ATTESTATION REPORT
OF THE
NEBRASKA EDUCATIONAL
TELECOMMUNICATIONS COMMISSION

JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

Issued on July 8, 2014

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NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION

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BACKGROUND

The Nebraska Educational Telecommunications Commission (Commission) is an instrumentality operating under the jurisdiction of the State of Nebraska. The Commission was created in 1963. The Commission's primary functions are to promote and establish non-commercial educational telecommunications facilities within the State and to provide transmission facilities for non-commercial educational telecommunications programs throughout the State.

The functions of the Commission are operated under an umbrella organization, Nebraska Educational Telecommunications (NET), which includes the University of Nebraska – Lincoln Department of Television. In providing the public television service, the Commission operates an interconnected network of 9 transmitter stations and 15 translators in cooperation with the Board of Regents of the University of Nebraska, which is the licensee of Channel 12, the ninth station in the network. Channel 12 serves as the primary programming station of the network. By written agreement, the Commission reimburses the University for its Channel 12 transmission costs, and the University makes Channel 12 programming available at no charge to the Commission for transmission to the other stations in the network.

The Nebraska Educational Telecommunications Commission has 11 members. Nine are appointed by the Governor and are subject to legislative approval. The Nebraska Commissioner of Education, or his or her designee, and the president of the University of Nebraska, or his or her designee, are standing commission positions. Appointed members include: a) a Nebraska state college representative; b) a Nebraska community college representative; c) a Nebraska private educational institution representative; and d) six members of the public, two from each congressional district in Nebraska, none of whom are associated with any of the institutions listed above. No more than four may be actively engaged in the teaching profession or administration of an education institution. Commissioners are appointed to four-year terms on a staggered basis. The Commission meets monthly, when necessary, with most meetings held at the Educational Telecommunications Center. Members are not paid but are reimbursed for expenses.

The Commission, along with the following organizations, provides public broadcasting to the citizens of the State of Nebraska:

- NET Foundation for Radio (Radio Foundation) is a not-for-profit organization whose mission and principal activities are to encourage the activation, development, and growth of education and public radio in Nebraska. The Radio Foundation's revenues and other support are derived principally from membership contributions and community service grants. The Radio Foundation, Commission, University of Nebraska Television Department (UNTV), and NET Foundation for Television (Television Foundation) are managed together. The Radio Foundation routinely has transactions with these entities consisting of the purchase of supplies, printing services, and certain other support services. In addition, the Radio Foundation reimburses UNTV for administrative and certain accounting services. The Radio Foundation paid the Commission $426,145 during the calendar year ended December 31, 2013, for State employee costs related to the Radio Foundation.

BACKGROUND
(Concluded)

- NET Foundation for Television (Television Foundation) is also a not-for-profit organization whose mission and principal activities are to encourage the development and growth of educational and public broadcasting in Nebraska. Like those of the Radio Foundation, the Television Foundation's revenues and other support are derived principally from membership contributions and program production grants. Through various promotional efforts, the Television Foundation provides funds to enhance educational and public television programming and makes the citizens of Nebraska more aware of the benefits to be derived from such broadcasting. These funds are provided to the Nebraska Educational Telecommunications Network (Network), which consists of the University of Nebraska Telecommunications Department (Department) and the Commission. Each year, the Television Foundation allocates a specified amount of money to the Network. This money is to be used to pay for costs incurred by the Department for program production and certain other services. The Television Foundation is a component unit of the Department.

- Vision Maker Media (formerly Native American Public Telecommunications, Inc.) is an organization that shares Native stories representing the cultures, experiences, and values of American Indians and Alaska Natives. Vision Maker Media exists to serve Native producers and Indian country in partnership with public television and radio. Vision Maker Media works with Native producers to develop, produce, and distribute educational telecommunications programs for all media, including public television and public radio. Vision Maker Media supports training to increase the number of American Indians and Alaska Natives producing quality public broadcasting programs, which includes advocacy efforts promoting increased control and use of information technologies and the policies to support this control by American Indians and Alaska Natives.

The same board members serve both the Radio Foundation and the Television Foundation, although they are two separate entities.

The Commission is located in the Terry Carpenter Building, which is located on the East Campus of the University of Nebraska at Lincoln. Office space in this building is also shared with the Radio Foundation, Television Foundation, University of Nebraska Television Department, and Vision Maker Media. The Commission provides this office space free of charge.

EXIT CONFERENCE

An exit conference was held June 27, 2014, with the Nebraska Educational Telecommunications Commission (Commission) to discuss the results of our examination. Those in attendance for the Commission were:

NAME	TITLE
Mark Leonard	NET CEO and General Manager
Randal P. Hansen	Assistant General Manager Administration and Finance
Roxanne McIntyre	Network Comptroller
Cydnee Tucker	Commission Accountant III

SUMMARY OF COMMENTS

During our examination of the Nebraska Educational Telecommunications Commission (Commission), we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Travel Expenditures:*** There was a lack of supporting documentation for one meal reimbursement; unreasonable meals and hotel expenses were reimbursed; incomplete or inaccurate headquarter cities were noted; and one expense was coded improperly in the accounting system.

2. ***Permanently Assigned Vehicles:*** Travel logs did not clearly identify the purpose of the trip or the locations visited; the Auditor of Public Accounts (APA) could not determine if mileage was reasonable; one mileage log was not submitted; one vehicle was taken home by the employee overnight without proper documentation on file; and two vehicles were underutilized.

3. ***Capital Asset Inventory Procedures:*** There was a lack of written policies for tracking capital assets. During annual inventory performed for 2013, the Commission could not locate capital assets with a total purchase cost of $174,846. Additionally, in the State's accounting system there were 45 assets noted as pending adjustment with a total purchase cost of $656,260, 19 assets noted as pending surplus with a total purchase cost of $173,677, and 3 assets noted as pending destruction with a total purchase cost of $104,294. Of these amounts, $584,160 of the pending adjustment items and $1,508 of the pending surplus items were approved to be written off at a Commission Board meeting.

4. ***Capital Asset Additions:*** The Commission purchased software totaling $60,291 during calendar year 2013 to replace outdated software for an existing server. The software costs were added inappropriately to the existing server in the State's accounting system, resulting in an overstatement of depreciation expense of $20,244.

5. ***Federal Fund Balance:*** The Commission's Federal TV Facilities fund had a balance of $4,392 at December 31, 2013. There has been no activity in this fund since May 2011.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Commission.

Draft copies of this report were furnished to the Commission to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Where no response has been included, the Commission declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

COMMENTS AND RECOMMENDATIONS

1. Travel Expenditures

Neb. Rev. Stat. § 81-1174 (Cum. Supp. 2012) states, in relevant part:

> *Whenever any state officer, state employee, or member of any commission, council, committee, or board of the state is seeking reimbursement for actual expenses incurred by him or her in the line of duty, he or she shall be required to present a request for payment or reimbursement to the Director of Administrative Services not later than sixty days after the final day on which expenses were incurred for which reimbursement is sought. Each request shall be fully itemized, including the amount, date, place, and essential character of the expense incurred . . . .*
>
> *When reimbursement is requested for mileage by automobile, air travel by commercial carrier . . . the points between which such travel occurred, the times of arrival and departure, and the necessity and purpose of such travel shall be stated on such request. When reimbursement is requested for mileage by automobile, the motor vehicle license plate number, the total miles traveled, and the rate per mile being requested shall also be shown on each request.*

Nebraska State Accounting Manual, AM-005, Travel Expense Policies, Section 5, states:

> *Such request must be made not later than sixty days after the final day on which the expenses were incurred for which reimbursement is sought.*

Nebraska State Accounting Manual, AM-005, Travel Expense Policies, Section 6, states:

> *Agencies are responsible to see that all submitted claims for food/meals are adequately substantiated. Unsubstantiated food/meals should not be reimbursed. Receipts are required unless the cost of the food/meal is under $5.00.*

The U.S. General Service Administration (GSA) per diem rates provide guidance on how the cost of State employee meals should be broken down between breakfast, lunch, dinner, and incidentals. The Department of Administrative Services (DAS) recommends State agencies utilize the GSA per diem standards as published by the Federal government as a reasonable guideline.

A good internal control plan and sound business practices include procedures to ensure travel costs incurred by and reimbursed to employees are reasonable and necessary.

We tested eight documents that paid direct expenditures of the Commission plus two documents that reimbursed the University of Nebraska – Lincoln (University) for travel expenditures incurred by the University for Commission business. During testing of travel expenditures, we noted:

University Reimbursements

- One expense reimbursement document included reimbursement for expenses that were not reasonable and proper. The employee traveled to San Francisco, California, for a conference that started August 25, 2013, and ended on August 29, 2013.

COMMENTS AND RECOMMENDATIONS
(Continued)

1. <u>Travel Expenditures</u> (Continued)

   - The GSA rate for a hotel in San Francisco, California, was $155 per night. The employee was reimbursed for lodging at one of the conference hotels at $331 per night, including a $40 room "upgrade" charge. The additional cost of the upgrade charge plus related taxes for the five nights of the conference totaled $232. The hotel was on the San Francisco Bay, and the upgrade charge was for a room on a higher floor of the hotel.
   - The employee was reimbursed for an additional night of lodging, for the night of August 30, 2013, for $331, plus meals for the day totaling $57. No documentation was provided to support the reason for the additional day of expenses totaling $388.
   - The APA also noted a related cost of $149 to change the departure time of the return flight to Nebraska. No documentation was provided to support the need to change the flight to a later departure time.
   - The employee was reimbursed $42 for lunches when meals were provided by the conference that was attended.
   - The unsubstantiated or improper costs for this travel reimbursement totaled $811.

- One expense reimbursement document included reimbursement for meals that exceeded the GSA rate. The GSA daily rate for meals in Fort Myers, Florida, was $56. The employee claimed meals that exceeded the GSA rate by $11 for one day. Additionally, the APA noted the GSA rate for a dinner in Fort Myers, Florida, was $29. For a separate day, the employee claimed reimbursement for a $40 dinner, which exceeded the GSA rate for a dinner by $11.

<u>Commission Expenditures</u>

- One expense reimbursement document did not have a detailed receipt to substantiate a meal totaling $18. The APA also noted this reimbursement request was not submitted within 60 days, as required by State statute and the State Accounting Manual. A portion of the reimbursement was for mileage relating to travel ending January 8, 2013, and was not submitted until March 14, 2013.

- Two expense reimbursement documents were not completed appropriately, as the reimbursement document did not have the headquarter city identified, or the headquarter city noted was inaccurate.

- One vendor payment was not accurately coded. One thousand dollars was paid for two insurance deductibles related to the repairs of a State-owned vehicle. The expense was coded to State-Owned Transportation Expense. A more appropriate account would be Repairs and Maintenance Expense - Motor Vehicles.

COMMENTS AND RECOMMENDATIONS
(Continued)

1. <u>Travel Expenditures</u> (Concluded)

Without adequate procedures and documentation to substantiate all travel-related expenses, to ensure reimbursements are reasonable and submitted timely, and to guarantee compliance with State statutes and polices, there is an increased risk of loss or misuse of State funds.

> We recommend the Commission implement procedures to review expense reimbursement documents to ensure only documented, reasonable, and necessary travel-related cost are reimbursed. We also recommend the expense reimbursement documents be reviewed to ensure all required information is accurately coded, completed, and submitted timely in accordance with State statute and the Nebraska State Accounting Manual.

Commission Response: The NETC will continue to review expense reimbursement documents to ensure only documented, reasonable, and necessary travel-related costs are reimbursed. We agree that the travel reimbursement identified in the audit from August 2013 exceeded reasonable charges for business related travel and we have addressed that issue with the employee. We are always striving to update and improve our overall travel reimbursement processes and procedures. As of July 1, 2014, we have updated our internal guidelines to include a review of and adherence to the daily GSA per diem rates for hotel rooms and meals for all trips.

2. <u>Permanently Assigned Vehicles</u>

Neb. Rev. Stat. § 81-1025(1) (Cum. Supp. 2012) declares:

> *Each operator of a bureau fleet vehicle shall report the points between which the bureau fleet vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such vehicle, and the department to which such vehicle is assigned.*

The Department of Administrative Services (DAS) – Transportation Services Bureau (TSB), Policies and Procedures, Section 7, states, in part:

> *State statutes mandate all travel in state-owned vehicles to be recorded and reported in detail (§81-1025). An entry is defined as a record of the following information required each time the vehicle is stopped and started: date, beginning and ending mileage, number of miles traveled, start time, finish time, from and to destinations, purpose of trip, and the driver's signature . . . Official Travel Logs shall be closed out on the last working day of the month. The travel logs with documentation shall be reviewed, approved, and signed by the designated agency representative (agency director or vehicle coordinator) and forwarded to TSB* ***no later than*** *the 7th day of the following month (§81-1025).*

State of Nebraska Executive Order No. 99-01, paragraph 3, states, in part:

> *No employee will be allowed to drive a state-owned vehicle home except for the reasons set forth below: . . . (c) If an employee does not report to work at a specific location, but works out of his or her vehicle, then that employee may take the state vehicle home.*

COMMENTS AND RECOMMENDATIONS
(Continued)

2. Permanently Assigned Vehicles (Continued)

Neb. Rev. Stat. § 81-1020 (Cum. Supp. 2012) states, in part:

> *Any agency which has a permanently assigned bureau fleet vehicle shall, prior to assigning such vehicle to an employee on a twenty-four hour basis, obtain written approval from the chief of the transportation services bureau.*

TSB Policies and Procedures, Section 2, states, in relevant part:

> *After receiving the required approvals (noted below) agency directors may, when it is in the state's best interest, authorize certain employees to retain possession of state-owned vehicles during nonworking hours and weekends . . . The TSB Administrator's prior written approval is required for all circumstances detailed in §81-1020 and Executive Order 99-01, Item #3, Sub-items A through E . . . The agency shall submit a list of all employees assigned TSB fleet vehicles that fit these requirements and turn it in as requested by TSB.*

TSB Policies and Procedures, Section 6 states, in part:

> *Leasing Agencies are expected to use each lease vehicle more than 1000 miles per month when averaged over the life of the lease.*

A good internal control plan includes maintaining travel logs to adequately document the details of trips, including information required by TSB. A good internal control plan also includes review procedures to ensure mileage recorded on travel logs is reasonable and accurate, and to ensure travel logs are submitted monthly as required by TSB.

The Commission had nine permanently-assigned vehicles from TSB as well as seven permanently assigned vehicles from the University. As part of the long-term TSB lease, the Commission paid TSB a monthly fee as well as a fee for each mile driven. As part of the long-term University lease, the Commission paid the University a monthly fee and a fee for each mile driven that exceeded 1,100 for the month. A monthly travel log was required to be completed to provide a record of travel and was the basis for the monthly lease billings.

Incomplete Travel Logs

During testing of expenditures for the nine TSB vehicles for July 2013, the APA noted the following:

- Three travel logs tested did not adequately identify the purpose and destination of each trip, as travel for each day was recorded as a single log entry on several occasions. Each stop should have been recorded as a separate entry as required by TSB policy.

- For one of the three travel logs that did not adequately identify each stop, as noted above, the APA could not determine if the mileage recorded was reasonable.

COMMENTS AND RECOMMENDATIONS
(Continued)

2. Permanently Assigned Vehicles (Continued)

- The APA based the mileage recalculation on the locations entered on the travel log, and calculated the daily round trip to be 71 miles (with a 10% allowance). The employee noted this trip 17 different times on the travel log. Therefore, the APA anticipated the total mileage to be 1,207; however, the travel log showed 1,294 miles for these trips. The variance of 87 miles resulted in unsubstantiated travel costs of $31.
- The APA also reviewed the longest trip for this vehicle during July 2013 and recalculated the total miles based on the locations noted on the travel log. The APA anticipated the total mileage for this trip to be 336 miles (with a 10% allowance); however, the travel log noted 365 miles. The variance of 29 miles resulted in an unsubstantiated cost of $10.

- One mileage log for July 2013 was never submitted.

- One of nine permanently assigned TSB vehicles was taken home overnight, without approval. The Commission sent a list of permanently assigned vehicles to TSB to document which employees worked out of their vehicle. One employee who was assigned a vehicle on a twenty-four hour basis was not noted on this list as working out of his vehicle.

Vehicle Utilization

During testing of expenditures for the permanently assigned vehicles, the APA noted the following:

- The Commission analyzed its University vehicle usage for the period July 1, 2012, through June 30, 2013, and determined one University vehicle was driven a total of 968 miles for the period or an average of 81 miles per month. The average cost per mile was $3.72, which does not include the cost of gas.

- One TSB vehicle was driven a total of 9,975 miles for the calendar year 2013 or an average of 831 miles per month. The average cost per mile was $0.50, which does not include the cost of gas.

When travel is not properly documented on the travel logs in accordance with TSB policies and procedures, there is an increased risk that mileage recorded may be unreasonable. Additionally, there is also an increased risk for the misuse of State vehicles and the loss of State funds. Furthermore, when State vehicles are taken home overnight without approval, there is an increased risk of noncompliance with State statute. When the most cost-efficient method of travel is not used, there is an increased risk of excessive costs being incurred.

COMMENTS AND RECOMMENDATIONS
(Continued)

2. Permanently Assigned Vehicles (Concluded)

We recommend the Commission implement procedures requiring employees to record separate locations on travel logs, as instructed by TSB. We also recommend the Commission revise the list with TSB to document all vehicles that will be taken home overnight. We further recommend the Commission review the usage of permanently assigned vehicles to ensure the monthly lease agreements are necessary and reasonable.

Commission Response: The NETC will continue to work on improving the documentation and accuracy of all vehicle travel logs, along with adhering to the vehicle take home policies for all TSB assigned vehicles and reviewing the monthly/annual usage of all University and TSB assigned vehicles.

3. Capital Asset Inventory Procedures

Neb. Rev. Stat. § 81-1118.02 (Cum. Supp. 2012) states, in relevant part:

> *(1) Each . . . commission, or other state agency . . . shall annually make or cause to be made an inventory of all property, including furniture and equipment, belonging to the State of Nebraska and in the possession, custody, or control of any executive, department, commission, or other state agency. The inventory shall include property in the possession, custody, or control of each executive, department, commission, or other state agency as of June 30 and shall be completed and filed with the materiel administrator by August 31 of each year.*

Neb. Rev. Stat. § 81-161.04 (Reissue 2008) states:

> *(1) Whenever any using agency has any personal property for which it no longer has any need or use, it shall notify the materiel division in writing setting forth a description of the property and the approximate length of time that the property has been in the possession of the using agency….No property will be sold until first offered to using agencies as provided by this section unless the property is unusable. If the materiel division fails to receive an offer from any using agency, it may sell or dispose of the property by any method which is most advantageous to the State of Nebraska, including auction, sealed bid, private or public sale, or trade-in for other property, with priorities given to the other political subdivisions.*

A good internal control plan includes procedures to monitor capital assets to ensure assets are not lost or misappropriated and to ensure disposals are removed from inventory listings timely.

During testing, the APA noted there was a lack of written policies for tracking capital assets. The Commission accounting staff indicated the custodians of property and equipment were required to report any changes in the status of capital assets, such as relocations, sales, and obsolescence, to their supervisor who would then notify the accounting staff to make the appropriate changes in the State accounting system, however there were no written procedures.

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Capital Asset Inventory Procedures (Continued)

Assets Unable to be Located

During the annual inventory process performed in 2013 by the Commission, there were 17 out of 2,095 capital assets that could not be located. These assets had a total purchase cost of $174,846. During testing, the APA selected one of these assets for testing. This item was a laptop originally purchased by the Commission in 1999 and was last located by the Commission in April 2012. See Exhibit A.

Assets with a Pending Status

As of March 2014, sixty-seven capital assets were identified in the State accounting system as pending adjustment, surplus, or destruction with a total purchase cost of $934,231. Several of these assets could not be found during previous annual inventories. See Exhibit B.

Assets Pending Adjustment

Forty-five of the sixty-seven capital assets were identified as pending adjustment in the accounting system with original costs totaling $656,260. Of this amount, $584,160 was approved to be written off at the June 21, 2012, Commission Board meeting. Per discussion with Commission accounting staff, there could be several reasons why these items were still on the State's accounting system but could not be found by the Commission including:

- The assets were previously surplused. When the asset was surplused, the Commission assumed the asset was not on the State's accounting system and did not verify such assumption. Later, when performing their annual inventory process, the Commission discovered there were several assets they no longer had. DAS found three of the forty-five assets noted as pending adjustment on Commission surplus property forms dated in February and March 2011 with a total purchase cost of $7,926. As of APA fieldwork, the Commission had not performed a review to determine if there were any other assets noted as pending adjustment in the State's accounting system that had already been surplused.
- Commission staff traded in old equipment for newer, similar equipment; old software was updated to newer versions; assets were transferred to another State agency; or assets were used for parts. Staff were unaware that they needed to notify the Commission's accounting staff that they were replacing or parting out items.
    - Two assets, one with a total cost of $279,429 noted as a transmitter and one with a total cost of $16,250 noted as an encapsulator, were used for parts in 2011 and 2013, respectively.
    - An asset noted as software with a total cost of $86,955 was replaced and updated with a newer version.
    - A video analyzer with a total cost of $22,500 was transferred to the University of Nebraska – Omaha in 2013 as the Commission had no use for the asset.

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Capital Asset Inventory Procedures (Continued)

Two of the forty-five assets noted as pending adjustment in the accounting system were also included in the seventeen that could not be found by the Commission during their annual inventory performed in 2013.

Assets Pending Surplus

As of March 2014, there were nineteen assets listed as pending surplus in the State's accounting system with a total cost of $173,677. Per discussion with the Commission, the items noted in the State's accounting system as pending surplus were items that the Commission had sent over to DAS for auction. The APA ran a report in May 2014 and all items noted as pending surplus in March 2014 were removed by DAS except for one item with a total cost of $1,508. This item should have been noted as pending adjustment and was approved to be written off at the June 21, 2012, Commission Board meeting.

Assets Pending Destruction

Three of the sixty-seven capital assets were noted as pending destruction in the State's accounting system with a total cost of $104,294. These assets included the following:

- An FM transmitter which the Commission took to a salvage company to destroy. Per discussion with the Commission, the transmitter was approved to be destroyed by Commission staff in February 2014 and was destroyed in May 2014. As of the beginning of June 2014, DAS had not received documentation from the Commission that the transmitter has been destroyed. The total cost of this asset was $61,674.
- Equipment that was traded in for other equipment in August 2006. Per discussion with DAS, this item should be noted as pending adjustment in the accounting system rather than pending destruction. The total cost of this asset was $23,250.
- An antenna that is obsolete. The Commission first started talking about removing and destroying this item in March 2012; however, it was too large to remove with the type of equipment they had available at the time. The Commission has planned to remove and destroy this item during the summer of 2014.

A similar finding was noted in the APA's examination of the Commission for the fiscal year ended June 30, 2008. There were three items noted as unable to be located by the Commission during the APA's fiscal year ended June 30, 2008, examination that were still noted as pending adjustment in March 2014. These three items had a total purchase cost of $37,238.

When there are inadequate controls over Commission assets, there is an increased risk that assets will be misplaced, lost, or misappropriated and that this activity will remain undetected.

COMMENTS AND RECOMMENDATIONS
(Continued)

3. <u>Capital Asset Inventory Procedures</u> (Concluded)

> We recommend the Commission develop written procedures to ensure all capital assets are appropriately accounted for, including reporting location changes or disposals to the responsible supervisor in a timely manner. We also recommend the Commission implement procedures to ensure these written policies are followed. Finally, we recommend the Commission follow State statute to properly dispose of unneeded assets.

Commission Response: The NETC believes our current capital asset processes and procedures are adequate and much improved from 10+ years ago when all the issues noted in this comment occurred. During June 2014, we successfully completed the necessary documentation with DAS to resolve all of the outstanding issues noted in these categories: "Assets with a Pending Status", "Assets Pending Adjustment", "Assets Pending Surplus" and "Assets Pending Destruction". We are committed to continuing to diligently perform an annual physical inventory for all of our tagged capital assets and following up on and resolving any assets that are identified as unable to be located. Also, we do intend to improve the overall documentation and add additional written procedures during FY 2015, as recommended.

4. <u>Capital Asset Additions</u>

Nebraska State Accounting Manual, AM-005, General Policies, Section 28, states in part, "Fixed assets should be recorded to the appropriate object code and item code to ensure appropriate depreciation lives are utilized." The State Accounting Manual goes on to explain that additional asset costs should not be added to existing capital assets, stating specifically that this is very important for depreciation purposes.

A good internal control plan and sound accounting practices require procedures to ensure capital assets are properly recorded in the accounting system for depreciation purposes.

During our review of capital asset additions, we noted software totaling $60,291 was purchased during calendar year 2013 to replace outdated software for an existing piece of equipment. The equipment, a digital media storage system, was purchased in October 2008. When purchased, the equipment was entered into the State accounting system as having an estimated useful life of 10 years. Per State policies, computer hardware equipment has an estimated useful life of three years. The software costs were added to the existing asset in the State accounting system for depreciation purposes, even though the two items had different useful lives and different purchase dates. As a result, the depreciation expense recorded for the new software during calendar year 2013 was overstated by $20,244, as the calculation was based upon the existing equipment purchase date of October 2008, and estimated useful life.

COMMENTS AND RECOMMENDATIONS
(Concluded)

4. Capital Asset Additions (Concluded)

When State accounting policy on capital assets is not followed, there is an increased risk that the Commission's financial records will be incorrect. There is also an increased risk that the depreciation amounts recorded in Nebraska's Comprehensive Annual Financial Report (CAFR) will be incorrect.

> We recommend the Commission improve procedures to ensure State accounting policies on capital assets are followed when adding new capital assets.

Commission Response: The NETC intended to match the useful life of the software purchased during 2013 with the remaining life of the equipment it was installed on. We believe this is in compliance with Generally Accepted Accounting Principles (GAAP). We do not believe the software has a useful life that extends beyond the estimated remaining life of the related hardware system. Thus we do not believe that depreciation expense, as recorded in our GL trail balance, is overstated.

5. Federal Fund Balance

Sound accounting practices and a good internal control plan include procedures to ensure excess Federal fund balances are communicated with the Federal awarding agency and/or the Department of Administrative Services (DAS) on a timely basis to determine the appropriate action required on the balance.

At December 31, 2013, the Commission's Federal TV Facilities fund had a balance of $4,392. There had been no activity in this fund since May 2011. Per review of activity in the fund on the State accounting system, it appears $4,369 of this balance was transferred in from the previous State accounting system on June 30, 2002.

> We recommend the Commission contact the Federal awarding agency or DAS to determine the proper action required to resolve the Federal fund balance.

Commission Response: The NETC has attempted, unsuccessfully, to resolve this specific issue with DAS over the past few years. The asset related to this $4,369 federal fund balance has been disposed of, after the Federal government's 10-year lien on the equipment had expired. The Federal Program, which provided the original federal matching dollars for this asset, is no longer in existence (not renewed or funded several years ago). We will again contact DAS and try to resolve this issue.

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NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Educational Telecommunications Commission
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Educational Telecommunications Commission (Commission) for the calendar year ended December 31, 2013. The Commission's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Commission for the calendar year ended December 31, 2013, based on the accounting system and procedures prescribed by the State of Nebraska Department of Administrative Services, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule of Revenues, Expenditures, and Changes in Fund Balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

This report is intended solely for the information and use of management, the Commission, others within the Commission, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

July 2, 2014

Mike Foley
Auditor of Public Accounts

NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Calendar Year Ended December 31, 2013

	General Fund 10000	Education Telecomm. Cash Fund 24710	Fed. TV Facilities Fund 44710	NET Foundation For Radio Trust Fund 64710	**Total (Memorandum Only)**
REVENUES:					
Appropriations	$ 8,896,413	$ -	$ -	$ -	$ 8,896,413
Miscellaneous	958	271,374	-	426,643	698,975
TOTAL REVENUES	8,897,371	271,374	-	426,643	9,595,388
EXPENDITURES:					
Personal Services	3,731,619	-	-	422,672	4,154,291
Operating	4,222,816	337,755	-	3,333	4,563,904
Travel	175,410	-	-	-	175,410
Capital Outlay	555,896	-	-	-	555,896
Government Aid	210,672	-	-	-	210,672
TOTAL EXPENDITURES	8,896,413	337,755	-	426,005	9,660,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	958	(66,381)	-	638	(64,785)
OTHER FINANCING SOURCES (USES):					
Sales of Assets	4,113	-	-	-	4,113
Deposit to General Fund	(5,071)	-	-	-	(5,071)
TOTAL OTHER FINANCING SOURCES (USES)	(958)	-	-	-	(958)
Net Change in Fund Balances	-	(66,381)	-	638	(65,743)
FUND BALANCES, JANUARY 1, 2013	63	591,565	4,392	21,397	617,417
FUND BALANCES, DECEMBER 31, 2013	$ 63	$ 525,184	$ 4,392	$ 22,035	$ 551,674
FUND BALANCES CONSIST OF:					
General Cash	$ -	$ 525,184	$ 4,392	$ 22,035	$ 551,611
Deposits with Vendors	63	-	-	-	63
TOTAL FUND BALANCES	$ 63	$ 525,184	$ 4,392	$ 22,035	$ 551,674

The accompanying notes are an integral part of the schedule.

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2013

1. Criteria

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

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the duties of the State of Nebraska's Director of the Department of Administrative Services (DAS) include:

> *The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]*

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2008), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned regardless of the timing of related cash flows. State Accounting does not require the Commission to record all accounts receivable and related revenues in EnterpriseOne, as such, the Commission's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes only those expenditures and accounts payables posted in the general ledger as of December 31, 2013. The amount recorded as expenditures on the schedule, as of December 31, 2013, **does not** include amounts for goods and services received before December 31, 2013, which had not been posted to the general ledger as of December 31, 2013.

The Commission had accounts receivable not included in the Schedule of $156,240 from work performed per the contract with the National Oceanic and Atmospheric Association (NOAA) and electricity used by telecommunications companies renting Commission tower space. State Accounting did not require the Commission to record its receivables on the general ledger, and these amounts are not reflected in revenues or fund balances on the Schedule. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Continued)

The fund types established by the State that are used by the Commission are:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

40000 – Federal Funds – account for the financial activities related to the receipt and disbursement of funds generated from the Federal government as a result of grants and contracts. Expenditures must be made in accordance with applicable Federal requirements.

60000 – Trust Funds – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust. The trust fund used by the Commission was the:

Nebraska Educational Telecommunications (NET) Foundation for Radio – Trust Fund 64710 (the Trust Fund) is a fund that is used to account for the reimbursement primarily of payroll expenditures paid by the Commission through the State's payroll system for NET Radio employees. Funding for these employees comes from the Radio Foundation, a separate nonprofit organization chartered to support programming on NET Radio. The Commission received $426,643 from the Radio Foundation and had related expenditures of $426,005 for the calendar year ended December 31, 2013. For more information on the NET Radio Foundation, see Note 2.

The major revenue account classifications established by State Accounting and used by the Commission are:

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

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income and rental income.

The major expenditure account classifications established by State Accounting and used by the Commission are:

NOTES TO THE SCHEDULE
(Continued)

1. **Criteria** (Concluded)

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

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

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

Capital Outlay – Expenditures that result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

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

Other significant accounting classifications and procedures established by State Accounting and used by the Commission include:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts and deposits with vendors. Cash accounts and deposits with vendors are also included in fund balances and are reported as recorded in the general ledger.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures, resulting in a decrease to fund balance.

Other Financing Sources (Uses) – Deposit to the General Fund and proceeds of fixed asset dispositions.

NOTES TO THE SCHEDULE
(Continued)

2. Reporting Entity

The Commission was established under and governed by the laws of the State of Nebraska. As such, the Commission is exempt from State and Federal income taxes. The schedule includes all funds of the Commission included in the general ledger but does not included the Commission's component units, as the schedule was not reported in accordance with Generally Accepted Accounting Principles (GAAP). Component units are entities that are legally separate from the Commission but maintain a significant operational or financial relationship with the Commission. Generally, an organization that raises and holds economic resources for the direct benefit of a governmental unit is a component unit. The Commission had the following component unit, and the financial activity of the component unit would be blended with the Commission's funds if financial statements of the Commission were presented in accordance with GAAP:

> **NET Foundation for Radio (Radio Foundation) -** The Radio Foundation is a citizen support organization which solicits funds to be used to support program production and broadcasting of public radio in Nebraska. The Radio Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of State law. The distribution of Radio Foundation funds is determined by the Board of Directors of the Radio Foundation, of which the Commission's General Manager is a member. During the calendar year ended December 31, 2013, the Radio Foundation provided funding of $426,643 to the Commission, which was accounted for in the Commission's trust fund in support of salaries. For further information on this fund, see Note 1 - Trust Funds. Separate financial statements for the Radio Foundation can be obtained by contacting the Commission, 1800 North 33rd Street, Lincoln, Nebraska, 68503 or (402) 472-3611.

Separate audited financial statements for the Commission, including its component units can be obtained by contacting the Commission, 1800 North 33rd Street, Lincoln, Nebraska, 68503 or (402) 472-3611. The Commission is part of the primary government for the State of Nebraska.

3. Totals

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

4. General Cash

General cash accounts 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, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

NOTES TO THE SCHEDULE
(Continued)

5. Capital Assets

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Commission takes an annual inventory, recording in the State Accounting System all equipment that has a cost of $1,500 or more at the date of acquisition.

For the CAFR, the State requires the Commission to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of $5,000 or more at the date of acquisition and has an expected useful life of more than one year is capitalized. Substantially, all initial building costs, land, and land improvements are capitalized. Building improvements and renovations are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

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

Buildings	40 years
Equipment	3-20 years

NOTES TO THE SCHEDULE
(Continued)

5. Capital Assets (Concluded)

Capital asset activity of the Commission recorded in the State Accounting System for the calendar year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Land	$ 33,418	$ 0	$ 33,408	$ 10
Buildings and Building Improvements	20,551,481	0	86,226	20,465,255
Towers and Transmitter Equipment	20,410,771	5,020	693,149	19,722,642
Production and Broadcast Equipment	22,615,142	511,600	1,327,808	21,798,934
Office Furniture and Equipment	240,435	0	0	240,435
Software	2,138,332	44,320	353,448	1,829,204
Vehicles and Vehicle Equipment	2,495	0	0	2,495
Total	65,992,074	560,940	2,494,039	64,058,975
Less accumulated depreciation* for:				
Buildings and Building Improvements				8,463,933
Towers and Transmitter Equipment				11,337,190
Production and Broadcast Equipment				17,613,430
Office Furniture and Equipment				197,190
Software				1,732,414
Vehicles and Vehicle Equipment				1,827
Total				39,345,984
Total capital assets, net of depreciation				$24,712,991

Note: The accumulated depreciation noted in the table above was calculated in the accounting system through September 30, 2013. Depreciation for October through December 2013 was not run in the accounting system until after the end of the calendar year 2013.

6. Site License Agreement

The Commission collects a fee, based on site license agreements with businesses and governmental entities, for the right of the businesses/entities to install, operate, and maintain communications equipment on Commission property. The total fees collected for these rights and electricity consumption for the calendar year ended December 31, 2013, was $259,773.

NOTES TO THE SCHEDULE
(Continued)

7. Related Parties

The following are entities related to the Commission and contribute substantially to network programs and services:

- The University of Nebraska Television Department (Department) KUON-TV is operated by the University of Nebraska - Lincoln (the University). For promotional purposes, two Nebraska licensees, the Department and the Commission, are collectively referred to as the Nebraska Educational Telecommunications Network (NET). The responsibility of the Department and the Commission are specified in an agreement dated April 24, 2004. The Department serves as the primary production arm of NET, while the Commission assumes primary responsibility for transmissions. The Department is governed by the Board of Regents of the University of Nebraska. Separate financial statements for the Department can be obtained by contacting the Commission, 1800 North 33rd Street, Lincoln, Nebraska, 68503 or (402) 472-3611.

- The NET Foundation for Television (Television Foundation) is a voluntary citizen support organization for television services. The Television Foundation is a nonprofit organization and provides a means for accepting funding and services that otherwise would not be available to NET. The Television Foundation is reported as a blended component unit of the University of Nebraska Television Department and, as such, is part or the University of Nebraska reporting entity. Separate financial statements for the Television Foundation can be obtained by contacting the Commission, 1800 North 33rd Street, Lincoln, Nebraska, 68503 or (402) 472-3611.

- The Nebraska Department of Education has the major responsibility for the elementary and secondary school instructional program services broadcast over NET. The Commissioner of the Department of Education serves as a Commission member.

- The University of Nebraska at Omaha Television Department develops public television programs for broadcast over the Omaha Station KYNE-TV and other stations of NET.

- Vision Maker Media (formerly Native American Public Telecommunications, Inc.), which is a nonprofit organization, shares Native stories with the world that represent the cultures, experiences, and values of American Indians and Alaska Natives.

- The Terry M. Carpenter Nebraska Educational Telecommunications Center (the Center) in Lincoln also houses rent free NET Foundation for Television, NET Foundation for Radio, and Vision Maker Media.

NOTES TO THE SCHEDULE
(Concluded)

8. Reimbursement of University Payroll Expenditures

The Commission reimburses the University for personal services expenditures related to 25 University employees. The reimbursement of these expenditures is included in the annual budget approved by the Commission. Total University personal services expenditures reimbursed by the Commission for the calendar year ended December 31, 2013, totaled \$1,699,672, of which \$419,444 were classified as Personal Services expenditures, and \$1,280,228 were classified as Operating expenditures.

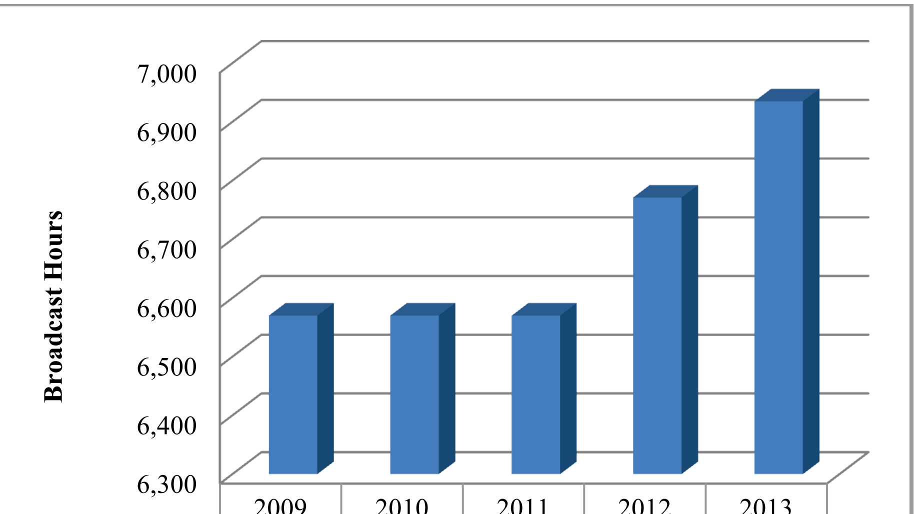
SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, and, accordingly, we express no opinion on it.

BROADCAST HOURS BY CALENDAR YEAR
For Calendar Years 2009 Through 2013

The Commission operates on a 365-day per year broadcast schedule. Programs are acquired through national distribution centers or are locally produced. The Commission staff provides engineering and technical support for the network operations center (NOC), transmitter sites, satellite dish installation, and translators. Production personnel are obtained on a contractual basis from the University of Nebraska Television Department.

Broadcast hours for the past five calendar years were as follows:

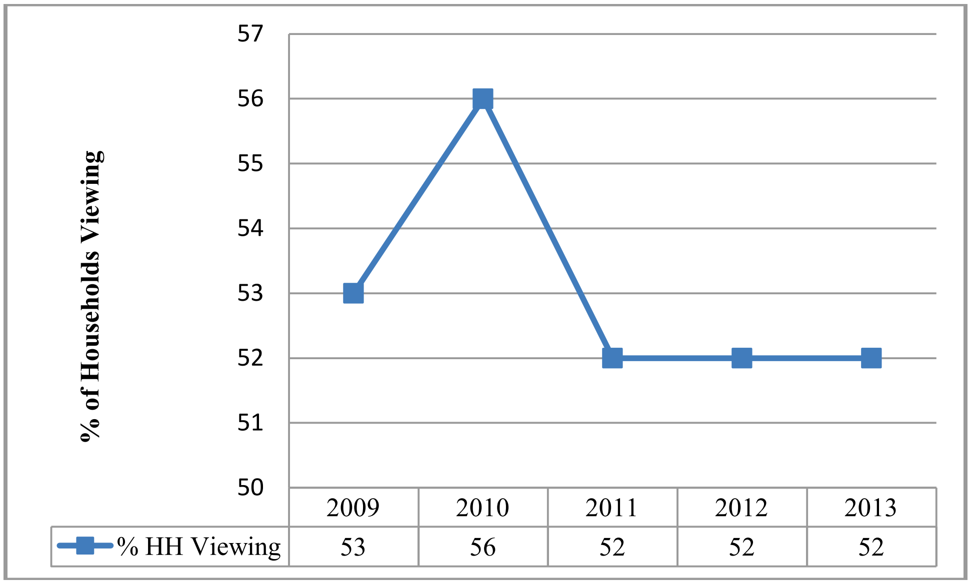


	2009	2010	2011	2012	2013
Broadcast Hours	6,570	6,570	6,570	6,771	6,935

Note: The Commission has three channels: NET1, NET2 (PBS World), and NET3 (Create). The broadcast hours noted above reflect the number of hours in a broadcast day for a single channel. In order to obtain the number of broadcast hours for all three channels, the hours should be multiplied by three.

PERCENTAGE OF HOUSEHOLDS VIEWING BY CALENDAR YEAR
For Calendar Years 2009 Through 2013

Percentage of households (HH) that watched NET Television during the week (data source: Nielsen, Inc., Oldsmar, FL):



NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION

EXHIBIT A

2013 Inventory - Missing Assets

	Tag #	Description	Location	Location 2	Date Acquired	Total Cost
1	47T892604	SD GRAPHICS WORKSTATION	NETC	ROOML16	5/31/2003	85,041.00
2	47T03295E	MAGNITUDE UPGRADE	NETC	L17 BACKROOM	10/15/2009	24,664.00
3	47T12198	TINDER 4.0 FOR AVID I DS	NETC	ROOM 213 TAG IN NOTEBOOK	10/20/2003	8,800.00
4	47T892385	CODEC	NETC	ROOM L16 - STOCK	9/23/2002	6,900.00
5	47T07341	CODEC #1	NETC	ROOM L16	1/14/2004	6,168.00
6	47T07344	CODEC	NETC	ROOM L16	1/14/2004	6,168.00
7	47T892507	POLYCOM	NETC	ROOM L18 - STOCK	12/11/2002	6,165.00
8	47T892885	MODEM OPTION	NETC		5/21/2007	5,270.59
9	47T07348	CODEC	CHADRON STATE COLLEGE	PER TIM M NOT AT CSC - MISSING	1/14/2004	5,160.00
10	47T892896	POWEREDGE SERVER	NETC	CER - REPLACED 47T26234	9/22/2006	4,246.24
11	47T892890	NOTEBOOK WORKSTATION	NETC	ROOM L17 - CHECK OUT FOR PROD	11/24/2009	3,618.00
12	47T891537	LAPTOP	CHANNEL 13	SURPLUS 8-21-12	6/28/1999	2,961.50
13	47T12286	DIGITAL SATELLITE RECEIVER	WAYNE STATE COLLEGE		12/20/2005	2,666.15
14	47T13270	MONITOR	NETC	SURPLUS 8-23-2012	10/12/2004	2,549.00
15	47T891651	WAVEFORM MONITOR	NETC	ROOM L16 - KENT	3/14/2000	2,180.12
16	47T3309	ASI ROUTER	NETC	SURPLUS 8-16-12	2/14/2005	1,590.75
17	47T892166	SATELLITE DISH	FALLS CITY		11/19/2001	697.40
						174,845.75

Source: EnterpriseOne

Capital Assets Pending Adjustment, Surplus, or Destruction

	Tag #	Equip Status	Description	Business Unit	Location	Location 2	Date Aquired	Total Cost
1	47T892478	PA	DTV TRANSMITTER	47419999	CHANNEL 13	SURPLUS 3/16/2011	9/11/2002	279,429.00
2	47T12240	PA	SOFTWARE	47119999	NETC	SURPLUS 8/26/2011	8/12/2005	86,955.00
3	47T89876	PA	BETACAM SP	47110350	NETC	REMOTE TRUCK	11/30/1993	35,182.00
4	47T89382	PA	BETACAM TAPE MACHINE	47110350	NETC	ADJUST PER ROX 6/11/2012	8/31/1991	28,835.00
5	47T891811	PA	TC-2000 CODEC - PIII	47110350	NETC	ADJUST PER ROX 6/11/2012	11/17/1999	23,013.77
6	47T26153	PA	VIDEO ANALYZER	47110350	CHANNEL 26	TRANSFER TO UNO ADJUST PENDING	2/28/1993	22,500.00
7	47T891642	PA	JVC RECORDER/PLAYER/MOUNT	47110350	NETC	SURPLUS 8/26/2011	10/15/1999	22,394.00
8	47T89798	PA	CAMMATE SYSTEM II	47110350	UNO	UON	2/28/1993	19,974.00
9	47T892402	PA	ENCAPSULATOR/GOO CARD	47119999	NETC	SURPLUS FOR PARTS 5/31/2013	10/3/2002	16,250.00
10	47T29138	PA	SPECTRUM ANALYZER	47110350	CHANNEL 29	KHNE	7/15/1983	10,250.00
11	47T9317	PA	PRO CONTROL	47119999	NETC	SURPLUS 6/5/2012	3/29/2004	8,779.00
12	47T32	PA	SPECTRA 2000 SOFTWARE	47110350	NETC	SURPLUS 8/17/2011	5/26/2000	7,899.68
13	47T9314	PA	EXPANSION	47119999	NETC	SURPLUS 6/5/2012	3/29/2004	7,319.00
14	47T89535	PA	DIGICART	47110350	REMOTE	REMOTE TRUCK	10/31/1991	5,590.00
15	47T13200	PA	RECEIVE FEED SYSTEM	47110350	SURPLUS	SURPLUS 3/16/2011	2/15/1990	5,500.00
16	47T892885	PA	MODEM OPTION	47339999	NETC		5/21/2007	5,270.59
17	47R891336	PA	RDAT RECORDER	47120100	NETC	SURPLUS PER JAMES	2/17/1998	4,613.00
18	47T891594	PA	WAVEFORM MONITOR	47110350	NETC	SURPLUS 10/26/11-NO EQUIPMENT	2/24/1998	4,503.00
19	47T892816	PA	EXPANSIONO MODULE	47119999	NETC	SURPLUS 6/5/2012	5/31/2003	4,210.00
20	47T19288	PA	ANALYTICS 9 SOFTWARE	47119999	NETC	261 DID NOT RENEW THE LICENSE	9/27/2006	3,900.00
21	47T892369	PA	NTSC MONITOR	47119999	NETC	SURPLUS 8/26/2011	9/17/2002	3,498.56
22	47T891475	PA	COMPUTER	47110350	NETC	KMNE SURPLUS 2010	4/9/1999	3,444.00
23	47T892283	PA	DIGIDESIGN MIX FARM CARD	47110350	NETC	TRADE IN NEED TO SURPLUS	4/18/2002	3,230.00
24	47T892284	PA	DIGDESIGN MIX FARM CARD	47110350	NETC	TRADE IN NEED TO SURPLUS	5/20/2002	3,230.00
25	47T12125	PA	OSCILLOSCOPE	47110350	CHANNEL 22	SURPLUS 4/4/2011	6/15/1985	3,025.77
26	47T892752	PA	SERVER	47119999	NETC	IS BACK ROOM -2009	6/17/2002	2,707.00
27	47T12286	PA	DIGITAL SATELLITE RECEIVER	47339999	WAYNE STATE COLLEGE		12/20/2005	2,666.15
28	47T891333	PA	TRIPOD	47110350	NETC	ADJUST PER ROX 6/11/2012	3/5/1998	2,555.00
29	47T07335	PA	LAPTOP	47119999	NETC	SURPLUS 3/16/2011	2/18/2004	2,483.24
30	47T892229	PA	LAPTOP	47110350	NETC	ROOM L17	3/12/2002	2,415.00
31	47T892217	PA	MINITOWER	47110350	NETC	ROOM 245	1/28/2002	2,395.00
32	47T892235	PA	COMPUTER	47110350	NETC	ROOM 245	4/5/2002	2,392.00
33	47T892259	PA	LAPTOP	47110350	NETC	SURPLUS 2010	6/6/2002	2,241.00
34	47T892261	PA	LAPTOP	47110350	NETC	SURPLUS 2010	6/6/2002	2,241.00
35	47T892638	PA	LAPTOP COMPUTER	47339999	NETC	L11 HAS BEEN SURPLUS 3/17/2011	2/20/2003	2,170.00
36	47T12227	PA	LAPTOP	47119999	NETC	SURPLUS 3/16/2011	7/26/2005	1,908.72
37	47T3274	PA	MONITOR 20IN	47110350	NETC	SURPLUS 6/8/2012	6/22/1998	1,885.80
38	47T892445	PA	LAPTOP	47339999	NETC	EFP EQUIPMENT ROOM	10/28/2002	1,850.82
39	47T891208	PA	PRINTER	47110350	NETC	ROOM 23LL	11/19/1996	1,827.10

Source: EnterpriseOne

NEBRASKA EDUCATIONAL TELECOMMUNICATIONS COMMISSION

EXHIBIT B

Capital Assets Pending Adjustment, Surplus, or Destruction

	Tag #	Equip Status	Description	Business Unit	Location	Location 2	Date Aquired	Total Cost
40	47T891251	PA	WAVEFORM MONITOR	47419999	NETC	SURPLUS 8/26/2011	2/5/1997	1,597.00
41	47T12230	PA	COMPUTER	47119999	NETC	SURPLUS 2/14/2012	7/26/2005	1,574.38
42	47T892815	PA	SYNC MODULE	47119999	NETC	SURPLUS 6/5/2012	5/31/2003	1,490.00
43	47T892813	PA	VIDEO I/O	47119999	NETC	SURPLUS 6/5/2012	5/31/2003	1,059.49
44	47T892242	PA	HEAD/W TRIPOD	47110350	NETC	SURPLUS 10/26/11-NO EQUIPMENT	5/9/2002	5.00
45	47T0362801B	PA	KCNE-FM $ K06JC-TV-TOWER	47110350	CHADRON	KCNE	7/1/1991	1.00
							Pending Adjustment Total	**656,260.07**
46	47R13206	PD	20 KW FM TRANSMITTER	47429999	CHANNEL 13	KTNE	3/31/1990	61,674.13
47	47T09306	PD	PORT. XMITTER SYSTEM	47119999	NETC	SURPLUS	10/24/2003	23,249.58
48	47T38355	PD	ANTENNA	47119999	WAYNE STATE COLLE(	ON THE ROOF	6/24/1996	19,370.00
							Pending Destruction Total	**104,293.71**
49	47T892151	PS	FRAME VIDEO CONF	47119999	NETC	L16 SURPLUS 1/31/2014	1/31/2002	34,756.45
50	47T892152	PS	FRAME VIDEO CONF	47119999	NETC	L16 SURPLUS 1/31/2014	1/31/2002	34,756.44
51	47T892153	PS	FRAME VIDEO CONF	47119999	NETC	L16 SURPLUS 1/31/2014	1/31/2002	34,756.44
52	47T38224	PS	FRAME	47110350	SURPLUS 10/31/2013	CER - RACK 108CE	10/31/1992	14,800.63
53	47T38227	PS	FRAME	47110350	NETC	CER-RACK 107CE SURPLUS 2/2014	10/31/1992	14,800.63
54	47T89718	PS	POWERVAULT 220S	47339999	NETC	SURPLUS 2/19/2014	10/27/2003	6,879.00
55	47T892774	PS	VIDEOSTRM & TEST MEAS SYST	47119999	NETC	SURPLUS 2/26/2014	12/31/2002	4,399.45
56	47T892777	PS	VIDEOSTRM & TEST MEAS SYST	47119999	NETC	SURPLUS 2/26/2014	12/31/2002	4,399.45
57	47T9327	PS	UPS	47119999	NETC	SURPLUS 3/6/2014	5/13/2004	3,359.83
58	47T9328	PS	UPS	47119999	NETC	SURPLUS 3/6/2014	5/13/2004	3,359.83
59	47T38296	PS	REMOTE CONTROL PACKAGE	47110350	BEATRICE	SURPLUS 3/5/2014	8/31/1994	2,619.00
60	47T19277	PS	VIDEO ENCODER	47119999	NETC	L16 SURPLUS 1/31/2014	9/20/2006	2,278.90
61	47T19278	PS	VIDEO DECODER	47119999	NETC	L16 SURPLUS 1/31/2014	9/20/2006	2,278.90
62	47T893235	PS	COMPUTER	47119999	NETC	SURPLUS 1/10/2014	10/18/2010	1,963.97
63	47T19213	PS	COMPUTER	47119999	SURPLUS 10/31/2013	ROOM 217 - SURPLUS 7/30/2013	5/30/2006	1,750.54
64	47T26185	PS	COMPUTER	47119999	SURPLUS 10/30/2013	SURPLUS JOE TURCO	2/15/2006	1,750.54
65	47T26197	PS	COMPUTER	47119999	SURPUS	ROOM 318A - SURPLUS 7/30/2013	3/16/2006	1,750.54
66	47T892941	PS	LATTITUDE COMPUTER	47119999	NETC	SURPLUS 2/14/2012	9/28/2007	1,508.16
67	47T892944	PS	LATTITUDE COMPUTER	47119999	NETC	SURPLUS 1/10/2014	9/28/2007	1,508.16
							Pending Surplus Total	**173,676.86**
							Grand Total	**934,230.64**

Source: EnterpriseOne