

Dave Heineman, Governor

January 6, 2014

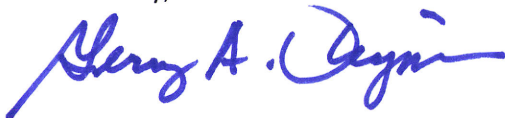
Patrick J. O'Donnell  
Clerk of the Nebraska Legislature  
State Capitol, Room 2018  
Lincoln, NE 68509

Dear Mr. O'Donnell:

The following report is submitted by the Department of Administrative Services pursuant to Section 81-1125.01 R.S.SUPP., 2012:

1. State of Nebraska Comprehensive Annual Financial Report (CAFR) Fiscal Year Ended June 30, 2013

Sincerely,

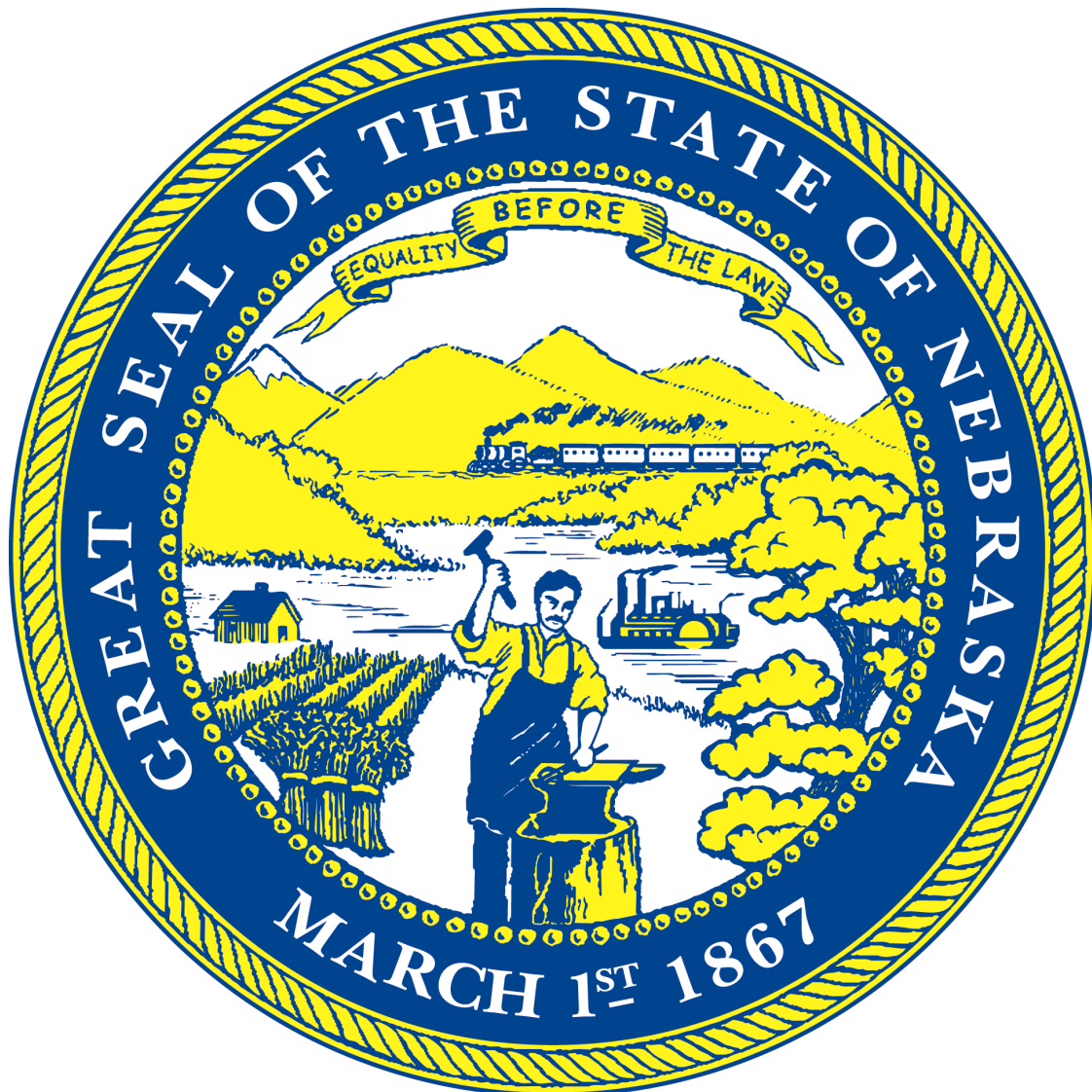


Gerry A. Oligmueller, Acting Director  
Department of Administrative Services

# State of Nebraska

## *Comprehensive Annual Financial Report*

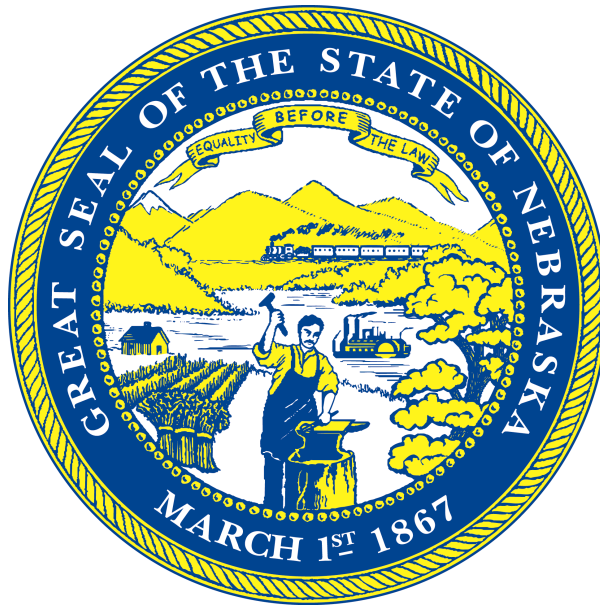
Fiscal Year Ended June 30, 2013



# State of Nebraska

## Comprehensive Annual Financial Report

Year Ended June 30, 2013



**Dave Heineman**

*Governor*

**Administrative Services**

**Gerry A. Oligmueller**

*Acting Director*

**Hari Kadavath**

*State Accounting Administrator*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

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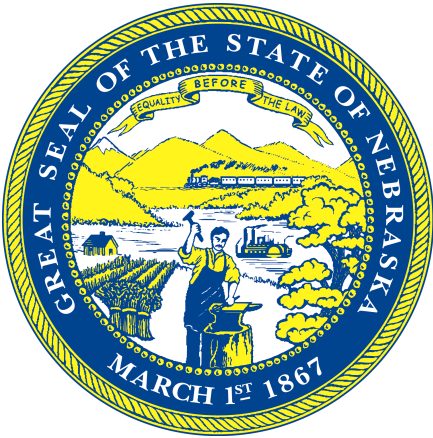
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# INTRODUCTORY SECTION

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# SELECTED STATE OFFICIALS

As of June 30, 2013

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## EXECUTIVE

**Dave Heineman**

Governor

**Lavon Heidemann**

Lieutenant Governor

**Jon Bruning**

Attorney General

**Mike Foley**

Auditor of Public Accounts

**John A. Gale**

Secretary of State

**Don Stenberg**

State Treasurer

## JUDICIAL

**Supreme Court of Nebraska**

Michael G. Heavican, Chief Justice

William B. Cassel, Justice

William M. Connolly, Justice

Michael McCormack, Justice

Lindsey Miller-Lerman, Justice

Kenneth C. Stephan, Justice

John F. Wright, Justice

## LEGISLATIVE

**Greg Adams**

Speaker of the Legislature

Nebraska Unicameral (49 Senators)

December 31, 2013

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Nebraska (the “State”) for the fiscal year ended June 30, 2013. This report is the primary means of reporting the State government’s financial activities. The State of Nebraska’s financial statements have been audited by the State of Nebraska Auditor of Public Accounts. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State’s financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report. The CAFR has been prepared in conformance with Governmental Accounting Standards Board (GASB) statements 34 and 35, and other related statements. This reporting model’s objective is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

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

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



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

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

## **PROFILE OF THE GOVERNMENT**

The State was admitted to the Union as the thirty-seventh state in 1867. Nebraska's government is divided into three branches: legislative, executive and judicial. Nebraska is the only state with a Unicameral Legislature, which has 49 members elected on a non-partisan ballot. The chief executive is the governor, who is elected for a four-year term. Within the executive branch are various departments and agencies that perform a variety of functions. Since Nebraska's Constitution generally allows no indebtedness, government expenses of such departments and agencies must be met on a pay-as-you-go basis. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development. An organizational chart of the State is shown on page 9.

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### ***Current Revenue Outlook***

The General Fund operations of the State are almost entirely dependent upon the income and sales taxes the State receives each year. Such taxes represent 96 percent of all General Fund revenues. Net revenue from income taxes and sales taxes from all funds for the fiscal year ended June 30, 2013 increased \$324 million from the prior year, indicating that the Nebraska economy is strengthening as it recovers from the national recession.

For the fiscal year ending June 30, 2013 the State's General Fund ended the fiscal year with a cash and investments balance of \$1,237 million. The balance had exceeded \$800 million dollars for the prior five years.

The current forecast for fiscal year 2014 anticipates net receipts in the General Fund to increase about \$15 million, a slight increase over fiscal year 2013. This relatively slight increase on a nominal basis is due to the dedication of the revenue generated from one-quarter of one percent of the 5.5% state sales and use tax rate from the General Fund to other Cash Funds to increase investment in road construction. No significant changes in revenue are anticipated in the other funds.

### ***Economy of the State***

The University of Nebraska-Lincoln Bureau of Business Research and the Nebraska Business Forecast Council are cautious in forecasting Nebraska's economic future. The Council is optimistic about the national economic outlook, and expects Nebraska to maintain its relative economic strength. The Council's February 2013 forecast is shown on the following chart. The agriculture market is a major force in the Nebraska economy and farm income has begun to retreat from record levels in 2011 and will continue to decrease in 2013 and 2014. Nonfarm income growth is expected to slow in 2013 and accelerate in 2014 along with a steady increase in employment. Continued modest growth in employment is expected across all nonfarm related industries. Retail sales continue to improve as Nebraska recovers from the recession.

	ACTUAL			PROJECTED		
	2009	2010	2011	2012	2013	2014
<b>Nonfarm Employment:</b>						
Annual Totals	944,600	940,100	944,000	952,700	965,000	979,800
Growth Rates	-2.1%	-0.5%	0.4%	0.9%	1.3%	1.5%
<b>Nonfarm Personal Income:</b>						
Annual Totals (in millions \$)	66,450	68,743	72,314	74,722	76,772	80,238
Growth Rates	-3.5%	3.5%	5.2%	3.3%	2.7%	4.5%
<b>Net Taxable Retail Sales Growth Rates:</b>						
Total	-3.6%	3.8%	5.7%	5.1%	3.7%	4.7%
Motor Vehicle Sales	-4.9%	8.0%	8.8%	10.0%	4.7%	5.6%
Non-motor Vehicles Sales	-3.4%	3.3%	5.3%	4.5%	3.5%	4.6%

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

The State always is looking at least four years out in its analysis of the financial condition of the State in preparing the State's budgets. Currently, we have a working model of the biennium budget for fiscal years 2016 and 2017. In our analysis, we use forecasting models to forecast revenue and then examine major expenditures, especially those that have a trend of outpacing revenues. Revenues for fiscal years 2014 and 2015 are projected to increase by 0.4% and 2.7%, respectively. Due to the redirection of one quarter of one percent of the State's sales tax rate for road construction purposes beginning in 2014, the 0.4% increase in 2014 is lower than it would otherwise be. Revenue growth estimates that adjust for this and other legislated rate and base changes are 3.4% in 2014 and 4.0% in 2015.

Higher than projected income tax receipts have recently boosted the state revenue forecast. By operation of law, any revenue above the projection will be used to rebuild the cash reserve, which was used to supplement weak revenue during the recession. The potential for relatively large annual growth in expenditures for school aid and Medicaid presents a challenge in preparing a budget that keeps expenses within projected revenue. To ensure we do have a balanced budget, the State exerts considerable time and effort in reviewing the trends of future revenues and expenditures.

### ***Major Initiatives***

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

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the fiscal year ended June 30, 2012. This was the twenty-second consecutive year that the State has received this prestigious award. In order to be awarded a Certificate of Achievement, the State published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

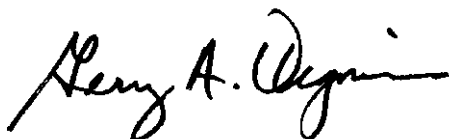
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

The 2013 CAFR represents the continuous effort on our part to fulfill this commitment. We wish to express our appreciation to the accounting staff of the State Accounting Division of Administrative Services and the budget and accounting staff throughout State government for their assistance in the preparation of this report.

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

Respectfully submitted,

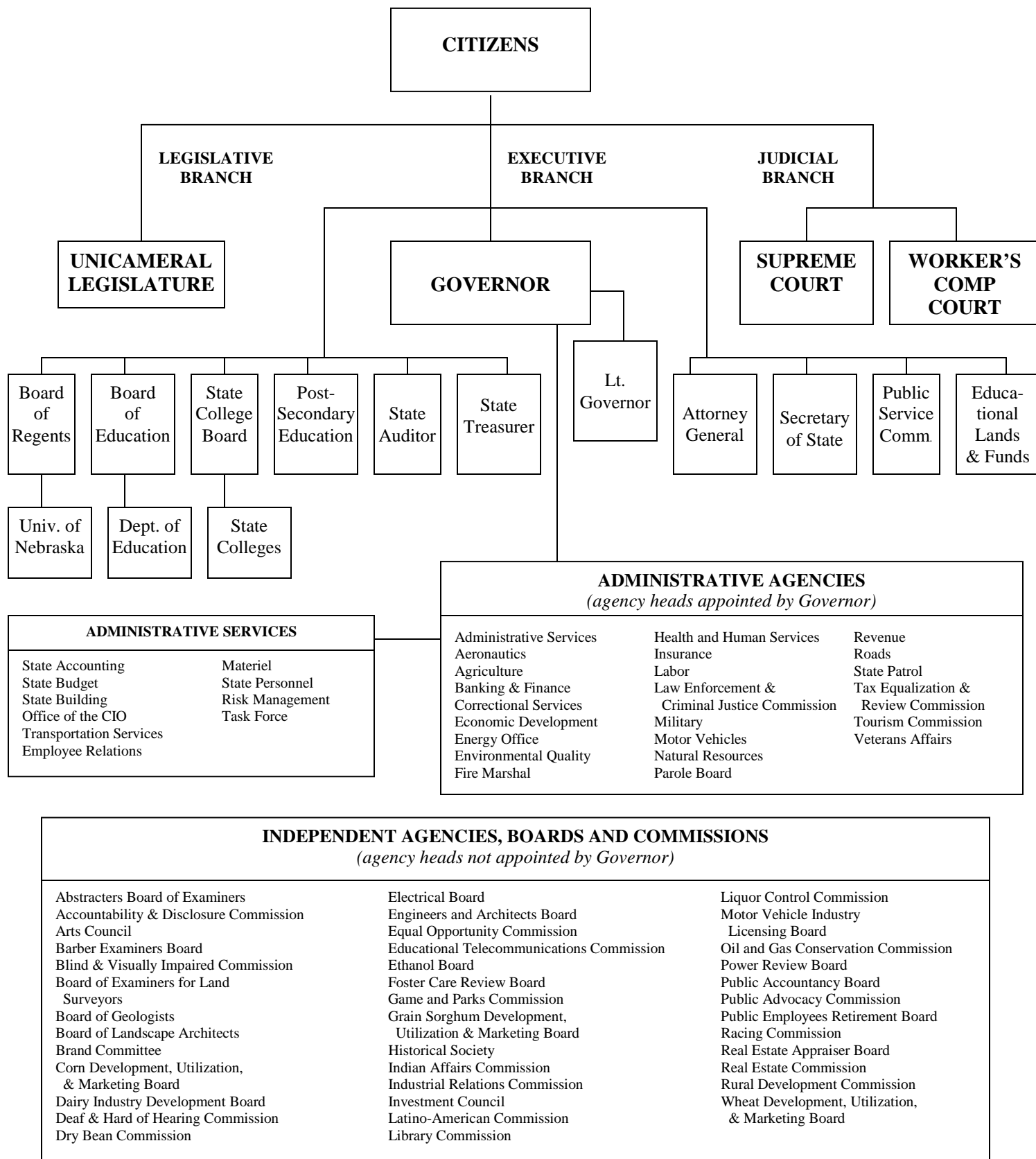


Gerry A. Oligmueller  
Acting Director, Administrative Services



Hari Kadavath  
State Accounting Administrator

# Nebraska State Government Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

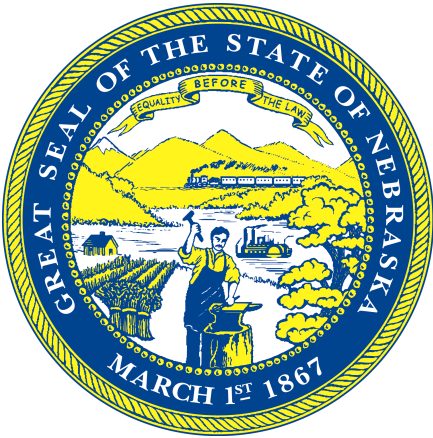
Presented to

**State of Nebraska**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



# FINANCIAL SECTION

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# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.nebraska.gov

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Nebraska's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the UNMC Physicians, the University Technology Development Corporation, the University Dental Associates, the Nebraska Utility Corporation, the activity relating to the Members of the Obligated Group Under the Master Trust Indenture, the Nebraska State College System Foundations, the Nebraska State College System Revenue and Refunding Bond Fund, and the Nebraska State Colleges Facilities Corporation, which represent 45%, 39%, and 31%, respectively, of the assets, net position or fund balances, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the College Savings Plan which represents 17%, 19%, and 17% of the assets, net position or fund balances, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented

component units and the aggregate remaining fund information for the College Savings Plan is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the UNMC Physicians, the University Technology Development Corporation, the University Dental Associates, the Nebraska Utility Corporation, the activity relating to the Members of the Obligated Group Under the Master Trust Indenture, the Nebraska State College System Foundations, the Nebraska State College System Revenue and Refunding Bond Fund, the Nebraska State Colleges Facilities Corporation, and the College Savings Plan were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State of Nebraska's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the State of Nebraska's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the beginning Governmental Activities Net Position has been restated to correct a misstatement in construction in progress. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 26, the Budgetary Comparison Schedules on pages 66 through 71; and the Information About Infrastructure Assets Reported Using the Modified Approach on page 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required



by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nebraska's basic financial statements. The combining statements and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the State of Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nebraska's internal control over financial reporting and compliance.



Lincoln, Nebraska  
December 30, 2013

Pat Reding, CPA, CFE  
Assistant Deputy Auditor

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Nebraska provides the following discussion and analysis of the State of Nebraska's financial performance, as reflected in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. Please read it in conjunction with the additional information furnished in the letter of transmittal at the front of this report, and with the State's basic financial statements, which follow. Numerical years refer to fiscal years with a June 30 year-end, unless otherwise noted.

The State of Nebraska (State) implemented four new standards in 2013 required by the Governmental Accounting Standards Board (GASB). Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* had little effect since the State was already in compliance with the new requirements. Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* changed the presentation of the Statements of Net Position.

A comparative analysis of government-wide data for the last two years is presented in this analysis. Additionally, we are presenting an analysis of activity in the State's funds for the fiscal year ended June 30, 2013 along with an analysis of the State's capital assets and long-term debt related to capital assets.

## FINANCIAL HIGHLIGHTS

### Government-wide:

The assets of the State exceeded its liabilities at June 30, 2013 by \$12.4 billion (presented as "net position" in the CAFR). The majority of the net position is represented by the investment in the State's infrastructure and other capital assets, which cannot be used to fund ongoing activities of the State. Of the net position, unrestricted net position was reported as \$1.3 billion, most of which is available to be used to fund future needs of the State. The primary government's net revenues exceeded net expenses for 2013 resulting in an increase in net position of \$569 million. This increase in net position was comparable to the increase in 2012 of \$379 million.

### Fund Level:

General Fund receipts for 2013 were \$285 million above the original budgeted amount and above the final budget by \$52 million. Expenditures were \$312 million less than the original budget. On a Generally Accepted Accounting Principles (GAAP) basis, the General Fund had \$370 million in excess revenues prior to a legislatively mandated property tax relief transfer of \$110 million in addition to other financing sources causing an increase in fund balances of \$219 million, and thereby increasing the fund balance on June 30, 2013 to \$1,033 million. Other governmental funds revenues exceeded expenditures by \$101 million, chiefly due to unrealized market gains. Adding to these operating gains, such other funds received \$83 million in net other financing sources. This \$184 million net increase resulted in raising such fund balances at June 30, 2013 to \$2,392 million.

The \$439 million of net position of the Unemployment Insurance Fund represents 83% of the enterprise funds. Such fund had a \$36 million increase in net position for 2013 compared to a \$59 million increase in 2012, a \$23 million difference. This was due to business assessment fees collected from employers exceeding the unemployment insurance claims by \$28 million, \$9 million in investment income, and other small changes.

### Long-term Liabilities:

Long-term liabilities shown on the government-wide financial statements totaled \$473 million at June 30, 2013, which is a \$72 million decrease from the prior year. Most of these liabilities consist of claims payable for workers' compensation, medical excess liability, litigation, unemployment insurance, employee health insurance, and Medicaid, in addition to the calculated amount for accrued vacation and vested sick leave due to employees when they retire. After a retired employee

reaches the age of 65, the State has no further obligation for other post employment benefits, except for a very small number of employees.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The *Statement of Net Position* (page 29) presents all the State's assets and liabilities with the difference between the two reported as "net position." Changes in net position over time may indicate the relative health of the State and this statement will assist users in assessing whether or not the State's financial position is improving or deteriorating.

The *Statement of Activities* (pages 30 and 31) presents information showing how the State's net position changed during the reported year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows, using the accrual basis of accounting discussed earlier.

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

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

GOVERNMENTAL ACTIVITIES – Activities in this section are mostly supported by taxes and federal grants. All General Fund activity is included here. Governmental activities represent over 94% of all activity of the primary government. It includes general government; education; health and human services; public safety; transportation; regulatory services; and economic development and assistance.

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

#### ***Component Units***

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

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

## **Fund Financial Statements**

This is the second set of financial statements presented in the CAFR. These statements are different from the government-wide statements in that some of these statements use a different accounting approach and focus on the near-term inflows and outflows of the State's operations. As previously noted, these Statements are commonly referred to as GAAP Fund Statements, as they are prepared in accordance with generally accepted accounting principles. The Fund Financial Statements (which begin on page 32) provide detailed information about the State's major funds. A fund is a method of accounting that uses a set of accounts to maintain accountability and control over specific sources of funding and spending for a particular activity or objective. The State's funds are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. It is important to note that each of these three fund categories use different accounting approaches and should be analyzed differently.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader can better understand the long-term impact of the State's near-term financing decisions. To aid the reader in such analysis, reconciliations are provided between the government-wide financial statements and the governmental funds financial statements (see pages 33 and 35).

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

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

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

The State's principal fiduciary fund is the Pension Fund, which contains retirement contributions held by the State for state employees, county employees and public school employees (see Note 12 to the financial statements). There are also Private-Purpose Trust Funds whereby the State has control of unclaimed property and contributions from State participants received by the College Savings Plan. The State also has Agency Funds whereby the State holds funds earmarked as aid for other political subdivisions.

## **Component Units Financial Statements**

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

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in all of the basic financial statements. The notes can be found immediately following the component units' financial statements beginning on page 44.

## **Required Supplementary Information**

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

## **Other Supplementary Information**

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

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

### **Net Position**

The State's assets totaled \$14,096 million at June 30, 2013 as compared to \$13,543 million at June 30, 2012. As total liabilities only totaled \$1,690 million, net position amounted to \$12,406 million as of June 30, 2013. As of June 30, 2012, these amounts were \$1,706 million and \$11,837 million, respectively. By far the largest portion of the State of Nebraska's net position (68 percent) reflects the State's investment in capital assets (e.g., land, buildings, equipment and infrastructure – highways, bridges, dams, etc.). The State uses these capital assets to provide services to citizens; thus, these assets are not available for future spending.

Restricted net position is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. It is also not available for future general government spending.

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

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and Other						
Non-current Assets	\$ 5,003	\$ 4,593	\$ 595	\$ 570	\$ 5,598	\$ 5,163
Capital Assets	8,491	8,374	7	6	8,498	8,380
<b>Total Assets</b>	<b>13,494</b>	<b>12,967</b>	<b>602</b>	<b>576</b>	<b>14,096</b>	<b>13,543</b>
Non-current Liabilities	433	492	40	53	473	545
Other Liabilities	1,183	1,127	34	34	1,217	1,161
<b>Total Liabilities</b>	<b>1,616</b>	<b>1,619</b>	<b>74</b>	<b>87</b>	<b>1,690</b>	<b>1,706</b>
Net position:						
Net Investment in Capital Assets	8,469	8,348	7	6	8,476	8,354
Restricted	2,215	2,093	441	406	2,656	2,499
Unrestricted	1,194	907	80	77	1,274	984
<b>Total Net Position</b>	<b>\$ 11,878</b>	<b>\$ 11,348</b>	<b>\$ 528</b>	<b>\$ 489</b>	<b>\$ 12,406</b>	<b>\$ 11,837</b>

Over 78% of the State's non-capital assets consist of cash and investments. It should be noted that \$221 million in 2013 and \$190 million in 2012 of such assets represent "Securities Lending Collateral," an amount created by a journal entry required by GASB in order to record a lending transaction. Since the asset is offset by a corresponding equal liability, the net position is zero and thus the asset cannot be spent. (For more detail, see Note 2 to the financial statements.) Receivables, chiefly from taxes and the federal government, represent 17% of the non-capital assets.

Liabilities largely reflect three groupings which represent 95% of total State liabilities, not including the obligations under securities lending explained in the above paragraph. These are operational payables, which consist of accounts payables and accrued liabilities of \$540 million (\$530 million in 2012); tax refunds payable of \$384 million (\$370 million in 2012); and long-term payables explained next.

Since the State's Constitution generally prohibits the State from incurring debt, the Statement of Net Position presents few long-term liabilities (shown as noncurrent liabilities), which total only \$473 million (\$545 million in 2012). The majority of such liabilities are for claims payable for workers' compensation, medical excess liability, litigation, unemployment insurance, and employee health insurance totaling \$111 million for 2013 (\$118 million for 2012), Medicaid claims for \$202 million (\$252 million in 2012), and the calculated amount for vested sick leave due employees when they retire and accrued vacation of \$130 million in 2013 (\$139 million for 2012). Other minor amounts of long-term liabilities consist chiefly of capital lease obligations (See Note 8 to the Financial Statements), which totaled \$23 million at June 30, 2013 and \$6 million of obligations under other financing arrangements (See Note 9 to the Financial Statements). There was also a net pension obligation of \$1.1 million (See Note 12 to the Financial Statements).

The \$530 million increase in net position of Governmental Activities, was due to the \$121 million increase in the net investment in capital assets, the \$122 million increase in restricted net position, and the \$287 million increase in unrestricted net position. The major cause of the increase was a \$318 million increase in taxes collected.

At the end of June 30, 2013, the State is able to report positive balances in all of the three categories of net position.

## Changes in Net Position

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the State's net position changed during the year. Following that table is management's analysis of the changes in net position for 2013, analyzing both the governmental activities and the business-type activities.

**STATE OF NEBRASKA**  
**CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30**

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 598	\$ 587	\$ 371	\$ 479	\$ 969	\$ 1,066
Operating Grants and Contributions	2,704	2,647	-	-	2,704	2,647
Capital Grants and Contributions	20	16	-	-	20	16
General Revenues						
Taxes	4,564	4,246	-	-	4,564	4,246
Unrestricted Investment Earnings	97	92	10	16	107	108
Miscellaneous	2	-	-	-	2	-
<b>Total Revenues</b>	<u>7,985</u>	<u>7,588</u>	<u>381</u>	<u>495</u>	<u>8,366</u>	<u>8,083</u>
<b>EXPENSES</b>						
General Government	459	462	-	-	459	462
Conservation of Natural Resources	143	146	-	-	143	146
Culture - Recreation	31	25	-	-	31	25
Economic Development and Assistance	96	103	-	-	96	103
Education	1,645	1,570	-	-	1,645	1,570
Higher Education - Colleges and Universities	572	557	-	-	572	557
Health and Social Services	3,197	3,140	-	-	3,197	3,140
Public Safety	384	371	-	-	384	371
Regulation of Business and Professions	134	122	-	-	134	122
Transportation	859	837	-	-	859	837
Interest on Long-term Debt	1	1	-	-	1	1
Unemployment Insurance	-	-	168	262	168	262
Lottery	-	-	121	114	121	114
Excess Liability	-	-	4	1	4	1
Cornhusker State Industries	-	-	9	11	9	11
<b>Total Expenses</b>	<u>7,521</u>	<u>7,334</u>	<u>302</u>	<u>388</u>	<u>7,823</u>	<u>7,722</u>
Excess (deficiency) Before Transfers and Contributions to Permanent Fund Principal	464	254	79	107	543	361
Transfers	40	36	(40)	(36)	-	-
Contributions to Permanent Fund Principal	26	18	-	-	26	18
<b>Increase (Decrease) in Net Position</b>	530	308	39	71	569	379
<b>Net Position - Beginning</b> (as restated)	<u>11,348</u>	<u>11,040</u>	<u>489</u>	<u>418</u>	<u>11,837</u>	<u>11,458</u>
<b>Net Position - Ending</b>	<u>\$ 11,878</u>	<u>\$ 11,348</u>	<u>\$ 528</u>	<u>\$ 489</u>	<u>\$ 12,406</u>	<u>\$ 11,837</u>

**Governmental Activities**

Governmental activities increased the State's net position by \$530 million in 2013 (\$308 million increase in 2012). Governmental activities represent 95% of all the primary government's revenues. Program revenues of governmental activities were \$3,322 million and were used to partially offset program expenses of \$7,521 million, leaving net expenses of \$4,199 million. Only 6% of total expenses were spent on general government expenses. General taxes, investment earnings, miscellaneous, contributions to the permanent fund principal, and transfers all totaling \$4,729 million, were \$530 million more than the remaining costs of the governmental activities' programs as shown below.

Tax revenues were up \$318 million compared to an increase of \$279 million in 2012. Program revenues increased 2% from 2012, chiefly due to income from operating grants being up \$57 million. Increases in education, health and social services and transportation expenses contributed to the \$187 million increase in program expenses. The increase in tax revenue was the chief reason the net position increased \$222 million from 2012 to 2013 compared to the \$63 million decrease from 2011 to 2012. While the General Fund has more investments than other programs, it maintains safer investments and actually showed a decrease in investment income in 2013 over 2012 of \$41 million, due to declining interest rates.

Program expenses, net of revenue, increased by \$115 million in 2013, as shown below:

**GOVERNMENTAL ACTIVITIES**  
*(in millions of dollars)*

	<b>2013</b>	<b>2012</b>
<b>Program Expenses, Net of Revenue</b>		
General Government	\$ (371)	\$ (354)
Conservation of Natural Resources	(40)	(36)
Culture - Recreation	(8)	2
Economic Development and Assistance	(30)	(29)
Education	(1,233)	(1,183)
Higher Education - Colleges and University	(572)	(557)
Health and Social Services	(1,337)	(1,326)
Public Safety	(235)	(234)
Regulation of Business and Professions	11	14
Transportation	(383)	(380)
Interest on Long-Term Debt	(1)	(1)
<b>Subtotal</b>	<b>(4,199)</b>	<b>(4,084)</b>
<b>General Revenues</b>		
Taxes	4,564	4,246
Unrestricted Investment Earnings	97	92
Miscellaneous	2	-
<b>Transfers</b>	40	36
<b>Contributions to Permanent Fund Principal</b>	<b>26</b>	<b>18</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 530</b>	<b>\$ 308</b>

Four functional areas of the State comprise 83% of the expenses of all Governmental Activities: Education, Higher Education, Health and Social Services and Transportation. Education expenses were up \$75 million. Health and Social Services was up \$57 million and Transportation expenses were up \$22 million. All the other functional areas had small variances in net expenses.

**Business-type Activities**

The business-type activities increased the State's net position by \$39 million for 2013, which was net of a \$40 million transfer to the governmental activities. Most of the \$371 million of business-type activities' program revenues were related to the business assessment fees in the Unemployment Insurance Fund and Lottery Fund revenues. The Unemployment Insurance Fund had operating income of \$27 million in 2013. This gain, when combined with the \$9 million in investment income, produced a \$36 million increase in net position for the Unemployment Insurance Fund. Lottery revenues of \$161 million generated net revenue of \$40 million, which was offset by the \$40 million transfer to the Governmental Activities. The lottery transfer was used primarily for education and environmental studies.



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

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

### **Governmental Funds**

The focus of the State's Governmental Funds is to provide information on near-term inflows and outflows and the availability of spendable resources. At June 30, 2013, the State's Governmental Funds reported combined ending fund balances of \$3,425 million. Of this amount, \$516 million is nonspendable, either due to its form or legal constraints, and \$1,695 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted by enabling legislation, and public school land lease revenues are included in restricted fund balance. An additional \$520 million of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$46 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$648 million is unassigned and available for appropriations.

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

The General Fund is the chief operating fund of the State. The major General Fund liability is the estimated tax refunds payable of \$375 million. However, such refunds payable are \$17 million more than the expected taxes owed the State. Other assets of the General Fund available to pay non tax-refund liabilities exceed such liabilities by \$1,051 million.

On June 30, 2012, the General Fund had a positive fund balance of \$815 million. Expenditures increased \$80 million and revenues increased by \$259 million in 2013. This \$179 million increase was more than the \$123 million increase that occurred in 2012, resulting in an operating increase of the fund balance of \$260 million in 2013. This operating increase in 2013 caused the General Fund balance to increase by \$219 million, ending with a fund balance of \$1,033 million.

Revenues in 2013, significantly more than anticipated, were up \$259 million over 2012 chiefly due to an increase in income tax revenue of \$297 million (a 14% increase) over 2012, an increase in sales and use tax revenue of \$19 million (a 1% increase) over 2012, and a decrease in investment income of \$41 million (a 111% decrease) over 2012. Expenditures were less than budgeted due to continued efforts by agency heads to be conservative in spending. A net increase in expenditures was caused chiefly in three areas. Education expenditures increased \$37 million, Higher Education – Colleges and University expenditures increased \$13 million and Health and Social Services expenditures increased \$28 million. These increases were all less than three and a quarter percent.

To compensate for any downturns in revenues, the State has maintained a budgetary basis Cash Reserve Fund. While this Cash Reserve Fund is commingled with General Fund cash in the General Fund financial statements, it is separate and distinct in that, by State Statute, it can only be used (1) when the cash balance of the General Fund is insufficient to meet General Fund current obligations and (2) for legislatively mandated transfers to other funds. Any money transferred in accordance with item one above must be repaid as soon as there is sufficient cash in the General Fund cash account to do so. No such need existed in 2013.

The Cash Reserve Fund was at \$313 million at the beginning of 2012. In 2012 there was a statutory transfer from the Fund to the General Fund of \$37 million, other net transfers in of \$144 million, and revenues of \$9 million leaving a Cash Reserve Fund balance at June 30, 2012 of \$429 million. In 2013 there was a statutory transfer from the Fund to the General Fund of \$78 million and other net transfers in of \$33 million leaving a Fund balance of \$384 million at June 30, 2013. The Cash Reserve Fund is reflected as committed to economic stabilization on the governmental funds balance sheet.

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

Other governmental fund balances totaled \$2,392 million at June 30, 2013. Of this amount, \$515 million is nonspendable, either due to its form or legal constraints, and \$1,695 million is restricted for specific programs by external constraints,

constitutional provisions, or contractual obligations. An additional \$136 million of total fund balance has been committed to specific purposes. The remaining \$46 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent.

The three major funds presented as special revenue funds are the Highway Fund, the Federal Fund and the Health and Social Services Fund, with total fund balances of \$752 million. The non-major special revenue fund balances totaled \$816 million.

Governmental funds other than the General Fund saw an increase in fund balances of \$184 million. The fund balances of the following funds increased: the Health and Social Service Fund (\$38 million), the Permanent School Fund (\$71 million), and the other Nonmajor Funds (\$83 million.) The Highway Fund decreased by \$7 million and the Federal Fund had a slight decrease.

The Highway Fund had a \$5 million increase in sales and use taxes, a \$32 million increase in federal grants revenue and a \$51 million increase in operating expenses. These increases are why the Highway Fund had a \$7 million decrease in its fund balance in 2013 as opposed to a \$49 million increase in 2012.

The activity in the Federal Fund represents federal funds received, and each year's spending should generally approximate grant funds received. In 2013 there was an increase in federal grants and contracts of \$43 million and investment income decreased \$4 million. Expenditures in 2013 increased by \$14 million for Education, decreased \$20 million for Conservation of Natural Resources, decreased \$5 million for Economic Development and Assistance, increased \$19 million for Health and Social Services, and increased \$11 million for Public Safety. Revenues exceeded expenditures by \$10 million before transfers. Transfers out increased \$6 million in 2013 compared to a decrease of \$7 million in 2012. At the end of 2013 there was a net decrease in the fund of less than \$2 million, compared to a less than \$1 million increase in 2012.

The Health and Social Services Fund consists of the Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund, in addition to various cash funds. Such cash funds receive transfers from such trust funds, income from charges for services and some tax revenue, among other income. The funds had a \$40 million increase in investment income in 2013 (chiefly unrealized gains in the market value of investments) compared to a \$75 million decrease in 2012, which was the main reason there was a \$38 million increase in fund balance in 2013, as opposed to a \$20 million decrease in 2012.

The Permanent School Fund had a \$61 million increase in revenue, chiefly due to a \$42 million increase in investment income caused by unrealized gains in the market value of investments in 2013, compared to a \$66 million investment income decrease in 2012 (when compared to 2011). Expenditures increased \$8 million in 2013. There was a \$71 million increase in fund balance in 2013, as opposed to a \$17 million increase in 2012, a change of \$54 million.

The Nonmajor Funds revenues remained about the same between 2012 and 2013. Expenditures increased \$12 million in Conservation of Natural Resources and increased \$12 million in Regulation of Business and Professions. There were \$103 million in net transfers in for the Nonmajor Funds in 2013 versus \$25 million in net transfers in for 2012. As a result, the fund balances increased \$83 million in 2013 as opposed to a \$41 million increase in 2012.

## **Proprietary Funds**

The State's proprietary funds provide the same type of information discussed earlier in the government-wide financial statements under Business-type Activities, but in more detail. The State's one major proprietary fund, the Unemployment Insurance Fund, reported net position of \$439 million at the end of 2013. This fund's net position increased \$36 million in 2013, because business assessment fees exceeded unemployment claims paid out by \$28 million, investment earnings of \$9 million and other small changes. Other proprietary or enterprise funds, the Lottery Fund, the Excess Liability Fund (the fund established to provide limited liability for physicians working in Nebraska) and Cornhusker State Industries (an operation that utilizes incarcerated persons to manufacture and sell items) had combined income of \$43 million prior to a \$40 million transfer from the Lottery's net income to governmental funds. Such transfer was used primarily for education and environmental studies. The Excess Liability Fund had an operating income of \$1 million and earned \$1 million in investment earnings for a net position increase of \$2 million.

## Fiduciary Funds

The Pension Trust Funds represent the majority of the fiduciary funds. Such Pension Trust Fund's net position increased \$1,126 million to \$10,736 million in 2013 due to a strong performance by the stock market in 2013. Interest and dividend income in 2013 was \$137 million versus \$129 million in 2012. Benefits, refunds and related administrative expenses exceeded the contributions to the plans by \$88 million. In another trust fund recorded in the Private Purpose Trust Funds, contributions from State participants received by the College Savings Plan totaled \$319 million. The total net position in the College Savings Plan now totals almost three billion dollars.

## ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

Even though there is a relatively stable economy in the Midwest, in 2013 the State continued to rebound from the effects of the national recession. Forecasted revenues, upon which the State's budgeted General Fund expenditures are based, were anticipated to increase in 2013 by \$69 million over 2012 net tax revenue of \$3,606 million. Because revenues continued to show an increasing trend during 2013, the State's Forecasting Board made two new forecasts throughout the year. At the end, the forecasted net tax revenues were \$233 million above the original forecast. However, that increased forecast was still less than actual tax revenues of \$3,960 million by \$52 million, leaving the State with actual tax revenues, net of refunds, of \$285 million above the original budget on a budgetary basis. Agencies continued to watch their General Fund expenditures and spent \$295 million less than the final appropriated amount. This reduction, when coupled with the increased tax revenues, caused the State to finish 2013 with General Fund revenues of \$422 million more than expenditures on a budgetary basis, prior to net transfers out. There was a net \$151 million transferred out for specific purposes. The fund balance on a budgetary basis increased from \$924 million to \$1,195 million in 2013.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2013, the State had invested \$8.5 billion, net of accumulated depreciation, in capital assets as reported in the Statement of Net Position and summarized in the table below. Depreciation expense for 2013 totaled \$50 million, compared to \$62 million for 2012.

#### CAPITAL ASSETS AS OF JUNE 30

(net of depreciation in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 562	\$ 558	\$ -	\$ -	\$ 562	\$ 558
Buildings and Equipment	456	415	7	6	463	421
Infrastructure	7,078	7,012	-	-	7,078	7,012
<b>Subtotal</b>	8,096	7,985	7	6	8,103	7,991
Construction in Progress	395	389	-	-	395	389
<b>Total</b>	<b>\$ 8,491</b>	<b>\$ 8,374</b>	<b>\$ 7</b>	<b>\$ 6</b>	<b>\$ 8,498</b>	<b>\$ 8,380</b>

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

In assessing the condition of State roads, the State's goal is to maintain at least an overall system rating of 72 or above using the Nebraska Serviceability Index. The most recent condition assessment, completed for calendar year 2012, indicated an overall system rating of 81, a rating that has been very consistent over the past six years.

For 2013, it was estimated that the State needed to spend \$313 million to preserve and maintain the roads at the abovementioned level. The State actually spent \$335 million on roads in 2013, compared to \$278 million in 2012. For 2014, it is estimated that the State needs to spend \$302 million, a decrease from actual 2013 and an increase from the average of the previous five years.

The State also spent \$70 million on capitalized infrastructure and land purchases relating to roads in 2013 (\$30 million in 2012), most notably reconstructing (a) Interstate 80 between Omaha and Lincoln, (b) I-80 eastbound bridge over the Missouri River, (c) I-80 13<sup>th</sup> Street Bridge to Missouri River in Omaha, and (d) US-75 South of Bellevue. Major land purchases included land purchased near five State highways. At June 30, 2013, the State had contractual commitments of \$666 million for various highway and building projects. Most of the related expenditures will be expensed and not capitalized. (See Notes 1.J and 4 to the financial statements.) These commitments are \$69 million less than at June 30, 2012 as a result of new highway construction and repair work being financed by the federal government.

During 2013, the State added \$95 million of new depreciable capital assets, both buildings and equipment. A more detailed analysis of capital assets is shown in Note 4 to the financial statements.

### Long-Term Debt

Long-term debt related to capital assets is minimal for reasons previously stated. For further detail and analysis of long-term debt, see Notes 8 and 13 to the financial statements.

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

	GOVERNMENTAL ACTIVITIES	
	2013	2012
Capitalized Leases:	\$ 23	\$ 25

There were no new bonds issued or outstanding in 2013 or 2012. Two new capitalized leases were added in 2013 (two leases were added in 2012). Bonds and Certificates of Participation for leases issued on behalf of the State maintain an Aa2 rating from Moody's. Standard and Poor's has issued an AAA rating for the State as a whole, and affirmed this rating in December 2012.

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

The state and national economies are improving, which has resulted in forecasted growth in tax receipts. Tax revenues have improved and have exceeded projections during the last year. Net General Fund revenues for 2014 are currently projected to exceed actual 2013 revenues by \$15 million on a nominal basis. This relatively small nominal increase is due to the enactment of LB84, which redirected the revenue generated from one-quarter of one percent of the State's 5.5% sales tax rate beginning July 1, 2013 toward state, county and municipal road construction. The State has a low unemployment rate and has borrowed no money from the federal government for the State's Unemployment Insurance Fund. The Legislature has responded to the market effect on defined benefit retirement plans by enacting legislation that improves both the short-term and long-term funding outlook for these plans.

The State does face a number of challenges in the coming years. National healthcare policy, including increased participation in the Medicaid program and the ongoing increase in healthcare costs present challenges to the State. There is also a need for continuous monitoring of the school finance formula to ensure sustainable growth in aid to education for K-12 schools, easily the largest General Fund financial commitment annually.

To help offset any future economic downturns, as previously explained, the State maintains a Cash Reserve Fund. As of June 30, 2013, this Fund had a \$384 million balance. A transfer of \$285 million was made from the General Fund in July 2013 as statutorily required. This and other transfers resulted in a balance of \$670 million at November 30, 2013. Future significant statutory disbursements from this fund in the future include \$43 million to be transferred to the Capital Projects Fund. With the improved revenue forecast, the State currently projects an additional \$46 million transfer into the Cash Reserve Fund in July 2014.

## **CONTACTING THE STATE ACCOUNTING OFFICE**

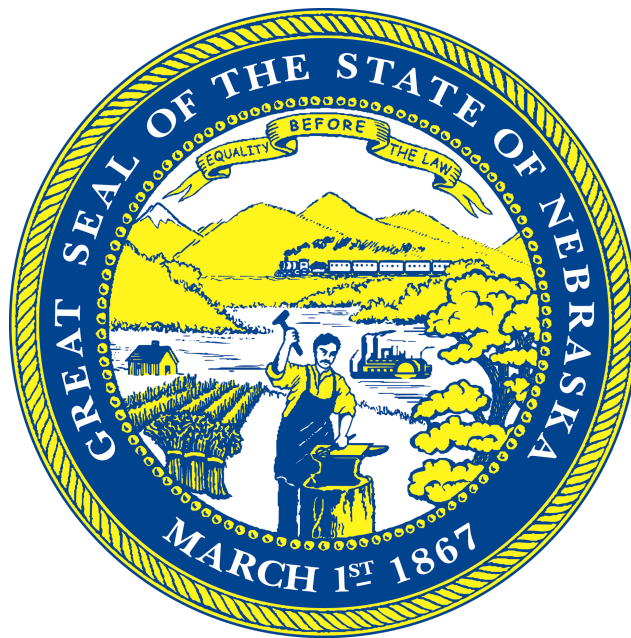
This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional information, contact the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

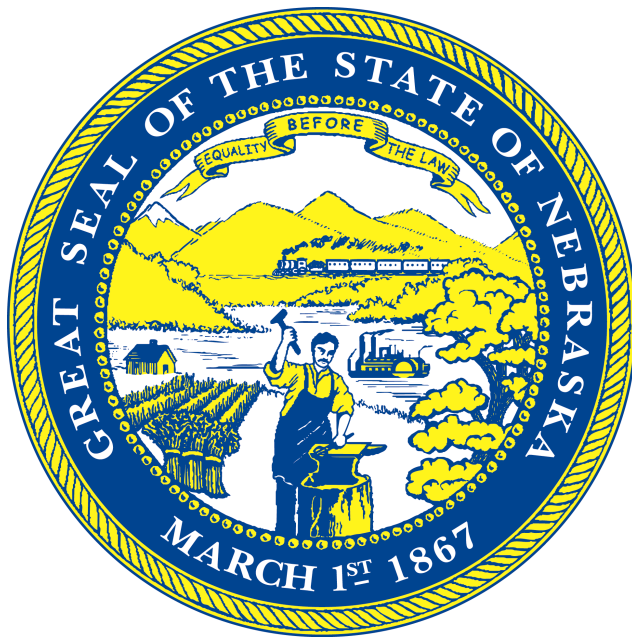
The State's component units issue their own separately issued audited financial statements. These statements may be obtained by directly contacting the component units or by going online to their websites. For the University of Nebraska, contact the University of Nebraska, Director of University Accounting, 3835 Holdrege, Lincoln, NE 68583, (402) 472-2111 or online at <http://www.nebraska.edu/administration/business-and-finance/accounting-and-finance.html>. For the State College System, contact the Nebraska State College System, Fiscal and Facilities Management, Box 94605, Lincoln, NE 68509-4605, (402) 471-2505 or online at <http://www.nscs.edu/>.

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# BASIC FINANCIAL STATEMENTS

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State of Nebraska

**STATEMENT OF NET POSITION**

June 30, 2013

(Dollars in Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 355,824	\$ 411,361	\$ 767,185	\$ 627,001
Receivables, net of allowance				
Taxes	406,631	-	406,631	-
Due from Federal Government	311,034	-	311,034	-
Other	167,025	51,982	219,007	427,598
Internal Balances	(625)	625	-	-
Investments	3,252,798	119,083	3,371,881	1,957,446
Loans Receivable	268,884	-	268,884	35,786
Investment in Joint Venture	-	-	-	296,747
Other Assets	15,326	3,199	18,525	43,617
Restricted Assets:				
Cash and Cash Equivalents	11,326	-	11,326	416,111
Other	-	2,339	2,339	28,829
Securities Lending Collateral	214,919	5,815	220,734	-
Capital assets:				
Land	561,967	315	562,282	87,717
Infrastructure	7,077,548	-	7,077,548	-
Construction in Progress	395,089	-	395,089	238,885
Land Improvements	-	-	-	210,244
Buildings and Equipment	1,083,729	14,036	1,097,765	2,599,445
Less Accumulated Depreciation	(626,999)	(6,989)	(633,988)	(977,846)
Total Capital Assets	8,491,334	7,362	8,498,696	2,158,445
Total Assets	\$ 13,494,476	\$ 601,766	\$ 14,096,242	\$ 5,991,580
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 513,958	\$ 25,808	\$ 539,766	\$ 214,267
Tax Refunds Payable	384,086	-	384,086	-
Deposits	8,487	-	8,487	18,971
Unearned Revenue	62,059	2,367	64,426	131,444
Obligations under Securities Lending	214,919	5,815	220,734	-
Noncurrent Liabilities:				
Due within one year	255,852	20,757	276,609	126,766
Due in more than one year	177,229	19,180	196,409	696,265
Total Liabilities	\$ 1,616,590	\$ 73,927	\$ 1,690,517	\$ 1,187,713
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred service concession arrangement receipts	\$ -	\$ -	\$ -	\$ 16,216
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ 16,216
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 8,468,618	\$ 7,362	\$ 8,475,980	\$ 1,535,632
Restricted for:				
Education	19,621	-	19,621	1,787,644
Health and Social Services	510,186	-	510,186	-
Conservation of Natural Resources	515,295	-	515,295	-
Transportation	256,833	-	256,833	-
Licensing and Regulation	82,286	-	82,286	-
Other Purposes	133,562	2,339	135,901	296,533
Unemployment Insurance Benefits	-	438,510	438,510	-
Debt Service and Construction	9,966	-	9,966	372,581
Permanent Trusts:				
Nonexpendable	505,302	-	505,302	-
Expendable	182,646	-	182,646	-
Unrestricted	1,193,571	79,628	1,273,199	795,261
Total Net Position	\$ 11,877,886	\$ 527,839	\$ 12,405,725	\$ 4,787,651

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



State of Nebraska  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

(Dollars in Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General Government	\$ 458,483	\$ 82,247	\$ 5,547	\$ -
Conservation of Natural Resources	143,437	37,019	65,433	1,039
Culture – Recreation	31,114	20,513	2,657	56
Economic Development and Assistance	96,433	1,245	65,578	-
Education	1,645,097	47,751	363,766	-
Higher Education - Colleges and University	572,341	-	-	-
Health and Social Services	3,195,733	128,012	1,731,202	-
Public Safety	384,081	33,012	97,075	18,945
Regulation of Business and Professions	134,172	140,910	4,536	-
Transportation	859,289	107,008	368,670	-
Interest on Long-term Debt	784	-	-	-
Total governmental activities	<u>7,520,964</u>	<u>597,717</u>	<u>2,704,464</u>	<u>20,040</u>
Business-type activities:				
Unemployment Insurance	167,957	194,996	-	-
Lottery	121,036	160,753	-	-
Excess Liability	3,850	4,946	-	-
Cornhusker State Industries	9,271	10,299	-	-
Total business-type activities	<u>302,114</u>	<u>370,994</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 7,823,078</u>	<u>\$ 968,711</u>	<u>\$ 2,704,464</u>	<u>\$ 20,040</u>
<b>COMPONENT UNITS:</b>				
University of Nebraska	\$ 1,892,609	\$ 941,833	\$ 326,949	\$ 21,601
State Colleges	<u>110,192</u>	<u>43,126</u>	<u>16,342</u>	<u>1,994</u>
Total Component Units	<u>\$ 2,002,801</u>	<u>\$ 984,959</u>	<u>\$ 343,291</u>	<u>\$ 23,595</u>

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

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

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

PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
\$ (370,689)	\$ -	\$ (370,689)	\$ -
(39,946)	-	(39,946)	-
(7,888)	-	(7,888)	-
(29,610)	-	(29,610)	-
(1,233,580)	-	(1,233,580)	-
(572,341)	-	(572,341)	-
(1,336,519)	-	(1,336,519)	-
(235,049)	-	(235,049)	-
11,274	-	11,274	-
(383,611)	-	(383,611)	-
(784)	-	(784)	-
<u>(4,198,743)</u>	<u>-</u>	<u>(4,198,743)</u>	<u>-</u>
-	27,039	27,039	-
-	39,717	39,717	-
-	1,096	1,096	-
-	1,028	1,028	-
-	68,880	68,880	-
<u>(4,198,743)</u>	<u>68,880</u>	<u>(4,129,863)</u>	<u>-</u>
-	-	-	(602,226)
-	-	-	(48,730)
-	-	-	(650,956)
2,362,511	-	2,362,511	-
1,661,208	-	1,661,208	-
323,519	-	323,519	-
130,725	-	130,725	-
78,204	-	78,204	-
7,849	-	7,849	-
96,522	10,197	106,719	72,284
1,518	-	1,518	442,685
-	-	-	572,341
26,453	-	26,453	-
40,014	(40,014)	-	-
<u>4,728,523</u>	<u>(29,817)</u>	<u>4,698,706</u>	<u>1,087,310</u>
529,780	39,063	568,843	436,354
11,348,106	488,776	11,836,882	4,351,297
<u>\$ 11,877,886</u>	<u>\$ 527,839</u>	<u>\$ 12,405,725</u>	<u>\$ 4,787,651</u>

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

State of Nebraska  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

(Dollars in Thousands)

	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 105,909	\$ 19,560	\$ 6,690	\$ 6,976	\$ 10,979	\$ 67,351	\$ 217,465
Cash on Deposit with Fiscal Agents	-	-	-	-	-	11,326	11,326
Investments	1,131,026	214,875	77,077	479,848	650,406	699,566	3,252,798
Securities Lending Collateral	89,450	16,994	6,302	30,270	19,582	52,321	214,919
Receivables, net of allowance							
Taxes	357,151	48,544	-	-	-	936	406,631
Due from Federal Government	5	41,332	268,461	-	-	1,236	311,034
Loans	-	-	13,660	146	-	255,078	268,884
Other	31,891	7,697	32,099	31,036	46,011	16,365	165,099
Due from Other Funds	58,005	271	362	2,021	-	3,620	64,279
Inventories	1,108	7,822	1,192	242	-	328	10,692
Prepaid Items	6	-	9	-	-	90	105
Other	538	-	-	-	1,000	1,285	2,823
<b>Total Assets</b>	<b>\$ 1,775,089</b>	<b>\$ 357,095</b>	<b>\$ 405,852</b>	<b>\$ 550,539</b>	<b>\$ 727,978</b>	<b>\$ 1,109,502</b>	<b>\$ 4,926,055</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 108,134	\$ 72,255	\$ 174,147	9,080	67,175	42,278	473,069
Tax Refunds Payable	374,557	9,529	-	-	-	-	384,086
Deposits	539	1,522	4,278	280	260	1,608	8,487
Due to Other Funds	29,844	1,310	66,605	366	3	7,211	105,339
Obligations under Securities Lending	89,450	16,994	6,302	30,270	19,582	52,321	214,919
Claims Payable	103,123	-	96,596	-	-	-	199,719
Unearned Revenue	36,115	-	50,384	21,274	7,562	-	115,335
<b>Total Liabilities</b>	<b>741,762</b>	<b>101,610</b>	<b>398,312</b>	<b>61,270</b>	<b>94,582</b>	<b>103,418</b>	<b>1,500,954</b>
Fund Balances:							
Nonspendable:							
Inventories and Prepaid Items	1,114	7,822	1,201	242	-	418	10,797
Endowment Principal	-	-	-	-	485,787	19,515	505,302
Restricted for:							
Education	-	-	-	-	147,609	22,490	170,099
Health and Social Services	-	-	-	488,386	-	32,264	520,650
Conservation of Natural Resources	-	-	-	-	-	515,295	515,295
Transportation	-	247,663	-	-	-	9,621	257,284
Licensing and Regulation	-	-	-	-	-	82,286	82,286
Economic Development	-	-	-	-	-	38,605	38,605
Public Safety	-	-	-	-	-	36,235	36,235
Culture – Recreation	-	-	-	-	-	19,395	19,395
Other Purposes	-	-	6,339	-	-	39,322	45,661
Debt Service	-	-	-	-	-	9,966	9,966
Committed to:							
Economic Stabilization	384,121	-	-	-	-	-	384,121
Other Purposes	-	-	-	-	-	135,605	135,605
Assigned to:							
Education	-	-	-	-	-	129	129
Health and Social Services	-	-	-	641	-	1,257	1,898
Licensing and Regulation	-	-	-	-	-	40,489	40,489
Economic Development	-	-	-	-	-	61	61
Public Safety	-	-	-	-	-	348	348
Culture – Recreation	-	-	-	-	-	72	72
Other Purposes	-	-	-	-	-	2,711	2,711
Unassigned	648,092	-	-	-	-	-	648,092
<b>Total Fund Balances</b>	<b>1,033,327</b>	<b>255,485</b>	<b>7,540</b>	<b>489,269</b>	<b>633,396</b>	<b>1,006,084</b>	<b>3,425,101</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,775,089</b>	<b>\$ 357,095</b>	<b>\$ 405,852</b>	<b>\$ 550,539</b>	<b>\$ 727,978</b>	<b>\$ 1,109,502</b>	<b>\$ 4,926,055</b>

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

State of Nebraska

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2013

(Dollars in Thousands)

**Total fund balances for governmental funds** \$ 3,425,101

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

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

Land	561,967	
Infrastructure	7,077,548	
Construction in progress	395,089	
Other capital assets	999,046	
Accumulated depreciation	<u>(570,010)</u>	8,463,640

Certain tax revenues and charges are earned but not available and therefore are unearned in the funds. 54,026

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 70,274

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

Capital leases	(1,007)	
Obligations under other financing arrangements	(6,315)	
Compensated absences	(124,464)	
Net pension obligation	(1,060)	
Claims and judgments	<u>(2,309)</u>	<u>(135,155)</u>

**Net position of governmental activities** \$ 11,877,886

State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
<b>REVENUES</b>							
Income Taxes	\$ 2,359,093	\$ -	\$ -	\$ 3,299	\$ -	\$ -	2,362,392
Sales and Use Taxes	1,465,595	189,024	-	-	-	4,410	1,659,029
Petroleum Taxes	-	310,283	-	-	4,734	13,236	328,253
Excise Taxes	70,343	-	-	8,250	-	52,132	130,725
Business and Franchise Taxes	54,958	-	-	-	-	23,246	78,204
Other Taxes	51	2,492	-	-	-	5,306	7,849
Federal Grants and Contracts	45	355,603	2,339,270	142	-	29,394	2,724,454
Licenses, Fees and Permits	20,364	83,507	648	82,490	1,386	145,036	333,431
Charges for Services	2,587	21,266	4,388	18,860	-	38,416	85,517
Investment Income	(4,211)	(3,224)	(822)	38,946	59,659	2,738	93,086
Rents and Royalties	12	431	12	367	45,397	21,268	67,487
Surcharge	-	-	-	-	-	51,482	51,482
Other	3,539	1,562	1,508	15,253	20,668	28,776	71,306
Total Revenues	3,972,376	960,944	2,345,004	167,607	131,844	415,440	7,993,215
<b>EXPENDITURES</b>							
Current:							
General Government	345,098	-	4,432	-	-	73,159	422,689
Conservation of Natural Resources	32,888	-	40,839	-	-	70,557	144,284
Culture – Recreation	5,135	-	2,551	-	-	22,864	30,550
Economic Development and Assistance	10,209	-	66,111	-	-	20,439	96,759
Education	1,196,188	-	364,399	-	60,959	19,612	1,641,158
Higher Education - Colleges and University	557,381	-	-	-	-	14,960	572,341
Health and Social Services	1,325,510	-	1,738,077	128,433	-	2,545	3,194,565
Public Safety	236,888	-	114,564	-	-	43,643	395,095
Regulation of Business and Professions	3,466	-	4,225	-	-	126,532	134,223
Transportation	-	958,300	-	-	-	16,024	974,324
Capital Projects	-	-	-	-	-	21,070	21,070
Debt Service:							
Principal	-	-	-	-	-	4,755	4,755
Interest	-	-	-	-	-	344	344
Total Expenditures	3,712,763	958,300	2,335,198	128,433	60,959	436,504	7,632,157
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	259,613	2,644	9,806	39,174	70,885	(21,064)	361,058
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	50,451	-	-	1,025	-	152,937	204,413
Transfers Out	(91,535)	(9,331)	(11,468)	(2,200)	-	(49,865)	(164,399)
Proceeds from Other Financing Arrangements	-	-	-	-	-	1,440	1,440
Total Other Financing Sources (Uses)	(41,084)	(9,331)	(11,468)	(1,175)	-	104,512	41,454
Net Change in Fund Balances	218,529	(6,687)	(1,662)	37,999	70,885	83,448	402,512
<b>FUND BALANCES, JULY 1 (AS RESTATED)</b>	814,798	262,172	9,202	451,270	562,511	922,636	3,022,589
<b>FUND BALANCES, JUNE 30</b>	\$ 1,033,327	\$ 255,485	\$ 7,540	\$ 489,269	\$ 633,396	\$ 1,006,084	\$ 3,425,101

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

State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

**Net change in fund balances—total governmental funds** \$ 402,512

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

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

Capital outlay	157,895	
Capital assets sold	(1,205)	
Depreciation expense	(39,643)	
	117,047	117,047

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

Other financing arrangements	(1,440)	(1,440)
------------------------------	---------	---------

Repayment of long-term debt and other financing arrangements is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year these amounts consisted of:

Other financing arrangement payments	4,755	
Capital lease payments	2,430	
	7,185	7,185

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

(11,009)

Because some revenues will not be collected in the next year, they are not considered available revenues and are unearned in the governmental funds. Unearned revenues decreased by this amount this year.

5,005

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	8,663	
Decrease in net pension obligation	110	
Decrease in claims and judgments	1,707	
	10,480	10,480

**Change in net position of governmental activities** \$ 529,780

State of Nebraska  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2013

(Dollars in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 370,386	\$ 40,975	\$ 411,361	\$ 139,028
Receivables, net of allowance	34,729	17,253	51,982	1,794
Due from Other Funds	-	726	726	17,257
Inventories	-	2,692	2,692	425
Prepaid Items	-	-	-	1,281
Other	-	507	507	-
Total Current Assets	<u>405,115</u>	<u>62,153</u>	<u>467,268</u>	<u>159,785</u>
Noncurrent Assets:				
Restricted Long-Term Deposits	-	2,339	2,339	-
Long-Term Investments	49,701	69,382	119,083	-
Securities Lending Collateral	3,931	1,884	5,815	-
Capital Assets:				
Land	-	315	315	-
Buildings and Equipment	355	13,681	14,036	84,683
Less Accumulated Depreciation	(342)	(6,647)	(6,989)	(56,989)
Total Capital Assets	<u>13</u>	<u>7,349</u>	<u>7,362</u>	<u>27,694</u>
Total Noncurrent Assets	<u>53,645</u>	<u>80,954</u>	<u>134,599</u>	<u>27,694</u>
Total Assets	<u>\$ 458,760</u>	<u>\$ 143,107</u>	<u>\$ 601,867</u>	<u>\$ 187,479</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,077	\$ 24,731	\$ 25,808	\$ 17,264
Due to Other Funds	-	101	101	984
Capital Lease Obligations	-	-	-	6,298
Claims, Judgments and Compensated Absences	15,217	5,540	20,757	39,366
Unearned Revenue	-	2,367	2,367	750
Total Current Liabilities	<u>16,294</u>	<u>32,739</u>	<u>49,033</u>	<u>64,662</u>
Noncurrent Liabilities:				
Capital Lease Obligations	-	-	-	15,411
Claims, Judgments and Compensated Absences	12	19,168	19,180	37,132
Obligations under Securities Lending	3,931	1,884	5,815	-
Total Noncurrent Liabilities	<u>3,943</u>	<u>21,052</u>	<u>24,995</u>	<u>52,543</u>
Total Liabilities	<u>\$ 20,237</u>	<u>\$ 53,791</u>	<u>\$ 74,028</u>	<u>\$ 117,205</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	13	7,349	7,362	5,985
Restricted for:				
Lottery Prizes, Noncurrent	-	2,339	2,339	-
Unemployment Insurance Benefits	438,510	-	438,510	-
Unrestricted	-	79,628	79,628	64,289
Total Net Position	<u>\$ 438,523</u>	<u>\$ 89,316</u>	<u>\$ 527,839</u>	<u>\$ 70,274</u>

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

State of Nebraska

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

For the Year Ended June 30, 2013

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>GOVERNMENTAL</b>
	<b>UNEMPLOYMENT INSURANCE</b>	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTALS</b>	<b>ACTIVITIES - INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 193,630	\$ 175,998	\$ 369,628	\$ 314,020
Other	1,366	-	1,366	1,158
Total Operating Revenues	<u>194,996</u>	<u>175,998</u>	<u>370,994</u>	<u>315,178</u>
<b>OPERATING EXPENSES</b>				
Personal Services	1,537	5,780	7,317	35,326
Services and Supplies	810	31,273	32,083	114,540
Lottery Prizes	-	93,092	93,092	-
Unemployment Claims	165,536	-	165,536	-
Insurance Claims	-	3,518	3,518	169,958
Depreciation	74	489	563	9,770
Total Operating Expenses	<u>167,957</u>	<u>134,152</u>	<u>302,109</u>	<u>329,594</u>
Operating Income (Loss)	<u>27,039</u>	<u>41,846</u>	<u>68,885</u>	<u>(14,416)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	8,643	1,554	10,197	3,436
Gain (Loss) on Sale of Capital Assets	-	(5)	(5)	355
Other	-	-	-	(384)
Total Nonoperating Revenues (Expenses)	<u>8,643</u>	<u>1,549</u>	<u>10,192</u>	<u>3,407</u>
Income (Loss) Before Transfers	35,682	43,395	79,077	(11,009)
Transfers Out	-	(40,014)	(40,014)	-
Change in Net Position	<u>35,682</u>	<u>3,381</u>	<u>39,063</u>	<u>(11,009)</u>
<b>NET POSITION, JULY 1</b>	<u>402,841</u>	<u>85,935</u>	<u>488,776</u>	<u>81,283</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ 438,523</u>	<u>\$ 89,316</u>	<u>\$ 527,839</u>	<u>\$ 70,274</u>

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



State of Nebraska  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

(Dollars in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	ACTIVITIES - INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 205,342	\$ 167,157	\$ 372,499	\$ 17,715
Cash Received from Interfund Charges	-	8,128	8,128	298,652
Cash Paid to Employees	(1,529)	(5,671)	(7,200)	(35,318)
Cash Paid to Suppliers	(721)	(29,032)	(29,753)	(104,687)
Cash Paid for Lottery Prizes	-	(91,505)	(91,505)	-
Cash Paid for Insurance Claims	(177,124)	(5,548)	(182,672)	(175,417)
Cash Paid for Interfund Services	(15)	(1,058)	(1,073)	(10,017)
Net Cash Flows from Operating Activities	25,953	42,471	68,424	(9,072)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers Out	-	(40,014)	(40,014)	-
Net Cash Flows from Noncapital Financing Activities	-	(40,014)	(40,014)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	-	(1,554)	(1,554)	(5,900)
Proceeds from Sale of Capital Assets	-	3	3	1,749
Principal Paid on Capital Leases	-	-	-	(6,052)
Interest Paid on Capital Leases	-	-	-	(384)
Net Cash Flows from Capital and Related Financing Activities	-	(1,551)	(1,551)	(10,587)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Investment Securities	-	(150,638)	(150,638)	-
Proceeds from Sale of Investment Securities	4,050	151,120	155,170	-
Interest and Dividend Income	8,713	2,750	11,463	3,768
Net Cash Flows from Investing Activities	12,763	3,232	15,995	3,768
Net Increase (Decrease) in Cash and Cash Equivalents	38,716	4,138	42,854	(15,891)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<b>331,670</b>	<b>36,837</b>	<b>368,507</b>	<b>154,919</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>\$ 370,386</b>	<b>\$ 40,975</b>	<b>\$ 411,361</b>	<b>\$ 139,028</b>

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

State of Nebraska

# STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS (Continued)

For the Year Ended June 30, 2013

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	ACTIVITIES - INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>				
<b>FLOW FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 27,039	\$ 41,846	\$ 68,885	\$ (14,416)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	74	489	563	9,770
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	10,358	(412)	9,946	2,105
(Increase) Decrease in Due from Other Funds	-	(89)	(89)	(824)
(Increase) Decrease in Inventories	-	411	411	8
(Increase) Decrease in Prepaid Items	-	100	100	(69)
(Increase) Decrease in Long-Term Deposits	-	28	28	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	60	2,343	2,403	(271)
Increase (Decrease) in Due to Other Funds	-	(3)	(3)	176
Increase (Decrease) in Claims Payable	(11,578)	(2,030)	(13,608)	(5,459)
Increase (Decrease) in Unearned Revenue	-	(212)	(212)	(92)
Total Adjustments	(1,086)	625	(461)	5,344
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 25,953</b>	<b>\$ 42,471</b>	<b>\$ 68,424</b>	<b>\$ (9,072)</b>
<b>NONCASH TRANSACTIONS (dollars in thousands):</b>				
Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.				
The following noncash transactions occurred during the year:				
Capital Assets acquired through Capital Leases	\$ -	\$ -	\$ -	\$ 5,840
Change in Fair Value of Investments	-	(1,159)	(1,159)	-
Total Noncash Transactions	\$ -	\$ (1,159)	\$ (1,159)	\$ 5,840

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

State of Nebraska

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

June 30, 2013

(Dollars in Thousands)	PENSION TRUST	PRIVATE PURPOSE TRUST	AGENCY
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,391	\$ 6,924	\$ 98,674
Investments:			
U.S. Treasury Notes and Bonds	460,722	-	-
U.S. Treasury Bills	3,136	-	-
Government Agency Securities	46,753	-	-
Corporate Bonds	647,398	-	-
International Bonds	240,087	-	-
Equity Securities	1,499,437	-	-
Private Equity	414,023	-	-
Options	(1,039)	-	-
Mortgages	486,027	-	-
Private Real Estate	274,252	-	-
Asset Backed Securities	69,644	-	-
Municipal Bonds	48,880	-	-
Commingled Funds	6,323,389	2,854,326	-
Guaranteed Investment Contracts	112,703	-	-
Short Term Investments	231,710	9,490	-
Total Investments	10,857,122	2,863,816	-
Securities Lending Collateral	338,808	-	-
Receivables:			
Contributions	26,669	-	-
Interest and Dividends	17,448	758	450
Other	627,520	-	340
Total Receivables	671,637	758	790
Due from Other Funds	296,025	-	-
Capital Assets:			
Buildings and Equipment	23,075	-	-
Less Accumulated Depreciation	(23,068)	-	-
Total Capital Assets	7	-	-
Other Assets	-	20,901	-
<b>Total Assets</b>	<b>\$ 12,170,990</b>	<b>\$ 2,892,399</b>	<b>\$ 99,464</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 820,833	\$ 6,862	\$ 15,344
Due to Other Governments	3,486	-	60,300
Deposits	-	800	-
Due to Other Funds	271,860	3	-
Obligations under Securities Lending	338,808	-	-
Accrued Compensated Absences	325	-	-
Other Liabilities	-	-	23,820
<b>Total Liabilities</b>	<b>\$ 1,435,312</b>	<b>\$ 7,665</b>	<b>\$ 99,464</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -
<b>NET POSITION</b>			
Held in Trust for:			
Pension Benefits	\$ 10,735,678	\$ -	\$ -
College Savings Plan	-	2,857,729	-
Other Purposes	-	27,005	-
<b>Total Net Position</b>	<b>\$ 10,735,678</b>	<b>\$ 2,884,734</b>	<b>\$ -</b>

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

State of Nebraska

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended June 30, 2013

(Dollars in Thousands)

	PENSION TRUST	PRIVATE PURPOSE TRUST
<b>ADDITIONS</b>		
Contributions:		
Participant Contributions	\$ 226,449	\$ 318,821
State Contributions	96,632	-
Political Subdivision Contributions	161,923	-
Court Fees	3,181	-
Total Contributions	<u>488,185</u>	<u>318,821</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	1,103,044	277,802
Interest and Dividend Income	137,440	4,274
Securities Lending Income	3,292	-
Total Investment Income	<u>1,243,776</u>	<u>282,076</u>
Investment Expenses	23,394	12,979
Securities Lending Expenses	804	-
Total Investment Expense	<u>24,198</u>	<u>12,979</u>
Net Investment Income	<u>1,219,578</u>	<u>269,097</u>
Escheat Revenue	-	6,749
Other Additions	271,860	681
Total Additions	<u>1,979,623</u>	<u>595,348</u>
<b>DEDUCTIONS</b>		
Benefits	556,705	203,934
Refunds	12,860	-
Amounts Distributed to Outside Parties	-	7,722
Administrative Expenses	6,218	1,220
Other Deductions	278,319	-
Total Deductions	<u>854,102</u>	<u>212,876</u>
Change in Net Position Held in Trust for:		
Pension Benefits	1,125,521	-
College Savings Plan	-	383,731
Other Purposes	-	(1,259)
<b>NET POSITION-BEGINNING OF YEAR (as restated)</b>	<u>9,610,157</u>	<u>2,502,262</u>
<b>NET POSITION-END OF YEAR</b>	<u>\$ 10,735,678</u>	<u>\$ 2,884,734</u>

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

State of Nebraska  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
June 30, 2013

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 596,721	\$ 30,280	\$ 627,001
Receivables, net of allowance			
Loans	33,498	2,288	35,786
Other	424,055	3,543	427,598
Investments	1,912,132	45,314	1,957,446
Investment in Joint Venture	296,747	-	296,747
Other Assets	41,296	2,321	43,617
Restricted Assets:			
Cash and Cash Equivalents	376,512	39,599	416,111
Investments Held by Trustee	28,829	-	28,829
Capital assets:			
Land	86,317	1,400	87,717
Land Improvements	183,577	26,667	210,244
Construction in Progress	227,881	11,004	238,885
Buildings and Equipment	2,388,979	210,466	2,599,445
Less Accumulated Depreciation	(895,965)	(81,881)	(977,846)
Total Capital Assets	<u>1,990,789</u>	<u>167,656</u>	<u>2,158,445</u>
Total Assets	<u>\$ 5,700,579</u>	<u>\$ 291,001</u>	<u>\$ 5,991,580</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 203,393	\$ 10,874	\$ 214,267
Deposits	18,845	126	18,971
Unearned Revenue	131,033	411	131,444
Noncurrent Liabilities:			
Due within one year	123,188	3,578	126,766
Due in more than one year	649,934	46,331	696,265
Total Liabilities	<u>\$ 1,126,393</u>	<u>\$ 61,320</u>	<u>\$ 1,187,713</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred service concession arrangement receipts	\$ 16,216	\$ -	\$ 16,216
Total Deferred Inflows of Resources	<u>\$ 16,216</u>	<u>\$ -</u>	<u>\$ 16,216</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 1,414,153	\$ 121,479	\$ 1,535,632
Restricted for:			
Education	1,787,644	-	1,787,644
Other Purposes	249,398	47,135	296,533
Construction and Debt Service	343,097	29,484	372,581
Permanent Trusts:			
Unrestricted	<u>763,678</u>	<u>31,583</u>	<u>795,261</u>
Total Net Position	<u>\$ 4,557,970</u>	<u>\$ 229,681</u>	<u>\$ 4,787,651</u>

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

State of Nebraska  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the Year Ended June 30, 2013

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
Expenses:			
Compensation and benefits	\$ 1,188,806	\$ 61,790	\$ 1,250,596
Supplies and materials	272,666	11,787	284,453
Contractual services	134,263	4,053	138,316
Repairs and maintenance	56,831	3,086	59,917
Utilities	35,390	3,899	39,289
Communications	14,918	545	15,463
Depreciation	107,696	6,966	114,662
Scholarships and fellowships	70,155	5,703	75,858
Other	11,884	12,363	24,247
Total Operating Expenses	<u>1,892,609</u>	<u>110,192</u>	<u>2,002,801</u>
Program Revenues:			
Charges for Services	941,833	43,126	984,959
Operating Grants and Contributions	326,949	16,342	343,291
Capital Grants and Contributions	21,601	1,994	23,595
Total Program Revenues	<u>1,290,383</u>	<u>61,462</u>	<u>1,351,845</u>
Net (Expense) Revenue	<u>(602,226)</u>	<u>(48,730)</u>	<u>(650,956)</u>
General Revenues:			
Interest and investment earnings	70,113	2,171	72,284
Miscellaneous	431,522	11,163	442,685
Payments from the State of Nebraska	519,528	52,813	572,341
Total General Revenues	<u>1,021,163</u>	<u>66,147</u>	<u>1,087,310</u>
Change in Net Position	418,937	17,417	436,354
Net Position - Beginning	<u>4,139,033</u>	<u>212,264</u>	<u>4,351,297</u>
Net Position - Ending	<u>\$ 4,557,970</u>	<u>\$ 229,681</u>	<u>\$ 4,787,651</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

(dollars expressed in thousands)

## 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

**University of Nebraska.** The University of Nebraska consists of the following campuses: University of Nebraska – Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney, and University of Nebraska Medical Center. The University of Nebraska is governed by an elected eight-member Board of Regents. The University’s financial reporting entity also consists of the following units: the University of Nebraska Facilities Corporation, a nonprofit corporation organized to finance the construction and repair of buildings and hold them in trust for the University of Nebraska; the UNMC Physicians, organized for the purpose of billing medical service fees generated by university clinicians; the University Dental Associates, organized for the purpose of billing dental service fees generated by university dentists; the Nebraska Utility Corporation, formed to purchase, lease, construct and finance activities relating to energy requirements of the University of Nebraska-Lincoln; the University Technology Development Center, formed for the purpose of supporting the research mission of the University and advance technology transfer globally; and the University of Nebraska Foundation, a tax-exempt nonprofit corporation whose purpose is to provide financial support for the University of Nebraska. The University of Nebraska is included as a component unit because it is fiscally dependant on the State, since the Nebraska Legislature controls the budget of the University. Audit reports may be found on the [University’s Accounting and Finance](#) website.

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

**Related Organizations.** The State’s officials are responsible for appointing members of boards of other organizations, but the State’s accountability for these organizations does not extend beyond making these appointments. The Governor appoints the

boards of the following organizations: Nebraska Educational Finance Authority, Nebraska Investment Finance Authority, and Wyuka Cemetery.

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

The Statement of Net Position presents the reporting entity’s non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

**Net Investment in Capital Assets.** This category reflects the portion of net position associated with capital assets, net of accumulated depreciation and reduced by outstanding bonds and other debt that are attributed to the acquisition, construction or improvement of those assets.

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

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

The Statement of Net Position reports \$2,656,546 of restricted net position, of which \$1,514,590 is restricted by enabling legislation.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are reflected in the general government function. Administrative overhead charges of internal service funds are included in direct expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) investment earnings of permanent funds that are legally restricted for a specific program. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

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

**D. Basis of Accounting.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except agency funds. With the economic resources measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

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



The State reports the following major governmental funds:

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

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

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

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

**Permanent School Fund.** This fund receives proceeds from any sale of the school lands held in trust for public education; payments for easements and rights-of-way over these lands; royalties and severance taxes paid on oil, gas and minerals produced from these lands; escheats; unclaimed property and other items provided by law. Net appreciation on investments is not available for expenditure. Income is distributed to public schools.

The State reports the following major enterprise fund:

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

The State also reports the following fund types:

**Governmental Fund Types:**

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

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

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

**Proprietary Fund Types:**

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

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

**Fiduciary Fund Types:**

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

**Private Purpose Trust Funds.** These funds account for Unclaimed Property and Nebraska College Savings Plan activity held for private individuals.

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

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

**E. Cash and Cash Equivalents.** In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements, and U.S. treasury bills having original maturities (remaining time to maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 2013, approximates market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

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

- F. Investments.** Investments as reported in the basic financial statements include long-term investments. Law or legal instruments may restrict these investments. All investments of the State and its component units are stated at fair value based on quoted market prices. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager based, in part, on real estate appraisals. The State Treasurer is the custodian of all funds for the State; however, investments are under the responsibility of the Nebraska Investment Council or other administrative bodies as determined by law.
- G. Receivables.** Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.
- H. Inventories.** Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Significant inventories of governmental funds are valued using weighted average cost. Proprietary Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).
- Commodities on hand at fiscal year end are reflected as inventories, offset by a like amount of unearned revenue, in the Federal Fund. Commodities are reported at fair values established by the federal government at the date received.
- I. Restricted Assets.** Assets held by the trustees for the State Revolving Fund and the Master Lease Purchase Program are classified as restricted position on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond and lease covenants. These assets are reflected as cash on deposit with fiscal agents in the fund financial statements. The nonmajor enterprise funds reflect long-term deposits with the Multi-State Lottery as restricted assets.
- J. Capital Assets.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the Statement of Net Position. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Generally, equipment that has a cost in excess of \$5 at the date of acquisition and has an expected useful life of more than one year is capitalized. Substantially all initial building costs, land, land improvements, and software costing in excess of \$100 are capitalized. Building improvements and renovations in excess of \$100 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Buildings	40 years
Equipment	3-20 years

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

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

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

The government-wide, proprietary, and fiduciary fund financial statements recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

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

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

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

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

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

## 2. Deposits and Investments Portfolio

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 2013 basic financial statements. All securities purchased or held must either be in the custody of the State or deposited with an agent in the State's name.

**Deposits.** At June 30, 2013, the carrying amounts of the State's deposits were \$66,973 and the bank balances were \$87,531. All bank balances were covered by federal depository insurance or by collateral held by the State's agent in the State's name.

State Statutes require that the aggregate amount of collateral securities deposited by a bank with the State Treasurer shall be at least one hundred two percent of the amount of public funds deposited in that bank, less the amount insured by the Federal Deposit Insurance Corporation. The State Treasurer had compensating balance agreements with various banks totaling \$21,975 at June 30, 2013.

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

The investment amounts for some funds presented in the fiduciary fund financial statements reflected audited financial statements for the period ended December 31, 2012. The investment risk disclosures presented below for fiduciary funds represent risks as of June 30, 2013.

The primary government's investments at June 30, 2013 are presented below. All investments are presented by investment type and debt securities are presented with effective duration presented in years.

## PRIMARY GOVERNMENT INVESTMENTS AT JUNE 30, 2013

	GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES		FIDUCIARY FUNDS	
	FAIR VALUE	EFFECTIVE DURATION	FAIR VALUE	EFFECTIVE DURATION
<b>Debt Securities</b>				
U.S. Treasury Notes and Bonds	\$ 906,923	4.27	\$ 460,722	5.21
U.S. Treasury Bills	17,998	-	3,136	-
Government Agency Securities	1,027,606	3.48	46,753	2.94
Corporate Bonds	1,255,860	4.05	647,398	5.23
International Bonds	7,784	4.25	240,087	7.62
Mortgages	57,333	4.13	486,027	4.83
Asset Backed Securities	1,904	1.47	69,644	4.94
Commingled Funds	176,105	5.11	973,364	4.94
Municipal Bonds	6,714	11.67	48,880	10.62
Guaranteed Investment Contracts	7,563	2.72	112,703	2.72
Short Term Investments	230,195	0.40	241,200	0.47
	<u>3,695,985</u>		<u>3,329,914</u>	
<b>Other Investments</b>				
Equity Securities	73,864		1,499,437	
Private Equity	46,123		414,023	
Commingled Funds	752,724		8,204,351	
Options	(204)		(1,039)	
Private Real Estate	17,524		274,252	
U.S. Treasury Investment Pool	360,847		-	
Less: Component Unit Investment in State Investment Pool	<u>(750,455)</u>		<u>-</u>	
Total Investments	4,196,408		13,720,938	
Securities Lending Short-term Collateral Investment Pool	<u>220,734</u>		<u>338,808</u>	
Total	<u>\$ 4,417,142</u>		<u>\$ 14,059,746</u>	

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

**Credit Risk of Debt Securities.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A and BB for core-plus high yield fixed income accounts. The maximum exposure to any single investment grade issuer excluding the U.S. government, its agencies or instrumentalities or government sponsored entities is 5 percent and the maximum exposure to a single issuer below investment grade is 3 percent. The minimum credit rating of a derivatives counterparty is A. The primary government's rated debt investments as of June 30, 2013 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES INVESTMENTS AT JUNE 30, 2013**

	FAIR VALUE	QUALITY RATINGS						
		AAA	AA	A	BBB	BB	B	UNRATED
Govt Agency Securities	\$ 1,027,606	\$ -	\$ 952,527	\$ -	\$ -	\$ -	\$ -	\$ 75,079
Corporate Bonds	1,255,860	76,735	365,524	748,885	39,353	12,088	4,553	8,722
International Bonds	7,784	1,805	514	1,219	3,052	471	-	723
Mortgages	57,333	5,838	45,276	1,834	2,323	529	1,363	170
Asset Backed Securities	1,904	359	993	19	-	-	405	128
Commingled Funds	176,105	-	-	-	-	-	-	176,105
Short Term Investments	230,195	-	-	13,177	-	356	-	216,662
Municipal Bonds	6,714	1,522	2,409	1,903	719	-	161	-

**FIDUCIARY FUND INVESTMENTS AT JUNE 30, 2013**

	FAIR VALUE	QUALITY RATINGS						
		AAA	AA	A	BBB	BB	B	UNRATED
Govt Agency Securities	\$ 45,748	\$ 304	\$ 15,404	\$ -	\$ 1,820	\$ -	\$ -	\$ 28,220
Corporate Bonds	666,563	41,966	40,835	234,973	166,481	99,741	59,816	22,751
International Bonds	247,035	70,160	35,393	28,041	31,254	6,291	2,980	72,916
Mortgages	497,267	46,037	366,919	13,970	9,554	4,557	3,400	52,830
Asset Backed Securities	72,817	41,994	14,009	8,398	3,925	201	2,462	1,828
Commingled Funds	934,273	-	-	-	-	-	-	934,273
Short Term Investments	207,144	688	-	7,109	-	211	-	199,136
Municipal Bonds	49,448	14,226	14,309	11,040	3,490	1,778	-	4,605

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State has contracts with investment managers that limit the maximum amount for an issuer, excluding U.S. Treasury, U.S. Agency, mortgages and non-U.S. sovereign issuers, to 5 percent of the total account.

At June 30, 2013, the primary government, except fiduciary funds, had debt securities investments with more than 5 percent of total investments in Federal Farm Credit Bank (10 percent) and Federal Home Loan Bank (10 percent). At June 30, 2013, fiduciary funds had no investments that exceeded 5 percent or more of total investments.

**Securities Lending Transactions.** The State participates in securities lending transactions, where securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's primary custodial bank administers the securities lending program and receives collateral in the form of cash, United States government or government agency obligations, sovereign debt rated A or better, or convertible bonds at least equal in value to the market value of the loaned securities. Securities on loan at year end consisted of United States government obligations, equity securities, corporate bonds, and non-US fixed income. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year. Either the State or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had average durations from 29 to 44 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The custodian indemnifies the State against default by the borrower of securities, but does not indemnify against the default by an issuer of a security held in the short term investment funds where cash collateral is invested.

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State does not have a formal policy to limit foreign currency risk. Primary Government exposure to foreign currency risk is presented on the following tables.

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES  
FOREIGN CURRENCY AT JUNE 30, 2013**

<b>Currency</b>	<b>SHORT TERM INVESTMENTS</b>	<b>EQUITY SECURITIES</b>	<b>DEBT SECURITIES</b>
Australian Dollar	\$ -	\$ 460	\$ 388
Brazilian Real	(388)	3	1,023
Canadian Dollar	2	487	1,806
Chilean Peso	-	-	292
Columbian Peso	-	-	205
Czech Koruna	-	55	-
Danish Krone	-	159	-
Euro Currency	44	8,512	2,528
Hong Kong Dollar	3	1,053	-
Indonesian Rupiah	8	188	-
Japanese Yen	39	3,537	-
Malaysian Ringgit	-	-	389
Mexican Peso	186	277	1,296
New Zealand Dollar	-	-	358
Norwegian Krone	-	205	-
Philippine Peso	2	98	670
Pound Sterling	43	3,654	-
Singapore Dollar	7	716	-
South African Rand	-	2	-
South Korean Won	1	785	-
Swedish Krona	-	353	-
Swiss Franc	3	2,699	-
Thailand Baht	2	235	-
Uruguayan Peso	-	-	50
<b>Total</b>	<b>\$ (48)</b>	<b>\$ 23,478</b>	<b>\$ 9,005</b>

**FIDUCIARY FUND FOREIGN CURRENCY AT JUNE 30, 2013**

<b>Currency</b>	<b>SHORT TERM INVESTMENTS</b>	<b>EQUITY SECURITIES</b>	<b>DEBT SECURITIES</b>
Australian Dollar	\$ 587	\$ 8,709	\$ 4,325
Brazilian Real	(2,718)	5,158	3,564
Canadian Dollar	486	11,540	29,061
Chilean Peso	-	-	1,168
Columbian Peso	-	-	704
Czech Koruna	-	1,174	5,414
Danish Krone	2	2,745	-
Euro Currency	13,674	339,827	108,866
Hong Kong Dollar	7	30,187	-
Indonesian Rupiah	116	5,404	-
Japanese Yen	1,203	138,307	18,518
Malaysian Ringgit	122	-	7,368
Mexican Peso	1,132	2,763	20,537
New Zealand Dollar	1	72	5,843
Norwegian Krone	163	3,991	18,259
Philippine Peso	-	422	2,760
Polish Zloty	39	-	-
Pound Sterling	1,972	92,764	50,445
Singapore Dollar	131	12,597	-
South African Rand	58	3,548	-
South Korean Won	175	18,826	-
Swedish Krona	190	22,191	21,143
Swiss Franc	31	77,672	-
Thailand Baht	-	1,211	-
Uruguayan Peso	-	-	406
<b>Total</b>	<b>\$ 17,371</b>	<b>\$ 779,108</b>	<b>\$ 298,381</b>

**Derivative Financial Instruments.** Derivative instruments are financial contracts whose underlying values depend on the values of one or more underlying assets, reference rates or financial indices. These instruments are used primarily to enhance performance and reduce the volatility of the portfolio, in accordance with the Investment Council-approved Derivatives Policy. The State invests in futures contracts, options and swaps. Futures represent commitments to purchase or sell securities or money market instruments at a future date and at a specific price. Options represent the right, but not the obligation, to purchase or sell securities at a future date and at a specific price. The State invests in these contracts related to securities of the U.S. Government or Government Agency obligations based on reference notes, which are traded on organized exchanges, thereby minimizing the State's credit risk. The net change in the contract value is settled daily in cash with the exchanges. Swaps represent an exchange of streams of payments over time according to specified terms. All changes in fair value of derivatives are reflected in Investment Income and the fair value of derivatives at June 30, 2013 is reflected in Investments. The fair value balances and notional amounts of investment derivative instruments outstanding at June 30, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

**DERIVATIVE INVESTMENTS AT JUNE 30, 2013**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Derivative	Fair Value	Change in Fair Value	Notional
Credit Default Swap	\$ 130	\$ (83)	\$ 7,600
Fixed Income Futures	-	(754)	17,200
Fixed Income Options	(204)	(15)	(25,639)
Foreign Currency Options	(1)	52	(1,300)
Futures Options	-	4	-
FX Forwards	(210)	(242)	11,405
Interest Rate Swap	356	518	21,821
Rights	-	6	48

**DERIVATIVE INVESTMENTS AT JUNE 30, 2013**  
**FIDUCIARY FUND**

Derivative	Fair Value	Change in Fair Value	Notional
Credit Default Swap	\$ 965	\$ (401)	\$ 19,500
Fixed Income Futures	-	(1,707)	54,706
Fixed Income Options	(1,154)	(249)	(144,573)
Foreign Currency Options	(8)	310	(7,300)
Futures Options	-	17	-
FX Forwards	2,045	(5,956)	336,142
Interest Rate Swap	1,384	67	139,650
Rights	-	192	-
Warrants	-	-	6

The change in fair value denotes the net realized and unrealized gains and losses recognized during the period. The fair value of the derivative instruments at June 30, 2013, denotes the market value, with the exception of FX Forwards, which denotes the net realized and unrealized gains and losses recognized during the period. Furthermore, the notional amount for Futures and Options was calculated as contract size times the number of contracts. The State is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Nebraska Investment Council's policy to require counterparty collateral posting provisions in its non-exchange-traded derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The Plans have never failed to access collateral when required.

The aggregate fair value of derivative instruments in asset positions at June 30, 2013, was \$831 for Governmental and Business-Type Activities and \$8,474 for the Fiduciary Fund. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. There is no collateral held or liabilities included in netting arrangements with those counterparties; therefore, the net exposure to credit risk is \$9,305. Although the State executes derivative instruments with various counterparties, there is net exposure to credit risk of approximately 90 percent for the Governmental and Business-Type Activities and 67 percent for the Fiduciary Fund, held with three counterparties. The counterparties are rated A or AA.

The State is exposed to interest rate risk on its interest rate swaps. Interest rate swaps are agreements between two counterparties to exchange future cash flows. These are generally fixed versus variable flows, and can be either received or paid. These swaps are used to adjust interest rate and yield curve exposure and substitute for physical securities. Long swap positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease exposure. Counterparty risk is limited to monthly exchanged or netted cash flows. All of the State's interest rate swaps were fixed with a LIBOR (London Interbank Offered Rate) or SIFMA (Securities Industry and Financial Markets Association) reference rate. Foreign currency risk for derivative instruments at June 30, 2013 are as follows:

**DERIVATIVES FOREIGN CURRENCY AT JUNE 30, 2013  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Currency	Swaps	Forward Contracts	Fixed Income Options
Australian Dollar	\$ -	\$ 26	\$ -
Brazilian Real	\$ (388)	\$ (64)	\$ -
Canadian Dollar	-	(2)	-
Euro Currency	-	(9)	(16)
Japanese Yen	-	(63)	-
Mexican Peso	59	(16)	-
Norwegian Krone	-	(62)	-
Polish Zloty	-	(20)	-
Total	<u>\$ (329)</u>	<u>\$ (210)</u>	<u>\$ (16)</u>

**DERIVATIVES FOREIGN CURRENCY AT JUNE 30, 2013  
FIDUCIARY FUND**

Currency	Swaps	Forward Contracts	Fixed Income Options
Australian Dollar	\$ -	\$ 533	\$ -
Brazilian Real	(2,759)	(241)	-
Canadian Dollar	-	140	-
Swiss Franc	-	(54)	-
Yuan Renminbi	-	39	-
Czech Koruna	-	(14)	-
Euro Currency	509	1,418	(90)
Pound Sterling	-	260	-
Japanese Yen	-	(546)	-
South Korean Won	-	(34)	-
Mexican Peso	303	(134)	-
Malaysian Ringgit	-	(24)	-
Norwegian Krone	-	103	-
New Zealand Dollar	-	15	-
Philippine Peso	-	(1)	-
Polish Zloty	-	(118)	-
New Russian Ruble	-	155	-
Swedish Krona	-	563	-
Singapore Dollar	-	(7)	-
Thailand Baht	-	(8)	-
Total	<u>\$ (1,947)</u>	<u>\$ 2,045</u>	<u>\$ (90)</u>

**Synthetic Guaranteed Investment Contracts (SGICs).** In the fiduciary fund, Defined Contribution Plans, employees are eligible to participate in SGICs. The contracts provided an average crediting rate of 3.03 percent during fiscal year 2013. The fair value of these contracts is \$76,086, and the contract value is \$74,140. The fair value of the wrap contract was \$0. The effective duration and credit rating for the investments underlying the SGICs are presented below. There was no foreign currency risk for the underlying investments.



	EFFECTIVE DURATION	FAIR VALUE	Investments Underlying SGICs Quality Ratings at June 30, 2013					
			AAA	AA	A	BBB	BB	UNRATED
Asset Backed Securities	1.41	\$ 8,189	\$ 8,079	\$ 5	\$ 105	\$ -	\$ -	-
Corporate Bonds	2.95	32,901	1,191	6,439	17,384	7,179	262	446
Government Agency Securities	3.61	9,611	-	8,708	268	-	-	635
International Bonds	3.24	1,424	520	779	125	-	-	-
Mortgages	2.49	13,381	3,449	9,370	164	-	-	398
Short Term Investments	0.16	3,367	-	-	254	-	-	3,113
US Treasury Notes	5.54	7,213	-	-	-	-	-	7,213
		<u>\$ 76,086</u>						

A reconciliation of deposits and investments for the State to the basic financial statements at June 30, 2013 is as follows:

**Disclosure Regarding Deposits and Investments:**

Total Investments	\$ 18,476,888
Carrying amount of Deposits	66,973
Total	<u>\$ 18,543,861</u>

**Statement of Net Position:**

Cash and Cash Equivalents	\$ 767,185
Investments	3,371,881
Restricted Cash and Cash Equivalents	11,326
Securities Lending Collateral	220,734

**Statement of Fiduciary Net Position:**

Cash and Cash Equivalents	112,989
Investments	13,720,938
Securities Lending Collateral	338,808
Total	<u>\$ 18,543,861</u>

### 3. Receivables

Receivables are reflected net of allowances for doubtful accounts. The following are such related allowances listed by major fund at June 30, 2013:

**Governmental Activities:**

General Fund	\$ 101,520
Federal Fund	8,221
Health and Social Services Fund	5,258
Total Governmental Activities	<u>\$ 114,999</u>

**Business-type Activities:**

Unemployment Insurance	\$ 8,371
Total Business-type Activities	<u>\$ 8,371</u>

Of the taxes and other receivables, \$32,792 and \$21,234, respectively, is not expected to be collected within 60 days of the fiscal year end. These amounts have been offset by unearned revenue in the General Fund and the Health and Social Services Fund. The majority of the loans receivable balance is not expected to be collected in the next year.

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<b>BEGINNING BALANCE</b> <small>(AS RESTATED)</small>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 557,614	\$ 4,353	\$ -	\$ 561,967
Infrastructure	7,011,809	65,739	-	7,077,548
Construction in progress	389,277	131,085	125,273	395,089
Total capital assets, not being depreciated	<u>7,958,700</u>	<u>201,177</u>	<u>125,273</u>	<u>8,034,604</u>
Capital assets, being depreciated:				
Buildings and improvements	563,413	56,947	2,625	617,735
Equipment	457,135	36,784	27,925	465,994
Total capital assets, being depreciated	<u>1,020,548</u>	<u>93,731</u>	<u>30,550</u>	<u>1,083,729</u>
Less accumulated depreciation for:				
Buildings and improvements	257,001	14,985	2,407	269,579
Equipment	348,536	34,428	25,544	357,420
Total accumulated depreciation	<u>605,537</u>	<u>49,413</u>	<u>27,951</u>	<u>626,999</u>
Total capital assets, being depreciated, net	<u>415,011</u>	<u>44,318</u>	<u>2,599</u>	<u>456,730</u>
Governmental activities capital assets, net	<u>\$ 8,373,711</u>	<u>\$ 245,495</u>	<u>\$ 127,872</u>	<u>\$ 8,491,334</u>
<b>Business-type activities:</b>				
<b>Unemployment Insurance</b>				
Equipment, being depreciated	\$ 761	\$ -	\$ 406	\$ 355
Less accumulated depreciation	674	74	406	342
Total Unemployment Insurance, net	<u>87</u>	<u>(74)</u>	<u>-</u>	<u>13</u>
<b>Nonmajor Enterprise Funds</b>				
Capital assets, not being depreciated:				
Land	315	-	-	315
Total capital assets, not being depreciated	<u>315</u>	<u>-</u>	<u>-</u>	<u>315</u>
Capital assets, being depreciated:				
Buildings and improvements	6,945	1,497	-	8,442
Equipment	5,285	57	103	5,239
Total capital assets, being depreciated	<u>12,230</u>	<u>1,554</u>	<u>103</u>	<u>13,681</u>
Less accumulated depreciation for:				
Buildings and improvements	2,022	245	-	2,267
Equipment	4,231	244	95	4,380
Total accumulated depreciation	<u>6,253</u>	<u>489</u>	<u>95</u>	<u>6,647</u>
Total capital assets, being depreciated, net	<u>5,977</u>	<u>1,065</u>	<u>8</u>	<u>7,034</u>
Total Nonmajor Enterprise, net	<u>6,292</u>	<u>1,065</u>	<u>8</u>	<u>7,349</u>
Business-type activities capital assets, net	<u>\$ 6,379</u>	<u>\$ 991</u>	<u>\$ 8</u>	<u>\$ 7,362</u>

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

<b>Governmental activities:</b>	
General Government	\$ 17,962
Conservation of Natural Resources	1,256
Culture – Recreation	1,681
Economic Development and Assistance	275
Education	1,849
Health and Social Services	1,527
Public Safety	10,148
Regulation of Business and Professions	857
Transportation	13,858
Total depreciation expense - Governmental activities	<u>\$ 49,413</u>

**Construction Commitments.** At June 30, 2013, the State had contractual commitments of approximately \$665,590 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows:

Federal funds	\$ 328,472
State funds	327,176
Local funds	<u>9,942</u>
	<u>\$ 665,590</u>

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

## 5. Interfund Balances

Due To/From Other Funds at June 30, 2013 consists of the following:

DUE FROM	DUE TO								TOTALS
	General Fund	Highway Fund	Federal Fund	Health and Social Services	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Pension Trust	
General Fund	\$ -	\$ 125	\$ 193	\$ 398	\$ 124	\$ 171	\$ 4,539	\$ 24,294	\$ 29,844
Highway Fund	-	-	134	3	208	387	578	-	1,310
Federal Fund	57,295	8	-	1,608	3,171	79	4,444	-	66,605
Health and Social Services	-	-	-	-	2	31	333	-	366
Permanent School Fund	-	-	-	-	-	-	3	-	3
Nonmajor Governmental Funds	710	84	35	12	59	36	6,275	-	7,211
Nonmajor Enterprise Funds	-	12	-	-	1	-	88	-	101
Internal Service Funds	-	42	-	-	55	22	865	-	984
Pension Trust	-	-	-	-	-	-	129	271,731	271,860
Private Purpose Trust	-	-	-	-	-	-	3	-	3
<b>TOTALS</b>	<u>\$ 58,005</u>	<u>\$ 271</u>	<u>\$ 362</u>	<u>\$ 2,021</u>	<u>\$ 3,620</u>	<u>\$ 726</u>	<u>\$ 17,257</u>	<u>\$ 296,025</u>	<u>\$ 378,287</u>

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

Interfund transfers at June 30, 2013 consist of the following:

TRANSFERRED FROM:	TRANSFERRED TO:			TOTALS
	General Fund	Health and Social Services	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 91,535	\$ 91,535
Highway Fund	-	-	9,331	9,331
Federal Fund	-	-	11,468	11,468
Health & Social Services Fund	2,200	-	-	2,200
Nonmajor Governmental Funds	48,251	130	1,484	49,865
Nonmajor Enterprise Funds	-	895	39,119	40,014
<b>TOTALS</b>	<u>\$ 50,451</u>	<u>\$ 1,025</u>	<u>\$ 152,937</u>	<u>\$ 204,413</u>

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

## 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as presented in the financial statements at June 30, 2013 consist of the following:

	General Fund	Highway Fund	Federal Fund	Health and Social Services	Permanent School Fund	Nonmajor Governmental Funds	Other Funds	Unemployment Insurance	Nonmajor Enterprise Funds	TOTALS
Payroll and Withholdings Payables to Vendors	\$ 12,560	\$ 4,390	\$ 4,876	\$ 530	\$ -	\$ 2,856	\$ 1,231	\$ 2	\$ 191	\$ 26,636
Payables to Governments	65,397	53,112	49,812	8,227	62,411	29,999	14,852	1,031	16,796	301,637
Due to Fiduciary Funds *	30,177	14,753	119,459	323	4,764	9,407	512	1	40	179,436
Miscellaneous	-	-	-	-	-	-	24,294	-	-	24,294
	-	-	-	-	-	16	-	43	7,704	7,763
<b>TOTALS</b>	<b>\$ 108,134</b>	<b>\$ 72,255</b>	<b>\$ 174,147</b>	<b>\$ 9,080</b>	<b>\$ 67,175</b>	<b>\$ 42,278</b>	<b>\$ 40,889</b>	<b>\$ 1,077</b>	<b>\$ 24,731</b>	<b>\$ 539,766</b>

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

Some of the amounts reflected as payables to governments were reflected as Due to Other Governments on the Statement of Net Position in the prior year.

## 7. Noncurrent Liabilities

Changes in noncurrent liabilities for the year ended June 30, 2013 are summarized as follows:

	BEGINNING BALANCE (AS RESTATED)	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b>Governmental Activities:</b>					
Claims Payable	\$ 318,064	\$ 1,780,274	\$ 1,824,636	\$ 273,702	\$ 238,747
Capital Lease Obligations	25,358	5,840	8,482	22,716	7,305
Obligations Under Other Financing Arrangements	9,630	1,440	4,755	6,315	750
Compensated Absences	137,920	5,959	14,591	129,288	9,050
Net Pension Obligation	1,170	-	110	1,060	-
<b>Totals</b>	<b>\$ 492,142</b>	<b>\$ 1,793,513</b>	<b>\$ 1,852,574</b>	<b>\$ 433,081</b>	<b>\$ 255,852</b>
<b>Business-type Activities:</b>					
<b>Unemployment Insurance:</b>					
Claims Payable	\$ 26,794	\$ 165,546	\$ 177,124	\$ 15,216	\$ 15,216
Compensated Absences	6	7	-	13	1
<b>Totals for Unemployment Insurance</b>	<b>26,800</b>	<b>165,553</b>	<b>177,124</b>	<b>15,229</b>	<b>15,217</b>
<b>Nonmajor Enterprise Funds:</b>					
Claims Payable	25,920	3,518	5,548	23,890	5,483
Compensated Absences	717	152	51	818	57
<b>Totals for Nonmajor Enterprise Funds</b>	<b>26,637</b>	<b>3,670</b>	<b>5,599</b>	<b>24,708</b>	<b>5,540</b>
<b>Totals for Business-type Activities</b>	<b>\$ 53,437</b>	<b>\$ 169,223</b>	<b>\$ 182,723</b>	<b>\$ 39,937</b>	<b>\$ 20,757</b>

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

**8. Lease Commitments**

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

The minimum annual lease payments (principal and interest) and the present value of future minimum payments for capital leases as of June 30, 2013 are as follows:

YEAR	GOVERNMENTAL ACTIVITIES
2014	\$ 7,626
2015	6,000
2016	4,936
2017	3,359
2018	1,422
2019-2023	137
Total Minimum Payments	23,480
Less: Interest and executory costs	764
Present value of net minimum payments	<u>\$ 22,716</u>

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 2013:

	GOVERNMENTAL ACTIVITIES
Equipment	\$ 37,221
Less: accumulated depreciation	(19,557)
Carrying value	<u>\$ 17,664</u>

The minimum annual lease payments for operating leases as of June 30, 2013 are as follows:

YEAR	GOVERNMENTAL ACTIVITIES
2014	\$ 7,932
2015	2,144
2016	1,929
2017	1,270
2018	1,076
2019-2023	4,013
2024-2028	1,129
2029-2033	291
Total	<u>\$ 19,784</u>

Primary Government operating lease payments for the year ended June 30, 2013 totaled \$14,503.

**Lessor Transactions.** The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 2013, the State owned approximately 1.3 million acres of land that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of \$50,305 were received under these and other lease agreements for the year ended June 30, 2013.

## 9. Obligations Under Other Financing Arrangements

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

A summary of the future minimum contractual obligations including interest at rates from 1.15 percent to 5.70 percent is as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2014	\$ 750	\$ 252	\$ 1,002
2015	780	220	1,000
2016	1,350	170	1,520
2017	340	132	472
2018	355	121	476
2019-2023	1,965	392	2,357
2024-2028	775	47	822
Total	<u>\$ 6,315</u>	<u>\$ 1,334</u>	<u>\$ 7,649</u>

## 10. Contingencies and Commitments

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

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

**Litigation.** The State is named as a party in legal proceedings that occur in the normal course of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of State and Federal laws. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the State for these proceedings. It is the State's opinion that the ultimate liability for these and other proceedings is not expected to have a material adverse effect on the State's financial position.

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

The State is in non-binding arbitration with Kansas and Colorado relating to water usage in the Republican River Basin. It is alleged that Nebraska is consuming more water than is allowed under the Republican River Compact of 1942. The Special Master issued a final report on November 13, 2013 that recommended judgment be entered against Nebraska and in favor of Kansas in the amount of \$5,500.

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

## 11. Risk Management

Through Administrative Services, the State maintains insurance and self-insurance programs. Workers' compensation, employee health care, general liability and employee indemnification are generally self-insured. However, the State does carry surety bonds for constitutional officers. Motor vehicle liability is insured with a \$5,000 limit and a \$300 retention per occurrence (the self-insured retention for vehicular pursuit is \$300) and employee dishonesty is insured with a \$11,000 limit with a \$25 deductible per loss. The State maintains money and securities, inside outside premises crime coverage of \$31,000 with a \$25 deductible. The State insures against property damage, maintaining a policy with a \$250,000 limit and a \$200 deductible per occurrence. The State also carries some insurance for personal property damage. Settled claims have not exceeded this commercial insurance

coverage in any of the past three years. Administrative Services provides life insurance for eligible State employees. These activities are reported in the Risk Management Internal Service Fund.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The balance of claims liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claims liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors, but do not include non-incremental claims adjustment expenses.

The liability for workers' compensation is recorded as a claims payable of \$45,755 at a discounted rate of 2.0 percent (\$6,009).

Changes in the balances of claims liabilities of the Risk Management Internal Service Fund during the years ended June 30, 2013, and 2012, were as follows:

	Fiscal Year	
	2013	2012
Beginning Balance	\$ 65,633	\$ 64,947
Current Year Claims and Changes in Estimates	(169,376)	(197,788)
Claim Payments	175,417	198,474
Ending Balance	\$ 71,674	\$ 65,633

## 12. Pension Plans

### Plans Administered by the Public Employees Retirement Board

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

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

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

**Plan Description and Funding Policy.** By State law, there is to be an equitable allocation of expenses among the retirement systems administered by the Board, and all expenses shall be provided from the investment income earned by the various retirement funds. Following is a summary of each of these plans:

**State Employees' Retirement.** The single-employer plan became effective by statute on January 1, 1964. Prior to January 1, 2003, the plan consisted of a defined contribution plan that covered employees of the State. Effective January 1, 2003, a cash balance benefit was added to the State Employees Retirement Act. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected to either continue participation in the defined contribution option or begin participation in the cash balance benefit. All new members of the plan on and after January 1, 2003, become members of the cash balance benefit. Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a retirement allowance equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment. Members have options on how to receive the payment. The amounts presented in the accompanying financial statements for the State Employees' Retirement System are for the year ended December 31, 2012.

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

As of December 31, 2012, there were 15,349 active members, 6,081 inactive members, and 910 retirees or beneficiaries receiving benefits. Members contributed \$31,567 and the State contributed \$49,199 during the year ended December 31, 2012, which was equal to required contributions.

**County Employees' Retirement.** In 1973, the State Legislature brought the County Employees' Retirement System under the administration of the Board. This cost-sharing multiple-employer plan covers employees of 91 of the 93 counties and several county health districts. Douglas and Lancaster counties have separate retirement plans for their employees by State law. Prior to January 1, 2003, the plan consisted of a defined contribution plan. Effective January 1, 2003, a cash balance benefit was added to the County Employees Retirement Act. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003 elected to either continue participation in the defined contribution option or begin participation in the cash balance benefit. All new members of the Plan on and after January 1, 2003 become members of the cash balance benefit. Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a retirement allowance equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment. Members have options on how to receive the payment. The amounts presented in the accompanying financial statements for the County Employees' Retirement System are for the year ended December 31, 2012.

Participation in the plan is required of all full-time employees upon employment and of all full-time elected officials upon taking office. Part-time employees may elect voluntary participation upon reaching age 20. Effective April 2011, the age requirement for permanent part time employees decreased to age 18. Part-time elected officials may exercise the option to join. County employees and elected officials contribute four and one half percent of their total compensation. Commissioned law enforcement personnel in participating counties with less than 85,000 inhabitants contribute an extra one percent, or a total of five and one half percent of their total compensation. Commissioned law enforcement personnel in participating counties with a population in excess of 85,000 inhabitants contribute an extra two percent, or a total of six and one half percent of their total compensation. The counties match a member's contribution at a rate of 150 percent for the first four and one half percent and 100 percent for the extra one and two percent.

As of December 31, 2012, there were 7,483 active members, 2,444 inactive members, and 350 retirees or beneficiaries receiving benefits. Members contributed \$12,162 and counties contributed \$18,033 during the year ended December 31, 2012, which was equal to required contributions.

**School Retirement.** The School Retirement System is a cost-sharing multiple-employer defined benefit pension plan with 270 participating school districts.

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

The State's contribution is based on an annual actuarial valuation. The employees' contribution was 8.88% through August 31, 2012. On September 1, 2012 the rate increased to 9.78%. The school district's contribution is 101 percent of the employees' contribution.

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

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

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

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

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



SCHEDULES OF FUNDING PROGRESS							
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL) (Excess of Assets over AAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll	
<b>State Cash Balance</b>							
12/31/2012	\$ 1,009,415	\$ 1,077,958	\$ 68,543	93.6%	\$ 500,493	13.7%	
12/31/2011	743,971	813,286	69,315	91.5	458,827	15.1	
12/31/2010	714,132	762,680	48,548	93.6	449,206	10.8	
<b>County Cash Balance</b>							
12/31/2012	\$ 281,262	\$ 297,573	\$ 16,311	94.5%	\$ 202,786	8.0%	
12/31/2011	220,663	240,195	19,532	91.9	193,269	10.1	
12/31/2010	206,036	221,080	15,044	93.2	183,968	8.2	
<b>School</b>							
6/30/2013	\$ 7,703,085	\$ 9,984,899	\$ 2,281,814	77.1%	\$ 1,735,176	131.5%	
6/30/2012	7,358,964	9,609,157	2,250,193	76.6	1,593,185	141.2	
6/30/2011	7,267,497	9,039,745	1,772,248	80.4	1,590,226	111.4	
<b>Judges'</b>							
6/30/2013	\$ 130,309	\$ 148,582	\$ 18,273	87.7%	\$ 20,100	90.9%	
6/30/2012	125,928	137,465	11,537	91.6	19,005	60.7	
6/30/2011	125,191	128,265	3,074	97.6	18,182	16.9	
<b>State Patrol</b>							
6/30/2013	\$ 294,468	\$ 386,875	\$ 92,407	76.1%	\$ 27,418	337.0%	
6/30/2012	282,811	362,299	79,488	78.1	25,794	308.2	
6/30/2011	279,193	339,554	60,361	82.2	26,195	230.4	

	STATE CASH BALANCE	COUNTY CASH BALANCE	SCHOOL RETIREMENT	JUDGES' RETIREMENT	STATE PATROL RETIREMENT
Actuarial Valuation Date	12/31/2012	12/31/2012	6/30/2013	6/30/2013	6/30/2013
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Amortization Period	22 years	23 years	26 years	28 years	27 years
Asset Valuation Method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial Assumptions:					
Investment Rate of Return **	7.75%	7.75%	8.0%	8.0%	8.0%
Projected Salary Increases **	4.0% to 5.4%	4.3% to 8.5%	4.0% to 9.0%	4.0%	4.0%

\*\* Includes assumed inflation of 3.25% per year

YEAR ENDED	THREE - YEAR TREND INFORMATION			PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
	ANNUAL PENSION COST (APC)				
	COUNTIES AND SCHOOLS	STATE	TOTAL		
<b>State Cash Balance</b>					
12/31/2012	\$ -	\$ 32,511	\$ 32,511	100%	\$ -
12/31/2011	-	31,188	31,188	100%	-
12/31/2010	-	30,837	30,837	100%	-
<b>County Cash Balance</b>					
12/31/2012	\$ 12,800	\$ -	\$ 12,800	100%	\$ -
12/31/2011	11,908	-	11,908	100%	-
12/31/2010	11,379	-	11,379	100%	-
<b>School</b>					
6/30/2013	\$ 161,923	\$ 66,073	\$ 227,996	79%	\$ -
6/30/2012	145,582	46,896	192,478	88%	-
6/30/2011	135,328	41,747	177,075	89%	-
<b>Judges'</b>					
6/30/2013	\$ -	\$ 3,180	\$ 3,180	100%	\$ -
6/30/2012	-	3,484	3,484	100%	-
6/30/2011	-	3,580	3,580	100%	-
<b>State Patrol</b>					
6/30/2013	\$ -	\$ 7,404	\$ 7,404	78%	\$ 1,060
6/30/2012	-	7,730	7,730	100%	1,170
6/30/2011	-	7,173	7,173	83%	1,217

The Net Pension Obligation for the State Patrol Retirement plan decreased by \$110 in 2013. The Annual Pension Cost for the State Patrol Retirement plan was calculated by taking the Annual Required Contribution of \$7,516, adding \$94 interest calculated on the Net Pension Obligation, and subtracting the \$206 adjustment to the Annual Required Contribution.

**Equal Retirement Benefit Fund.** On January 1, 1984, the Equal Retirement Benefit Fund (ERBF) was created for the State and County Retirement Plans. Each State agency and county participating in the retirement system makes contributions to the fund at least annually, in addition to regular retirement contributions.

Upon retirement, any member with an accumulated account balance based on contributions made prior to January 1, 1984, has the option to convert to an annuity, at which time they are eligible to receive a benefit from the fund. The ERBF benefit is included in the member's regular retirement annuity and is included in the benefit payments reported in the financial statements. The balances of the funds are not included in the financial statements. As of December 31, 2012, there was a balance of \$496 in the State ERBF and a balance of \$315 in the County ERBF.

### 13. Bonds Payable

Article XIII of the State's Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the State's Constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 2013, there was no outstanding debt for either of these purposes.

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

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

BONDS PAYABLE	INTEREST RATES	BALANCE JUNE 30, 2013
<b>COMPONENT UNITS</b>		
University of Nebraska	1.00%-6.00%	\$ 684,265
Nebraska State Colleges	0.30%-5.25%	45,658
Component Units Total		<u>\$ 729,923</u>

<b>COMPONENT UNITS</b>			
<b>DEBT SERVICE REQUIREMENTS TO MATURITY</b>			
<b>YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2014	\$ 55,541	\$ 31,003	\$ 86,544
2015	44,782	29,717	74,499
2016	47,328	27,958	75,286
2017	50,583	25,951	76,534
2018	76,359	23,849	100,208
2019 - 2023	168,870	86,485	255,355
2024 - 2028	106,250	56,462	162,712
2029 - 2033	84,385	33,723	118,108
2034 - 2038	65,700	16,508	82,208
2039 - 2043	30,125	3,035	33,160
Total	<u>\$ 729,923</u>	<u>\$ 334,691</u>	<u>\$ 1,064,614</u>

#### 14. Restatements

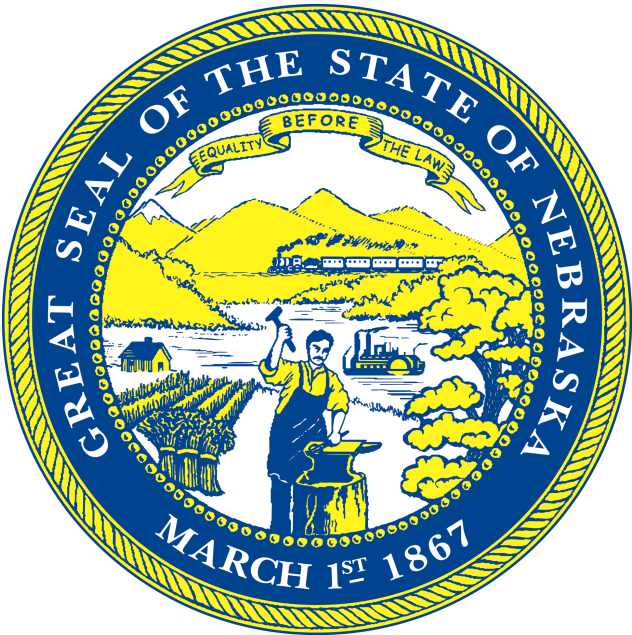
The Vocational Rehabilitation and Canteen and Welfare Funds were reclassified from Private Purpose Trust Funds to the Other Special Revenue Fund to better reflect their function. This decreased Net Position – Beginning of Year on the Statement of Changes in Fiduciary Net Position and increased Governmental Funds Fund Balances, July 1 on the Statement of Revenues, Expenditures, and Changes in Fund Balances and Governmental Activities Net Position – Beginning on the Statement of Activities by \$6,873.

Governmental Activities Net Position – Beginning on the Statement of Activities increased by \$312,433 to reflect Construction in Progress of \$307,203 that had not been reflected in the prior year and \$5,230 of Noncurrent Liabilities that had been retired in the prior year.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Taxes	\$ 3,675,130	\$ 3,908,060	\$ 3,960,419	\$ 52,359
Federal Grants and Contracts	66	66	66	-
Sales and Charges	22,889	22,889	22,889	-
Other	27,515	27,515	27,515	-
Total Revenues	<u>3,725,600</u>	<u>3,958,530</u>	<u>4,010,889</u>	<u>52,359</u>
<b>EXPENDITURES</b>				
Current:				
General Government	271,224	261,096	242,523	18,573
Conservation of Natural Resources	49,256	48,153	31,768	16,385
Culture – Recreation	6,192	6,158	5,319	839
Economic Development and Assistance	20,294	20,227	10,665	9,562
Education	1,771,680	1,770,918	1,730,879	40,039
Health and Social Services	1,511,863	1,499,318	1,330,658	168,660
Public Safety	261,368	268,928	234,033	34,895
Regulation of Business and Professions	4,561	4,486	3,515	971
Transportation	-	-	-	-
Capital Projects	5,007	5,008	-	5,008
Total Expenditures	<u>3,901,445</u>	<u>3,884,292</u>	<u>3,589,360</u>	<u>294,932</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(175,845)</u>	<u>74,238</u>	<u>421,529</u>	<u>347,291</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	233,547	233,547	233,547	-
Transfers Out	(384,331)	(384,331)	(384,331)	-
Other	166	166	166	-
Total Other Financing Sources (Uses)	<u>(150,618)</u>	<u>(150,618)</u>	<u>(150,618)</u>	<u>-</u>
Net Change in Fund Balance	(326,463)	(76,380)	270,911	347,291
<b>FUND BALANCES, JULY 1</b>	<u>924,440</u>	<u>924,440</u>	<u>924,440</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 597,977</u>	<u>\$ 848,060</u>	<u>\$ 1,195,351</u>	<u>\$ 347,291</u>

A reconciliation of the budgetary basis versus GAAP fund balance for the General Fund as of June 30, 2013, follows (dollars in thousands):

Actual Fund Balances, budgetary basis, June 30, 2013

General	\$ 811,230
Cash Reserve	384,121
Budgetary fund balances	<u>1,195,351</u>
<b>DIFFERENCES DUE TO BASIS OF ACCOUNTING:</b>	
Record taxes receivable	357,151
Record tax refund liability	(374,557)
Record State contributions due pension funds	(24,291)
Record claims payable	(103,123)
Record other net accrued receivables and liabilities	<u>(17,204)</u>
GAAP fund balance, June 30, 2013	<u>\$ 1,033,327</u>

State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CASH FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	CASH FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Taxes	\$ 106,542	\$ 106,542	\$ 106,542	\$ -
Federal Grants and Contracts	443,984	443,984	443,984	-
Sales and Charges	568,805	568,805	568,805	-
Other	209,362	209,362	209,362	-
Total Revenues	<u>1,328,693</u>	<u>1,328,693</u>	<u>1,328,693</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	199,229	202,475	182,798	19,677
Conservation of Natural Resources	144,046	144,984	67,445	77,539
Culture – Recreation	33,406	33,705	22,729	10,976
Economic Development and Assistance	61,150	62,493	18,872	43,621
Education	754,874	763,435	464,482	298,953
Health and Social Services	195,993	194,456	126,961	67,495
Public Safety	55,685	55,457	35,689	19,768
Regulation of Business and Professions	176,452	175,948	126,618	49,330
Transportation	786,572	841,605	774,266	67,339
Capital Projects	72,410	72,403	26,598	45,805
Total Expenditures	<u>2,479,817</u>	<u>2,546,961</u>	<u>1,846,458</u>	<u>700,503</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,151,124)</u>	<u>(1,218,268)</u>	<u>(517,765)</u>	<u>700,503</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,110,971	1,110,971	1,110,971	-
Transfers Out	(538,138)	(538,138)	(538,138)	-
Other	3,487	3,487	3,487	-
Total Other Financing Sources (Uses)	<u>576,320</u>	<u>576,320</u>	<u>576,320</u>	<u>-</u>
Net Change in Fund Balance	(574,804)	(641,948)	58,555	700,503
<b>FUND BALANCES, JULY 1</b>	<u>972,421</u>	<u>972,421</u>	<u>972,421</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 397,617</u>	<u>\$ 330,473</u>	<u>\$ 1,030,976</u>	<u>\$ 700,503</u>

A reconciliation of the budgetary basis versus GAAP fund balance for the Major Funds as of June 30, 2013, follows (dollars in thousands):

Actual Fund Balances, budgetary basis, June 30, 2013

Cash	\$ 1,030,976
Construction	105,000
Federal	83,475
Revolving	<u>379,043</u>
Budgetary fund balances	1,598,494
Unbudgeted fund balances	1,757,830
Non-major fund balances	(1,180,250)
Differences due to basis of accounting	<u>(790,384)</u>
GAAP fund balance, June 30, 2013	<u>\$ 1,385,690</u>
Actual Fund Balances of Major Funds, June 30, 2013	
Highway	\$ 255,485
Federal	7,540
Health and Social Services	489,269
Permanent School	<u>633,396</u>
GAAP fund balance, June 30, 2013	<u>\$ 1,385,690</u>

See independent auditors' report

State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONSTRUCTION FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	CONSTRUCTION FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	-	-	-	-
Sales and Charges	-	-	-	-
Other	2,191	2,191	2,191	-
Total Revenues	<u>2,191</u>	<u>2,191</u>	<u>2,191</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	800	800	-	800
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	-	-	-	-
Education	104,833	104,833	5,105	99,728
Health and Social Services	-	-	-	-
Public Safety	-	-	-	-
Regulation of Business and Professions	-	-	-	-
Transportation	-	-	-	-
Capital Projects	7,335	7,335	5,113	2,222
Total Expenditures	<u>112,968</u>	<u>112,968</u>	<u>10,218</u>	<u>102,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,777)</u>	<u>(110,777)</u>	<u>(8,027)</u>	<u>102,750</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	80,000	80,000	80,000	-
Transfers Out	-	-	-	-
Other	-	-	-	-
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net Change in Fund Balance	(30,777)	(30,777)	71,973	102,750
<b>FUND BALANCES, JULY 1</b>	<u>33,027</u>	<u>33,027</u>	<u>33,027</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 2,250</u>	<u>\$ 2,250</u>	<u>\$ 105,000</u>	<u>\$ 102,750</u>

State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FEDERAL FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	FEDERAL FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	-
Federal Grants and Contracts	2,614,720	2,614,720	2,614,720	-
Sales and Charges	20,734	20,734	20,734	-
Other	6,512	6,512	6,512	-
Total Revenues	<u>2,641,966</u>	<u>2,641,966</u>	<u>2,641,966</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7,835	8,235	5,517	2,718
Conservation of Natural Resources	84,070	87,388	56,946	30,442
Culture – Recreation	5,134	5,130	2,370	2,760
Economic Development and Assistance	111,661	112,854	69,353	43,501
Education	1,168,489	1,166,173	902,853	263,320
Health and Social Services	1,827,048	1,834,884	1,508,022	326,862
Public Safety	175,342	195,371	101,541	93,830
Regulation of Business and Professions	10,363	10,355	4,121	6,234
Transportation	-	-	-	-
Capital Projects	144	144	-	144
Total Expenditures	<u>3,390,086</u>	<u>3,420,534</u>	<u>2,650,723</u>	<u>769,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(748,120)</u>	<u>(778,568)</u>	<u>(8,757)</u>	<u>769,811</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	31,999	31,999	31,999	-
Transfers Out	(32,716)	(32,716)	(32,716)	-
Other	1,372	1,372	1,372	-
Total Other Financing Sources (Uses)	<u>655</u>	<u>655</u>	<u>655</u>	<u>-</u>
Net Change in Fund Balance	(747,465)	(777,913)	(8,102)	769,811
<b>FUND BALANCES, JULY 1</b>	<u>91,577</u>	<u>91,577</u>	<u>91,577</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u><u>\$ (655,888)</u></u>	<u><u>\$ (686,336)</u></u>	<u><u>\$ 83,475</u></u>	<u><u>\$ 769,811</u></u>



State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**REVOLVING FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	REVOLVING FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	1,670	1,670	1,670	-
Sales and Charges	542,697	542,697	542,697	-
Other	185,155	185,155	185,155	-
Total Revenues	<u>729,522</u>	<u>729,522</u>	<u>729,522</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	237,226	236,807	178,855	57,952
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	591	586	498	88
Education	958,610	958,610	491,512	467,098
Health and Social Services	-	-	-	-
Public Safety	23,551	23,417	12,196	11,221
Regulation of Business and Professions	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Total Expenditures	<u>1,219,978</u>	<u>1,219,420</u>	<u>683,061</u>	<u>536,359</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(490,456)</u>	<u>(489,898)</u>	<u>46,461</u>	<u>536,359</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	70,261	70,261	70,261	-
Transfers Out	(72,943)	(72,943)	(72,943)	-
Other	2,316	2,316	2,316	-
Total Other Financing Sources (Uses)	<u>(366)</u>	<u>(366)</u>	<u>(366)</u>	<u>-</u>
Net Change in Fund Balance	(490,822)	(490,264)	46,095	536,359
<b>FUND BALANCES, JULY 1</b>	<u>332,948</u>	<u>332,948</u>	<u>332,948</u>	<u>-</u>
<b>FUND BALANCES, JUNE 30</b>	<u><u>\$ (157,874)</u></u>	<u><u>\$ (157,316)</u></u>	<u><u>\$ 379,043</u></u>	<u><u>\$ 536,359</u></u>

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2013

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### Budgetary Process

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

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

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

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

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

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

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

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

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

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

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

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

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

All State budgetary expenditures for the general, cash, construction, federal and revolving fund types are made pursuant to appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may allocate appropriations between object of expenditure accounts, except that personal service expenditures that exceed limitations contained in the appropriations bill require Legislative amendment. Any changes in appropriations are made through an annual deficit bill or other legislation. Appropriations from the federal fund type are considered to be estimated and the Legislature has approved an administrative procedure for changing them. During fiscal year 2013, the Legislature passed deficit appropriation bills that increased the allowable expenditure level in several of the programs.

For the year ended June 30, 2013, there were no budgetary programs in which expenditures exceeded appropriations. Revenues are not budgeted for any funds except for General Fund tax revenues.

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

For the Year Ended June 30, 2013

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

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

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

**Measurement Scale**

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

**Established Condition Level**

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

**Assessed Condition**

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

<b><u>Calendar Year</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Very Good	36%	33%	31%	32%	32%	33%
Good	38%	41%	44%	47%	47%	49%
Fair	23%	23%	22%	19%	19%	17%
Poor	3%	3%	3%	2%	2%	1%
Overall System Rating	81	80	80	81	82	82

**Estimated and Actual Costs to Maintain**

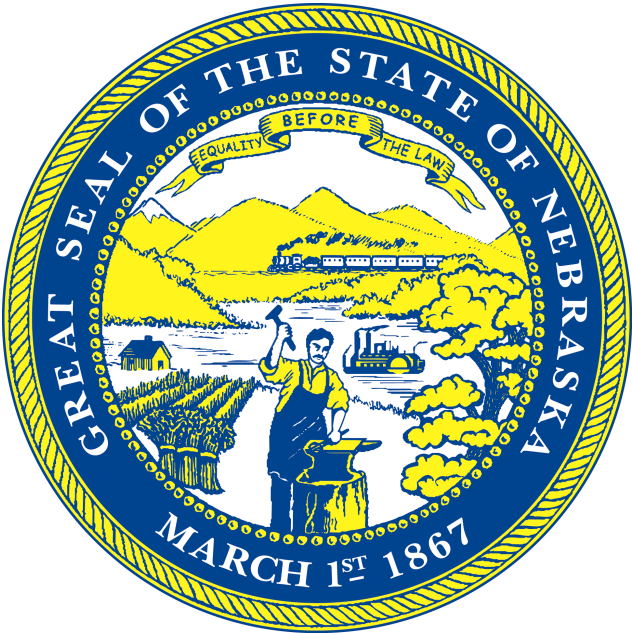
The following table presents the State’s estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level cited above, and the actual amount spent during the past fiscal years (amounts in millions). The actual cost of system preservation is greater than estimated as a result of maintaining the system at a NSI level higher than the base level established for GASB-34 purposes (72 base versus 81 actual).

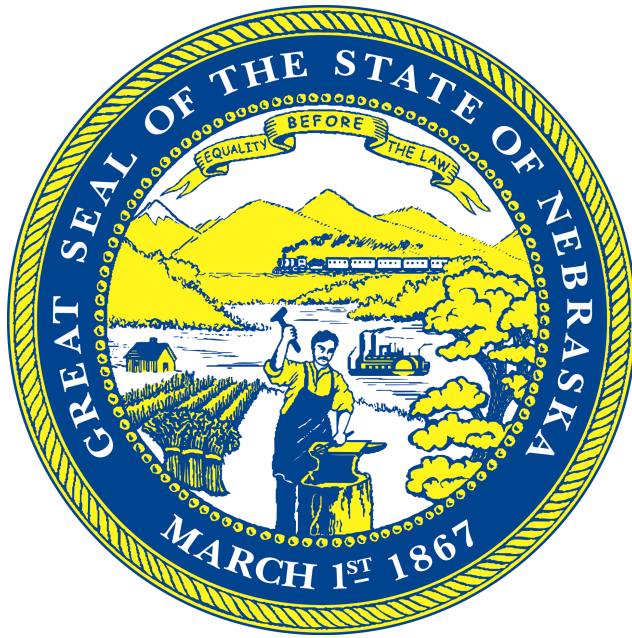
<b><u>Fiscal Year</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Estimated	\$ 302	\$ 313	\$ 288	\$ 267	\$ 211	\$ 206
Actual		335	278	218	270	239
Difference		22	(10)	(49)	59	33

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# COMBINING FINANCIAL STATEMENTS

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# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

## CAPITAL PROJECTS FUND

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

## PERMANENT FUNDS

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

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

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

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

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

**Other Permanent Funds.** Normal School Endowment and Miscellaneous Permanent Trust.

State of Nebraska  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2013

(Dollars in Thousands)

	SPECIAL REVENUE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 53,880	\$ 11,625	\$ 1,846	\$ 67,351
Cash on Deposit with Fiscal Agents	11,326	-	-	11,326
Investments	516,956	128,711	53,899	699,566
Securities Lending Collateral	40,463	10,179	1,679	52,321
Receivables, net of allowance				
Taxes	936	-	-	936
Due from Federal Government	1,236	-	-	1,236
Loans	255,078	-	-	255,078
Other	11,837	996	3,532	16,365
Due from Other Funds	3,614	6	-	3,620
Inventories	328	-	-	328
Prepaid Items	90	-	-	90
Other	1,285	-	-	1,285
Total Assets	<u>\$ 897,029</u>	<u>\$ 151,517</u>	<u>\$ 60,956</u>	<u>\$ 1,109,502</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 32,214	\$ 5,339	\$ 4,725	\$ 42,278
Deposits	1,608	-	-	1,608
Due to Other Funds	7,199	12	-	7,211
Obligations under Securities Lending	40,463	10,179	1,679	52,321
Total Liabilities	<u>81,484</u>	<u>15,530</u>	<u>6,404</u>	<u>103,418</u>
Fund Balances:				
Nonspendable:				
Inventories and Prepaid Items	418	-	-	418
Endowment Principal	-	-	19,515	19,515
Restricted for:				
Education	19,621	-	2,869	22,490
Health and Social Services	566	-	31,698	32,264
Conservation of Natural Resources	515,295	-	-	515,295
Transportation	9,170	-	451	9,621
Licensing and Regulation	82,286	-	-	82,286
Economic Development	38,605	-	-	38,605
Public Safety	36,235	-	-	36,235
Culture – Recreation	19,395	-	-	19,395
Other Purposes	38,921	382	19	39,322
Debt Service	9,966	-	-	9,966
Committed to:				
Other Purposes	-	135,605	-	135,605
Assigned to:				
Education	129	-	-	129
Health and Social Services	1,257	-	-	1,257
Licensing and Regulation	40,489	-	-	40,489
Economic Development	61	-	-	61
Public Safety	348	-	-	348
Culture – Recreation	72	-	-	72
Other Purposes	2,711	-	-	2,711
Total Fund Balances	<u>815,545</u>	<u>135,987</u>	<u>54,552</u>	<u>1,006,084</u>
Total Liabilities and Fund Balances	<u>\$ 897,029</u>	<u>\$ 151,517</u>	<u>\$ 60,956</u>	<u>\$ 1,109,502</u>

State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

	SPECIAL REVENUE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
<b>REVENUES</b>				
Sales and Use Taxes	\$ 4,410	\$ -	\$ -	\$ 4,410
Petroleum Taxes	13,236	-	-	13,236
Excise Taxes	42,969	9,163	-	52,132
Business and Franchise Taxes	23,246	-	-	23,246
Other Taxes	5,306	-	-	5,306
Federal Grants and Contracts	29,394	-	-	29,394
Licenses, Fees and Permits	145,036	-	-	145,036
Charges for Services	38,410	6	-	38,416
Investment Income	(2,824)	1,238	4,324	2,738
Rents and Royalties	13,370	7,898	-	21,268
Surcharge	51,482	-	-	51,482
Other	28,765	11	-	28,776
Total Revenues	<u>392,800</u>	<u>18,316</u>	<u>4,324</u>	<u>415,440</u>
<b>EXPENDITURES</b>				
Current:				
General Government	73,159	-	-	73,159
Conservation of Natural Resources	70,557	-	-	70,557
Culture – Recreation	22,864	-	-	22,864
Economic Development and Assistance	20,439	-	-	20,439
Education	19,512	-	100	19,612
Higher Education - Colleges and University	-	14,960	-	14,960
Health and Social Services	1,361	-	1,184	2,545
Public Safety	43,643	-	-	43,643
Regulation of Business and Professions	126,532	-	-	126,532
Transportation	16,021	-	3	16,024
Capital Projects	-	21,070	-	21,070
Debt Service:				
Principal	4,755	-	-	4,755
Interest	344	-	-	344
Total Expenditures	<u>399,187</u>	<u>36,030</u>	<u>1,287</u>	<u>436,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,387)</u>	<u>(17,714)</u>	<u>3,037</u>	<u>(21,064)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	72,937	80,000	-	152,937
Transfers Out	(49,657)	-	(208)	(49,865)
Proceeds from Other Financing Arrangements	1,440	-	-	1,440
Total Other Financing Sources (Uses)	<u>24,720</u>	<u>80,000</u>	<u>(208)</u>	<u>104,512</u>
Net Change in Fund Balances	18,333	62,286	2,829	83,448
<b>FUND BALANCES, JULY 1 (AS RESTATED)</b>	<u>797,212</u>	<u>73,701</u>	<u>51,723</u>	<u>922,636</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 815,545</u>	<u>\$ 135,987</u>	<u>\$ 54,552</u>	<u>\$ 1,006,084</u>



State of Nebraska

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2013

(Dollars in Thousands)

	<b>LICENSING AND REGULATION</b>	<b>ECONOMIC DEVELOPMENT</b>	<b>AIRPORT DEVELOPMENT</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,275	\$ 3,196	\$ 7,377
Cash on Deposit with Fiscal Agents	-	-	-
Investments	112,922	34,895	-
Securities Lending Collateral	8,931	2,760	-
Receivables, net of allowance:			
Taxes	815	-	113
Due from Federal Government	-	-	-
Loans	-	144	1,863
Other	4,003	1,190	73
Due from Other Funds	30	23	67
Inventories	-	-	-
Prepaid Items	3	-	3
Other	-	1,285	-
<b>Total Assets</b>	<b>\$ 136,979</b>	<b>\$ 43,493</b>	<b>\$ 9,496</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 6,075	\$ 2,008	\$ 307
Deposits	310	1,285	-
Due to Other Funds	322	36	16
Obligations under Securities Lending	8,931	2,760	-
Total Liabilities	<u>15,638</u>	<u>6,089</u>	<u>323</u>
Fund Balances:			
Nonspendable:			
Inventories and Prepaid Items	3	-	3
Restricted for:			
Education	-	-	-
Health and Social Services	-	-	-
Conservation of Natural Resources	-	-	-
Transportation	-	-	9,170
Licensing and Regulation	82,195	-	-
Economic Development	-	37,343	-
Public Safety	-	-	-
Culture – Recreation	-	-	-
Other Purposes	-	-	-
Debt Service	-	-	-
Assigned to:			
Education	-	-	-
Health and Social Services	-	-	-
Licensing and Regulation	39,143	-	-
Economic Development	-	61	-
Public Safety	-	-	-
Culture – Recreation	-	-	-
Other Purposes	-	-	-
Total Fund Balances	<u>121,341</u>	<u>37,404</u>	<u>9,173</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 136,979</b>	<b>\$ 43,493</b>	<b>\$ 9,496</b>

<b>GAME AND PARKS</b>	<b>ENVIRONMENTAL QUALITY</b>	<b>ENERGY CONSERVATION</b>	<b>OTHER SPECIAL REVENUE</b>	<b>TOTALS</b>
\$ 7,654	\$ 12,638	\$ 1,468	\$ 11,272	\$ 53,880
-	9,966	-	1,360	11,326
82,911	139,792	16,193	130,243	516,956
6,494	11,056	1,281	9,941	40,463
-	8	-	-	936
1,160	-	-	76	1,236
-	234,931	18,074	66	255,078
2,293	1,068	124	3,086	11,837
1,268	-	550	1,676	3,614
-	-	-	328	328
34	-	-	50	90
-	-	-	-	1,285
<u>\$ 101,814</u>	<u>\$ 409,459</u>	<u>\$ 37,690</u>	<u>\$ 158,098</u>	<u>\$ 897,029</u>
\$ 8,680	\$ 494	\$ 1,007	\$ 13,643	\$ 32,214
-	-	-	13	1,608
164	16	1	6,644	7,199
6,494	11,056	1,281	9,941	40,463
<u>15,338</u>	<u>11,566</u>	<u>2,289</u>	<u>30,241</u>	<u>81,484</u>
34	-	-	378	418
-	-	-	19,621	19,621
-	-	-	566	566
74,352	387,927	35,401	17,615	515,295
-	-	-	-	9,170
-	-	-	91	82,286
-	-	-	1,262	38,605
-	-	-	36,235	36,235
12,090	-	-	7,305	19,395
-	-	-	38,921	38,921
-	9,966	-	-	9,966
-	-	-	129	129
-	-	-	1,257	1,257
-	-	-	1,346	40,489
-	-	-	-	61
-	-	-	348	348
-	-	-	72	72
-	-	-	2,711	2,711
<u>86,476</u>	<u>397,893</u>	<u>35,401</u>	<u>127,857</u>	<u>815,545</u>
<u>\$ 101,814</u>	<u>\$ 409,459</u>	<u>\$ 37,690</u>	<u>\$ 158,098</u>	<u>\$ 897,029</u>

State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

	<b>LICENSING AND REGULATION</b>	<b>ECONOMIC DEVELOPMENT</b>	<b>AIRPORT DEVELOPMENT</b>
<b>REVENUES</b>			
Sales and Use Taxes	\$ -	\$ 4,410	\$ -
Petroleum Taxes	10,972	504	1,412
Excise Taxes	12,246	21,818	-
Business and Franchise Taxes	4,542	142	-
Other Taxes	-	-	-
Federal Grants and Contracts	334	-	13,067
Licenses, Fees and Permits	70,181	171	12
Charges for Services	2,680	137	641
Investment Income	(497)	(248)	167
Rents and Royalties	-	-	610
Surcharge	51,482	-	-
Other	15,079	184	23
Total Revenues	<u>167,019</u>	<u>27,118</u>	<u>15,932</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Conservation of Natural Resources	-	-	-
Culture – Recreation	-	-	-
Economic Development and Assistance	-	19,919	-
Education	-	-	-
Health and Social Services	-	-	-
Public Safety	-	-	-
Regulation of Business and Professions	125,621	-	-
Transportation	-	-	16,021
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>125,621</u>	<u>19,919</u>	<u>16,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,398</u>	<u>7,199</u>	<u>(89)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	1,700	2,000	208
Transfers Out	(32,130)	(4,616)	-
Proceeds from Other Financing Arrangements	-	-	-
Total Other Financing Sources (Uses)	<u>(30,430)</u>	<u>(2,616)</u>	<u>208</u>
Net Change in Fund Balances	10,968	4,583	119
<b>FUND BALANCES, JULY 1</b>	<u>110,373</u>	<u>32,821</u>	<u>9,054</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 121,341</u>	<u>\$ 37,404</u>	<u>\$ 9,173</u>

GAME AND PARKS	ENVIRONMENTAL QUALITY	ENERGY CONSERVATION	OTHER SPECIAL REVENUE	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 4,410
-	-	300	48	13,236
1,309	2,491	-	5,105	42,969
-	2,186	-	16,376	23,246
-	-	-	5,306	5,306
9,979	-	-	6,014	29,394
25,309	6,696	13	42,654	145,036
2,196	-	46	32,710	38,410
(884)	(892)	(262)	(208)	(2,824)
11,351	-	-	1,409	13,370
-	-	-	-	51,482
1,133	6,647	94	5,605	28,765
<u>50,393</u>	<u>17,128</u>	<u>191</u>	<u>115,019</u>	<u>392,800</u>
-	-	-	73,159	73,159
53,824	9,539	582	6,612	70,557
20,335	-	-	2,529	22,864
-	-	-	520	20,439
-	-	-	19,512	19,512
-	-	-	1,361	1,361
-	-	-	43,643	43,643
-	-	-	911	126,532
-	-	-	-	16,021
-	4,755	-	-	4,755
-	344	-	-	344
<u>74,159</u>	<u>14,638</u>	<u>582</u>	<u>148,247</u>	<u>399,187</u>
<u>(23,766)</u>	<u>2,490</u>	<u>(391)</u>	<u>(33,228)</u>	<u>(6,387)</u>
17,668	11,468	-	39,893	72,937
-	(140)	-	(12,771)	(49,657)
-	1,440	-	-	1,440
<u>17,668</u>	<u>12,768</u>	<u>-</u>	<u>27,122</u>	<u>24,720</u>
(6,098)	15,258	(391)	(6,106)	18,333
<u>92,574</u>	<u>382,635</u>	<u>35,792</u>	<u>133,963</u>	<u>797,212</u>
<u>\$ 86,476</u>	<u>\$ 397,893</u>	<u>\$ 35,401</u>	<u>\$ 127,857</u>	<u>\$ 815,545</u>

State of Nebraska

**COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS**

June 30, 2013

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 1,356	\$ 369	\$ 108	\$ 13	\$ 1,846
Investments	6,605	43,450	1,112	2,447	285	53,899
Securities Lending Collateral	357	1,215	31	68	8	1,679
Other Receivables, net of allowance	41	3,206	84	181	20	3,532
Total Assets	<u>\$ 7,003</u>	<u>\$ 49,227</u>	<u>\$ 1,596</u>	<u>\$ 2,804</u>	<u>\$ 326</u>	<u>\$ 60,956</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ 4,314	\$ 119	\$ 262	\$ 30	\$ 4,725
Obligations under Securities Lending	357	1,215	31	68	8	1,679
Total Liabilities	<u>357</u>	<u>5,529</u>	<u>150</u>	<u>330</u>	<u>38</u>	<u>6,404</u>
Fund Balances:						
Nonspendable:						
Endowment Principal	6,195	12,000	503	722	95	19,515
Restricted for:						
Education	-	-	943	1,752	174	2,869
Health and Social Services	-	31,698	-	-	-	31,698
Transportation	451	-	-	-	-	451
Other Purposes	-	-	-	-	19	19
Total Fund Balances	<u>6,646</u>	<u>43,698</u>	<u>1,446</u>	<u>2,474</u>	<u>288</u>	<u>54,552</u>
Total Liabilities and Fund Balances	<u>\$ 7,003</u>	<u>\$ 49,227</u>	<u>\$ 1,596</u>	<u>\$ 2,804</u>	<u>\$ 326</u>	<u>\$ 60,956</u>

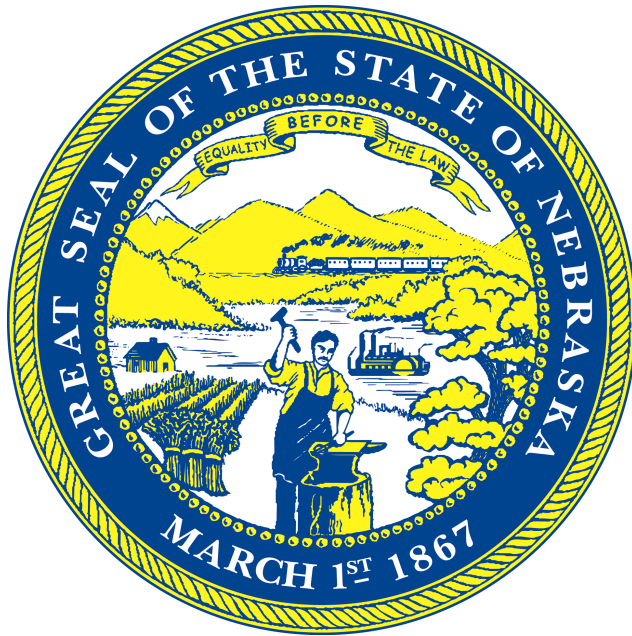
State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

	<b>AERONAUTICS TRUST</b>	<b>NEBRASKA VETERANS AID</b>	<b>PERMANENT ENDOWMENT</b>	<b>AGRICULTURE ENDOWMENT</b>	<b>OTHER</b>	<b>TOTALS</b>
<b>REVENUES</b>						
Investment Income	\$ (124)	\$ 4,062	\$ 117	\$ 241	\$ 28	\$ 4,324
Total Revenues	<u>(124)</u>	<u>4,062</u>	<u>117</u>	<u>241</u>	<u>28</u>	<u>4,324</u>
<b>EXPENDITURES</b>						
Education	-	-	29	64	7	100
Health and Social Services	-	1,184	-	-	-	1,184
Transportation	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total Expenditures	<u>3</u>	<u>1,184</u>	<u>29</u>	<u>64</u>	<u>7</u>	<u>1,287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127)	2,878	88	177	21	3,037
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	<u>(208)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208)</u>
Net Change in Fund Balances	(335)	2,878	88	177	21	2,829
<b>FUND BALANCES, JULY 1</b>	<u>6,981</u>	<u>40,820</u>	<u>1,358</u>	<u>2,297</u>	<u>267</u>	<u>51,723</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 6,646</u>	<u>\$ 43,698</u>	<u>\$ 1,446</u>	<u>\$ 2,474</u>	<u>\$ 288</u>	<u>\$ 54,552</u>



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## NONMAJOR ENTERPRISE FUNDS

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

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

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

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



State of Nebraska

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

June 30, 2013

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 7,423	\$ 23,398	\$ 10,154	\$ 40,975
Receivables, net of allowance	6,006	10,837	410	17,253
Due from Other Funds	-	-	726	726
Inventories	-	-	2,692	2,692
Other	507	-	-	507
Total Current Assets	<u>13,936</u>	<u>34,235</u>	<u>13,982</u>	<u>62,153</u>
Noncurrent Assets:				
Restricted Long-Term Deposits	2,339	-	-	2,339
Long-Term Investments	-	69,382	-	69,382
Securities Lending Collateral	-	1,884	-	1,884
Capital Assets:				
Land	-	-	315	315
Buildings and Equipment	363	-	13,318	13,681
Less Accumulated Depreciation	(331)	-	(6,316)	(6,647)
Total Capital Assets	<u>32</u>	<u>-</u>	<u>7,317</u>	<u>7,349</u>
Total Noncurrent Assets	<u>2,371</u>	<u>71,266</u>	<u>7,317</u>	<u>80,954</u>
Total Assets	<u>\$ 16,307</u>	<u>\$ 105,501</u>	<u>\$ 21,299</u>	<u>\$ 143,107</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 9,807	\$ 14,445	\$ 479	\$ 24,731
Due to Other Funds	31	-	70	101
Claims, Judgments and Compensated Absences	17	5,483	40	5,540
Unearned Revenue	-	2,367	-	2,367
Total Current Liabilities	<u>9,855</u>	<u>22,295</u>	<u>589</u>	<u>32,739</u>
Noncurrent Liabilities:				
Claims, Judgments and Compensated Absences	232	18,407	529	19,168
Obligations under Securities Lending	-	1,884	-	1,884
Total Noncurrent Liabilities	<u>232</u>	<u>20,291</u>	<u>529</u>	<u>21,052</u>
Total Liabilities	<u>\$ 10,087</u>	<u>\$ 42,586</u>	<u>\$ 1,118</u>	<u>\$ 53,791</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	32	-	7,317	7,349
Lottery Prizes, Noncurrent	2,339	-	-	2,339
Unrestricted	3,849	62,915	12,864	79,628
Total Net Position	<u>\$ 6,220</u>	<u>\$ 62,915</u>	<u>\$ 20,181</u>	<u>\$ 89,316</u>

State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 160,753	\$ 4,946	\$ 10,299	\$ 175,998
Total Operating Revenues	<u>160,753</u>	<u>4,946</u>	<u>10,299</u>	<u>175,998</u>
<b>OPERATING EXPENSES</b>				
Personal Services	1,307	-	4,473	5,780
Services and Supplies	26,619	332	4,322	31,273
Lottery Prizes	93,092	-	-	93,092
Insurance Claims	-	3,518	-	3,518
Depreciation	18	-	471	489
Total Operating Expenses	<u>121,036</u>	<u>3,850</u>	<u>9,266</u>	<u>134,152</u>
Operating Income (Loss)	<u>39,717</u>	<u>1,096</u>	<u>1,033</u>	<u>41,846</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	328	999	227	1,554
Gain (Loss) on Sale of Capital Assets	-	-	(5)	(5)
Total Nonoperating Revenues (Expenses)	<u>328</u>	<u>999</u>	<u>222</u>	<u>1,549</u>
Income (Loss) Before Transfers	40,045	2,095	1,255	43,395
Transfers Out	(40,014)	-	-	(40,014)
Change in Net Position	31	2,095	1,255	3,381
<b>NET POSITION, JULY 1</b>	<u>6,189</u>	<u>60,820</u>	<u>18,926</u>	<u>85,935</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ 6,220</u>	<u>\$ 62,915</u>	<u>\$ 20,181</u>	<u>\$ 89,316</u>

State of Nebraska

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 160,437	\$ 4,734	\$ 1,986	\$ 167,157
Cash Received from Interfund Charges	-	-	8,128	8,128
Cash Paid to Employees	(1,291)	-	(4,380)	(5,671)
Cash Paid to Suppliers	(25,659)	(148)	(3,225)	(29,032)
Cash Paid for Lottery Prizes	(91,505)	-	-	(91,505)
Cash Paid for Insurance Claims	-	(5,548)	-	(5,548)
Cash Paid for Interfund Services	(304)	(181)	(573)	(1,058)
Net Cash Flows from Operating Activities	<u>41,678</u>	<u>(1,143)</u>	<u>1,936</u>	<u>42,471</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers Out	(40,014)	-	-	(40,014)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING:</b>				
Acquisition and Construction of Capital Assets	(29)	-	(1,525)	(1,554)
Proceeds from Sale of Capital Assets	-	-	3	3
Net Cash Flows from Capital and Related Financing Activities	<u>(29)</u>	<u>-</u>	<u>(1,522)</u>	<u>(1,551)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Investment Securities	-	(150,638)	-	(150,638)
Proceeds from Sale of Investment Securities	-	151,120	-	151,120
Interest and Dividend Income	328	2,186	236	2,750
Net Cash Flows from Investing Activities	<u>328</u>	<u>2,668</u>	<u>236</u>	<u>3,232</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,963	1,525	650	4,138
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>5,460</u>	<u>21,873</u>	<u>9,504</u>	<u>36,837</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 7,423</u>	<u>\$ 23,398</u>	<u>\$ 10,154</u>	<u>\$ 40,975</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 39,717	\$ 1,096	\$ 1,033	\$ 41,846
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	18	-	471	489
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(316)	-	(96)	(412)
(Increase) Decrease in Due from Other Funds	-	-	(89)	(89)
(Increase) Decrease in Inventories	-	-	411	411
(Increase) Decrease in Prepaid Items	100	-	-	100
(Increase) Decrease in Long-Term Deposits	28	-	-	28
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,133	3	207	2,343
Increase (Decrease) in Due to Other Funds	(2)	-	(1)	(3)
Increase (Decrease) in Claims Payable	-	(2,030)	-	(2,030)
Increase (Decrease) in Unearned Revenue	-	(212)	-	(212)
Total adjustments	<u>1,961</u>	<u>(2,239)</u>	<u>903</u>	<u>625</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 41,678</u>	<u>\$ (1,143)</u>	<u>\$ 1,936</u>	<u>\$ 42,471</u>
<b>NONCASH TRANSACTIONS (dollars in thousands):</b>				
Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.				
The following noncash transactions occurred during the year:				
Change in Fair Value of Investments	\$ -	\$ (1,159)	\$ -	\$ (1,159)

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## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

State of Nebraska

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

June 30, 2013

(Dollars in Thousands)

	<b>BUILDINGS AND GROUNDS</b>	<b>GENERAL SERVICES</b>	<b>OFFICE OF THE CIO</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 12,563	\$ 6,402	\$ 29,829
Receivables, net of allowance			
Accounts	43	28	478
Accrued Interest	104	49	186
Due from Other Funds	85	2,054	13,693
Inventories	-	353	72
Prepaid Items	1,193	88	-
Total Current Assets	<u>13,988</u>	<u>8,974</u>	<u>44,258</u>
Noncurrent Assets:			
Capital Assets:			
Buildings and Equipment	610	8,333	55,322
Less Accumulated Depreciation	(488)	(5,202)	(41,695)
Total Capital Assets	<u>122</u>	<u>3,131</u>	<u>13,627</u>
Total Assets	<u>\$ 14,110</u>	<u>\$ 12,105</u>	<u>\$ 57,885</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 2,913	\$ 2,197	\$ 8,400
Due to Other Funds	237	43	374
Capital Lease Obligations	-	-	5,618
Claims, Judgments and Compensated Absences	40	38	215
Unearned Revenue	-	-	750
Total Current Liabilities	<u>3,190</u>	<u>2,278</u>	<u>15,357</u>
Noncurrent Liabilities:			
Capital Lease Obligations	-	-	13,336
Claims, Judgments and Compensated Absences	527	505	2,858
Total Noncurrent Liabilities	<u>527</u>	<u>505</u>	<u>16,194</u>
Total Liabilities	<u>\$ 3,717</u>	<u>\$ 2,783</u>	<u>\$ 31,551</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	122	3,131	(5,327)
Unrestricted	10,271	6,191	31,661
Total Net Position	<u>\$ 10,393</u>	<u>\$ 9,322</u>	<u>\$ 26,334</u>

TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 5,672	\$ 77,066	\$ 3,737	\$ 3,759	\$ 139,028
-	-	2	259	810
38	520	63	24	984
670	6	-	749	17,257
-	-	-	-	425
-	-	-	-	1,281
<u>6,380</u>	<u>77,592</u>	<u>3,802</u>	<u>4,791</u>	<u>159,785</u>
18,377	-	1,423	618	84,683
<u>(7,642)</u>	<u>-</u>	<u>(1,423)</u>	<u>(539)</u>	<u>(56,989)</u>
10,735	-	-	79	27,694
<u>\$ 17,115</u>	<u>\$ 77,592</u>	<u>\$ 3,802</u>	<u>\$ 4,870</u>	<u>\$ 187,479</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 507	\$ 2,185	\$ 279	\$ 783	\$ 17,264
62	33	219	16	984
680	-	-	-	6,298
9	39,029	22	13	39,366
-	-	-	-	750
<u>1,258</u>	<u>41,247</u>	<u>520</u>	<u>812</u>	<u>64,662</u>
2,075	-	-	-	15,411
120	32,656	289	177	37,132
<u>2,195</u>	<u>32,656</u>	<u>289</u>	<u>177</u>	<u>52,543</u>
<u>3,453</u>	<u>73,903</u>	<u>809</u>	<u>989</u>	<u>117,205</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7,980	-	-	79	5,985
<u>5,682</u>	<u>3,689</u>	<u>2,993</u>	<u>3,802</u>	<u>64,289</u>
<u>\$ 13,662</u>	<u>\$ 3,689</u>	<u>\$ 2,993</u>	<u>\$ 3,881</u>	<u>\$ 70,274</u>

State of Nebraska

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

For the Year Ended June 30, 2013

(Dollars in Thousands)

	<b>BUILDINGS AND GROUNDS</b>	<b>GENERAL SERVICES</b>	<b>OFFICE OF THE CIO</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 34,217	\$ 18,054	\$ 86,051
Other	837	-	-
Total Operating Revenues	<u>35,054</u>	<u>18,054</u>	<u>86,051</u>
<b>OPERATING EXPENSES</b>			
Personal Services	4,410	3,149	17,651
Services and Supplies	32,882	13,481	57,415
Insurance Claims	-	-	-
Depreciation	19	1,055	6,484
Total Operating Expenses	<u>37,311</u>	<u>17,685</u>	<u>81,550</u>
Operating Income (Loss)	<u>(2,257)</u>	<u>369</u>	<u>4,501</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	336	143	540
Gain (Loss) on Sale of Capital Assets	16	(10)	(58)
Other	-	-	(358)
Total Nonoperating Revenues (Expenses)	<u>352</u>	<u>133</u>	<u>124</u>
Income (Loss) Before Transfers	<u>(1,905)</u>	<u>502</u>	<u>4,625</u>
Change in Net Position	<u>(1,905)</u>	<u>502</u>	<u>4,625</u>
<b>NET POSITION, JULY 1</b>	<u>12,298</u>	<u>8,820</u>	<u>21,709</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ 10,393</u>	<u>\$ 9,322</u>	<u>\$ 26,334</u>

<b>TRANSPORTATION SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>ACCOUNTING SERVICES</b>	<b>OTHER INTERNAL SERVICE</b>	<b>TOTALS</b>
\$ 5,905	\$ 153,339	\$ 4,335	\$ 12,119	\$ 314,020
-	-	2	319	1,158
<u>5,905</u>	<u>153,339</u>	<u>4,337</u>	<u>12,438</u>	<u>315,178</u>
564	159	1,854	7,539	35,326
3,763	263	1,885	4,851	114,540
-	169,958	-	-	169,958
2,193	-	4	15	9,770
<u>6,520</u>	<u>170,380</u>	<u>3,743</u>	<u>12,405</u>	<u>329,594</u>
(615)	(17,041)	594	33	(14,416)
110	2,055	173	79	3,436
407	-	-	-	355
(26)	-	-	-	(384)
<u>491</u>	<u>2,055</u>	<u>173</u>	<u>79</u>	<u>3,407</u>
(124)	(14,986)	767	112	(11,009)
<u>(124)</u>	<u>(14,986)</u>	<u>767</u>	<u>112</u>	<u>(11,009)</u>
13,786	18,675	2,226	3,769	81,283
<u>\$ 13,662</u>	<u>\$ 3,689</u>	<u>\$ 2,993</u>	<u>\$ 3,881</u>	<u>\$ 70,274</u>



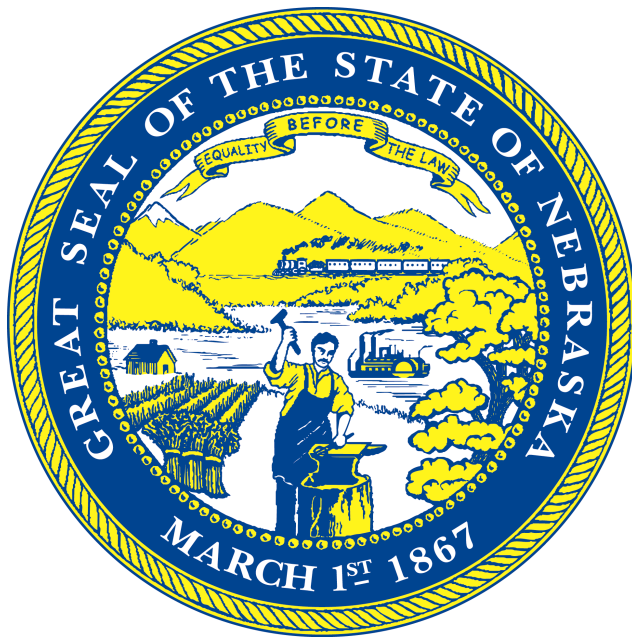
State of Nebraska

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)	<b>BUILDINGS AND GROUNDS</b>	<b>GENERAL SERVICES</b>	<b>OFFICE OF THE CIO</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 438	\$ 353	\$ 2,369
Cash Received from Interfund Charges	34,666	17,879	84,805
Cash Paid to Employees	(4,421)	(3,120)	(17,643)
Cash Paid to Suppliers	(29,486)	(13,312)	(53,307)
Cash Paid for Insurance Claims	-	-	-
Cash Paid for Interfund Services	(2,122)	(299)	(4,851)
Net Cash Flows from Operating Activities	<u>(925)</u>	<u>1,501</u>	<u>11,373</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(51)	(1,111)	(2,179)
Proceeds from Sale of Capital Assets	22	4	43
Principal Paid on Capital Leases	-	-	(5,372)
Interest Paid on Capital Leases	-	-	(358)
Net Cash Flows from Capital and Related Financing Activities	<u>(29)</u>	<u>(1,107)</u>	<u>(7,866)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment Income	355	148	556
Net Cash Flows from Investing Activities	<u>355</u>	<u>148</u>	<u>556</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(599)	542	4,063
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>13,162</u>	<u>5,860</u>	<u>25,766</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 12,563</u>	<u>\$ 6,402</u>	<u>\$ 29,829</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (2,257)	\$ 369	\$ 4,501
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	19	1,055	6,484
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables	5	18	2,201
(Increase) Decrease in Due from Other Funds	45	160	(986)
(Increase) Decrease in Inventories	-	4	4
(Increase) Decrease in Prepaid Items	(85)	16	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,262	(121)	(681)
Increase (Decrease) in Due to Other Funds	86	-	(58)
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Unearned Revenue	-	-	(92)
Total Adjustments	<u>1,332</u>	<u>1,132</u>	<u>6,872</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (925)</u>	<u>\$ 1,501</u>	<u>\$ 11,373</u>
<b>NONCASH TRANSACTIONS (dollars in thousands):</b>			
Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.			
The following noncash transactions occurred during the year:			
Capital Assets acquired through Capital Leases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,405</u>

<b>TRANSPORTATION SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>ACCOUNTING SERVICES</b>	<b>OTHER INTERNAL SERVICE</b>	<b>TOTALS</b>
\$ 83	\$ 4,979	\$ 2	\$ 9,491	\$ 17,715
5,849	148,363	4,340	2,750	298,652
(552)	(160)	(1,858)	(7,564)	(35,318)
(2,645)	(270)	(933)	(4,734)	(104,687)
-	(175,417)	-	-	(175,417)
(1,692)	(150)	(654)	(249)	(10,017)
<u>1,043</u>	<u>(22,655)</u>	<u>897</u>	<u>(306)</u>	<u>(9,072)</u>
(2,554)	-	-	(5)	(5,900)
1,680	-	-	-	1,749
(680)	-	-	-	(6,052)
(26)	-	-	-	(384)
<u>(1,580)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(10,587)</u>
122	2,320	186	81	3,768
<u>122</u>	<u>2,320</u>	<u>186</u>	<u>81</u>	<u>3,768</u>
(415)	(20,335)	1,083	(230)	(15,891)
6,087	97,401	2,654	3,989	154,919
<u>\$ 5,672</u>	<u>\$ 77,066</u>	<u>\$ 3,737</u>	<u>\$ 3,759</u>	<u>\$ 139,028</u>
<u>\$ (615)</u>	<u>\$ (17,041)</u>	<u>\$ 594</u>	<u>\$ 33</u>	<u>\$ (14,416)</u>
2,193	-	4	15	9,770
-	3	-	(122)	2,105
27	-	5	(75)	(824)
-	-	-	-	8
-	-	-	-	(69)
(568)	(162)	159	(160)	(271)
6	4	135	3	176
-	(5,459)	-	-	(5,459)
-	-	-	-	(92)
<u>1,658</u>	<u>(5,614)</u>	<u>303</u>	<u>(339)</u>	<u>5,344</u>
<u>\$ 1,043</u>	<u>\$ (22,655)</u>	<u>\$ 897</u>	<u>\$ (306)</u>	<u>\$ (9,072)</u>
<u>\$ 3,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,840</u>



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# FIDUCIARY FUNDS

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

## PENSION TRUST FUNDS

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

## PRIVATE PURPOSE TRUST FUNDS

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

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

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

## AGENCY FUNDS

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

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

State of Nebraska

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS**

June 30, 2013

(Dollars in Thousands)

	DEFERRED COMPENSATION	STATE EMPLOYEES RETIREMENT	
		DEFINED CONTRIBUTION	CASH BALANCE
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 20	\$ 137	\$ 82
Investments:			
U.S. Treasury Notes and Bonds	-	-	22,450
U.S. Treasury Bills	-	-	1,118
Government Agency Securities	-	-	5,708
Corporate Bonds	-	-	57,193
International Bonds	-	-	21,315
Equity Securities	-	-	126,093
Private Equity	-	-	34,797
Options	-	-	(36)
Mortgages	-	-	44,988
Private Real Estate	-	-	24,342
Asset Backed Securities	-	-	5,418
Municipal Bonds	-	-	4,899
Commingled Funds	182,684	647,748	427,925
Guaranteed Investment Contracts	-	93,907	-
Short Term Investments	-	21,392	41,848
Total Investments	<u>182,684</u>	<u>763,047</u>	<u>818,058</u>
Securities Lending Collateral	-	202	25,434
Receivables:			
Contributions	-	710	2,301
Interest and Dividends	-	8	1,478
Other	-	-	37,689
Total Receivables	-	<u>718</u>	<u>41,468</u>
Due from Other Funds	-	3	227,898
Capital Assets:			
Buildings and Equipment	135	1,640	2,577
Less Accumulated Depreciation	<u>(135)</u>	<u>(1,640)</u>	<u>(2,577)</u>
Total Capital Assets	-	-	-
Total Assets	<u>\$ 182,704</u>	<u>\$ 764,107</u>	<u>\$ 1,112,940</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 2	\$ 332	\$ 54,046
Due to Other Governments	-	-	-
Due to Other Funds	2	227,907	11
Obligations under Securities Lending	-	202	25,434
Accrued Compensated Absences	<u>6</u>	<u>17</u>	<u>35</u>
Total Liabilities	<u>\$ 10</u>	<u>\$ 228,458</u>	<u>\$ 79,526</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Held in Trust for Pension Benefits	<u>\$ 182,694</u>	<u>\$ 535,649</u>	<u>\$ 1,033,414</u>

COUNTY EMPLOYEES RETIREMENT		SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
DEFINED CONTRIBUTION	CASH BALANCE				
\$ 122	\$ 64	\$ 6,594	\$ 164	\$ 208	\$ 7,391
-	6,778	409,235	6,948	15,311	460,722
-	337	1,594	27	60	3,136
-	1,723	37,294	633	1,395	46,753
-	17,267	543,383	9,225	20,330	647,398
-	6,435	201,384	3,419	7,534	240,087
-	38,068	1,266,396	21,500	47,380	1,499,437
-	10,505	349,701	5,937	13,083	414,023
-	(11)	(941)	(16)	(35)	(1,039)
-	13,582	405,407	6,883	15,167	486,027
-	7,349	230,048	3,906	8,607	274,252
-	1,636	59,361	1,008	2,221	69,644
-	1,479	40,310	684	1,508	48,880
178,084	129,192	4,507,903	76,532	173,321	6,323,389
18,125	-	-	-	671	112,703
4,108	13,504	142,552	2,420	5,886	231,710
200,317	247,844	8,193,627	139,106	312,439	10,857,122
39	7,679	289,697	4,918	10,839	338,808
185	779	22,446	248	-	26,669
2	446	14,716	250	548	17,448
-	11,378	548,614	9,314	20,525	627,520
187	12,603	585,776	9,812	21,073	671,637
-	43,833	21,886	-	2,405	296,025
772	1,377	12,410	2,104	2,060	23,075
(772)	(1,377)	(12,403)	(2,104)	(2,060)	(23,068)
-	-	7	-	-	7
\$ 200,665	\$ 312,023	\$ 9,097,587	\$ 154,000	\$ 346,964	\$ 12,170,990
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 82	16,647	711,360	11,976	26,388	820,833
-	-	3,265	79	142	3,486
43,837	7	94	1	1	271,860
39	7,679	289,697	4,918	10,839	338,808
11	25	224	4	3	325
\$ 43,969	\$ 24,358	\$ 1,004,640	\$ 16,978	\$ 37,373	\$ 1,435,312
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 156,696	\$ 287,665	\$ 8,092,947	\$ 137,022	\$ 309,591	\$ 10,735,678

State of Nebraska  
**COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	DEFERRED COMPENSATION	STATE EMPLOYEES RETIREMENT DEFINED CONTRIBUTION	CASH BALANCE
<b>ADDITIONS</b>			
Contributions:			
Participant Contributions	\$ 12,109	\$ 10,704	\$ 20,863
State Contributions	-	16,688	32,511
Political Subdivision Contributions	-	-	-
Court Fees	-	-	-
Total Contributions	<u>12,109</u>	<u>27,392</u>	<u>53,374</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	22,231	65,757	83,918
Interest and Dividend Income	-	7,111	10,580
Securities Lending Income	-	79	270
Total Investment Income	<u>22,231</u>	<u>72,947</u>	<u>94,768</u>
Investment Expenses	-	182	1,886
Securities Lending Expenses	-	27	67
Total Investment Expense	<u>-</u>	<u>209</u>	<u>1,953</u>
Net Investment Income	<u>22,231</u>	<u>72,738</u>	<u>92,815</u>
Other Additions	<u>61</u>	<u>7</u>	<u>227,904</u>
Total Additions	<u>34,401</u>	<u>100,137</u>	<u>374,093</u>
<b>DEDUCTIONS</b>			
Benefits	14,726	35,923	46,687
Refunds	-	-	-
Administrative Expenses	1,107	417	851
Other Deductions	-	228,459	415
Total Deductions	<u>15,833</u>	<u>264,799</u>	<u>47,953</u>
<b>TRANSFERS</b>			
Transfers In (Out)	-	(4,779)	4,779
Change in Net Position	<u>18,568</u>	<u>(169,441)</u>	<u>330,919</u>
<b>NET POSITION-BEGINNING OF YEAR</b>	<u>164,126</u>	<u>705,090</u>	<u>702,495</u>
<b>NET POSITION-END OF YEAR</b>	<u>\$ 182,694</u>	<u>\$ 535,649</u>	<u>\$ 1,033,414</u>

<b>COUNTY EMPLOYEES RETIREMENT</b>		<b>SCHOOL RETIREMENT</b>	<b>JUDGES RETIREMENT</b>	<b>STATE PATROL RETIREMENT</b>	<b>TOTALS</b>
<b>DEFINED CONTRIBUTION</b>	<b>CASH BALANCE</b>				
\$ 3,524	\$ 8,638	\$ 164,078	\$ 1,424	\$ 5,109	\$ 226,449
5,233	12,800	21,886	-	7,514	96,632
-	-	161,923	-	-	161,923
-	-	-	3,181	-	3,181
<u>8,757</u>	<u>21,438</u>	<u>347,887</u>	<u>4,605</u>	<u>12,623</u>	<u>488,185</u>
17,333	24,937	842,508	14,393	31,967	1,103,044
1,728	3,155	108,685	1,854	4,327	137,440
15	81	2,700	46	101	3,292
<u>19,076</u>	<u>28,173</u>	<u>953,893</u>	<u>16,293</u>	<u>36,395</u>	<u>1,243,776</u>
43	625	19,569	333	756	23,394
5	20	650	11	24	804
<u>48</u>	<u>645</u>	<u>20,219</u>	<u>344</u>	<u>780</u>	<u>24,198</u>
<u>19,028</u>	<u>27,528</u>	<u>933,674</u>	<u>15,949</u>	<u>35,615</u>	<u>1,219,578</u>
1	43,835	34	-	18	271,860
<u>27,786</u>	<u>92,801</u>	<u>1,281,595</u>	<u>20,554</u>	<u>48,256</u>	<u>1,979,623</u>
6,960	14,484	415,203	7,394	15,328	556,705
-	-	11,221	-	1,639	12,860
217	507	3,026	45	48	6,218
<u>43,833</u>	<u>104</u>	<u>5,508</u>	<u>-</u>	<u>-</u>	<u>278,319</u>
<u>51,010</u>	<u>15,095</u>	<u>434,958</u>	<u>7,439</u>	<u>17,015</u>	<u>854,102</u>
(1,230)	1,230	-	-	-	-
<u>(24,454)</u>	<u>78,936</u>	<u>846,637</u>	<u>13,115</u>	<u>31,241</u>	<u>1,125,521</u>
<u>181,150</u>	<u>208,729</u>	<u>7,246,310</u>	<u>123,907</u>	<u>278,350</u>	<u>9,610,157</u>
<u>\$ 156,696</u>	<u>\$ 287,665</u>	<u>\$ 8,092,947</u>	<u>\$ 137,022</u>	<u>\$ 309,591</u>	<u>\$ 10,735,678</u>



State of Nebraska

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

June 30, 2013

(Dollars in Thousands)

	ESCHEAT TRUST	COLLEGE SAVINGS PLAN	OTHER	TOTALS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 289	\$ -	\$ 6,635	\$ 6,924
Investments:				
Commingled Funds	-	2,854,326	-	2,854,326
Short Term Investments	-	9,490	-	9,490
Receivables:				
Interest and Dividends	62	650	46	758
Other Assets	20,101	-	800	20,901
Total Assets	<u>\$ 20,452</u>	<u>\$ 2,864,466</u>	<u>\$ 7,481</u>	<u>\$ 2,892,399</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 103	\$ 6,737	\$ 22	\$ 6,862
Deposits	-	-	800	800
Due to Other Funds	3	-	-	3
Total Liabilities	<u>\$ 106</u>	<u>\$ 6,737</u>	<u>\$ 822</u>	<u>\$ 7,665</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Held in Trust for:				
College Savings Plan	\$ -	\$ 2,857,729	\$ -	\$ 2,857,729
Other Purposes	20,346	-	6,659	27,005
Total Net Position	<u>\$ 20,346</u>	<u>\$ 2,857,729</u>	<u>\$ 6,659</u>	<u>\$ 2,884,734</u>

State of Nebraska

# COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2013

(Dollars in Thousands)

	ESCHEAT TRUST	COLLEGE SAVINGS PLAN	OTHER	TOTALS
<b>ADDITIONS</b>				
Contributions:				
Participant Contributions	\$ -	\$ 318,821	\$ -	\$ 318,821
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	-	277,802	-	277,802
Interest and Dividend Income	218	3,894	162	4,274
Investment Expenses	-	12,979	-	12,979
Total Investment Income	218	268,717	162	269,097
Escheat Revenue	6,749	-	-	6,749
Other Additions	-	127	554	681
Total Additions	6,967	587,665	716	595,348
<b>DEDUCTIONS</b>				
Benefits	-	203,934	-	203,934
Amounts Distributed to Outside Parties	6,480	-	1,242	7,722
Administrative Expenses	1,134	-	86	1,220
Total Deductions	7,614	203,934	1,328	212,876
Change in Net Position Held in Trust for:				
College Savings Plan	-	383,731	-	383,731
Other Purposes	(647)	-	(612)	(1,259)
<b>NET POSITION-BEGINNING OF YEAR (AS RESTATED)</b>	20,993	2,473,998	7,271	2,502,262
<b>NET POSITION-END OF YEAR</b>	\$ 20,346	\$ 2,857,729	\$ 6,659	\$ 2,884,734

State of Nebraska

# COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

June 30, 2013

(Dollars in Thousands)

	LOCAL GOVERNMENT FUND	OTHER	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 60,049	\$ 38,625	\$ 98,674
Receivables:			
Interest and Dividends Receivable	357	93	450
Other	-	340	340
Total Assets	<u>\$ 60,406</u>	<u>\$ 39,058</u>	<u>\$ 99,464</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 106	\$ 15,238	\$ 15,344
Due to Other Governments	60,300	-	60,300
Other Liabilities	-	23,820	23,820
Total Liabilities	<u>\$ 60,406</u>	<u>\$ 39,058</u>	<u>\$ 99,464</u>

State of Nebraska

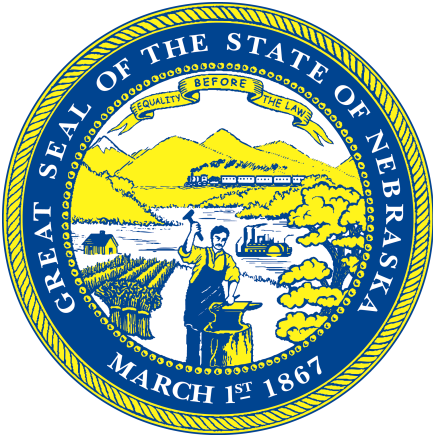
**COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

For the Year Ended June 30, 2013

(Dollars in Thousands)

	BALANCE July 1, 2012	ADDITIONS	REDUCTIONS	BALANCE June 30, 2013
<b>LOCAL GOVERNMENT FUND</b>				
ASSETS				
Cash and Cash Equivalents	\$ 49,148	\$ 588,357	\$ 577,456	\$ 60,049
Receivables:				
Interest and Dividends Receivable	<u>339</u>	<u>795</u>	<u>777</u>	<u>357</u>
Total Assets	<u>\$ 49,487</u>	<u>\$ 589,152</u>	<u>\$ 578,233</u>	<u>\$ 60,406</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 285	\$ 266,797	\$ 266,976	\$ 106
Due to Other Governments	<u>49,202</u>	<u>322,355</u>	<u>311,257</u>	<u>60,300</u>
Total Liabilities	<u>\$ 49,487</u>	<u>\$ 589,152</u>	<u>\$ 578,233</u>	<u>\$ 60,406</u>
<b>OTHER</b>				
ASSETS				
Cash and Cash Equivalents	\$ 42,168	\$ 471,359	\$ 474,902	\$ 38,625
Receivables:				
Interest and Dividends Receivable	135	508	550	93
Other	<u>480</u>	<u>13,713</u>	<u>13,853</u>	<u>340</u>
Total Assets	<u>\$ 42,783</u>	<u>\$ 485,580</u>	<u>\$ 489,305</u>	<u>\$ 39,058</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 18,704	\$ 65,734	\$ 69,200	\$ 15,238
Other Liabilities	<u>24,079</u>	<u>419,846</u>	<u>420,105</u>	<u>23,820</u>
Total Liabilities	<u>\$ 42,783</u>	<u>\$ 485,580</u>	<u>\$ 489,305</u>	<u>\$ 39,058</u>
<b>TOTALS</b>				
ASSETS				
Cash and Cash Equivalents	\$ 91,316	\$ 1,059,716	\$ 1,052,358	\$ 98,674
Receivables:				
Interest and Dividends Receivable	474	1,303	1,327	450
Other	<u>480</u>	<u>13,713</u>	<u>13,853</u>	<u>340</u>
Total Assets	<u>\$ 92,270</u>	<u>\$ 1,074,732</u>	<u>\$ 1,067,538</u>	<u>\$ 99,464</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 18,989	\$ 332,531	\$ 336,176	\$ 15,344
Due to Other Governments	49,202	322,355	311,257	60,300
Other Liabilities	<u>24,079</u>	<u>419,846</u>	<u>420,105</u>	<u>23,820</u>
Total Liabilities	<u>\$ 92,270</u>	<u>\$ 1,074,732</u>	<u>\$ 1,067,538</u>	<u>\$ 99,464</u>





# STATISTICAL SECTION

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# STATISTICAL SECTION TABLE OF CONTENTS

For the Year Ended June 30, 2013

Page

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

## FINANCIAL TRENDS INFORMATION

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## DEBT CAPACITY INFORMATION

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

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## DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

State of Nebraska

**NET POSITION BY COMPONENT**

2004 - 2013

(Dollars in Thousands)					
	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Net investment in capital assets	\$ 6,980,310	\$ 7,110,299	\$ 7,269,102	\$ 7,428,729	\$ 7,587,729
Restricted	1,050,902	1,099,437	1,566,634	1,762,849	1,789,943
Unrestricted	425,811	804,266	681,330	966,918	1,078,546
<b>Total governmental activities net position</b>	<b>\$ 8,457,023</b>	<b>\$ 9,014,002</b>	<b>\$ 9,517,066</b>	<b>\$ 10,158,496</b>	<b>\$ 10,456,218</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 6,424	\$ 6,235	\$ 6,066	\$ 5,763	\$ 6,426
Restricted	184,665	213,058	274,537	321,396	344,186
Unrestricted	12,592	26,070	30,144	31,019	47,777
<b>Total business-type activities net position</b>	<b>\$ 203,681</b>	<b>\$ 245,363</b>	<b>\$ 310,747</b>	<b>\$ 358,178</b>	<b>\$ 398,389</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 6,986,734	\$ 7,116,534	\$ 7,275,168	\$ 7,434,492	\$ 7,594,155
Restricted	1,235,567	1,312,495	1,841,171	2,084,245	2,134,129
Unrestricted	438,403	830,336	711,474	997,937	1,126,323
<b>Total primary government net position</b>	<b>\$ 8,660,704</b>	<b>\$ 9,259,365</b>	<b>\$ 9,827,813</b>	<b>\$ 10,516,674</b>	<b>\$ 10,854,607</b>

(Dollars in Thousands)					
	2009	2010	2011	2012	2013
<b>Governmental activities</b>					
Net investment in capital assets	\$ 7,718,610	\$ 7,820,246	\$ 7,982,821	\$ 8,041,150	\$ 8,468,618
Restricted	1,631,962	1,754,186	2,006,750	2,082,147	2,215,697
Unrestricted	1,015,196	850,757	806,676	905,503	1,193,571
<b>Total governmental activities net position</b>	<b>\$ 10,365,768</b>	<b>\$ 10,425,189</b>	<b>\$ 10,796,247</b>	<b>\$ 11,028,800</b>	<b>\$ 11,877,886</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 6,283	\$ 5,848	\$ 6,809	\$ 6,379	\$ 7,362
Restricted	270,394	240,878	345,731	405,135	440,849
Unrestricted	47,082	72,173	65,690	77,262	79,628
<b>Total business-type activities net position</b>	<b>\$ 323,759</b>	<b>\$ 318,899</b>	<b>\$ 418,230</b>	<b>\$ 488,776</b>	<b>\$ 527,839</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 7,724,893	\$ 7,826,094	\$ 7,989,630	\$ 8,047,529	\$ 8,475,980
Restricted	1,902,356	1,995,064	2,352,481	2,487,282	2,656,546
Unrestricted	1,062,278	922,930	872,366	982,765	1,273,199
<b>Total primary government net position</b>	<b>\$ 10,689,527</b>	<b>\$ 10,744,088</b>	<b>\$ 11,214,477</b>	<b>\$ 11,517,576</b>	<b>\$ 12,405,725</b>

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



State of Nebraska

**CHANGES IN NET POSITION**

2004 - 2013

(Dollars in Thousands)

	2004	2005	2006	2007
<b>Governmental Activities:</b>				
Expenses				
General Government	\$ 293,586	\$ 320,608	\$ 308,567	\$ 354,737
Conservation of Natural Resources	91,996	95,589	100,476	119,286
Culture - Recreation	20,352	28,524	27,174	27,031
Economic Development and Assistance	80,417	79,618	87,299	89,310
Education	1,201,349	1,224,973	1,318,123	1,369,110
Higher Education - Colleges and University	438,225	451,404	482,229	528,861
Health and Social Services	2,329,940	2,494,782	2,593,692	2,649,535
Public Safety	254,085	282,474	288,659	359,755
Regulation of Business and Professions	126,978	139,248	151,853	155,692
Transportation	715,553	716,259	697,210	614,919
Interest on Long-term Debt	3,018	2,800	2,556	2,337
Total expenses	<u>5,555,499</u>	<u>5,836,279</u>	<u>6,057,838</u>	<u>6,270,573</u>
Program Revenues				
Charges for Services:				
General Government	63,919	64,746	73,624	86,746
Conservation of Natural Resources	31,909	22,049	24,332	34,578
Culture - Recreation	15,544	16,700	15,977	16,823
Economic Development and Assistance	3,551	3,600	3,195	5,043
Education	35,140	27,470	23,346	26,180
Health and Social Services	152,240	147,720	120,526	115,036
Public Safety	26,077	27,614	26,183	24,348
Regulation of Business and Professions	116,772	122,536	113,418	118,119
Transportation	77,630	95,322	90,951	89,358
Operating grants and contributions	2,146,719	2,121,384	2,151,817	2,217,531
Capital grants and contributions	6,422	12,245	4,461	8,137
Total program revenues	<u>2,675,923</u>	<u>2,661,386</u>	<u>2,647,830</u>	<u>2,741,899</u>
Total Governmental Activities				
Net Program Expense	<u>(2,879,576)</u>	<u>(3,174,893)</u>	<u>(3,410,008)</u>	<u>(3,528,674)</u>
General Revenues and Other Changes in Net Position				
Taxes				
Income taxes	1,400,161	1,612,683	1,803,670	1,859,467
Sales and use taxes	1,284,260	1,376,100	1,410,980	1,441,743
Petroleum taxes	313,539	311,231	312,809	326,795
Excise taxes	122,462	126,593	134,406	137,525
Business and franchise taxes	67,322	70,344	79,723	68,771
Other taxes	33,089	68,885	35,369	36,832
Total taxes	<u>3,220,833</u>	<u>3,565,836</u>	<u>3,776,957</u>	<u>3,871,133</u>
Unrestricted investment earnings	86,502	117,977	92,892	250,175
Miscellaneous	1,055	5,106	39	730
Contributions to permanent fund principal	11,715	16,581	15,582	18,800
Transfers	20,591	26,372	27,602	29,266
Total general revenues and other changes in net position	<u>3,340,696</u>	<u>3,731,872</u>	<u>3,913,072</u>	<u>4,170,104</u>
Total Governmental Activities				
Change in Net Position	<u>\$ 461,120</u>	<u>\$ 556,979</u>	<u>\$ 503,064</u>	<u>\$ 641,430</u>

2008	2009	2010	2011	2012	2013
\$ 437,830	\$ 468,433	\$ 471,614	\$ 476,622	\$ 460,612	\$ 458,483
112,936	127,677	148,452	155,692	151,318	143,437
26,073	29,272	24,228	28,837	24,752	31,114
84,852	88,520	95,228	111,096	102,839	96,433
1,450,085	1,562,662	1,712,705	1,807,170	1,570,235	1,645,097
558,282	571,268	571,288	561,090	557,162	572,341
2,744,217	2,912,708	3,010,299	3,069,195	3,139,786	3,195,733
372,677	351,673	372,813	361,921	366,084	384,081
130,603	123,579	132,094	121,616	122,211	134,172
714,032	797,462	736,449	696,727	907,173	859,289
2,241	1,828	1,400	1,153	1,204	784
<u>6,633,828</u>	<u>7,035,082</u>	<u>7,276,570</u>	<u>7,391,119</u>	<u>7,403,376</u>	<u>7,520,964</u>
86,869	87,575	100,501	88,550	95,899	82,247
34,439	35,324	35,483	36,263	32,804	37,019
17,072	18,153	18,550	18,657	22,984	20,513
4,808	2,259	2,171	1,007	4,126	1,245
25,807	30,402	34,166	36,545	36,831	47,751
126,075	148,971	109,333	112,145	120,745	128,012
25,118	25,363	25,320	26,973	26,322	33,012
122,667	132,771	131,814	135,820	131,312	140,910
105,748	112,493	95,950	98,151	110,842	107,008
2,235,104	2,490,255	2,841,557	2,939,166	2,646,825	2,704,464
21,258	25,252	24,680	29,234	15,789	20,040
<u>2,804,965</u>	<u>3,108,818</u>	<u>3,419,525</u>	<u>3,522,511</u>	<u>3,244,479</u>	<u>3,322,221</u>
<u>(3,828,863)</u>	<u>(3,926,264)</u>	<u>(3,857,045)</u>	<u>(3,868,608)</u>	<u>(4,158,897)</u>	<u>(4,198,743)</u>
1,956,656	1,787,950	1,676,829	1,889,796	2,064,233	2,362,511
1,481,067	1,476,995	1,447,865	1,545,494	1,638,610	1,661,208
290,721	305,793	303,865	321,919	322,284	323,519
141,012	134,877	132,779	135,250	136,825	130,725
80,925	70,270	79,115	65,630	73,849	78,204
15,269	10,863	13,436	9,243	9,818	7,849
<u>3,965,650</u>	<u>3,786,748</u>	<u>3,653,889</u>	<u>3,967,332</u>	<u>4,245,619</u>	<u>4,564,016</u>
114,252	14,582	216,190	214,054	92,037	96,522
3,374	401	(1,927)	2,590	-	1,518
12,301	3,838	16,314	23,635	17,719	26,453
31,008	30,245	32,000	32,055	36,075	40,014
<u>4,126,585</u>	<u>3,835,814</u>	<u>3,916,466</u>	<u>4,239,666</u>	<u>4,391,450</u>	<u>4,728,523</u>
<u>\$ 297,722</u>	<u>\$ (90,450)</u>	<u>\$ 59,421</u>	<u>\$ 371,058</u>	<u>\$ 232,553</u>	<u>\$ 529,780</u>

(continued)

State of Nebraska

**CHANGES IN NET POSITION (Continued)**

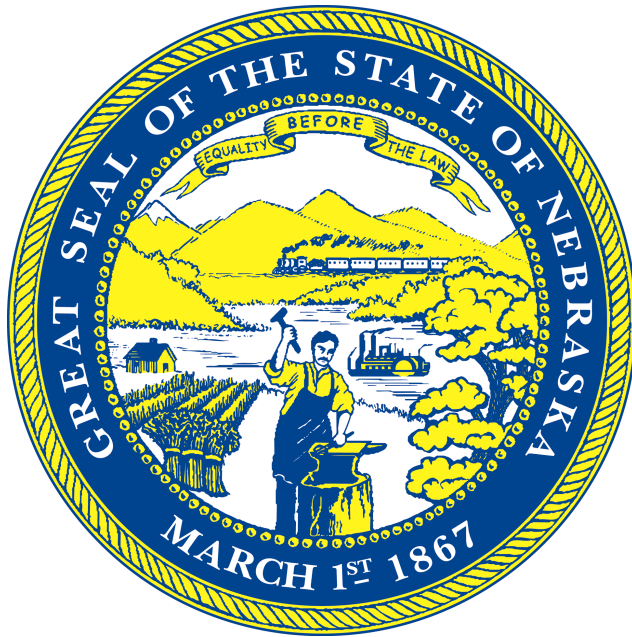
2004 - 2013

(Dollars in Thousands)

	2004	2005	2006	2007
<b>Business-type Activities:</b>				
Expenses				
Unemployment Insurance	\$ 156,172	\$ 114,496	\$ 101,433	\$ 93,939
Lottery	73,264	77,128	83,440	85,895
Excess Liability	14,595	1,984	12,551	13,731
Cornhusker State Industries	7,868	10,509	10,552	11,690
Total expenses	<u>251,899</u>	<u>204,117</u>	<u>207,976</u>	<u>205,255</u>
Revenues				
Charges for services:				
Unemployment Insurance	132,379	133,840	154,413	127,340
Lottery	92,608	100,658	113,108	114,489
Excess Liability	9,683	10,949	12,903	12,474
Cornhusker State Industries	9,598	13,022	10,851	9,341
Total revenues	<u>244,268</u>	<u>258,469</u>	<u>291,275</u>	<u>263,644</u>
Total Business-type Activities				
Net Program Expense	<u>(7,631)</u>	<u>54,352</u>	<u>83,299</u>	<u>58,389</u>
Other Changes in Net Position				
Unrestricted investment earnings	15,183	13,705	10,110	18,308
Miscellaneous	(3)	(3)	(423)	-
Transfers	<u>(20,591)</u>	<u>(26,372)</u>	<u>(27,602)</u>	<u>(29,266)</u>
Total other changes in net position	<u>(5,411)</u>	<u>(12,670)</u>	<u>(17,915)</u>	<u>(10,958)</u>
Total Business-type Activities				
Change in Net Position	<u>\$ (13,042)</u>	<u>\$ 41,682</u>	<u>\$ 65,384</u>	<u>\$ 47,431</u>
<b>Total Primary Government</b>				
<b>Change in Net Position</b>	<u>\$ 448,078</u>	<u>\$ 598,661</u>	<u>\$ 568,448</u>	<u>\$ 688,861</u>

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

2008	2009	2010	2011	2012	2013
\$ 98,365	\$ 242,201	\$ 431,836	\$ 329,576	\$ 261,750	\$ 167,957
91,653	94,676	98,948	101,625	113,935	121,036
(2,707)	12,430	7,220	19,623	672	3,850
10,435	10,221	11,847	13,451	11,621	9,271
<u>197,746</u>	<u>359,528</u>	<u>549,851</u>	<u>464,275</u>	<u>387,978</u>	<u>302,114</u>
102,881	149,937	391,067	422,977	310,188	194,996
121,910	123,251	130,580	131,919	150,612	160,753
10,947	9,267	21,475	8,943	5,509	4,946
9,880	9,412	13,549	15,568	12,053	10,299
<u>245,618</u>	<u>291,867</u>	<u>556,671</u>	<u>579,407</u>	<u>478,362</u>	<u>370,994</u>
<u>47,872</u>	<u>(67,661)</u>	<u>6,820</u>	<u>115,132</u>	<u>90,384</u>	<u>68,880</u>
23,347	23,276	20,293	16,254	16,237	10,197
-	-	27	-	-	-
<u>(31,008)</u>	<u>(30,245)</u>	<u>(32,000)</u>	<u>(32,055)</u>	<u>(36,075)</u>	<u>(40,014)</u>
<u>(7,661)</u>	<u>(6,969)</u>	<u>(11,680)</u>	<u>(15,801)</u>	<u>(19,838)</u>	<u>(29,817)</u>
\$ <u>40,211</u>	\$ <u>(74,630)</u>	\$ <u>(4,860)</u>	\$ <u>99,331</u>	\$ <u>70,546</u>	\$ <u>39,063</u>
\$ <u>337,933</u>	\$ <u>(165,080)</u>	\$ <u>54,561</u>	\$ <u>470,389</u>	\$ <u>303,099</u>	\$ <u>568,843</u>



State of Nebraska  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
2004 - 2013

(Dollars in thousands)					
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 525	\$ 532	\$ 482	\$ 438	\$ 1,368
Unreserved	207,282	408,771	691,757	971,205	972,307
Total general fund	<u>\$ 207,807</u>	<u>\$ 409,303</u>	<u>\$ 692,239</u>	<u>\$ 971,643</u>	<u>\$ 973,675</u>
All Other Governmental Funds					
Reserved	\$ 347,660	\$ 377,818	\$ 619,319	\$ 659,349	\$ 687,095
Unreserved					
Special revenue funds	879,041	936,316	893,536	1,014,579	1,065,392
Permanent funds	224,869	250,127	77,768	115,901	91,759
Other funds	32,206	34,295	47,071	51,784	121,686
Total all other governmental funds	<u>\$ 1,483,776</u>	<u>\$ 1,598,556</u>	<u>\$ 1,637,694</u>	<u>\$ 1,841,613</u>	<u>\$ 1,965,932</u>

(Dollars in thousands)					
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 1,062	\$ 894	\$ -	\$ -	\$ -
Unreserved	855,542	715,530	-	-	-
Nonspendable	-	-	785	953	1,114
Committed	-	-	313,202	383,379	384,121
Unassigned	-	-	419,460	430,466	648,092
Total general fund	<u>\$ 856,604</u>	<u>\$ 716,424</u>	<u>\$ 733,447</u>	<u>\$ 814,798</u>	<u>\$ 1,033,327</u>
All Other Governmental Funds					
Reserved	\$ 694,503	\$ 729,377	\$ -	\$ -	\$ -
Unreserved					
Special revenue funds	997,377	1,062,679	-	-	-
Permanent funds	23,073	67,754	-	-	-
Other funds	118,933	82,371	-	-	-
Nonspendable	-	-	468,363	490,928	514,985
Restricted	-	-	1,543,263	1,599,631	1,695,476
Committed	-	-	69,619	73,327	135,605
Assigned	-	-	32,439	37,032	45,708
Total all other governmental funds	<u>\$ 1,833,886</u>	<u>\$ 1,942,181</u>	<u>\$ 2,113,684</u>	<u>\$ 2,200,918</u>	<u>\$ 2,391,774</u>

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

State of Nebraska  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
2004 - 2013

(Dollars in Thousands)

	2004	2005	2006	2007
<b>REVENUES</b>				
Taxes:				
Income	\$ 1,402,371	\$ 1,610,008	\$ 1,802,161	\$ 1,860,712
Sales and Use	1,283,592	1,376,675	1,411,152	1,437,994
Petroleum	313,539	311,231	312,809	329,490
Excise	122,320	124,525	132,348	135,449
Business and Franchise	67,322	70,344	79,723	68,771
Other	33,089	68,885	35,369	36,832
Total Taxes	3,222,233	3,561,668	3,773,562	3,869,248
Federal Grants and Contracts	2,153,141	2,133,629	2,156,278	2,225,668
Licenses, Fees and Permits	183,314	198,970	196,966	211,167
Charges for Services	82,320	93,654	82,132	92,370
Investment Income	83,702	115,540	89,888	246,753
Rents and Royalties	39,845	41,437	45,951	49,968
Other	222,577	201,814	172,545	173,948
Total Revenues	5,987,132	6,346,712	6,517,322	6,869,122
<b>EXPENDITURES</b>				
Current:				
General Government	240,354	405,798	296,209	311,324
Conservation of Natural Resources	92,682	98,067	104,118	119,533
Culture – Recreation	26,081	28,313	26,392	26,250
Economic Development and Assistance	80,531	81,172	87,462	89,440
Education	1,203,430	1,223,461	1,318,785	1,366,330
Higher Education - Colleges and University	438,225	451,404	482,229	528,861
Health and Social Services	2,337,338	2,475,952	2,605,402	2,659,210
Public Safety	262,344	285,732	287,735	359,514
Regulation of Business and Professions	127,079	139,086	151,850	155,195
Transportation	794,342	844,709	837,796	763,907
Capital Projects	19,162	19,048	25,101	27,494
Debt Service				
Principal	4,145	5,525	4,660	6,575
Interest	1,971	1,852	1,742	1,666
Total Expenditures	5,627,684	6,060,119	6,229,481	6,415,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	359,448	286,593	287,841	453,823
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	126,343	152,721	171,981	155,268
Transfers Out	(104,664)	(126,349)	(144,379)	(126,002)
Other	1,347	3,311	6,631	234
Net Change in Fund Balances	382,474	316,276	322,074	483,323
Restatements	-	-	-	-
<b>BEGINNING FUND BALANCE</b>	1,309,109	1,691,583	2,007,859	2,329,933
<b>ENDING FUND BALANCE</b>	\$ 1,691,583	\$ 2,007,859	\$ 2,329,933	\$ 2,813,256
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<1%	<1%	<1%	<1%

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

	2008	2009	2010	2011	2012	2013
\$	1,950,363	\$ 1,790,025	\$ 1,675,922	\$ 1,889,223	\$ 2,063,322	\$ 2,362,392
	1,474,251	1,475,234	1,452,362	1,544,303	1,634,346	1,659,029
	295,321	309,626	307,005	326,016	327,295	328,253
	138,799	134,877	132,779	135,250	136,825	130,725
	80,925	70,270	79,115	65,630	73,849	78,204
	15,269	10,863	13,436	9,243	9,818	7,849
	<u>3,954,928</u>	<u>3,790,895</u>	<u>3,660,619</u>	<u>3,969,665</u>	<u>4,245,455</u>	<u>4,566,452</u>
	2,256,362	2,514,288	2,865,989	2,967,939	2,662,605	2,724,454
	259,000	268,817	266,899	282,078	295,286	333,431
	108,301	137,234	96,165	96,779	102,633	85,517
	110,716	10,508	212,353	209,509	87,948	93,086
	51,809	54,549	49,286	55,158	57,838	67,487
	129,861	123,953	146,216	123,754	124,973	122,788
	<u>6,870,977</u>	<u>6,900,244</u>	<u>7,297,527</u>	<u>7,704,882</u>	<u>7,576,738</u>	<u>7,993,215</u>
	430,310	439,614	439,330	450,474	420,143	422,689
	112,333	127,562	149,556	156,268	150,970	144,284
	26,226	28,305	30,183	30,290	28,434	30,550
	85,807	88,824	96,584	113,506	102,902	96,759
	1,448,170	1,565,692	1,710,935	1,810,806	1,581,956	1,641,158
	558,282	571,268	571,288	561,090	557,162	572,341
	2,715,383	2,920,472	3,004,678	3,079,889	3,139,042	3,194,565
	383,156	370,605	351,084	375,334	378,982	395,095
	130,330	123,476	131,884	122,852	122,025	134,223
	853,521	915,980	842,583	832,394	932,445	974,324
	27,289	25,333	30,584	16,676	28,123	21,070
	6,215	7,625	6,105	3,380	2,865	4,755
	1,459	1,256	976	647	684	344
	<u>6,778,481</u>	<u>7,186,012</u>	<u>7,365,770</u>	<u>7,553,606</u>	<u>7,445,733</u>	<u>7,632,157</u>
	92,496	(285,768)	(68,243)	151,276	131,005	361,058
	253,986	171,202	226,156	175,684	170,673	204,413
	(222,978)	(140,957)	(194,156)	(143,629)	(134,598)	(164,399)
	<u>2,847</u>	<u>6,406</u>	<u>4,358</u>	<u>5,195</u>	<u>1,505</u>	<u>1,440</u>
	126,351	(249,117)	(31,885)	188,526	168,585	402,512
	-	-	-	-	-	6,873
	<u>2,813,256</u>	<u>2,939,607</u>	<u>2,690,490</u>	<u>2,658,605</u>	<u>2,847,131</u>	<u>3,015,716</u>
\$	<u>2,939,607</u>	<u>2,690,490</u>	<u>2,658,605</u>	<u>2,847,131</u>	<u>3,015,716</u>	<u>3,425,101</u>
	<1%	<1%	<1%	<1%	<1%	<1%



State of Nebraska

**INDIVIDUAL INCOME TAX RATES**

2004 - 2013

	<b>Tax Brackets</b>			
	<b>Bracket 1</b>	<b>Bracket 2</b>	<b>Bracket 3</b>	<b>Bracket 4</b>
<b>Single</b>				
2004 - 2005 Income Range	\$0-2,400	\$2,400-17,000	\$17,000-26,500	Over \$26,500
2006 - 2012 Income Range	\$0-2,400	\$2,400-17,500	\$17,500-27,000	Over \$27,000
2004 - 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 Rates	2.46%	3.51%	5.01%	6.84%
<b>Heads of Household</b>				
2004 - 2005 Income Range	\$0-3,800	\$3,800-24,000	\$24,000-35,000	Over \$35,000
2006 Income Range	\$0-3,800	\$3,800-25,000	\$25,000-35,000	Over \$35,000
2007 - 2012 Income Range	\$0-4,500	\$4,500-28,000	\$28,000-40,000	Over \$40,000
2004 - 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 Rates	2.46%	3.51%	5.01%	6.84%
<b>Married Filing Joint</b>				
2004 - 2005 Income Range	\$0-4,000	\$4,000-30,000	\$30,000-46,750	Over \$46,750
2006 Income Range	\$0-4,000	\$4,000-31,000	\$31,000-50,000	Over \$50,000
2007 - 2012 Income Range	\$0-4,800	\$4,800-35,000	\$35,000-54,000	Over \$54,000
2004 - 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 Rates	2.46%	3.51%	5.01%	6.84%
<b>Married Filing Separate</b>				
2004 - 2005 Income Range	\$0-2,000	\$2,000-15,000	\$15,000-23,375	Over \$23,375
2006 Income Range	\$0-2,000	\$2,000-15,500	\$15,500-25,000	Over \$25,000
2007 - 2012 Income Range	\$0-2,400	\$2,400-17,500	\$17,500-27,000	Over \$27,000
2004 - 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 Rates	2.46%	3.51%	5.01%	6.84%

SOURCE: Nebraska Department of Revenue

State of Nebraska

**INDIVIDUAL INCOME TAX LIABILITY BY INCOME LEVEL**

Tax Years 2002 and 2011

<b>2002</b>				
Federal Adjusted Gross Income Level	Number of Returns	Net Liability After Nonrefundable Credits	Number of Returns With Liability	Net Liability Percent
Less Than \$10,000	102,756	\$ 3,796,314	49,561	0.35%
\$10,000 - 24,999	191,915	\$ 43,872,045	176,573	4.08%
\$25,000 - 49,999	219,572	\$ 175,316,877	217,661	16.31%
\$50,000 - 99,999	180,668	\$ 389,078,204	179,470	36.19%
\$100,000 and Over	57,430	\$ 463,106,871	55,675	43.07%
State Total	752,341	\$ 1,075,170,311	678,940	100.00%

<b>2011</b>				
Federal Adjusted Gross Income Level	Number of Returns	Net Liability After Nonrefundable Credits	Number of Returns With Liability	Net Liability Percent
Less Than \$10,000	147,063	\$ 3,639,772	49,459	0.21%
\$10,000 - 24,999	196,869	\$ 30,349,033	182,163	1.74%
\$25,000 - 49,999	227,136	\$ 167,828,603	222,127	9.61%
\$50,000 - 99,999	225,848	\$ 480,917,620	222,811	27.51%
\$100,000 and Over	133,166	\$ 1,064,534,133	128,864	60.93%
State Total	930,082	\$ 1,747,269,161	805,424	100.00%

**SOURCE:** Department of Revenue 2002 and 2011 Annual Reports

**NOTE:** Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue. Tax year 2011 is the most recent year for which data is available.

State of Nebraska

**TAXABLE SALES BY INDUSTRY**

Calendar Years 2003 and 2012

	<b>2003</b>	<b>2012</b>
Agriculture, Forestry, Fishing & Hunting	\$ 63,459,383	\$ 82,940,930
Mining	37,334,521	61,875,783
Utilities	1,560,494,046	2,162,130,022
Construction	408,526,537	571,351,168
Manufacturing	507,948,242	537,826,861
Wholesale Trade	1,071,666,345	1,574,857,561
Retail Trade	7,981,581,582	9,941,620,578
Transportation	112,728,277	83,696,150
Warehousing Services	2,960,578	39,453,160
Information	827,515,323	795,608,498
Finance & Insurance	58,882,852	26,391,772
Real Estate, Rental & Leasing Services	115,975,158	229,585,857
Professional, Scientific & Technical Services	285,591,117	322,098,417
Management of Companies & Enterprises Services	361,090	3,837,297
Administration, Support, Waste Management, Remedial Services	462,286,918	484,801,067
Educational Services	59,962,118	27,260,053
Health Care & Social Assistance Services	33,217,637	41,134,644
Arts, Entertainment & Recreation Services	269,320,804	329,109,003
Accommodation & Food Services	1,973,871,296	3,006,022,945
Other Services	827,415,569	909,167,613
Public Administration	106,751,395	236,717,851
Unclassified	17,267,689	198,982
Nebraska Total	<u>16,785,118,477</u>	<u>21,467,686,212</u>
Non-Nebraska (1)	<u>2,413,553,464</u>	<u>4,502,808,156</u>
Nebraska - Total Sales	<u>\$ 19,198,671,941</u>	<u>\$ 25,970,494,368</u>
Direct sales tax rate	Jan. 1 - Dec. 31 5.5%	Jan. 1 - Dec. 31 5.5%

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

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

State of Nebraska  
**RATIOS OF OUTSTANDING DEBT**  
 2004 - 2013

(Dollars in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Lease rental bonds (blended component units)	\$ 27,265	\$ 23,430	\$ 19,435	\$ 15,240	\$ 10,835	\$ 4,850	\$ -	\$ -	\$ -	\$ -
Capital leases under certificates of participation	27,235	24,927	22,965	22,072	19,509	22,182	23,181	27,308	25,358	22,716
Obligations under other financing arrangements	11,230	11,430	16,185	13,805	14,785	15,660	14,405	16,220	14,860	6,315
<b>Total Primary Government</b>	<b>\$ 65,730</b>	<b>\$ 59,787</b>	<b>\$ 58,585</b>	<b>\$ 51,117</b>	<b>\$ 45,129</b>	<b>\$ 42,692</b>	<b>\$ 37,586</b>	<b>\$ 43,528</b>	<b>\$ 40,218</b>	<b>\$ 29,031</b>
<b>Debt as a Percentage of Personal Income</b>	0.12%	0.10%	0.10%	0.08%	0.07%	0.06%	0.05%	0.06%	0.05%	0.03%
<b>Amount of Debt per Capita</b>	\$ 38	\$ 34	\$ 33	\$ 29	\$ 25	\$ 24	\$ 21	\$ 24	\$ 22	\$ 16

**NOTE:** Details regarding Lease Commitments, Obligations Under Other Financing Arrangements, and Bonds Payable can be found in Notes 8, 9 & 13 of the financial statements.  
 Population figures from the Population, Personal and Per Capita Income schedule.  
 2013 figures were computed using 2012 census information as 2013 census data is not available.

State of Nebraska

**COMPARATIVE UNEMPLOYMENT  
NEBRASKA AND UNITED STATES**

2003 - 2012

YEAR	NEBRASKA			NEBRASKA	UNITED STATES
	TOTAL LABOR FORCE	TOTAL EMPLOYMENT	UNEMPLOYMENT	UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNEMPLOYMENT AS PERCENT OF LABOR FORCE
2003	976,034	936,664	39,370	4.0 %	6.0 %
2004	985,340	947,882	37,458	3.8	5.5
2005	986,296	949,070	37,226	3.8	5.1
2006	974,476	945,270	29,206	3.0	4.6
2007	983,438	953,769	29,669	3.0	4.6
2008	995,635	962,418	33,217	3.3	5.8
2009	983,517	938,080	45,437	4.6	9.3
2010	976,859	931,414	45,445	4.7	9.6
2011	1,005,455	960,830	44,625	4.4	8.9
2012	1,020,913	980,668	40,245	3.9	8.1

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

State of Nebraska

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

Calendar Years 2003 – 2012

YEAR	NEBRASKA			UNITED STATES		
	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
2003	1,738,013	53,388	30,718	290,850,005	9,150,108	31,460
2004	1,747,704	55,858	31,961	293,656,842	9,717,173	33,090
2005	1,758,787	58,019	32,988	296,410,404	10,224,761	34,495
2006	1,768,331	60,826	34,397	299,398,484	10,860,917	36,276
2007	1,774,571	64,220	36,189	301,621,157	11,631,571	38,564
2008	1,783,432	69,820	39,150	304,059,724	12,225,589	40,208
2009	1,796,619	70,565	39,277	307,006,550	12,165,474	39,626
2010	1,830,429	72,620	39,674	309,349,689	12,357,113	39,945
2011	1,842,641	78,220	42,450	311,591,917	12,949,905	41,560
2012	1,855,525	83,521	45,012	313,914,040	13,729,063	43,735

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

State of Nebraska

**TEN LARGEST EMPLOYERS**

2012 and 2003

NAME OF COMPANY	December 2012			December 2003		
	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT
State of Nebraska (excluding University)	1	15,902	1.622	1	16,506	1.762
University of Nebraska *	2	15,868	1.618	3	14,095	1.505
Offutt Air Force Base	3	12,000	1.224	4	11,137	1.189
Walmart	4	8,724	0.890	7	7,400	0.790
Alegent Health	5	8,600	0.877	10	6,099	0.651
Omaha Public Schools	6	7,202	0.734	6	8,073	0.862
Union Pacific Corporation	7	6,130	0.625	9	6,749	0.721
Lincoln Public Schools	8	5,933	0.605	11	5,036	0.538
Tyson Foods, Inc.	9	5,130	0.523	5	11,012	1.176
First Data Corp.	10	4,424	0.451	8	7,050	0.753
US Government (excluding Department of Defense) **				2	16,297	1.740

SOURCE: The Nebraska Department of Economic Development, Hoovers, a Dun and Bradstreet data base, and Employers

NOTES:

\* University of Nebraska - Medical Center, University of Nebraska - Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney

\*\* Sources did not track US Government employment in Nebraska

State of Nebraska

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

2003/04 – 2012/13

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
2003 – 2004	26,639	60,673	63,120	69,359	65,751	285,542
2004 – 2005	26,848	61,011	62,210	69,253	65,237	284,559
2005 – 2006	28,028	61,593	61,478	68,325	66,124	285,548
2006 – 2007	29,013	62,781	61,358	67,008	66,975	287,135
2007 – 2008	32,666	63,964	61,471	65,729	67,281	291,111
2008 – 2009	33,835	65,227	62,079	64,839	66,517	292,497
2009 – 2010	35,525	66,401	63,340	64,349	65,737	295,352
2010 – 2011	36,171	67,702	64,688	64,429	65,560	298,550
2011 – 2012	36,682	68,470	65,974	64,341	65,850	301,317
2012 – 2013	35,926	69,224	66,951	65,127	66,277	303,505

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

State of Nebraska

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

2003 - 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>COLLEGES AND UNIVERSITIES:</b>										
Chadron State College	2,667	2,569	2,472	2,577	2,660	2,649	2,712	2,759	2,851	2,994
Peru State College	1,618	1,683	1,959	2,124	2,307	2,328	2,492	2,518	2,358	2,390
Wayne State College	3,305	3,398	3,322	3,407	3,527	3,566	3,631	3,569	3,517	3,555
University of Nebraska										
Lincoln (1)	22,734	22,012	21,937	22,378	22,877	23,862	24,525	24,993	24,926	24,538
Omaha	13,931	13,824	14,093	13,906	14,156	14,213	14,620	14,665	14,712	14,786
Kearney	6,311	6,382	6,445	6,468	6,478	6,543	6,650	6,753	7,100	7,199
Medical Center	2,865	2,904	2,995	3,067	2,206	3,194	3,237	3,494	3,625	3,655
TOTAL COLLEGES AND UNIVERSITIES	53,431	52,772	53,223	53,927	54,211	56,355	57,867	58,751	59,089	59,117
<b>COMMUNITY COLLEGES</b>										
Central CC (2)	6,364	6,524	6,564	6,543	6,531	6,885	7,320	7,527	7,521	7,283
Metropolitan CC	12,177	12,961	13,237	14,098	14,804	15,055	17,003	18,523	18,518	17,376
Mid-Plains CC	3,001	2,957	2,607	3,030	2,715	2,708	2,765	2,988	2,623	2,591
Northeast CC	4,805	5,053	5,101	5,261	5,149	5,140	5,205	5,377	5,161	5,251
Southeast CC	8,451	10,079	10,059	9,594	9,603	10,419	11,556	12,242	11,479	10,168
Western CC	2,420	2,659	2,283	1,918	2,233	2,939	2,304	2,395	2,240	2,230
TOTAL COMMUNITY COLLEGES	37,218	40,233	39,851	40,444	41,035	43,146	46,153	49,052	47,542	44,899
TOTAL ALL INSTITUTIONS	90,649	93,005	93,074	94,371	95,246	99,501	104,020	107,803	106,631	104,016

NOTE: (1) University of Nebraska-Lincoln count includes Nebraska College of Technical Agriculture - Curtis for all years.  
(2) Central CC reporting under continuous enrollment practice abandoned in 1996. Enrollment numbers have been retroactively changed to the reporting practice consistent with that of the other Community Colleges.

SOURCE: Nebraska Coordinating Commission for Postsecondary Education

State of Nebraska  
**FULL TIME EQUIVALENT PERMANENT  
 EMPLOYEES BY FUNCTION**  
 2003 - 2012

<b>FUNCTION</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Conservation	308	316	313	313	318	309	318	329	323	328
Regulation	345	355	358	372	362	364	358	357	350	355
Economic Development	528	542	526	532	525	452	478	441	459	430
Culture and Recreation	580	569	579	579	564	556	542	519	495	503
Education	578	587	597	601	590	593	606	598	586	578
Transportation	2,182	2,193	2,175	2,163	2,137	2,153	2,175	2,147	2,118	2,102
General Government	2,624	2,687	2,718	2,769	2,765	2,723	2,777	2,692	2,706	2,687
Public Safety	3,285	3,260	3,303	3,349	3,380	3,414	3,457	3,409	3,369	3,333
Health & Social Services	6,076	6,056	6,115	6,044	5,802	5,665	5,738	5,524	5,433	5,586
	<u>16,506</u>	<u>16,565</u>	<u>16,684</u>	<u>16,722</u>	<u>16,443</u>	<u>16,229</u>	<u>16,449</u>	<u>16,016</u>	<u>15,839</u>	<u>15,902</u>

SOURCE: Nebraska State Government - State Personnel Division - 2013 Almanac



State of Nebraska

**OPERATING INDICATORS BY FUNCTION**

2004 - 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
<b>Department of Revenue</b>										
Percentage of returns filed electronically	N/A	53.6%	57.6%	62.5%	66.0%	70.0%	78.0%	85.0%	88.0%	88.5%
Percentage of direct deposit refunds	N/A	39.7%	43.9%	54.5%	75.0%	77.0%	72.0%	71.0%	80.5%	77.3%
<b>Department of Roads</b>										
Percentage of Roads in very good or good condition (1)	85%	85%	80%	79%	81%	79%	75%	74%	74%	N/A
<b>Conservation of Natural Resources</b>										
<b>Department of Environmental Quality</b>										
Inspections by field office staff										
Air Quality	N/A	N/A	82	186	129	129	133	148	139	90
Water Quality	N/A	N/A	543	999	1,158	1,147	1,384	1,502	1,591	1,801
Waste Management	N/A	N/A	110	179	137	140	141	146	153	172
<b>Culture - Recreation</b>										
<b>Game and Parks Commission</b>										
Park visitors (1,2)	10,085,789	10,293,381	9,997,632	10,193,030	9,910,097	8,780,619	10,441,504	9,703,332	10,597,549	N/A
Hatchery fish raised (in millions) (1)	14.2	6.8	15.6	25.6	22.8	35.6	46.4	35.5	40.4	N/A
<b>Education</b>										
<b>Department of Education</b>										
Fall Enrollment										
Pre-K to 12th grade	284,559	285,548	287,135	291,111	292,497	295,352	298,550	301,317	303,505	N/A
State Colleges and Universities	52,772	53,223	53,927	54,211	56,355	57,867	58,751	59,089	59,117	N/A
Public Community Colleges	40,233	39,851	40,444	41,035	43,146	46,153	49,052	47,542	44,899	N/A
<b>Health and Social Services</b>										
<b>Health and Human Services</b>										
Child Support Payments										
Number of Payments Received	1,266,853	1,316,154	1,344,778	1,383,619	1,444,202	1,471,974	1,483,868	1,486,397	1,517,767	1,505,288
Number of Payments Disbursed	1,111,672	1,127,651	1,153,771	1,202,635	1,156,102	1,312,748	1,332,638	1,362,598	1,387,684	1,379,810
Medicaid (average monthly)										
Medicaid recipients	197,152	198,757	200,670	201,009	203,513	208,696	224,459	235,353	237,543	240,639
Percentage of Nebraska population	11.3%	11.3%	11.3%	11.3%	11.4%	11.6%	12.3%	12.8%	12.8%	N/A
Food Stamps (average monthly)										
Number of households	47,292	49,726	51,146	51,915	52,162	55,178	68,098	75,460	76,776	78,743
Percentage of Nebraska households	6.9%	7.1%	7.3%	7.3%	7.3%	7.7%	9.3%	10.2%	9.6%	N/A
<b>Public Safety</b>										
<b>Department of Correctional Services</b>										
Inmate population (average monthly) (1)	4,938	5,010	5,145	5,222	5,289	5,395	5,469	5,602	N/A	N/A
Percentage of Nebraska population	0.28%	0.29%	0.29%	0.29%	0.30%	0.30%	0.30%	0.30%	N/A	N/A
Total Admissions (1)	2,662	2,924	3,039	2,902	2,801	2,709	2,648	2,956	N/A	N/A
Total Releases (1)	2,902	2,800	2,969	3,092	2,789	2,598	2,544	2,861	N/A	N/A
<b>State Patrol</b>										
Miles Patrolled (1)	10,395,505	10,087,966	10,130,500	10,348,580	10,489,515	10,161,183	10,119,800	9,360,000	10,116,896	N/A
Accidents Investigated (1)	2,228	2,960	2,315	2,392	1,963	2,331	2,430	2,293	1,978	N/A
<b>Transportation</b>										
<b>Department of Motor Vehicles</b>										
Motor Vehicle Registrations (1)										
Automobiles	1,088,620	1,106,684	1,112,320	1,122,877	1,140,386	1,147,354	1,148,305	1,158,374	1,161,629	N/A
Trucks										
Farm	148,278	148,625	147,509	157,282	160,264	162,778	165,760	171,458	173,649	N/A
Commercial / Other	383,024	389,947	392,589	388,098	389,686	392,120	396,004	400,746	403,846	N/A
Motorcycles	32,916	36,622	40,065	43,387	49,191	50,322	51,359	53,773	55,461	N/A

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

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

State of Nebraska

**CAPITAL ASSET STATISTICS BY FUNCTION**

2004 - 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
<b>Department of Administrative Services</b>										
Buildings	285	285	285	283	291	288	283	278	277	271
Vehicles	1,182	1,006	1,034	1,371	1,093	1,134	1,075	1,077	1,083	1,007
<b>Conservation of Natural Resources</b>										
<b>Game and Parks Commission</b>										
Acres of state park and wildlife land (in thousands)	143	146	148	149	149	149	150	150	151	152
<b>Culture - Recreation</b>										
<b>Game and Parks Commission</b>										
State Parks	8	8	8	8	8	8	8	8	8	8
Historical Parks	10	10	10	10	10	10	10	10	10	9
Recreation and wildlife areas	320	322	322	322	325	327	328	323	321	322
Fish hatcheries	5	5	5	5	5	5	5	5	5	5
<b>Education</b>										
<b>NETV Commission</b>										
Towers, antennas and transmitters	60	60	56	60	60	42	42	42	42	42
<b>Public Safety</b>										
<b>State Patrol</b>										
Pursuit Vehicles	479	442	364	351	474	474	432	384	436	486
<b>Department of Corrections</b>										
Buildings	126	124	129	126	143	135	131	134	135	134
<b>Transportation</b>										
<b>Department of Roads</b>										
Highway miles (calendar year)	9,959	9,953	9,950	9,949	9,949	9,949	9,950	9,945	9,946	N/A
Heavy trucks, plows and graders	1,085	1,083	1,068	1,072	1,053	1,120	1,095	1,109	1,063	1,054

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

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

State of Nebraska

**MISCELLANEOUS DATA**

June 30, 2013

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

**SOURCE:** Nebraska Blue Book, 2012-2013.

## **Acknowledgments**

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