and maintained, including control modifications for significant program changes;

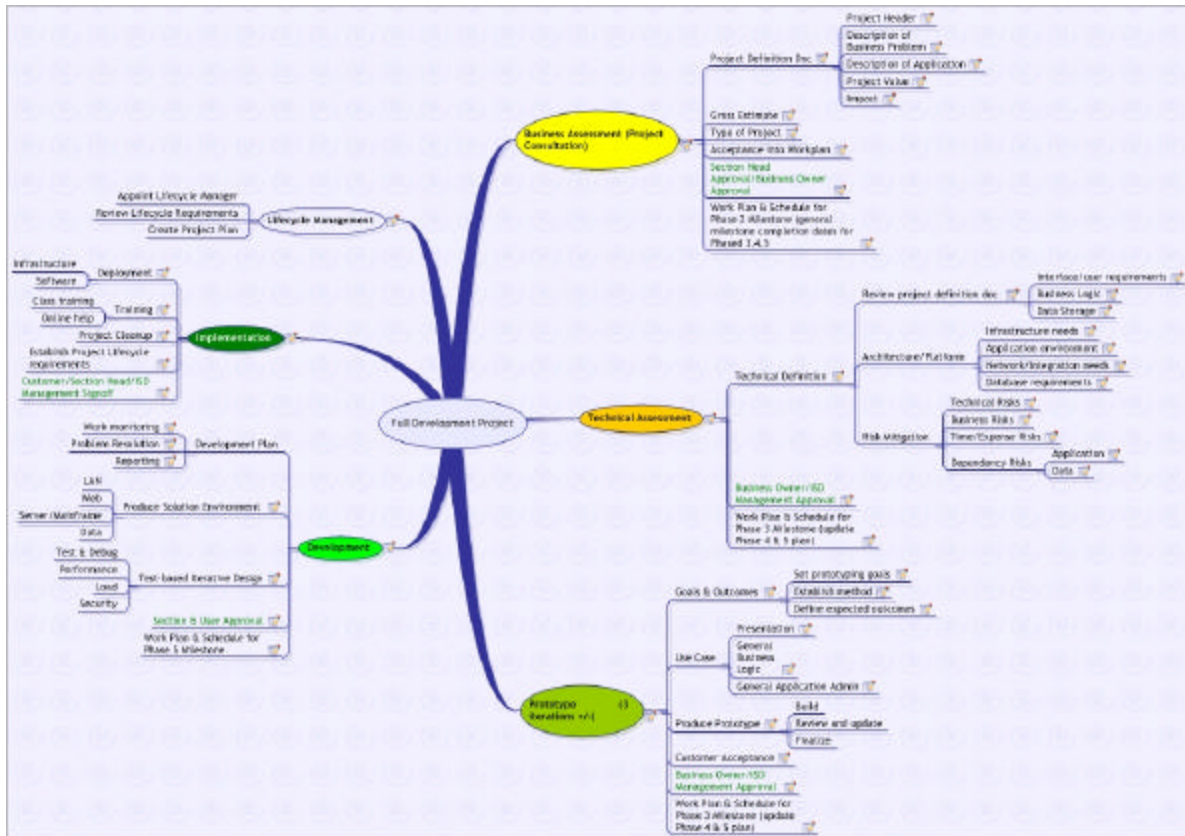
COMMENTS AND RECOMMENDATIONS
(Continued)

12. System Development Methodology (Concluded)

- Development of applications and related program changes meet management objectives and operate in accordance with specifications;
- Applications and related program changes are adequately tested; and
- Documentation is suitably prepared and maintained in order to provide adequate understanding of the specific applications.

We recommend the Department formalize a documented system development life cycle procedure.

Department's Response: We have developed a formalized systems development life cycle methodology shown as diagramed.



COMMENTS AND RECOMMENDATIONS

(Continued)

13. Program Maintenance and Development Authorization

The current program maintenance and development procedure includes users' approval and specifications for the new program or required modification; however, it does not include written user and other management approval of the new system or program changes. This may allow unauthorized and undetected changes to occur for major financial systems. Written documentation of user acceptance helps ensure the integrity of programs and safeguard against unauthorized alterations.

We recommend the following procedures be evaluated for compliance with existing practices:

- User's written approval on all requested changes and new programs, if not already available;
- Programming supervisor's approval and inspection of coding changes with a comparison to original specifications. During this process, the program should be unalterable by the programmer or supervisor, preferably under access control by a software protection system; and
- Operations manager's approval for transfer from test to production status and only operations' approval allows a changed program to move to production status.

*Department's Response: We believe that in our new (**Tracker System**) methodology we have identified where and who will approve the results of each development milestone. We are working on what the document will be (email, signed paper document, etc.) and how it will be stored by means of the **Tracker System**.*

14. No Business Continuity Plan

While the Department is documenting a disaster recovery plan, currently, there is no plan to recover from a significant incident. Although some personnel understand how things would continue to process, departments, including the IS area, do not have documented plans on how to recover from a different location.

COMMENTS AND RECOMMENDATIONS

(Continued)

14. No Business Continuity Plan (Concluded)

Significant events, such as fires or tornadoes, can significantly hamper the operation of the organization. Departments that do not have a good plan to execute in such cases may find themselves without needed supplies, facilities, or information necessary to continue. Any delay in restarting operations may cause lost revenue or increased costs to the Department.

At a minimum, we recommend the Department outline a business resumption plan. Additionally, key departments may want to also outline a business resumption plan to further reduce the risk. At a minimum, the plan should consider the following.

- Objectives and scope of the plan
- Assumptions and recovery strategies including:
 - A business interruption impact assessment
 - Critical application analysis
 - Recovery timing
 - Procedures for damage assessments
- Plan activation procedures
- Notification procedures
- Emergency recovery teams roles and responsibilities
- Insurance coverage
- User interim operating procedures
- Testing procedures
- Plan maintenance responsibilities

Department's Response: The State's CIO Office has identified this as one of the higher priorities for the upcoming year. We will be participating in their project to create the State's Business Contingency Plan and at the same time will be developing our own.

COMMENTS AND RECOMMENDATIONS

(Continued)

15. Service Level Agreement with IMS

No formal service level agreements appear to exist between the Department and the Information Management Services (IMS), which provides the majority of the Department's computer operations.

The lack of formalized service level agreements can potentially lead to discrepancies between the expectations of the Department and the performance of IMS.

We recommend the Department and IMS develop and implement formalized service level agreements between the groups to set the benchmark for IS to meet the expectations of users.

Department's Response: Discussion with the State's CIO Office and IM Services has started the preparation of a service level agreement between the two agencies.

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NEBRASKA DEPARTMENT OF ROADS

INDEPENDENT ACCOUNTANT'S REPORT

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We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Department of Roads (Department) for the fiscal year ended June 30, 2004. The Department's management is responsible for the schedule of revenues, expenditures, and changes in fund balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the schedule of revenues, expenditures, and changes in fund balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Department of Roads for the fiscal year ended June 30, 2004, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2005, on our consideration of the Nebraska Department of Roads' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of the Department and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Pat Reding, CPA

Assistant Deputy Auditor

April 26, 2005

NEBRASKA DEPARTMENT OF ROADS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2004

	General Fund 10000	Road Operations Fund 22700	Highway Cash Fund 22710	N-Trac Cash Fund 22720
REVENUES:				
Appropriations	\$ 942,696	\$ -	\$ -	\$ -
Intergovernmental	-	246,577,330	-	-
Sales & Charges	-	2,521,284	284,951	-
Miscellaneous	-	5,994,160	241,224	129
TOTAL REVENUES	<u>942,696</u>	<u>255,092,774</u>	<u>526,175</u>	<u>129</u>
EXPENDITURES:				
Personal Services	-	109,825,437	-	-
Operating	15,000	92,021,192	-	506
Travel	-	905,347	-	-
Capital Outlay	-	379,491,530	-	-
Government Aid	927,696	4,314,593	-	-
TOTAL EXPENDITURES	<u>942,696</u>	<u>586,558,099</u>	<u>-</u>	<u>506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(331,465,325)</u>	<u>526,175</u>	<u>(377)</u>
OTHER FINANCING SOURCES (USES):				
Sales of Assets	-	1,876,974	-	-
Deposit to/from Common Fund	-	40	530	-
Operating Transfers In	-	325,519,932	325,126,478	-
Operating Transfers Out	-	(5,327,956)	(325,519,932)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>322,068,990</u>	<u>(392,924)</u>	<u>-</u>
Net Change in Fund Balances	-	(9,396,335)	133,251	(377)
FUND BALANCES, JULY 1, 2003	<u>-</u>	<u>50,929,321</u>	<u>28,074,418</u>	<u>3,423</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ -</u>	<u>\$ 41,532,986</u>	<u>\$ 28,207,669</u>	<u>\$ 3,046</u>
FUND BALANCES CONSIST OF:				
General Cash	\$ -	\$ 41,901,308	\$ 28,208,855	\$ 3,046
Petty Cash	-	10,650	-	-
Deposits with Vendors	-	2,525	-	-
Accounts Receivable Invoiced	-	224,736	-	-
Due From Other Government	-	(42)	-	-
Deposits	-	(604,593)	-	-
Due to Fund	-	(1,598)	(1,186)	-
Due to Government	-	-	-	-
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 41,532,986</u>	<u>\$ 28,207,669</u>	<u>\$ 3,046</u>

The accompanying notes are an integral part of the schedule.

Grade Crossing Protection Fund 26710	Recreation Road Fund 26720	State Aid Bridge Fund 77570	Total (Memorandum Only)
\$ -	\$ -	\$ -	\$ 942,696
-	-	-	246,577,330
-	3,080,102	-	5,886,337
358,985	176,508	-	6,771,006
<u>358,985</u>	<u>3,256,610</u>	<u>-</u>	<u>260,177,369</u>
-	-	-	109,825,437
-	-	-	92,036,698
-	-	-	905,347
5,746,962	2,354,566	-	387,593,058
-	-	-	5,242,289
<u>5,746,962</u>	<u>2,354,566</u>	<u>-</u>	<u>595,602,829</u>
<u>(5,387,977)</u>	<u>902,044</u>	<u>-</u>	<u>(335,425,460)</u>
-	-	-	1,876,974
2,207,467	-	-	2,208,037
360,000	-	-	651,006,410
-	(2,000,000)	-	(332,847,888)
<u>2,567,467</u>	<u>(2,000,000)</u>	<u>-</u>	<u>322,243,533</u>
(2,820,510)	(1,097,956)	-	(13,181,927)
<u>10,004,524</u>	<u>6,841,677</u>	<u>(57,911)</u>	<u>95,795,452</u>
<u>\$ 7,184,014</u>	<u>\$ 5,743,721</u>	<u>\$ (57,911)</u>	<u>\$ 82,613,525</u>
\$ 7,184,014	\$ 5,743,581	\$ 766,076	\$ 83,806,880
-	-	-	10,650
-	-	-	2,525
-	140	-	224,876
-	-	-	(42)
-	-	-	(604,593)
-	-	-	(2,784)
-	-	(823,987)	(823,987)
<u>\$ 7,184,014</u>	<u>\$ 5,743,721</u>	<u>\$ (57,911)</u>	<u>\$ 82,613,525</u>

NEBRASKA DEPARTMENT OF ROADS

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2004

1. Criteria

The accounting policies of the Nebraska Department of Roads are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. Section 81-1107(2) R.R.S. 1999, the State of Nebraska Director of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

The Nebraska Information System (NIS) is the official accounting system prescribed by DAS for the State of Nebraska. Policies and procedures are detailed in NIS manuals and Nebraska Accounting System Concepts published by DAS and available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balances for the Department was obtained directly from the NIS. NIS records accounts receivable and accounts payable as transactions occur. As such certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounts payable liability recorded on NIS, and thus recorded as expenditures, as of June 30, 2004, includes only those payables posted to NIS before June 30, 2004, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2004, **does not** include amounts for goods and services received before June 30, 2004, which had not been posted to NIS as of June 30, 2004.

NIS also records other liabilities (primarily in the Distributive Fund Type) in accounts titled Deposits, Due to Fund, and Due to Government. The assets in these funds are being held by the State as an agent and will be used to pay those liabilities to individuals, private organizations, other governments, and/or other funds. The recording of those liabilities reduces the fund balance/equity. For further information of the activity recorded to those accounts for the fiscal year ended June 30, 2004, see Note 5.

The Department had accounts receivable not included in the Schedule of \$1,244,220 from Federal billings, city and county billings, lease agreements, and State property damage cases. DAS did not require the Department to record their receivables on the NIS system and these amounts are not reflected in revenues or fund balances on the Schedule. The NIS system does not include liabilities for accrued payroll and compensated absences.

The fund types established by NIS that are used by the Department are:

10000 – General Fund – accounts for State aid payments related to public transportation systems that operate locally.

NEBRASKA DEPARTMENT OF ROADS

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Continued)

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes. Roads Operations Cash Fund 22700 is the Department’s primary operating fund. This fund acts as the collection point for all monies which are not directed by the Legislature to other funds. This fund also acts as the recipient of the transfer of State funds from the Highway Cash Fund and acts as the focal point for most highway expenditures; including Federal grants received by the Department which must be expended in accordance with applicable Federal requirements.

70000 – Distributive Funds – account for assets held by the State as an agent for individuals, private organizations, other governments, and/or other funds.

The major revenue object account codes established by NIS used by the Department are:

Appropriations – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

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

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees. Sales & Charges on the financial statement includes \$11,798,849 in reimbursements from local governments for their matching share of road projects.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income; reimbursements; fines; penalties; and rental revenues. Other Miscellaneous receipts include \$2,062,345 of reimbursements received from non-governmental sources; \$1,403,035 from fines, penalties, and property damage; \$344,953 from land use and rental revenues; and \$181,123 from other miscellaneous receipts.

The major expenditure object account titles established by NIS used by the Department are:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the Department.

Operating – Expenditures directly related to a program’s primary service activities. Operating expenses include \$5,001,908 in tort payments.

NEBRASKA DEPARTMENT OF ROADS

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

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

Capital Outlay – Expenditures which result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government. Capital Outlay includes \$356,307,535 in payments to highway and bridge contractors.

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.

Other significant object account codes established by NIS and used by the Department include:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, deposits with vendors, and receivable accounts. Accounts receivable are recorded as an increase to revenues and an increase to fund balance on the schedule. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded on NIS.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions increase expenditures and decrease fund balance. Other liabilities recorded on NIS for the Department's funds at June 30, 2004 included Deposits, Due to Fund, and Due to Government. The activity of these accounts are not recorded on the Schedule of Revenues, Expenditures, and Changes in Fund Balances as they are not recorded through revenue and expenditure accounts.

Other Financing Sources – Operating transfers, and proceeds of fixed asset dispositions.

2. State Agency

The Nebraska Department of Roads 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 schedule includes all funds of the Department.

The Nebraska Department of Roads is part of the primary government for the State of Nebraska.

NEBRASKA DEPARTMENT OF ROADS

NOTES TO THE SCHEDULE

(Continued)

3. 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.

4. Capital Assets

Under NIS, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures. Capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) would be reported for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). The Department's values all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$1,500 at the date of acquisition and has an expected useful life of two or more years is capitalized. Substantially all initial building costs are capitalized. Building improvements and renovations in excess of \$1,500 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement. Depreciation expenses would be reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Buildings and Equipment are depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	3 to 10 years

Capital asset activity of the Department for the fiscal year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Buildings	\$ 40,979,740	\$ 692,776	\$ -	\$ 41,672,516
Equipment	160,862,477	11,463,686	5,096,253	167,229,910
Construction in Progress	1,796,770	3,999,175	692,776	5,103,169
Total	<u>\$ 203,638,987</u>	<u>\$ 16,155,637</u>	<u>\$ 5,789,029</u>	<u>214,005,595</u>
Less accumulated depreciation for:				
Buildings				26,677,738
Equipment				114,567,522
Total				<u>141,245,260</u>
Total capital assets, net of depreciation				<u>\$ 72,760,335</u>

NEBRASKA DEPARTMENT OF ROADS

NOTES TO THE SCHEDULE

(Continued)

5. Changes in State Aid Bridge Fund 77570

Beginning Cash Balance July 1, 2003	\$	768,378
Gas Tax Collections Received		768,000
Interest earned		28,296
Payments to Vendors		<u>(798,598)</u>
Ending Cash Balance June 30, 2004	\$	<u>766,076</u>

The State Treasurer makes monthly transfers of gas tax collections to the Fund as required by Neb. Rev. Stat. Section 39-846 R.R.S. 2004. Payments to Vendors are payments to contractors for bridge replacement and rehabilitation project costs for county bridges.

6. Transfers

Operating Transfers In and Operating Transfers Out relate primarily to the distribution of Highway Trust Funds. By statute, most motor fuel taxes and vehicle fees are deposited into the Highway Trust Fund and allocated by the State Treasurer to the Department of Roads, Nebraska counties, and Nebraska municipalities. The Department's allocation is transferred into the Highway Cash Fund. During the fiscal year ended June 30, 2004, \$325,486,478 in Highway Trust Funds were transferred to the Highway Cash Fund. The Department then transfers funds from the Highway Cash Fund to the Roads Operations Cash Fund, based on Legislative appropriations, to cover their annual expenditures. During the fiscal year ended June 30, 2004, \$325,519,932 was transferred from the Highway Cash Fund to the Roads Operations Cash Fund.

Transfers also include per 2004 Neb. Laws LB 407: \$5,287,956 from the Roads Operations Cash Fund to the Carrier Enforcement Cash Fund; \$40,000 from the Roads Operations Cash Fund to the Motor Carrier Division Cash Fund; and \$2,000,000 from the State Recreation Road Fund to the General Fund.

7. Deposits from Common Funds

Deposits from Common Funds includes the Railroad Excise Tax collected by the Nebraska Department of Revenue and deposited directly into the Grade Crossing Protection Fund.

8. Litigation

The Department is named as a party in legal proceedings that occur in the normal course of government operations. 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.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



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NEBRASKA DEPARTMENT OF ROADS
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
EXAMINATION OF THE SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Department of Roads for the fiscal year ended June 30, 2004, and have issued our report thereon dated April 26, 2005. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Department of Roads' internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedule of revenues, expenditures, and changes in fund balances, and not to provide an opinion 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 Roads' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedule. Reportable conditions are described in the Comments Section of the report as Comment Number 1 (Reconciliation of Systems), Comment Number

11 (Nebraska Information System and Accounting Procedures), Comment Number 13 (Program Maintenance and Development Authorization), and Comment Number 14 (No Business Continuity Plan).

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial schedule being examined 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 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Department of Roads' schedule of revenues, expenditures, and changes in fund balances, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional items that we reported to management of the Nebraska Department of Roads in the Comments Section of this report as Comment Number 2 (Allocation of Funds for Road Purposes), Comment Number 3 (Employee Recognition), Comment Number 4 (Travel Expenses), Comment Number 5 (Interest Paid to Contractors), Comment Number 6 (Construction Contract Controls), Comment Number 7 (State Property Damage), Comment Number 8 (Control Over Receipts), Comment Number 9 (Vehicle and Equipment Usage Logs), Comment Number 10 (Allocation of Costs), Comment Number 12 (System Development Methodology), and Comment Number 15 (Service Level Agreement with IMS).

This report is intended solely for the information and use of the Department and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Pat Reding, CPA

Assistant Deputy Auditor

April 26, 2005

NEBRASKA DEPARTMENT OF ROADS

STATISTICAL SECTION

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. Statistical Section information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of revenues, expenditures, and changes in fund balances, and, accordingly, we express no opinion on it.

NEBRASKA DEPARTMENT OF ROADS
EXPENDITURES BY PROGRAM, MAJOR ACCOUNT, AND FUNDING SOURCE
 Fiscal Years Ended June 30, 2000 Through 2004

Expenditures by Program

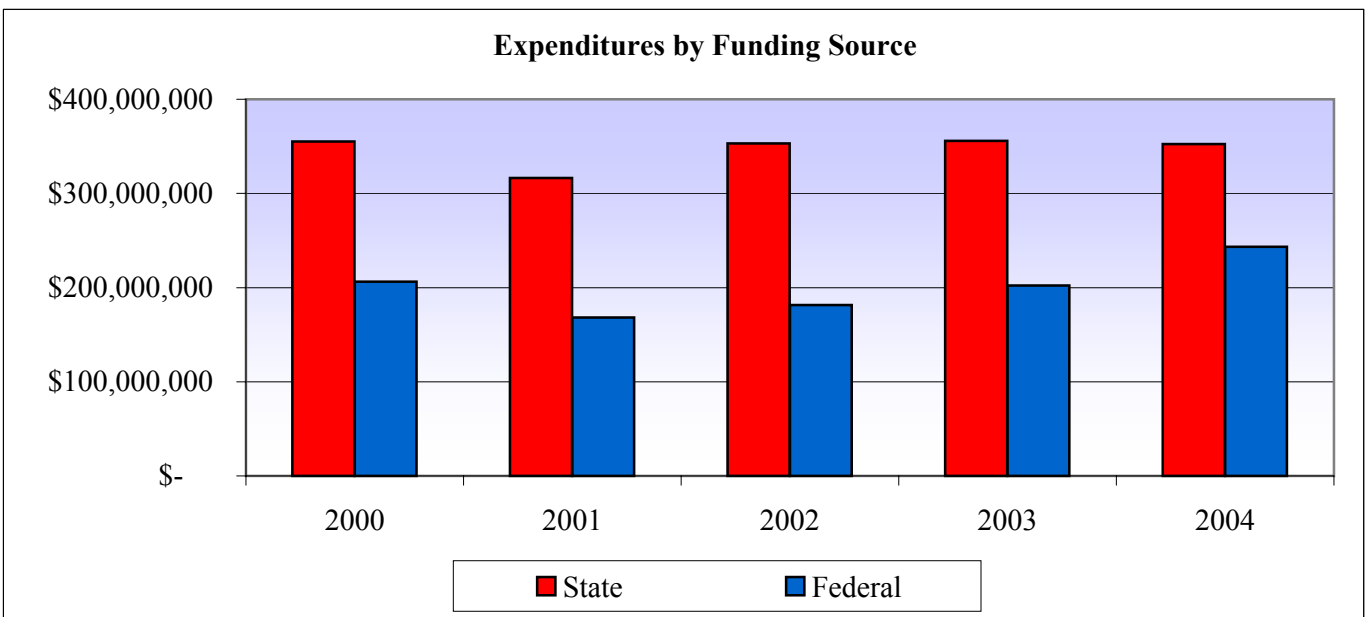
	2000	2001	2002	2003	2004
Public Transit Aid	\$ 1,533,104	\$ 1,495,961	\$ 1,835,449	\$ 1,349,737	\$ 1,969,834
Highway Administration	13,296,287	13,523,797	13,811,945	13,446,867	14,408,396
Construction	457,894,367	364,938,202	418,089,928	437,439,192	471,433,765
Highway Maintenance	68,433,452	87,231,165	86,689,217	89,229,293	95,327,185
Service & Support	19,394,934	14,738,527	10,050,141	15,006,991	8,450,172
Capital Construction	799,953	2,425,701	4,056,810	1,510,925	4,013,477
	<u>\$ 561,352,097</u>	<u>\$ 484,353,353</u>	<u>\$ 534,533,490</u>	<u>\$ 557,983,005</u>	<u>\$ 595,602,829</u>

Expenditures by Major Account

	2000	2001	2002	2003	2004
Personal Services	\$ 92,885,391	\$ 99,304,844	\$ 103,165,214	\$ 107,598,677	\$ 109,825,437
Operating Expenses	55,622,748	74,203,630	79,126,028	84,674,787	92,036,698
Travel	909,592	1,003,825	1,166,860	928,760	905,347
Capital Outlay	407,813,458	305,680,427	346,173,695	359,943,589	387,593,058
Government Aid	4,120,908	4,160,627	4,901,693	4,837,192	5,242,289
	<u>\$ 561,352,097</u>	<u>\$ 484,353,353</u>	<u>\$ 534,533,490</u>	<u>\$ 557,983,005</u>	<u>\$ 595,602,829</u>

Expenditures by Funding Source

	2000	2001	2002	2003	2004
State	\$ 355,101,990	\$ 316,294,604	\$ 353,183,071	\$ 355,710,522	\$ 352,381,195
Federal	206,250,107	168,058,749	181,350,419	202,272,483	243,221,634
	<u>\$ 561,352,097</u>	<u>\$ 484,353,353</u>	<u>\$ 534,533,490</u>	<u>\$ 557,983,005</u>	<u>\$ 595,602,829</u>



NEBRASKA DEPARTMENT OF ROADS
SCHEDULE OF SERVICE EFFORTS AND ACCOMPLISHMENTS
 Fiscal Years Ended June 30, 2000 Through 2004

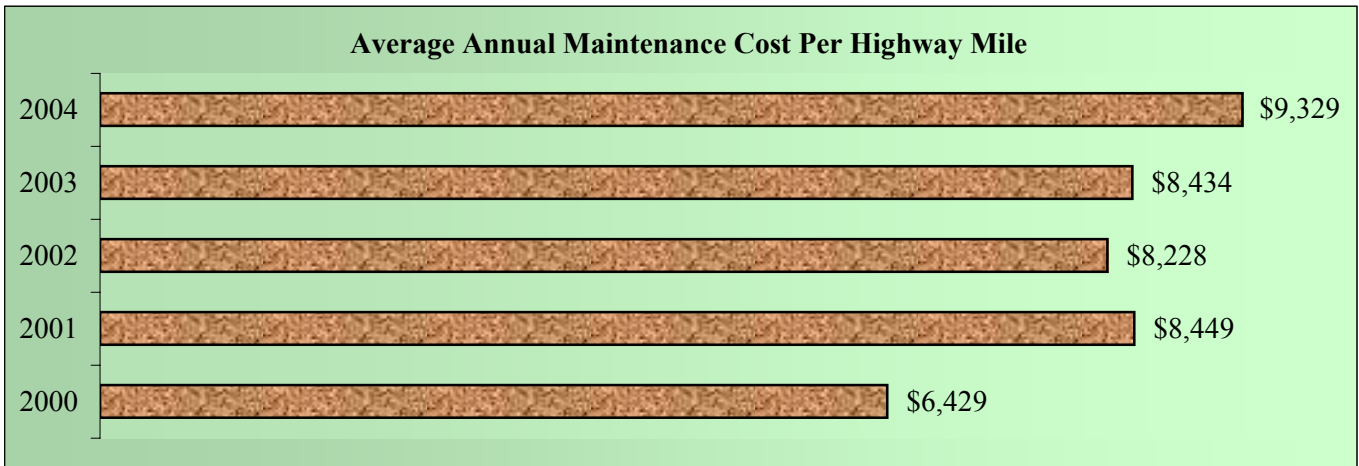
	Fiscal Year				
	2000	2001	2002	2003	2004
Staffing Levels at June 30					
Permanent Employees:	2,251	2,228	2,196	2,168	2,148
Temporary Employees:	254	269	277	Not Available	262
Construction Mileage (Note 2)					
Interstate	127	148	186	88	78
District					
Expressway	17	22	22	19	11
Urban	1	5	10	5	4
Reconstruction	136	61	83	102	122
Resurfacing	248	162	203	213	340
Pavement Ext. Program	158	140	158	179	161
Surfaced Shoulders	188	122	101	109	222
Armor Coat, Slurry & Fog Seals	212	163	66	81	45
Bridges Reconstructed or Rehabilitated	109	99	92	84	93
Construction Costs					
Highway & Bridge Contract Payments	\$ 380,422,308	\$ 271,168,775	\$ 318,248,369	\$ 323,397,835	\$ 362,093,011
Engineering Contract Payments	14,670,507	21,534,433	19,072,015	28,868,109	26,204,297
Department Payroll	42,305,003	44,241,791	45,397,062	46,147,312	48,868,821
Other Construction Costs	22,749,234	30,852,230	39,118,564	40,757,397	37,671,166
Total Construction Costs (Note 3)	<u>460,147,052</u>	<u>367,797,229</u>	<u>421,836,010</u>	<u>439,170,653</u>	<u>474,837,295</u>
Maintenance Costs					
Payroll	26,750,338	33,298,731	31,982,587	32,850,537	34,261,521
Equipment	14,392,367	22,418,899	19,634,120	21,055,220	23,925,528
Other Maintenance	22,936,090	28,497,582	30,410,799	30,066,701	34,701,537
Total Maintenance Costs	<u>64,078,795</u>	<u>84,215,212</u>	<u>82,027,506</u>	<u>83,972,458</u>	<u>92,888,586</u>
Administration Costs					
Payroll	9,472,933	10,426,993	10,223,784	9,895,999	9,294,792
Other	4,613,998	4,037,440	3,826,398	3,135,211	4,279,320
Total Administration	<u>14,086,931</u>	<u>14,464,433</u>	<u>14,050,182</u>	<u>13,031,210</u>	<u>13,574,112</u>
Capital Facilities, Services & Support					
Payroll	15,206,305	12,439,670	16,960,051	18,266,467	16,980,603
Other	11,628,807	8,063,694	3,427,859	7,436,977	1,464,431
Total Cap Facilities, Svc & Support	<u>26,835,112</u>	<u>20,503,364</u>	<u>20,387,910</u>	<u>25,703,444</u>	<u>18,445,034</u>
Public Transportation Assistance Costs	<u>4,418,835</u>	<u>4,492,502</u>	<u>6,348,497</u>	<u>7,033,141</u>	<u>7,381,527</u>
Total Costs per Department System (Note 1)	<u>\$ 569,566,725</u>	<u>\$ 491,472,740</u>	<u>\$ 544,650,105</u>	<u>\$ 568,910,906</u>	<u>\$ 607,126,554</u>
x					
Total Costs per State System (NAS/NIS)	<u>\$ 561,352,097</u>	<u>\$ 484,353,353</u>	<u>\$ 534,533,490</u>	<u>\$ 557,983,005</u>	<u>\$ 595,602,829</u>

Note 1: Total costs per the Department's accounting system does not agree to NIS due to timing differences as the Department system recognizes costs when they are incurred and NIS recognizes expenditures when paid. Also certain items, such as local match, are recorded "net" on NIS and the Department records as "gross" with a corresponding revenue.

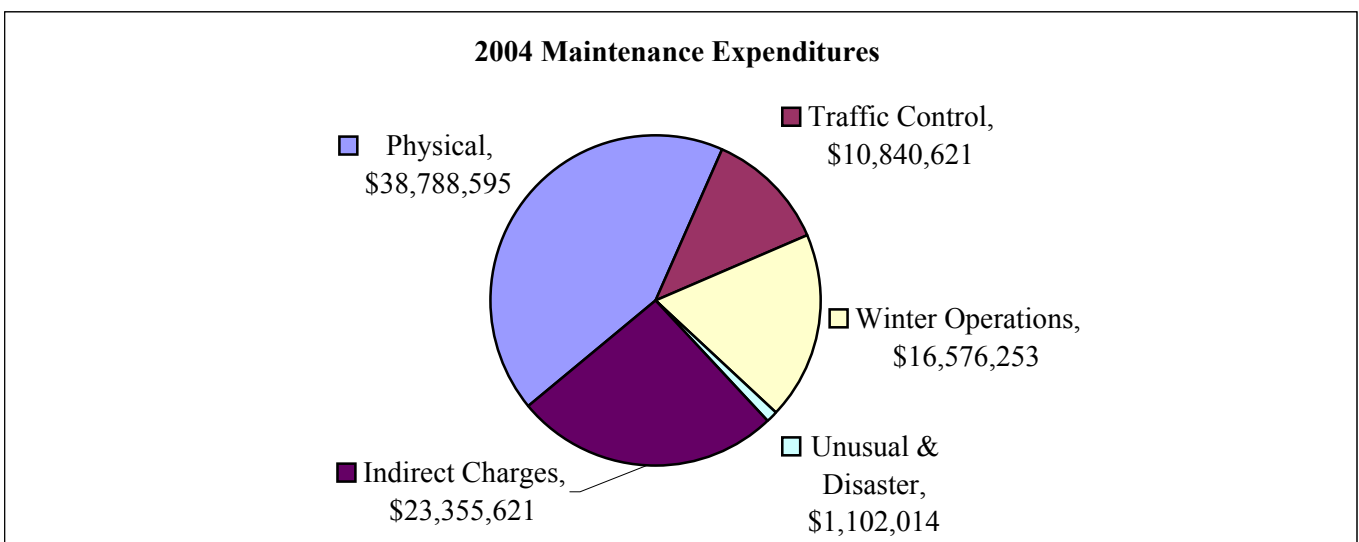
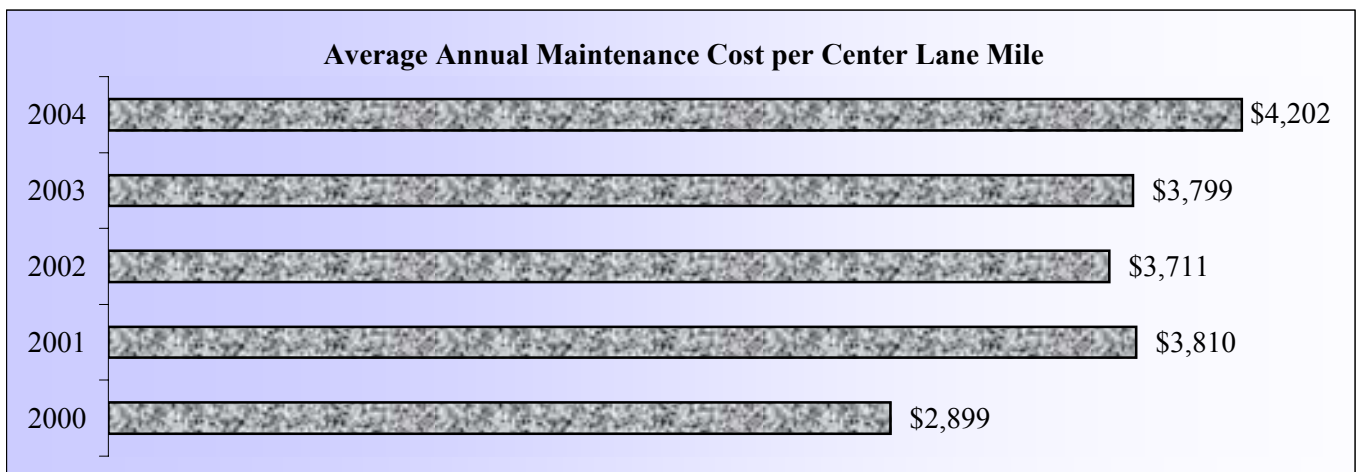
Note 2: Construction mileage is the published miles for new projects, mileage for multi-year projects is presented all in the first year.

Note 3: Includes construction costs for local projects involving Federal aid matching funds. County/City Projects let to contract by the Department are paid by the Department. The local match is paid by the County/City to the Department, and the Federal share is reimbursed to the Department. Projects let to contract by the County/City are paid by the County/City and the Department is billed for the Federal share. The Department then requests reimbursement from the Federal Department of Transportation and remits the reimbursement to the County/City. The entire costs of local projects are entered into the Department records whether let to contract by the Department or the local subdivision.

**NEBRASKA DEPARTMENT OF ROADS
MAINTENANCE COSTS**



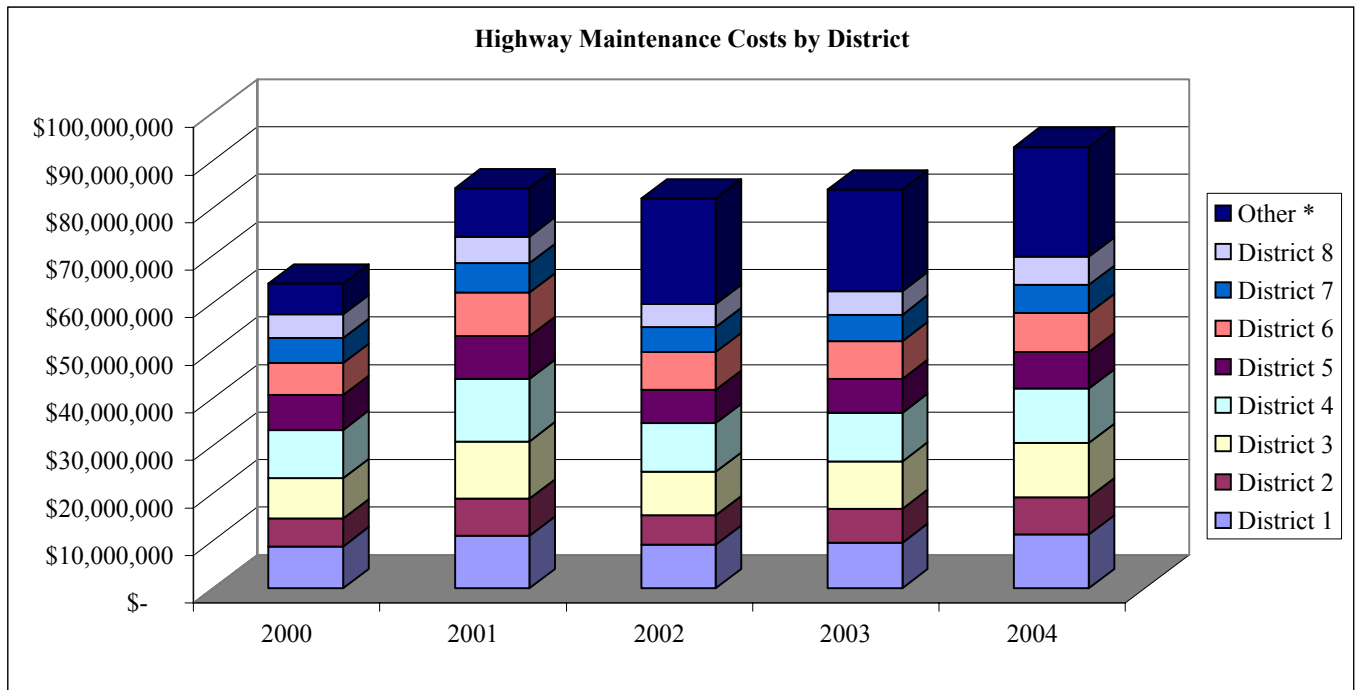
Note: Center Lane Miles are determined by the number of traffic lanes. For example one mile of Interstate would be considered four center lane miles (four lanes of traffic per mile).



Costs are actual expenditures for July 2003 through May 2004 with estimated June 2004 expenses.

NEBRASKA DEPARTMENT OF ROADS
SCHEDULE OF MAINTENANCE COSTS BY DISTRICT

District Location	1 Lincoln	2 Omaha	3 Norfolk	4 Grand Island	5 Bridgeport	6 North Platte	7 McCook	8 Ainsworth
Highway Miles								
Interstate	65	46	3	110	102	155	-	-
Expressway	144	128	120	138	72	-	-	-
Other	1,367	330	1,403	1,468	1,079	1,157	1,029	1,041
Average Daily Traffic-Fiscal Year 2004								
Interstate	31,114	67,600	17,157	20,508	7,790	15,852	-	-
Expressway	9,213	14,960	7,158	6,072	4,568	-	-	-
Other	2,198	9,099	1,812	1,735	1,278	1,147	1,357	849
Average Maintenance Cost per District Mile (Note 1)								
2004	\$ 5,873	\$ 11,810	\$ 5,350	\$ 5,997	\$ 5,574	\$ 6,035	\$ 5,125	\$ 4,650
Average Maintenance Cost per District Average Daily Traffic (Note 1)								
2004	\$ 312	\$ 68	\$ 374	\$ 373	\$ 523	\$ 471	\$ 3,940	\$ 5,868
Highway Maintenance Costs by Fiscal Year								
2000	\$ 8,874,172	\$ 5,850,640	\$ 8,479,862	\$ 10,157,890	\$ 7,337,144	\$ 6,774,395	\$ 5,238,042	\$ 4,933,635
2001	\$ 11,080,141	\$ 7,830,392	\$ 12,033,207	\$ 13,099,683	\$ 9,061,340	\$ 9,202,978	\$ 6,091,450	\$ 5,637,198
2002	\$ 9,249,342	\$ 6,093,932	\$ 9,169,398	\$ 10,278,078	\$ 6,984,765	\$ 7,924,154	\$ 5,279,007	\$ 4,840,786
2003	\$ 9,621,022	\$ 7,166,799	\$ 9,914,121	\$ 10,285,575	\$ 7,065,425	\$ 7,958,978	\$ 5,598,296	\$ 4,887,805
2004	\$ 11,314,127	\$ 7,890,952	\$ 11,409,772	\$ 11,480,402	\$ 7,680,141	\$ 8,163,000	\$ 5,974,142	\$ 5,824,003

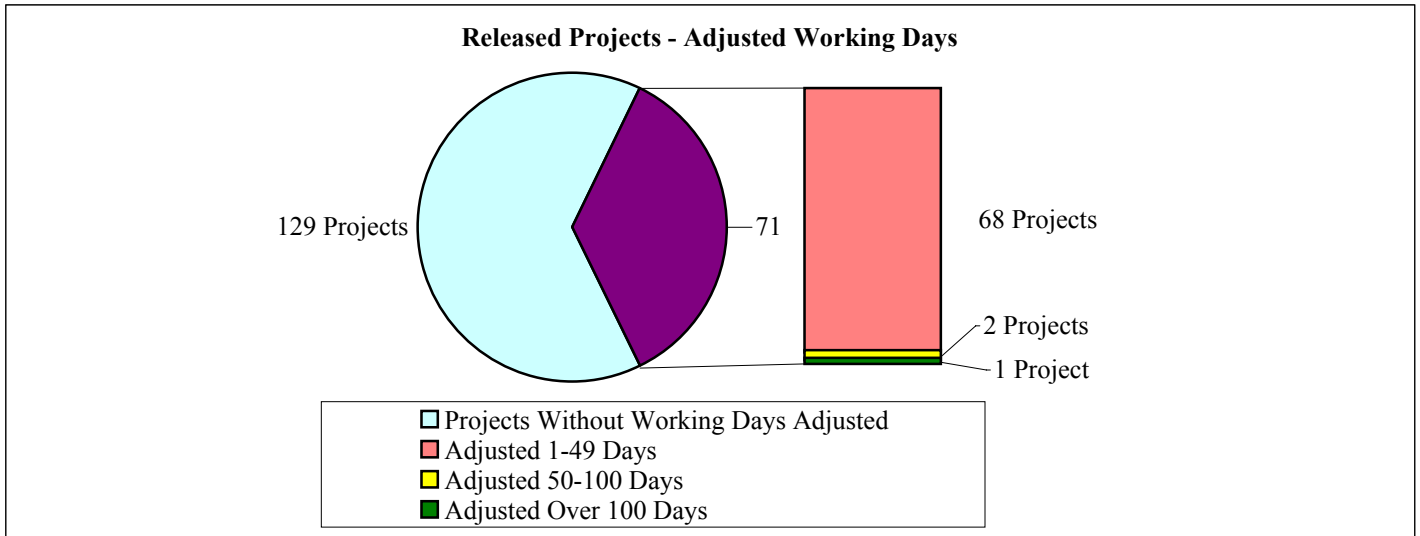


Note 1: Calculated based on district costs. Maintenance costs may vary due to traffic volume, traffic load, and weather conditions.

* - Includes highway maintenance costs not charged to a specific district.

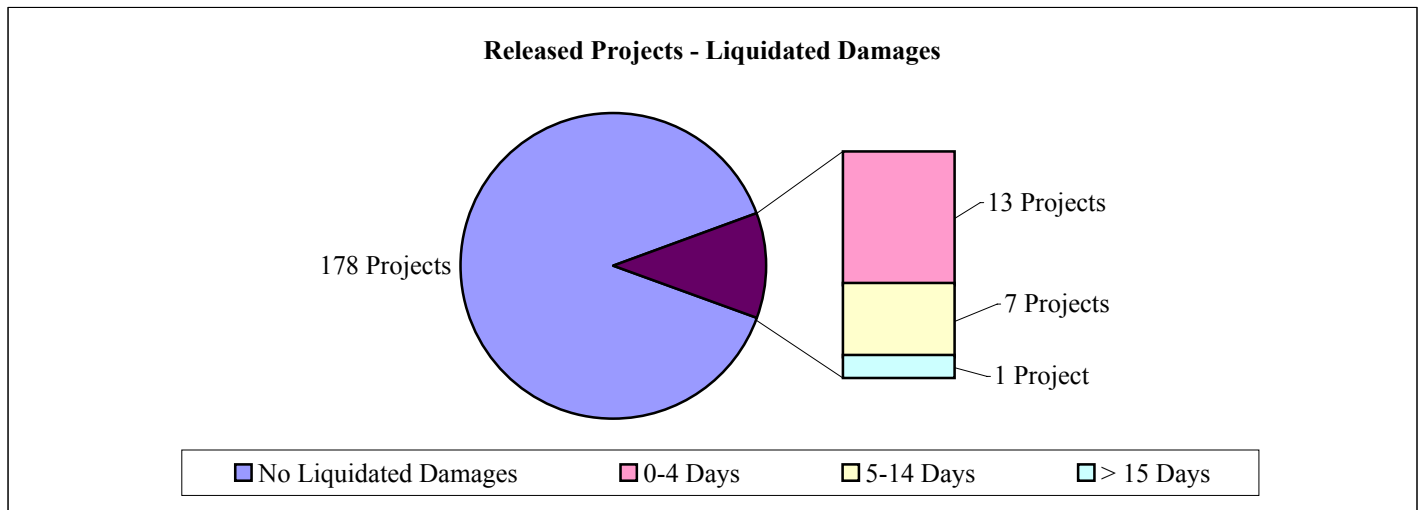
**NEBRASKA DEPARTMENT OF ROADS
CONSTRUCTION PROJECTS RELEASED TO CONTROLLER**

Fiscal Year Ended June 30, 2004



Note: Of the 200 projects released in fiscal year 2004, 71 projects had authorized working days increased from the original contract. Of the 71, 67 projects were completed within 50 working days of the original working days authorized. The greatest adjustment was for a project with 397 original bid days and 646 adjusted days for a total of 1,043 days authorized. The project was completed in 783 working days. There were also 315 active projects; of these, 50 projects had increases of 1 to 209 days. For Nebraska 135 working days are estimated each calendar year. Saturdays, Sundays, and Nebraska holidays do not count as working days. Any days worked December through March are not counted and any day the Contractor is prevented by weather, soil conditions, or other conditions beyond their control.

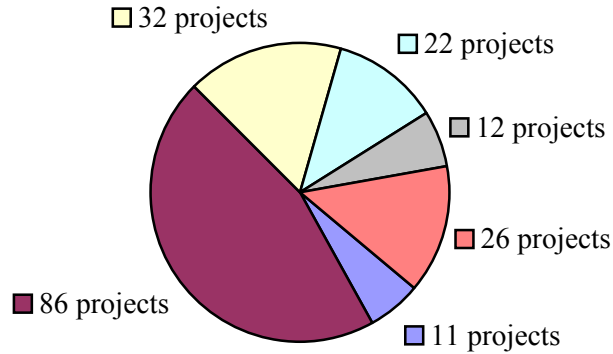
	# of Projects	Contract Amount
Projects Released to Controller during Fiscal Year 2004	200	\$ 335,339,527
Active under Contract at June 30, 2004	315	\$ 788,932,958



Note: Of the 200 projects released during fiscal year 2004, 22 projects were completed in excess of the number of days authorized, resulting in \$115,225 paid to the Department in liquidated damages. Per Department policy 108.08 Liquidated Damages are intended to compensate for expenses incurred by the Department due to the Contractor's failure to complete the work within the authorized number of working days. Such amounts are not considered penalties. The formula multiplies the original contract amount by .06 and divided by the original number of working days. For fiscal year 2004 liquidated damages paid ranged from \$245 to \$3,600 per day with an average of \$915 per day.

NEBRASKA DEPARTMENT OF ROADS
DAYS TO FINAL CONSTRUCTION CONTRACT PAYMENT
 Fiscal Year Ended June 30, 2004

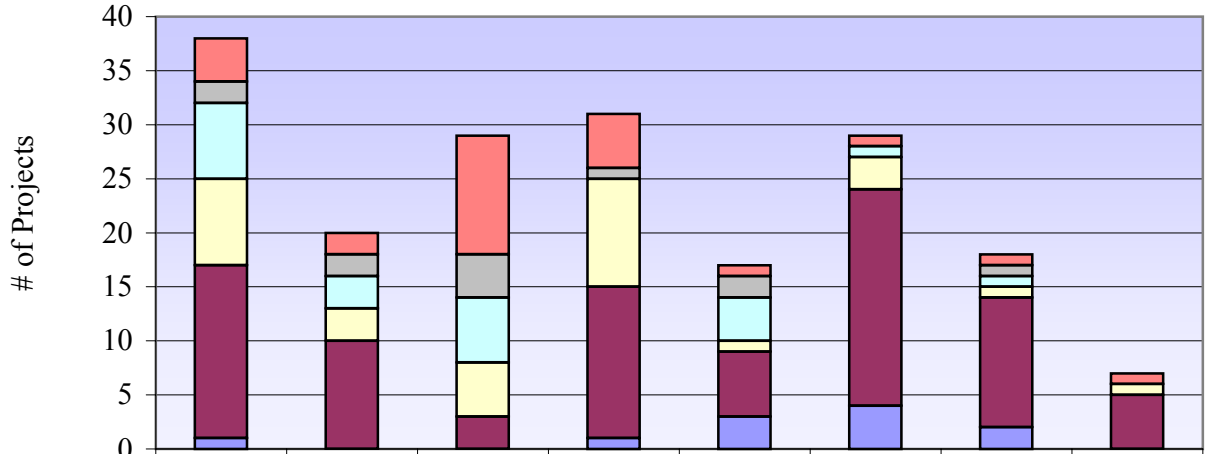
Number of Days from Project Completion Date to Final Payment



0-60 Days (No Interest)	61-110 Days	111-160 Days
161-210 Days	211-260 Days	> 260 Days

Note: Longest delay from project completion date to final payment was 1,006 days.

Days from Project Completion Date to Final Payment by District



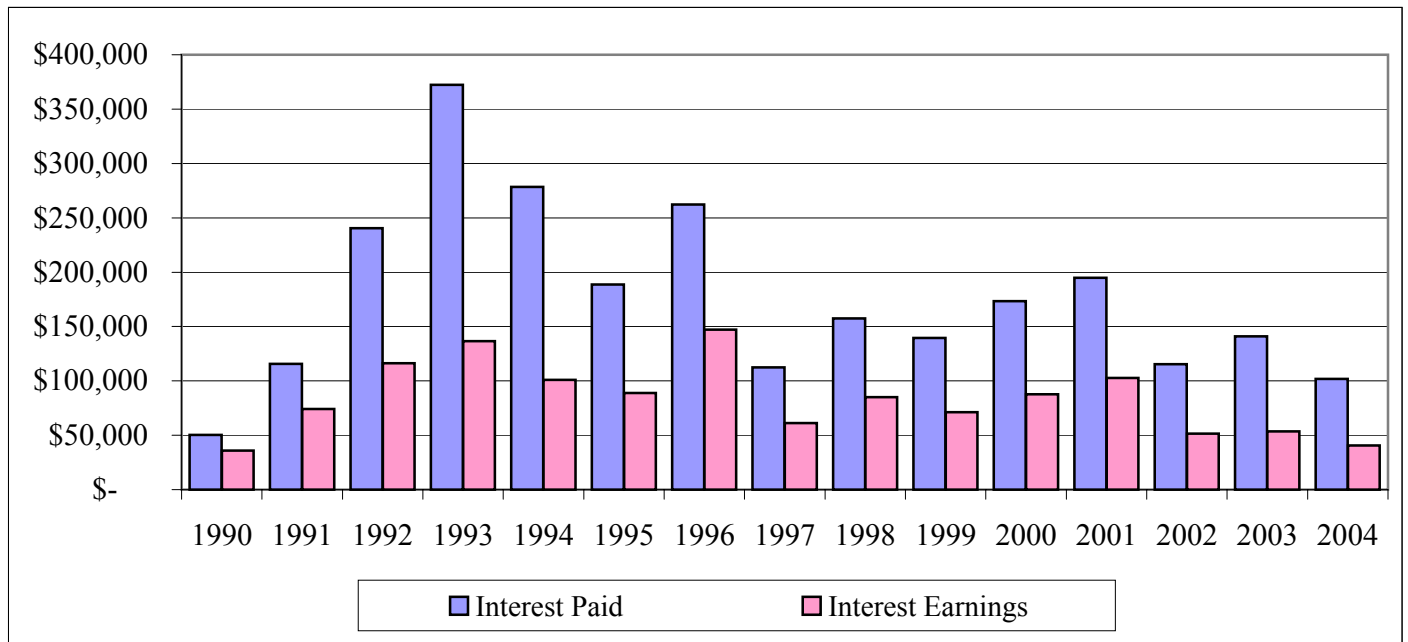
District	Lincoln	Omaha	Norfolk	Grand Island	Bridgeport	North Platte	McCook	Ainsworth
> 260 Days	4	2	11	5	1	1	1	1
211-260 Days	2	2	4	1	2	0	1	0
161-210 Days	7	3	6	0	4	1	1	0
111-160 Days	8	3	5	10	1	3	1	1
61-110 Days	16	10	3	14	6	20	12	5
0-60 Days (No Interest)	1	0	0	1	3	4	2	0

Note: 189 contracts to final in fiscal year 2004. (Does not agree to contracts released to controller due to timing between release date and final payment date.)

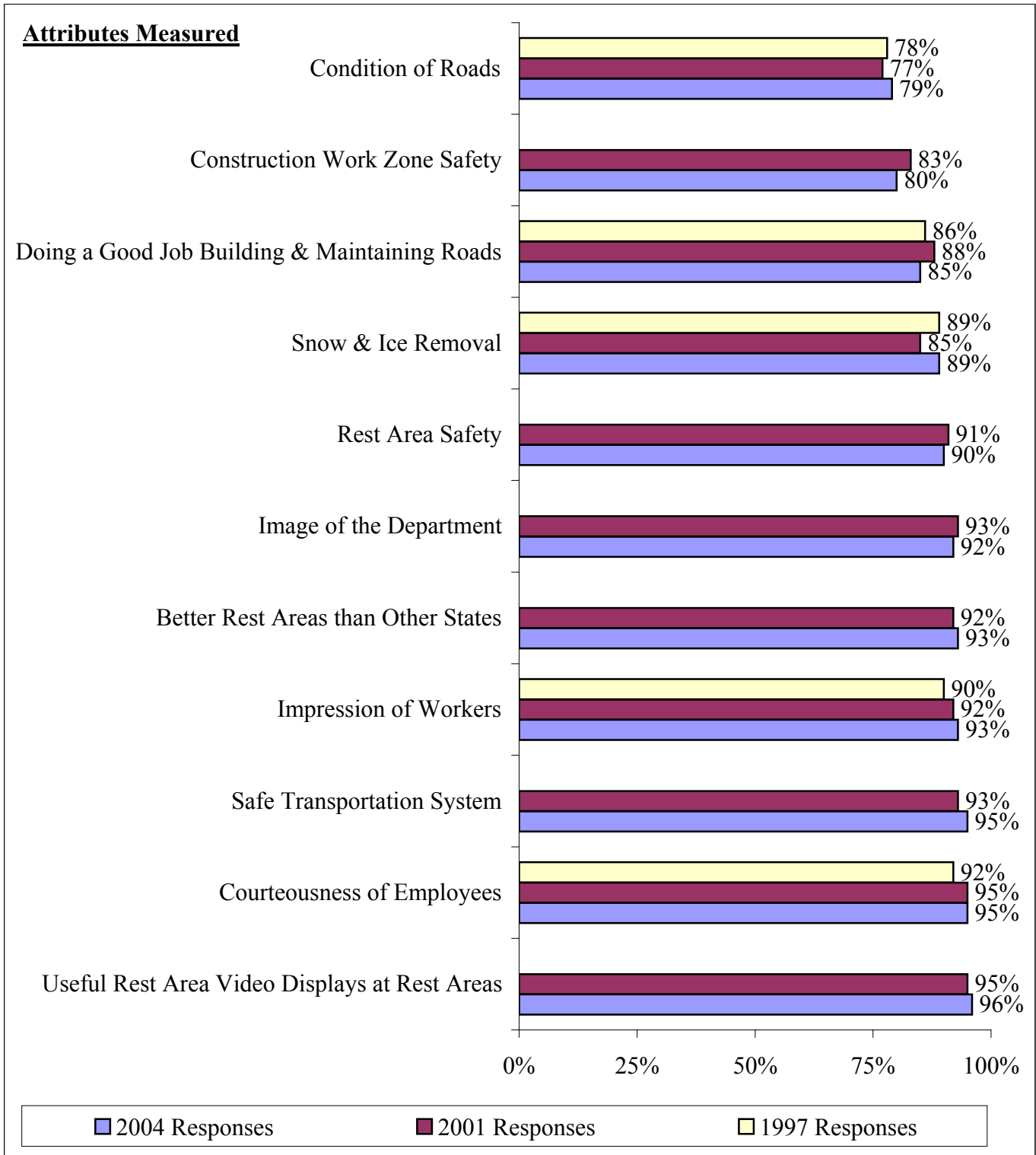
NEBRASKA DEPARTMENT OF ROADS
INTEREST PAID ON DELAYED CONTRACT PAYMENTS VS. INTEREST EARNINGS
 Fiscal Years Ended June 30, 1990 Through 2004

Fiscal Year Ended June 30	Interest Paid	@ Rate	Withholdings Invested	Investment Earnings Rate	Interest Earnings Received	Net (Loss)
1990	\$ 50,226	12.000%	\$ 418,546	8.60%	\$ 35,995	\$ (14,231)
1991	115,819	12.000%	965,157	7.70%	74,317	(41,502)
1992	240,525	12.000%	2,004,376	5.80%	116,254	(124,271)
1993	372,231	12.000%	3,101,928	4.40%	136,485	(235,746)
1994	278,339	11.300%	2,463,175	4.10%	100,990	(177,349)
1995	188,739	11.050%	1,708,050	5.20%	88,819	(99,920)
1996	262,165	10.330%	2,537,897	5.80%	147,198	(114,967)
1997	112,317	10.450%	1,074,803	5.70%	61,264	(51,053)
1998	157,475	10.919%	1,442,166	5.90%	85,088	(72,387)
1999	139,460	11.258%	1,238,764	5.76%	71,353	(68,107)
2000	173,348	11.300%	1,532,788	5.73%	87,829	(85,519)
2001	194,718	11.258%	1,729,597	5.94%	102,738	(91,980)
2002	115,381	11.470%	1,005,937	5.13%	51,604	(63,777)
2003	141,112	11.050%	1,277,029	4.20%	53,635	(87,477)
2004	101,771	9.800%	1,038,479	3.93%	40,760	(61,011)
	<u>\$ 2,643,626</u>				<u>\$ 1,254,329</u>	<u>\$ (1,389,297)</u>

Note: Interest rate is 3 percentage points above the average annual Federal Reserve composite prime lending rate per Neb. Rev. Stat. Section 39.1349.



NEBRASKA DEPARTMENT OF ROADS
SATISFACTION OF NEBRASKA RESIDENTS WITH THE DEPARTMENT OF ROADS
 (% of Satisfied or Positive Response)



Source: Department of Roads study conducted by University of Nebraska. Telephone survey of 1,887 Nebraska residents.