

**ATTESTATION REPORT  
OF THE  
NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAM 583 – NEBRASKA 911 SERVICE SYSTEM FUND,  
PROGRAM 686 – NEBRASKA UNIVERSAL SERVICE FUND,  
AND PROGRAM 793 – NEBRASKA BROADBAND BRIDGE PROGRAM  
JANUARY 1, 2024, THROUGH DECEMBER 31, 2024**

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**Issued on May 13, 2025**

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NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Background Information Section</b>	
Background	1 - 2
Key Officials and Agency Contact Information	3
<b>Comments Section</b>	
Summary of Comments	4
Comments and Recommendations	5 - 10
<b>Financial Section</b>	
Independent Accountant's Report	11 - 12
Schedule of Revenues and Expenditures	13
Notes to the Schedule	14 - 16
<b>Supplementary Information</b>	17
<b>Exhibit A</b> – Nebraska 911 Service System Fund Revenues and Expenditures	18
<b>Exhibit B</b> – Nebraska Universal Service Fund Revenues and Expenditures	19
<b>Exhibit C</b> – Nebraska Broadband Bridge Program Revenues and Expenditures	20
<b>Exhibit D</b> – Nebraska Universal Service Fund Total Balance and Committed Portion	21

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**BACKGROUND**

The Nebraska Public Service Commission (Commission) is a constitutionally created executive body established under Article IV, Section 20, of the Nebraska Constitution. The Commission is comprised of five elected Commissioners serving six-year terms. The Commission was initially created by the Legislature in 1885 to regulate railroads, but it was not firmly established until the passage of a constitutional amendment in 1906 creating a three-member elected Railway Commission. Membership was increased to five Commissioners in 1964, and the State was divided into five districts, each to elect a commissioner. The name was changed to the current Public Service Commission by a general election vote in 1972.

The Commission administers various funds and programs. Our attestation's scope focused on programs with the most significant activity during calendar year 2024. This included Program 583 – Nebraska 911 Service System Fund, Program 686 – Nebraska Universal Service Fund (NUSF), and Program 793 – Nebraska Broadband Bridge Program (NBBP). See below for descriptions of each of these programs. Descriptions for Programs 583 and 686 were obtained, in part, from the Commission's 2024 Annual Report on Telecommunications.

**Program 583 – Nebraska 911 Service System Fund**

The Nebraska 911 Service System Fund program was established to provide consistent statewide uniform service so Nebraska has a State 911 system that can adequately process calls and provide accurate locations for emergency response. The program provides financial assistance to 911 call centers, or Public Safety Answering Points (PSAPs), for the ongoing costs of enhanced wireless 911 and funding a Next Generation 911 system in Nebraska. The Next Generation 911 system provides redundancy and resilience to the statewide system, improving call routing and location accuracy. As of January 2025, all PSAPs have transitioned to the new system. The fund also provided assistance to local exchange carriers (LECs) during calendar year 2024. Wireless carriers assess 911 Service System surcharges to their customers and remit them to the Commission; the surcharges provide funding for this program. The surcharge is \$0.70 per line for each wireless subscriber in all Nebraska counties, except for Douglas County. The surcharge is \$0.50 per line for each wireless subscriber in Douglas County.

Prepaid wireless surcharges are also a source of funding for this program. Prepaid wireless surcharges are collected directly from consumers by retailers at the point-of-sale. The amount of the surcharge collected per retail transaction is based on an annual determination by the Nebraska Department of Revenue utilizing a formula in State statute. Amounts collected are remitted by retailers to the Department of Revenue. The Department of Revenue then remits the collected amounts, less administrative costs, to the State Treasurer for credit to the Telecommunications Relay Service (TRS) Fund, the 911 Service System Fund, and the NUSF.

**Program 686 – Nebraska Universal Service Fund (NUSF)**

The NUSF was established to ensure all Nebraskans have access to quality telecommunications services at affordable and comparable rates. To accomplish this goal, the Commission has created five programs within the NUSF:

- The Broadband Program/Wireless Tower Fund: provides funding to construct mobile wireless towers in areas that lack coverage and would not otherwise be economically feasible to build.
- E-Rate Special Construction Program: provides funding toward the costs of construction for libraries and schools that are not fiber connected.
- High-Cost Program: makes telecommunications and information services available at just, reasonable, and affordable rates, and available across Nebraska. This includes support to providers for maintaining the network as well as grants to providers to expand broadband development in underserved areas.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**BACKGROUND**  
(Concluded)

- Nebraska Telephone Assistance Program (NTAP): provides discounted rates to qualifying low-income Nebraskans.
- Rural Tele-Health Program: supports the provision of telecommunications services to Nebraska Health Care Providers.

The Commission, by order and after public hearing, assessed the NUSF surcharge on residential and business services (wireline, mobile wireless, and VoIP) on a per connection basis at \$1.75 per connection per month, or where applicable, at 6.95% of assessable revenues per month for all other revenues for calendar year 2024. The Commission determines assessable services through the use of Federal Communications Commission (FCC) universal service definitions in order to reduce the amount of duplicate administrative work for telecommunications providers. Specific categories of services subject to NUSF are:

- Local service, including connection charges, enhanced service, such as Caller ID and Extended Area Services (EAS);
- Wireless services, including cellular, PCS, and paging;
- In-State long distance service, including prepaid calling card, operator-assisted, collect, calling card, and private line; and
- Voice over the Internet Protocol (VoIP) service.

Prepaid wireless surcharges are also a source of funding for this program. The Department of Revenue administers the point-of-sale collection process, as required by Neb. Rev. Stat. § 86-903 (Reissue 2024), and remits the surcharges collected to the Commission monthly.

**Program 793 – Nebraska Broadband Bridge Program (NBBP)**

The NBBP was established in 2021 to facilitate and fund the development of broadband networks in unserved and underserved areas. Neb. Rev. Stat. § 86-1302(12) (Reissue 2024) defines an unserved area as a “a geographical area of the state which lacks broadband Internet service providing access to the Internet at speeds of at least twenty-five megabits per second for downloading and three megabits per second for uploading.” Section § 86-1302(11) defines an underserved area as “a geographical area of the state which lacks broadband Internet service providing access to the Internet at speeds of at least one hundred megabits per second for downloading and twenty megabits per second for uploading[.]” The Legislature has appropriated twenty million dollars annually to this program beginning with State fiscal year 2022.

Applicants to the program may apply to the Commission for a grant to be used for development costs for qualifying projects. Neb. Rev. Stat. § 86-1305 (Reissue 2024) establishes three priority tiers for projects, with the first priority given to projects in unserved areas that the Commission has determined need further support but have not received public assistance for development of a broadband network. Neb. Rev. Stat. § 86-1304(2)(a) (Reissue 2024) requires applicants to agree to complete projects within eighteen months after the date a grant is awarded; however, the Commission may permit extensions upon request and for a good cause shown.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**KEY OFFICIALS AND AGENCY CONTACT INFORMATION**

**Nebraska Public Service Commission Commissioners**

<b>Name</b>	<b>Title</b>	<b>Term Ending</b>
Dan Watermeier	District 1 Member	January 1, 2031
Christian Mirch	District 2 Member	January 1, 2027
Tim Schram	District 3 Member – Chair	January 1, 2031
Eric Kamler	District 4 Member	January 1, 2029
Kevin Stocker	District 5 Member	January 1, 2029

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NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**SUMMARY OF COMMENTS**

During our examination of the Nebraska Public Service Commission Program 583 – Nebraska 911 Service System Fund, Program 686 – Nebraska Universal Service Fund, and Program 793 – Nebraska Broadband Bridge Program, 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. ***NBBP Tier One Project Evaluation:*** The Commission received \$20,000,000 in annual State appropriations in State fiscal years 2024 and 2025 to administer the Nebraska Broadband Bridge Program (NBBP). State statutes require the Commission to distribute NBBP grants based on priority. The first tier is for projects in unserved areas that have not received public assistance for the development of a broadband network. State statute does not define a broadband network. The Commission adopted an informal definition of a broadband network for purposes of administering the NBBP but did not formally document its definition in an order, rule and regulation, or other governing document.
2. ***NBBP Tier Three Project Evaluation:*** The Commission has awarded \$18,842,938 in NBBP grants to 70 projects ranked as third-tier projects. State statutes require tier three projects to be in underserved areas. However, when evaluating NBBP applications, the Commission did not formally document the procedures performed to verify that tier three projects were in underserved areas.
3. ***NUSF Payment Errors:*** The Commission improperly reimbursed telecommunication companies \$46,277 for Broadband Deployment Support projects. The overpayments were a result of the Commission reimbursing for disallowed expenses, miscalculating amounts paid, and reimbursing amounts where there was not adequate documentation to support the amount requested.
4. ***Commission Accounts Receivable:*** The Commission did not record June 2024 NUSF and 911 Service System surcharges, received in July 2024, as a receivable as of June 30, 2024, on the Statewide Annual Comprehensive Financial Report (ACFR). The June 2024 surcharges received were \$3,990,766 for NUSF and \$1,055,517 for the 911 Service System.

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 Nebraska Public Service Commission Program 583 – Nebraska 911 Service System Fund, Program 686 – Nebraska Universal Service Fund, and Program 793 – Nebraska Broadband Bridge Program.

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. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**COMMENTS AND RECOMMENDATIONS**

**1. NBBP Tier One Project Evaluation**

The Public Service Commission (Commission) was appropriated twenty million dollars in State General funds for State fiscal years 2024 and 2025 to administer the Nebraska Broadband Bridge Program (NBBP). During calendar year 2024, the Commission distributed \$15,706,092 to NBBP grant recipients to facilitate the development of broadband networks in unserved and underserved areas of the State.

The Nebraska Broadband Bridge Act, which is set out at Neb. Rev. Stat. §§ 86-1301 to 86-1313 (Reissue 2024), requires the Commission to prioritize projects in unserved areas that have not received public assistance for development of a broadband network. However, neither this Act nor the Commission has defined the term “broadband network.”

When criteria for awarding grant funds are not clearly defined, there is an increased risk of those monies not being allocated to the most deserving projects.

Neb. Rev. Stat. § 86-1305 (Reissue 2024) requires the Commission to distribute NBBP grants based on priority, as follows:

- (1) The first priority is a project in a project area that is an unserved area which the commission has determined pursuant to section 75-160 or 86-166 needs further support but has not received public assistance for development of a broadband network;*
- (2) The second priority is a project that is in an unserved area, that has received federal support for development of a broadband network, and that will not be completed within twenty-four months after the grant application deadline if the commission determines that a grant under the program will accelerate the deployment of the broadband network; and*
- (3) The third priority is a project in a project area that is an underserved area and that the commission determines has a digital inclusion plan.*

Neb. Rev. Stat. § 86-1302(12) (Reissue 2024) defines an “unserved area” as one that lacks broadband Internet service at speeds of at least 25 megabits per second (Mbps) for downloading and 3 Mbps for uploading and an “underserved area” as an area that lacks broadband Internet service at speeds of at least 100 Mbps for downloading and 25 Mbps for uploading. However, the Nebraska Broadband Bridge Act does not provide a definition for the term “broadband network.”

We tested five payments for 19 NBBP grants, totaling \$6,170,855, to internet service providers. This included 14 projects awarded funds as tier one projects for the 2021 through 2023 NBBP award years. Eleven of the tier one projects were in project areas that had received other public assistance. The Commission awarded these 11 projects \$14,930,848 in NBBP grants. The table below summarizes the other assistance provided in these project areas. The table includes the names of the other assistance programs, whether the other assistance was intended to provide fixed wireless (satellite or terrestrial fixed wireless) service or fixed wireline (fiber, cable, DSL, or copper) service, and the speed requirements of the other assistance programs.

<b>Project</b>	<b>Other Assistance (See <b>Note 2</b>)</b>	<b>Technology</b>	<b>Speed (See <b>Note 1</b>)</b>
Rural Cook to Talmage	CAF-II and RDOF	Wireless	100/20 and 1,000/500
Rural Beatrice2	RDOF	Wireless	1,000/500
Fillmore County 2	CAF-II	Wireless	100/20
Lewellen Rural	CAF-II and RDOF	Wireless	100/20 and 1,000/500
Thayer County	CAF-II and RDOF	Wireless	100/20 and 1,000/500
York County	CAF-II	Wireless	100/20



NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

COMMENTS AND RECOMMENDATIONS  
(Continued)

1. **NBBP Tier One Project Evaluation** (Continued)

Project	Other Assistance (See <b>Note 2</b> )	Technology	Speed (See <b>Note 1</b> )
NBBP Box Butte 22	CAF-II	Wireless	25/3
Rural Unserved with No Federal Support	RDOF	Wireless	1,000/500
Project A2 (Menominee)	ACAM-I	Wireline	25/3
Project B (Rrual St. Helena)	ACAM-I	Wireline	25/3
Project E (Lewis and Clark)	ACAM-I	Wireline	25/3

**Note 1:** The speed requirements noted above are upload and download speeds in Mbps. For example, 100/20 refers to download speeds of 100 Mbps and upload speeds of 20 Mbps.

**Note 2:** Connect America Fund (CAF) Phase II funding and Rural Digital Opportunity Fund (RDOF) funding was provided through auction processes. CAF-II auction areas were won with bids committing to either 100/20 or 25/3, while RDOF areas were won with bids committing to 1,000 Mbps/500Mbps. The original Alternative Connect America program (ACAM-I) required the speed for a certain percentage of locations in award areas to be 25/3. Other locations in the award areas were required to be 10/1 or 4/1.

The Commission acknowledged that the above projects were in areas that had received other public assistance. However, the Commission stated it did not consider the other assistance to be for the development of a broadband network. We asked the Commission how it defined a broadband network for purposes of administering the NBBP, given this term was not defined in State statute. The Commission acknowledged it had not formally defined this term in an order, rule and regulation, or other document governing the NBBP but stated, “I think the clearest way to convey how things are analyzed is that a broadband network is a wireline network that provides at least 100/20 Mbps (Down/Up).” As the other assistance noted in the above table was either for fixed wireless services or for wireline services at speeds below 100/20, the Commission did not consider the assistance to be for the development of a broadband network.

The Commission’s informal definition of a broadband network excluded fixed wireless services. We asked the Commission why it excluded fixed wireless services from its informal definition of a broadband network. The Commission expressed concerns regarding the quality of fixed wireless services, stating that weather, topography (hills/valleys), proximity to towers, and the number of subscribers all impact fixed wireless signal strength. The Commission also noted that publicly available data regarding the availability of fixed wireless services, which is obtained from Federal Communications Commission (FCC) Form 477 data forms submitted by internet service providers, is unreliable. The FCC has expressed similar concerns regarding the reliability of form FCC 477 data in various reports.

Despite expressing concerns about fixed wireless technology, the FCC has nonetheless adopted a benchmark for fixed services that includes both fixed wireline and fixed wireless services. The FCC, which is responsible for assessing the deployment of broadband services across the United States, affirmed the following benchmark for fixed internet services, in paragraph 12 of its 2021 Annual Broadband Deployment Report (FCC 21-18):

*We find that the current speed benchmark of 25/3 Mbps remains an appropriate measure by which to assess whether a fixed service is providing advanced telecommunications capability. We conclude that fixed services with speeds of 25/3 Mbps continue to meet the statutory definition of advanced telecommunications capability; that is, such services “enable[] users to originate and receive high-quality voice, data, graphics, and video telecommunications.”*

The FCC’s 25/3 benchmark was in effect at the time the Commission evaluated all tier one projects we tested (the FCC subsequently increased its benchmark to 100/20 in 2024). The 11 projects noted in the above table were all in areas that were provided assistance to deploy fixed services at or above 25/3 speeds. Thus, had the Commission defined a broadband network as one that met the FCC’s performance benchmarks, it appears the projects would not have met the requirements to be ranked as tier one projects. It should be noted that projects may still have been eligible to receive NBBP funds as tier two or tier three projects.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

COMMENTS AND RECOMMENDATIONS  
(Continued)

1. **NBBP Tier One Project Evaluation** (Concluded)

The Nebraska Broadband Bridge Act does not require the Commission to utilize the FCC’s benchmark when evaluating NBBP applications. However, this Act does require the Commission to consider whether public assistance has been provided to develop a broadband network in a proposed project area. As the term “broadband network” is not defined in this Act, and this term is subject to interpretation, it is critical that the Commission document how it has defined this term for purposes of administering the NBBP.

A good internal control plan requires procedures to ensure criteria used to evaluate grant applications are clearly defined. Without such procedures, there is an increased risk that applications for grant awards will not be evaluated consistently, and grant awards will not be made as intended by the Nebraska Legislature.

We recommend the Commission formally document all criteria used to evaluate NBBP projects. This includes formally documenting, in an order, rule and regulation, or other governing document, how it defines the term “broadband network.”

*Commission Response: As noted in the draft report, the term “broadband network” was not defined in statute or Commission orders. The Commission agrees that it would be prudent to define this term for the purposes of the Nebraska Broadband Bridge Program. The Commission reviews the program and guidelines annually prior to the commencement of each grant cycle. In the hearing for the 2025 grant cycle, Commission staff recommended the adoption of a formal definition of broadband network to align with what has been used informally in prior grant cycles.*

2. **NBBP Tier Three Project Evaluation**

The Commission has awarded \$18,842,938 in Nebraska Broadband Grant Program (NBBP) grants to 70 projects ranked as tier three projects. For all tier three projects awarded from 2021 to 2024, the Commission did not formally document the procedures performed to verify that the project area was underserved, as required by State statute.

The following table provides a summary of the tier three projects for which the Commission awarded NBBP grants for the 2021 through 2024 NBBP award years:

Award Year	Number of Tier 3 Grants	\$ Amount of Tier 3 Grants
2021	54	\$ 14,814,799
2022	5	\$ 895,139
2023	3	\$ 611,482
2024	8	\$ 2,521,518
<b>Totals</b>	<b>70</b>	<b>\$ 18,842,938</b>

For the four tier three NBBP projects tested, totaling \$602,864, the Commission was not able to provide documentation to support that it verified the project was in an underserved area. For the tier three projects tested, the Commission primarily relied on its challenge process, which allowed competing providers to rebut an applicant’s claim that a project area was underserved. The Commission also provided examples of other review procedures performed; however, the Commission did not formally document performance of these procedures.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

COMMENTS AND RECOMMENDATIONS  
(Continued)

**2. NBBP Tier Three Project Evaluation** (Concluded)

Neb. Rev. Stat. § 86-1305(3) (Reissue 2024) states that the third priority tier for NBBP projects is for “a project in a project area that is an underserved area and that the commission determines has a digital inclusion plan.” Neb. Rev. Stat. § 86-1302(11) (Reissue 2024) defines an “underserved area” as one that lacks broadband Internet service at speeds of at least 100 Mbps for downloading and 25 Mbps for uploading.

A good internal control plan includes formally documenting the procedures performed to verify that tier three projects are located in underserved areas. When procedures performed are not documented, there is an increased risk the procedures are not performed which may ultimately lead to grants being awarded to ineligible projects.

We recommend the Commission formally document the procedures performed to verify that tier three projects are in underserved areas.

*Commission Response: NBBP project applicants attest that information submitted with the application is correct, including the speeds at which service is available in the proposed project area. Additionally, Commission staff reviews the services that potentially exist for locations intended to be served by projects and evaluates whether those services would disqualify it from being eligible as a Tier 3 project.*

*Commission staff has not formally documented verification and review of applications to meet the requirements to be ranked as a Tier 3 project. In the event that further grant cycles are conducted, Commission staff will document the review and verification process.*

**3. NUSF Payment Errors**

Four BDS payments were tested which totaled \$11,636,418. Two of four payments tested, to support Broadband Deployment Support (BDS) paid by the Nebraska Universal Service Fund (NUSF), included errors that resulted in overpayments of \$46,277. During the calendar year, the Commission paid \$19,937,083, for approved BDS projects.

The purpose of the Nebraska Telecommunications Universal Service Fund Act, which is set out at Neb. Rev. Stat. §§ 86-316 to 86-329 (Reissue 2024), is to ensure all Nebraskans, without regard to their location, have access to quality telecommunications services at affordable and comparable rates. Each year, the Commission enters an order to authorize payments to eligible telecommunication carriers to support the deployment of broadband internet to underserved communities and sets a deadline for carriers to select projects where the funding will be allocated. Once allocated to a project, the carriers request reimbursement based on actual costs incurred. The Commission performs a review of each request to determine the allowability of the reimbursement based on original documentation supporting costs incurred, the project site, and remaining funds.

Two errors, totaling \$28,701, were noted as part of a \$1,978,732 reimbursement that included four BDS projects.

- The Commission improperly paid \$21,505 in disallowed expenses that were identified by the Commission’s review but were not ultimately removed from the amount reimbursed.
- The Commission did not obtain adequate documentation to support \$7,196 in reimbursed expenditures. For several invoices reimbursed, the Commission’s review did not identify that the invoices did not support the quantity of materials reimbursed and, in one case, did not support both the quantity and price reimbursed. This was due to the invoices being from an affiliated company that lacked traditional invoices to support the amount requested for reimbursement.

An overpayment of \$17,576 was identified on a \$4,681,713 reimbursement that included two BDS projects. This error was caused by the Commission miscalculating retainage that resulted in the vendor being reimbursed for more than what the vendor had paid.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**COMMENTS AND RECOMMENDATIONS**  
(Continued)

**3. NUSF Payment Errors (Concluded)**

Good internal controls require procedures to ensure that BDS reimbursements are reviewed to verify the amount reimbursed is for allowable expenditures, and the expenditures are properly supported by original invoices and any other necessary documentation. Without such procedures, there is an increased risk of reimbursements being made for unallowable expenditures.

We recommend the Commission strengthen procedures to ensure that all reimbursements exclude disallowed expenditures, are calculated correctly, and are adequately supported by invoices or other documentation.

*Commission Response: The Commission has taken corrective action to strengthen its internal review processes. As part of these improvements, the Commission has adopted a standardized Nebraska Broadband Program Reimbursement Template, which includes built-in checks for material quantities and unit pricing to help prevent similar discrepancies. The enhanced procedures are being implemented for consistent use across all broadband reimbursement programs, including the Nebraska Universal Service Fund (NUSF). While the new processes were not yet in place at the time of the reimbursement requests reviewed during the audit, the Commission believes these proactive measures reflect a strong commitment to oversight and will significantly reduce the risk of future errors.*

**4. Commission Accounts Receivable**

The Commission assessed surcharges on telecommunications companies that are used to support Nebraska Universal Service Fund (NUSF) and Nebraska 911 Service System Fund (911 Service System) programs. In the Statewide Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, the Commission did not recognize \$5,046,283 in receivables for the June 2024 NUSF and 911 Service System surcharges that the Commission received in July 2024.

Neb. Rev. Stat. § 86-324(2)(e) (Reissue 2024) requires every telecommunication company to contribute to the NUSF. The Commission's NUSF-4 Progression Order No. 29, entered June 6, 2023, set the monthly NUSF surcharge on residential and business services (e.g., wireline, mobile, wireless) at \$1.75 per connection, and, where applicable, 6.95% of assessable revenues for all other services. This surcharge was in place for the period July 1, 2023, to June 30, 2024. In July 2024, the Commission received \$3,990,766 in NUSF surcharges due for June 2024 services.

Neb. Rev. Stat. § 86-457 (Reissue 2024) requires wireless carriers to collect 911 Service System surcharges from their customers and remit them to the Commission. The surcharge, assessed by the Commission through a formal order, was \$0.70 per line for each wireless subscriber in all Nebraska counties, except for Douglas County, where wireless subscribers were charged \$0.50. This surcharge was deposited in the 911 Service System Fund. In July 2024, the Commission received \$1,055,517 in 911 Service System surcharges due for June 2024 services.

GASB Cod. Sec. N50.104(a) (paragraph .104(a) of Section N50) states, in part, the following:

*Derived tax revenues result from assessments imposed by governments on exchange transactions. Examples include taxes on personal income, corporate income, and retail sales of goods and services. The principal characteristics of these transactions are (1) the assessing government imposes the provision of resources on the provider (the entity that acquires the income, goods, or services) and (2) the government's assessment is on an exchange transaction, such as the exchange of an employee's services for a wage or salary or the exchange of motor fuel for the market price of the fuel. Enabling legislation sometimes requires a particular source of derived tax revenues to be used for a specific purpose or purposes.*

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

COMMENTS AND RECOMMENDATIONS  
(Concluded)

4. **Commission Accounts Receivable** (Concluded)

Paragraph 105 of that same GASB section states, in relevant part, “[A]pplication of the standards of this section requires analysis of the substance of a transaction, rather than attention only to its label.” While the NUSF and 911 Service System surcharges are not labeled as a “tax,” as the surcharges are assessed on providers and the underlying transactions are exchange transactions, the surcharges appear to be, for accounting purposes, derived tax revenues.

GASB Cod. Sec. N50.113 (paragraph .113 of Section N50) states, in relevant part, “Governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first.” As the underlying exchange transactions, on which the June 2024 surcharges were imposed, occurred in June 2024, it appears the Commission should have recognized the surcharges as State fiscal year 2024 revenues and as receivables as of June 30, 2024, on the Statewide ACFR.

We recommend the Commission work with the Department of Administrative Services to ensure that June NUSF and 911 Service System surcharges received in July are reported properly on the ACFR.

*Commission Response: The Commission has contacted the Department of Administrative Services staff for their guidance in determining the proper classification of these types of surcharge revenues. Initial discussions indicate that these should be included in our ACFR Financial Reporting package. We will have further detailed discussions with DAS staff to work through this matter and will report accordingly.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAM 583 – NEBRASKA 911 SERVICE SYSTEM FUND,  
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### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Public Service Commission  
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues and Expenditures of the Nebraska Public Service Commission Program 583 – Nebraska 911 Service System Fund, Program 686 – Nebraska Universal Service Fund, and Program 793 – Nebraska Broadband Bridge Program for the year ended December 31, 2024. The Commission's management is responsible for the Schedule of Revenues and Expenditures based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues and Expenditures 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 and Expenditures 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 and Expenditures. 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 and Expenditures, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Revenues and Expenditures for the year ended December 31, 2024, is based on the accounting system and procedures prescribed by the State of Nebraska's 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Revenues and Expenditures; fraud that is material, either quantitatively or qualitatively, to the Schedule of Revenues and Expenditures; and any other instances that warrant the attention of those charged with governance. 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 and Expenditures 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 and Expenditures 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 and Expenditures, 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.

May 12, 2025



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
For the Period January 1, 2024, through December 31, 2024

	Nebraska 911 Service System Fund Program 583	Nebraska Universal Service Fund Program 686	Nebraska Broadband Bridge Program Program 793	<b>Totals (Memorandum Only)</b>
REVENUES:				
Appropriations	\$ -	\$ -	\$ 16,499,399	\$ 16,499,399
Miscellaneous	14,099,414	53,861,785	9	67,961,208
TOTAL REVENUES	<u>14,099,414</u>	<u>53,861,785</u>	<u>16,499,408</u>	<u>84,460,607</u>
EXPENDITURES:				
Personal Services	1,139,955	1,177,185	182,080	2,499,220
Operating	2,994,015	382,518	20,977	3,397,510
Travel	14,806	4,305	1,377	20,488
Capital Outlay	2,461	7,729	-	10,190
Government Aid	6,775,727	65,941,896	16,294,965	89,012,588
TOTAL EXPENDITURES	<u>10,926,964</u>	<u>67,513,633</u>	<u>16,499,399</u>	<u>94,939,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,172,450</u>	<u>(13,651,848)</u>	<u>9</u>	<u>(10,479,389)</u>
OTHER FINANCING SOURCES (USES):				
Adjustment to Fund Balance	-	-	440,009	440,009
Deposit to General Fund	-	-	(440,018)	(440,018)
Operating Transfers Out	-	(1,455,000)	-	(1,455,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(1,455,000)</u>	<u>(9)</u>	<u>(1,455,009)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Transfers	<u>3,172,450</u>	<u>(15,106,848)</u>	<u>-</u>	<u>(11,934,398)</u>

The accompanying notes are an integral part of the schedule.



NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2024

1. Criteria

The accounting policies of the Nebraska Public Service Commission Program 583 – Nebraska 911 Service System Fund, Program 686 – Nebraska Universal Service Fund, and Program 793 – Nebraska Broadband Bridge Program (Programs 583, 686, and 793) are on the basis of accounting, as prescribed by the State of Nebraska’s Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2024), the duties of the State of Nebraska’s Director of 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 2024), 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 the DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues and Expenditures 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’s Programs 583, 686, and 793 to record all accounts receivable and related revenues in EnterpriseOne; as such, the Commission’s Schedule for Programs 583, 686, and 793 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, 2024, and not yet paid as of that date. The amount recorded as expenditures on the Schedule, as of December 31, 2024, **does not** include amounts for goods and services received before December 31, 2024, which had not been posted to the general ledger as of December 31, 2024.

The following fund types are established by the State and used by the Commission for Programs 583, 686, and 793:

**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.

The following major revenue account classifications are established by State Accounting and used by the Commission for Programs 583, 686, and 793:

**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.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**NOTES TO THE SCHEDULE**  
(Continued)

**1. Criteria** (Concluded)

**Miscellaneous** – These include revenue from sources not covered by other major categories, such as 911 Service System surcharges, prepaid wireless surcharges, Nebraska Universal Service Fund surcharges, investment income, and other revenue from other sources. See below for a summary of the miscellaneous revenue included in the Schedule:

Revenue Category	Amount
Surcharge Revenue	\$ 64,627,687
Investment Income	\$ 3,320,359
Other	\$ 13,162
Total	\$ 67,961,208

The following major expenditure account classifications are established by State Accounting and used by the Commission for Programs 583, 686, and 793:

**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 State money to governmental subdivisions and telecommunications companies, in furtherance of State programs.

Other significant accounting classifications and procedures established by State Accounting and used by the Commission for Programs 583, 686, and 793 include the following:

**Other Financing Uses** – Operating transfers, as required by State statute.

**2. Reporting Entity**

The Commission is a State agency established under and governed by the laws of the State of Nebraska. As such, the Commission’s Programs 583, 686, and 793 are exempt from State and Federal income taxes. The Schedule includes all activity of the Commission’s Programs 583, 686, and 793 included in the general ledger.

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.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**NOTES TO THE SCHEDULE**  
(Concluded)

**4.     Transfers**

Program 686 had transfers out to the 211 Cash Fund of \$1,455,000 during calendar year 2024. This transfer was made pursuant to Neb. Rev. Stat. § 86-324(4)(b) (Reissue 2024), which states:

*The State Treasurer shall transfer one million two hundred seventy-five thousand dollars on July 1, 2023, from the earnings on the Nebraska Telecommunications Universal Service Fund to the 211 Cash Fund. The State Treasurer shall transfer one million four hundred fifty-five thousand dollars on July 1, 2024, from the earnings on the Nebraska Telecommunications Universal Service Fund to the 211 Cash Fund.*

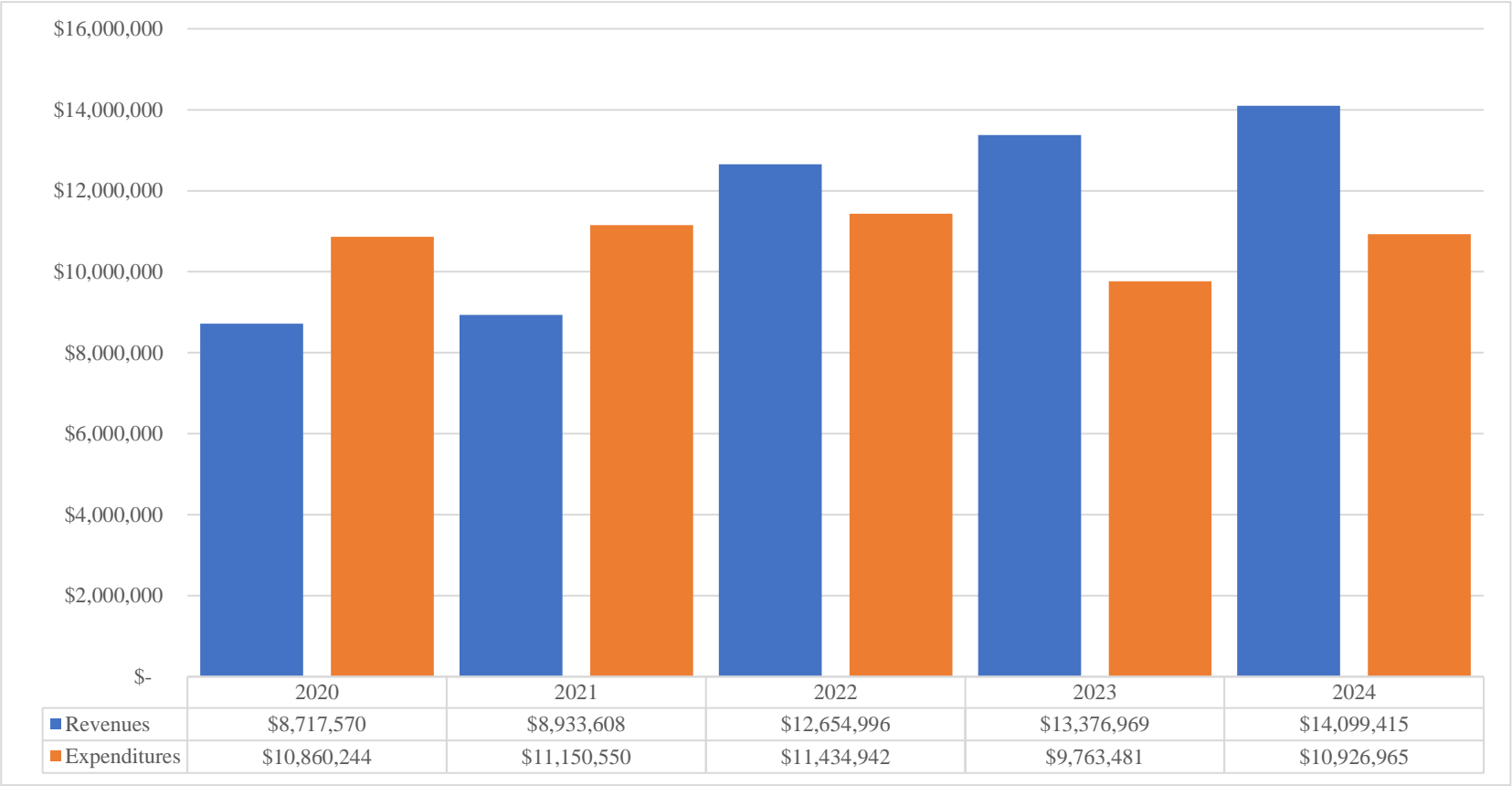
NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793

**SUPPLEMENTARY INFORMATION**

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues and Expenditures. 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 and Expenditures; accordingly, we express no opinion on it.

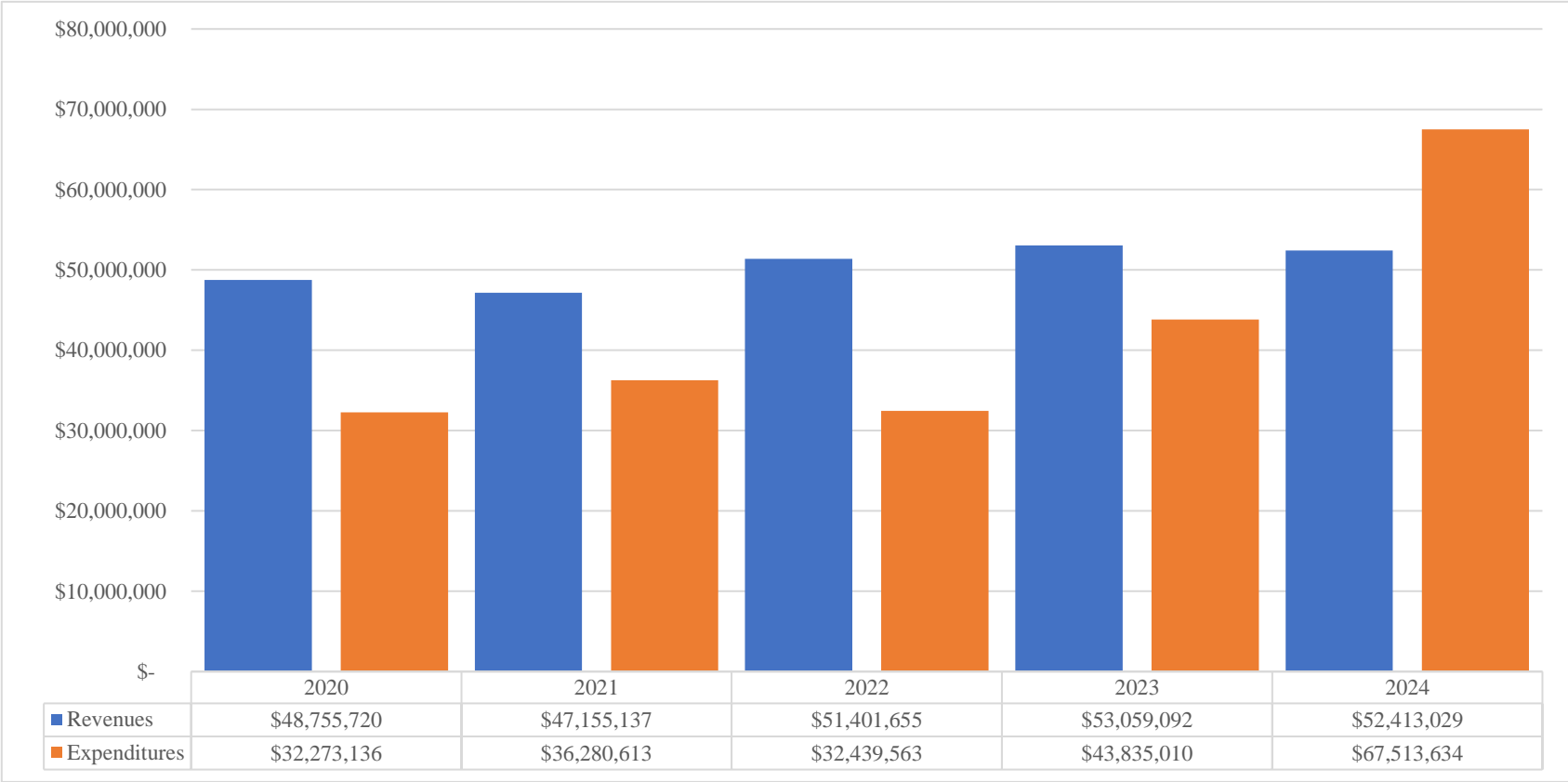
NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793  
**NEBRASKA 911 SERVICE SYSTEM FUND REVENUES AND EXPENDITURES**  
For the Calendar Years 2020 through 2024

**Exhibit A**



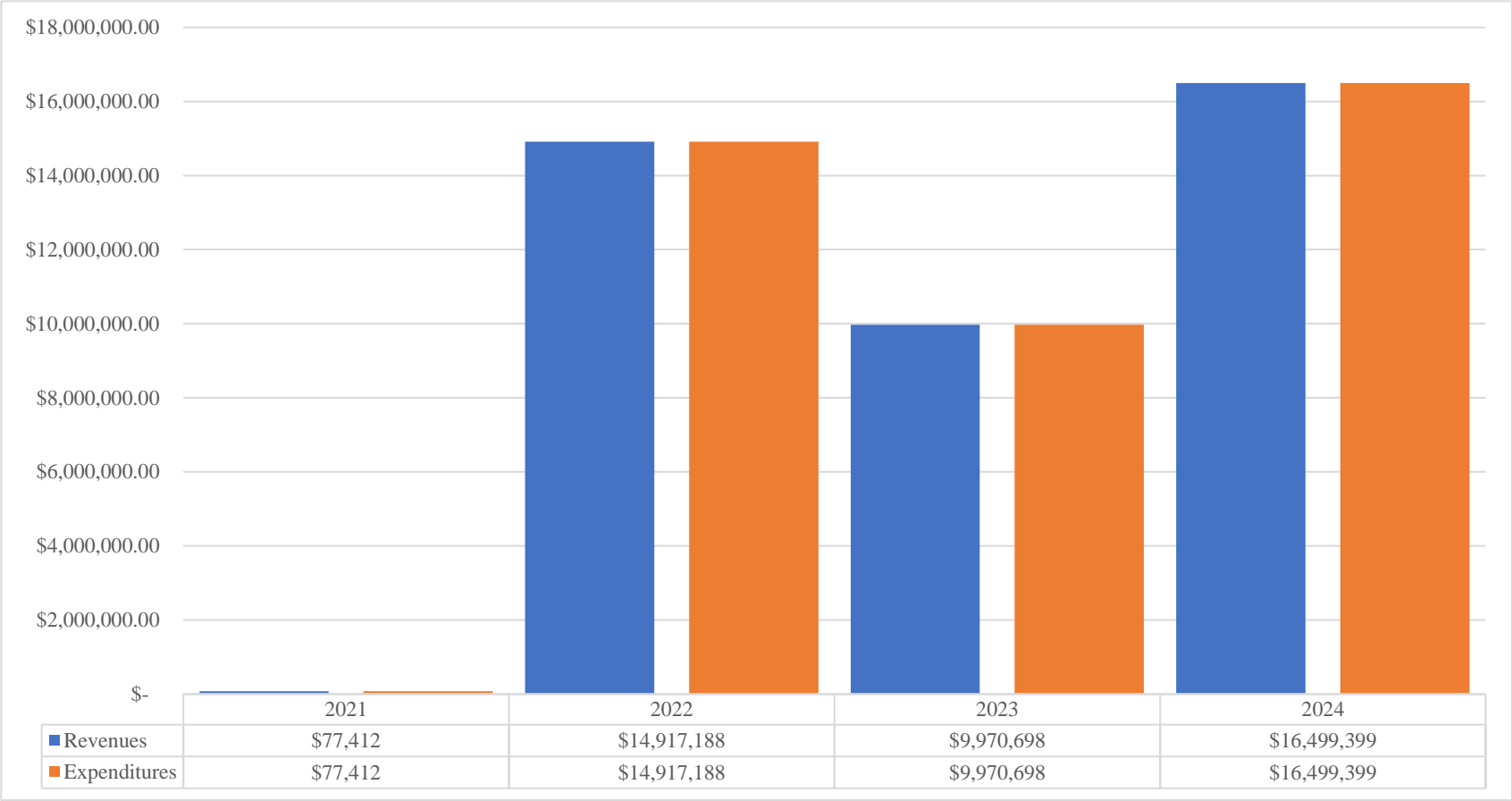
NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793  
**NEBRASKA UNIVERSAL SERVICE FUND REVENUES AND EXPENDITURES**  
For the Calendar Years 2020 through 2024

**Exhibit B**



NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793  
**NEBRASKA BROADBAND BRIDGE PROGRAM REVENUES AND EXPENDITURES**  
For the Calendar Years 2021 through 2024

Exhibit C



Note: 2021 was the first year of the Nebraska Broadband Bridge Program.

NEBRASKA PUBLIC SERVICE COMMISSION  
PROGRAMS 583, 686, AND 793  
**NEBRASKA UNIVERSAL SERVICE FUND TOTAL BALANCE AND COMMITTED PORTION**  
For the Calendar Years 2020 through 2024

**Exhibit D**

