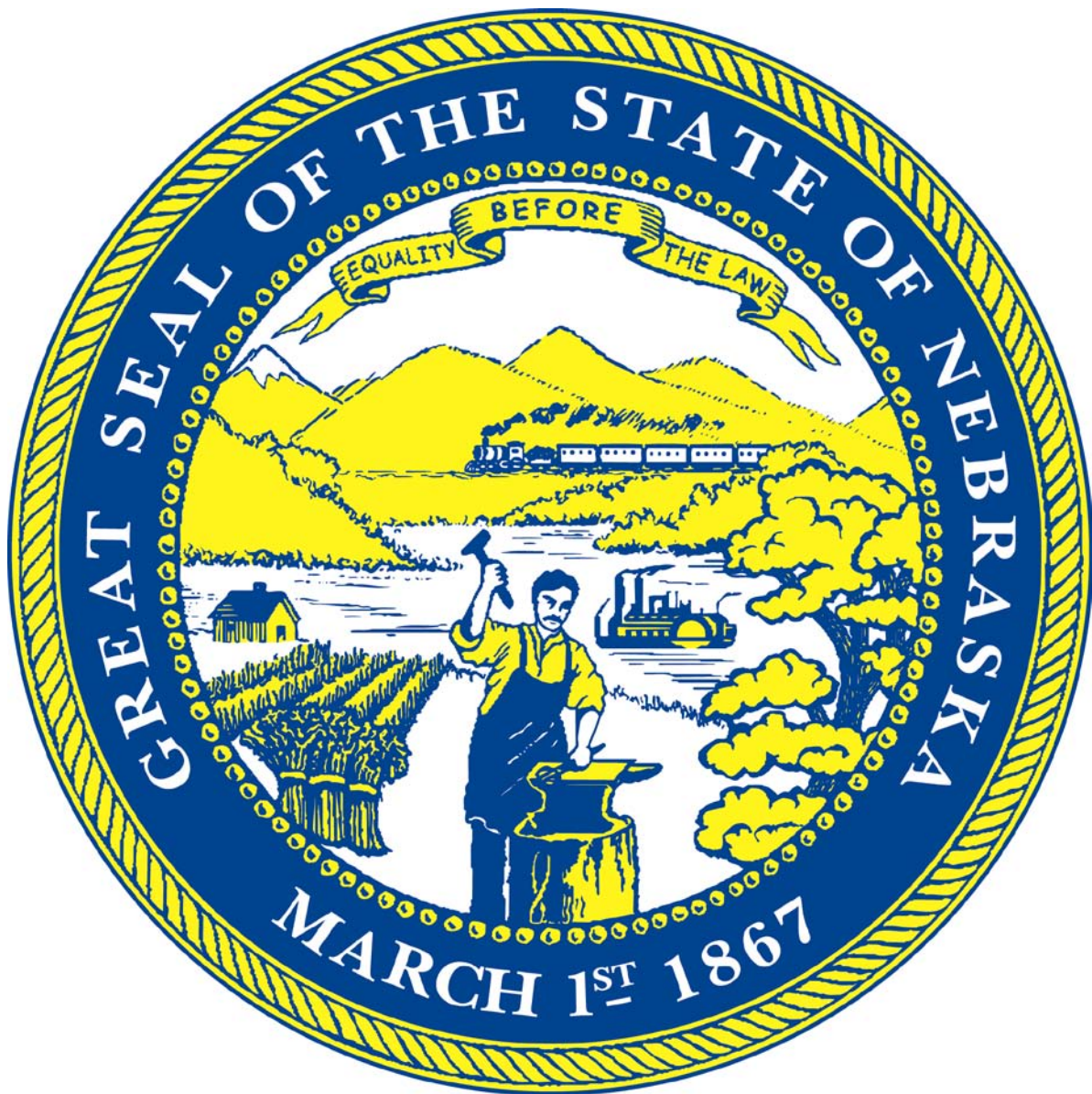


# State of Nebraska

## *Comprehensive Annual Financial Report*

Fiscal Year Ended June 30, 2011



# State of Nebraska

## Comprehensive Annual Financial Report

Year Ended June 30, 2011



**Dave Heineman**

*Governor*

**Administrative Services**

**Carlos Castillo, Jr.**

*Director*

**Michael J. Keays**

*State Accounting Administrator*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

## TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>	Page
Selected State Officials .....	4
Transmittal Letter from Administrative Services .....	5
Organization Chart .....	10
Certificate of Achievement .....	11
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	14
Management's Discussion and Analysis .....	16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets .....	33
Statement of Activities .....	34
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	36
Reconciliation of the Balance Sheet – Governmental Funds to the	
Statement of Net Assets .....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances	
Governmental Funds .....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds to the Statement of Activities .....	39
Statement of Net Assets – Proprietary Funds .....	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	41
Statement of Cash Flows – Proprietary Funds .....	42
Statement of Fiduciary Net Assets – Fiduciary Funds .....	44
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	45
Statement of Net Assets – Component Units .....	46
Statement of Activities – Component Units .....	47
Notes to the Financial Statements	
Summary of Significant Accounting Policies .....	48
Deposits and Investments Portfolio .....	53
Capital Assets .....	57
Interfund Balances .....	58
Accounts Payable and Accrued Liabilities .....	59
Noncurrent Liabilities .....	59
Lease Commitments .....	59
Obligations Under Other Financing Arrangements .....	60
Contingencies and Commitments .....	60
Risk Management .....	61
Pension Plans .....	61
Receivables .....	64
Bonds Payable .....	64
Restatement .....	64
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund .....	66
Budgetary Comparison Schedule – Cash Funds .....	67
Budgetary Comparison Schedule – Construction Funds .....	68
Budgetary Comparison Schedule – Federal Funds .....	69
Budgetary Comparison Schedule – Revolving Funds .....	70
Notes to Required Supplementary Information .....	71
Information about Infrastructure Assets Reported using the Modified Approach .....	72

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## TABLE OF CONTENTS (Continued)

### FINANCIAL SECTION (Continued)

#### Combining Financial Statements

##### Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds.....	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	77
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	80
Combining Balance Sheet – Nonmajor Permanent Funds .....	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds .....	83

##### Nonmajor Enterprise Funds

Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	86
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	87
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	88

##### Internal Service Funds

Combining Statement of Net Assets – Internal Service Funds.....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds .....	92
Combining Statement of Cash Flows – Internal Service Funds .....	94

##### Fiduciary Funds

Combining Statement of Fiduciary Net Assets – Pension Trust Funds.....	98
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds .....	100
Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds .....	102
Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds.....	103
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds .....	104
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	105

### STATISTICAL SECTION

Table of Contents.....	108
Financial Trends Information.....	109
Revenue Capacity Information.....	116
Debt Capacity Information.....	119
Demographic and Economic Information .....	120
Operating Information.....	123

Miscellaneous Data .....	126
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# INTRODUCTORY SECTION

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# SELECTED STATE OFFICIALS

As of June 30, 2011

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## EXECUTIVE

**Dave Heineman**

Governor

**Rick Sheehy**

Lieutenant Governor

**Jon Bruning**

Attorney General

**Mike Foley**

Auditor of Public Accounts

**John A. Gale**

Secretary of State

**Don Stenberg**

State Treasurer

## JUDICIAL

**Supreme Court of Nebraska**

Michael G. Heavican, Chief Justice

William M. Connolly, Justice

John M. Gerrard, Justice

Michael McCormack, Justice

Lindsey Miller-Lerman, Justice

Kenneth C. Stephan, Justice

John F. Wright, Justice

## LEGISLATIVE

**Mike Flood**

Speaker of the Legislature

Nebraska Unicameral (49 Senators)

December 29, 2011

The Honorable Dave Heineman, Governor  
Members of the Legislature  
Citizens of the State of Nebraska

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Nebraska (the "State") for the fiscal year ended June 30, 2011. This report is the primary means of reporting the State government's financial activities. The State of Nebraska's financial statements have been audited by the State of Nebraska Auditor of Public Accounts. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP). The independent auditor's report is presented as the first component of the financial section of this report. The CAFR has been prepared in conformance with Governmental Accounting Standards Board (GASB) statements 34 and 35, and other related statements. This reporting model's objective is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

The independent audit of the financial statements of the State was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the State's separately issued Single Audit Report.

The CAFR is presented in three sections. (1) The Introductory Section contains this letter of transmittal and some information about the State and its operations. (2) The Financial Section contains Management's Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements for Governmental Funds, Proprietary Funds, Fiduciary Funds, and Combining Statements for Major Component Units. The Financial Section also includes the Notes to the Financial Statements, Required Supplementary Information and various combining statements. (3) The Statistical Section contains selected financial and demographic information, generally presented on a multi-year basis.

The CAFR consists of management's representations concerning the finances of the State of Nebraska. The State Accounting Division of Administrative Services assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the State has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State's financial statements in conformity with GAAP for governments. Because the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the report of the independent auditors.

### **PROFILE OF THE GOVERNMENT**

The State was admitted to the Union as the thirty-seventh state in 1867. Nebraska's government is divided into three branches: legislative, executive, and judicial. Nebraska is the only state with a Unicameral Legislature, which has 49 non-partisan members. The chief executive is the governor, who is elected for a four-year term. Within the executive branch are various departments and agencies that perform a variety of functions. Since Nebraska's Constitution generally allows no indebtedness, government expenses of such departments and agencies must be met on a pay-as-you-go basis. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development. An organizational chart of the State is shown on page 10.

The State reporting entity reflected in this CAFR is described more fully in Note 1.B. to the financial statements. It should be noted that the reporting entity includes the familiar government activities plus two component units, the University of Nebraska and the State College System.

Budgetary control of state expenditures is maintained chiefly by three processes. First, a budget is required to be adopted through passage of appropriation bills by the Legislature. Second, the appropriated funds are allocated by program and fund type and are controlled by the executive branch through an allotment process. The Legislature may also enact a supplemental appropriation bill and other appropriation bills as it deems necessary. Finally, the State's accounting system checks each expenditure to ensure the appropriation is not exceeded.

Budget-to-actual comparisons are provided in this CAFR for various categories of General Fund revenues and appropriated annual budgets. This comparison is presented on page 66 as part of the Required Supplementary Information to the basic financial statements for the governmental funds. Budget-to-actual comparisons for Cash Funds, Construction Funds, Federal Funds, and Revolving Funds are also presented as Required Supplementary Information on pages 67 through 70.



## FACTORS AFFECTING FINANCIAL CONDITION

In order to better understand the information presented in the basic financial statements, such information should be considered from the broader perspective of the specific environment within which the State operates.

### *Current Revenue Outlook*

The General Fund operations of the State are almost entirely dependent upon the income and sales taxes the State receives each year. Such taxes represent over 94 percent of all General Fund revenues. Net revenue from income taxes and sales taxes from all funds for the fiscal year ended June 30, 2011 increased \$305 million from the prior year, indicating that the economy is beginning to recover from the national recession.

For the fiscal year ending June 30, 2011 the State's General Fund ended the fiscal year with a cash and investments balance of \$869 million. The balance had exceeded \$800 million for the prior three years.

The current forecast for fiscal year 2012 anticipates net receipts in the General Fund to increase by about \$143 million, or approximately 4.1% over fiscal year 2011. No significant changes in revenue are anticipated in the other funds, except to the extent the State's receipt of federal funds as part of the American Recovery and Reinvestment Act winds down.

### *Economy of the State*

The University of Nebraska-Lincoln Bureau of Business Research and the Nebraska Business Forecast Council are cautious in forecasting Nebraska's economic future. The Council is pessimistic about the national economic outlook, due to slow growth and continued risk of recession. It also concludes that economic growth will be weak to moderate in Nebraska over the next few years. Nebraska's economy improved in several areas in 2011, but is expected to improve only slightly in 2012. The Council's September 2011 forecast is shown on the following chart. The agriculture market is a major force in the Nebraska economy and farm income was well above its 10-year average in 2010, due to rising commodity prices and other factors. Job growth returned to Nebraska in 2011, and is projected to be moderate in 2012. Continued growth in employment is expected in the manufacturing, transportation, and services industries over the next few years. Retail sales continue to improve as Nebraska recovers from the recession, resulting in a partial recovery in retail employment. The financial services industry is expected to return to job growth in 2012, with the trend continuing as the housing sector recovers.

	ACTUAL			PROJECTED		
	2008	2009	2010	2011	2012	2013
<b>Nonfarm Employment:</b>						
Annual Totals	965,000	944,600	939,400	951,800	963,600	980,500
Growth Rates	0.8%	-2.1%	-0.6%	1.3%	1.2%	1.8%
<b>Nonfarm Personal Income:</b>						
Annual Totals (in millions \$)	67,830	67,377	68,872	72,594	75,441	78,392
Growth Rates	4.7%	-0.7%	2.2%	5.4%	3.9%	3.9%
<b>Net Taxable Retail Sales</b>						
<b>Growth Rates:</b>						
Total	1.6%	-3.6%	3.8%	6.0%	3.2%	3.7%
Motor Vehicle Sales	1.4%	-4.9%	7.8%	10.0%	4.8%	5.0%
Non-motor Vehicles Sales	1.7%	-3.4%	3.3%	5.5%	3.0%	3.5%

### ***Long-term Financial Planning***

The State always is looking at least four years out in its analysis of the financial condition of the State in preparing the State's budgets. Currently, we have a working model of the biennium budget for fiscal years 2014 and 2015. In our analysis, we use forecasting models to forecast revenue and then examine major expenditures, especially those that have a trend of outpacing revenues. Revenues for 2012 and 2013 are projected to increase by 4.1% and 3.8%, respectively. Higher than projected individual income tax receipts have boosted the state revenue forecast. By operation of law, any revenue above the projection will be used to rebuild the cash reserve, which was used to supplement weak revenue during the recession. Relatively large annual growth in expenditures for school aid, Medicaid, and public assistance presents a challenge in preparing a budget that keeps expenses within projected revenue. To ensure we do have a balanced budget, the State exerts considerable time and effort in reviewing the trends of future revenues and expenditures.

### ***Major Initiatives***

The major initiatives were a strong focus on jobs creation, improving the economy, and strengthening education.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the fiscal year ended June 30, 2010. This was the twentieth consecutive year that the State has received this prestigious award. In order to be awarded a Certificate of Achievement, the State published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report continues our commitment to comprehensive disclosure of the State's financial condition. We are committed to issuing reports that are informative and meet governmental accounting standards. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and results of operations.

The 2011 CAFR represents the continuous effort on our part to fulfill this commitment. We wish to express our appreciation to the accounting staff of the State Accounting Division of Administrative Services and the budget and accounting staff throughout State government for their assistance in the preparation of this report.

Questions or requests for additional information related to this report can be directed to the State Accounting office at (402) 471-2581.

Respectfully submitted,

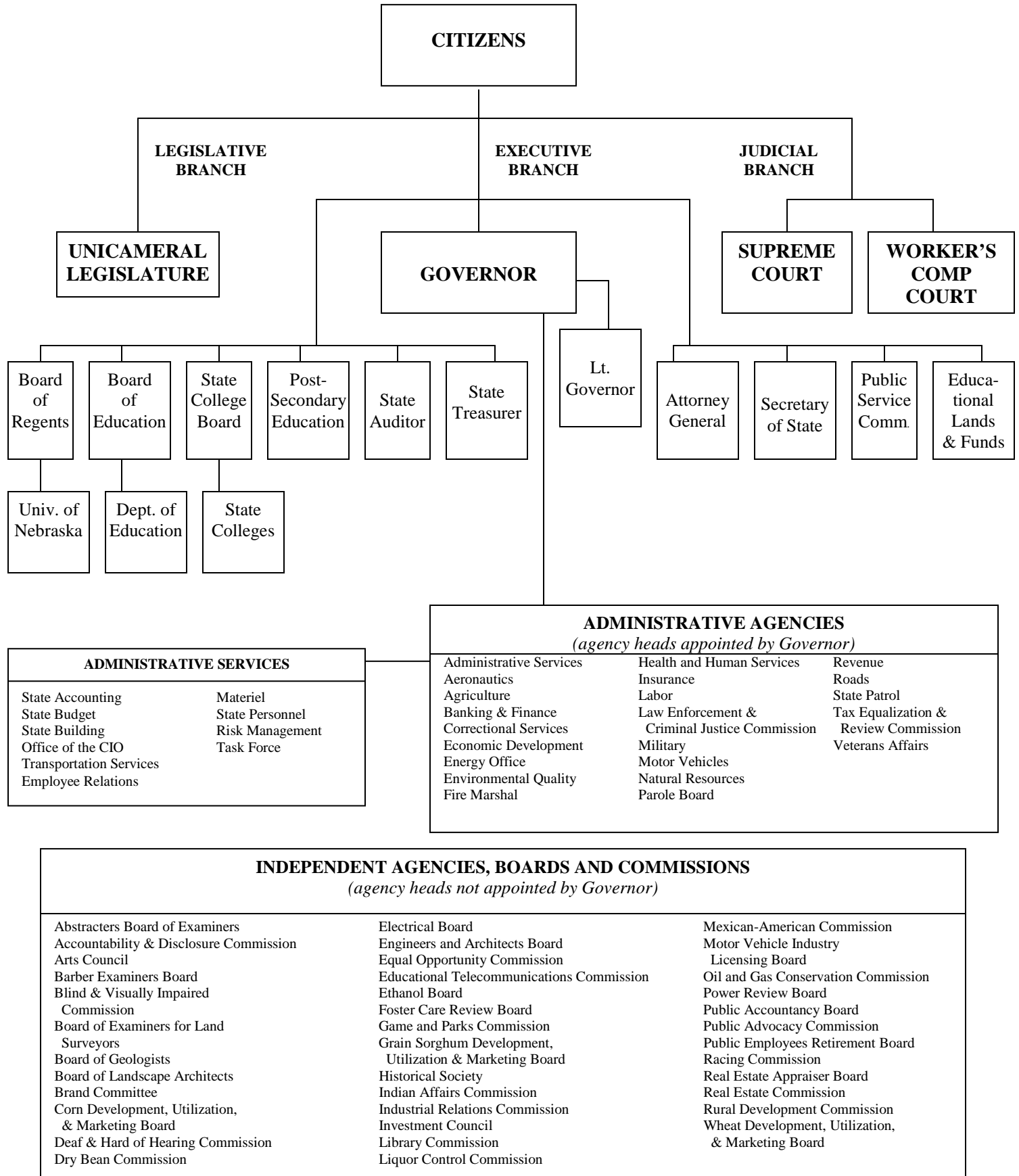


Carlos Castillo, Jr.  
Director, Administrative Services



Michael J. Keays  
State Accounting Administrator

# Nebraska State Government Organization Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Nebraska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director





# FINANCIAL SECTION

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# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.state.ne.us](http://www.auditors.state.ne.us)

## Independent Auditors' Report

The Honorable Governor,  
Members of the Legislature and  
Citizens of the State of Nebraska:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska, as of and for the year ended June 30, 2011, which collectively comprise the State of Nebraska's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Nebraska'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 University of Nebraska Foundation and the Nebraska State College System Foundations which represent 29% and 19% of the assets and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the College Savings Plan which represents 17% and 23% of the assets and revenues of the aggregate remaining fund information. The financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in the aggregate discretely presented component units for the University of Nebraska Foundation and the Nebraska State College System Foundations and the aggregate remaining fund information for the College Savings Plan are based on the reports 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. The financial statements of the University of Nebraska Foundation, Nebraska State College System Foundations, and the College Savings Plan were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the State of Nebraska's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.



In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011, on our consideration of the State of Nebraska's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 16 through 30, the Budgetary Comparison Schedules on pages 66 through 71; and the Information About Infrastructure Assets Reported Using the Modified Approach on page 72, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nebraska's basic financial statements. The combining statements within the financial section as listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Pat Reding, CPA, CFE  
Assistant Deputy Auditor

Lincoln, Nebraska  
December 29, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Nebraska provides the following discussion and analysis of the State of Nebraska's financial performance, as reflected in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Please read it in conjunction with the additional information furnished in the letter of transmittal at the front of this report, and with the State's basic financial statements, which follow. Numerical years refer to fiscal years with a June 30 year-end, unless otherwise noted.

The State of Nebraska (State) implemented one new standard in 2011 required by the Governmental Accounting Standards Board (GASB): Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which resulted in new fund balance classifications on the Balance Sheet for Governmental Funds.

A comparative analysis of government-wide data for the last two years is presented in this analysis. Additionally, we are presenting an analysis of activity in the State's funds for the fiscal year ended June 30, 2011 along with an analysis of the State's capital assets and long-term debt related to capital assets.

### FINANCIAL HIGHLIGHTS

#### Government-wide:

The assets of the State exceeded its liabilities at June 30, 2011 by \$11.2 billion (presented as "net assets" in the CAFR). The majority of the net assets are represented by the investment in the State's infrastructure and other capital assets, which cannot be used to fund ongoing activities of the State. Of the net assets, unrestricted net assets were reported as \$0.9 billion, most of which is available to be used to fund future needs of the State. The primary government's net revenues exceeded net expenses for 2011 resulting in an increase in net assets of \$470 million. This increase in net assets was more than eight times the increase in 2010, primarily due to a \$313 million increase in tax revenues.

#### Fund Level:

General Fund receipts for 2011 were \$77 million above the original budgeted amount and above the final budget by \$63 million. Expenditures were \$291 million less than the original budget. On a Generally Accepted Accounting Principles (GAAP) basis, the General Fund had \$69 million in excess revenues prior to a legislatively mandated property tax relief transfer of \$112 million and \$60 million in other financing sources, causing an increase in fund balances of \$17 million, and thereby increasing the fund balance on June 30, 2011 to \$733 million. Other governmental funds revenues exceeded expenditures by \$194 million, chiefly due to unrealized market gains. Offsetting these operating gains, such other funds paid \$22 million in net other financing uses. This \$172 million net increase resulted in raising such fund balances at June 30, 2011 to \$2,114 million.

The \$344 million of net assets of the Unemployment Insurance Fund represents eighty-two percent of the enterprise funds. Such fund had a \$105 million increase in net assets for 2011 compared to a \$30 million decrease in 2010, a \$135 million difference. This was due to business assessment fees collected from employers exceeding the unemployment insurance claims by \$55 million, and \$11 million in investment income.

## **Long-term Liabilities:**

Long-term liabilities shown on the government-wide financial statements totaled \$501 million at June 30, 2011, which is a \$9 million increase from the prior year. Most of these liabilities consist of claims payable for workers' compensation, medical excess liability, litigation, unemployment insurance, employee health insurance, and Medicaid, in addition to the calculated amount for accrued vacation and vested sick leave due to employees when they retire. After a retired employee reaches the age of 65, the State has no further obligation for other post employment benefits, except for a very small number of employees.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the State's financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This CAFR also contains other supplementary information (e.g., budgetary schedules and combining financial statements) in addition to the basic financial statements. These components are described below:

### **Government-wide Financial Statements**

These statements provide a broad view of the State's operations in a manner similar to the private sector, providing both a short-term and a long-term view of the State's financial position. The statements are prepared using the accrual basis of accounting. This means all revenues and expenses related to the fiscal year are recorded in the statements, even if cash has not been received or paid. If taxes are owed to the State but not yet received, such transaction is recorded as an asset (a receivable) and revenue to the State. Likewise, if the State owes for vacation time, but has not yet paid the worker for such vacation earned, then the liability and payroll expense is recorded. The government-wide financial statements include two statements, the Statement of Net Assets and the Statement of Activities.

The *Statement of Net Assets* (page 33) presents all the State's assets and liabilities with the difference between the two reported as "net assets." Changes in net assets over time may indicate the relative health of the State and this statement will assist users in assessing whether or not the State's financial position is improving or deteriorating.

The *Statement of Activities* (pages 34 and 35) presents information showing how the State's net assets changed during the reported year. All changes in net assets are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows, using the accrual basis of accounting discussed earlier.

Both of these statements have separate sections for three different types of State programs or activities. These sections are Governmental Activities, Business-type Activities, and Discretely Presented Component Units. Governmental Activities and Business-type Activities are combined to report on what is termed Primary Government activities, which is separate and distinct from the activity of the component units. Fiduciary Funds, which include the Pension Funds, are not included in the government-wide financial statements.

#### ***Primary Government***

GOVERNMENTAL ACTIVITIES – Activities in this section are mostly supported by taxes and federal grants. All General Fund activity is included here. Governmental activities represent over 93% of all activity of the primary government. It includes general government; education; health and human services; public safety; transportation; regulatory services; and economic development and assistance.

BUSINESS-TYPE ACTIVITIES – Functions reported in this section include those activities whereby the State charges fees and other charges to external users of the State’s services and purchasers of State’s goods in order to recover all or a significant portion of the State’s operating costs related to these activities, much like a private business. Such activities are unemployment insurance services, lottery tickets, premium surcharges for excess liability coverage, and the sales and services provided by Cornhusker State Industries.

### ***Component Units***

DISCRETELY PRESENTED COMPONENT UNITS – These are separate entities for which the State has financial accountability (in which the State provides approximately one-fourth of their funding) but such organizations have independent qualities as well. The University of Nebraska and the Nebraska State College System are the State’s only two discretely presented component units. While presented in this report, each of these two units has separate audited financial statements and such audited reports can be obtained from their respective administrative offices.

The government-wide financial statements can be found immediately following this discussion and analysis.

## **Fund Financial Statements**

This is the second set of financial statements presented in the CAFR. These statements are different from the government-wide statements in that some of these statements use a different accounting approach and focus on the near-term inflows and outflows of the State’s operations. As previously noted, these Statements are commonly referred to as GAAP Fund Statements, as they are prepared in accordance with generally accepted accounting principles. The Fund Financial Statements (which begin on page 36) provide detailed information about the State’s major funds. A fund is a method of accounting that uses a set of accounts to maintain accountability and control over specific sources of funding and spending for a particular activity or objective. The State’s funds are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. It is important to note that each of these three fund categories use different accounting approaches and should be analyzed differently.

***Governmental Funds Financial Statements*** – Most of the basic services provided by the State are reported in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds financial statements use modified accrual accounting, which limits assets to cash and all other financial assets that can readily be converted into cash. This is different from the governmental activities recorded in the government-wide financial statements that use full accrual accounting. These fund statements provide a detailed short-term view of the State’s finances that assist the reader in determining whether or not there will be adequate financial resources to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader can better understand the long-term impact of the State’s near-term financing decisions. To aid the reader in such analysis, reconciliations are provided between the government-wide financial statements and the governmental funds financial statements (see pages 37 and 39).

The State of Nebraska’s governmental funds include five major funds: the General Fund, the Highway Fund, the Federal Fund, the Health and Social Services Fund and the Permanent School Fund. Non-major special revenue, capital project and other permanent funds are also included in the governmental funds.

***Proprietary Funds Financial Statements*** – These funds are used to show activities that operate more like those of commercial enterprises. Thus, when the State charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds consist of both Enterprise Funds (services provided to outside customers) and Internal Service Funds (services provided to other State agencies). Proprietary funds utilize accrual accounting, the same method used by private businesses. Therefore, the net assets reported in these statements as Enterprise Funds will be identical to the net assets reported in the net assets for business-type activities in the government-wide financial statements. However, because the Internal Service Funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

***Fiduciary Funds Financial Statements*** – Whenever the State receives funds on behalf of others, it is acting in a fiduciary capacity or trustee of those funds belonging to others. Thus, assets in these funds are restricted as to use and do not represent discretionary assets that the State could use to finance its operations. They are presented in these statements only for the purpose to indicate that the State has responsibility for these assets. For that reason, such assets are not included in the government-wide financial statements. Fiduciary funds are reported on the accrual basis of accounting.

The State's principal fiduciary fund is the Pension Fund, which contains retirement contributions held by the State for state employees, county employees and public school employees (see Note 11 to the financial statements). There are also Private-Purpose Trust Funds whereby the State has control of unclaimed property and funds held for inmates and clients or wards of the State. The State also has Agency Funds whereby the State holds funds earmarked as aid for other political subdivisions.

### **Component Units Financial Statements**

As mentioned in the discussion of the government-wide financial statements, the State has included the net assets and activities of the University of Nebraska and the Nebraska State College System in a single column of such statements, labeling them as discretely presented component units. We have provided separate component unit statements to allow the reader to analyze each of these two units separately.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in all of the basic financial statements. The notes can be found immediately following the component units' financial statements beginning on page 48.

### **Required Supplementary Information**

Following the basic financial statements and the accompanying notes thereto, is additional Required Supplementary Information that further explains and supports the information in such financial statements. The required supplementary information includes budgetary comparison schedules reconciling statutory fund balances used for budgetary purposes to the fund balances determined by GAAP used in the Fund Financial Statements for the General Fund, Cash Funds, Construction Funds, Federal Funds, and Revolving Funds. Other information included is the condition and maintenance data regarding certain aspects of the State's infrastructure.

## **Other Supplementary Information**

Other supplementary information includes the combining statements for non-major governmental, proprietary and fiduciary funds. These funds are summarized by fund type and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the Governmental Fund Financial Statements. Also presented is a statistical section providing State data.

## **FINANCIAL ANALYSIS OF THE STATE AS A WHOLE**

### **Net Assets**

The State's assets totaled \$12,890 million at June 30, 2011 as compared to \$12,441 million at June 30, 2010. As total liabilities only totaled \$1,676 million, net assets amounted to \$11,214 million as of June 30, 2011. As of June 30, 2010, these amounts were \$1,697 million and \$10,744 million, respectively. By far the largest portion of the State of Nebraska's net assets (71 percent) reflects the State's investment in capital assets (e.g., land, buildings, equipment and infrastructure – highways, bridges, dams, etc.). The State uses these capital assets to provide services to citizens; thus, these assets are not available for future spending.

Restricted net assets are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. They also are not available for future general government spending.

For Governmental Activities other than capital assets, the majority of the restricted net assets consist of the Permanent School Trust, the Tobacco Settlement Trust, the Intergovernmental Trust and the loans to political subdivisions for drinking water and clean water projects.

The net assets for business-type activities chiefly represent cash set aside for future unemployment insurance benefits.

**STATE OF NEBRASKA**  
**Net Assets as of June 30**  
*(in millions of dollars)*

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other						
Non-current Assets	\$ 4,362	\$ 4,176	\$ 511	\$ 416	\$ 4,873	\$ 4,592
Capital Assets	8,010	7,843	7	6	8,017	7,849
<b>Total Assets</b>	<u>12,372</u>	<u>12,019</u>	<u>518</u>	<u>422</u>	<u>12,890</u>	<u>12,441</u>
Non-current Liabilities	428	423	73	69	501	492
Other Liabilities	1,148	1,171	27	34	1,175	1,205
<b>Total Liabilities</b>	<u>1,576</u>	<u>1,594</u>	<u>100</u>	<u>103</u>	<u>1,676</u>	<u>1,697</u>
Net assets:						
Invested in Capital Assets, Net of Related Debt	7,983	7,820	7	6	7,990	7,826
Restricted	2,006	1,754	345	241	2,351	1,995
Unrestricted	807	851	66	72	873	923
<b>Total Net Assets</b>	<u>\$ 10,796</u>	<u>\$ 10,425</u>	<u>\$ 418</u>	<u>\$ 319</u>	<u>\$ 11,214</u>	<u>\$ 10,744</u>

Over 74% of the State's non-capital assets consist of cash and investments. It should be noted that \$233 million in 2011 and \$356 million in 2010 of such assets represent "Securities Lending Collateral," an amount created by a journal entry required by GASB in order to record a lending transaction. Since the asset is offset by a corresponding equal liability, the net asset is zero and thus the asset cannot be spent. (For more detail, see Note 2 to the financial statements.) Receivables, chiefly from taxes and the federal government, represent 20% of the non-capital assets.

Liabilities largely reflect three groupings which represent 95% of total State liabilities, not including the obligations under securities lending explained in the above paragraph. These are operational payables, which consist of accounts payables and accrued liabilities of \$514 million (\$457 million in 2010); tax refunds payable of \$353 million (\$319 million in 2010); and long-term payables explained next.

Since the State's Constitution generally prohibits the State from incurring debt, the Statement of Net Assets presents few long-term liabilities (shown as noncurrent liabilities), which total only \$501 million (\$492 million in 2010). The majority of such liabilities are for claims payable for workers' compensation, medical excess liability, litigation, unemployment insurance, and employee health insurance totaling \$137 million for 2011 (\$133 million for 2010), Medicaid claims for \$190 million (\$192 million in 2010) and the calculated amount for vested sick leave due employees when they retire and accrued vacation of \$130 million in 2011 (\$130 million for 2010). Other minor amounts of long-term liabilities consist chiefly of capital lease obligations (See Note 7 to the Financial Statements), which totaled \$27 million at June 30, 2011. There was also \$16 million of obligations under other financing arrangements (See Note 8 to the Financial Statements).

The \$371 million increase in net assets of Governmental Activities, offset by a decrease of \$44 million in unrestricted net assets, was due to the \$163 million increase in the net investment in capital assets and the \$252 million increase in restricted net assets. The major cause of the increase was a \$313 million increase in taxes collected.

At the end of June 30, 2011, the State is able to report positive balances in all of the three categories of net assets.

### **Changes in Net Assets**

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the year. Following that table is management's analysis of the changes in net assets for 2011, analyzing both the governmental activities and the business-type activities.



**STATE OF NEBRASKA**  
**CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30**  
*(in millions of dollars)*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 554	\$ 553	\$ 579	\$ 557	\$ 1,133	\$ 1,110
Operating Grants and Contributions	2,939	2,841	-	-	2,939	2,841
Capital Grants and Contributions	29	25	-	-	29	25
General Revenues						
Taxes	3,967	3,654	-	-	3,967	3,654
Unrestricted Investment Earnings	214	216	16	20	230	236
Miscellaneous	3	(2)	-	-	3	(2)
<b>Total Revenues</b>	<u>7,706</u>	<u>7,287</u>	<u>595</u>	<u>577</u>	<u>8,301</u>	<u>7,864</u>
<b>EXPENSES</b>						
General Government	477	472	-	-	477	472
Conservation of Natural Resources	156	148	-	-	156	148
Culture - Recreation	29	24	-	-	29	24
Economic Development and Assistance	111	95	-	-	111	95
Education	1,807	1,713	-	-	1,807	1,713
Higher Education - Colleges and Universities	561	571	-	-	561	571
Health and Social Services	3,069	3,010	-	-	3,069	3,010
Public Safety	362	373	-	-	362	373
Regulation of Business and Professions	121	132	-	-	121	132
Transportation	697	736	-	-	697	736
Interest on Long-term Debt	1	2	-	-	1	2
Unemployment Insurance	-	-	329	432	329	432
Lottery	-	-	102	99	102	99
Excess Liability	-	-	20	7	20	7
Cornhusker State Industries	-	-	13	12	13	12
<b>Total Expenses</b>	<u>7,391</u>	<u>7,276</u>	<u>464</u>	<u>550</u>	<u>7,855</u>	<u>7,826</u>
Excess (deficiency) Before Transfers and Contributions to Permanent Fund Principal	315	11	131	27	446	38
Transfers Contributions to Permanent Fund Principal	32	32	(32)	(32)	-	-
	<u>24</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>16</u>
<b>Increase (Decrease) in Net Assets</b>	371	59	99	(5)	470	54
<b>Net Assets - Beginning</b>	10,425	10,366	319	324	10,744	10,690
<b>Net Assets - Ending</b>	<u>\$ 10,796</u>	<u>\$ 10,425</u>	<u>\$ 418</u>	<u>\$ 319</u>	<u>\$ 11,214</u>	<u>\$ 10,744</u>

## Governmental Activities

Governmental activities increased the State's net assets by \$371 million in 2011 (\$59 million increase in 2010). Governmental activities represent 93% of all the primary government's revenues. Program revenues of governmental activities were \$3,522 million and were used to partially offset program expenses of \$7,391 million, leaving net expenses of \$3,869 million. Only 6% of total expenses were spent on general government expenses. General taxes, investment earnings, miscellaneous, contributions to the permanent fund principal, and transfers all totaling \$4,240 million, were \$371 million more than the remaining costs of the governmental activities' programs as shown below.

Tax revenues were up \$313 million compared to a decrease of \$133 million in 2010. Program revenues also increased 3% from 2010, chiefly due to income from grants being up \$98 million, some of which was due to the income received from the American Recovery and Reinvestment Act (ARRA). Most of the increase in grant income was, of course, spent on increased grant designated expenses, which is most of the \$115 million increase in program expenses. These increases in tax revenue and program revenue were the chief reasons the change in net assets was \$312 million higher in 2011 than the \$149 million increase recorded in 2010. While the General Fund has more investments than other programs, it maintains safer investments and actually showed a decrease in investment income in 2011 over 2010 of \$37 million, due to declining interest rates.

Program expenses, net of revenue, increased by \$12 million in 2011, as shown below:

### GOVERNMENTAL ACTIVITIES (in millions of dollars)

<b>Program Expenses, Net of Revenue</b>	<b>2011</b>	<b>2010</b>
General Government	\$ (373)	\$ (359)
Conservation of Natural Resources	(28)	(17)
Culture - Recreation	(8)	(3)
Economic Development and Assistance	(30)	(34)
Education	(1,186)	(1,210)
Higher Education - Colleges and University	(561)	(571)
Health and Social Services	(1,166)	(1,109)
Public Safety	(217)	(225)
Regulation of Business and Professions	18	4
Transportation	(317)	(332)
Interest on Long-Term Debt	(1)	(1)
<b>Subtotal</b>	<b>(3,869)</b>	<b>(3,857)</b>
<b>General Revenues</b>		
Taxes	3,967	3,654
Unrestricted Investment Earnings	214	216
Miscellaneous	3	(2)
<b>Transfers</b>	<b>32</b>	<b>32</b>
<b>Contributions to Permanent Fund Principal</b>	<b>24</b>	<b>16</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 371</b>	<b>\$ 59</b>

Four functional areas of the State comprise 83% of the expenses of all Governmental Activities: Education, Higher Education, Health and Social Services and Transportation. Education expenses were up \$94 million chiefly due to planned budgetary increases providing more school aid to the K-12 school

systems in Nebraska and increased aid from federal ARRA funds. Health and Social Services was up \$59 million mainly because increased aid from federal ARRA funds. Transportation expenses were down \$39 million chiefly due to decreased highway construction. All the other functional areas had small variances in net expenses.

## **Business-type Activities**

The business-type activities increased the State's net assets by \$99 million for 2011, which was net of a \$32 million transfer to the governmental activities. Most of the \$579 million of business-type activities' program revenues were related to the business assessment fees in the Unemployment Insurance Fund and Lottery Fund revenues. The Unemployment Insurance Fund had operating income of \$94 million in 2011. This gain, when combined with the \$11 million in investment income, produced a \$105 million increase in net assets for the Unemployment Insurance Fund. Lottery revenues of \$132 million generated net revenue of \$31 million, which was offset by the \$32 million transfer to the Governmental Activities. The lottery transfer was used primarily for education and environmental studies.

## **FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the State's Governmental Funds is to provide information on near-term inflows and outflows and the availability of spendable resources. At June 30, 2011, the State's Governmental Funds reported combined ending fund balances of \$2,847 million. Of this amount, \$469 million is nonspendable, either due to its form or legal constraints, and \$1,543 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted by enabling legislation, and public school land lease revenues are included in restricted fund balance. An additional \$383 million of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$33 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$419 million is unassigned and available for appropriations.

#### ***General Fund***

The General Fund is the chief operating fund of the State. The major General Fund liability is the estimated tax refunds payable of \$345 million. However, such refunds payable are only \$12 million more than the expected taxes owed the State. Other assets of the General Fund available to pay non tax-refund liabilities exceed such liabilities by \$746 million.

On June 30, 2010, the General Fund had a positive fund balance of \$716 million. While expenditures increased \$79 million, revenues increased by \$234 million in 2011. This \$155 million increase was more than the \$95 million decrease that occurred in 2010, resulting in an operating decrease of the fund balance of \$43 million in 2011. This operating decrease in 2011, when coupled with the \$60 million of other financing sources, caused the General Fund balance to increase by \$17 million, ending with a fund balance of \$733 million.

Revenues in 2011, significantly more than anticipated, were up \$234 million over 2010 chiefly due to an increase in income tax revenue of \$207 million (a 12% increase) over 2010 and an increase in sales and

use tax revenue of \$76 million (a 6% increase) over 2010. Investment income was down \$37 million due to the declining interest rates. Expenditures were less than budgeted due to continued efforts by agency heads to be conservative in spending. Net increases in expenditures were caused chiefly in four areas. Health and Social Services and Public Safety expenditures increased \$71 million and \$28 million, respectively, which offset budgeted decreases in Education and Higher Education expenditures of \$15 million and \$11 million, respectively.

To compensate for any downturns in revenues, the State has maintained a budgetary basis Cash Reserve Fund. While this Cash Reserve Fund is commingled with General Fund cash in the General Fund financial statements, it is separate and distinct in that, by State Statute, it can only be used (1) when the cash balance of the General Fund is insufficient to meet General Fund current obligations and (2) for legislatively mandated transfers to other funds. Any money transferred in accordance with item one above must be repaid as soon as there is sufficient cash in the General Fund cash account to do so. No such need existed in 2011.

The Cash Reserve Fund was at \$575 million at the beginning of 2010. In 2010 there was a statutory transfer from the Fund to the General Fund of \$105 million. In 2010 there were also other net transfers out of the Fund of \$3 million, leaving a Cash Reserve Fund balance at June 30, 2010 of \$467 million. In 2011 there was a statutory transfer from the Fund to the General Fund of \$154 million, leaving a Fund balance of \$313 million at June 30, 2011. This balance is reflected as committed to economic stabilization on the governmental funds balance sheet.

### ***Other Governmental Funds***

Other governmental fund balances totaled \$2,114 million at June 30, 2011. Of this amount, \$468 million is nonspendable, either due to its form or legal constraints, and \$1,543 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$70 million of total fund balance has been committed to specific purposes. The remaining \$33 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent.

The three major funds presented as special revenue funds are the Highway Fund, the Federal Fund and the Health and Social Services Fund, with total fund balances of \$693 million. The non-major special revenue fund balances totaled \$754 million.

Governmental funds other than the General Fund saw an increase in fund balances of \$172 million. The fund balances of the following funds increased: the Highway Fund (\$52 million), the Health and Social Service Fund (\$54 million) and the Permanent School Fund (\$86 million). The Federal Fund decreased by \$7 million and the other Nonmajor Funds decreased by \$13 million.

The Highway Fund had a \$16 million increase in sales and use taxes and a \$18 million increase in petroleum taxes, which offset a \$32 million decrease in federal grants revenue. However, \$15 million of decreases in operating expenses (namely highway construction) was the chief reason the Highway Fund had a \$52 million increase in its fund balance in 2011 as opposed to a \$41 million increase in 2010.

The activity in the Federal Fund represents federal funds received, and each year's spending should generally approximate grant funds received. In 2011 the State received a large boost in federal grants and contracts of \$127 million, investment income decreased \$4 million and other revenue decreased \$2 million. Expenditures in 2011 increased by \$118 million for Education and \$24 million for Conservation of Natural Resources mainly due to increases in ARRA funding and by \$21 million for Economic Development and Assistance due to increases for community programs. Revenues exceeded expenditures by \$5 million before transfers. Transfers out decreased \$31 million, which was related to

decreased ARRA funding for water treatment, so at the end of 2011 there was a net decrease in the fund of \$7 million, compared to a \$7 million increase in 2010.

The Health and Social Services Fund consists of the Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund, in addition to various cash funds. Such cash funds receive transfers from such trust funds, income from charges for services and some tax revenue, among other income. The funds had a \$38 million increase in investment income in 2011 (chiefly unrealized gains in the market value of investments) compared to a \$101 million increase in 2010, which was the main reason there was a \$47 million increase in the net change in fund balance in 2011, as opposed to a \$79 million increase in 2010.

The Permanent School Fund had a \$36 million increase in revenue, chiefly due to a \$27 million increase in investment income caused by unrealized gains in the market value of investments in 2011, as opposed to a \$99 million investment income increase in 2010 (when compared to 2009). Since expenditures increased \$7 million in 2011, there was a \$86 million increase in fund balance in 2011, as opposed to a \$57 million increase in 2010, a change of \$29 million.

The Nonmajor Funds revenues and expenditures both remained about the same between 2010 and 2011 and revenues about equaled expenditures. However, there were \$30 million in net transfers out for the Nonmajor Funds in 2011 versus \$6 million in net transfers in for 2010 (there were significant one-time transfers to the General Fund in 2010 and 2011). As a result, the net change in fund balances decreased \$13 million in 2011 as opposed to a \$5 million decrease in 2010.

## **Proprietary Funds**

The State's proprietary funds provide the same type of information discussed earlier in the government-wide financial statements under Business-type Activities, but in more detail. The State's one major proprietary fund, the Unemployment Insurance Fund, reported net assets of \$344 million at the end of 2011. This fund's net assets increased \$105 million in 2011, because business assessment fees exceeded unemployment claims paid out by \$55 million, and other revenues increased \$44 million. Other proprietary or enterprise funds, the Lottery Fund, the Excess Liability Fund (the fund established to provide limited liability for physicians working in Nebraska) and Cornhusker State Industries (an operation that utilizes incarcerated persons to manufacture and sell items) had combined income of \$27 million prior to a \$32 million transfer from the Lottery's net income to governmental funds. Such transfer was used primarily for education and environmental studies. The Excess Liability Fund had an operating loss of \$11 million and earned \$5 million in investment earnings for a net asset decrease of \$6 million. Net Assets of Cornhusker State Industries increased \$2 million.

## **Fiduciary Funds**

The Pension Trust Funds represent the majority of the fiduciary funds. Such Pension Trust Fund's net assets increased \$1,641 million to \$9,607 million in 2011 due primarily to a rising market in 2011, which increased the market value of investments by \$1,566 million. (In 2010 there was a \$930 million appreciation of investments.) Interest and dividend income in 2011 was \$138 million versus \$115 million in 2010. Benefits, refunds and related administrative expenses exceeded the contributions to the plans by \$42 million. In another trust fund recorded in the Private Purpose Trust Funds, contributions from State participants received by the College Savings Plan totaled \$650 million. The total net assets in the College Savings Plan now total over two billion dollars.

## ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

Even though there is a relatively stable economy in the Midwest, in 2011 the State started to rebound from the effects of the national recession. Forecasted revenues, upon which the State's budgeted General Fund expenditures are based, were anticipated to increase in 2011 by \$221 million over 2010 net tax revenue of \$3,070 million. Because revenues showed a declining trend before starting to show an increasing trend during 2011, the State's Forecasting Board made three new forecasts throughout the year. At the end, the forecasted net tax revenues were \$15 million above the original forecast. However, that increased forecast was still less than actual tax revenues of \$3,368 million by \$63 million, leaving the State with actual tax revenues, net of refunds, of \$77 million more than the original budget on a budgetary basis. Even though tax revenues were starting to increase, they were still below pre-recession tax revenues of 2008. To offset this reduced revenue, agencies continued to watch their General Fund expenditures and spent \$235 million less than the final appropriated amount. This reduction, when coupled with the increased tax revenues, caused the State to finish 2011 with General Fund revenues of \$103 million more than expenditures on a budgetary basis, prior to net transfers out. There was a net \$52 million transferred out for specific purposes, causing the fund balance on a budgetary basis to increase from \$762 million to \$813 million in 2011.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2011, the State had invested \$8.0 billion, net of accumulated depreciation, in capital assets as reported in the Statement of Net Assets and summarized in the table below. Depreciation expense for 2011 totaled \$50 million, compared to \$45 million for 2010.

#### CAPITAL ASSETS AS OF JUNE 30 (net of depreciation in millions of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 553	\$ 548	\$ -	\$ -	\$ 553	\$ 548
Buildings and Equipment	401	359	7	6	408	365
Infrastructure	6,986	6,852	-	-	6,986	6,852
<b>Subtotal</b>	<u>7,940</u>	<u>7,759</u>	<u>7</u>	<u>6</u>	<u>7,947</u>	<u>7,765</u>
Construction in Progress	70	84	-	-	70	84
<b>Total</b>	<u>\$ 8,010</u>	<u>\$ 7,843</u>	<u>\$ 7</u>	<u>\$ 6</u>	<u>\$ 8,017</u>	<u>\$ 7,849</u>

Infrastructure (roads, bridges, dams, etc.) is by far the largest group of assets owned by the State. GASB Statement No. 34 requires the State to select one of two methods to account for its infrastructure assets. One process is to record depreciation expense on selected infrastructure assets. The State has adopted an alternative process, referred to as the modified approach. Under this alternative method, the State expenses certain maintenance and preservation costs and does not record any depreciation expense. Assets accounted for under the modified approach include approximately 10,000 miles of roads that the State is responsible to maintain.

In assessing the condition of State roads, the State's goal is to maintain at least an overall system rating of 72 or above using the Nebraska Serviceability Index. The most recent condition assessment, completed for calendar year 2010, indicated an overall system rating of 80, a rating that has been very consistent over the past six years.

For 2011, it was estimated that the State needed to spend \$267 million to preserve and maintain the roads at the abovementioned level. The State actually spent \$218 million on roads in 2011, compared to \$270 million in 2010. For 2012, it is estimated that the State needs to spend \$288 million, an increase from actual 2011 and an increase from the average of the previous five years. However, past history (page 72) indicates the State typically spends more than estimated.

The State also spent \$139 million on capitalized infrastructure and land purchases relating to roads in 2011 (\$115 million in 2010), most notably reconstructing (a) Interstate 80 between I-180 in Omaha and Lincoln, (b) I-80 westbound bridge over the Missouri River, (c) Highway 275 South Omaha bridge, and (d) Highway 71 from I-80 north to Kimball. Major land purchases included land purchased near four State highways. At June 30, 2011, the State had contractual commitments of \$563 million for various highway and building projects. Most of the related expenditures will be expensed and not capitalized. (See Notes 1.J and 3 to the financial statements.) These commitments are \$84 million more than at June 30, 2010 as a result of new highway construction and repair work being financed by the federal government.

During 2011, the State added \$95 million of new depreciable capital assets, both buildings and equipment. A more detailed analysis of capital assets is shown in Note 3 to the financial statements.

## Long-Term Debt

Long-term debt related to capital assets is minimal for reasons previously stated. For further detail and analysis of long-term debt, see Notes 7 and 13 to the financial statements.

### CERTAIN LONG-TERM DEBT AS OF JUNE 30 (in millions of dollars)

	<b>GOVERNMENTAL ACTIVITIES</b>	
	<b>2011</b>	<b>2010</b>
<b>Capitalized Leases:</b>	\$ 27	\$ 23

There were no new bonds issued or outstanding in 2011 or 2010. Two new capitalized leases were added in 2011 (three leases were added in 2010). Bonds and Certificates of Participation for leases issued on behalf of the State maintain an Aa2 rating from Moody's. Standard and Poor's has issued an AA+ rating for the State as a whole.

## **FACTORS THAT WILL AFFECT THE FUTURE**

The national economy is improving, which has resulted in forecasted growth in tax receipts. Tax revenues have improved and have exceeded projections during the last year. Net General Fund revenues for 2012 are currently projected to exceed actual 2011 revenues by \$143 million. The State has a low unemployment rate and has had no borrowing or repayment due to the federal government for the State's Unemployment Insurance Fund. The Legislature has responded to the market effect on defined benefit plans by increasing employer and employee contributions to maintain funded ratios.

The State does face many challenges in the coming years. LB84 earmarking of one quarter of one percent of the State's sales tax for state, county and municipal road construction starting in 2013 will create future financing challenges for the General Fund. National healthcare policy, including expansion of the Medicaid program to additional people and the ongoing increase in healthcare costs present some additional challenges. Another area of concern is the school finance formula that provides for growth in aid to education for K-12 schools and special education that is greater than growth in historical tax receipts.

To help offset any future economic downturns, as previously explained, the State maintains a Cash Reserve Fund. As of June 30, 2011, this Fund had a \$313 million balance. A transfer of \$145 million was made from the General Fund in July 2011 as statutorily required. From the Cash Reserve Fund there were \$9 million of other statutory disbursements, resulting in a balance of \$449 million at November 30, 2011. Future significant statutory disbursements from this fund in the next two years include \$105 million to be transferred to the General Fund. With the improved revenue forecast, the State currently projects an additional \$52 million transfer into the Cash Reserve Fund in July 2012.

## **CONTACTING THE STATE ACCOUNTING OFFICE**

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional information, contact the State Accounting Division of Administrative Services, Suite 1309 State Capitol, Lincoln, NE 68509-4664, (402) 471-2581.

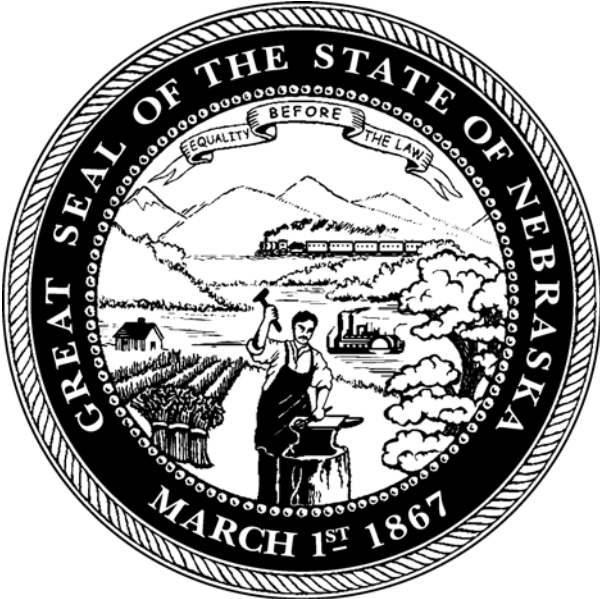
The State's component units issue their own separately issued audited financial statements. These statements may be obtained by directly contacting the component units or by going online to their websites. For the University of Nebraska, contact the University of Nebraska, Director of University Accounting, 209 Varner Hall, 3835 Holdrege, Lincoln, NE 68583, (402) 472-2191 or online at <http://www.nebraska.edu/administration/business-and-finance/accounting-and-finance.html>. For the State College System, contact the Nebraska State College System, Fiscal and Facilities Management, 1115 K Street, Lincoln, NE 68509-4605, (402) 471-2505 or online at <http://www.nscs.edu/>.



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# BASIC FINANCIAL STATEMENTS

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State of Nebraska  
**STATEMENT OF NET ASSETS**  
June 30, 2011

(Dollars in Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 176,833	\$ 311,943	\$ 488,776	\$ 505,076
Receivables, net of allowance				
Taxes	377,769	-	377,769	-
Due from Federal Government	368,769	-	368,769	-
Other	157,156	66,001	223,157	312,853
Internal Balances	(1,153)	1,153	-	-
Due from Primary Government	-	-	-	354
Investments	2,746,873	118,491	2,865,364	1,806,467
Loans Receivable	277,006	-	277,006	36,919
Investment in Joint Venture	-	-	-	275,175
Other Assets	12,310	3,203	15,513	45,547
Restricted Assets:				
Cash and Cash Equivalents	21,624	-	21,624	315,078
Other	-	2,247	2,247	30,966
Securities Lending Collateral	224,690	8,024	232,714	-
Capital assets:				
Land	553,391	315	553,706	75,386
Infrastructure	6,985,740	-	6,985,740	-
Construction in Progress	69,763	-	69,763	171,621
Land Improvements	-	-	-	169,608
Buildings and Equipment	973,447	13,241	986,688	2,375,232
Less Accumulated Depreciation	(572,212)	(6,747)	(578,959)	(836,923)
Total Capital Assets, net of depreciation	8,010,129	6,809	8,016,938	1,954,924
Total Assets	\$ 12,372,006	\$ 517,871	\$ 12,889,877	\$ 5,283,359
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 497,854	\$ 15,713	\$ 513,567	\$ 186,026
Tax Refunds Payable	353,358	-	353,358	-
Due to Other Governments	12,584	-	12,584	-
Deposits	9,928	-	9,928	12,170
Due to Component Units	354	-	354	-
Unearned Revenue	49,299	2,931	52,230	104,465
Obligations under Securities Lending	224,690	8,024	232,714	-
Noncurrent Liabilities:				
Due within one year	229,797	41,807	271,604	117,060
Due in more than one year	197,895	31,166	229,061	704,915
Total Liabilities	\$ 1,575,759	\$ 99,641	\$ 1,675,400	\$ 1,124,636
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	\$ 7,982,821	\$ 6,809	\$ 7,989,630	\$ 1,163,850
Restricted for:				
Education	20,158	-	20,158	1,553,551
Health and Social Services	489,804	-	489,804	-
Conservation of Natural Resources	484,158	-	484,158	-
Transportation	217,946	-	217,946	-
Licensing and Regulation	66,484	-	66,484	-
Other Purposes	115,309	2,247	117,556	292,400
Unemployment Insurance Benefits	-	343,484	343,484	-
Debt Service and Construction	16,233	-	16,233	305,676
Permanent Trusts:				
Nonexpendable	461,161	-	461,161	-
Expendable	135,497	-	135,497	-
Unrestricted	806,676	65,690	872,366	843,246
Total Net Assets	\$ 10,796,247	\$ 418,230	\$ 11,214,477	\$ 4,158,723

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

State of Nebraska  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

<b>FUNCTIONS/PROGRAMS</b>	<b>PROGRAM REVENUES</b>			
	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General Government	\$ 476,622	\$ 88,550	\$ 13,357	\$ 1,478
Conservation of Natural Resources	155,692	36,263	91,620	279
Culture – Recreation	28,837	18,657	2,466	-
Economic Development and Assistance	111,096	1,007	80,141	-
Education	1,807,170	36,545	584,790	405
Higher Education - Colleges and University	561,090	-	-	-
Health and Social Services	3,069,195	112,145	1,790,796	-
Public Safety	361,921	26,973	90,923	27,072
Regulation of Business and Professions	121,616	135,820	3,444	-
Transportation	696,727	98,151	281,629	-
Interest on Long-term Debt	1,153	-	-	-
Total governmental activities	<u>7,391,119</u>	<u>554,111</u>	<u>2,939,166</u>	<u>29,234</u>
Business-type activities:				
Unemployment Insurance	329,576	422,977	-	-
Lottery	101,625	131,919	-	-
Excess Liability	19,623	8,943	-	-
Cornhusker State Industries	13,451	15,568	-	-
Total business-type activities	<u>464,275</u>	<u>579,407</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 7,855,394</u>	<u>\$ 1,133,518</u>	<u>\$ 2,939,166</u>	<u>\$ 29,234</u>
<b>COMPONENT UNITS:</b>				
University of Nebraska	\$ 1,820,509	\$ 869,499	\$ 348,526	\$ 10,276
State Colleges	102,647	37,191	17,499	2,406
Total Component Units	<u>\$ 1,923,156</u>	<u>\$ 906,690</u>	<u>\$ 366,025</u>	<u>\$ 12,682</u>

General revenues:  
Income Taxes  
Sales and Use Taxes  
Petroleum Taxes  
Excise Taxes  
Business and Franchise Taxes  
Other Taxes  
Unrestricted Investment earnings  
Miscellaneous  
Payments from the State of Nebraska  
Contributions to Permanent Fund Principal  
Transfers  
Total General Revenues and Transfers  
Change in Net Assets  
Net Assets - Beginning - As Restated  
Net Assets - Ending

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

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS**

PRIMARY GOVERNMENT			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ (373,237)	\$ -	\$ (373,237)	\$ -
(27,530)	-	(27,530)	-
(7,714)	-	(7,714)	-
(29,948)	-	(29,948)	-
(1,185,430)	-	(1,185,430)	-
(561,090)	-	(561,090)	-
(1,166,254)	-	(1,166,254)	-
(216,953)	-	(216,953)	-
17,648	-	17,648	-
(316,947)	-	(316,947)	-
(1,153)	-	(1,153)	-
<u>(3,868,608)</u>	<u>-</u>	<u>(3,868,608)</u>	<u>-</u>
-	93,401	93,401	-
-	30,294	30,294	-
-	(10,680)	(10,680)	-
-	2,117	2,117	-
<u>-</u>	<u>115,132</u>	<u>115,132</u>	<u>-</u>
<u>(3,868,608)</u>	<u>115,132</u>	<u>(3,753,476)</u>	<u>-</u>
-	-	-	(592,208)
-	-	-	(45,551)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(637,759)</u>
1,889,796	-	1,889,796	-
1,545,494	-	1,545,494	-
321,919	-	321,919	-
135,250	-	135,250	-
65,630	-	65,630	-
9,243	-	9,243	-
214,054	16,254	230,308	65,271
2,590	-	2,590	397,018
-	-	-	561,090
23,635	-	23,635	-
32,055	(32,055)	-	-
<u>4,239,666</u>	<u>(15,801)</u>	<u>4,223,865</u>	<u>1,023,379</u>
371,058	99,331	470,389	385,620
10,425,189	318,899	10,744,088	3,773,103
<u>\$ 10,796,247</u>	<u>\$ 418,230</u>	<u>\$ 11,214,477</u>	<u>\$ 4,158,723</u>

State of Nebraska  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

(Dollars in Thousands)

	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 6,787	\$ 1,508	\$ 440	\$ 318	\$ 6,411	\$ 13,205	\$ 28,669
Cash on Deposit with Fiscal Agents	-	-	-	-	-	21,624	21,624
Investments	862,366	202,182	87,167	462,495	542,791	589,872	2,746,873
Securities Lending Collateral	90,996	21,334	9,636	23,412	20,751	58,561	224,690
Receivables, net of allowance							
Taxes	333,196	44,326	-	-	-	247	377,769
Due from Federal Government	11	30,018	337,160	-	-	1,580	368,769
Loans	-	-	7,252	352	-	269,402	277,006
Other	31,348	9,947	36,410	32,877	32,487	11,828	154,897
Due from Other Funds	92,819	618	489	2,528	-	3,771	100,225
Inventories	780	3,682	2,807	218	-	405	7,892
Prepaid Items	5	14	4	-	-	72	95
Other	442	-	-	-	-	2,252	2,694
<b>TOTAL ASSETS</b>	<b>\$ 1,418,750</b>	<b>\$ 313,629</b>	<b>\$ 481,365</b>	<b>\$ 522,200</b>	<b>\$ 602,440</b>	<b>\$ 972,819</b>	<b>\$ 4,311,203</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES:</b>							
Accounts Payable and Accrued Liabilities	\$ 91,885	\$ 60,212	\$ 224,664	\$ 7,841	\$ 28,847	\$ 29,162	\$ 442,611
Tax Refunds Payable	345,316	8,042	-	-	-	-	353,358
Due to Other Governments	3,414	7,988	-	-	-	1,182	12,584
Deposits	442	1,102	6,514	314	221	1,335	9,928
Due to Other Funds	34,415	1,565	97,812	595	5	7,779	142,171
Due to Component Units	354	-	-	-	-	-	354
Obligations under Securities Lending	90,996	21,334	9,636	23,412	20,751	58,561	224,690
Claims Payable	89,645	-	96,050	-	-	-	185,695
Deferred Revenue	28,836	-	38,041	18,573	7,231	-	92,681
<b>TOTAL LIABILITIES</b>	<b>685,303</b>	<b>100,243</b>	<b>472,717</b>	<b>50,735</b>	<b>57,055</b>	<b>98,019</b>	<b>1,464,072</b>
<b>FUND BALANCES:</b>							
<b>Nonspendable:</b>							
Inventories and Prepaid Items	785	3,696	2,811	218	-	477	7,987
Endowment Principal	-	-	-	-	441,596	19,565	461,161
<b>Restricted for:</b>							
Education	-	-	-	-	103,789	22,727	126,516
Health and Social Services	-	-	-	470,604	-	29,076	499,680
Conservation of Natural Resources	-	-	-	-	-	484,158	484,158
Transportation	-	209,690	-	-	-	8,663	218,353
Licensing and Regulation	-	-	-	-	-	66,484	66,484
Economic Development	-	-	-	-	-	33,803	33,803
Public Safety	-	-	-	-	-	36,817	36,817
Culture – Recreation	-	-	-	-	-	13,426	13,426
Other Purposes	-	-	5,837	-	-	41,956	47,793
Debt Service	-	-	-	-	-	16,233	16,233
<b>Committed to:</b>							
Economic Stabilization	313,202	-	-	-	-	-	313,202
Other Purposes	-	-	-	-	-	69,619	69,619
<b>Assigned to:</b>							
Education	-	-	-	-	-	536	536
Health and Social Services	-	-	-	643	-	-	643
Licensing and Regulation	-	-	-	-	-	29,332	29,332
Economic Development	-	-	-	-	-	12	12
Culture – Recreation	-	-	-	-	-	64	64
Other Purposes	-	-	-	-	-	1,852	1,852
Unassigned	419,460	-	-	-	-	-	419,460
<b>TOTAL FUND BALANCES</b>	<b>733,447</b>	<b>213,386</b>	<b>8,648</b>	<b>471,465</b>	<b>545,385</b>	<b>874,800</b>	<b>2,847,131</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,418,750</b>	<b>\$ 313,629</b>	<b>\$ 481,365</b>	<b>\$ 522,200</b>	<b>\$ 602,440</b>	<b>\$ 972,819</b>	<b>\$ 4,311,203</b>

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

State of Nebraska

# RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2011

(Dollars in Thousands)

**Total fund balances for governmental funds** \$ 2,847,131

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	553,391	
Infrastructure	6,985,740	
Construction in progress	69,763	
Other capital assets	891,237	
Accumulated depreciation	<u>(518,420)</u>	7,981,711

Certain tax revenues and charges are earned but not available and therefore are deferred in the funds. 43,865

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 74,381

Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital leases	(5,829)	
Obligations under other financing arrangements	(16,220)	
Compensated absences	(124,245)	
Claims and judgments	<u>(4,547)</u>	<u>(150,841)</u>

**Net assets of governmental activities** \$ 10,796,247

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

State of Nebraska  
**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
<b>REVENUES:</b>							
Income Taxes	\$ 1,882,245	\$ -	\$ -	\$ 6,978	\$ -	\$ -	\$ 1,889,223
Sales and Use Taxes	1,371,597	168,839	-	-	-	3,867	1,544,303
Petroleum Taxes	-	308,662	-	-	4,096	13,258	326,016
Excise Taxes	72,852	-	-	6,677	-	55,721	135,250
Business and Franchise Taxes	48,053	-	-	-	-	17,577	65,630
Other Taxes	207	2,758	-	-	-	6,278	9,243
Federal Grants and Contracts	39	253,062	2,671,227	62	-	43,549	2,967,939
Licenses, Fees and Permits	20,793	84,006	623	45,859	860	129,937	282,078
Charges for Services	3,148	11,029	21,264	27,943	-	33,395	96,779
Investment Income	23,238	5,467	2,034	74,463	84,175	20,132	209,509
Rents and Royalties	-	447	21	348	33,856	20,486	55,158
Surcharge	-	-	-	-	-	54,452	54,452
Other	5,017	1,838	3,888	7,952	19,063	31,544	69,302
<b>TOTAL REVENUES</b>	<b>3,427,189</b>	<b>836,108</b>	<b>2,699,057</b>	<b>170,282</b>	<b>142,050</b>	<b>430,196</b>	<b>7,704,882</b>
<b>EXPENDITURES:</b>							
Current:							
General Government	356,110	-	8,094	-	-	86,270	450,474
Conservation of Natural Resources	32,444	-	68,068	-	-	55,756	156,268
Culture – Recreation	5,826	-	2,260	-	-	22,204	30,290
Economic Development and Assistance	6,235	-	81,389	-	-	25,882	113,506
Education	1,156,414	-	585,345	-	56,211	12,836	1,810,806
Higher Education - Colleges and University	546,351	-	-	-	-	14,739	561,090
Health and Social Services	1,140,769	-	1,822,967	114,225	-	1,928	3,079,889
Public Safety	221,803	-	116,198	-	-	37,333	375,334
Regulation of Business and Professions	3,764	-	3,467	-	-	115,621	122,852
Transportation	-	800,737	5,879	-	-	25,778	832,394
Capital Projects	-	-	-	-	-	16,676	16,676
Debt Service:							
Principal	-	-	-	-	-	3,380	3,380
Interest	-	-	-	-	-	647	647
<b>TOTAL EXPENDITURES</b>	<b>3,469,716</b>	<b>800,737</b>	<b>2,693,667</b>	<b>114,225</b>	<b>56,211</b>	<b>419,050</b>	<b>7,553,606</b>
Excess of Revenues Over (Under) Expenditures	(42,527)	35,371	5,390	56,057	85,839	11,146	151,276
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In	74,349	27,773	-	1,146	-	72,416	175,684
Transfers Out	(14,799)	(11,242)	(11,940)	(3,695)	-	(101,953)	(143,629)
Proceeds from Other Financing Arrangements	-	-	-	-	-	5,195	5,195
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>59,550</b>	<b>16,531</b>	<b>(11,940)</b>	<b>(2,549)</b>	<b>-</b>	<b>(24,342)</b>	<b>37,250</b>
Net Change in Fund Balances	17,023	51,902	(6,550)	53,508	85,839	(13,196)	188,526
<b>FUND BALANCES, JULY 1</b>	<b>716,424</b>	<b>161,484</b>	<b>15,198</b>	<b>417,957</b>	<b>459,546</b>	<b>887,996</b>	<b>2,658,605</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 733,447</b>	<b>\$ 213,386</b>	<b>\$ 8,648</b>	<b>\$ 471,465</b>	<b>\$ 545,385</b>	<b>\$ 874,800</b>	<b>\$ 2,847,131</b>

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



State of Nebraska

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

(Dollars in Thousands)

**Net change in fund balances—total governmental funds** \$ 188,526

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. Sales of capital assets are reported as revenues. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay, net of gains or losses	198,105	
Depreciation expense	<u>(40,626)</u>	157,479

Bond proceeds and other financing arrangements provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, proceeds were received from:

Other financing arrangements	<u>(5,195)</u>	(5,195)
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Repayment of long-term debt and other financing arrangements is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year these amounts consisted of:

Other financing arrangement payments	3,380	
Capital lease payments	<u>2,586</u>	5,966

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		20,001
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Because some revenues will not be collected in the next year, they are not considered available revenues and are deferred in the governmental funds. Unearned revenues decreased by this amount this year.		2,222
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(101)	
Decrease in claims and judgments	<u>2,160</u>	<u>2,059</u>

**Change in net assets of governmental activities** \$ 371,058

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

State of Nebraska  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
June 30, 2011

(Dollars in Thousands)

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL</b>
	<b>UNEMPLOYMENT</b>	<b>NONMAJOR</b>		<b>ACTIVITIES -</b>
	<b>INSURANCE</b>	<b>ENTERPRISE</b>	<b>TOTALS</b>	<b>INTERNAL</b>
		<b>FUNDS</b>		<b>SERVICE</b>
				<b>FUNDS</b>
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 275,230	\$ 36,713	\$ 311,943	\$ 148,833
Receivables, net of allowance	52,040	13,961	66,001	2,052
Due from Other Funds	-	1,255	1,255	18,864
Inventories	-	2,621	2,621	425
Prepaid Items	-	582	582	1,204
<b>TOTAL CURRENT ASSETS</b>	<b>327,270</b>	<b>55,132</b>	<b>382,402</b>	<b>171,378</b>
NONCURRENT ASSETS:				
Restricted Long-Term Deposits	-	2,247	2,247	-
Long-Term Investments	54,592	63,899	118,491	-
Securities Lending Collateral	5,761	2,263	8,024	-
Capital Assets:				
Land	-	315	315	-
Buildings and Equipment	1,067	12,174	13,241	82,210
Less Accumulated Depreciation	(906)	(5,841)	(6,747)	(53,792)
Total Capital Assets, net	161	6,648	6,809	28,418
<b>TOTAL NONCURRENT ASSETS</b>	<b>60,514</b>	<b>75,057</b>	<b>135,571</b>	<b>28,418</b>
<b>TOTAL ASSETS</b>	<b>\$ 387,784</b>	<b>\$ 130,189</b>	<b>\$ 517,973</b>	<b>\$ 199,796</b>
<b>LIABILITIES AND NET ASSETS</b>				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 849	\$ 14,864	\$ 15,713	\$ 27,567
Due to Other Funds	3	99	102	6,209
Capital Lease Obligations	-	-	-	4,723
Claims, Judgments and Compensated Absences	37,509	4,298	41,807	26,930
Unearned Revenue	-	2,931	2,931	483
<b>TOTAL CURRENT LIABILITIES</b>	<b>38,361</b>	<b>22,192</b>	<b>60,553</b>	<b>65,912</b>
NONCURRENT LIABILITIES:				
Capital Lease Obligations	-	-	-	16,756
Claims, Judgments and Compensated Absences	17	31,149	31,166	42,747
Obligations under Securities Lending	5,761	2,263	8,024	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>5,778</b>	<b>33,412</b>	<b>39,190</b>	<b>59,503</b>
<b>TOTAL LIABILITIES</b>	<b>44,139</b>	<b>55,604</b>	<b>99,743</b>	<b>125,415</b>
NET ASSETS:				
Invested in Capital Assets, net of related debt	161	6,648	6,809	6,939
Restricted for:				
Lottery Prizes, Noncurrent	-	2,247	2,247	-
Unemployment Insurance Benefits	343,484	-	343,484	-
Unrestricted	-	65,690	65,690	67,442
<b>TOTAL NET ASSETS</b>	<b>343,645</b>	<b>74,585</b>	<b>418,230</b>	<b>74,381</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 387,784</b>	<b>\$ 130,189</b>	<b>\$ 517,973</b>	<b>\$ 199,796</b>

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

State of Nebraska

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL</b>
	<b>UNEMPLOYMENT INSURANCE</b>	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTALS</b>	<b>ACTIVITIES - INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 379,351	\$ 155,885	\$ 535,236	\$ 360,976
Other	43,626	545	44,171	1,241
<b>TOTAL OPERATING REVENUES</b>	<b>422,977</b>	<b>156,430</b>	<b>579,407</b>	<b>362,217</b>
<b>OPERATING EXPENSES:</b>				
Personal Services	5,318	5,722	11,040	35,686
Services and Supplies	33	32,222	32,255	107,952
Lottery Prizes	-	76,871	76,871	-
Unemployment Claims	324,155	-	324,155	-
Insurance Claims	-	19,236	19,236	194,181
Depreciation	70	648	718	9,136
<b>TOTAL OPERATING EXPENSES</b>	<b>329,576</b>	<b>134,699</b>	<b>464,275</b>	<b>346,955</b>
Operating Income (Loss)	93,401	21,731	115,132	15,262
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	11,248	5,006	16,254	4,545
Gain (Loss) on Sale of Capital Assets	-	-	-	553
Other	-	-	-	(359)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>11,248</b>	<b>5,006</b>	<b>16,254</b>	<b>4,739</b>
Income (Loss) Before Transfers	104,649	26,737	131,386	20,001
Transfers Out	-	(32,055)	(32,055)	-
Change in Net Assets	104,649	(5,318)	99,331	20,001
<b>NET ASSETS, JULY 1</b>	<b>238,996</b>	<b>79,903</b>	<b>318,899</b>	<b>54,380</b>
<b>NET ASSETS, JUNE 30</b>	<b>\$ 343,645</b>	<b>\$ 74,585</b>	<b>\$ 418,230</b>	<b>\$ 74,381</b>

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

State of Nebraska  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL</b>
	<b>UNEMPLOYMENT INSURANCE</b>	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTALS</b>	<b>ACTIVITIES - INTERNAL SERVICE FUNDS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 420,687	\$ 140,678	\$ 561,365	\$ 24,269
Cash Received from Interfund Charges	-	14,769	14,769	337,862
Cash Paid to Employees	(5,317)	(5,724)	(11,041)	(35,571)
Cash Paid to Suppliers	(16)	(31,195)	(31,211)	(97,014)
Cash Paid for Lottery Prizes	-	(76,526)	(76,526)	-
Cash Paid for Insurance Claims	(335,580)	(4,020)	(339,600)	(189,964)
Cash Paid for Interfund Services	(6)	(1,152)	(1,158)	(8,481)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>79,768</u>	<u>36,830</u>	<u>116,598</u>	<u>31,101</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers Out	-	(32,055)	(32,055)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(223)	(1,456)	(1,679)	(7,891)
Proceeds from Sale of Capital Assets	-	-	-	895
Principal Paid on Capital Leases	-	-	-	(4,097)
Interest Paid on Capital Leases	-	-	-	(359)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(223)</u>	<u>(1,456)</u>	<u>(1,679)</u>	<u>(11,452)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Investment Securities	(5,532)	(136,077)	(141,609)	-
Proceeds from Sale of Investment Securities	-	135,924	135,924	-
Interest and Dividend Income	11,306	3,475	14,781	4,685
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>5,774</u>	<u>3,322</u>	<u>9,096</u>	<u>4,685</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	85,319	6,641	91,960	24,334
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>189,911</u>	<u>30,072</u>	<u>219,983</u>	<u>124,499</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u><u>\$ 275,230</u></u>	<u><u>\$ 36,713</u></u>	<u><u>\$ 311,943</u></u>	<u><u>\$ 148,833</u></u>

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

State of Nebraska  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Continued)**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL</b>
	<b>UNEMPLOYMENT INSURANCE</b>	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTALS</b>	<b>ACTIVITIES - INTERNAL SERVICE FUNDS</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	<u>\$ 93,401</u>	<u>\$ 21,731</u>	<u>\$ 115,132</u>	<u>\$ 15,262</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	70	648	718	9,136
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(1,839)	(496)	(2,335)	506
(Increase) Decrease in Due from Other Funds	-	1,115	1,115	(127)
(Increase) Decrease in Inventories	-	69	69	(116)
(Increase) Decrease in Prepaid Items	-	(158)	(158)	(58)
(Increase) Decrease in Long-Term Deposits	-	(357)	(357)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	782	683	1,465	2,261
Increase (Decrease) in Due to Other Funds	1	(19)	(18)	485
Increase (Decrease) in Claims Payable	(11,465)	15,216	3,751	4,217
Increase (Decrease) in Unearned Revenue	<u>(1,182)</u>	<u>(1,602)</u>	<u>(2,784)</u>	<u>(465)</u>
Total Adjustments	<u>(13,633)</u>	<u>15,099</u>	<u>1,466</u>	<u>15,839</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 79,768</u></u>	<u><u>\$ 36,830</u></u>	<u><u>\$ 116,598</u></u>	<u><u>\$ 31,101</u></u>

**NONCASH TRANSACTIONS** (dollars in thousands):

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.

The following noncash transactions occurred during the year:

Capital Assets acquired through Capital Leases	\$ -	\$ -	\$ -	\$ 10,810
Change in Fair Value of Investments	-	1,544	1,544	-
Total Noncash Transactions	<u>\$ -</u>	<u>\$ 1,544</u>	<u>\$ 1,544</u>	<u>\$ 10,810</u>

State of Nebraska  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2011

(Dollars in Thousands)	PENSION TRUST	PRIVATE PURPOSE TRUST	AGENCY
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,621	\$ 21,256	\$ 82,632
Investments:			
U.S. Treasury Notes and Bonds	111,237	-	-
U.S. Treasury Bills	6,540	-	-
Government Agency Securities	32,936	-	-
Corporate Bonds	618,751	-	-
International Bonds	72,070	-	-
Equity Securities	1,526,782	-	-
Private Equity	244,665	-	-
Options	(1,419)	-	-
Mortgages	543,470	-	-
Private Real Estate	231,375	-	-
Asset Backed Securities	91,873	-	-
Municipal Bonds	42,743	-	-
Commingled Funds	5,822,292	2,391,598	-
Guaranteed Investment Contracts	111,153	-	-
Short Term Investments	185,439	1,308	-
Total Investments	<u>9,639,907</u>	<u>2,392,906</u>	-
Securities Lending Collateral	335,769	-	-
Receivables:			
Contributions	24,386	-	-
Interest and Dividends	15,714	584	454
Other	539,408	-	461
Total Receivables	<u>579,508</u>	<u>584</u>	<u>915</u>
Due from Other Funds	28,345	-	-
Capital Assets:			
Buildings and Equipment	23,075	-	-
Less Accumulated Depreciation	(21,286)	-	-
Total Capital Assets, net	<u>1,789</u>	<u>-</u>	<u>-</u>
Other Assets	-	15,680	-
TOTAL ASSETS	<u>\$ 10,589,939</u>	<u>\$ 2,430,426</u>	<u>\$ 83,547</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 646,543	\$ 890	\$ 10,323
Due to Other Governments	16	-	51,975
Deposits	-	800	-
Due to Other Funds	194	13	-
Obligations under Securities Lending	335,769	-	-
Capital Lease Obligations	83	-	-
Accrued Compensated Absences	276	-	-
Other Liabilities	-	-	21,249
TOTAL LIABILITIES	<u>\$ 982,881</u>	<u>\$ 1,703</u>	<u>\$ 83,547</u>
<b>NET ASSETS</b>			
Held in Trust for:			
Pension Benefits	\$ 9,607,058	\$ -	\$ -
College Savings Plan	-	2,392,783	-
Other Purposes	-	35,940	-
TOTAL NET ASSETS	<u>\$ 9,607,058</u>	<u>\$ 2,428,723</u>	<u>\$ -</u>

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

State of Nebraska  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

	PENSION TRUST	PRIVATE PURPOSE TRUST
<b>ADDITIONS:</b>		
Contributions:		
Participant Contributions	\$ 196,406	\$ 650,122
Client Contributions	-	169
State Contributions	98,507	-
Political Subdivision Contributions	135,323	-
Court Fees	3,507	-
Total Contributions	<u>433,743</u>	<u>650,291</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	1,566,152	225,603
Interest and Dividend Income	138,189	44,797
Securities Lending Income	2,790	-
Total Investment Income	<u>1,707,131</u>	<u>270,400</u>
Investment Expenses	23,058	16,091
Securities Lending Expenses	939	-
Total Investment Expense	<u>23,997</u>	<u>16,091</u>
Net Investment Income	<u>1,683,134</u>	<u>254,309</u>
Escheat Revenue	-	7,938
Other Additions	106	5,654
TOTAL ADDITIONS	<u>2,116,983</u>	<u>918,192</u>
<b>DEDUCTIONS:</b>		
Benefits	451,941	543,100
Refunds	11,425	-
Amounts Distributed to Outside Parties	-	13,766
Administrative Expenses	7,001	2,203
Other Deductions	5,634	-
TOTAL DEDUCTIONS	<u>476,001</u>	<u>559,069</u>
Change in Net Assets Held in Trust for:		
Pension Benefits	1,640,982	-
College Savings Plan	-	360,493
Other Purposes	-	(1,370)
<b>NET ASSETS-BEGINNING OF YEAR</b>	<u>7,966,076</u>	<u>2,069,600</u>
<b>NET ASSETS-END OF YEAR</b>	<u>\$ 9,607,058</u>	<u>\$ 2,428,723</u>

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

State of Nebraska  
**STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
June 30, 2011

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 475,484	\$ 29,592	\$ 505,076
Receivables, net of allowance			
Loans	34,533	2,386	36,919
Other	309,045	3,808	312,853
Due from Primary Government	-	354	354
Investments	1,770,433	36,034	1,806,467
Investment in Joint Venture	275,175	-	275,175
Other Assets	40,661	4,886	45,547
Restricted Assets:			
Cash and Cash Equivalents	279,844	35,234	315,078
Investments Held by Trustee	30,634	332	30,966
Capital assets:			
Land	74,058	1,328	75,386
Land Improvements	143,813	25,795	169,608
Construction in Progress	155,979	15,642	171,621
Buildings and Equipment	2,201,875	173,357	2,375,232
Less Accumulated Depreciation	<u>(768,127)</u>	<u>(68,796)</u>	<u>(836,923)</u>
Total Capital Assets, net of depreciation	<u>1,807,598</u>	<u>147,326</u>	<u>1,954,924</u>
Total Assets	<u>\$ 5,023,407</u>	<u>\$ 259,952</u>	<u>\$ 5,283,359</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 175,848	\$ 10,178	\$ 186,026
Deposits	11,872	298	12,170
Deferred Revenue	104,184	281	104,465
Noncurrent Liabilities:			
Due within one year	113,979	3,081	117,060
Due in more than one year	<u>661,019</u>	<u>43,896</u>	<u>704,915</u>
Total Liabilities	<u>\$ 1,066,902</u>	<u>\$ 57,734</u>	<u>\$ 1,124,636</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	\$ 1,044,719	\$ 119,131	\$ 1,163,850
Restricted for:			
Education	1,553,551	-	1,553,551
Other Purposes	249,328	43,072	292,400
Construction and Debt Service	275,402	30,274	305,676
Unrestricted	<u>833,505</u>	<u>9,741</u>	<u>843,246</u>
Total Net Assets	<u>\$ 3,956,505</u>	<u>\$ 202,218</u>	<u>\$ 4,158,723</u>

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



State of Nebraska  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
Operating Expenses:			
Compensation and benefits	\$ 1,118,877	\$ 59,331	\$ 1,178,208
Supplies and materials	286,922	10,101	297,023
Contractual services	128,296	3,099	131,395
Repairs and maintenance	57,795	2,394	60,189
Utilities	36,854	3,913	40,767
Communications	13,425	755	14,180
Depreciation	92,194	5,360	97,554
Scholarships and fellowships	69,835	6,342	76,177
Other	16,311	11,352	27,663
Total Operating Expenses	<u>1,820,509</u>	<u>102,647</u>	<u>1,923,156</u>
Program Revenues:			
Charges for Services	869,499	37,191	906,690
Operating Grants and Contributions	348,526	17,499	366,025
Capital Grants and Contributions	10,276	2,406	12,682
Total Program Revenues	<u>1,228,301</u>	<u>57,096</u>	<u>1,285,397</u>
Net (Expense) Revenue	<u>(592,208)</u>	<u>(45,551)</u>	<u>(637,759)</u>
General Revenue:			
Interest and investment earnings	63,038	2,233	65,271
Miscellaneous	386,567	10,451	397,018
Payments from the State of Nebraska	508,514	52,576	561,090
Total General Revenues	<u>958,119</u>	<u>65,260</u>	<u>1,023,379</u>
Change in Net Assets	365,911	19,709	385,620
Net Assets - Beginning - As Restated	<u>3,590,594</u>	<u>182,509</u>	<u>3,773,103</u>
Net Assets - Ending	<u>\$ 3,956,505</u>	<u>\$ 202,218</u>	<u>\$ 4,158,723</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2011

(dollars expressed in thousands)

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation.** The accompanying financial statements of the State of Nebraska (the "State") and its component units have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of Administrative Services. Additional data has been derived from audited financial statements of certain entities and from reports prescribed by the State Accounting Administrator and prepared by various State agencies and departments based on independent or subsidiary accounting systems maintained by them.

**B. Reporting Entity.** In determining its financial reporting entity, the State has considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the State, or the significance of their relationship with the State are such that exclusion would be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

As required by GAAP, these financial statements present the State and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Complete financial statements of the individual component units that issue separate financial statements, as noted below, can be obtained from their respective administrative offices.

**Blended Component Unit.** The following component unit is an entity that is legally separate from the State, but is so intertwined with the State that it is, in substance, the same as the State. It is reported as part of the State and blended into the appropriate fund.

**NETC Leasing Corporation.** The NETC Leasing Corporation is a nonprofit corporation formed by the State in 1999 to acquire property to be leased to and purchased by the Nebraska Educational Telecommunications Commission (NETC), a State

agency. The Governor appoints the members of the Board of Commissioners of the NETC and they in turn appoint and elect the five members of the Board of Directors of the NETC Leasing Corporation. Even though it is legally separate, the NETC Leasing Corporation is reported as if it were part of the State because it provides services entirely to the State.

**Discretely Presented Component Units.** The following component units are entities that are legally separate from the State, but are financially accountable to the State, or their relationships with the State are such that their exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the State and governed by separate boards.

**Nebraska State College System.** The Board of Trustees of the Nebraska State Colleges governs Chadron State College, Peru State College and Wayne State College. The Board of Trustees is also the Board of Directors of the Nebraska State Colleges Facilities Corporation, a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the State Colleges. The Board of Trustees consists of the Commissioner of Education and six members appointed by the Governor. Chadron State, Peru State and Wayne State Foundations are tax-exempt nonprofit corporations whose purpose is to provide financial support for the Nebraska State College System. Audit reports may be found on the [State Colleges'](#) website under [Audit Reports](#).

**University of Nebraska.** The University of Nebraska consists of the following campuses: University of Nebraska – Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney, and University of Nebraska Medical Center. The University of Nebraska is governed by an elected eight-member Board of Regents. The University's financial reporting entity also consists of the following units: the University of Nebraska Facilities Corporation, a nonprofit corporation organized to finance the construction and repair of buildings and hold them in trust for the University of Nebraska; the UNMC Physicians, organized for the purpose of billing medical service fees generated by university clinicians; the University Dental Associates, organized for the purpose of billing dental service fees generated by university dentists; the Nebraska Utility Corporation, formed to purchase, lease, construct and finance activities relating to energy requirements of the University

of Nebraska-Lincoln; the University Technology Development Center, formed for the purpose of supporting the research mission of the University and advance technology transfer globally; and the University of Nebraska Foundation, a tax-exempt nonprofit corporation whose purpose is to provide financial support for the University of Nebraska. The University of Nebraska is included as a component unit because it is fiscally dependant on the State, since the Nebraska Legislature controls the budget of the University. Audit reports may be found on the [University's Accounting and Finance](#) website.

The university and colleges are funded chiefly through State appropriations, tuition, federal grants, private donations and grants, and auxiliary operations.

**Related Organizations.** The State's officials are responsible for appointing members of boards of other organizations, but the State's accountability for these organizations does not extend beyond making these appointments. The Governor appoints the boards of the following organizations: Nebraska Educational Finance Authority, Nebraska Investment Finance Authority, and Wyuka Cemetery.

**C. Government-wide and Fund Financial Statements.** The basic financial statements include both government-wide and fund financial statements. The reporting model based on the GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* focuses on the State as a whole in the government-wide financial statements and major individual funds in the fund financial statements. The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

**Investment in Capital Assets, net of related debt.** This category reflects the portion of net assets associated with capital assets, net of accumulated depreciation and reduced by outstanding bonds and other debt that are

attributed to the acquisition, construction or improvement of those assets.

**Restricted Net Assets.** This category results when constraints are externally imposed on net asset use by creditors, grantors or contributors, or imposed by law through constitutional provisions or enabling legislation.

It is the policy of the State to spend restricted net assets only when unrestricted net assets are insufficient or unavailable.

The Statement of Net Assets reports \$2,352,481 of restricted net assets, of which \$1,405,954 is restricted by enabling legislation.

**Unrestricted Net Assets.** This category represents net assets that do not meet the definition of the preceding two categories. Unrestricted net assets often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are reflected in the general government function. Administrative overhead charges of internal service funds are included in direct expenses. Program revenues 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; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) investment earnings of permanent funds that are legally restricted for a specific program. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

**D. Basis of Accounting.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except agency funds. With the economic resources measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. 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 have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related receivables are recognized as they become susceptible to accrual; generally when they become both measurable and available, i.e., earned and collected within the next 60 days, except for federal reimbursement grants which use a one year availability period. Revenues are generally considered to be susceptible to accrual when the underlying transaction takes place or when eligibility requirements are met. Major revenues that are determined to be susceptible to accrual include sales taxes, income taxes, other taxpayer-assessed tax revenues, unemployment insurance taxes, federal grants and contracts, charges for services, and investment income. All other revenue items, including estate taxes, are considered to be measurable and available when cash is received by the State. Receivables not expected to be collected in the next 60 days (or 12 months in the case of federal reimbursement grants) are offset by deferred revenue.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

The State reports the following major governmental funds:

**General Fund.** This is the State's primary operating fund. It reflects transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

**Highway Fund.** This fund accounts for the maintenance and preservation of State highways financed with sales tax on motor vehicles, gas taxes, federal aid and other highway user fees.

**Federal Fund.** This fund accounts for substantially all federal monies received by the State, except those received by the Highway Fund.

**Health and Social Services Fund.** This fund accounts for activities of agencies, boards, and commissions providing health care and social services financed primarily by user fees and tobacco settlement proceeds.

**Permanent School Fund.** This fund receives proceeds from any sale of the school lands held in trust for public education; payments for easements and rights-of-way over these lands; royalties and severance taxes paid on oil, gas and minerals produced from these lands; escheats; unclaimed property and other items

provided by law. Net appreciation on investments is not available for expenditure. Income is distributed to public schools.

The State reports the following major enterprise fund:

**Unemployment Insurance Fund.** This fund accounts for the State's unemployment insurance benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

The State also reports the following fund types:

#### **Governmental Fund Types:**

**Special Revenue Funds.** Reflect transactions related to resources received and used for restricted or specific purposes.

**Capital Projects Fund.** Reflects transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities.

**Permanent Funds.** Reflect transactions related to resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens, such as veterans, state airports and others.

#### **Proprietary Fund Types:**

**Enterprise Funds.** Reflect transactions used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

**Internal Service Funds.** These funds account for fleet management, facilities management, accounting, risk management, communication, information technology, printing, purchasing, and postal services provided to other funds on a cost reimbursement basis.

#### **Fiduciary Fund Types:**

**Pension Trust Funds.** These funds account for State Employee Retirement System, County Employee Retirement System, School Retirement System, Judges Retirement System, State Patrol Retirement System and Deferred Compensation pension benefits.

**Private Purpose Trust Funds.** These funds account for property escheated to the State held for private individuals, Nebraska College Savings Plan activity held for private individuals, and assets held for clients and inmates.

**Agency Funds.** These funds account for assets held by the State pending distribution to other governments and individuals.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989 but not after, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

- E. Cash and Cash Equivalents.** In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements, and U.S. treasury bills having original maturities (remaining time to maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 2011, approximates market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains an operating investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

- F. Investments.** Investments as reported in the basic financial statements include long-term investments. Law or legal instruments may restrict these investments. All investments of the State and its component units are stated at fair value based on quoted market prices. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager based, in part, on real estate appraisals. The State Treasurer is the custodian of all funds for the State; however, investments are under the responsibility of the

Nebraska Investment Council or other administrative bodies as determined by law.

- G. Receivables.** Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.

- H. Inventories.** Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Significant inventories of governmental funds are valued using weighted average cost. Proprietary Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

Commodities on hand at fiscal year end are reflected as inventories, offset by a like amount of deferred revenue, in the Federal Fund. Commodities are reported at fair values established by the federal government at the date received.

- I. Restricted Assets.** Assets held by the trustees for the NETC Leasing Corporation, the State Revolving Fund, and the Master Lease Purchase Program are classified as restricted assets on the Statement of Net Assets because they are maintained in separate bank accounts and their use is limited by applicable bond and lease covenants. These assets are reflected as cash on deposit with fiscal agents in the fund financial statements. The nonmajor enterprise funds reflect long-term deposits with the Multi-State Lottery as restricted assets.

- J. Capital Assets.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the Statement of Net Assets. All capital assets are valued 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.

The State possesses certain assets that have not been capitalized and depreciated, because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These collections are not capitalized by the State because they are (1) held for public exhibition, education or research in furtherance of public service, rather than financial gain, (2) protected, kept unencumbered, cared for and preserved, and (3) subject to an agency policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. These assets include works of art and historical treasures, such as statues; historical documents; paintings; rare library books; and miscellaneous capitol-related artifacts and furnishings.

Generally, equipment that has a cost in excess of \$5 at the date of acquisition and has an expected useful life of two or more years is capitalized. Substantially all initial building costs, land, land improvements, and software costing in excess of \$100 are capitalized. Building improvements and renovations in excess of \$100 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Buildings	40 years
Equipment	3-20 years

The State has elected to use the “modified approach” to account for certain infrastructure assets, as provided in GASB Statement No. 34. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity or efficiency of an asset. Utilization of this approach requires the State to: commit to maintaining and preserving affected assets at or above a condition level established by the State; maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Roads and bridges maintained by the Department of Roads are accounted for using the modified approach. Infrastructure acquired prior to June 30, 1980, is reported.

**K. Compensated Employee Absences.** All permanent employees earn sick and vacation leave. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. The liability has been calculated using the vesting method in which leave amounts, for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination, are included.

State employees accrue vested vacation leave at a variable rate based on years of service. Generally, accrued vacation leave cannot exceed 35 days at the end of a calendar year. Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 240 days (or 180 days for non-union employees). Sick leave is not vested except upon death or upon reaching the age of 55, at which time, the State is liable for 25 percent of the employee’s accumulated sick leave. In

addition, some State agencies permit employees to accumulate compensatory leave rather than paying overtime.

The government-wide, proprietary, and fiduciary fund financial statements 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.

**L. Fund Balance.** In the governmental fund financial statements, fund balances are classified as nonspendable, restricted or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature (the highest level of decision making authority for the State), such as an appropriation or legislation. Assigned fund balance is constrained by the Legislature’s intent to be used for specific purposes, by directive of the Executive Committee of the Legislature or in some cases by legislation. Unrestricted balances are used in the order listed above when expenditures are made which could be used from any of those categories.

The State maintains a stabilization fund reported as committed fund balance. The Cash Reserve Fund is part of the General Fund and was established by State Statute to be used as a reserve when the cash balance of the General Fund is insufficient to meet General Fund current obligations and for legislatively mandated transfers to other funds. Additions to the fund are made when actual General Fund revenues exceed certified projections for a fiscal year.

**M. Interfund Transactions.** Interfund services provided and used are accounted for as revenues, expenditures or expenses in the funds involved. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

The effect of interfund activity has been eliminated from the government-wide financial statements.

**N. Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Deposits and Investments Portfolio**

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 2011 basic financial statements. All securities purchased or held must either be in the custody of the State or deposited with an agent in the State's name.

**Deposits.** At June 30, 2011, the carrying amounts of the State's deposits were \$51,645 and the bank balances were \$94,157. All bank balances were covered by federal depository insurance or by collateral held by the State's agent in the State's name.

State Statutes require that the aggregate amount of collateral securities deposited by a bank with the State Treasurer shall be at least one hundred two percent of the amount of public funds deposited in that bank, less the amount insured by the Federal Deposit Insurance Corporation. The State Treasurer had compensating balance agreements with various banks totaling \$31,089 at June 30, 2011.

**Investments.** State Statute Section 72-1239.01 authorizes the appointed members of the Nebraska Investment Council to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the State. Certain State entities are also allowed by statute to invest in real estate and other investments.

The investment amounts for some funds presented in the fiduciary fund financial statements reflected audited financial statements for the period ended December 31, 2010. The investment risk disclosures presented below for fiduciary funds represent risks as of June 30, 2011.

The primary government's investments at June 30, 2011 are presented below. All investments are presented by investment type and debt securities are presented with effective duration presented in years.

**PRIMARY GOVERNMENT INVESTMENTS AT JUNE 30, 2011**

	GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES		FIDUCIARY FUNDS	
	FAIR VALUE	EFFECTIVE DURATION	FAIR VALUE	EFFECTIVE DURATION
Debt Securities				
U.S. Treasury Notes and Bonds	\$ 1,017,745	1.95	\$ 111,237	7.07
U.S. Treasury Bills	350	0.55	6,540	0.39
Government Agency Securities	560,486	1.75	32,936	4.56
Corporate Bonds	1,093,653	3.93	618,751	4.59
International Bonds	9,284	4.61	72,070	5.61
Mortgages	63,429	5.86	543,470	6.35
Asset Backed Securities	1,958	2.52	91,873	3.22
Commingled Funds	140,531	4.56	935,168	4.29
Municipal Bonds	9,659	10.50	42,743	10.66
Guaranteed Investment Contracts	5,681	2.73	111,153	2.73
Short Term Investments	133,560	0.00	186,747	0.00
	<u>3,036,336</u>		<u>2,752,688</u>	
Other Investments				
Equity Securities	71,610		1,526,782	
Private Equity	22,120		244,665	
Commingled Funds	612,617		7,278,722	
Options	(290)		(1,419)	
Private Real Estate	8,511		231,375	
U.S. Treasury Investment Pool	270,768		-	
Less: Component Unit Investment in State Investment Pool	<u>(589,044)</u>		<u>-</u>	
Total Investments	<u>3,432,628</u>		<u>12,032,813</u>	
Securities Lending Short-term Collateral Investment Pool	<u>232,714</u>		<u>335,769</u>	
Total	<u>\$ 3,665,342</u>		<u>\$ 12,368,582</u>	

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investments full price. The State has contracts with investment managers that limit the

effective duration to within one year of the effective duration of the benchmark.

**Credit Risk of Debt Securities.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A and BB- for its high yield fixed income account. The

primary government's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and/or an equivalent national rating organization and the

ratings are presented below using the Standard and Poor's rating scale.

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES INVESTMENTS AT JUNE 30, 2011**

	FAIR VALUE	QUALITY RATINGS						
		AAA	AA	A	BBB	BB	B	UNRATED
Govt Agency Securities	\$ 560,486	\$ 560,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	1,093,653	165,259	268,153	596,541	44,429	6,442	5,987	6,842
International Bonds	9,284	5,787	855	750	1,708	-	-	184
Mortgages	63,429	64,135	491	2,681	686	807	509	(5,880)
Asset Backed Securities	1,958	1,365	-	-	193	-	-	400
Commingled Funds	140,531	-	-	-	-	-	-	140,531
Short Term Investments	133,560	-	-	-	-	-	-	133,560
Municipal Bonds	9,659	1,550	2,582	4,982	-	145	-	400

**FIDUCIARY FUND INVESTMENTS AT JUNE 30, 2011**

	FAIR VALUE	QUALITY RATINGS						
		AAA	AA	A	BBB	BB	B	UNRATED
Govt Agency Securities	\$ 34,271	\$ 25,480	\$ 2,089	\$ 2,684	\$ -	\$ 2,500	\$ 560	\$ 958
Corporate Bonds	621,533	45,247	52,677	174,047	152,374	103,030	72,590	21,568
International Bonds	72,691	30,201	3,718	7,990	20,736	7,866	135	2,045
Mortgages	533,541	385,291	7,616	21,932	6,774	5,242	10,275	96,411
Asset Backed Securities	92,366	72,206	3,346	8,459	4,252	-	324	3,779
Commingled Funds	964,171	-	-	-	-	-	-	964,171
Short Term Investments	182,909	-	-	-	-	-	-	182,909
Municipal Bonds	42,305	9,689	12,236	18,931	1,449	-	-	-

A reconciliation of deposits and investments for the State to the basic financial statements at June 30, 2011 is as follows:

**Disclosure Regarding Deposits and Investments:**

Total Investments	\$ 16,033,924
Carrying amount of Deposits	51,645
Total	<u>\$ 16,085,569</u>

**Statement of Net Assets:**

Cash and Cash Equivalents	\$ 488,776
Investments	2,865,364
Restricted Cash and Cash Equivalents	21,624
Securities Lending Collateral	232,714

**Statement of Fiduciary Net Assets:**

Cash and Cash Equivalents	108,509
Investments	12,032,813
Securities Lending Collateral	335,769
Total	<u>\$ 16,085,569</u>

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State has contracts with investment managers that limit the maximum amount for an issuer, excluding U.S. Treasury, U.S. Agency, mortgages and non-U.S. sovereign issuers, to 5 percent of the total account. At June 30, 2011, the primary government, except fiduciary funds, had debt securities investments with more than 5 percent of total investments in Federal Farm Credit Bank (6 percent) and Federal Home Loan Bank (7 percent). At June 30, 2011, fiduciary funds had no investments that exceeded 5 percent or more of total investments.

**Securities Lending Transactions.** The State participates in securities lending transactions, where

securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's primary custodial bank administers the securities lending program and receives collateral in the form of cash, United States government or government agency obligations, sovereign debt rated A or better, or convertible bonds at least equal in value to the market value of the loaned securities. Securities on loan at year end consisted of United States government obligations, equity securities, corporate bonds, and non-US fixed income. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year. Either the State or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had average durations from 31 to 36 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The custodian indemnifies the State against default by the borrower of securities, but does not indemnify against the default by an issuer of a security held in the short term investment funds where cash collateral is invested.

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State



does not have a formal policy to limit foreign currency risk. Primary Government exposure to foreign currency risk is presented on the following tables.

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES  
FOREIGN CURRENCY AT JUNE 30, 2011**

Currency	SHORT TERM	EQUITY	DEBT
	INVESTMENTS	SECURITIES	SECURITIES
Australian Dollar	\$ 26	\$ 913	\$ 251
Brazilian Real	315	9	535
Canadian Dollar	5	216	5,643
Columbian Peso	-	-	96
Czech Koruna	-	50	-
Euro Currency	(33)	8,834	1,624
Hong Kong Dollar	25	1,198	-
Indian Rupee	-	-	253
Indonesian Rupiah	-	102	363
Japanese Yen	48	4,003	-
Mexican Peso	100	392	505
New Zeland Dollar	-	-	175
Norwegian Krone	9	-	-
Philippine Peso	4	118	-
Polish Zloty	-	195	-
Pound Sterling	23	3,378	-
Singapore Dollar	-	527	329
South African Rand	-	158	-
South Korean Won	-	846	311
Swedish Krona	-	626	-
Swiss Franc	12	2,329	-
Thailand Baht	-	39	-
<b>Total</b>	<b>\$ 534</b>	<b>\$ 23,933</b>	<b>\$ 10,085</b>

**FIDUCIARY FUND FOREIGN CURRENCY AT JUNE 30, 2011**

Currency	SHORT TERM	EQUITY	DEBT
	INVESTMENTS	SECURITIES	SECURITIES
Argentine Peso	\$ 5	\$ -	\$ -
Australian Dollar	258	14,468	1,716
Brazilian Real	712	3,187	2,551
Canadian Dollar	9	17,500	29,493
Chilean Peso	-	-	546
Columbian Peso	-	-	636
Czech Koruna	271	1,059	-
Danish Krone	25	4,925	-
Euro Currency	2,124	283,177	25,618
Hong Kong Dollar	421	41,114	-
Indian Rupee	-	-	1,682
Indonesian Rupiah	-	1,272	1,620
Israeli Shekel	75	-	-
Japanese Yen	856	103,105	-
Malaysian Ringgit	85	2,777	-
Mexican Peso	389	4,110	2,958
New Zeland Dollar	-	-	1,149
Norwegian Krone	5	6,888	-
Philippine Peso	35	292	1,123
Polish Zloty	-	5,373	-
Pound Sterling	419	123,720	1,991
Singapore Dollar	51	8,512	2,466
South African Rand	-	6,430	-
South Korean Won	108	31,431	2,166
Swedish Krona	-	19,575	-
Swiss Franc	126	69,364	-
Thailand Baht	158	8,363	-
<b>Total</b>	<b>\$ 6,132</b>	<b>\$ 756,642</b>	<b>\$ 75,715</b>

**Derivative Financial Instruments.** Derivative instruments are financial contracts whose underlying values depend on the values of one or more underlying assets, reference rates or financial indices. These instruments are used primarily to enhance performance and reduce the volatility of the portfolio, in accordance with the Investment Council-approved Derivatives Policy. The State invests in futures contracts, options and swaps. Futures represent commitments to purchase or sell securities or money market instruments at a future date and at a specific price. Options represent the right, but not the obligation, to purchase or sell securities at a future date and at a specific price. The State invests in these contracts related to securities of the U.S. Government or Government Agency obligations based on reference notes, which are traded on organized exchanges, thereby minimizing the State's credit risk. The net change in the contract value is settled daily in cash with the exchanges. Swaps represent an exchange of streams of payments over time according to specified terms. All changes in fair value of derivatives are reflected in Investment Income and the fair value of derivatives at June 30, 2011 is reflected in Investments. The fair value balances and notional amounts of investment derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

**DERIVATIVE INVESTMENTS AT JUNE 30, 2011**

Derivative	FIDUCIARY FUND		
	Fair Value	Change in Fair Value	Notional
Credit Default Swap	\$ 1,197	\$ 731	\$ 59,876
Fixed Income Futures	-	6,229	1,020,626
Fixed Income Options	(1,288)	2,959	(280,850)
Futures Options	-	114	-
FX Forwards	106	(6,113)	164,895
Interest Rate Swap	(468)	(3,826)	113,324
Rights	-	504	-
Warrants	1	1	6

**DERIVATIVE INVESTMENTS AT JUNE 30, 2011  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Derivative	GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES		
	Fair Value	Change in Fair Value	Notional
Credit Default Swap	\$ 237	\$ 252	\$ 22,994
Fixed Income Futures	-	1,040	229,000
Fixed Income Options	(290)	609	(68,600)
Futures Options	-	17	-
FX Forwards	16	(714)	18,004
Interest Rate Swap	27	(1,052)	25,824
Rights	-	12	-
Warrants	-	-	1

The change in fair value denotes the net realized and unrealized gains and losses recognized during the period. The fair value of the derivative instruments at June 30, 2011, denotes the market value, with the exception of FX Forwards, which denotes the net

realized and unrealized gains and losses recognized during the period. Furthermore, the notional amount for Futures and Options was calculated as contract size times the number of contracts. The State is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Nebraska Investment Council's policy to require counterparty collateral posting provisions in its non-exchange-traded derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The Plans have never failed to access collateral when required.

The aggregate fair value of derivative instruments in asset positions at June 30, 2011, was \$1,949 for the Fiduciary Fund and \$434 for Governmental and Business-Type Activities. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. There is no collateral held or liabilities included in netting arrangements with those counterparties; therefore, the net exposure to credit risk is \$2,383. Although the State executes derivative instruments with various counterparties, there is net exposure to credit risk of approximately 87 percent for the Fiduciary Fund and 84 percent for the Governmental and Business-Type Activities, held with five counterparties. The counterparties are rated A or AA.

The State is exposed to interest rate risk on its interest rate swaps. Interest rate swaps are agreements between two counterparties to exchange future cash flows. These are generally fixed versus variable flows, and can be either received or paid. These swaps are used to adjust interest rate and yield curve exposure and substitute for physical securities. Long swap positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease exposure. Counterparty risk is limited to monthly exchanged or netted cash flows. All of the State's interest rate swaps were fixed with a LIBOR (London Interbank Offered Rate) or SIFMA (Securities Industry and Financial Markets Association) reference rate. Foreign currency risk for derivative instruments at June 30, 2011 are as follows:

**DERIVATIVES FOREIGN CURRENCY AT JUNE 30, 2011  
FIDUCIARY FUND**

Currency	Swaps	Forward Contracts	Fixed Income Options
Australian Dollar	\$ -	\$ 124	\$ -
Brazilian Real	657	(11)	-
Canadian Dollar	-	(132)	-
Swiss Franc	-	1	-
Yuan Renminbi	-	173	-
Euro Currency	(199)	(126)	-
Pound Sterling	-	75	-
Japanese Yen	-	(196)	-
Mexican Peso	233	296	-
Norwegian Krone	-	(99)	-
Total	<u>\$ 691</u>	<u>\$ 105</u>	<u>\$ -</u>

**DERIVATIVES FOREIGN CURRENCY AT JUNE 30, 2011  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Currency	Swaps	Forward Contracts	Fixed Income Options
Australian Dollar	\$ -	\$ 27	\$ -
Brazilian Real	314	(7)	-
Canadian Dollar	-	(37)	-
Yuan Renminbi	-	80	-
Euro Currency	(78)	(21)	-
Pound Sterling	-	(1)	-
Japanese Yen	-	(12)	-
Mexican Peso	60	10	-
Norwegian Krone	-	(23)	-
Total	<u>\$ 296</u>	<u>\$ 16</u>	<u>\$ -</u>

**Synthetic Guaranteed Investment Contracts (SGICs).** In the fiduciary fund, Defined Contribution Plans, employees are eligible to participate in SGICs. The contracts provided an average crediting rate of 3.87 percent during fiscal year 2011. The fair value of these contracts is \$122,154, and the contract value is \$117,438. The effective duration and credit rating for the investments underlying the SGICs are presented below. There was no foreign currency risk for the underlying investments.

SGIC Components	Fair Value
Underlying Investments	\$ 122,154
Wrap Contract	-
Total	<u>\$ 122,154</u>

	EFFECTIVE DURATION	FAIR VALUE	Investments Underlying SGICs Quality Ratings at June 30, 2011					
			AAA	AA	A	BBB	BB	UNRATED
Asset Backed Securities	2.01	\$ 10,468	\$ 10,037	\$ 26	\$ 373	\$ 32	\$ -	\$ -
Corporate Bonds	2.60	56,150	2,651	12,104	27,107	13,711	-	577
Government Agency Securities	2.77	9,626	9,626	-	-	-	-	-
International Bonds	1.92	1,409	640	-	769	-	-	-
Mortgages	2.55	34,170	32,932	250	760	-	-	228
Short Term Investments	0.00	2,157	-	-	-	-	-	2,157
US Treasury Notes	3.28	8,174	8,174	-	-	-	-	-
		<u>\$ 122,154</u>						

**3. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 548,156	\$ 5,235	\$ -	\$ 553,391
Infrastructure	6,852,227	133,513	-	6,985,740
Construction in progress	84,478	45,553	60,268	69,763
Total capital assets, not being depreciated	<u>7,484,861</u>	<u>184,301</u>	<u>60,268</u>	<u>7,608,894</u>
Capital assets, being depreciated:				
Buildings and improvements	493,230	44,933	-	538,163
Equipment	398,875	48,144	11,735	435,284
Total capital assets, being depreciated	<u>892,105</u>	<u>93,077</u>	<u>11,735</u>	<u>973,447</u>
Less accumulated depreciation for:				
Buildings and improvements	232,569	14,320	-	246,889
Equipment	300,970	35,441	11,088	325,323
Total accumulated depreciation	<u>533,539</u>	<u>49,761</u>	<u>11,088</u>	<u>572,212</u>
Total capital assets, being depreciated, net	<u>358,566</u>	<u>43,316</u>	<u>647</u>	<u>401,235</u>
Governmental activities capital assets, net	<u>\$ 7,843,427</u>	<u>\$ 227,617</u>	<u>\$ 60,915</u>	<u>\$ 8,010,129</u>
<b>Business-type activities:</b>				
<b>Unemployment Insurance</b>				
Equipment, being depreciated	\$ 870	\$ 223	\$ 26	\$ 1,067
Less accumulated depreciation	862	70	26	906
Total Unemployment Insurance, net	<u>8</u>	<u>153</u>	<u>-</u>	<u>161</u>
<b>Nonmajor Enterprise Funds</b>				
Capital assets, not being depreciated:				
Land	315	-	-	315
Total capital assets, not being depreciated	<u>315</u>	<u>-</u>	<u>-</u>	<u>315</u>
Capital assets, being depreciated:				
Buildings and improvements	5,751	1,194	-	6,945
Equipment	4,968	261	-	5,229
Total capital assets, being depreciated	<u>10,719</u>	<u>1,455</u>	<u>-</u>	<u>12,174</u>
Less accumulated depreciation for:				
Buildings and improvements	1,675	173	-	1,848
Equipment	3,519	474	-	3,993
Total accumulated depreciation	<u>5,194</u>	<u>647</u>	<u>-</u>	<u>5,841</u>
Total capital assets, being depreciated, net	<u>5,525</u>	<u>808</u>	<u>-</u>	<u>6,333</u>
Total Nonmajor Enterprise, net	<u>5,840</u>	<u>808</u>	<u>-</u>	<u>6,648</u>
Business-type activities capital assets, net	<u>\$ 5,848</u>	<u>\$ 961</u>	<u>\$ -</u>	<u>\$ 6,809</u>

Current period depreciation expense was charged to functions of the primary government as follows:

<b>Governmental activities:</b>	
General Government	\$ 14,228
Conservation of Natural Resources	1,360
Culture – Recreation	1,423
Economic Development and Assistance	322
Education	1,047
Health and Social Services	1,150
Public Safety	13,093
Regulation of Business and Professions	1,619
Transportation	15,519
Total depreciation expense -	
Governmental activities	<u>\$ 49,761</u>

**Construction Commitments.** At June 30, 2011, the State had contractual commitments of approximately \$562,892 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows:

Federal funds	\$ 305,233
State funds	240,069
Local funds	17,590
	<u>\$ 562,892</u>

Most of these commitments will not be reflected as capital asset increases when they are paid because the State is using the modified approach to account for infrastructure. Under this method, capital asset additions are only reflected when improvements expand the capacity or efficiency of an asset.

**4. Interfund Balances**

Due To/From Other Funds at June 30, 2011 consists of the following:

	<b>DUE TO</b>								TOTALS
	General Fund	Highway Fund	Federal Fund	Health and Social Services	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Pension Trust	
<b>DUE FROM</b>									
General Fund	\$ -	\$ 212	\$ 22	\$ 18	\$ 957	\$ 203	\$ 4,658	\$ 28,345	\$ 34,415
Highway Fund	-	-	112	4	93	909	447	-	1,565
Federal Fund	87,401	14	-	2,481	2,338	52	5,526	-	97,812
Health and Social Services	-	-	350	-	1	10	234	-	595
Permanent School Fund	-	-	-	-	-	-	5	-	5
Nonmajor Governmental Funds	786	110	-	6	161	31	6,685	-	7,779
Unemployment Fund	-	-	-	2	-	-	1	-	3
Nonmajor Enterprise Funds	-	17	-	-	4	-	78	-	99
Internal Service Funds	4,632	265	5	17	217	48	1,025	-	6,209
Pension Trust	-	-	-	-	-	1	193	-	194
Private Purpose Trust	-	-	-	-	-	1	12	-	13
<b>TOTALS</b>	<b>\$ 92,819</b>	<b>\$ 618</b>	<b>\$ 489</b>	<b>\$ 2,528</b>	<b>\$ 3,771</b>	<b>\$ 1,255</b>	<b>\$ 18,864</b>	<b>\$ 28,345</b>	<b>\$ 148,689</b>

Interfund receivables and payables are recorded for: (1) short term borrowings, (2) billing for services provided between agencies, (3) pension liabilities, and (4) risk management liabilities. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2011 consist of the following:

	<b>TRANSFERRED TO:</b>					TOTALS
	General Fund	Highway Fund	Health and Social Services	Nonmajor Governmental Funds		
<b>TRANSFERRED FROM:</b>						
General Fund	\$ -	\$ -	\$ -	\$ 14,799	\$ 14,799	
Highway Fund	1,064	-	-	10,178	11,242	
Federal Fund	-	-	-	11,940	11,940	
Health & Social Services Fund	3,680	-	-	15	3,695	
Nonmajor Governmental Funds	69,605	27,773	330	4,245	101,953	
Nonmajor Enterprise Funds	-	-	816	31,239	32,055	
<b>TOTALS</b>	<b>\$ 74,349</b>	<b>\$ 27,773</b>	<b>\$ 1,146</b>	<b>\$ 72,416</b>	<b>\$ 175,684</b>	

Transfers are used to (1) move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) move profits from the State Lottery Fund as required by law.

## 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as presented in the financial statements at June 30, 2011 consist of the following:

	General Fund	Highway Fund	Federal Fund	Health and Social Services	Permanent School Fund	Nonmajor Governmental Funds	Other Funds	Unemployment Insurance	Nonmajor Enterprise Funds	TOTALS
Payroll and Withholdings	\$ 11,225	\$ 3,857	\$ 4,152	\$ 583	\$ -	\$ 2,704	\$ 1,087	\$ 2	\$ 165	\$ 23,775
Payables and Accruals	80,660	49,598	220,512	7,258	28,847	25,490	25,809	815	14,578	453,567
Due to Fiduciary Funds *	-	-	-	-	-	-	28,345	-	-	28,345
Miscellaneous	-	6,757	-	-	-	968	2	32	121	7,880
<b>TOTALS</b>	<b>\$ 91,885</b>	<b>\$ 60,212</b>	<b>\$ 224,664</b>	<b>\$ 7,841</b>	<b>\$ 28,847</b>	<b>\$ 29,162</b>	<b>\$ 55,243</b>	<b>\$ 849</b>	<b>\$ 14,864</b>	<b>\$ 513,567</b>

\* This amount represents amounts due to fiduciary funds, which were classified as external payables on the government-wide Statement of Net Assets.

## 6. Noncurrent Liabilities

Changes in noncurrent liabilities for the year ended June 30, 2011 are summarized as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b>Governmental Activities:</b>					
Claims Payable	\$ 256,091	\$ 1,710,857	\$ 1,711,759	\$ 255,189	\$ 212,294
Capital Lease Obligations	23,181	10,810	6,683	27,308	7,115
Obligations Under Other Financing Arrangements	14,405	5,195	3,380	16,220	1,360
Compensated Absences	128,786	13,057	12,868	128,975	9,028
Totals	<u>\$ 422,463</u>	<u>\$ 1,739,919</u>	<u>\$ 1,734,690</u>	<u>\$ 427,692</u>	<u>\$ 229,797</u>
<b>Business-type Activities:</b>					
<b>Unemployment Insurance:</b>					
Claims Payable	\$ 48,972	\$ 324,115	\$ 335,580	\$ 37,507	\$ 37,507
Compensated Absences	19	3	3	19	2
Totals for Unemployment Insurance	<u>48,991</u>	<u>324,118</u>	<u>335,583</u>	<u>37,526</u>	<u>37,509</u>
<b>Nonmajor Enterprise Funds:</b>					
Claims Payable	19,478	19,236	4,020	34,694	4,246
Compensated Absences	758	48	53	753	52
Totals for Nonmajor Enterprise Funds	<u>20,236</u>	<u>19,284</u>	<u>4,073</u>	<u>35,447</u>	<u>4,298</u>
Totals for Business-type Activities	<u>\$ 69,227</u>	<u>\$ 343,402</u>	<u>\$ 339,656</u>	<u>\$ 72,973</u>	<u>\$ 41,807</u>

The amount of claims payable reported in the fund financial statements are due and payable at fiscal year end. Claims payable, compensated absences and capital lease obligations typically have been liquidated in the general, special revenue and internal service funds. Obligations under other financing arrangements have been liquidated in the special revenue funds.

## 7. Lease Commitments

**Capital and Operating Leases.** The State leases land, office facilities, equipment, and other assets under both capital and operating leases. Although the lease terms may vary, all leases are subject to annual appropriation by the Legislature.

The minimum annual lease payments (principle and interest) and the present value of future minimum payments for capital leases as of June 30, 2011 are as follows:

YEAR	GOVERNMENTAL ACTIVITIES
2012	\$ 7,615
2013	6,849
2014	5,140
2015	3,505
2016	2,427
2017-2021	3,206
Total Minimum Payments	28,742
Less: Interest and executory costs	1,434
Present value of net minimum payments	<u>\$ 27,308</u>

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 2011:

	GOVERNMENTAL ACTIVITIES
Equipment	\$ 38,136
Less: accumulated depreciation	(15,019)
Carrying value	<u>\$ 23,117</u>

The minimum annual lease payments for operating leases as of June 30, 2011 are as follows:

YEAR	GOVERNMENTAL ACTIVITIES
2012	\$ 7,736
2013	2,554
2014	2,432
2015	1,703
2016	1,504
2017-2021	4,259
2022-2026	2,274
2027-2031	1,508
2032-2036	861
Total	<u>\$ 24,831</u>

Primary Government operating lease payments for the year ended June 30, 2011 totaled \$13,212.

**Lessor Transactions.** The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 2011, the State owned approximately 1.3 million acres of land that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of

\$38,678 were received under these and other lease agreements for the year ended June 30, 2011.

## 8. Obligations Under Other Financing Arrangements

The State has entered into special financing arrangements with certain public benefit corporations to fund certain grant programs. Under these arrangements, the State enters into an agreement with a public benefit corporation, the Nebraska Investment Finance Authority (NIFA), whereby NIFA issues bonds, the proceeds of which, along with federal capitalization grants, are used to provide loans to various municipalities and local units of government in Nebraska that qualify for such loans. Such loans are used for improvements to wastewater and drinking water treatment facilities. Funds to repay NIFA come from the municipalities and units of government to which the loans are given.

A summary of the future minimum contractual obligations including interest at rates from 0.90 percent to 5.70 percent is as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2012	\$ 1,360	\$ 677	\$ 2,037
2013	1,605	610	2,215
2014	1,665	545	2,210
2015	1,715	476	2,191
2016	2,530	386	2,916
2017-2021	5,565	972	6,537
2022-2026	1,780	163	1,943
Total	<u>\$ 16,220</u>	<u>\$ 3,829</u>	<u>\$ 20,049</u>

## 9. Contingencies and Commitments

**Grants and Contracts.** The State participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State.

All State agencies including institutions of higher education are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or institution is a recipient of federal grants, contracts, or other sponsored agreements. Certain agencies or institutions may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. Management believes that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the State.

**Litigation.** The State is named as a party in legal proceedings that occur in the normal course of governmental operations. Such litigation includes, but is not

limited to, claims asserted against the State arising from alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of State and Federal laws. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the State for these proceedings. It is the State's opinion that the ultimate liability for these and other proceedings is not expected to have a material adverse effect on the State's financial position.

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

The State is in non-binding arbitration with Kansas and Colorado relating to water usage in the Republican River Basin. It is alleged that Nebraska is consuming more water than is allowed under the Republican River Compact of 1942. It is not possible at the present time to determine the outcome of this water dispute.

The State is being sued involving a \$12,000 gain on sale of investments that was received in a prior fiscal year. It is not possible at the present time to determine the outcome of this proceeding.

## 10. Risk Management

Through Administrative Services, the State maintains insurance and self-insurance programs. Workers' compensation, employee health care, general liability and employee indemnification are generally self-insured. However, the State does carry surety bonds for constitutional officers and limited general liability on one building. Motor vehicle liability is insured with a \$5,000 limit and a \$300 retention per occurrence (the self-insured retention for vehicular pursuit is \$1,000) and employee dishonesty is insured with a \$1,000 limit with a \$25 retention per incident. The State insures against property damage, maintaining a policy with a \$250,000 limit and a \$200 retention per occurrence. The State also carries some insurance for personal property damage. Settled claims have not exceeded this commercial insurance coverage in any of the past three years. Administrative Services provides life insurance for eligible State employees. These activities are reported in the Risk Management Internal Service Fund.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The balance of claims liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claims liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability

may not result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors, but do not include non-incremental claims adjustment expenses.

The liability for workers' compensation is recorded as a claims payable of \$50,672 at a discounted rate of 3.5 percent (\$10,323).

Changes in the balances of claims liabilities of the Risk Management Internal Service Fund during the years ended June 30, 2011, and 2010, were as follows:

	Fiscal Year	
	2011	2010
Beginning Balance	\$ 63,730	\$ 64,311
Current Year Claims and Changes in Estimates	(188,747)	182,300
Claim Payments	189,964	(182,881)
Ending Balance	<u>\$ 64,947</u>	<u>\$ 63,730</u>

## 11. Pension Plans

### Plans Administered by the Public Employees Retirement Board

The Public Employees Retirement Board (the Board), which consists of eight members, was created in 1971 to administer the Nebraska retirement plans then in existence. Those plans were the School, State Employees', Judges' and State Patrol plans. In October of 1973, the Board assumed the administration of the Nebraska Counties Retirement System. The plans have been created in accordance with Internal Revenue Code, Sections 401(a) and 414(h). Contribution and benefit provisions are established by State law and may only be amended by the State Legislature.

The Board prepares separate reports for the defined contribution plans and for the defined benefit plans. Copies of these reports that include financial statements and required supplementary information for the plans may be obtained by writing to Public Employees Retirement Systems, P.O. Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

**Basis of Accounting.** The financial statements of the plans are prepared using the accrual basis of accounting, and are included as pension trust funds in the accompanying financial statements. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Plan Description and Funding Policy.** By State law, there is to be an equitable allocation of expenses among the retirement systems administered by the Board, and all expenses shall be provided from the investment

income earned by the various retirement funds. Following is a summary of each of these plans:

**State Employees' Retirement.** The single-employer plan became effective by statute on January 1, 1964. Prior to January 1, 2003, the plan consisted of a defined contribution plan that covered employees of the State. Effective January 1, 2003, a cash balance benefit was added to the State Employees Retirement Act. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected to either continue participation in the defined contribution option or begin participation in the cash balance benefit. All new members of the plan on and after January 1, 2003, become members of the cash balance benefit. Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a retirement allowance equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment. Members have options on how to receive the payment. The amounts presented in the accompanying financial statements for the State Employees' Retirement System are for the year ended December 31, 2010.

Participation in the plan is required for all permanent full-time employees upon employment. Each member contributes 4.8 percent of their compensation. The State matches a member's contribution at a rate of 156 percent.

As of December 31, 2010, there were 16,462 active members and 4,313 inactive members. Members contributed \$31,538 and the State contributed \$49,096 during the year ended December 31, 2010, which was equal to required contributions.

**County Employees' Retirement.** In 1973, the State Legislature brought the County Employees' Retirement System under the administration of the Board. This cost-sharing multiple-employer plan covers employees of 91 of the 93 counties and several county health districts. Douglas and Lancaster counties have separate retirement plans for their employees by State law. Prior to January 1, 2003, the plan consisted of a defined contribution plan. Effective January 1, 2003, a cash balance benefit was added to the County Employees Retirement Act. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003 elected to either continue participation in the defined contribution option or begin participation in the cash balance benefit. All new members of the Plan on and after January 1, 2003 become members of the cash balance benefit. Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a

retirement allowance equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment. Members have options on how to receive the payment. The amounts presented in the accompanying financial statements for the County Employees' Retirement System are for the fiscal year ended December 31, 2010.

Participation in the plan is required of all full-time employees upon employment and of all full-time elected officials upon taking office. Part-time employees may elect voluntary participation upon reaching age 20. Part-time elected officials may exercise the option to join. County employees and elected officials contribute four and one half percent of their total compensation. Commissioned law enforcement personnel in participating counties with less than 85,000 inhabitants contribute an extra one percent, or a total of five and one half percent of their total compensation. Commissioned law enforcement personnel in participating counties with a population in excess of 85,000 inhabitants contribute an extra two percent, or a total of six and one half percent of their total compensation. The counties match a member's contribution at a rate of 150 percent for the first four and one half percent and 100 percent for the extra one and two percent.

As of December 31, 2010, there were 7,619 active members and 1,832 inactive members. Members contributed \$11,233 and counties contributed \$16,590 during the year ended December 31, 2010, which was equal to required contributions.

**School Retirement.** The School Retirement System is a cost-sharing multiple-employer defined benefit pension plan with 276 participating school districts.

All regular public school employees in Nebraska, other than those who have their own retirement plan, are members of the system. The benefits are based on both service and contributions or salary.

The State's contribution is based on an annual actuarial valuation. The employees' contribution was 8.28% of their compensation through August 31, 2011 and was 8.88% after August 31, 2011. The school district's contribution is 101 percent of the employees' contribution.

**Judges' Retirement.** The Judges' Retirement System is a single-employer defined benefit pension system. The membership includes judges and associate judges employed by the State for the Supreme Court, Court of Appeals, District Courts, Workers' Compensation Court, County Courts, and Juvenile Courts. Benefits are based on both service and final average salary. Benefits vest when the judge takes office.



Members' contributions, a portion of court fees collected, and the State's contribution, which is based on an annual actuarial valuation, fund the plan. The judges contribute between one and nine percent of their salary.

**State Patrol Retirement.** The State Patrol Retirement System is a single-employer defined benefit pension system for officers of the patrol. The benefits are based on a percentage of the final average salary multiplied by years of service, not to exceed 75 percent of the average salary. Participation is mandated upon employment.

Members are required to contribute sixteen percent of their monthly salary, and State Patrol contributes sixteen percent. The State's contribution is based on an annual actuarial valuation.

The following tables provide the schedules of funding progress, which present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits, and the primary actuarial assumptions used in the most recent actuarial reports for the defined benefit plans. Information presented for the cost-sharing plans is for the plan as a whole.

SCHEDULES OF FUNDING PROGRESS						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL) (Excess of Assets over AAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll
<b>State Cash Balance</b>						
12/31/2010	\$ 714,132	\$ 762,680	\$ 48,548	93.6 %	\$ 449,206	10.8 %
12/31/2009	670,592	714,409	43,817	93.9	454,776	9.6
12/31/2008	637,539	658,249	20,710	96.9	433,397	4.8
<b>County Cash Balance</b>						
12/31/2010	\$ 206,036	\$ 221,080	\$ 15,044	93.2 %	\$ 183,968	8.2 %
12/31/2009	187,110	196,773	9,663	95.1	177,732	5.4
12/31/2008	175,766	175,294	(472)	100.3	165,276	(0.3)
<b>School</b>						
6/30/2011	\$ 7,267,497	\$ 9,039,745	\$ 1,772,248	80.4 %	\$ 1,590,226	111.4 %
6/30/2010	7,040,909	8,542,119	1,501,210	82.4	1,543,931	97.2
6/30/2009	7,007,582	8,092,339	1,084,757	86.6	1,481,568	73.2
<b>Judges'</b>						
6/30/2011	\$ 125,191	\$ 128,265	\$ 3,074	97.6 %	\$ 18,182	16.9 %
6/30/2010	121,406	121,309	(97)	100.1	18,773	(0.5)
6/30/2009	120,993	118,558	(2,435)	102.1	18,373	(13.3)
<b>State Patrol</b>						
6/30/2011	\$ 279,193	\$ 339,554	\$ 60,361	82.2 %	\$ 26,195	230.4 %
6/30/2010	273,307	321,901	48,594	84.9	26,766	181.6
6/30/2009	274,120	305,291	31,171	89.8	25,922	120.2

	STATE CASH BALANCE	COUNTY CASH BALANCE	SCHOOL RETIREMENT	JUDGES' RETIREMENT	STATE PATROL RETIREMENT
Actuarial Valuation Date	12/31/2010	12/31/2010	6/30/2011	6/30/2011	6/30/2011
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Amortization Period	24 years	24 years	27 years	30 years	28 years
Asset Valuation Method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial Assumptions:					
Investment Rate of Return **	7.75%	7.75%	8.0%	8.0%	8.0%
Projected Salary Increases **	4.5% to 5.9%	5.5% to 15.0%	4.5% to 7.5%	4.5%	4.5% to 9.0%

\*\* Includes assumed inflation of 3.5% per year.

THREE - YEAR TREND INFORMATION			
YEAR ENDED	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
<b>State Cash Balance</b>			
12/31/2010	\$30,837	100%	\$ -
12/31/2009	30,327	100%	-
12/31/2008	29,204	100%	-
<b>County Cash Balance</b>			
12/31/2010	\$11,379	100%	\$ -
12/31/2009	10,559	100%	-
12/31/2008	9,840	100%	-
<b>School</b>			
6/30/2011	\$41,747	89%	\$ -
6/30/2010	21,380	100%	-
6/30/2009	20,621	100%	-
<b>Judges'</b>			
6/30/2011	\$ 3,580	100%	\$ -
6/30/2010	3,615	100%	-
6/30/2009	3,491	100%	-
<b>State Patrol</b>			
6/30/2011	\$ 7,173	83%	\$ -
6/30/2010	6,260	100%	-
6/30/2009	5,385	100%	-

## 12. Receivables

Receivables are reflected net of allowances for doubtful accounts. The following are such related allowances listed by major fund at June 30, 2011:

<b>Governmental Activities:</b>	
General Fund	\$ 82,059
Federal Fund	11,372
Health and Social Services Fund	1,245
Total Governmental Activities	<u>\$ 94,676</u>
<b>Business-type Activities:</b>	
Unemployment Insurance	\$ 4,354
Total Business-type Activities	<u>\$ 4,354</u>

Of the taxes and other receivables, \$25,319 and \$18,546, respectively, is not expected to be collected within 60 days of the fiscal year end. These amounts have been offset by deferred revenue in the General Fund and the Health and Social Services Fund. The majority of the loans receivable balance is not expected to be collected in the next year.

## 13. Bonds Payable

Article XIII of the State's Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the State's Constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 2011, there was no outstanding debt for either of these purposes.

The State created the NETC Leasing Corporation for the purpose of acquiring property to be leased to and purchased by the State. In February 2000, the NETC Leasing Corporation issued \$22,515 of lease rental revenue bonds to construct and acquire digital television facilities and equipment and related facilities. The NETC Leasing Corporation is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. There were no obligations outstanding at June 30, 2011.

The component units issue bonds for various purposes including student housing, parking facilities and special event centers. Net revenues from student housing and dining facilities, special student fees and parking facilities fees are pledged to secure the appropriate issues.

All outstanding bond issues of the University of Nebraska Facilities Corporation and the Nebraska State College Facilities Corporation are general obligations of these corporations. They are separate legal entities that are not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself.

BONDS PAYABLE	INTEREST RATES	BALANCE JUNE 30, 2011
<b>COMPONENT UNITS</b>		
University of Nebraska	0.85%-6.00%	\$ 684,785
Nebraska State Colleges	0.60%-5.05%	42,725
Component Units Total		<u>\$ 727,510</u>

COMPONENT UNITS DEBT SERVICE REQUIREMENTS TO MATURITY			
YEAR	PRINCIPAL	INTEREST	TOTAL
2012	\$ 47,045	\$ 32,135	\$ 79,180
2013	39,010	30,404	69,414
2014	56,770	28,637	85,407
2015	63,725	26,820	90,545
2016	43,035	24,057	67,092
2017 - 2021	212,600	89,856	302,456
2022 - 2026	100,885	54,333	155,218
2027 - 2031	75,510	32,502	108,012
2032 - 2036	55,090	16,088	71,178
2037 - 2041	33,840	3,244	37,084
Total	<u>\$ 727,510</u>	<u>\$ 338,076</u>	<u>\$ 1,065,586</u>

## 14. Restatement

The State Colleges component unit increased Net Assets – Beginning on the Statement of Activities – Component Units by \$29 to reflect capitalization of assets that had previously been expensed and a change in capitalization policy that removed assets that had previously been capitalized.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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State of Nebraska  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Taxes	\$ 3,291,025	\$ 3,305,778	\$ 3,368,433	\$ 62,655
Federal Grants and Contracts	118	118	118	-
Sales and Charges	23,851	23,851	23,851	-
Other	<u>32,053</u>	<u>32,053</u>	<u>32,053</u>	<u>-</u>
TOTAL REVENUES	<u>3,347,047</u>	<u>3,361,800</u>	<u>3,424,455</u>	<u>62,655</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	262,226	267,149	252,288	14,861
Conservation of Natural Resources	48,052	48,052	34,975	13,077
Culture – Recreation	6,588	6,588	5,844	744
Economic Development and Assistance	9,352	9,293	6,521	2,772
Education	1,709,952	1,709,032	1,676,517	32,515
Health and Social Services	1,323,845	1,253,047	1,124,505	128,542
Public Safety	243,295	254,155	217,291	36,864
Regulation of Business and Professions	4,566	4,566	3,758	808
Transportation	6	6	-	6
Capital Projects	<u>5,100</u>	<u>5,100</u>	<u>-</u>	<u>5,100</u>
TOTAL EXPENDITURES	<u>3,612,982</u>	<u>3,556,988</u>	<u>3,321,699</u>	<u>235,289</u>
Excess of Revenues Over (Under) Expenditures	<u>(265,935)</u>	<u>(195,188)</u>	<u>102,756</u>	<u>297,944</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	229,109	229,109	229,109	-
Transfers Out	(280,803)	(280,803)	(280,803)	-
Other	<u>91</u>	<u>91</u>	<u>91</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,603)</u>	<u>(51,603)</u>	<u>(51,603)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(317,538)</u>	<u>(246,791)</u>	<u>51,153</u>	<u>297,944</u>
<b>FUND BALANCES, JULY 1</b>	<u>762,334</u>	<u>762,334</u>	<u>762,334</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 444,796</u>	<u>\$ 515,543</u>	<u>\$ 813,487</u>	<u>\$ 297,944</u>

A reconciliation of the budgetary basis versus GAAP fund balance for the General Fund as of June 30, 2011, follows (dollars in thousands):

Actual Fund Balances, budgetary basis, June 30, 2011	
General	\$ 500,285
Cash Reserve	<u>313,202</u>
Budgetary fund balances	813,487
DIFFERENCES DUE TO BASIS OF ACCOUNTING:	
Record taxes receivable	333,196
Record tax refund liability	(345,316)
Record State contributions due pension funds	(28,345)
Record claims payable	(89,645)
Record other net accrued receivables and liabilities	<u>50,070</u>
GAAP fund balance, June 30, 2011	<u>\$ 733,447</u>

See independent auditors' report

State of Nebraska  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CASH FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)	CASH FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Taxes	\$ 112,829	\$ 112,829	\$ 112,829	\$ -
Federal Grants and Contracts	337,100	337,100	337,100	-
Sales and Charges	495,974	495,974	495,974	-
Other	211,249	211,249	211,249	-
<b>TOTAL REVENUES</b>	<b>1,157,152</b>	<b>1,157,152</b>	<b>1,157,152</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	238,480	241,050	194,671	46,379
Conservation of Natural Resources	122,700	135,823	57,015	78,808
Culture – Recreation	35,968	35,968	22,861	13,107
Economic Development and Assistance	59,130	59,871	24,340	35,531
Education	618,137	624,862	389,131	235,731
Health and Social Services	189,061	189,318	111,745	77,573
Public Safety	59,382	59,381	35,612	23,769
Regulation of Business and Professions	229,788	216,665	119,625	97,040
Transportation	771,970	776,970	632,842	144,128
Capital Projects	77,473	77,473	23,882	53,591
<b>TOTAL EXPENDITURES</b>	<b>2,402,089</b>	<b>2,417,381</b>	<b>1,611,724</b>	<b>805,657</b>
Excess of Revenues Over (Under) Expenditures	(1,244,937)	(1,260,229)	(454,572)	805,657
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,149,594	1,149,594	1,149,594	-
Transfers Out	(625,956)	(625,956)	(625,956)	-
Other	2,068	2,068	2,068	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>525,706</b>	<b>525,706</b>	<b>525,706</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(719,231)	(734,523)	71,134	805,657
<b>FUND BALANCES, JULY 1</b>	<b>828,390</b>	<b>828,390</b>	<b>828,390</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 109,159</b>	<b>\$ 93,867</b>	<b>\$ 899,524</b>	<b>\$ 805,657</b>

A reconciliation of the budgetary basis versus GAAP fund balance for the Major Funds as of June 30, 2011, follows (dollars in thousands):

Actual Fund Balances, budgetary basis, June 30, 2011	
Cash	\$ 899,524
Construction	21,248
Federal	89,516
Revolving	294,618
Budgetary fund balances	1,304,906
Unbudgeted fund balances	1,638,226
Non-major fund balances	(1,156,073)
Differences due to basis of accounting	(548,175)
GAAP fund balance, June 30, 2011	<u>\$ 1,238,884</u>
Actual Fund Balances of Major Funds, June 30, 2011	
Highway	\$ 213,386
Federal	8,648
Health and Social Services	471,465
Permanent School	545,385
GAAP fund balance, June 30, 2011	<u>\$ 1,238,884</u>

See independent auditors' report

State of Nebraska  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONSTRUCTION FUNDS**

For the Year Ended June 30, 2011

	CONSTRUCTION FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
(Dollars in Thousands)				
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	-	-	-	-
Sales and Charges	-	-	-	-
Other	854	854	854	-
<b>TOTAL REVENUES</b>	<b>854</b>	<b>854</b>	<b>854</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	-	-	-	-
Education	3,036	3,036	2,401	635
Health and Social Services	-	-	-	-
Public Safety	-	-	-	-
Regulation of Business and Professions	-	-	-	-
Transportation	-	-	-	-
Capital Projects	25,953	25,170	6,468	18,702
<b>TOTAL EXPENDITURES</b>	<b>28,989</b>	<b>28,206</b>	<b>8,869</b>	<b>19,337</b>
Excess of Revenues Over (Under) Expenditures	(28,135)	(27,352)	(8,015)	19,337
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	307	307	307	-
Transfers Out	-	-	-	-
Other	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>307</b>	<b>307</b>	<b>307</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(27,828)	(27,045)	(7,708)	19,337
<b>FUND BALANCES, JULY 1</b>	<b>28,956</b>	<b>28,956</b>	<b>28,956</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,128</b>	<b>\$ 1,911</b>	<b>\$ 21,248</b>	<b>\$ 19,337</b>

See independent auditors' report

State of Nebraska  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FEDERAL FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	FEDERAL FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	2,923,134	2,923,134	2,923,134	-
Sales and Charges	19,478	19,478	19,478	-
Other	9,979	9,979	9,979	-
TOTAL REVENUES	<u>2,952,591</u>	<u>2,952,591</u>	<u>2,952,591</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	15,475	16,506	8,808	7,698
Conservation of Natural Resources	109,584	132,086	85,180	46,906
Culture – Recreation	6,147	6,159	2,383	3,776
Economic Development and Assistance	134,474	134,922	83,155	51,767
Education	1,325,677	1,389,513	1,083,409	306,104
Health and Social Services	1,739,861	1,821,014	1,565,005	256,009
Public Safety	212,609	229,700	126,023	103,677
Regulation of Business and Professions	5,130	5,867	3,936	1,931
Transportation	7,241	7,241	5,879	1,362
Capital Projects	347	347	183	164
TOTAL EXPENDITURES	<u>3,556,545</u>	<u>3,743,355</u>	<u>2,963,961</u>	<u>779,394</u>
Excess of Revenues Over (Under) Expenditures	<u>(603,954)</u>	<u>(790,764)</u>	<u>(11,370)</u>	<u>779,394</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	22,847	22,847	22,847	-
Transfers Out	(22,035)	(22,035)	(22,035)	-
Other	6,002	6,002	6,002	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,814</u>	<u>6,814</u>	<u>6,814</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(597,140)</u>	<u>(783,950)</u>	<u>(4,556)</u>	<u>779,394</u>
<b>FUND BALANCES, JULY 1</b>	<u>94,072</u>	<u>94,072</u>	<u>94,072</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ (503,068)</u>	<u>\$ (689,878)</u>	<u>\$ 89,516</u>	<u>\$ 779,394</u>

See independent auditors' report

State of Nebraska  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**REVOLVING FUNDS**

For the Year Ended June 30, 2011

	REVOLVING FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
(Dollars in Thousands)				
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	1,988	1,988	1,988	-
Sales and Charges	531,661	531,661	531,661	-
Other	165,027	165,027	165,027	-
<b>TOTAL REVENUES</b>	<b>698,676</b>	<b>698,676</b>	<b>698,676</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	269,386	270,703	170,162	100,541
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	3,560	3,560	1,588	1,972
Education	726,999	790,583	467,954	322,629
Health and Social Services	-	-	-	-
Public Safety	29,300	31,325	15,794	15,531
Regulation of Business and Professions	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,029,245</b>	<b>1,096,171</b>	<b>655,498</b>	<b>440,673</b>
Excess of Revenues Over (Under) Expenditures	(330,569)	(397,495)	43,178	440,673
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	61,283	61,283	61,283	-
Transfers Out	(57,208)	(57,208)	(57,208)	-
Other	1,009	1,009	1,009	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,084</b>	<b>5,084</b>	<b>5,084</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(325,485)	(392,411)	48,262	440,673
<b>FUND BALANCES, JULY 1</b>	<b>246,356</b>	<b>246,356</b>	<b>246,356</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ (79,129)</b>	<b>\$ (146,055)</b>	<b>\$ 294,618</b>	<b>\$ 440,673</b>

See independent auditors' report



## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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### Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, all State agencies, including the university and colleges, must submit their budget requests for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, subprograms, and activities. The Governor reviews the agency requests, establishes priorities, and presents the Legislature with one or more pieces of legislation covering the biennium. The Legislature holds hearings on the Governor's proposed budget, adopts changes and presents final legislation to the Governor. The Governor can either: a) approve the appropriation bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths majority of the Legislature.

The approved appropriations set spending limits by fund type for programs within each agency. These limits may include up to five budgetary fund types. Thus, the legal level of control is fund type within program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the State Accounting Division of Administrative Services.

Appropriations are made for each fiscal year of the biennium; balances at the end of the first fiscal year are carried over into the second fiscal year, unless directed otherwise by the Legislature. For most appropriations, balances lapse at the end of the biennium.

The budgetary fund types used by the State differ from those presented in the basic financial statements. The budgetary funds, which are listed below, are generally segregated by revenue sources. Of these seven fund types, only the first five are subject to the spending limits set by the appropriations bills. The General Fund is the only major fund that corresponds to a budgetary fund type, so the General Fund is the only major fund that has a budget.

**General Fund.** To account for activities funded by general tax dollars, primarily sales and income taxes.

**Cash Reserve Fund.** This is part of the General Fund, and is used to account for financial resources to be used as a reserve for the General Fund if the General Fund balance should become inadequate to meet current obligations. The Cash Reserve Fund is part of the budgetary basis fund balance.

**Cash Funds.** To account for the financing of goods or services provided by a State agency to individuals or entities outside State government on a cost-reimbursement basis, and to account for the revenues and expenditures related to highway construction.

**Construction Funds.** To account for financial resources to be used for the acquisition or construction of major capital facilities.

**Federal Funds.** To account for the financial resources related to the receipt and disbursement of funds generated from the federal government as a result of grants and contracts, except for federal highway monies accounted for in the Cash Funds.

**Revolving Funds.** To account for the financing of goods or services provided by one State agency to another State agency on a cost-reimbursement basis.

**Trust Funds.** To account for assets held in a trustee capacity.

**Distributive Funds.** To account for assets held as an agent for individuals, private organizations, and other governments and/or other funds.

The accompanying basic financial statements were prepared by converting budgetary fund data into the fund format required by GAAP. The cash basis of accounting is used for all budgetary fund types.

All State budgetary expenditures for the general, cash, construction, federal and revolving fund types are made pursuant to appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may allocate appropriations between object of expenditure accounts, except that personal service expenditures that exceed limitations contained in the appropriations bill require Legislative amendment. Any changes in appropriations are made through an annual deficit bill or other legislation. Appropriations from the federal fund type are considered to be estimated and the Legislature has approved an administrative procedure for changing them. During fiscal year 2011, the Legislature passed deficit appropriation bills that increased the allowable expenditure level in several of the programs.

For the year ended June 30, 2011, there were no budgetary programs in which expenditures exceeded appropriations. Revenues are not budgeted for any funds except for General Fund tax revenues.

## REQUIRED SUPPLEMENTARY INFORMATION INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

For the Year Ended June 30, 2011

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 10,000 miles of highway and bridges the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

### Measurement Scale

The Nebraska Department of Roads uses the Nebraska Serviceability Index (NSI) to measure and monitor pavement conditions. The NSI is a numerical pavement rating scale used to monitor the condition on a scale ranging from 0 to 100 with 0 being the worst and 100 being the best. NSI represents the condition of the pavement at the time of measurement and is based on pavement’s surface distresses. Surface distresses include cracking, patching, roughness, rutting, and faulting.

### Established Condition Level

It is the policy of the Nebraska Department of Roads to maintain at least an overall NSI system rating of 72 or above.

### Assessed Condition

The State assesses conditions on a calendar year basis. The following table reports the percentage of pavements meeting ratings of “Very Good”, “Good”, “Fair”, and “Poor”. This condition index is used to classify roads in very good (90-100), good (70-89), fair (50-69), and poor (0-49).

<u>Calendar Year</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Very Good	31%	32%	32%	33%	42%	39%
Good	44%	47%	47%	49%	38%	46%
Fair	22%	19%	19%	17%	19%	12%
Poor	3%	2%	2%	1%	1%	3%
Overall System Rating	80	81	82	82	83	84

### Estimated and Actual Costs to Maintain

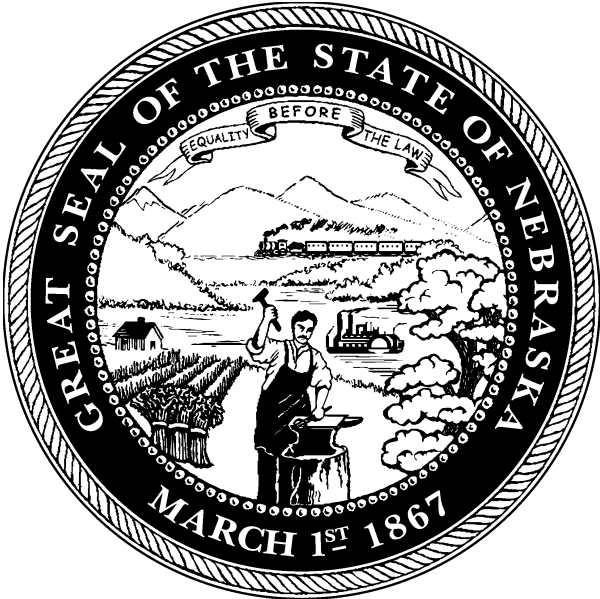
The following table presents the State’s estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level cited above, and the actual amount spent during the past fiscal years (amounts in millions). Beginning in Fiscal Year 2005, a newly developed Pavement Optimization Program was used to calculate the annual amount required to maintain the highway system at a NSI of 72 by performing a cost-benefit analysis of various improvement strategies by pavement section. This has resulted in a lower estimated annual cost. However, the actual cost of system preservation is greater than estimated as a result of maintaining the system at a NSI level higher than the base level established for GASB-34 purposes (72 base versus 80 actual).

<u>Fiscal Year</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Estimated	\$ 288	\$ 267	\$ 211	\$ 206	\$ 155	\$ 148
Actual		218	270	239	208	167
Difference		(49)	59	33	53	19

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# COMBINING FINANCIAL STATEMENTS

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# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Licensing and Regulation.** This fund accounts for all activities of agencies, boards, and commissions whose primary function is licensing individuals and regulating industry and professions. This includes a diverse group of professions such as abstracters, medical professions, barbers, engineers, architects and accountants.

**Economic Development.** This fund accounts for activities to develop and promote the growth of industry, agriculture, commerce and tourism, and utilization of resources within Nebraska.

**Airport Development.** This fund accounts for the activities relating to aircraft fuels tax, which is administered by the Department of Aeronautics for the support and maintenance of public airports.

**Game and Parks.** This fund accounts for the activities related to the Nebraska Game and Parks Commission, which is responsible for the development and preservation of the fish and wildlife resources of Nebraska, and operation and administration of the State park system.

**Environmental Quality.** This fund accounts for the activities related to the Department of Environmental Quality, which is responsible for the protection of Nebraska's air, land, and water resources.

**Energy Conservation.** This fund accounts for activities relating to the oil and gas severance taxes as well as energy conservation and development activities. The State Energy Office is responsible for providing technical assistance on energy conservation and development, distributing funds for the school weatherization program, and administering and distributing federal funds provided to the State in the area of energy efficiency.

**NETC Leasing Corporation.** This fund accounts for the activities of a blended component unit.

**Other Special Revenue.** This fund accounts for various other revenues that must be used for specific purposes.

## CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for construction of buildings financed with tax dollars.

## PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Aeronautics Trust Fund.** This fund receives proceeds from the sale of state-owned airfields. Investment income is used to pay for expenses of the Department of Aeronautics.

**Nebraska Veterans' Aid Fund.** This fund accounts for the investment activity of a General Fund contribution made in a prior year. Earnings on the investment are used to provide emergency financial assistance to eligible veterans and dependents.

**Permanent Endowment Fund.** This fund receives the proceeds of sales of land and investments endowed to the University by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income on these funds is used for support and maintenance of the University.

**Agriculture Endowment Fund.** This fund receives the proceeds of sales of land and investments endowed to the University's Agriculture College by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income from this fund is used for support and maintenance of the College of Agriculture and Natural Resources.

**Other Permanent Funds.** Normal School Endowment, J.J. Soukup, and Miscellaneous Permanent Trust.

State of Nebraska  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2011

(Dollars in Thousands)

	SPECIAL REVENUE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 8,847	\$ 310	\$ 4,048	\$ 13,205
Cash on Deposit with Fiscal Agents	21,624	-	-	21,624
Investments	471,720	71,601	46,551	589,872
Securities Lending Collateral	49,131	7,555	1,875	58,561
Receivables, net of allowance				
Taxes	247	-	-	247
Due from Federal Government	1,580	-	-	1,580
Loans	269,402	-	-	269,402
Other	8,633	624	2,571	11,828
Due from Other Funds	3,766	5	-	3,771
Inventories	405	-	-	405
Prepaid Items	72	-	-	72
Other	1,032	1,220	-	2,252
TOTAL ASSETS	<u>\$ 836,459</u>	<u>\$ 81,315</u>	<u>\$ 55,045</u>	<u>\$ 972,819</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 23,506	\$ 3,759	\$ 1,897	\$ 29,162
Due to Other Governments	1,182	-	-	1,182
Deposits	1,335	-	-	1,335
Due to Other Funds	7,761	18	-	7,779
Obligations under Securities Lending	49,131	7,555	1,875	58,561
TOTAL LIABILITIES	<u>82,915</u>	<u>11,332</u>	<u>3,772</u>	<u>98,019</u>
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Inventories and Prepaid Items	477	-	-	477
Endowment Principal	-	-	19,565	19,565
<b>Restricted for:</b>				
Education	20,158	-	2,569	22,727
Health and Social Services	654	-	28,422	29,076
Conservation of Natural Resources	484,158	-	-	484,158
Transportation	8,256	-	407	8,663
Licensing and Regulation	66,484	-	-	66,484
Economic Development	33,803	-	-	33,803
Public Safety	36,817	-	-	36,817
Culture – Recreation	13,426	-	-	13,426
Other Purposes	41,282	364	310	41,956
Debt Service	16,233	-	-	16,233
<b>Committed to:</b>				
Other Purposes	-	69,619	-	69,619
<b>Assigned to:</b>				
Education	536	-	-	536
Licensing and Regulation	29,332	-	-	29,332
Economic Development	12	-	-	12
Culture – Recreation	64	-	-	64
Other Purposes	1,852	-	-	1,852
TOTAL FUND BALANCES	<u>753,544</u>	<u>69,983</u>	<u>51,273</u>	<u>874,800</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 836,459</u>	<u>\$ 81,315</u>	<u>\$ 55,045</u>	<u>\$ 972,819</u>

State of Nebraska

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	SPECIAL REVENUE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
<b>REVENUES:</b>				
Sales and Use Taxes	\$ 3,867	\$ -	\$ -	\$ 3,867
Petroleum Taxes	13,258	-	-	13,258
Excise Taxes	46,558	9,163	-	55,721
Business and Franchise Taxes	17,577	-	-	17,577
Other Taxes	6,278	-	-	6,278
Federal Grants and Contracts	43,366	183	-	43,549
Licenses, Fees and Permits	129,937	-	-	129,937
Charges for Services	33,343	52	-	33,395
Investment Income	12,014	1,296	6,822	20,132
Rents and Royalties	12,436	8,050	-	20,486
Surcharge	54,452	-	-	54,452
Other	31,544	-	-	31,544
TOTAL REVENUES	<u>404,630</u>	<u>18,744</u>	<u>6,822</u>	<u>430,196</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	86,253	-	17	86,270
Conservation of Natural Resources	55,756	-	-	55,756
Culture – Recreation	22,204	-	-	22,204
Economic Development and Assistance	25,882	-	-	25,882
Education	12,737	-	99	12,836
Higher Education - Colleges and University	-	14,739	-	14,739
Health and Social Services	1,026	-	902	1,928
Public Safety	37,333	-	-	37,333
Regulation of Business and Professions	115,621	-	-	115,621
Transportation	25,774	-	4	25,778
Capital Projects	-	16,676	-	16,676
Debt Service:				
Principal	3,380	-	-	3,380
Interest	647	-	-	647
TOTAL EXPENDITURES	<u>386,613</u>	<u>31,415</u>	<u>1,022</u>	<u>419,050</u>
Excess of Revenues Over (Under) Expenditures	<u>18,017</u>	<u>(12,671)</u>	<u>5,800</u>	<u>11,146</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	72,109	307	-	72,416
Transfers Out	(101,668)	(24)	(261)	(101,953)
Proceeds from Other Financing Arrangements	5,195	-	-	5,195
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,364)</u>	<u>283</u>	<u>(261)</u>	<u>(24,342)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(6,347)</u>	<u>(12,388)</u>	<u>5,539</u>	<u>(13,196)</u>
<b>FUND BALANCES, JULY 1</b>	<u>759,891</u>	<u>82,371</u>	<u>45,734</u>	<u>887,996</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 753,544</u>	<u>\$ 69,983</u>	<u>\$ 51,273</u>	<u>\$ 874,800</u>

State of Nebraska  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2011

(Dollars in Thousands)

	LICENSING AND REGULATION	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 464	\$ 182	\$ 6,309
Cash on Deposit with Fiscal Agents	-	-	-
Investments	97,399	33,060	-
Securities Lending Collateral	10,278	3,488	-
Receivables, net of allowance:			
Taxes	115	-	126
Due from Federal Government	-	-	-
Loans	-	144	1,985
Other	2,676	1,297	96
Due from Other Funds	127	7	47
Inventories	-	-	-
Prepaid Items	3	-	3
Other	-	1,025	-
TOTAL ASSETS	<u>\$ 111,062</u>	<u>\$ 39,203</u>	<u>\$ 8,566</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	\$ 5,699	\$ 847	\$ 298
Due to Other Governments	9	-	-
Deposits	303	1,025	-
Due to Other Funds	348	37	9
Obligations under Securities Lending	10,278	3,488	-
TOTAL LIABILITIES	<u>16,637</u>	<u>5,397</u>	<u>307</u>
<b>FUND BALANCES:</b>			
<b>Nonspendable:</b>			
Inventories and Prepaid Items	3	-	3
<b>Restricted for:</b>			
Education	-	-	-
Health and Social Services	-	-	-
Conservation of Natural Resources	-	-	-
Transportation	-	-	8,256
Licensing and Regulation	66,418	-	-
Economic Development	-	33,794	-
Public Safety	-	-	-
Culture – Recreation	-	-	-
Other Purposes	-	-	-
Debt Service	-	-	-
<b>Assigned to:</b>			
Education	-	-	-
Licensing and Regulation	28,004	-	-
Economic Development	-	12	-
Culture – Recreation	-	-	-
Other Purposes	-	-	-
TOTAL FUND BALANCES	<u>94,425</u>	<u>33,806</u>	<u>8,259</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 111,062</u>	<u>\$ 39,203</u>	<u>\$ 8,566</u>



<b>GAME AND PARKS</b>	<b>ENVIRONMENTAL QUALITY</b>	<b>ENERGY CONSERVATION</b>	<b>NETC LEASING CORPORATION</b>	<b>OTHER SPECIAL REVENUE</b>	<b>TOTALS</b>
\$ 660	\$ 481	\$ 100	\$ -	\$ 651	\$ 8,847
-	16,233	-	-	5,391	21,624
85,036	109,369	22,909	-	123,947	471,720
8,900	11,541	2,417	-	12,507	49,131
-	6	-	-	-	247
1,500	-	-	-	80	1,580
-	245,512	13,164	-	8,597	269,402
996	920	198	-	2,450	8,633
751	-	-	-	2,834	3,766
-	-	-	-	405	405
36	-	-	-	30	72
-	-	-	-	7	1,032
<u>\$ 97,879</u>	<u>\$ 384,062</u>	<u>\$ 38,788</u>	<u>\$ -</u>	<u>\$ 156,899</u>	<u>\$ 836,459</u>
\$ 5,068	\$ 275	\$ 339	\$ -	\$ 10,980	\$ 23,506
6	-	1,000	-	167	1,182
-	-	-	-	7	1,335
414	2	6	-	6,945	7,761
8,900	11,541	2,417	-	12,507	49,131
<u>14,388</u>	<u>11,818</u>	<u>3,762</u>	<u>-</u>	<u>30,606</u>	<u>82,915</u>
36	-	-	-	435	477
-	-	-	-	20,158	20,158
-	-	-	-	654	654
77,335	356,011	35,026	-	15,786	484,158
-	-	-	-	-	8,256
-	-	-	-	66	66,484
-	-	-	-	9	33,803
-	-	-	-	36,817	36,817
6,120	-	-	-	7,306	13,426
-	-	-	-	41,282	41,282
-	16,233	-	-	-	16,233
-	-	-	-	536	536
-	-	-	-	1,328	29,332
-	-	-	-	-	12
-	-	-	-	64	64
-	-	-	-	1,852	1,852
<u>83,491</u>	<u>372,244</u>	<u>35,026</u>	<u>-</u>	<u>126,293</u>	<u>753,544</u>
<u>\$ 97,879</u>	<u>\$ 384,062</u>	<u>\$ 38,788</u>	<u>\$ -</u>	<u>\$ 156,899</u>	<u>\$ 836,459</u>

State of Nebraska  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	LICENSING AND REGULATION	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
<b>REVENUES:</b>			
Sales and Use Taxes	\$ -	\$ 3,867	\$ -
Petroleum Taxes	10,934	533	1,448
Excise Taxes	10,375	27,366	-
Business and Franchise Taxes	4,696	140	-
Other Taxes	-	-	-
Federal Grants and Contracts	5	-	22,689
Licenses, Fees and Permits	66,553	148	6
Charges for Services	2,929	170	830
Investment Income	2,360	362	199
Rents and Royalties	-	-	747
Surcharge	54,452	-	-
Other	10,544	301	7
TOTAL REVENUES	<u>162,848</u>	<u>32,887</u>	<u>25,926</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	-
Conservation of Natural Resources	-	-	-
Culture – Recreation	-	-	-
Economic Development and Assistance	-	24,804	-
Education	-	-	-
Health and Social Services	-	-	-
Public Safety	-	-	-
Regulation of Business and Professions	114,843	-	-
Transportation	-	-	25,774
Debt Service			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>114,843</u>	<u>24,804</u>	<u>25,774</u>
Excess of Revenues Over (Under) Expenditures	<u>48,005</u>	<u>8,083</u>	<u>152</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	2,015	8,027	261
Transfers Out	(59,514)	(29,377)	(155)
Proceeds from Other Financing Arrangements	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(57,499)</u>	<u>(21,350)</u>	<u>106</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(9,494)	(13,267)	258
<b>FUND BALANCES, JULY 1</b>	<u>103,919</u>	<u>47,073</u>	<u>8,001</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 94,425</u>	<u>\$33,806</u>	<u>\$ 8,259</u>

<b>GAME AND PARKS</b>	<b>ENVIRONMENTAL QUALITY</b>	<b>ENERGY CONSERVATION</b>	<b>NETC LEASING CORPORATION</b>	<b>OTHER SPECIAL REVENUE</b>	<b>TOTALS</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,867
-	-	300	-	43	13,258
1,309	2,440	-	-	5,068	46,558
-	1,635	-	-	11,106	17,577
-	-	-	-	6,278	6,278
11,221	7	-	-	9,444	43,366
24,322	6,298	-	-	32,610	129,937
2,668	-	15	-	26,731	33,343
2,177	2,761	659	-	3,496	12,014
10,337	-	-	-	1,352	12,436
-	-	-	-	-	54,452
<u>1,359</u>	<u>7,558</u>	<u>88</u>	<u>-</u>	<u>11,687</u>	<u>31,544</u>
<u>53,393</u>	<u>20,699</u>	<u>1,062</u>	<u>-</u>	<u>107,815</u>	<u>404,630</u>
-	-	-	-	86,253	86,253
43,245	8,787	516	-	3,208	55,756
19,538	-	-	-	2,666	22,204
-	-	-	-	1,078	25,882
-	-	-	33	12,704	12,737
-	-	-	-	1,026	1,026
-	-	-	-	37,333	37,333
-	-	-	-	778	115,621
-	-	-	-	-	25,774
-	3,380	-	-	-	3,380
<u>-</u>	<u>647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647</u>
<u>62,783</u>	<u>12,814</u>	<u>516</u>	<u>33</u>	<u>145,046</u>	<u>386,613</u>
<u>(9,390)</u>	<u>7,885</u>	<u>546</u>	<u>(33)</u>	<u>(37,231)</u>	<u>18,017</u>
15,037	11,940	-	-	34,829	72,109
(1,064)	(1,568)	(25)	(7)	(9,958)	(101,668)
<u>-</u>	<u>5,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,195</u>
<u>13,973</u>	<u>15,567</u>	<u>(25)</u>	<u>(7)</u>	<u>24,871</u>	<u>(24,364)</u>
4,583	23,452	521	(40)	(12,360)	(6,347)
<u>78,908</u>	<u>348,792</u>	<u>34,505</u>	<u>40</u>	<u>138,653</u>	<u>759,891</u>
<u>\$ 83,491</u>	<u>\$ 372,244</u>	<u>\$ 35,026</u>	<u>\$ -</u>	<u>\$ 126,293</u>	<u>\$ 753,544</u>

State of Nebraska  
**COMBINING BALANCE SHEET**  
**NONMAJOR PERMANENT FUNDS**  
June 30, 2011

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ -	\$ 3,584	\$ 350	\$ 102	\$ 12	\$ 4,048
Investments	6,545	36,237	992	2,184	593	46,551
Securities Lending Collateral	438	1,259	34	76	68	1,875
Other Receivables, net of allowance	57	2,292	65	137	20	2,571
<b>TOTAL ASSETS</b>	<b>\$ 7,040</b>	<b>\$ 43,372</b>	<b>\$ 1,441</b>	<b>\$ 2,499</b>	<b>\$ 693</b>	<b>\$ 55,045</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,691	\$ 59	\$ 132	\$ 15	\$ 1,897
Obligations under Securities Lending	438	1,259	34	76	68	1,875
<b>TOTAL LIABILITIES</b>	<b>438</b>	<b>2,950</b>	<b>93</b>	<b>208</b>	<b>83</b>	<b>3,772</b>
<b>FUND BALANCES:</b>						
Nonspendable:						
Endowment Principal	6,195	12,000	503	722	145	19,565
Restricted for:						
Education	-	-	845	1,569	155	2,569
Health and Social Services	-	28,422	-	-	-	28,422
Transportation	407	-	-	-	-	407
Other Purposes	-	-	-	-	310	310
<b>TOTAL FUND BALANCES</b>	<b>6,602</b>	<b>40,422</b>	<b>1,348</b>	<b>2,291</b>	<b>610</b>	<b>51,273</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,040</b>	<b>\$ 43,372</b>	<b>\$ 1,441</b>	<b>\$ 2,499</b>	<b>\$ 693</b>	<b>\$ 55,045</b>

State of Nebraska

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
<b>REVENUES:</b>						
Investment Income	\$ 146	\$ 6,078	\$ 175	\$ 362	\$ 61	\$ 6,822
TOTAL REVENUES	<u>146</u>	<u>6,078</u>	<u>175</u>	<u>362</u>	<u>61</u>	<u>6,822</u>
<b>EXPENDITURES:</b>						
General Government	-	-	-	-	17	17
Education	-	-	29	63	7	99
Health and Social Services	-	902	-	-	-	902
Transportation	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
TOTAL EXPENDITURES	<u>4</u>	<u>902</u>	<u>29</u>	<u>63</u>	<u>24</u>	<u>1,022</u>
Excess of Revenues Over (Under) Expenditures	142	5,176	146	299	37	5,800
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	<u>(261)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(261)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(119)	5,176	146	299	37	5,539
<b>FUND BALANCES, JULY 1</b>	<u>6,721</u>	<u>35,246</u>	<u>1,202</u>	<u>1,992</u>	<u>573</u>	<u>45,734</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 6,602</u>	<u>\$ 40,422</u>	<u>\$ 1,348</u>	<u>\$ 2,291</u>	<u>\$ 610</u>	<u>\$ 51,273</u>



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## NONMAJOR ENTERPRISE FUNDS

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Enterprise Funds are maintained to account for operations that are financed and operated in a manner similar to private business enterprises—where the costs of providing goods and services to the general public are financed primarily through user charges.

**Lottery Fund.** This fund accounts for all receipts and expenses from the operations of the State Lottery.

**Excess Liability Fund.** This fund accounts for the activity resulting from implementation of the Nebraska Hospital-Medical Liability Act. Revenues are primarily insurance premiums from certain health care providers and a surcharge levied on all participating health care providers in Nebraska. Expenses from the fund are used to pay judgments against participating health care providers, up to a limit of \$1,750,000 per occurrence.

**Cornhusker State Industries.** The activities of Cornhusker State Industries in the Department of Correctional Services are accounted for in this fund. One of the main activities is making furniture.

State of Nebraska  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
June 30, 2011

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 5,372	\$ 22,368	\$ 8,973	\$ 36,713
Receivables, net of allowance	4,891	8,660	410	13,961
Due from Other Funds	-	-	1,255	1,255
Inventories	-	-	2,621	2,621
Prepaid Items	582	-	-	582
TOTAL CURRENT ASSETS	<u>10,845</u>	<u>31,028</u>	<u>13,259</u>	<u>55,132</u>
NONCURRENT ASSETS:				
Restricted Long-Term Deposits	2,247	-	-	2,247
Long-Term Investments	-	63,899	-	63,899
Securities Lending Collateral	-	2,263	-	2,263
Capital Assets:				
Land	-	-	315	315
Buildings and Equipment	366	-	11,808	12,174
Less Accumulated Depreciation	(328)	-	(5,513)	(5,841)
Total Capital Assets, net	<u>38</u>	<u>-</u>	<u>6,610</u>	<u>6,648</u>
TOTAL NONCURRENT ASSETS	<u>2,285</u>	<u>66,162</u>	<u>6,610</u>	<u>75,057</u>
TOTAL ASSETS	<u>\$ 13,130</u>	<u>\$ 97,190</u>	<u>\$ 19,869</u>	<u>\$ 130,189</u>
<b>LIABILITIES AND NET ASSETS</b>				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 7,541	\$ 6,245	\$ 1,078	\$ 14,864
Due to Other Funds	32	-	67	99
Claims, Judgments and Compensated Absences	19	4,246	33	4,298
Unearned Revenue	-	2,931	-	2,931
TOTAL CURRENT LIABILITIES	<u>7,592</u>	<u>13,422</u>	<u>1,178</u>	<u>22,192</u>
NONCURRENT LIABILITIES:				
Claims, Judgments and Compensated Absences	257	30,448	444	31,149
Obligations under Securities Lending	-	2,263	-	2,263
TOTAL NONCURRENT LIABILITIES	<u>257</u>	<u>32,711</u>	<u>444</u>	<u>33,412</u>
TOTAL LIABILITIES	<u>7,849</u>	<u>46,133</u>	<u>1,622</u>	<u>55,604</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	38	-	6,610	6,648
Restricted for:				
Lottery Prizes, Noncurrent	2,247	-	-	2,247
Unrestricted	2,996	51,057	11,637	65,690
TOTAL NET ASSETS	<u>5,281</u>	<u>51,057</u>	<u>18,247</u>	<u>74,585</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,130</u>	<u>\$ 97,190</u>	<u>\$ 19,869</u>	<u>\$ 130,189</u>



State of Nebraska

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 131,919	\$ 8,523	\$ 15,443	\$ 155,885
Other	-	420	125	545
TOTAL OPERATING REVENUES	<u>131,919</u>	<u>8,943</u>	<u>15,568</u>	<u>156,430</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	1,455	-	4,267	5,722
Services and Supplies	23,282	387	8,553	32,222
Lottery Prizes	76,871	-	-	76,871
Insurance Claims	-	19,236	-	19,236
Depreciation	17	-	631	648
TOTAL OPERATING EXPENSES	<u>101,625</u>	<u>19,623</u>	<u>13,451</u>	<u>134,699</u>
Operating Income (Loss)	<u>30,294</u>	<u>(10,680)</u>	<u>2,117</u>	<u>21,731</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	377	4,407	222	5,006
Gain (Loss) on Sale of Fixed Assets	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>377</u>	<u>4,407</u>	<u>222</u>	<u>5,006</u>
Income (Loss) Before Transfers	30,671	(6,273)	2,339	26,737
Transfers Out	<u>(32,055)</u>	<u>-</u>	<u>-</u>	<u>(32,055)</u>
Change in Net Assets	(1,384)	(6,273)	2,339	(5,318)
<b>NET ASSETS, JULY 1</b>	<u>6,665</u>	<u>57,330</u>	<u>15,908</u>	<u>79,903</u>
<b>NET ASSETS, JUNE 30</b>	<u>\$ 5,281</u>	<u>\$ 51,057</u>	<u>\$ 18,247</u>	<u>\$ 74,585</u>

State of Nebraska  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 131,312	\$ 7,341	\$ 2,025	\$ 140,678
Cash Received from Interfund Charges	-	-	14,769	14,769
Cash Paid to Employees	(1,416)	-	(4,308)	(5,724)
Cash Paid to Suppliers	(23,332)	(172)	(7,691)	(31,195)
Cash Paid for Lottery Prizes	(76,526)	-	-	(76,526)
Cash Paid for Insurance Claims	-	(4,020)	-	(4,020)
Cash Paid for Interfund Services	(409)	(201)	(542)	(1,152)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>29,629</u>	<u>2,948</u>	<u>4,253</u>	<u>36,830</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers Out	<u>(32,055)</u>	-	-	<u>(32,055)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING:</b>				
Acquisition and Construction of Capital Assets	(34)	-	(1,422)	(1,456)
Proceeds from Sale of Fixed Assets	-	-	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(34)</u>	-	<u>(1,422)</u>	<u>(1,456)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Investment Securities	-	(136,077)	-	(136,077)
Proceeds from Sale of Investment Securities	-	135,924	-	135,924
Interest and Dividend Income	482	2,791	202	3,475
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>482</u>	<u>2,638</u>	<u>202</u>	<u>3,322</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,978)	5,586	3,033	6,641
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>7,350</u>	<u>16,782</u>	<u>5,940</u>	<u>30,072</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 5,372</u>	<u>\$ 22,368</u>	<u>\$ 8,973</u>	<u>\$ 36,713</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 30,294	\$ (10,680)	\$ 2,117	\$ 21,731
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	17	-	631	648
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(607)	-	111	(496)
(Increase) Decrease in Due from Other Funds	-	-	1,115	1,115
(Increase) Decrease in Inventories	-	-	69	69
(Increase) Decrease in Prepaid Items	(158)	-	-	(158)
(Increase) Decrease in Long-Term Deposits	(357)	-	-	(357)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	463	14	206	683
Increase (Decrease) in Due to Other Funds	(23)	-	4	(19)
Increase (Decrease) in Claims Payable	-	15,216	-	15,216
Increase (Decrease) in Unearned Revenue	-	(1,602)	-	(1,602)
Total adjustments	<u>(665)</u>	<u>13,628</u>	<u>2,136</u>	<u>15,099</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 29,629</u>	<u>\$ 2,948</u>	<u>\$ 4,253</u>	<u>\$ 36,830</u>
<b>NONCASH TRANSACTIONS (dollars in thousands):</b>				
Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.				
The following noncash transactions occurred during the year:				
Change in Fair Value of Investments	\$ -	\$ 1,544	\$ -	\$ 1,544

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## INTERNAL SERVICE FUNDS

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Internal Service Funds are used to account for the operations of State agencies that provide goods and services to other departments or agencies within State government on a cost-reimbursement basis. The State has the following internal service funds:

**Buildings and Grounds.** The activities of Administrative Services, State Building Division, for space rental, office and storage, and operating the parking areas are accounted for in this fund.

**General Services.** This fund accounts for the operations of central services provided by the Administrative Services, Materiel Division. These operations are the central mailroom, printing, central stores, purchasing services, surplus State property, and other miscellaneous office services.

**Office of the CIO.** This fund accounts for the activities of the central communications network and central data processing operations maintained by Administrative Services, Office of the Chief Information Officer.

**Transportation Services Bureau.** This fund accounts for the operations of the central motor pool, which is under Administrative Services, Transportation Services Bureau.

**Risk Management.** The activities of Administrative Services, Division of Risk Management, which include workers' compensation and general liability claims, and of the State Employees Insurance Fund, which include life and health insurance programs, are accounted for in this fund.

**Accounting Services.** The accounting operations maintained by Administrative Services, State Accounting Division, are accounted for in this fund.

**Other Internal Service Funds.** This fund accounts for the micrographics services and warehousing of records by the Records Management Division of the Secretary of State, the activities of the Investment Council, and the temporary employee pool maintained by Administrative Services, Division of State Personnel.

State of Nebraska  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
June 30, 2011

(Dollars in Thousands)	<b>BUILDINGS AND GROUNDS</b>	<b>GENERAL SERVICES</b>	<b>OFFICE OF THE CIO</b>
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 12,816	\$ 6,134	\$ 17,933
Receivables, net of allowance			
Accounts	29	42	549
Accrued Interest	117	54	149
Due from Other Funds	130	2,376	13,910
Inventories	-	362	63
Prepaid Items	1,050	154	-
<b>TOTAL CURRENT ASSETS</b>	<u>14,142</u>	<u>9,122</u>	<u>32,604</u>
NONCURRENT ASSETS:			
Capital Assets:			
Buildings and Equipment	2,609	9,113	48,887
Less Accumulated Depreciation	<u>(2,294)</u>	<u>(6,215)</u>	<u>(32,893)</u>
Total Capital Assets, net	<u>315</u>	<u>2,898</u>	<u>15,994</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 14,457</u></u>	<u><u>\$ 12,020</u></u>	<u><u>\$ 48,598</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 2,085	\$ 2,121	\$ 6,053
Due to Other Funds	134	1,062	307
Capital Lease Obligations	-	-	4,007
Claims, Judgments and Compensated Absences	41	35	214
Unearned Revenue	<u>-</u>	<u>-</u>	<u>483</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,260</u>	<u>3,218</u>	<u>11,064</u>
NONCURRENT LIABILITIES:			
Capital Lease Obligations	-	-	16,756
Claims, Judgments and Compensated Absences	<u>537</u>	<u>468</u>	<u>2,851</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>537</u>	<u>468</u>	<u>19,607</u>
<b>TOTAL LIABILITIES</b>	<u>2,797</u>	<u>3,686</u>	<u>30,671</u>
NET ASSETS:			
Invested in Capital Assets, net of related debt	315	2,898	(4,769)
Unrestricted	<u>11,345</u>	<u>5,436</u>	<u>22,696</u>
<b>TOTAL NET ASSETS</b>	<u>11,660</u>	<u>8,334</u>	<u>17,927</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 14,457</u></u>	<u><u>\$ 12,020</u></u>	<u><u>\$ 48,598</u></u>

<b>TRANSPORTATION SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>ACCOUNTING SERVICES</b>	<b>OTHER INTERNAL SERVICE</b>	<b>TOTALS</b>
\$ 5,893	\$ 100,074	\$ 2,716	\$ 3,267	\$ 148,833
-	38	2	84	744
10	876	73	29	1,308
1,579	211	7	651	18,864
-	-	-	-	425
-	-	-	-	1,204
<u>7,482</u>	<u>101,199</u>	<u>2,798</u>	<u>4,031</u>	<u>171,378</u>
19,419	-	1,461	721	82,210
<u>(10,325)</u>	<u>-</u>	<u>(1,440)</u>	<u>(625)</u>	<u>(53,792)</u>
9,094	-	21	96	28,418
<u>\$ 16,576</u>	<u>\$ 101,199</u>	<u>\$ 2,819</u>	<u>\$ 4,127</u>	<u>\$ 199,796</u>
\$ 563	\$ 15,783	\$ 389	\$ 573	\$ 27,567
66	4,577	51	12	6,209
716	-	-	-	4,723
8	26,600	22	10	26,930
-	-	-	-	483
<u>1,353</u>	<u>46,960</u>	<u>462</u>	<u>595</u>	<u>65,912</u>
-	-	-	-	16,756
<u>104</u>	<u>38,359</u>	<u>296</u>	<u>132</u>	<u>42,747</u>
104	38,359	296	132	59,503
<u>1,457</u>	<u>85,319</u>	<u>758</u>	<u>727</u>	<u>125,415</u>
8,378	-	21	96	6,939
<u>6,741</u>	<u>15,880</u>	<u>2,040</u>	<u>3,304</u>	<u>67,442</u>
15,119	15,880	2,061	3,400	74,381
<u>\$ 16,576</u>	<u>\$ 101,199</u>	<u>\$ 2,819</u>	<u>\$ 4,127</u>	<u>\$ 199,796</u>

State of Nebraska

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)	<b>BUILDINGS AND GROUNDS</b>	<b>GENERAL SERVICES</b>	<b>OFFICE OF THE CIO</b>
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 32,820	\$ 17,032	\$ 83,033
Other	879	-	-
TOTAL OPERATING REVENUES	<u>33,699</u>	<u>17,032</u>	<u>83,033</u>
<b>OPERATING EXPENSES:</b>			
Personal Services	4,177	3,096	18,543
Services and Supplies	30,598	12,989	53,143
Insurance Claims	-	-	-
Depreciation	44	1,118	5,817
TOTAL OPERATING EXPENSES	<u>34,819</u>	<u>17,203</u>	<u>77,503</u>
Operating Income (Loss)	<u>(1,120)</u>	<u>(171)</u>	<u>5,530</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income	442	170	508
Gain (Loss) on Sale of Capital Assets	6	(62)	14
Other	-	-	(343)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>448</u>	<u>108</u>	<u>179</u>
Change in Net Assets	(672)	(63)	5,709
<b>NET ASSETS, JULY 1</b>	<u>12,332</u>	<u>8,397</u>	<u>12,218</u>
<b>NET ASSETS, JUNE 30</b>	<u><u>\$ 11,660</u></u>	<u><u>\$ 8,334</u></u>	<u><u>\$ 17,927</u></u>

<b>TRANSPORTATION SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>ACCOUNTING SERVICES</b>	<b>OTHER INTERNAL SERVICE</b>	<b>TOTALS</b>
\$ 6,439	\$ 206,265	\$ 4,403	\$ 10,984	\$ 360,976
-	-	2	360	1,241
<u>6,439</u>	<u>206,265</u>	<u>4,405</u>	<u>11,344</u>	<u>362,217</u>
518	38	2,234	7,080	35,686
3,986	259	1,868	5,109	107,952
-	194,181	-	-	194,181
<u>2,108</u>	<u>-</u>	<u>31</u>	<u>18</u>	<u>9,136</u>
<u>6,612</u>	<u>194,478</u>	<u>4,133</u>	<u>12,207</u>	<u>346,955</u>
<u>(173)</u>	<u>11,787</u>	<u>272</u>	<u>(863)</u>	<u>15,262</u>
207	2,894	211	113	4,545
595	-	-	-	553
<u>(16)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(359)</u>
<u>786</u>	<u>2,894</u>	<u>211</u>	<u>113</u>	<u>4,739</u>
613	14,681	483	(750)	20,001
<u>14,506</u>	<u>1,199</u>	<u>1,578</u>	<u>4,150</u>	<u>54,380</u>
<u>\$ 15,119</u>	<u>\$ 15,880</u>	<u>\$ 2,061</u>	<u>\$ 3,400</u>	<u>\$ 74,381</u>

State of Nebraska  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended June 30, 2011

(Dollars in Thousands)

	<b>BUILDINGS AND GROUNDS</b>	<b>GENERAL SERVICES</b>	<b>OFFICE OF THE CIO</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 279	\$ 234	\$ 5,929
Cash Received from Interfund Charges	33,466	16,664	74,488
Cash Paid to Employees	(4,219)	(3,090)	(18,508)
Cash Paid to Suppliers	(28,478)	(12,396)	(48,323)
Cash Paid for Insurance Claims	-	-	-
Cash Paid for Interfund Services	<u>(1,631)</u>	<u>(150)</u>	<u>(3,567)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(583)</u>	<u>1,262</u>	<u>10,019</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(166)	(1,035)	(3,831)
Proceeds from Sale of Capital Assets	5	6	13
Principal Paid on Capital Leases	-	-	(3,389)
Interest Paid on Capital Leases	<u>-</u>	<u>-</u>	<u>(343)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(161)</u>	<u>(1,029)</u>	<u>(7,550)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment Income	<u>492</u>	<u>180</u>	<u>515</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(252)	413	2,984
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>13,068</u>	<u>5,721</u>	<u>14,949</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u><u>\$12,816</u></u>	<u><u>\$ 6,134</u></u>	<u><u>\$17,933</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	<u>\$ (1,120)</u>	<u>\$ (171)</u>	<u>\$ 5,530</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	44	1,118	5,817
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables	30	39	19
(Increase) Decrease in Due from Other Funds	16	(173)	(2,170)
(Increase) Decrease in Inventories	-	(120)	4
(Increase) Decrease in Prepaid Items	3	(61)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	377	251	1,244
Increase (Decrease) in Due to Other Funds	67	379	40
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Unearned Revenue	<u>-</u>	<u>-</u>	<u>(465)</u>
Total Adjustments	<u>537</u>	<u>1,433</u>	<u>4,489</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ (583)</u></u>	<u><u>\$ 1,262</u></u>	<u><u>\$10,019</u></u>
<b>NONCASH TRANSACTIONS (dollars in thousands):</b>			
Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.			
The following noncash transactions occurred during the year:			
Capital Assets acquired through Capital Leases	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$10,810</u></u>



<b>TRANSPORTATION SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>ACCOUNTING SERVICES</b>	<b>OTHER INTERNAL SERVICE</b>	<b>TOTALS</b>
\$ 17	\$ 9,483	\$ 3	\$ 8,324	\$ 24,269
5,994	199,610	4,393	3,247	337,862
(515)	(77)	(2,117)	(7,045)	(35,571)
(2,384)	(333)	(616)	(4,484)	(97,014)
-	(189,964)	-	-	(189,964)
<u>(1,274)</u>	<u>(155)</u>	<u>(1,095)</u>	<u>(609)</u>	<u>(8,481)</u>
<u>1,838</u>	<u>18,564</u>	<u>568</u>	<u>(567)</u>	<u>31,101</u>
(2,814)	-	-	(45)	(7,891)
870	-	-	1	895
(708)	-	-	-	(4,097)
<u>(16)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(359)</u>
<u>(2,668)</u>	<u>-</u>	<u>-</u>	<u>(44)</u>	<u>(11,452)</u>
<u>267</u>	<u>2,883</u>	<u>224</u>	<u>124</u>	<u>4,685</u>
(563)	21,447	792	(487)	24,334
<u>6,456</u>	<u>78,627</u>	<u>1,924</u>	<u>3,754</u>	<u>124,499</u>
<u>\$ 5,893</u>	<u>\$ 100,074</u>	<u>\$ 2,716</u>	<u>\$ 3,267</u>	<u>\$ 148,833</u>
\$ (173)	\$ 11,787	\$ 272	\$ (863)	\$ 15,262
2,108	-	31	18	9,136
37	345	(2)	38	506
(465)	2,483	(7)	189	(127)
-	-	-	-	(116)
-	-	-	-	(58)
303	(263)	301	48	2,261
28	(5)	(27)	3	485
-	4,217	-	-	4,217
-	-	-	-	(465)
<u>2,011</u>	<u>6,777</u>	<u>296</u>	<u>296</u>	<u>15,839</u>
<u>\$ 1,838</u>	<u>\$ 18,564</u>	<u>\$ 568</u>	<u>\$ (567)</u>	<u>\$ 31,101</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,810</u>



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# FIDUCIARY FUNDS

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Fiduciary funds are used to account for assets held by the State of Nebraska in a fiduciary capacity. The State has the following fiduciary funds:

## **PENSION TRUST FUNDS**

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

## **PRIVATE PURPOSE TRUST FUNDS**

**Vocational Rehabilitation Fund.** This fund provides rehabilitation services to outside persons to restore the person to gainful employment. Funding comes from assessments to insurance companies and self-insurers. This is not a State program.

**Canteen and Welfare Fund.** This fund provides entertainment activities and equipment at correctional facilities for youth and adult offenders. Such expenditures are not in the context of the State's responsibility for prisoner care and welfare. Revenues are from vending sales, canteen sales and interest earned. Such sales are 100% from inmate purchases. This is not a State program and uses no State funds.

**Escheat Trust Fund.** This fund makes payments to rightful owners for financial assets turned over to the State Treasurer because the assets were left unclaimed at corporations, business associations, banking and financial organizations, insurance companies, utilities and public authorities. If the rightful owners cannot be located, excess funds are transferred to the Permanent School Fund. However, the only funds shown in this trust are those funds determined to be paid at a future date to rightful owners of those funds.

**College Savings Plan.** This fund accounts for the Nebraska savings plan qualified under section 529 of the Internal Revenue Code.

**Other Private Purpose Trust Funds.** Amos Trust, Agriculture and University Land Lease, Public Service Commission Trust Account, and Miscellaneous Private Purpose Trust.

## **AGENCY FUNDS**

**Local Government Fund.** This fund receives money for redistribution to counties and other political subdivisions.

**Other Agency Funds.** Ohio College Library Service, Severance Tax Fund, Court Ordered Settlement, County Court Trust Funds, Comprehensive Health Insurance Pool, the Department of Correctional Services Inmate Trust Funds, and the Health and Human Services System Trust Funds.

State of Nebraska  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**

June 30, 2011

(Dollars in Thousands)

	DEFERRED COMPENSATION	STATE EMPLOYEES RETIREMENT DEFINED CONTRIBUTION	CASH BALANCE
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 96	\$ 11	\$ 1,457
Investments:			
U.S. Treasury Notes and Bonds	-	-	14,256
U.S. Treasury Bills	-	-	5,076
Government Agency Securities	-	-	1,875
Corporate Bonds	-	-	50,632
International Bonds	-	-	5,692
Equity Securities	-	-	145,879
Private Equity	-	-	17,465
Options	-	-	(211)
Mortgages	-	-	52,999
Private Real Estate	-	-	17,786
Asset Backed Securities	-	-	7,463
Municipal Bonds	-	-	3,934
Commingled Funds	164,952	592,062	365,916
Guaranteed Investment Contracts	-	89,609	-
Short Term Investments	-	24,415	10,243
Total Investments	<u>164,952</u>	<u>706,086</u>	<u>699,005</u>
Securities Lending Collateral	-	14,569	36,351
Receivables:			
Contributions	-	887	1,539
Interest and Dividends	-	10	1,371
Other	-	-	21,667
Total Receivables	<u>-</u>	<u>897</u>	<u>24,577</u>
Due from Other Funds	-	-	-
Capital Assets:			
Buildings and Equipment	135	1,640	2,577
Less Accumulated Depreciation	(106)	(1,419)	(2,362)
Total Capital Assets, net	<u>29</u>	<u>221</u>	<u>215</u>
<b>TOTAL ASSETS</b>	<u>\$ 165,077</u>	<u>\$ 721,784</u>	<u>\$ 761,605</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ -	\$ 707	\$ 36,009
Due to Other Governments	-	-	-
Due to Other Funds	4	10	17
Obligations under Securities Lending	-	14,569	36,351
Capital Lease Obligations	-	18	38
Accrued Compensated Absences	5	19	28
<b>TOTAL LIABILITIES</b>	<u>9</u>	<u>15,323</u>	<u>72,443</u>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits	<u>\$ 165,068</u>	<u>\$ 706,461</u>	<u>\$ 689,162</u>

<b>COUNTY EMPLOYEES RETIREMENT</b>						
<b>DEFINED CONTRIBUTION</b>	<b>CASH BALANCE</b>	<b>SCHOOL RETIREMENT</b>	<b>JUDGES RETIREMENT</b>	<b>STATE PATROL RETIREMENT</b>	<b>TOTALS</b>	
\$ 301	\$ 67	\$ 2,295	\$ 82	\$ 312	\$ 4,621	
-	4,110	88,020	1,518	3,333	111,237	
-	1,464	-	-	-	6,540	
-	541	28,927	498	1,095	32,936	
-	14,599	524,613	9,040	19,867	618,751	
-	1,641	61,356	1,057	2,324	72,070	
-	42,061	1,268,923	21,865	48,054	1,526,782	
-	5,036	210,562	3,628	7,974	244,665	
-	(61)	(1,087)	(19)	(41)	(1,419)	
-	15,281	450,374	7,760	17,056	543,470	
-	5,128	197,575	3,404	7,482	231,375	
-	2,152	77,963	1,343	2,952	91,873	
-	1,134	35,708	615	1,352	42,743	
151,987	105,504	4,207,863	72,506	161,502	5,822,292	
20,944	-	-	-	600	111,153	
6,056	5,261	131,881	2,272	5,311	185,439	
<u>178,987</u>	<u>203,851</u>	<u>7,282,678</u>	<u>125,487</u>	<u>278,861</u>	<u>9,639,907</u>	
3,404	10,481	256,814	4,425	9,725	335,769	
160	396	21,070	334	-	24,386	
3	395	13,209	228	498	15,714	
-	6,247	484,783	8,353	18,358	539,408	
<u>163</u>	<u>7,038</u>	<u>519,062</u>	<u>8,915</u>	<u>18,856</u>	<u>579,508</u>	
-	-	26,794	72	1,479	28,345	
772	1,377	12,410	2,104	2,060	23,075	
(664)	(1,257)	(11,343)	(2,090)	(2,045)	(21,286)	
<u>108</u>	<u>120</u>	<u>1,067</u>	<u>14</u>	<u>15</u>	<u>1,789</u>	
<u>\$ 182,963</u>	<u>\$ 221,557</u>	<u>\$ 8,088,710</u>	<u>\$ 138,995</u>	<u>\$ 309,248</u>	<u>\$ 10,589,939</u>	
\$ 166	\$ 10,987	\$ 567,590	\$ 9,713	\$ 21,371	\$ 646,543	
-	-	16	-	-	16	
6	11	142	2	2	194	
3,404	10,481	256,814	4,425	9,725	335,769	
7	20	-	-	-	83	
10	15	193	3	3	276	
<u>3,593</u>	<u>\$ 21,514</u>	<u>\$ 824,755</u>	<u>\$ 14,143</u>	<u>\$ 31,101</u>	<u>\$ 982,881</u>	
<u>\$ 179,370</u>	<u>\$ 200,043</u>	<u>\$ 7,263,955</u>	<u>\$ 124,852</u>	<u>\$ 278,147</u>	<u>\$ 9,607,058</u>	

State of Nebraska

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)

	DEFERRED COMPENSATION	STATE EMPLOYEES RETIREMENT DEFINED CONTRIBUTION	CASH BALANCE
<b>ADDITIONS:</b>			
Contributions:			
Participant Contributions	\$ 10,480	\$ 11,752	\$ 19,786
State Contributions	-	18,259	30,837
Political Subdivision Contributions	-	-	-
Court Fees	-	-	-
Total Contributions	<u>10,480</u>	<u>30,011</u>	<u>50,623</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	28,679	69,518	70,495
Interest and Dividend Income	4	4,001	10,383
Securities Lending Income	-	60	248
Total Investment Income	<u>28,683</u>	<u>73,579</u>	<u>81,126</u>
Investment Expenses	-	537	1,785
Securities Lending Expenses	-	29	96
Total Investment Expense	<u>-</u>	<u>566</u>	<u>1,881</u>
Net Investment Income	<u>28,683</u>	<u>73,013</u>	<u>79,245</u>
Other Additions	48	5	8
TOTAL ADDITIONS	<u>39,211</u>	<u>103,029</u>	<u>129,876</u>
<b>DEDUCTIONS:</b>			
Benefits	12,646	26,013	38,828
Refunds	-	-	-
Administrative Expenses	200	631	985
Other Deductions	-	186	158
TOTAL DEDUCTIONS	<u>12,846</u>	<u>26,830</u>	<u>39,971</u>
<b>TRANSFERS:</b>			
Transfers In (Out)	-	(4,911)	4,911
Change in Net Assets	<u>26,365</u>	<u>71,288</u>	<u>94,816</u>
<b>NET ASSETS-BEGINNING OF YEAR</b>	<u>138,703</u>	<u>635,173</u>	<u>594,346</u>
<b>NET ASSETS-END OF YEAR</b>	<u>\$ 165,068</u>	<u>\$ 706,461</u>	<u>\$ 689,162</u>

<u>COUNTY EMPLOYEES RETIREMENT</u>		<u>SCHOOL RETIREMENT</u>	<u>JUDGES RETIREMENT</u>	<u>STATE PATROL RETIREMENT</u>	<u>TOTALS</u>
<u>DEFINED CONTRIBUTION</u>	<u>CASH BALANCE</u>				
\$ 3,534	\$ 7,699	\$ 137,298	\$ 1,379	\$ 4,478	\$ 196,406
5,210	11,380	26,793	72	5,956	98,507
-	-	135,323	-	-	135,323
-	-	-	3,507	-	3,507
<u>8,744</u>	<u>19,079</u>	<u>299,414</u>	<u>4,958</u>	<u>10,434</u>	<u>433,743</u>
17,682	21,172	1,287,026	22,163	49,417	1,566,152
941	2,926	113,544	1,955	4,435	138,189
14	71	2,272	39	86	2,790
<u>18,637</u>	<u>24,169</u>	<u>1,402,842</u>	<u>24,157</u>	<u>53,938</u>	<u>1,707,131</u>
132	548	18,996	327	733	23,058
7	28	738	13	28	939
<u>139</u>	<u>576</u>	<u>19,734</u>	<u>340</u>	<u>761</u>	<u>23,997</u>
<u>18,498</u>	<u>23,593</u>	<u>1,383,108</u>	<u>23,817</u>	<u>53,177</u>	<u>1,683,134</u>
-	2	34	-	9	106
<u>27,242</u>	<u>42,674</u>	<u>1,682,556</u>	<u>28,775</u>	<u>63,620</u>	<u>2,116,983</u>
6,484	8,915	339,115	5,800	14,140	451,941
-	-	10,613	-	812	11,425
313	509	4,132	113	118	7,001
3	9	5,278	-	-	5,634
<u>6,800</u>	<u>9,433</u>	<u>359,138</u>	<u>5,913</u>	<u>15,070</u>	<u>476,001</u>
(612)	612	-	-	-	-
19,830	33,853	1,323,418	22,862	48,550	1,640,982
<u>159,540</u>	<u>166,190</u>	<u>5,940,537</u>	<u>101,990</u>	<u>229,597</u>	<u>7,966,076</u>
<u>\$ 179,370</u>	<u>\$ 200,043</u>	<u>\$ 7,263,955</u>	<u>\$ 124,852</u>	<u>\$ 278,147</u>	<u>\$ 9,607,058</u>

State of Nebraska

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS**

June 30, 2011

(Dollars in Thousands)	VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	COLLEGE SAVINGS PLAN	OTHER	TOTALS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 4,040	\$ 4,095	\$ 6,180	\$ -	\$ 6,941	\$ 21,256
Investments:						
Commingled Funds	-	-	-	2,391,598	-	2,391,598
Short Term Investments	-	-	-	1,308	-	1,308
Receivables:						
Interest and Dividends	35	37	110	342	60	584
Other Assets	-	6	14,874	-	800	15,680
TOTAL ASSETS	<u>\$ 4,075</u>	<u>\$ 4,138</u>	<u>\$ 21,164</u>	<u>\$ 2,393,248</u>	<u>\$ 7,801</u>	<u>\$ 2,430,426</u>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	\$ 9	\$ 396	\$ 11	\$ 465	\$ 9	\$ 890
Deposits	-	-	-	-	800	800
Due to Other Funds	-	2	9	-	2	13
TOTAL LIABILITIES	<u>\$ 9</u>	<u>\$ 398</u>	<u>\$ 20</u>	<u>\$ 465</u>	<u>\$ 811</u>	<u>\$ 1,703</u>
<b>NET ASSETS</b>						
Held in Trust for:						
College Savings Plan	\$ -	\$ -	\$ -	\$ 2,392,783	\$ -	\$ 2,392,783
Other Purposes	4,066	3,740	21,144	-	6,990	35,940
TOTAL NET ASSETS	<u>\$ 4,066</u>	<u>\$ 3,740</u>	<u>\$ 21,144</u>	<u>\$ 2,392,783</u>	<u>\$ 6,990</u>	<u>\$ 2,428,723</u>



State of Nebraska

# COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2011

(Dollars in Thousands)

	VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	COLLEGE SAVINGS PLAN	OTHER	TOTALS
<b>ADDITIONS:</b>						
Contributions:						
Participant Contributions	\$ -	\$ -	\$ -	\$ 650,122	\$ -	\$ 650,122
Client Contributions	-	169	-	-	-	169
Investment Income:						
Net Appreciation (Depreciation) in						
Fair Value of Investments	-	-	-	225,603	-	225,603
Interest and Dividend Income	149	134	332	43,959	223	44,797
Investment Expenses	-	-	-	16,091	-	16,091
Total Investment Income	149	134	332	253,471	223	254,309
Escheat Revenue	-	-	7,938	-	-	7,938
Other Additions	-	5,163	-	-	491	5,654
<b>TOTAL ADDITIONS</b>	<b>149</b>	<b>5,466</b>	<b>8,270</b>	<b>903,593</b>	<b>714</b>	<b>918,192</b>
<b>DEDUCTIONS:</b>						
Benefits	-	-	-	543,100	-	543,100
Amounts Distributed to Outside Parties	1,078	4,406	8,037	-	245	13,766
Administrative Expenses	-	876	756	-	571	2,203
<b>TOTAL DEDUCTIONS</b>	<b>1,078</b>	<b>5,282</b>	<b>8,793</b>	<b>543,100</b>	<b>816</b>	<b>559,069</b>
Change in Net Assets Held in Trust for:						
College Savings Plan	-	-	-	360,493	-	360,493
Other Purposes	(929)	184	(523)	-	(102)	(1,370)
<b>NET ASSETS-BEGINNING OF YEAR</b>	<b>4,995</b>	<b>3,556</b>	<b>21,667</b>	<b>2,032,290</b>	<b>7,092</b>	<b>2,069,600</b>
<b>NET ASSETS-END OF YEAR</b>	<b>\$ 4,066</b>	<b>\$ 3,740</b>	<b>\$ 21,144</b>	<b>\$ 2,392,783</b>	<b>\$ 6,990</b>	<b>\$ 2,428,723</b>

State of Nebraska

# COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

June 30, 2011

(Dollars in Thousands)

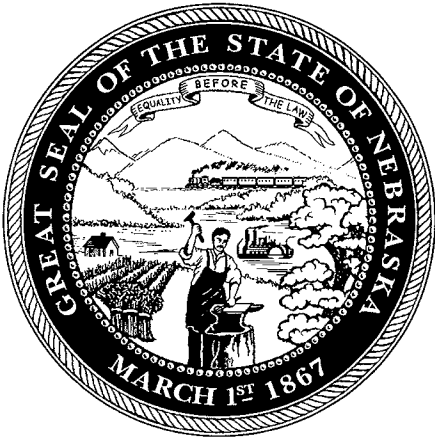
	LOCAL GOVERNMENT FUND	OTHER	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 52,326	\$ 30,306	\$ 82,632
Receivables:			
Interest and Dividends Receivable	364	90	454
Other	-	461	461
TOTAL ASSETS	<u>\$ 52,690</u>	<u>\$ 30,857</u>	<u>\$ 83,547</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 715	\$ 9,608	\$ 10,323
Due to Other Governments	51,975	-	51,975
Other Liabilities	-	21,249	21,249
TOTAL LIABILITIES	<u>\$ 52,690</u>	<u>\$ 30,857</u>	<u>\$ 83,547</u>

State of Nebraska  
**COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 AGENCY FUNDS**

For the Year Ended June 30, 2011

(Dollars in Thousands)	BALANCE JULY 1, 2010	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2011
<b>LOCAL GOVERNMENT FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 46,532	\$ 527,131	\$ 521,337	\$ 52,326
Receivables:				
Interest and Dividends Receivable	422	982	1,040	364
Other	-	290	290	-
<b>TOTAL ASSETS</b>	<u>\$ 46,954</u>	<u>\$ 528,403</u>	<u>\$ 522,667</u>	<u>\$ 52,690</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 59	\$ 239,749	\$ 239,093	\$ 715
Due to Other Governments	46,895	288,654	283,574	51,975
<b>TOTAL LIABILITIES</b>	<u>\$ 46,954</u>	<u>\$ 528,403</u>	<u>\$ 522,667</u>	<u>\$ 52,690</u>
<b>OTHER</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 38,568	\$ 459,690	\$ 467,952	\$ 30,306
Receivables:				
Interest and Dividends Receivable	160	482	552	90
Other	595	14,593	14,727	461
<b>TOTAL ASSETS</b>	<u>\$ 39,323</u>	<u>\$ 474,765</u>	<u>\$ 483,231</u>	<u>\$ 30,857</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 17,336	\$ 75,032	\$ 82,760	\$ 9,608
Other Liabilities	21,987	399,733	400,471	21,249
<b>TOTAL LIABILITIES</b>	<u>\$ 39,323</u>	<u>\$ 474,765</u>	<u>\$ 483,231</u>	<u>\$ 30,857</u>
<b>TOTALS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 85,100	\$ 986,821	\$ 989,289	\$ 82,632
Receivables:				
Interest and Dividends Receivable	582	1,464	1,592	454
Other	595	14,883	15,017	461
<b>TOTAL ASSETS</b>	<u>\$ 86,277</u>	<u>\$ 1,003,168</u>	<u>\$ 1,005,898</u>	<u>\$ 83,547</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 17,395	\$ 314,781	\$ 321,853	\$ 10,323
Due to Other Governments	46,895	288,654	283,574	51,975
Other Liabilities	21,987	399,733	400,471	21,249
<b>TOTAL LIABILITIES</b>	<u>\$ 86,277</u>	<u>\$ 1,003,168</u>	<u>\$ 1,005,898</u>	<u>\$ 83,547</u>





# STATISTICAL SECTION

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# STATISTICAL SECTION TABLE OF CONTENTS

For the Year Ended June 30, 2011

Page

This part of the State of Nebraska’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State’s overall financial health.

## FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the State’s financial performance and well-being have changed over time.

Net Assets by Component .....	109
Changes in Net Assets .....	110
Fund Balances - Governmental Funds.....	113
Changes in Fund Balances - Governmental Funds .....	114

## REVENUE CAPACITY INFORMATION

These schedules present revenue capacity information for the two largest own-source revenues – individual income tax and sales and use tax. Individual income tax and sales and use tax are the primary sources of general fund revenue.

Individual Income Tax Rates .....	116
Individual Income Tax Liability by Income Level .....	117
Taxable Sales by Industry .....	118

## DEBT CAPACITY INFORMATION

The State has no debt because the Nebraska State Constitution prohibits the State’s debt from exceeding, in the aggregate, one hundred thousand dollars. However, the State does have leasing arrangements; such information is provided in this section.

Ratios of Outstanding Debt .....	119
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## DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place and to help make comparisons over time and with other governments.

Comparative Unemployment, Nebraska and United States.....	120
Population, Personal and Per Capita Income, Nebraska and United States .....	121
Ten Largest Employers .....	121
Public and State Operated School Enrollment, Prekindergarten-Grade 12 .....	122
Public Higher Education Institutions Total Fall Headcount Enrollment .....	122

## OPERATING INFORMATION

These schedules contain information about the State’s operations and resources to help the reader understand how the State’s financial information relates to the activities it performs.

Full Time Equivalent Permanent Employees by Function .....	123
Operating Indicators by Function.....	124
Capital Asset Statistics by Function .....	125

MISCELLANEOUS DATA.....	126
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The state implemented GASB Statement 34 in 2002; schedules presenting government-wide information included information beginning that year.

State of Nebraska  
**NET ASSETS BY COMPONENT**  
 2003 – 2011

(Dollars in Thousands)

	2003	2004	2005	2006	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 6,909,470	\$ 6,980,310	\$ 7,110,299	\$ 7,269,102	\$ 7,428,729
Restricted	933,033	1,050,902	1,099,437	1,566,634	1,762,849
Unrestricted	134,471	425,811	804,266	681,330	966,918
<b>Total governmental activities net assets</b>	<b>\$ 7,976,974</b>	<b>\$ 8,457,023</b>	<b>\$ 9,014,002</b>	<b>\$ 9,517,066</b>	<b>\$ 10,158,496</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 6,563	\$ 6,424	\$ 6,235	\$ 6,066	\$ 5,763
Restricted	195,802	184,665	213,058	274,537	321,396
Unrestricted	14,358	12,592	26,070	30,144	31,019
<b>Total business-type activities net assets</b>	<b>\$ 216,723</b>	<b>\$ 203,681</b>	<b>\$ 245,363</b>	<b>\$ 310,747</b>	<b>\$ 358,178</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 6,916,033	\$ 6,986,734	\$ 7,116,534	\$ 7,275,168	\$ 7,434,492
Restricted	1,128,835	1,235,567	1,312,495	1,841,171	2,084,245
Unrestricted	148,829	438,403	830,336	711,474	997,937
<b>Total primary government net assets</b>	<b>\$ 8,193,697</b>	<b>\$ 8,660,704</b>	<b>\$ 9,259,365</b>	<b>\$ 9,827,813</b>	<b>\$ 10,516,674</b>

(Dollars in Thousands)

	2008	2009	2010	2011
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 7,587,729	\$ 7,718,610	\$ 7,820,246	\$ 7,982,821
Restricted	1,789,943	1,631,962	1,754,186	2,006,750
Unrestricted	1,078,546	1,015,196	850,757	806,676
<b>Total governmental activities net assets</b>	<b>\$ 10,456,218</b>	<b>\$ 10,365,768</b>	<b>\$ 10,425,189</b>	<b>\$ 10,796,247</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 6,426	\$ 6,283	\$ 5,848	\$ 6,809
Restricted	344,186	270,394	240,878	345,731
Unrestricted	47,777	47,082	72,173	65,690
<b>Total business-type activities net assets</b>	<b>\$ 398,389</b>	<b>\$ 323,759</b>	<b>\$ 318,899</b>	<b>\$ 418,230</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 7,594,155	\$ 7,724,893	\$ 7,826,094	\$ 7,989,630
Restricted	2,134,129	1,902,356	1,995,064	2,352,481
Unrestricted	1,126,323	1,062,278	922,930	872,366
<b>Total primary government net assets</b>	<b>\$ 10,854,607</b>	<b>\$ 10,689,527</b>	<b>\$ 10,744,088</b>	<b>\$ 11,214,477</b>

**NOTE:** In 2006, restricted net assets increased significantly due to the implementation of GASB Statement No. 46.

State of Nebraska  
**CHANGES IN NET ASSETS**  
 2003 – 2011

(Dollars in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>									
Expenses									
General Government	\$ 404,682	\$ 293,586	\$ 320,608	\$ 308,567	\$ 354,737	\$ 437,830	\$ 468,433	\$ 471,614	\$ 476,622
Conservation of Natural Resources	87,746	91,996	95,589	100,476	119,286	112,936	127,677	148,452	155,692
Culture - Recreation	28,083	20,352	28,524	27,174	27,031	26,073	29,272	24,228	28,837
Economic Development and Assistance	83,974	80,417	79,618	87,299	89,310	84,852	88,520	95,228	111,096
Education	1,215,793	1,201,349	1,224,973	1,318,123	1,369,110	1,450,085	1,562,662	1,712,705	1,807,170
Higher Education - Colleges and University	461,325	438,225	451,404	482,229	528,861	558,282	571,268	571,288	561,090
Health and Social Services	2,219,649	2,329,940	2,494,782	2,593,692	2,649,535	2,744,217	2,912,708	3,010,299	3,069,195
Public Safety	237,538	254,085	282,474	288,659	359,755	372,677	351,673	372,813	361,921
Regulation of Business and Professions	117,235	126,978	139,248	151,853	155,692	130,603	123,579	132,094	121,616
Transportation	626,550	715,553	716,259	697,210	614,919	714,032	797,462	736,449	696,727
Interest on Long-term Debt	3,808	3,018	2,800	2,556	2,337	2,241	1,828	1,400	1,153
<b>Total expenses</b>	<b>5,486,383</b>	<b>5,555,499</b>	<b>5,836,279</b>	<b>6,057,838</b>	<b>6,270,573</b>	<b>6,633,828</b>	<b>7,035,082</b>	<b>7,276,570</b>	<b>7,391,119</b>
Program Revenues									
Charges for Services:									
General Government	57,497	63,919	64,746	73,624	86,746	86,869	87,575	100,501	88,550
Conservation of Natural Resources	27,644	31,909	22,049	24,332	34,578	34,439	35,324	35,483	36,263
Culture - Recreation	16,441	15,544	16,700	15,977	16,823	17,072	18,153	18,550	18,657
Economic Development and Assistance	2,221	3,551	3,600	3,195	5,043	4,808	2,259	2,171	1,007
Education	34,810	35,140	27,470	23,346	26,180	25,807	30,402	34,166	36,545
Health and Social Services	130,487	152,240	147,720	120,526	115,036	126,075	148,971	109,333	112,145
Public Safety	23,275	26,077	27,614	26,183	24,348	25,118	25,363	25,320	26,973
Regulation of Business and Professions	112,754	116,772	122,536	113,418	118,119	122,667	132,771	131,814	135,820
Transportation	82,414	77,630	95,322	90,951	89,358	105,748	112,493	95,950	98,151
Operating grants and contributions	1,801,023	2,146,719	2,121,384	2,151,817	2,217,531	2,235,104	2,490,255	2,841,557	2,939,166
Capital grants and contributions	5,354	6,422	12,245	4,461	8,137	21,258	25,252	24,680	29,234
<b>Total program revenues</b>	<b>2,293,920</b>	<b>2,675,923</b>	<b>2,661,386</b>	<b>2,647,830</b>	<b>2,741,899</b>	<b>2,804,965</b>	<b>3,108,818</b>	<b>3,419,525</b>	<b>3,522,511</b>
<b>Total Governmental Activities</b>									
<b>Net Program Expense</b>	<b>(3,192,463)</b>	<b>(2,879,576)</b>	<b>(3,174,893)</b>	<b>(3,410,008)</b>	<b>(3,528,674)</b>	<b>(3,828,863)</b>	<b>(3,926,264)</b>	<b>(3,857,045)</b>	<b>(3,868,608)</b>
General Revenues and Other Changes in Net Assets									
Taxes									
Income taxes	1,236,845	1,400,161	1,612,683	1,803,670	1,859,467	1,956,656	1,787,950	1,676,829	1,889,796
Sales and use taxes	1,218,045	1,284,260	1,376,100	1,410,980	1,441,743	1,481,067	1,476,995	1,447,865	1,545,494
Petroleum taxes	311,198	313,539	311,231	312,809	326,795	290,721	305,793	303,865	321,919
Excise taxes	108,788	122,462	126,593	134,406	137,525	141,012	134,877	132,779	135,250
Business and franchise taxes	59,490	67,322	70,344	79,723	68,771	80,925	70,270	79,115	65,630
Other taxes	25,187	33,089	68,885	35,369	36,832	15,269	10,863	13,436	9,243
<b>Total taxes</b>	<b>2,959,553</b>	<b>3,220,833</b>	<b>3,565,836</b>	<b>3,776,957</b>	<b>3,871,133</b>	<b>3,965,650</b>	<b>3,786,748</b>	<b>3,653,889</b>	<b>3,967,332</b>
Unrestricted investment earnings	73,888	86,502	117,977	92,892	250,175	114,252	14,582	216,190	214,054
Miscellaneous	-	1,055	5,106	39	730	3,374	401	(1,927)	2,590
Contributions to permanent fund principal	12,395	11,715	16,581	15,582	18,800	12,301	3,838	16,314	23,635
Transfers	20,230	20,591	26,372	27,602	29,266	31,008	30,245	32,000	32,055
<b>Total general revenues and other changes in net assets</b>	<b>3,066,066</b>	<b>3,340,696</b>	<b>3,731,872</b>	<b>3,913,072</b>	<b>4,170,104</b>	<b>4,126,585</b>	<b>3,835,814</b>	<b>3,916,466</b>	<b>4,239,666</b>
<b>Total Governmental Activities</b>									
<b>Change in Net Assets</b>	<b>\$ (126,397)</b>	<b>\$ 461,120</b>	<b>\$ 556,979</b>	<b>\$ 503,064</b>	<b>\$ 641,430</b>	<b>\$ 297,722</b>	<b>\$ (90,450)</b>	<b>\$ 59,421</b>	<b>\$ 371,058</b>



State of Nebraska  
**CHANGES IN NET ASSETS (Continued)**  
2003 – 2011

(Dollars in Thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-type Activities:</b>									
Expenses									
Unemployment Insurance	\$ 160,664	\$ 156,172	\$ 114,496	\$ 101,433	\$ 93,939	\$ 98,365	\$ 242,201	\$ 431,836	\$ 329,576
Lottery	61,455	73,264	77,128	83,440	85,895	91,653	94,676	98,948	101,625
Excess Liability	13,796	14,595	1,984	12,551	13,731	(2,707)	12,430	7,220	19,623
Cornhusker State Industries	6,103	7,868	10,509	10,552	11,690	10,435	10,221	11,847	13,451
<b>Total expenses</b>	<b>242,018</b>	<b>251,899</b>	<b>204,117</b>	<b>207,976</b>	<b>205,255</b>	<b>197,746</b>	<b>359,528</b>	<b>549,851</b>	<b>464,275</b>
Revenues									
Charges for services:									
Unemployment Insurance	123,393	132,379	133,840	154,413	127,340	102,881	149,937	391,067	422,977
Lottery	80,919	92,608	100,658	113,108	114,489	121,910	123,251	130,580	131,919
Excess Liability	6,686	9,683	10,949	12,903	12,474	10,947	9,267	21,475	8,943
Cornhusker State Industries	5,196	9,598	13,022	10,851	9,341	9,880	9,412	13,549	15,568
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>216,194</b>	<b>244,268</b>	<b>258,469</b>	<b>291,275</b>	<b>263,644</b>	<b>245,618</b>	<b>291,867</b>	<b>556,671</b>	<b>579,407</b>
<b>Total Business-type Activities</b>									
Net Program (Expense) Revenue	(25,824)	(7,631)	54,352	83,299	58,389	47,872	(67,661)	6,820	115,132
Other Changes in Net Assets									
Unrestricted investment earnings	16,679	15,183	13,705	10,110	18,308	23,347	23,276	20,293	16,254
Miscellaneous	-	(3)	(3)	(423)	-	-	-	27	-
Transfers	(20,230)	(20,591)	(26,372)	(27,602)	(29,266)	(31,008)	(30,245)	(32,000)	(32,055)
<b>Total other changes in net assets</b>	<b>(3,551)</b>	<b>(5,411)</b>	<b>(12,670)</b>	<b>(17,915)</b>	<b>(10,958)</b>	<b>(7,661)</b>	<b>(6,969)</b>	<b>(11,680)</b>	<b>(15,801)</b>
<b>Total Business-type Activities</b>									
Change in Net Assets	\$ (29,375)	\$ (13,042)	\$ 41,682	\$ 65,384	\$ 47,431	\$ 40,211	\$ (74,630)	\$ (4,860)	\$ 99,331
<b>Total Primary Government</b>									
<b>Change in Net Assets</b>	<b>\$ (155,772)</b>	<b>\$ 448,078</b>	<b>\$ 598,661</b>	<b>\$ 568,448</b>	<b>\$ 688,861</b>	<b>\$ 337,933</b>	<b>\$ (165,080)</b>	<b>\$ 54,561</b>	<b>\$ 470,389</b>

**NOTE:** The increases in taxes and change in net assets from 2004 to 2008 for governmental activities were primarily due to a strengthening economy.  
The decreases in taxes in 2009 and 2010 and change in net assets in 2009 were primarily due to the economic recession.



State of Nebraska  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
2003 – 2011

(Dollars in thousands)

	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 274	\$ 525	\$ 532	\$ 482	\$ 438
Unreserved	(17,319)	207,282	408,771	691,757	971,205
Total general fund	<u>\$ (17,045)</u>	<u>\$ 207,807</u>	<u>\$ 409,303</u>	<u>\$ 692,239</u>	<u>\$ 971,643</u>
All Other Governmental Funds					
Reserved	\$ 333,228	\$ 347,660	\$ 377,818	\$ 619,319	\$ 659,349
Unreserved					
Special revenue funds	765,310	879,041	936,316	893,536	1,014,579
Permanent funds	197,586	224,869	250,127	77,768	115,901
Other funds	30,030	32,206	34,295	47,071	51,784
Total all other governmental funds	<u>\$ 1,326,154</u>	<u>\$ 1,483,776</u>	<u>\$ 1,598,556</u>	<u>\$ 1,637,694</u>	<u>\$ 1,841,613</u>

(Dollars in thousands)

	2008	2009	2010	2011
General Fund				
Reserved	\$ 1,368	\$ 1,062	\$ 894	\$ -
Unreserved	972,307	855,542	715,530	-
Nonspendable	-	-	-	785
Committed	-	-	-	313,202
Unassigned	-	-	-	419,460
Total general fund	<u>\$ 973,675</u>	<u>\$ 856,604</u>	<u>\$ 716,424</u>	<u>\$ 733,447</u>
All Other Governmental Funds				
Reserved	\$ 687,095	\$ 694,503	\$ 729,377	\$ -
Unreserved				
Special revenue funds	1,065,392	997,377	1,062,679	-
Permanent funds	91,759	23,073	67,754	-
Other funds	121,686	118,933	82,371	-
Nonspendable	-	-	-	468,363
Restricted	-	-	-	1,543,263
Committed	-	-	-	69,619
Assigned	-	-	-	32,439
Total all other governmental funds	<u>\$ 1,965,932</u>	<u>\$ 1,833,886</u>	<u>\$ 1,942,181</u>	<u>\$ 2,113,684</u>

**NOTE:** The classification of fund balances changed in 2011 with the implementation of GASB Statement No. 54.

State of Nebraska  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
2002 – 2011

(Dollars in Thousands)

	2002	2003	2004	2005
<b>REVENUES:</b>				
Taxes:				
Income	\$ 1,252,950	\$ 1,237,075	\$ 1,402,371	\$ 1,610,008
Sales and Use	1,135,014	1,215,621	1,283,592	1,376,675
Petroleum	309,245	311,198	313,539	311,231
Excise	83,567	107,227	122,320	124,525
Business and Franchise	57,321	59,490	67,322	70,344
Other	24,912	25,187	33,089	68,885
Total Taxes	2,863,009	2,955,798	3,222,233	3,561,668
Federal Grants and Contracts	1,789,617	1,806,377	2,153,141	2,133,629
Licenses, Fees and Permits	169,748	177,317	183,314	198,970
Charges for Services	82,058	74,470	82,320	93,654
Investment Income	57,660	71,225	83,702	115,540
Rents and Royalties	33,586	44,561	39,845	41,437
Other	148,168	196,148	222,577	201,814
<b>TOTAL REVENUES</b>	<b>5,143,846</b>	<b>5,325,896</b>	<b>5,987,132</b>	<b>6,346,712</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	225,446	252,230	240,354	405,798
Conservation of Natural Resources	102,401	88,716	92,682	98,067
Culture – Recreation	29,002	26,844	26,081	28,313
Economic Development and Assistance	86,401	83,378	80,531	81,172
Education	1,172,525	1,208,046	1,203,430	1,223,461
Higher Education - Colleges and University	466,397	461,325	438,225	451,404
Health and Social Services	2,159,887	2,219,154	2,337,338	2,475,952
Public Safety	238,874	236,277	262,344	285,732
Regulation of Business and Professions	104,364	116,560	127,079	139,086
Transportation	750,704	752,810	794,342	844,709
Capital Projects	25,961	27,773	19,162	19,048
Debt Service				
Principal	8,805	3,830	4,145	5,525
Interest	1,886	1,934	1,971	1,852
<b>TOTAL EXPENDITURES</b>	<b>5,372,653</b>	<b>5,478,877</b>	<b>5,627,684</b>	<b>6,060,119</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(228,807)</b>	<b>(152,981)</b>	<b>359,448</b>	<b>286,593</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	151,187	147,825	126,343	152,721
Transfers Out	(130,025)	(126,721)	(104,664)	(126,349)
Other	37,719	5,013	1,347	3,311
<b>NET CHANGE IN FUND BALANCE</b>	<b>(169,926)</b>	<b>(126,864)</b>	<b>382,474</b>	<b>316,276</b>
Restatements	11,354	-	-	-
<b>BEGINNING FUND BALANCE</b>	<b>1,594,545</b>	<b>1,435,973</b>	<b>1,309,109</b>	<b>1,691,583</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 1,435,973</b>	<b>\$ 1,309,109</b>	<b>\$ 1,691,583</b>	<b>\$ 2,007,859</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>&lt;1%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>

**NOTE:** The increases in taxes and fund balances from 2004 to 2008 were primarily due to a strengthening economy.  
The increase of general government expenditures in 2005 was due to settling a low-level radioactive waste lawsuit.  
The decreases in taxes and fund balances in 2009 and 2010 were primarily due to the economic recession.

2006	2007	2008	2009	2010	2011
\$ 1,802,161	\$ 1,860,712	\$ 1,950,363	\$ 1,790,025	\$ 1,675,922	\$ 1,889,223
1,411,152	1,437,994	1,474,251	1,475,234	1,452,362	1,544,303
312,809	329,490	295,321	309,626	307,005	326,016
132,348	135,449	138,799	134,877	132,779	135,250
79,723	68,771	80,925	70,270	79,115	65,630
35,369	36,832	15,269	10,863	13,436	9,243
<u>3,773,562</u>	<u>3,869,248</u>	<u>3,954,928</u>	<u>3,790,895</u>	<u>3,660,619</u>	<u>3,969,665</u>
2,156,278	2,225,668	2,256,362	2,514,288	2,865,989	2,967,939
196,966	211,167	259,000	268,817	266,899	282,078
82,132	92,370	108,301	137,234	96,165	96,779
89,888	246,753	110,716	10,508	212,353	209,509
45,951	49,968	51,809	54,549	49,286	55,158
172,545	173,948	129,861	123,953	146,216	123,754
<u>6,517,322</u>	<u>6,869,122</u>	<u>6,870,977</u>	<u>6,900,244</u>	<u>7,297,527</u>	<u>7,704,882</u>
296,209	311,324	430,310	439,614	439,330	450,474
104,118	119,533	112,333	127,562	149,556	156,268
26,392	26,250	26,226	28,305	30,183	30,290
87,462	89,440	85,807	88,824	96,584	113,506
1,318,785	1,366,330	1,448,170	1,565,692	1,710,935	1,810,806
482,229	528,861	558,282	571,268	571,288	561,090
2,605,402	2,659,210	2,715,383	2,920,472	3,004,678	3,079,889
287,735	359,514	383,156	370,605	351,084	375,334
151,850	155,195	130,330	123,476	131,884	122,852
837,796	763,907	853,521	915,980	842,583	832,394
25,101	27,494	27,289	25,333	30,584	16,676
4,660	6,575	6,215	7,625	6,105	3,380
1,742	1,666	1,459	1,256	976	647
<u>6,229,481</u>	<u>6,415,299</u>	<u>6,778,481</u>	<u>7,186,012</u>	<u>7,365,770</u>	<u>7,553,606</u>
287,841	453,823	92,496	(285,768)	(68,243)	151,276
171,981	155,268	253,986	171,202	226,156	175,684
(144,379)	(126,002)	(222,978)	(140,957)	(194,156)	(143,629)
6,631	234	2,847	6,406	4,358	5,195
<u>322,074</u>	<u>483,323</u>	<u>126,351</u>	<u>(249,117)</u>	<u>(31,885)</u>	<u>188,526</u>
-	-	-	-	-	-
<u>2,007,859</u>	<u>2,329,933</u>	<u>2,813,256</u>	<u>2,939,607</u>	<u>2,690,490</u>	<u>2,658,605</u>
<u>\$ 2,329,933</u>	<u>\$ 2,813,256</u>	<u>\$ 2,939,607</u>	<u>\$ 2,690,490</u>	<u>\$ 2,658,605</u>	<u>\$ 2,847,131</u>
<1%	<1%	<1%	<1%	<1%	<1%

State of Nebraska  
**INDIVIDUAL INCOME TAX RATES**  
 2002 – 2011

	Tax Brackets			
	Bracket 1	Bracket 2	Bracket 3	Bracket 4
<b>Single</b>				
2002 - 2005 Income Range	\$0-2,400	\$2,400-17,000	\$17,000-26,500	Over \$26,500
2006 - 2011 Income Range	\$0-2,400	\$2,400-17,500	\$17,500-27,000	Over \$27,000
2002 Rates	2.51%	3.49%	5.01%	6.68%
2003 - 2011 Rates	2.56%	3.57%	5.12%	6.84%
<b>Heads of Household</b>				
2002 - 2005 Income Range	\$0-3,800	\$3,800-24,000	\$24,000-35,000	Over \$35,000
2006 Income Range	\$0-3,800	\$3,800-25,000	\$25,000-35,000	Over \$35,000
2007 - 2011 Income Range	\$0-4,500	\$4,500-28,000	\$28,000-40,000	Over \$40,000
2002 Rates	2.51%	3.49%	5.01%	6.68%
2003 - 2011 Rates	2.56%	3.57%	5.12%	6.84%
<b>Married Filing Joint</b>				
2002 - 2005 Income Range	\$0-4,000	\$4,000-30,000	\$30,000-46,750	Over \$46,750
2006 Income Range	\$0-4,000	\$4,000-31,000	\$31,000-50,000	Over \$50,000
2007 - 2011 Income Range	\$0-4,800	\$4,800-35,000	\$35,000-54,000	Over \$54,000
2002 Rates	2.51%	3.49%	5.01%	6.68%
2003 - 2011 Rates	2.56%	3.57%	5.12%	6.84%
<b>Married Filing Separate</b>				
2002 - 2005 Income Range	\$0-2,000	\$2,000-15,000	\$15,000-23,375	Over \$23,375
2006 Income Range	\$0-2,000	\$2,000-15,500	\$15,500-25,000	Over \$25,000
2007 - 2011 Income Range	\$0-2,400	\$2,400-17,500	\$17,500-27,000	Over \$27,000
2002 Rates	2.51%	3.49%	5.01%	6.68%
2003 - 2011 Rates	2.56%	3.57%	5.12%	6.84%

SOURCE: Nebraska Department of Revenue

State of Nebraska

**INDIVIDUAL INCOME TAX LIABILITY BY INCOME LEVEL**

Tax Years 2000 and 2009

<b>2000</b>				
Federal Adjusted Gross Income Level	Number of Returns	Net Liability After Nonrefundable Credits	Number of Returns With Liability	Net Liability Percent
Less Than \$10,000	200,119	\$5,415,432	64,398	0.46%
\$10,000 - 24,999	196,962	\$49,587,118	183,934	4.25%
\$25,000 - 49,999	222,007	\$183,373,629	218,267	15.70%
\$50,000 - 99,999	178,246	\$391,966,660	176,660	33.56%
\$100,000 and Over	59,720	\$537,690,860	58,150	46.03%
<b>State Total</b>	<b>857,054</b>	<b>\$1,168,033,699</b>	<b>701,409</b>	<b>100.00%</b>

<b>2009</b>				
Federal Adjusted Gross Income Level	Number of Returns	Net Liability After Nonrefundable Credits	Number of Returns With Liability	Net Liability Percent
Less Than \$10,001	152,451	\$3,043,656	51,530	0.20%
\$10,001 - 25,000	196,244	\$30,913,530	180,565	2.06%
\$25,001 - 50,000	226,250	\$164,136,257	221,304	10.91%
\$50,001 - 100,000	219,761	\$453,696,683	216,707	30.16%
\$100,001 and Over	112,350	\$852,424,111	108,254	56.67%
<b>State Total</b>	<b>907,056</b>	<b>\$1,504,214,237</b>	<b>778,360</b>	<b>100.00%</b>

**SOURCE:** Department of Revenue 2001 and 2010 Annual Reports

**NOTE:** Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue. Tax year 2009 is the most recent year for which data is available.

State of Nebraska  
**TAXABLE SALES BY INDUSTRY**  
 Calendar Years 2001 and 2010

	2001	2010
Agriculture, Forestry, Fishing & Hunting	\$ 66,596,762	\$ 73,012,753
Mining	31,981,446	40,639,079
Utilities	1,508,775,936	2,136,245,569
Construction	283,093,824	478,307,014
Manufacturing	468,276,205	462,710,699
Wholesale Trade	1,109,751,692	1,413,865,803
Retail Trade	7,641,910,776	9,176,368,814
Transportation	67,533,982	92,468,536
Warehousing Services	1,017,805	39,117,794
Information	947,676,337	845,049,798
Finance & Insurance	79,960,597	24,988,530
Real Estate, Rental & Leasing Services	194,128,190	212,953,365
Professional, Scientific & Technical Services	316,095,781	321,435,629
Management of Companies & Enterprises Services	271,507	4,295,689
Administration, Support, Waste Management, Remedial Services	309,900,131	471,538,510
Educational Services	53,698,035	26,427,929
Health Care & Social Assistance Services	29,080,231	43,889,274
Arts, Entertainment & Recreation Services	247,841,237	308,837,926
Accommodation & Food Services	1,866,413,332	2,690,055,839
Other Services	625,020,161	833,511,239
Public Administration	102,147,830	217,332,039
Unclassified	44,244,163	3,343,392
Nebraska Total	<u>15,995,415,960</u>	<u>19,916,395,220</u>
Non-Nebraska (1)	<u>2,164,624,099</u>	<u>3,745,636,335</u>
Nebraska - Total Sales	<u><u>\$ 18,160,040,059</u></u>	<u><u>\$ 23,662,031,555</u></u>
Direct sales tax rate	Jan. 1 - Dec. 31 5.0%	Jan. 1 - Dec. 31 5.5%

**SOURCE:** Nebraska Department of Revenue - Annual Report  
 Sales Tax Statistics by Nebraska Business Classification

**NOTES:** (1) Sales made by non-Nebraska vendors, goods delivered to Nebraska, sales tax remitted to Nebraska.



State of Nebraska  
**RATIOS OF OUTSTANDING DEBT**  
 2003 – 2011

(Dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>									
Lease rental bonds (blended component units)	\$ 30,960	\$ 27,265	\$ 23,430	\$ 19,435	\$ 15,240	\$ 10,835	\$ 4,850	\$ -	\$ -
Capital leases under certificates of participation	29,836	27,235	24,927	22,965	22,072	19,509	22,182	23,181	27,308
Obligations under other financing arrangements	<u>10,555</u>	<u>11,230</u>	<u>11,430</u>	<u>16,185</u>	<u>13,805</u>	<u>14,785</u>	<u>15,660</u>	<u>14,405</u>	<u>16,220</u>
<b>Total Primary Government</b>	<b><u>\$ 71,351</u></b>	<b><u>\$ 65,730</u></b>	<b><u>\$ 59,787</u></b>	<b><u>\$ 58,585</u></b>	<b><u>\$ 51,117</u></b>	<b><u>\$ 45,129</u></b>	<b><u>\$ 42,692</u></b>	<b><u>\$ 37,586</u></b>	<b><u>\$ 43,528</u></b>
<b>Debt as a Percentage of Personal Income</b>	0.13%	0.12%	0.10%	0.10%	0.08%	0.07%	0.06%	0.05%	0.06% *
<b>Amount of Debt per Capita</b>	\$ 41	\$ 38	\$ 34	\$ 33	\$ 29	\$ 25	\$ 24	\$ 21	\$ 24

**NOTE:** Details regarding Lease Commitments, Obligations Under Other Financing Arrangements, and Bonds Payable can be found in Notes 8, 9 & 13 of the financial statements.

Population figures from the Population, Personal and Per Capita Income schedule on page 121.

\* 2011 figures were computed using 2010 census information as 2011 census data is not available.

State of Nebraska  
**COMPARATIVE UNEMPLOYMENT**  
**NEBRASKA AND UNITED STATES**  
 2001 – 2010

YEAR	NEBRASKA			NEBRASKA UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNITED STATES UNEMPLOYMENT AS PERCENT OF LABOR FORCE
	TOTAL LABOR FORCE	TOTAL EMPLOYMENT	UNEMPLOYMENT		
2001	928,297	899,429	28,868	3.1%	4.7%
2002	954,013	920,662	33,351	3.5	5.8
2003	976,034	936,664	39,370	4.0	6.0
2004	985,340	947,882	37,458	3.8	5.5
2005	986,296	949,070	37,226	3.8	5.1
2006	974,476	945,270	29,206	3.0	4.6
2007	983,438	953,769	29,669	3.0	4.6
2008	995,635	962,418	33,217	3.3	5.8
2009	983,517	938,080	45,437	4.6	9.3
2010	976,859	931,414	45,445	4.7	9.6

**SOURCE:** Nebraska Statistics – Nebraska Department of Labor, Labor Market Information  
 United States Unemployment – U.S. Department of Labor, Bureau of Labor Statistics

State of Nebraska

**POPULATION, PERSONAL AND PER CAPITA INCOME  
NEBRASKA AND UNITED STATES**

Calendar Years 2001 – 2010

YEAR	NEBRASKA			UNITED STATES		
	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
2001	1,718,965	49,303	28,682	285,107,923	8,716,992	30,574
2002	1,726,753	50,390	29,182	287,984,799	8,872,521	30,809
2003	1,738,013	53,388	30,718	290,850,005	9,150,108	31,460
2004	1,747,704	55,858	31,961	293,656,842	9,717,173	33,090
2005	1,758,787	58,019	32,988	296,410,404	10,224,761	34,495
2006	1,768,331	60,826	34,397	299,398,484	10,860,917	36,276
2007	1,774,571	64,220	36,189	301,621,157	11,631,571	38,564
2008	1,783,432	69,820	39,150	304,059,724	12,225,589	40,208
2009	1,796,619	70,565	39,277	307,006,550	12,165,474	39,626
2010	1,830,429	72,620	39,674	309,349,689	12,357,113	39,945

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

State of Nebraska

**TEN LARGEST EMPLOYERS**

2005 and 1995

NAME OF COMPANY	December 2005			December 1995		
	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT
State of Nebraska (excluding University)	1	18,653	1.965	1	17,700	2.024
US Government (excluding Department of Defense)	2	15,403	1.623	2	16,000	1.830
Offutt Air Force Base	3	11,137	1.173	4	11,000	1.258
Tyson Foods, Inc. (1995-IBP)	4	11,000	1.159	5	9,400	1.075
University of Nebraska *	5	10,547	1.111	3	14,900	1.704
Walmart	6	9,755	1.028	12	4,800	0.549
Omaha Public Schools	7	8,073	0.851	6	8,600	0.984
Union Pacific Corporation	8	7,200	0.759	8	6,300	0.721
Alegent Health **	9	6,675	0.703	11	5,100	0.583
First Data Corp.	10	6,300	0.664	7	8,000	0.915
Mutual of Omaha Ins. Co.				9	6,000	0.686
ConAgra				10	5,900	0.675

SOURCE: 2005 -Nebraska Databook published by the Department of Economic Development, Research Division  
1995- Nebraska Blue Book 1996-97

**NOTES:**

\* University of Nebraska - Medical Center, University of Nebraska - Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney  
\*\* Alegent was formed from the 1995 employers Bergan Mercy Hospital and Immanuel Medical Center  
Calendar year 2005 is the most recent year for which data is available.

State of Nebraska

**PUBLIC AND STATE OPERATED SCHOOL ENROLLMENT  
PREKINDERGARTEN – GRADE 12**

2001/02 – 2010/11

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
2001 – 2002	25,931	60,645	64,003	68,566	66,251	285,396
2002 – 2003	25,931	60,645	64,003	68,546	66,257	285,382
2003 – 2004	26,639	60,673	63,120	69,359	65,751	285,542
2004 – 2005	26,848	61,011	62,210	69,253	65,237	284,559
2005 – 2006	28,028	61,593	61,478	68,325	66,124	285,548
2006 – 2007	29,013	62,781	61,358	67,008	66,975	287,135
2007 – 2008	32,666	63,964	61,471	65,729	67,281	291,111
2008 – 2009	33,835	65,227	62,079	64,839	66,517	292,497
2009 – 2010	35,525	66,401	63,340	64,349	65,737	295,352
2010 – 2011	36,171	67,702	64,688	64,429	65,560	298,550

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

State of Nebraska

**PUBLIC HIGHER EDUCATION INSTITUTIONS  
TOTAL FALL HEADCOUNT ENROLLMENT**

2001 – 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>COLLEGES AND UNIVERSITIES:</b>										
Chadron State College	2,804	2,712	2,667	2,569	2,472	2,577	2,660	2,649	2,712	2,759
Peru State College	1,629	1,687	1,618	1,683	1,959	2,124	2,307	2,328	2,492	2,518
Wayne State College	3,311	3,220	3,305	3,398	3,322	3,407	3,527	3,566	3,631	3,569
University of Nebraska										
Lincoln (1)	22,998	23,241	22,734	22,012	21,937	22,378	22,877	23,862	24,525	24,993
Omaha	14,143	14,451	13,931	13,824	14,093	13,906	14,156	14,213	14,620	14,665
Kearney	6,426	6,395	6,311	6,382	6,445	6,468	6,478	6,543	6,650	6,753
Medical Center	2,724	2,819	2,865	2,904	2,995	3,067	2,206	3,194	3,237	3,494
TOTAL COLLEGES AND UNIVERSITIES	<u>54,035</u>	<u>54,525</u>	<u>53,431</u>	<u>52,772</u>	<u>53,223</u>	<u>53,927</u>	<u>54,211</u>	<u>56,355</u>	<u>57,867</u>	<u>58,751</u>
<b>COMMUNITY COLLEGES</b>										
Central CC (2)	6,399	6,417	6,364	6,524	6,564	6,543	6,531	6,885	7,320	7,527
Metropolitan CC	11,704	12,253	12,177	12,961	13,237	14,098	14,804	15,055	17,003	18,523
Mid-Plains CC	2,816	3,020	3,001	2,957	2,607	3,030	2,715	2,708	2,765	2,988
Northeast CC	4,600	4,832	4,805	5,053	5,101	5,261	5,149	5,140	5,205	5,377
Southeast CC	7,935	8,912	8,451	10,079	10,059	9,594	9,603	10,419	11,556	12,242
Western CC	2,150	2,152	2,420	2,659	2,283	1,918	2,233	2,939	2,304	2,395
TOTAL COMMUNITY COLLEGES	<u>35,604</u>	<u>37,586</u>	<u>37,218</u>	<u>40,233</u>	<u>39,851</u>	<u>40,444</u>	<u>41,035</u>	<u>43,146</u>	<u>46,153</u>	<u>49,052</u>
TOTAL ALL INSTITUTIONS	<u>89,639</u>	<u>92,111</u>	<u>90,649</u>	<u>93,005</u>	<u>93,074</u>	<u>94,371</u>	<u>95,246</u>	<u>99,501</u>	<u>104,020</u>	<u>107,803</u>

**NOTE:** (1) University of Nebraska-Lincoln count includes Nebraska College of Technical Agriculture - Curtis for all years.

(2) Central CC reporting under continuous enrollment practice abandoned in 1996. Enrollment numbers have been retroactively changed to the reporting practice consistent with that of the other Community Colleges.

**SOURCE:** Nebraska Coordinating Commission for Postsecondary Education

State of Nebraska  
**FULL TIME EQUIVALENT PERMANENT  
EMPLOYEES BY FUNCTION**  
2001 - 2010

<b>FUNCTION</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Conservation	307	305	308	316	313	313	318	309	318	329
Regulation	348	351	345	355	358	372	362	364	358	357
Economic Development	525	537	528	542	526	532	525	452	478	441
Culture and Recreation	565	584	580	569	579	579	564	556	542	519
Education	591	575	578	587	597	601	590	593	606	598
Transportation	2,239	2,201	2,182	2,193	2,175	2,163	2,137	2,153	2,175	2,147
General Government	2,891	2,853	2,612	2,687	2,718	2,769	2,765	2,723	2,777	2,692
Public Safety	2,939	3,199	3,285	3,260	3,303	3,349	3,380	3,414	3,457	3,409
Health & Social Services	5,898	5,834	6,076	6,056	6,115	6,044	5,802	5,665	5,738	5,524
	<u>16,303</u>	<u>16,438</u>	<u>16,493</u>	<u>16,565</u>	<u>16,683</u>	<u>16,721</u>	<u>16,443</u>	<u>16,229</u>	<u>16,449</u>	<u>16,016</u>

**SOURCE:** Nebraska State Government - State Personnel Division - 2011 Almanac

State of Nebraska  
**OPERATING INDICATORS BY FUNCTION**  
 2003-2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>									
<b>Department of Revenue</b>									
Percentage of returns filed electronically	N/A	N/A	53.6%	57.6%	62.5%	66.0%	70.0%	78.0%	85.0%
Percentage of direct deposit refunds	N/A	N/A	39.7%	43.9%	54.5%	75.0%	77.0%	72.0%	71.0%
<b>Department of Roads</b>									
Percentage of Roads in very good or good condition (1)	84%	85%	85%	80%	79%	81%	79%	75%	N/A
<b>Conservation of Natural Resources</b>									
<b>Department of Environmental Quality</b>									
Inspections by field office staff									
Air Quality	N/A	N/A	N/A	82	186	129	129	133	148
Water Quality	N/A	N/A	N/A	543	999	1,158	1,147	1,384	1,502
Waste Management	N/A	N/A	N/A	110	179	137	140	141	146
<b>Culture - Recreation</b>									
<b>Game and Parks Commission</b>									
Park visitors (1,2)	9,885,628	10,085,789	10,293,381	9,997,632	10,193,030	9,910,097	8,780,619	10,441,504	N/A
Hatchery fish raised (in millions) (1)	5.2	14.2	6.8	15.6	25.6	22.8	35.6	46.4	N/A
<b>Education</b>									
<b>Department of Education</b>									
Fall Enrollment									
Pre-K to 12th grade	285,542	284,559	285,548	287,135	291,111	292,497	295,352	298,550	N/A
State Colleges and Universities	53,431	52,772	53,223	53,927	54,211	56,355	57,867	58,751	N/A
Public Community Colleges	37,218	40,233	39,851	40,444	41,035	43,146	46,153	49,052	N/A
<b>Health and Social Services</b>									
<b>Health and Human Services</b>									
Child Support Payments									
Number of Payments Received	N/A	1,266,853	1,316,154	1,344,778	1,383,619	1,444,202	1,471,974	1,483,868	1,486,397
Number of Payments Disbursed	N/A	1,111,672	1,127,651	1,153,771	1,202,635	1,156,102	1,312,748	1,332,638	1,362,598
Medicaid (average monthly)									
Medicaid recipients	201,534	197,152	198,757	200,670	201,009	203,513	208,696	224,459	235,353
Percentage of Nebraska population	11.6%	11.3%	11.3%	11.3%	11.3%	11.4%	11.6%	12.3%	N/A
Food Stamps (average monthly)									
Number of households	41,620	47,292	49,726	51,146	51,915	52,162	55,178	68,098	75,460
Percentage of Nebraska households	6.2%	6.9%	7.1%	7.3%	7.3%	7.3%	7.7%	9.3%	N/A
<b>Public Safety</b>									
<b>Department of Correctional Services</b>									
Inmate population (average monthly) (1)	4,871	4,938	5,010	5,145	5,222	5,289	5,395	5,469	N/A
Percentage of Nebraska population	0.28%	0.28%	0.29%	0.29%	0.29%	0.30%	0.30%	0.30%	N/A
Total Admissions (1)	2,753	2,662	2,924	3,039	2,902	2,801	2,709	2,648	N/A
Total Releases (1)	2,643	2,902	2,800	2,969	3,092	2,789	2,598	2,544	N/A
<b>State Patrol</b>									
Miles Patrolled (1)	10,198,444	10,395,505	10,087,966	10,130,500	10,348,580	10,489,515	10,161,183	10,119,800	N/A
Accidents Investigated (1)	2,557	2,228	2,960	2,315	2,392	1,963	2,331	2,430	N/A
<b>Transportation</b>									
<b>Department of Motor Vehicles</b>									
Motor Vehicle Registrations (1)									
Automobiles	1,081,868	1,088,620	1,106,684	1,112,320	1,122,877	1,140,386	1,147,354	1,148,305	N/A
Trucks									
Farm	147,571	148,278	148,625	147,509	157,282	160,264	162,778	165,760	N/A
Commercial / Other	378,615	383,024	389,947	392,589	388,098	389,686	392,120	396,004	N/A
Motorcycles	29,794	32,916	36,622	40,065	43,387	49,191	50,322	51,359	N/A

**NOTES:** (1) Data is provided on a calendar basis.  
 (2) Park visitation is counted in daily visits.  
 N/A - Not Available

**SOURCE:** State Agencies: Department of Revenue, Department of Roads, Department of Environmental Quality, Game and Parks Commission, Department of Education, Health and Human Services, Department of Correctional Services, Nebraska State Patrol, Department of Motor Vehicles

State of Nebraska  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 2003 – 2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>General Government</u></b>									
<b>Department of Administrative Services</b>									
Buildings	285	285	285	285	283	291	288	283	278
Vehicles	1,264	1,182	1,006	1,034	1,371	1,093	1,134	1,075	1,077
<b><u>Conservation of Natural Resources</u></b>									
<b>Game and Parks Commission</b>									
Acres of state park and wildlife land (in thousands)	140	143	146	148	149	149	149	150	160
<b><u>Culture - Recreation</u></b>									
<b>Game and Parks Commission</b>									
State Parks	8	8	8	8	8	8	8	8	8
Historical Parks	10	10	10	10	10	10	10	10	10
Recreation and wildlife areas	320	320	322	322	322	325	327	328	323
Fish hatcheries	5	5	5	5	5	5	5	5	5
<b><u>Education</u></b>									
<b>NETV Commission</b>									
Towers, antennas and transmitters	60	60	60	56	60	60	42	42	42
<b><u>Public Safety</u></b>									
<b>State Patrol</b>									
Pursuit Vehicles	429	479	442	364	351	474	474	432	384
<b>Department of Corrections</b>									
Buildings	126	126	124	129	126	143	135	131	134
<b><u>Transportation</u></b>									
<b>Department of Roads</b>									
Highway miles (calendar year)	9,959	9,959	9,953	9,950	9,949	9,949	9,949	9,950	N/A
Heavy trucks, plows and graders	1,087	1,085	1,083	1,068	1,072	1,053	1,120	1,095	1,109

**NOTE:** Other agencies including those in the Economic Development, Health and Social Services and Regulation functional areas are not capital asset intensive.

**SOURCE:** State Agencies: Department of Administrative Services, Game and Parks Commission, NETV Commission, Nebraska State Patrol, Department of Correctional Services, and Department of Roads

State of Nebraska

**MISCELLANEOUS DATA**

June 30, 2011

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Date Entered Union	March 1, 1867 (37th State)
Form of Government	Legislative – Executive – Judicial
Land Area	77,358 square miles (16th largest in U.S.)
Elevation	840 to 5,424 feet above sea level
Capital	Lincoln
Largest City	Omaha
Origin of Name	From Oto Indian word "Nebrathka" meaning "flat water"
Nickname	Cornhusker State (from method of harvesting or "husking" corn by hand)

**SOURCE:** Nebraska Blue Book, 2010-2011.



## Acknowledgments

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Report produced by:

State Accounting Division  
Suite 1309, State Capitol  
Lincoln, NE 68509-4664

Report located on our website: [www.das.state.ne.us/accounting/](http://www.das.state.ne.us/accounting/)