

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF
ENVIRONMENTAL QUALITY**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2018

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Issued on April 16, 2019

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We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.

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Mark Avery, CPA – Audit Manager

Brad Ashley, CPA – Auditor-In-Charge

Patrick Andriano – Auditor

Ryan McCarthy – Auditor

Luke Post – Auditor

Nathan Tomjack – Auditor

Caleb Witt – Auditor

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Nebraska Auditor of Public Accounts

State Capitol, Suite 2303

P.O. Box 98917

Lincoln, Nebraska 68509

Phone: 402-471-2111

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

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NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

BACKGROUND

The Department of Environmental Quality (Department) was created in 1971 by the Legislature's Nebraska Environmental Protection Act (Act). The 1971 Act established the Environmental Control Council, now known as the Environmental Quality Council (Council). The Council consists of 17 members appointed by the Governor. The Council members represent a specific interest or industry affected by and/or concerned with pollution control. The Department Director is appointed by the Governor upon recommendation of the Council and with the Legislature's consent. The Director serves as Secretary of the Council.

The Department operates with State general funds, cash funds, and Federal funds. The Department is organized into seven divisions: Water Quality Division, Water Permits Division, Air Division, Land Management Division, Management Services Division, Environmental Assistance Division, and the Legal Division. The Department administers several aid programs, including the Litter Reduction and Recycling Program, the Waste Reduction and Recycling Incentive Grant Program, the Clean Water and Drinking Water State Revolving Loan Programs (which provide low-interest loans for waste water and drinking water facilities), and the Petroleum Remediation Program.

The Department administers the rules, regulations, and standards adopted to protect and improve water, air, and land quality in the State. The Department also provides service to towns, industries, and citizens through requested conferences, meetings, and environmental assistance, as well as reviews of pollution control facility plans and specifications.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

KEY OFFICIALS AND DEPARTMENT CONTACT INFORMATION

Nebraska Department of Environmental Quality

Name	Title
Jim Macy	Director
Dennis Burling	Deputy Director
Ryan Phillips	Budget Officer III

Nebraska Department of Environmental Quality
1200 N Street, Suite 400
P.O. Box 98922
Lincoln, NE 68509
deq.ne.gov

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

SUMMARY OF COMMENTS

During our examination of the Department of Environmental Quality (Department), 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. *Revenue Coding:*** Revenue items were incorrectly recorded in the accounting system. Two of these items were recorded to an incorrect fund, and one was incorrectly recorded as a negative revenue rather than an expenditure.
- 2. *Subrecipient Monitoring Issues and Lack of Supporting Documentation:*** The Department lacks adequate procedures for monitoring subrecipients.

More detailed information on the above items is provided hereinafter. 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 Department.

Draft copies of this report were furnished to the Department 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. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

COMMENTS AND RECOMMENDATIONS

1. Revenue Coding

During review of the Department's revenues, the following was noted:

- One receipt for \$97,428 was selected for testing from the Chemigation Cost Fund. After observing the initial documentation for the item, we determined the transaction was a Mineral Exploration transaction, which should have been recorded to the Environmental Control Cash Fund in the accounting system.
- The Department received \$22,392 in Federal funds from a grant awarded by the USDA. When entering the amount received, the Department recorded the amount to a cash fund, the Remedial Action Plan Monitoring Fund, rather than a Federal fund. Because the amount was not recorded to a Federal fund, it was not reported on the State of Nebraska's Single Audit Schedule of Expenditures of Federal Awards.
- As part of the Volkswagen Settlement, the Department received funds to be used as grants for the Diesel Emissions Reduction Act (DERA) program. The Department reimbursed a grant applicant \$128,000 for a portion of the cost of two new refuse trucks but recorded the transaction as a decrease in revenue rather than an expense. This error resulted in the understatement of revenues and expenses. Per review of the general ledger, a total of \$172,653 was incorrectly recorded as a negative revenue.

A good internal control plan and sound accounting practices requires transactions to be recorded to the correct business unit, object account, and fund to ensure transactions are properly recorded for presentation in the financial statements and in accordance with the Department of Administrative Services (DAS) accounting manual.

When transactions are recorded incorrectly in the accounting system, there is an increased risk of improper financial reporting and material misstatement.

We recommend the Department strengthen its procedures to ensure transactions are recorded correctly in the accounting system to ensure accurate financial statement presentation.

Department Response: The agency understands the importance of accurate reflection of revenue and expenditures. Additional measures will be taken to provide assurances that the correct funds are deposited correctly.

2. Subrecipient Monitoring Issues and Lack of Supporting Documentation

The Department pays communities on a reimbursement basis for projects and grant awards. Therefore, when requesting reimbursement from the Department, the subrecipient is required to submit support, such as invoices for the requested amount. During testing, two expenditures were identified for which adequate documentation was not maintained and available to support the amounts being reimbursed:

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. **Subrecipient Monitoring Issues and Lack of Supporting Documentation** (Concluded)

- For one reimbursement request tested, the Department reimbursed a subrecipient \$140,000 for two Diesel refuse trucks. The Department's internal processing checklist for this payment noted that an invoice to support the purchase of the vehicles had been received; however, the Department was not able to locate this support when requested.
- For one reimbursement of \$25,553 to a subrecipient, supporting documentation was not available, as the Department obtained only a summarized list of expenditures being reimbursed from the subrecipient.

Additionally, it was noted that the Department did not have procedures to perform adequate subrecipient monitoring during the period tested, due to staff turnover. While the Department did perform some subrecipient monitoring functions throughout the period, there were occasions noted during our testing that the department did not perform monitoring procedures. For example, obtaining and reviewing Single Audits when available, performing site visits, or obtaining documentation, such as environmental testing results, of the completion of program objectives.

2 CFR § 200.331 states, in relevant part, the following:

All pass-through entities must:

* * * *

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

A good internal control plan and sound accounting practice require documentation to be acquired and maintained to support payments made by the Department.

We recommend the Department improve procedures for monitoring subrecipients. This would include a documented review of audit reports or on-site reviews. Furthermore, we recommend the Department maintain adequate supporting documentation for reimbursement payments made to communities.

Department Response: The agency agrees and will take a more thorough approach to maintaining supporting documentation.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Department of Environmental Quality
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Department of Environmental Quality for the calendar year ended December 31, 2018. The Nebraska Department of Environmental Quality's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the calendar year ended December 31, 2018, is based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the

examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 no findings that are required to be reported under *Government Auditing Standards*.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

April 12, 2019

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Calendar Year Ended December 31, 2018

	General Fund 10000	Livestock Waste Management Fund 28330	Clean Air Title V Fund 28340	Air Quality Permit Cash Fund 28345	Remedial Action Plan Monitoring Fund 28350	Superfund Cost Share Cash Fund 28359	Integrated Solid Waste Management Fund 28380
REVENUES:							
Appropriations	\$ 3,262,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	303	-	-
Sales & Charges	75,411	373,063	3,118,598	74,250	144,272	-	1,874,931
Miscellaneous	(7,676)	28,786	56,281	3,686	964	23,683	21,981
TOTAL REVENUES	<u>3,329,942</u>	<u>401,849</u>	<u>3,174,879</u>	<u>77,936</u>	<u>145,539</u>	<u>23,683</u>	<u>1,896,912</u>
EXPENDITURES:							
Personal Services	2,293,541	305,790	1,918,989	30,202	74,830	35,576	1,402,441
Operating	778,224	35,310	936,919	56,755	27,240	523,860	521,049
Travel	66,359	80	30,748	-	762	56	29,018
Capital Outlay	-	-	-	-	-	-	1,986
Government Aid	124,083	-	-	-	-	172,835	-
TOTAL EXPENDITURES	<u>3,262,207</u>	<u>341,180</u>	<u>2,886,656</u>	<u>86,957</u>	<u>102,832</u>	<u>732,327</u>	<u>1,954,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>67,735</u>	<u>60,669</u>	<u>288,223</u>	<u>(9,021)</u>	<u>42,707</u>	<u>(708,644)</u>	<u>(57,582)</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	2,963	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-	-
Deposit to General Fund	(70,698)	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	500,000	-
Operating Transfers Out	-	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(67,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balances	-	60,669	288,223	(9,021)	42,707	(208,644)	(57,582)
FUND BALANCES, January 1, 2018	785	445,916	2,326,816	53,658	30,694	1,416,787	839,654
FUND BALANCES, December 31, 2018	<u>\$ 785</u>	<u>\$ 506,585</u>	<u>\$ 2,615,039</u>	<u>\$ 44,637</u>	<u>\$ 73,401</u>	<u>\$ 1,208,143</u>	<u>\$ 782,072</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ -	\$ 506,585	\$ 2,614,599	\$ 44,637	\$ 62,371	\$ 1,208,143	\$ 781,497
Cash With Bond Trustee	-	-	-	-	-	-	-
Deposits with Vendors	785	-	440	-	-	-	640
Accounts Receivable Invoiced	-	-	-	-	11,030	-	-
Loans Receivable	-	-	-	-	-	-	-
Due to Vendors	-	-	-	-	-	-	(65)
Bonds Payable	-	-	-	-	-	-	-
Due to Fund	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 785</u>	<u>\$ 506,585</u>	<u>\$ 2,615,039</u>	<u>\$ 44,637</u>	<u>\$ 73,401</u>	<u>\$ 1,208,143</u>	<u>\$ 782,072</u>

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Calendar Year Ended December 31, 2018

	Waste Reduction & Recycling Incentive Fund 28390	Litter Reduction & Recycling Fund 28400	Environmental Control Cash Fund 28410	Chemigation Cost Fund 28420	Petroleum & Hazardous Substance Storage & Handling Fund 28430	Wastewater Treatment Operator Certification Fund 28450	Onsite Wastewater Treatment Permit & Approval Fund 28451
REVENUES:							
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Sales & Charges	1,456,593	-	134,396	169,424	-	85,771	69,350
Miscellaneous	35,461	30,448	2,972	2,976	13	586	2,593
TOTAL REVENUES	<u>1,492,054</u>	<u>30,448</u>	<u>137,368</u>	<u>172,400</u>	<u>13</u>	<u>86,357</u>	<u>71,943</u>
EXPENDITURES:							
Personal Services	194,509	134,355	99,060	17,657	-	50,588	52,616
Operating	109,611	191,781	100,919	37,707	-	27,152	97,374
Travel	3,456	863	6,291	-	-	1,730	1,516
Capital Outlay	-	-	-	-	-	-	-
Government Aid	3,941,442	1,287,025	-	-	-	-	-
TOTAL EXPENDITURES	<u>4,249,018</u>	<u>1,614,024</u>	<u>206,270</u>	<u>55,364</u>	<u>-</u>	<u>79,470</u>	<u>151,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,756,964)</u>	<u>(1,583,576)</u>	<u>(68,902)</u>	<u>117,036</u>	<u>13</u>	<u>6,887</u>	<u>(79,563)</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-	-
Deposit to General Fund	-	-	-	-	-	-	-
Deposit to/from Common Fund	3,010,799	2,201,652	-	-	55	-	-
Operating Transfers In	250,000	-	19,527	-	-	-	-
Operating Transfers Out	(1,020,000)	(490,000)	-	(50,000)	-	-	-
Loan Repayments	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,240,799</u>	<u>1,711,652</u>	<u>19,527</u>	<u>(50,000)</u>	<u>55</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(516,165)	128,076	(49,375)	67,036	68	6,887	(79,563)
FUND BALANCES, January 1, 2018	<u>1,258,088</u>	<u>1,839,435</u>	<u>141,644</u>	<u>127,071</u>	<u>545</u>	<u>24,086</u>	<u>136,379</u>
FUND BALANCES, December 31, 2018	<u>\$ 741,923</u>	<u>\$ 1,967,511</u>	<u>\$ 92,269</u>	<u>\$ 194,107</u>	<u>\$ 613</u>	<u>\$ 30,973</u>	<u>\$ 56,816</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ 744,893	\$ 1,966,965	\$ 92,435	\$ 194,107	\$ 613	\$ 30,751	\$ 57,312
Cash With Bond Trustee	-	-	-	-	-	-	-
Deposits with Vendors	885	546	-	-	-	222	-
Accounts Receivable Invoiced	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-
Due to Vendors	(3,855)	-	(166)	-	-	-	(496)
Bonds Payable	-	-	-	-	-	-	-
Due to Fund	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 741,923</u>	<u>\$ 1,967,511</u>	<u>\$ 92,269</u>	<u>\$ 194,107</u>	<u>\$ 613</u>	<u>\$ 30,973</u>	<u>\$ 56,816</u>

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Calendar Year Ended December 31, 2018

	Onsite Wastewater Treatment Certification & Registration Cash Fund 28459	Wastewater Loan Administration Fund 28460	Petroleum Release Cash Fund 28490	Drinking Water Administration Fund 28630	Water Pollution Fund 48410	Solid Waste Fund 48420	Air Pollution Fund 48430
REVENUES:							
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	181,251	-	-	-	-
Intergovernmental	-	-	-	-	18,721,412	1,716,665	1,484,757
Sales & Charges	307,030	1,767,745	-	849,581	350	-	-
Miscellaneous	41,916	47,834	83,821	462,955	22,383	5,490	3,030
TOTAL REVENUES	<u>348,946</u>	<u>1,815,579</u>	<u>265,072</u>	<u>1,312,536</u>	<u>18,744,145</u>	<u>1,722,155</u>	<u>1,487,787</u>
EXPENDITURES:							
Personal Services	257,714	352,722	1,166,147	209,335	2,557,091	945,823	539,601
Operating	97,376	225,185	5,401,181	212,537	4,751,412	837,589	368,416
Travel	2,896	4,014	12,655	3,205	120,154	23,141	19,004
Capital Outlay	-	-	-	-	48,315	-	-
Government Aid	-	757,199	4,039,953	452,705	11,420,775	-	591,954
TOTAL EXPENDITURES	<u>357,986</u>	<u>1,339,120</u>	<u>10,619,936</u>	<u>877,782</u>	<u>18,897,747</u>	<u>1,806,553</u>	<u>1,518,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,040)</u>	<u>476,459</u>	<u>(10,354,864)</u>	<u>434,754</u>	<u>(153,602)</u>	<u>(84,398)</u>	<u>(31,188)</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	17,899	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-	-
Deposit to General Fund	-	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	11,958,514	-	-	-	-
Operating Transfers In	-	-	-	-	98,404	-	-
Operating Transfers Out	-	-	(1,281,251)	(21,400)	-	-	-
Loan Repayments	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>10,695,162</u>	<u>(21,400)</u>	<u>98,404</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,040)	476,459	340,298	413,354	(55,198)	(84,398)	(31,188)
FUND BALANCES, January 1, 2018	<u>358,442</u>	<u>2,104,756</u>	<u>3,822,179</u>	<u>629,614</u>	<u>993,382</u>	<u>305,638</u>	<u>108,084</u>
FUND BALANCES, December 31, 2018	<u>\$ 349,402</u>	<u>\$ 2,581,215</u>	<u>\$ 4,162,477</u>	<u>\$ 1,042,968</u>	<u>\$ 938,184</u>	<u>\$ 221,240</u>	<u>\$ 76,896</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ 349,262	\$ 2,581,278	\$ 4,241,951	\$ 1,050,850	\$ 1,003,059	\$ 255,422	\$ 139,606
Cash With Bond Trustee	-	-	-	-	-	-	-
Deposits with Vendors	-	-	200	-	3,070	451	711
Accounts Receivable Invoiced	140	-	-	-	-	79	-
Loans Receivable	-	-	-	-	-	-	-
Due to Vendors	-	(63)	(79,674)	(7,882)	(67,945)	(34,712)	(63,421)
Bonds Payable	-	-	-	-	-	-	-
Due to Fund	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 349,402</u>	<u>\$ 2,581,215</u>	<u>\$ 4,162,477</u>	<u>\$ 1,042,968</u>	<u>\$ 938,184</u>	<u>\$ 221,240</u>	<u>\$ 76,896</u>

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Calendar Year Ended December 31, 2018

	Volkswagen Settlement Fund 48431	Indirect Cost Fund 48440	Department of Defense Sites Fund 48450	Leaking Underground Storage Tanks Fund 68460	Wastewater Facility Construction Loan Fund 68470	Drinking Water Facility Loan Fund 68480	Totals (Memorandum Only)
REVENUES:							
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,262,207
Taxes	-	-	-	-	-	-	181,251
Intergovernmental	-	3,895,613	123,365	-	-	-	25,942,115
Sales & Charges	-	828	-	-	-	-	10,501,593
Miscellaneous	3,265,288	9,209	2,716	10	5,394,547	4,322,796	13,864,749
TOTAL REVENUES	<u>3,265,288</u>	<u>3,905,650</u>	<u>126,081</u>	<u>10</u>	<u>5,394,547</u>	<u>4,322,796</u>	<u>53,751,915</u>
EXPENDITURES:							
Personal Services	48,408	2,082,070	92,893	-	-	-	14,861,958
Operating	20,056	1,703,672	35,059	-	33,499	50,308	17,180,191
Travel	20	28,973	622	-	-	-	355,563
Capital Outlay	-	8,636	-	-	-	-	58,937
Government Aid	70,000	-	-	-	18,304,367	4,237,634	45,399,972
TOTAL EXPENDITURES	<u>138,484</u>	<u>3,823,351</u>	<u>128,574</u>	<u>-</u>	<u>18,337,866</u>	<u>4,287,942</u>	<u>77,856,621</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,126,804</u>	<u>82,299</u>	<u>(2,493)</u>	<u>10</u>	<u>(12,943,319)</u>	<u>34,854</u>	<u>(24,104,706)</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	-	-	-	-	20,862
Adjustment to Fund Balance	-	-	-	-	-	41,807	41,807
Deposit to General Fund	-	-	-	-	-	-	(70,698)
Deposit to/from Common Fund	-	-	-	-	-	-	17,171,020
Operating Transfers In	-	-	-	-	-	21,400	889,331
Operating Transfers Out	-	-	-	-	(1,347,505)	(1,188,973)	(5,399,129)
Loan Repayments	-	-	-	-	23,735,524	5,207,057	28,942,581
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,388,019</u>	<u>4,081,291</u>	<u>41,595,774</u>
Net Change in Fund Balances	3,126,804	82,299	(2,493)	10	9,444,700	4,116,145	17,491,068
FUND BALANCES, January 1, 2018	-	100,270	127,012	433	305,514,802	191,673,874	514,380,044
FUND BALANCES, December 31, 2018	<u>\$ 3,126,804</u>	<u>\$ 182,569</u>	<u>\$ 124,519</u>	<u>\$ 443</u>	<u>\$ 314,959,502</u>	<u>\$ 195,790,019</u>	<u>\$ 531,871,112</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ 3,126,804	\$ 187,585	\$ 124,519	\$ 443	\$ 77,426,703	\$ 110,601,549	\$ 209,393,939
Cash With Bond Trustee	-	-	-	-	(18,520)	4,937	(13,583)
Deposits with Vendors	-	974	-	-	-	-	8,924
Accounts Receivable Invoiced	-	-	-	-	-	-	11,249
Loans Receivable	-	-	-	-	238,651,319	87,383,533	326,034,852
Due to Vendors	-	(5,929)	-	-	-	-	(264,208)
Bonds Payable	-	-	-	-	(1,100,000)	(2,200,000)	(3,300,000)
Due to Fund	-	(61)	-	-	-	-	(61)
TOTAL FUND BALANCES	<u>\$ 3,126,804</u>	<u>\$ 182,569</u>	<u>\$ 124,519</u>	<u>\$ 443</u>	<u>\$ 314,959,502</u>	<u>\$ 195,790,019</u>	<u>\$ 531,871,112</u>

(Concluded)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2018

1. Criteria

The accounting policies of the Nebraska Department of Environmental Quality (Department) 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 2014), the duties of the State of Nebraska's Director of the DAS include the following:

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 2014), 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 Department to record all accounts receivable and related revenues in EnterpriseOne; as such, the Department'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 those expenditures and related accounts payable posted in the general ledger as of December 31, 2018, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2018, **does not** include amounts for goods and services received before December 31, 2018, which had not been posted to the general ledger as of December 31, 2018.

The Department had no accounts receivable not included in the Schedule at December 31, 2018. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund types are established by the State and used by the Department:

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.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Continued)

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 following major revenue account classifications are established by State Accounting and used by the Department:

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.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes recorded as revenue for the Department consist of petroleum release remedial action fees.

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

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income, Volkswagen Settlement funds, and State Revolving Fund loan interest.

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

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

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

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.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

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

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, deposits with vendors, receivable accounts, and loans receivable. Accounts receivable are recorded as an increase to revenues resulting in an increase to fund balance on the schedule. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded 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 liabilities recorded in the general ledger for the Department’s funds at December 31, 2018, included amounts recorded in Due to Vendors and Bonds Payable. The activity of these accounts are not recorded through revenue and expenditure accounts on the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

Other Financing Sources – Operating transfers, proceeds of fixed asset dispositions, and long-term debt proceeds.

2. Reporting Entity

The Department is a State agency established under and governed by the laws of the State of Nebraska. As such, the Department is exempt from State and Federal income taxes. The schedule includes all funds of the Department included in the general ledger.

The Department 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.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

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 Department 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, and all computers.

For the CAFR, the State requires the Department 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. 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.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of 3 to 10 years.

Capital asset activity of the Department recorded in the State Accounting System for the calendar year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 5,798,895	\$ 59,117	\$ 219,061	\$ 5,638,950
Total	<u>5,798,895</u>	<u>59,117</u>	<u>219,061</u>	<u>5,638,950</u>
Less accumulated depreciation for:				
Equipment				5,134,796
Total				<u>5,134,796</u>
Total capital assets, net of depreciation				<u>\$ 504,154</u>

Note: The accumulated depreciation noted in the table above was calculated in the accounting system through June 30, 2018. Depreciation for July through December 2018 was not run in the accounting system until calendar year 2019.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

NOTES TO THE SCHEDULE
(Continued)

6. Transfers

Significant transfers include:

<u>Transfers Out:</u>	<u>Amount</u>
Wastewater Facility Construction Loan Fund 68470 transfer out to pay short-term bond	\$ 1,347,505
Petroleum Release Cash Fund 28490 transfer out per LB 331 (2017)	\$ 1,281,251
Drinking Water Facility Loan Fund 68480 transfer out to pay short-term bond	\$ 1,188,973
Waste Reduction & Recycling Incentive Fund 28390 transfer out per LB 944 (2018) and Neb. Rev. Stat. § 81-15,165	\$ 1,020,000

7. Deposits to/from Common Funds

The Nebraska Department of Revenue collected various fees, which are required to be deposited into the Department’s funds. The fees collected by the Department of Revenue included: petroleum release remedial action fees imposed on the sale and distribution of petroleum, waste reduction and recycling fees imposed on the sale of tangible personal property and new tires, and litter reduction and recycling fees imposed on manufacturers, wholesalers, and retailers on products that commonly contribute to litter. The amount deposited in these funds was available for disbursement by the Department for various environmental programs. The total collected by the Department of Revenue, net of its collection fee, and deposited into the Department’s funds was as follows:

<u>Fund</u>	<u>Amount</u>
Petroleum Release Cash Fund 28490	\$ 11,510,474
Waste Reduction & Recycling Incentive 28390	\$ 3,010,799
Litter Reduction & Recycling Fund 28400	\$ 2,201,652

The State Fire Marshal also collected a fee on all owners of registered and operating stationary petroleum tanks. These fees were deposited into the Petroleum Release Cash Fund (Fund 28490) and were available for disbursement by the Department. The total collected by the State Fire Marshal was \$448,040.

8. Volkswagen Settlement Fund

The Volkswagen Settlement Fund (Fund 48431) is identified on the Schedule of Revenues, Expenditures, and Changes in Fund Balances as a Federal fund but differs in purpose and use from other Federal funds. In settlement of the *Volkswagen “Clean Diesel” Marketing, Sales Practices, and Products Liability Litigation*, filed in US District Court, Northern District of California, San Francisco Division, Volkswagen AG and certain subsidiaries entered into a Partial Consent Decree and a Second Partial Consent Decree on October 25, 2016, and May 17, 2017, respectively. The Decrees required Volkswagen to establish the Environmental Mitigation Trust State Beneficiaries, Puerto Rico, and the District of Columbia (the State Trust) and to fund the State Trust with funds to be used for environmental mitigation projects.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

NOTES TO THE SCHEDULE

(Concluded)

8. Volkswagen Settlement Fund (Concluded)

As a Beneficiary, the Department submitted a Beneficiary Mitigation Plan summarizing how the Beneficiary plans to use the mitigation funds allocated to it under the State Trust. During the calendar year ending December 31, 2018, the Department submitted three mitigation certification forms requesting advanced funding to approve projects of the State Trust.

9. Subsequent Events

The passage of 2019 Neb. Laws LB 302, which was signed into law on March 21, 2019, provides that on or after July 1, 2019, the State Energy Office shall be merged into the Department, which shall be renamed the Department of Environment and Energy.

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

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.

**NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Exhibit A

For the Fiscal Year Ended June 30, 2018

	General Fund 10000	Livestock Waste Management Fund 28330	Clean Air Title V Fund 28340	Air Quality Permit Cash Fund 28345	Remedial Action Plan Monitoring Fund 28350	Superfund Cost Share Cash Fund 28359	Integrated Solid Waste Management Fund 28380
REVENUES:							
Appropriations	\$ 3,605,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	19,856	-	-
Sales & Charges	75,336	386,659	3,825,354	68,250	116,422	-	1,931,579
Miscellaneous	(10,445)	26,577	51,891	2,576	543	30,320	19,582
TOTAL REVENUES	<u>3,670,309</u>	<u>413,236</u>	<u>3,877,245</u>	<u>70,826</u>	<u>136,821</u>	<u>30,320</u>	<u>1,951,161</u>
EXPENDITURES:							
Personal Services	2,167,293	336,173	1,925,897	24,928	83,965	43,015	1,375,246
Operating	1,020,844	33,259	875,159	38,871	31,927	529,600	520,379
Travel	117,725	2,261	28,370	-	483	-	27,754
Capital Outlay	1,385	-	-	-	-	-	1,986
Government Aid	298,171	-	-	-	-	172,835	-
TOTAL EXPENDITURES	<u>3,605,418</u>	<u>371,693</u>	<u>2,829,426</u>	<u>63,799</u>	<u>116,375</u>	<u>745,450</u>	<u>1,925,365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,891</u>	<u>41,543</u>	<u>1,047,819</u>	<u>7,027</u>	<u>20,446</u>	<u>(715,130)</u>	<u>25,796</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	1,985	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-	-
Deposit to General Fund	(66,876)	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(64,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	41,543	1,047,819	7,027	20,446	(715,130)	25,796
FUND BALANCES, July 1, 2017	<u>785</u>	<u>565,009</u>	<u>2,734,453</u>	<u>48,645</u>	<u>38,978</u>	<u>1,677,662</u>	<u>601,914</u>
FUND BALANCES, June 30, 2018	<u>\$ 785</u>	<u>\$ 606,552</u>	<u>\$ 3,782,272</u>	<u>\$ 55,672</u>	<u>\$ 59,424</u>	<u>\$ 962,532</u>	<u>\$ 627,710</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ -	\$ 606,552	\$ 3,781,954	\$ 55,672	\$ 41,372	\$ 962,532	\$ 627,513
Cash With Bond Trustee	-	-	-	-	-	-	-
Deposits with Vendors	785	-	440	-	-	-	640
Accounts Receivable Invoiced	-	-	-	-	18,052	-	-
Loans Receivable	-	-	-	-	-	-	-
Due to Vendors	-	-	(122)	-	-	-	(443)
Due to Fund	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 785</u>	<u>\$ 606,552</u>	<u>\$ 3,782,272</u>	<u>\$ 55,672</u>	<u>\$ 59,424</u>	<u>\$ 962,532</u>	<u>\$ 627,710</u>

(Continued)

**NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Exhibit A

For the Fiscal Year Ended June 30, 2018

	Waste Reduction & Recycling Incentive Fund 28390	Litter Reduction & Recycling Fund 28400	Environmental Control Cash Fund 28410	Chemigation Cost Fund 28420	Petroleum & Hazardous Substance Storage & Handling Fund 28430	Wastewater Treatment Operator Certification Fund 28450
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Sales & Charges	1,398,754	(15,356)	84,608	66,129	-	79,548
Miscellaneous	45,828	29,772	2,987	2,678	12	632
TOTAL REVENUES	<u>1,444,582</u>	<u>14,416</u>	<u>87,595</u>	<u>68,807</u>	<u>12</u>	<u>80,180</u>
EXPENDITURES:						
Personal Services	269,341	136,939	73,187	21,776	-	58,012
Operating	193,602	194,653	31,113	41,393	-	34,089
Travel	5,805	855	3,968	-	-	2,165
Capital Outlay	-	-	-	-	-	-
Government Aid	4,319,833	1,893,691	-	-	-	-
TOTAL EXPENDITURES	<u>4,788,581</u>	<u>2,226,138</u>	<u>108,268</u>	<u>63,169</u>	<u>-</u>	<u>94,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,343,999)</u>	<u>(2,211,722)</u>	<u>(20,673)</u>	<u>5,638</u>	<u>12</u>	<u>(14,086)</u>
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
Deposit to General Fund	-	-	-	-	-	-
Deposit to/from Common Fund	2,750,655	2,190,184	-	-	50	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	(1,020,000)	(730,000)	-	-	-	-
Loan Repayments	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,730,655</u>	<u>1,460,184</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>
Net Change in Fund Balances	(1,613,344)	(751,538)	(20,673)	5,638	62	(14,086)
FUND BALANCES, July 1, 2017	<u>2,211,442</u>	<u>1,658,898</u>	<u>162,656</u>	<u>119,553</u>	<u>509</u>	<u>37,966</u>
FUND BALANCES, June 30, 2018	<u>\$ 598,098</u>	<u>\$ 907,360</u>	<u>\$ 141,983</u>	<u>\$ 125,191</u>	<u>\$ 571</u>	<u>\$ 23,880</u>
FUND BALANCES CONSIST OF:						
General Cash	\$ 601,068	\$ 906,814	\$ 142,406	\$ 125,191	\$ 571	\$ 23,658
Cash With Bond Trustee	-	-	-	-	-	-
Deposits with Vendors	885	546	-	-	-	222
Accounts Receivable Invoiced	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-
Due to Vendors	(3,855)	-	(423)	-	-	-
Due to Fund	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 598,098</u>	<u>\$ 907,360</u>	<u>\$ 141,983</u>	<u>\$ 125,191</u>	<u>\$ 571</u>	<u>\$ 23,880</u>

(Continued)

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

Exhibit A

	Onsite Wastewater Treatment Permit & Approval Fund 28451	Onsite Wastewater Treatment Certification & Registration Cash Fund 28459	Wastewater Loan Administration Fund 28460	Petroleum Release Cash Fund 28490	Drinking Water Administration Fund 28630	Water Pollution Fund 48410	Solid Waste Fund 48420
REVENUES:							
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	156,909	-	-	-
Intergovernmental	-	-	-	-	-	20,828,376	1,634,478
Sales & Charges	97,670	373,340	1,616,322	-	822,515	50,350	(35)
Miscellaneous	2,591	42,139	40,332	91,406	12,631	18,984	6,279
TOTAL REVENUES	<u>100,261</u>	<u>415,479</u>	<u>1,656,654</u>	<u>248,315</u>	<u>835,146</u>	<u>20,897,710</u>	<u>1,640,722</u>
EXPENDITURES:							
Personal Services	43,160	255,165	456,166	1,209,938	227,461	2,545,063	937,180
Operating	69,761	132,480	237,060	5,833,755	211,795	5,467,965	789,578
Travel	1,194	4,109	4,579	11,810	2,617	93,554	14,997
Capital Outlay	-	1,419	-	-	-	55,460	-
Government Aid	-	-	194,959	5,802,969	448,400	12,733,397	-
TOTAL EXPENDITURES	<u>114,115</u>	<u>393,173</u>	<u>892,764</u>	<u>12,858,472</u>	<u>890,273</u>	<u>20,895,439</u>	<u>1,741,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,854)</u>	<u>22,306</u>	<u>763,890</u>	<u>(12,610,157)</u>	<u>(55,127)</u>	<u>2,271</u>	<u>(101,033)</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	-	25,044	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-	-
Deposit to General Fund	-	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	12,003,442	-	-	-
Operating Transfers In	-	-	-	-	-	72,457	-
Operating Transfers Out	-	-	(576)	(1,506,909)	(541)	-	-
Loan Repayments	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(576)</u>	<u>10,521,577</u>	<u>(541)</u>	<u>72,457</u>	<u>-</u>
Net Change in Fund Balances	<u>(13,854)</u>	<u>22,306</u>	<u>763,314</u>	<u>(2,088,580)</u>	<u>(55,668)</u>	<u>74,728</u>	<u>(101,033)</u>
FUND BALANCES, July 1, 2017	<u>114,334</u>	<u>345,921</u>	<u>1,957,318</u>	<u>5,664,259</u>	<u>903,125</u>	<u>622,852</u>	<u>253,051</u>
FUND BALANCES, June 30, 2018	<u>\$ 100,480</u>	<u>\$ 368,227</u>	<u>\$ 2,720,632</u>	<u>\$ 3,575,679</u>	<u>\$ 847,457</u>	<u>\$ 697,580</u>	<u>\$ 152,018</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ 100,480	\$ 368,087	\$ 2,720,632	\$ 3,575,479	\$ 847,457	\$ 749,947	\$ 160,931
Cash With Bond Trustee	-	-	-	-	-	-	-
Deposits with Vendors	-	-	-	200	-	3,070	451
Accounts Receivable Invoiced	-	140	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-
Due to Vendors	-	-	-	-	-	(55,437)	(9,364)
Due to Fund	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 100,480</u>	<u>\$ 368,227</u>	<u>\$ 2,720,632</u>	<u>\$ 3,575,679</u>	<u>\$ 847,457</u>	<u>\$ 697,580</u>	<u>\$ 152,018</u>

(Continued)

**NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Exhibit A

For the Fiscal Year Ended June 30, 2018

	Air Pollution Fund 48430	Indirect Cost Fund 48440	Department of Defense Sites Fund 48450	Leaking Underground Storage Tanks Fund 68460	Wastewater Facility Construction Loan Fund 68470	Drinking Water Facility Loan Fund 68480	Totals (Memorandum Only)
REVENUES:							
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,605,418
Taxes	-	-	-	-	-	-	156,909
Intergovernmental	1,314,243	4,021,909	103,672	-	-	-	27,922,534
Sales & Charges	-	540	-	-	-	-	10,977,985
Miscellaneous	2,734	8,936	2,798	9	5,223,630	4,542,846	10,198,268
TOTAL REVENUES	<u>1,316,977</u>	<u>4,031,385</u>	<u>106,470</u>	<u>9</u>	<u>5,223,630</u>	<u>4,542,846</u>	<u>52,861,114</u>
EXPENDITURES:							
Personal Services	619,680	2,136,621	85,506	-	-	-	15,031,712
Operating	13,596	1,821,819	32,759	-	-	-	18,155,457
Travel	10,350	17,283	406	-	-	-	350,285
Capital Outlay	1,845	12,995	-	-	-	-	75,090
Government Aid	850,935	-	-	-	21,785,853	3,872,986	52,374,029
TOTAL EXPENDITURES	<u>1,496,406</u>	<u>3,988,718</u>	<u>118,671</u>	<u>-</u>	<u>21,785,853</u>	<u>3,872,986</u>	<u>85,986,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(179,429)</u>	<u>42,667</u>	<u>(12,201)</u>	<u>9</u>	<u>(16,562,223)</u>	<u>669,860</u>	<u>(33,125,459)</u>
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	-	-	-	-	27,029
Adjustment to Fund Balance	-	-	-	-	(67,439)	-	(67,439)
Deposit to General Fund	-	-	-	-	-	-	(66,876)
Deposit to/from Common Fund	-	-	-	-	-	-	16,944,331
Operating Transfers In	-	-	-	-	1,372,495	1,211,027	2,655,979
Operating Transfers Out	-	-	-	-	-	-	(3,258,026)
Loan Repayments	-	-	-	-	26,863,861	6,885,181	33,749,042
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,168,917</u>	<u>8,096,208</u>	<u>49,984,040</u>
Net Change in Fund Balances	(179,429)	42,667	(12,201)	9	11,606,694	8,766,068	16,858,581
FUND BALANCES, July 1, 2017	179,335	82,784	131,685	429	295,530,721	186,602,628	502,246,912
FUND BALANCES, June 30, 2018	<u>\$ (94)</u>	<u>\$ 125,451</u>	<u>\$ 119,484</u>	<u>\$ 438</u>	<u>\$ 307,137,415</u>	<u>\$ 195,368,696</u>	<u>\$ 519,105,493</u>
FUND BALANCES CONSIST OF:							
General Cash	\$ 62,647	\$ 126,570	\$ 119,484	\$ 438	\$ 69,728,401	\$ 108,844,974	\$ 195,280,830
Cash With Bond Trustee	-	-	-	-	10,098	4,937	15,035
Deposits with Vendors	712	974	-	-	-	-	8,925
Accounts Receivable Invoiced	-	-	-	-	-	-	18,192
Loans Receivable	-	-	-	-	237,398,916	86,518,785	323,917,701
Due to Vendors	(63,453)	(2,066)	-	-	-	-	(135,163)
Due to Fund	-	(27)	-	-	-	-	(27)
TOTAL FUND BALANCES	<u>\$ (94)</u>	<u>\$ 125,451</u>	<u>\$ 119,484</u>	<u>\$ 438</u>	<u>\$ 307,137,415</u>	<u>\$ 195,368,696</u>	<u>\$ 519,105,493</u>

(Concluded)

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“ANNUAL REPORT TO THE LEGISLATURE 2018”**

The Department’s supplementary information can be found in the Department’s annual reports to the Legislature, located on the Department’s website <http://www.deq.state.ne.us/>. The following table of contents is from the Department’s “Annual Report to the Legislature 2018.” This annual report includes information on the Department’s assistance paid, complaints received, inspections made, applications received, permits issued, and cleanup site progress.

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